Texas Department of Housing & Community Affairs

Building Homes. Strengthening Communities.

2009 Self-Evaluation Report for the Sunset Advisory Commission

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SUNSET ADVISORY COMMISSION
SELF EVALUATION REPORT

TABLE OF CONTENTS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SELF-EVALUATION REPORT

I. AGENCY CONTACT INFORMATION.

Texas Department of Housing and Community Affairs Exhibit 1: Agency Contacts				
	Name	Address	Telephone & Fax Numbers	E-mail Address
Agency Head	Michael Gerber	221 East 11th Street; PO Box 13941, Austin, TX 78711-3941	512.475.3930 (o) 512.469.9606 (f)	michael.gerber@tdhca.state.tx.us
Agency's Sunset Liaison	Brooke Boston	221 East 11th Street; PO Box 13941, Austin, TX 78711-3941	512.475.1762 (o) 512.469.9606 (f)	brooke.boston@tdhca.state.tx.us

II. KEY FUNCTIONS AND PERFORMANCE.

A. Provide an overview of your agency's mission, objectives, and key functions.

The Texas Department of Housing and Community Affairs (TDHCA or the Department) is the affordable housing agency for the State of Texas. Through contract awards with for-profit, non-profit, and local government organizations, the Department supports local activities expanding homeownership, the development and preservation of quality affordable rental housing, poverty and homelessness prevention programs, the provision of weatherization and utility bill assistance, colonia housing programs, and the regulation of the state's manufactured housing industry. The Department is also the state's lead agency for housing recovery from hurricanes Rita, Dolly, and Ike. TDHCA's mission is "to help Texans achieve an improved quality of life through the development of better communities."

TDHCA accomplishes this mission by administering a variety of programs for households whose incomes are extremely low to moderate as determined by state and federal guidelines. A primary function of TDHCA is to act as a conduit for federal grant funds for housing and community services. Additionally, TDHCA operates as a housing finance agency.

More specific policy guidelines are provided in the Texas Government Code, Section 2306.002 of TDHCA's enabling legislation as excerpted below:

(a) The legislature finds that:

  (1) every resident of this state should have a decent, safe and affordable living environment;
  (2) government at all levels should be involved in assisting individuals and families of low income in obtaining a decent, safe and affordable living environment; and
  (3) the development and diversification of the economy, the elimination of unemployment or underemployment and the development or expansion of commerce in this state should be encouraged.

(b) The highest priority of the department is to provide assistance to individuals and families of low and very low income who are not assisted by private enterprise or other governmental programs so that they may obtain affordable housing or other services and programs offered by the department.

Funding sources to meet these legislative goals include the U.S. Department of Housing and Urban Development, U.S. Treasury Department, U.S. Department of Health and Human Services, U.S. Department of Energy, and State of Texas general revenue funds and program related fees. With this funding, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; and ensure the stability and continuity of services through a fair, nondiscriminatory and open process. Because of the great amount of need in proportion to the federal and state funding available, the Department works toward providing the most benefit by managing these limited resources to have the greatest impact.

As outlined in the agency's *Strategic Plan for Fiscal Years 2009-2013*, the Department's goals are:

(1) Increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families;

(2) Promote improved housing conditions for extremely low income, very low income, and low income households by providing information and technical assistance;

(3) Improve living conditions for the poor and homeless and reduce cost of home energy for very low income Texans;

(4) Ensure compliance with Department of Housing and Community Affairs federal and state program mandates;

(5) Protect the public by regulating the manufactured housing industry in accordance with state and federal laws; and

(6) Provide for indirect administrative and the allocation of support costs.

TDHCA offers a Housing Support Continuum for extremely low- to moderate-income Texans with services ranging from poverty and homelessness prevention to disaster recovery. The Housing Support Continuum can be divided into the following six categories:

(1) Poverty and Homelessness Prevention: For Texans who struggle with poverty or are currently homeless, TDHCA offers several programs that provide essential services to assist with basic necessities while encouraging eventual self-sufficiency.

(2) Rental Assistance and Multifamily Development: TDHCA offers a wide range of rental assistance, from subsidizing the rent payments of low-income Texans in market-rate units to subsidizing developments that provide reduced rent for low-income Texans.

(3) Homebuyer Assistance and Single-Family Development: After a low-income household has become self-sufficient, the household may be ready for homeownership.

(4) Rehabilitation and Weatherization: In the course of homeownership, there may come a time when substantial rehabilitation or reconstruction needs to take place.

(5) Foreclosure Relief: As a result of the national foreclosure crisis, TDHCA has undertaken several programs to mitigate foreclosure.

(6) Disaster Recovery: When natural and man-made disasters strike, low-income households are often the most dramatically affected. In an effort to reduce the recovery time, almost every department in TDHCA offers some sort of disaster assistance.

B. Do each of your key functions continue to serve a clear and ongoing objective? Explain why each of these functions is still needed. What harm would come from no longer performing these functions?

TDHCA's key functions continue to serve a clear, ongoing and ever-growing objective. According to the most recent data available on housing needs, approximately 25% of Texas households experience at least one type of housing need.[1] This represents approximately 2,149,000 households based on 2008 population estimates for the state. Types of housing needs defined by the U.S. Department of Housing and Urban Development (HUD) include (1) excessive housing cost burden (greater than 30% of income), (2) overcrowded housing conditions, or (3) living in a housing unit lacking complete kitchen and/or plumbing. Additionally, the U.S. Census Bureau estimates that there are 3,787,071 persons living in poverty in Texas. These families, earning less than the 2009 poverty limit of $22,050 per year for a family of four, have limited access to basic health and human services.

Data for the State of Texas indicates that renter households generally have a higher incidence of housing problems than owner households. Lower income groups have much higher rates of incidence of housing problems than higher income groups. Among household types, large related family households have the highest rates of housing problems. Affordability, or housing cost burden, is the most common housing problem with approximately 18% of all households showing a housing cost burden.

Long-term demographic projections suggest the demand for affordable housing and community services will increase in the coming years.[2]

- The state population is expected to surge to 50.4 million by 2040.
- The state population is becoming older. The median age will increase from 32.3 in 2000 to 38.3 in 2040. The percentage of the population 65 or older was 9.9% in 2000, but it will increase to 20% by 2040.
- Growth in the number of households, projected at 162.1% over the period 2000-2040, will outstrip population growth, projected to be 142.6% during the same period.

During FY2008, through the functions and activities noted above in Section A, TDHCA was able to provide funding to assist a total of 21,493 households with housing need. In addition, the Department assisted 71,996 households and 611,587 individuals with homeless services, energy assistance or supportive services. The objective of the Department, to serve low income Texans with housing and services, is clearly being met. TDHCA efficiently provides valuable, often critical, housing and community services to low and moderate income Texans.

C. What evidence can your agency provide to show your overall effectiveness and efficiency in meeting your objectives?

The Department's goals, as outlined in the *Strategic Plan for Fiscal Years 2009-2013,* and evidence of the Department's effectiveness are described below.

- Goal 1: Increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families.

---

[1] 2000 Comprehensive Housing Strategy (CHAS) Data, U.S. Department of Housing and Urban Development, http://www.huduser.org/datasets/cp.html.
[2] Texas A&M University, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of the Population Change for the Future of Texas,* by Steve H. Murdock, Steve White, Md. Nazrul Hoque, Beverly Pecotte, Xiuhong You, and Jennifer Balkan (College Station, TX: Department of Rural Sociology, December 2002).

- During FY2008, TDHCA provided funding to assist a total of 21,493 households with housing need. More than 2,862 Texas families became first-time homebuyers through TDHCA's First Time Homebuyer and HOME Programs. TDHCA's 2008 awards through its Housing Tax Credit, HOME and Multifamily Bond Programs will support the development of 16,790 units of safe, decent and affordable rental housing. During the year, TDHCA placed in service 8,327 affordable rental housing units.

- Goal 2: Promote improved housing conditions for extremely low income, very low income, and low income households by providing information and technical assistance.
  - TDHCA's Housing Resource Center provided technical assistance and information to 6,109 households during FY2008 that covered issues relating to all Department programs and housing resource assistance. TDHCA Colonia Self-Help Centers provided extensive training and education for 8,666 colonia residents, including construction skills training, homeownership classes and financial literacy, computer skills training and other life skills.

- Goal 3: Improve living conditions for the poor and homeless and reduce cost of home energy for very low income Texans.
  - In FY2008, TDHCA's Community Services Programs transitioned 3,024 Texans out of poverty. Through the Weatherization Assistance Program, 4,000 Texas homes were weatherized, enhancing home affordability and decreasing energy demand. Community Services Programs assisted 500,296 Texans who were on the brink of, or in, poverty with critical necessities such as shelter, temporary housing, food, blankets and other essentials.

- Goal 4: Ensure compliance with Department of Housing and Community Affairs federal and state program mandates.
  - In FY2008, TDHCA's Compliance and Asset Oversight (formerly Portfolio Management and Compliance) staff oversaw a portfolio of 242,766 affordable housing units in Texas. Department staff conducted 1,046 on-site visits to affordable housing properties. TDHCA instituted newer, tougher compliance rules which provide for the assessing of administrative penalties of up to $1,000 per day per violation. TDHCA uses the Uniform Physical Conditions Standard to inspect its properties. This standard, one of the toughest in the nation, reviews all aspects of a property to ensure that it is being well managed and maintained for the benefit of its residents.

D. Does your agency's enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions? Have you recommended changes to the Legislature in the past to improve your agency's operations? If so, explain. Were the changes adopted?

TDHCA's enabling statute, Texas Government Code, Chapter 2306, reflects the agency's mission, its objectives and the statutorily prescribed processes to accomplish its mission and objectives. On occasion the Legislature will seek TDHCA's input to identify areas of its enabling code in need of revision.

In the 81st Legislature, Regular Session, TDHCA staff worked with legislative staff to make minor changes to the statute enabling broader participation in TDHCA programs and giving the TDHCA Board and Executive Director more flexibility in administering funds.

SB 679 by Senator Lucio made substantial changes to the Texas Bootstrap Loan Program. Specifically, the bill changed the award caps and total loan amounts, as well as the sweat equity requirements of the owner-builder. This bill passed both chambers and was signed by the Governor on June 19, 2009. The provisions of this bill were effective immediately upon the Governor's signature.

HB 3430 by Representative Menendez would have made changes to the Texas Bootstrap Loan Program relating to loan amounts and lien position. This bill did not pass, but SB 679 contained similar provisions.

HB 3432 by Representative Menendez contained several minor changes to TDHCA's enabling law, as well as language creating a Public Housing Authority Board. This bill did not pass.

HB 4275 by Representative Menendez. The bill assisted in allowing TDHCA to have flexibility in the tax credit award process to take advantage of hundreds of millions of federal stimulus dollars that would not be available due to the restrictive statutory process for tax credits provided TDHCA the flexibility and rulemaking authority to provide relief to earlier awards. This bill passed both chambers and was signed by the Governor on June 19, 2009. The provisions of this bill were effective immediately upon the Governor's signature.

There are several parts of enabling law that are not entirely consistent with the Department's current organization or its current business practices. For example, staff positions noted in statute are not existing positions, references to organizational divisions are outdated, processes for administering funds are not reflective of more current practices of administration (requiring a uniform application cycle when some funding sources can operate more effectively on an open cycle; applying a regional allocation formula to amounts that, when so divided, are effectively unusable for applicants), and several programs or proposals included in statute which have been attempted but remain partially, or wholly, unsuccessful (i.e., the Colonia Model Subdivision Program and the Preservation assessment tools).

E. Do any of your agency's functions overlap or duplicate those of another state or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?

TDHCA, as a conduit primarily of federal funds, includes functions that to some extent mirror those of the federal agencies from which funds are received. For example, HUD provides TDHCA funds to oversee and execute contracts with subgrantees much the way HUD oversees the contract with TDHCA. In such cases, with all federal funding entities, this is not considered an overlap but a delegation of program administration for efficiency purposes.

As it relates to state agencies, TDHCA has overlap and/or partnerships with the following agencies:

- Texas State Affordable Housing Corporation (TSAHC): TSAHC, as quasi-state housing nonprofit entity and as an issuer of bond authority, provides single and multifamily affordable housing to low income Texans just as TDHCA does but on a significantly reduced scale. There is duplication of programs, funding sources and clients served between this agency and TDHCA, particularly in the areas of homeownership and rental development. Additionally, TSAHC receives funds from TDHCA in several areas – foreclosure mitigation counseling and Neighborhood Stabilization Program funds. These key functions are most appropriate at TDHCA because a) the larger volume of funds released from TDHCA enables the State of Texas to take advantage of efficiencies by serving more Texans with better interest rates, and b) the centralized location of so many housing resources in one agency allows TDHCA to promote effective and efficient leveraging of funds, to promote innovation and collaboration among sources and recipients, and to provide a clear sole source of assistance for low-income Texans to access homebuyer resources. The primary differentiating purpose of TSAHC, the accessing of additional funding by virtue of its non-profit status, has not proven to be as effective.

- Office of Rural Community Affairs (Texas Department of Rural Affairs (TDRA) as of September 1, 2009): Both TDHCA and TDRA actively work to serve rural Texas – TDRA has a greater emphasis on infrastructure and health, while TDHCA focuses on rural housing issues. Generally, the agencies experience limited overlap, however at this time, overlap occurs in the following ways.

- TDRA and TDHCA partner closely on the administration of Community Development Block Grant (CDBG) funds received by Texas for Disaster Relief. In some cases, TDHCA is considered the primary recipient and non-housing contract work is designated for TDRA oversight. Conversely, in other cases, TDRA is considered the primary fund recipient and housing work is designated to TDHCA.
- TDRA also administers a portion of the Neighborhood Stabilization Program (NSP). NSP is funded by HUD and modeled after the CDBG program and is designed to stabilize communities by funding the purchase of foreclosed homes. TDRA administers those contracts awarded through NSP in rural areas of Texas.
- TDHCA and TDRA also partner on: a) jointly administering the rural set-aside of the Housing Tax Credit Program, and b) the use of non-disaster CDBG for the Colonia Self Help Center Program administered by the Office of Colonia Initiatives at TDHCA. (This is a dedicated amount in the Appropriations Bill.)
- These functions remain most effectively located at TDHCA because it allows each agency to promote their expertise in their given areas - TDHCA focusing on housing issues and TDRA focusing on rural infrastructure and health needs.

F. In general, how do other states carry out similar functions?

TDHCA is a Public Housing Authority, Federal Fund Administrator, and a Housing Finance Agency (HFA). Almost all states have HFAs; by 2003, 49 states, Puerto Rico, the U.S. Virgin Islands, and the District of Columbia established HFAs. Most HFAs administer Mortgage Revenue Bonds (MRB), Housing Credits, and the HOME Investment Partnership (HOME) Program. About eight states administer MRBs and Housing Credits through their HFA. Most states administer their HOME funds through a department of housing or other state entity. Furthermore, about half of the states regulate manufactured housing through their HFA. Other states either rely on the federal government or their department of motor vehicles to regulate manufactured housing. TDHCA, as Texas' HFA, administers MRB, Housing Credits and the HOME Program and regulates manufactured housing. Furthermore, because the Texas HFA combines the responsibility of providing housing assistance with community services, TDHCA uses a variety of programs to provide a continuum of services including rental assistance, multifamily development, homebuyer assistance, affordable single-family development, rehabilitation, weatherization, foreclosure relief and disaster recovery.

Take, for example, Florida, a state comparable to Texas as a southern state with the fourth largest population (Texas is the second largest state both in size and population). Florida has three agencies that provide equivalent services to TDHCA: a Division of Housing and Community Development (HCD), a Housing Finance Agency (HFA) and a Bureau of Mobile Home and Recreational Vehicle Construction. Florida's HCD administers the following programs that are similar to TDHCA's programs:

- Disaster Recovery
- Neighborhood Stabilization Program
- Community Service Block Grants
- Low-Income Home Energy Assistance Program
- Weatherization Assistance Program/Low-Income Home Energy Assistance Program[3]

Florida's HFA administers the following programs that are similar to TDHCA's programs:

- American Recovery and Reinvestment Act of 2009 programs, such as Tax Credit Assistance Program and the Tax Credit Exchange Program
- Homeownership Programs
- HOME Investment Partnership Programs
- Housing Credits

3 Florida Department of Community Affairs. (n.d.). Division of Housing and Community Development: Programs and Initiatives. Retrieved from http://www.dca.state.fl.us/fhcd/.

- Housing Trust Fund programs, such as preservation rehabilitation program and providing matching funds for federal programs
- Multifamily Bonds[4]

Florida's Bureau of Mobile Home and Recreational Vehicle Construction, under the Florida Department of Highway Safety and Motor Vehicles, regulates manufactured housing.[5]

Florida's HCD administers several programs that are not similar to TDHCA programs. Florida's HCD is a clearinghouse for building codes and standards and provides technical assistance for community planning as well as providing technical assistance and regulation for special districts[6] (i.e. local units of special purpose government as opposed to local units of general-purpose government such as cities or counties).[7] Florida's HFA has programs that focus on workforce housing, hurricane recovery specifically for farmworkers and people with special needs, a loan guarantee program for affordable housing, low-interest loans for apartment development, and funds to local governments as an incentive to create partnerships to produce low-income housing.

Another example, California, the third largest state in size and the largest in population, has a Department of Housing and Community Development (HCD) and a California Tax Credit Allocation Committee (CTCAC) that jointly perform the functions of TDHCA. California's HCD administers the state's funds for the following programs that are similar to programs administered by TDHCA:

- HOME Investment Partnership Program
- Housing Trust Fund Programs
- Homeless Prevention and Rapid Re-Housing Program
- Self-Help Housing Program similar to TDHCA's Bootstrap Program
- Federal Emergency Shelter Grants Program
- Section 8 Housing Assistance Program to rural areas of the state
- Neighborhood Stabilization Program
- Manufactured Housing Program similar to TDHCA's Manufactured Housing Division.[8]

Under the California State Treasurer, the CTCAC acts as the state's HFA and administers the following programs that are similar to programs administered by TDHCA:

- Low-Income Housing Tax Credit Programs
- Tax-Exempt Bond Financing [9]

California's HCD and CTCAC also administer funds for some programs that are not similar to TDHCA programs, such as Community Development Block Grants (CDBG), various programs related to Affordable Housing Innovation, and several programs that focus on the needs of the highly-populated areas (e.g. Transit Oriented Development Housing Program and Infill Infrastructure Grant Program). Moreover, California funds several of these programs with a state income tax which is not assessed in Texas. The CTCAC administers a program specifically to assist farm workers with housing needs and a program for businesses located in Renewal Communities to purchase, develop or renovate property for commercial use. In Texas, CDBG funds not related to disaster recovery or foreclosure mitigation are administered through the Texas Department of Rural Affairs. Because California has the largest state population in the country, its need for programs that

4 Florida Housing Finance Corporation. (2009, August 18). Florida Housing Programs and links. Retrieved from http://www.floridahousing.org/Home/AboutUs/Search+for+programs.htm.
5 Florida Department of Highway Safety and Motor Vehicles. (2008). Mobile/Manufactured Homes in Florida. Retrieved from http://www.flhsmv.gov/mobilehome/.
6 Florida Department of Community Affairs. (n.d.). Division of Housing and Community Development: Programs and Initiatives. Retrieved from http://www.dca.state.fl.us/fhcd/.
7 Florida Department of Community Affairs. (n.d.). Florida Special District Handbook Online. Retrieved from http://www.floridaspecialdistricts.org/Handbook/1-2Definitions.cfm.
8 California Department of Housing and Community Development. (2009) HCD's Loans, Grants and Enterprise Zone Programs. Retrieved from http://www.hcd.ca.gov/fa.
9 California State Treasurer. (2009). California Tax Credit Allocation Committee. Retrieved from http://www.treasurer.ca.gov/ctcac/.

focus on highly populated areas is most likely greater than Texas' need for similar programs. Finally, TDHCA focuses on housing and housing-related supportive services, not on commercial development.

G. What key obstacles impair your agency's ability to achieve its objectives?

Given the large need for affordable housing and the limited supply of funding, the lack of sufficient funding to meet underserved housing needs in Texas is the one major obstacle TDHCA faces in meeting its objectives. Demographic characteristics of Texas as exhibited in the U.S. Census clearly indicate a shortage of affordable housing stock and funding sources to assist in the development and maintenance of affordable housing and to meet the poverty-related needs of low income families.

In urban areas of the state, the low income and poverty populations are large and their needs acute. The agency's urban business partners have access to direct federal resources, and often have local housing authorities, to help to address those needs. However, in spite of their greater capacity and access to funds, funds targeted to urban areas are insufficient to reach the greatest need.

Lack of funding limits the ability of service providers to provide direct housing or services, but TDHCA is also challenged in meeting its rural funding objectives because service providers may lack the ability to grow their organizational capacity. In rural Texas, because of their remote nature, many smaller communities, are not aware of public or private resources or do not know how to obtain them successfully. The service providers in these communities may not know when or where to apply for funding, have qualified staff, or have experience administering a successful housing program.

Even though lack of capacity may limit the success of obtaining funds and implementing housing programs, some communities have, the Department believes erroneously, decided that they have little incentive to build capacity because of the negative perception of affordable housing. This perception of affordable housing is another challenge to TDHCA in achieving its objectives. Public opposition acts as a barrier to affordable housing, especially in regards to affordable rental development. During every application cycle for affordable multifamily housing, significant public input is received and communities may submit letters to TDHCA in support or opposition to the proposed developments to the Department. When opposition is received, these complaints cite the communities' fear of falling property values or an increase in crime if a new affordable housing apartment is developed. However, direct association between affordable housing and crime or lower property values has not been proven by academic studies. These negative attitudes have been perpetuated by the "Not-In-My-Backyard" (NIMBY) mentality.

These perceptions notwithstanding, the affordable rental housing that is being developed with financial assistance allocated by the Department has been high quality housing that would be an asset to any community. This initial quality is upheld and maintained under the scrutiny of an exceedingly comprehensive compliance oversight function.

Performance reporting and analysis is another area of challenge for TDHCA. TDHCA's 15-plus programs' varying reporting requirements, report formats and data storage methods, as well as federal variations in program requirements, have made performance reporting and analysis difficult for the Department. Because of these differing requirements, TDHCA programs have maintained data in separate databases since the creation of the Department in 1991. On many programs, data that appears to reflect activity and performance may actually fail to portray the status accurately due to lags often necessitated by legal requirements, such as environmental review and permitting, between award and actual expenditure.

Another obstacle TDHCA encounters that provides a barrier to affordable housing can be difficulty in obtaining a clear title for low-income homeowners. Clear titles are required for homeowners to meet certain federal program eligibility requirements and to protect TDHCA's investment in providing affordable housing. Homeowners in need of housing repair or contract-for-deed conversions to traditional mortgages often have difficulty obtaining a clear title. Titles may not be in the homeowners' name because of divorce or widowing in which case the ex-spouse is also on the title. Titles with liens are a common challenge for contract-for-deed conversions. When clear title cannot be obtained, assistance is often delayed, or under some federal programs, not possible.

H. Discuss any changes that could impact your agency's key functions in the future (e.g., changes in federal law or outstanding court cases).

TDHCA is, as noted, a housing finance agency and as such its success and challenges are tied to the housing, finance and real estate markets. As an issuer of bonds, TDHCA is impacted by changes in the housing finance industry, which may limit the supply of bond proceeds that can be used to provide housing. Indirectly, as the housing, finance and real estate markets decline, developers and applicants for TDHCA resources are less able to pursue development activities. For these reasons, in 2008 and 2009, the economic and housing crises have had a damaging effect on TDHCA funding resources, interest in some programs, and capacity to leverage with private sources. TDHCA, because of its nature, will continue in the future to have its programs impacted by variations in the economic market.

Two other direct funding activities provide a significant impact on the current and future function of TDHCA; TDHCA is receiving significant amounts of disaster recovery and stimulus funds (further described under Program Description). The receipt of these two sources is causing a vast increase in funds being administered by the Department which impacts staffing, reporting systems and financial systems. The possibility of additional funding designed for housing activities will also impact TDHCA; as TDHCA pursues its mission to promote housing for low income Texans, it will continue to receive directly and apply competitively for resources. At present, TDHCA is seeking grant approval for an additional $100 million in Neighborhood Stabilization Program II (NSPII) funds, has obtained Board permission to apply for approximately 100 additional rental housing vouchers for persons with disabilities, and will likely in the next several years be a direct recipient of National Housing Trust Fund monies.

Because of TDHCA's role as a conduit for federal funds, federal law or rule changes are common to program administration at TDHCA. Staff is adept at staying apprised of, and trained on, new federal requirements.

TDHCA and its governing board are currently involved in one significant piece of litigation that could impact the governing statute. The case is being tried in federal court in the Northern District of Texas and is captioned *as Inclusive Communities Project, Inc. v. TDHCA, et al*. The suit is for injunctive relief to prevent the board from awarding any tax credits in the Dallas area due to Fair Housing Act violations. The suit reality seeks to set aside 26 USC §42 and parts of Chapter 2306 of the Texas Government Code related to funding of developments as related to scoring and how developments are provided credits associated with costs of construction. The case is set for trial February 1, 2010. TDHCA is currently represented by Looper, Reed and McGraw out of Dallas.

I. What are your agency's biggest opportunities for improvement in the future?

The Department's biggest opportunities for improvement will be the elimination of obstacles to affordable housing identified above. To reduce obstacles to affordable housing, TDHCA closely monitors affordable housing trends and issues and on occasion conducts its own research. For example, as a result of the identification of insufficient funding, the Department requested and was appropriated an increase in funding for the Housing Trust Fund by the 81st Legislature. In addition, through roundtable discussions and public hearings held throughout the state, TDHCA makes adjustments to its programs to address community input on affordable housing obstacles. To illustrate this point, the Housing Trust Fund is including several capacity-building components into its programs as a result of public input at a roundtable. The capacity-building components will focus on increasing the ability of self-help housing organizations to administer housing programs and on increasing the capabilities and access to funds for rural communities interested in affordable housing. Furthermore, to obtain independent information, the Department has funds available for market studies to identify housing needs in specific communities. These efforts, combined with public outreach and education, are part of TDHCA's commitment to overcome obstacles to affordable housing.

In order to meet evolving data compilation and reporting requirements, the Department has continued to expand the TDHCA Central Database, which is a suite of custom, Web-enabled systems used for contract management, compliance monitoring and reporting, and providing citizens online access to information about local assistance providers. Subrecipients login to the Central Database to report financial and performance data for the following programs: Comprehensive Energy Assistance Program, Community Services Block Grant, Disaster Recovery programs, Emergency Shelters Grants Program, HOME, Housing Trust Fund, and Weatherization Assistance Program. Development owners and on-site managers also access the Central Database to submit required compliance reports, such as the Housing Sponsor Report and Unit Status Report, for multifamily programs.

The Department is currently making major enhancements to Central Database systems to accommodate new and expanded Recovery Act and Disaster Recovery programs and to provide for online transmission of Recovery Act data to the Office of Management and Budget. In addition to these enhancements, the Department will continue to increase the usability and data sharing capabilities of the database.

A final opportunity for improvement lies in the access to funds the Department has; by having access to so many varied programs and resources, the Department is in a unique position to identify innovations and collaborations and pursue partnerships with private, state or federal entities.

J. In the following chart, provide information regarding your agency's key performance measures included in your appropriations bill pattern, including outcome, input, efficiency, and explanatory measures.

Texas Department of Housing and Community Affairs Exhibit 2: Key Performance Measures - Fiscal Year 2008			
Key Performance Measures	FY 2008 Target	FY 2008 Actual Performance	FY 2008 % of Annual Target
1.1. Outcomes			
Outcome 1: Percent of Households/Individuals of Very Low, Low, & Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Asst.	0.91%	0.70%	76.92%
Variance Explanation: For the HOME program, the Department postponed the publication of the 2008 Single Family Notice of Funding Availability (NOFA) due to delayed progress on current awards for owner-occupied housing assistance. The performance target for Section 8 was developed prior to a change in how the U.S. Department of Housing and Urban Development distributes funding. Consequently, the number of Section 8 households served will be below target. The Housing Tax Credit Program is a combination of 4% (multifamily bond-related) and 9% (competitive application cycle) rental development funding. The 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.			

Outcome 2: Percent of Households/Individuals of Very Low Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Asst.	0.28%	0.25%	89.29%
Variance Explanation: For the HOME program, the Department postponed the publication of the 2008 Single Family Notice of Funding Availability (NOFA) due to delayed progress on current awards for owner-occupied housing assistance. The performance target for Section 8 was developed prior to a change in how the U.S. Department of Housing and Urban Development distributes funding. Consequently, the number of Section 8 households served will be below target. The Housing Tax Credit Program is a combination of 4% (multifamily bond-related) and 9% (competitive application cycle) rental development funding. The 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.			
Outcome 3: Percent of Households/Individuals of Low Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Asst.	3.15%	2.29%	72.70%
Variance Explanation: For the HOME program, the Department postponed the publication of the 2008 Single Family Notice of Funding Availability (NOFA) due to delayed progress on current awards for owner-occupied housing assistance. The performance target for Section 8 was developed prior to a change in how the U.S. Department of Housing and Urban Development distributes funding. Consequently, the number of Section 8 households served will be below target. The Housing Tax Credit Program is a combination of 4% (multifamily bond-related) and 9% (competitive application cycle) rental development funding. The 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.			
Outcome 4: Percent of Households/Individuals of Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Asst.	0.10%	0.14%	140%
Variance Explanation: Loan originations through the Texas First Time Homebuyer Program were higher than originally anticipated as a result of increased market interest rates. The increased market interest rates generated higher demand for the Department's low-interest rate products.			

1.1.1. Strategy: Provide Mortgage Financing & Homebuyer Assistance through the Single Family Finance Division			
Output 1: Number of Single Family Loans and Mortgage Credit Certificates	2,016	2,034	100.89%
1.1.2. Strategy: Provide Funding through HOME for Affordable Single Family Housing			
Output 1: HOME Single Family Number of Households Served	1,255	935	74.50%
Variance Explanation: Due to the delayed progress on current awards for Owner-Occupied Housing Assistance, the Department postponed its publication of the 2008 Single Family Notice of Funding Availability (NOFA), which includes Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance activities, until the 4th Quarter and anticipates awarding funds in FY 2009.			
1.1.3. Strategy: Provide Funding through the Housing Trust Fund for Affordable Single Family Housing			
Output 1: Housing Trust Fund Single Family Number of Households Served	228	559	249.18%
Variance Explanation: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan, the Department allocated new source of funds in the amount of, $1,000,000 for gap financing for the Disaster Recovery effort in Southeast Texas. Additionally, the Department was able to award $1,062,816 from local funds funded by loan repayments and investment earnings. During the second quarter, the Department also released a Homeownership SuperNOFA making available $1,000,000 from the annual appropriation. In June 2008, the Board approved an additional $1,000,000 in Housing Trust Fund loan repayments and investment earnings for the Homeownership SuperNOFA, increasing the total amount available to $2,000,000. The Department was able to exceed the target due to the lower amount of assistance provided per household for the gap financing for Disaster Recovery and Veteran's Housing Assistance programs.			
1.1.4. Strategy: Provide Section 8 Tenant-Based Rental Assistance (TBRA)			
Output 1: Section 8 TBRA Number of Households Served	1,494	1,036	69.34%
Variance Explanation: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers but rather receives a set amount of funding that limits the number of households served to approximately 1,100 a year. Consequently, the number of households served will be below target.			
1.1.5. Strategy: Provide Financing through the Housing Tax Credit (HTC) Program			
Output 1: Multifamily Finance (HTC) Number of Households Served	12,261	10,076	82.18%

Variance Explanation: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% (competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. The 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.			
1.1.6. Strategy: Provide Funding through HOME for Affordable Multifamily Housing			
Output 1: HOME Multifamily Number of Households Served	500	585	132.60%
Variance Explanation: The Department has made HOME funds available for this activity since October 2007 and awarded twenty awards in conjunction with the Housing Tax Credit awards at the July 31, 2008 board meeting. Additional HOME funds that were deobligated from single family activities were made available for this strategy. This allowed the Department to maintain a continuous, open-cycle NOFA and facilitated the timely commitment and expenditure of HOME funds in accordance with federal requirements.			
1.1.8. Strategy: Provide Financing through the Multifamily MRB Program			
Output 1: Multifamily MRB Program Number of Households Served	2,393	878	36.69%
Variance Explanation: This measure is tied to the bond market which is experiencing a dramatic slowdown nationally. Economic conditions in the equity markets have made it very difficult for developers to present financially feasible applications to the Department.			
2.1.1. Strategy: Provide Info. to the Public & Provide Tech. Asst. through the Housing Center			
Output 1: Number of Info. & Tech. Asst. Req. Completed	4,900	6,109	124.67%
The number of requests for information and technical assistance varies throughout the year. During this fiscal year, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.			
2.1.2. Strategy: Provide Tech. Asst. to Colonias through Office of Colonia Initiatives Field Offices			
Output 1: Number of On-site Tech. Asst. Visits Conducted Annually from the Colonias Field Offices	800	904	113%
Variance Explanation: As the Department continues to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program OCI Field Staff continues to provide technical assistance to units of local governments and nonprofit organizations. The Texas Bootstrap Loan Program Reservation System has necessitated increased technical assistance. In addition, technical assistance visits have increased for the Colonia Self-Help Program due to environmental assessments and other related federal regulations.			
3.1.1. Strategy: Administer Homeless & Poverty-Related Funds through a Network of Community Action Agencies & Other Local Organizations			
Output 1: Number of Persons Assisted through Homeless & Poverty-Related Funds	512,244	539,436	105.31%

Variance Explanation: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). Beginning in January 2006, the Department revised the reporting procedures for Community Services Block Grant (CSBG) subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds. Additionally, funding for the ESGP program was higher than anticipated when the measures were set.			
Output 2: Number of Persons Assisted that Achieve Incomes Above Poverty Level	2,200	3,024	137.45%
Variance Explanation: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.			
Output 3: Number of Shelters Assisted	73	78	106.85%
Variance Explanation: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.			
Outcome 1: Percent of Persons in Poverty that Received Homeless & Poverty-Related Asst.	12.32%	12.93%	98.79%
3.2.1. Strategy: Administer the State Energy Asst. Programs by Providing Grants to Local Organizations for Energy-Related Improvements			
Output 1: Number of Households Assisted through the Comprehensive Energy Asst. Program	51,502	49,833	96.76%
Output 2: Number of Units Weatherized by the Department	3,004	4,000	133.16%
Variance Explanation: Additional one-time funding for the program enabled the weatherization subrecipients to exceed their quarterly and annual targets for assistance.			
Outcome 1: Percent of Very Low Income Households Receiving Energy Asst.	4.12%	4.07%	98.79%
4.1.1. Strategy: To Monitor & Inspect for Federal & State Housing Program Requirements			
Output 3: Number of On-site Reviews	915	1,046	114.32%
Variance Explanation: There were more on-site reviews scheduled for the fiscal year than originally anticipated when the annual performance measure targets were set.			

4.1.2. Strategy: To Administer & Monitor Federal & State Subrecipient Contracts for Programmatic & Fiscal Requirements			
Output 1: Number of Monitoring Reviews Conducted	12,715	8,735	68.70%
Variance Explanation: During the reporting period, there were fewer new contracts which would result in contract administration activity. Additionally, a significant number of contracts have been deobligated within the past three reporting periods which has resulted in decreased pipeline activity. The numbers reported reflect activity on contracts pending from the previous years. The Department has released the 2008 HOME Single Family NOFA during the 4th quarter and anticipates an increase in the activities reported during the first quarter of FY 2009.			
5.1.1. Strategy: Provide Titling & Licensing Services in a Timely & Efficient Manner			
Output 1: Number of Manufactured Housing Titles Issued	90,000	62,384	69.32%
Variance Explanation: The measure is under the projected total because there were fewer applications received and there was an increase in incomplete applications that cannot be processed until the required information is received by the Department. The increase in incomplete applications is due to many sellers being unaware of the new requirement in §1201.206(g) of the Standards Act that became effective on 1/01/2008, which requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold that are not in a retailer's inventory. To educate the public and tax offices the Department posted notice of the requirement on the Department's website and mailed a notice letter in January 2008 to all tax assessor-collectors.			
Output 2: Number of Licenses Issued	4,000	3,601	90.03%
Variance Explanation: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.			
5.2.1. Strategy: Conduct Installation Inspections of Manufactured Homes in a Timely & Efficient Manner			
Output 1: Number of Routine Installation Inspections Conducted	6,000	3,632	60.53%
Variance Explanation: Although the measure is below the targeted number, the Department is meeting the program's statutory requirements to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 26%.			
Explanatory 1: Number of Installation Reports Received	20,000	13,984	69.92%
Variance Explanation: Performance is under the targeted projection due to receiving fewer installation reports than originally anticipated.			
5.3.1. Strategy: Process Complaints/Conduct Investigations/Take Administrative Actions			
Output 1: Number of Complaints Resolved	1,250	803	64.24%
Variance Explanation: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.			

Efficiency 2: Avg. Time for Complaint Resolution	180	128.5	71.39%
Variance Explanation: The average time for complaint resolution is under target, which is desirable.			
Explanatory 1: Number of Jurisdictional Complaints Received	1,200	731	60.92%
Variance Explanation: The Department has received fewer complaints than originally expected.			
5.1.1 Outcomes			
Outcome 2: Percent of Consumer Complaint Inspections Conducted within 30 Days of Request	100%	100%	100%
Outcome 3: Percent of Complaints Resulting in Disciplinary Action	15%	12.08%	80.53%
Variance Explanation: The Department is under the projected target, which is desirable.			

III. HISTORY AND MAJOR EVENTS

Provide a timeline of your agency's history and key events, including:

- the date your agency was established;
- the original purpose and responsibilities of your agency;
- major changes in responsibilities or statutory authority;
- changes to your policymaking body's name or composition;
- significant changes in state/federal legislation, mandates, or funding;
- significant state/federal litigation that specifically affects your agency's operations; and
- key changes in your agency's organization.

Date Established, Original Purpose and Responsibilities.

The 72nd Texas Legislature created the Texas Department of Housing and Community Affairs through passage of SB 546, effective September 1, 1991. SB 546 merged the Texas Housing Agency, a quasi-state agency charged with administration of housing finance programs, with the Texas Department of Community Affairs, which administered poverty programs. SB 546 also established the Housing Trust Fund and authorized the agency to administer the new HOME Investment Partnerships Program. Other legislation passed that same session transferred additional programs, including the Texas Community Development Program and the Low Income Home Energy Assistance Program, to the new agency.

The Legislature established TDHCA in order to assist local governments overcome financial, social and environmental needs; address low and moderate income housing needs; contribute to the preservation of neighborhoods and communities; assist in coordinating state and federal programs affecting local government; and inform the state and the public regarding the needs of local government.

Programs placed with the new agency by the 72nd Legislature were as follows:

Texas Housing Agency Programs
Housing Tax Credit Program (federal)
Multifamily Bond Program (federal)
First-Time Homebuyer Bond Program (federal)

Texas Department of Community Affairs Programs
Section 8 Housing Assistance Payments Program (federal)
Community Services Block Grant (federal)
Community Food and Nutrition Program (federal)*
Emergency Community Services Homeless Grant Program (federal)*
Emergency Shelter Grants Program (federal)
Permanent Housing for Handicapped Homeless Persons Program (federal)*
Weatherization Assistance Program (federal)
Energy Crisis Program (federal. LIHEAP funded)
Local Government Services Program (state)*

Programs transferred from other agencies
Texas Community Development Program (federal)*
Utility Assistance Program (federal. LIHEAP funded)
Emergency Nutrition/Temporary Emergency Relief Program (state)*

New Programs
Housing Trust Fund (state)
HOME Investment Partnerships Program (federal)

**These programs are no longer active or have been transferred from TDHCA*

By creating the Department, the Legislature intended to enhance the state's ability to serve the needs of low income Texans and local government, especially as related to housing assistance to low income households. Programs administered established a virtual continuum of care, from the funding of homeless shelters and to the provision of homebuyer assistance.

<u>Major changes in responsibilities or statutory authority</u>.

In 1995, the 74th Texas Legislature transferred regulation of the manufactured housing industry from the Department of Licensing and Regulation to TDHCA.

In 2001, HB 7, 77th Texas Legislature, transferred the federal Texas Community Development Program and the state-funded Local Government Services Division to the newly created Office of Rural Community Affairs. Also that session, SB 322, TDHCA's sunset legislation, provided for a separate governing board and executive director for the Manufactured Housing Division; the new Division was to be administratively attached to TDHCA.

Since 2005, when Texas helped shelter Hurricane Katrina evacuees fleeing Louisiana and then was itself devastated by Hurricane Rita, the Governor assigned TDHCA a significantly larger role in the state's disaster recovery effort, administering funds appropriated by Congress to meet needs created by Hurricanes Katrina, Rita, Dolly and Ike.

<u>Significant changes in state/federal legislation, mandates, or funding</u>.

In 2001, the 77th Texas Legislature passed SB 322, TDHCA's sunset legislation. In addition to changes previously noted, the legislation made significant changes to board meeting requirements and the allocation of housing tax credits and other resources. The bill extended TDHCA for two years.

In 2003, the 78th Texas Legislature passed SB 264, TDHCA's sunset legislation, which extended the agency to 2011. Other changes enacted through the bill included the establishment of funding priorities for rural and urban/exurban areas in each region.

In 2005 and 2006, Governor Perry designated TDHCA, in conjunction with the Texas Department of Rural Affairs, to administer over $500 million in Community Development Block Grant funds allocated to assist the state recovery from the impact of Hurricanes Rita and Katrina, significantly increasing the agency role in state disaster recovery efforts.

In 2008 and 2009, the federal government provided over $2 billion to the state for disaster recovery related to Hurricanes Ike, Dolly, and Gustav. While TDRA is the lead agency for these funds, TDHCA will administer housing-related funds.

As a result of the passage of the Housing and Economic Recovery Act of 2008 and the American Recovery and Reinvestment Act of 2009 by Congress, TDHCA is currently administering over $800 million in additional federal funds. While most of these funds are in support of existing programs, some flow through new programs such as the Homelessness Prevention and Rapid Re-Housing Program and the Neighborhood Stabilization Program.

In 2009 the Texas Legislature increased appropriations for the Housing Trust Fund to approximately $20 million per biennium and provided $20 million over the biennium for homeless services in the state's eight largest cities.

Key changes in organization.

In 2003, TDHCA undertook a substantial reorganization, integrating programs and cross-program functions. This reorganization was undertaken with assistance of the State Auditor's Office.

In 2005, TDHCA established the Disaster Recovery Division to administer funds appropriated by Congress to help the state recover from Hurricanes Katrina and Ike. TDHCA planned to disband the Division when the funds had been largely expended.

In 2009, in response to the significant funding increases generated from the federal stimulus and Disaster Recovery funds, the Department reorganized once again. In order to capitalize on efficiencies and streamline internal processes. TDHCA created a new Program Services Division to allow for internal servicing of activities related to federally funded contracts, formalized the Emergency Housing & Disaster Recovery Division to position the Department strategically for emergency response, and divided the single "programs" division into housing-based programs and community based programs, which leveraged valuable housing experience toward the administration of stimulus-funded housing programs including an Office of ARRA Accountability and Oversight.

IV. POLICYMAKING STRUCTURE

A. Complete the following chart providing information on your policymaking body members.

Texas Department of Housing and Community Affairs Exhibit 3: Policymaking Body			
Member Name	Term/Appointment Dates/Appointed by (e.g., Governor, Lt. Governor, Speaker)	Qualification	City
C. Kent Conine	Appointed by Governor Perry on 2/10/1997 for a term to expire 1/31/2003. Reappointed 11/4/2003 for a term to expire 1/31/2009. Appointed Chair on 1/11/2008 Reappointed 3/13/2009 for term to expire 1/31/2015.	Public Member	Dallas
Gloria Ray	Appointed by Governor Perry on 9/20/2006 for a term to expire on 1/31/2011.	Public Member	San Antonio
Dr. Juan Sanchez Muñoz	Appointed by Governor Perry on 12/6/2007 for a term to expire 1/31/2011.	Public Member	Lubbock
Tom H. Gann	Appointed by Governor Perry on 3/13/2009 for a term to expire 1/31/2015.	Public Member	Lufkin
Leslie Bingham-Escareño	Appointed by Governor Perry on 1/15/2008 for a term to expire 1/31/2013.	Public Member	Brownsville
Lowell A. Keig	Appointed by Governor Perry on 8/26/2009 for a term to expire 1/31/2013.	Public Member	Austin

Note: The Department has a seven member Board. One of those seats is vacant.

B. Describe the primary role and responsibilities of your policymaking body.

The governing board of the agency provides general oversight and policy direction to the agency. It does this through a number of specific activities including the approval of:

a. adoption of plan documents that govern the agency's activities, including the state low income housing plan;
b. awards of program funds;
c. issuance of notices of funds availability;
d. the allocation and award of low income housing tax credits;
e. the inducement and issuance of bond indebtedness;
f. the review and approval of operating budgets, legislative appropriations requests, and strategic plans;
g. the review and adoption of rules and policies including the qualified allocation plan; and
h. the consideration of public input on any and all aspects of the agency's programs and operations.

C. How is the chair selected?

The chair is appointed by the Governor from the membership of the governing board.

D. List any special circumstances or unique features about your policymaking body or its responsibilities.

The awarding of agency-administered funds involves complex federal programs, including the low income housing tax credit program in adherence to the state's qualified allocation plan. Members of the governing board are required to become familiar with many of the details of these programs. Board members must also have a firm knowledge of detailed housing finance issues as well as local issues which play significant roles in development in all regions of the state. Matters involving various stakeholder groups also require that board members develop insight regarding the priorities of these groups while maintaining the perspective of service to all Texans and adherence to the law.

E. In general, how often does your policymaking body meet? How many times did it meet in FY 2008? In FY 2009?

The governing board of the agency meets approximately monthly, with two meetings in July. In FY 2008 the governing board met twelve times, and they are scheduled to meet twelve times in FY 2009.

F. What type of training do members of your agency's policymaking body receive?

As provided for in Texas Government Code, Chapter 2306, a new member of the governing board receives the following training:

Sec. 2306.028. TRAINING.

- (a) A person who is appointed to and qualifies for office as a member of the board may not vote, deliberate, or be counted as a member in attendance at a meeting of the board until the person completes a training program that complies with this section.
- (b) The training program must provide the person with information regarding:
  - (1) the legislation that created the department and the board;
  - (2) the programs operated by the department;
  - (3) the role and functions of the department;
  - (4) the rules of the department, with an emphasis on the rules that relate to disciplinary and investigatory authority;
  - (5) the current budget for the department;
  - (6) the results of the most recent formal audit of the department;
  - (7) the requirements of:
    - (A) the open meetings law, Chapter 551;
    - (B) the public information law, Chapter 552;
    - (C) the administrative procedure law, Chapter 2001; and
    - (D) other laws relating to public officials, including conflict-of-interest laws;
  - (8) the requirements of:
    - (A) state and federal fair housing laws, including Chapter 301, Property Code, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §3601 et seq.), and the Fair Housing Amendments Act of 1988 (42 U.S.C. §§3601 et seq.);
    - (B) the Civil Rights Act of 1964 (42 U.S.C. §§2000a et seq.);
    - (C) the Americans with Disabilities Act of 1990 (42 U.S.C. §§12101 et seq.); and
    - (D) the Rehabilitation Act of 1973 (29 U.S.C. §§701 et seq.); and
  - (9) any applicable ethics policies adopted by the department or the Texas Ethics Commission.

The materials are compiled by the agency's General Counsel, and the training is provided by the Executive Director, the General Counsel, the Director of Internal Audit, and other appropriate members of management.

Due to the voluminous and highly technical nature of the materials presented to the governing board, additional training is held in conjunction with a new member's first several board meetings. Staff provides additional training on key topics that require refreshing, including ethics.

G. Does your agency have policies that describe the respective roles of the policymaking body and agency staff in running the agency? If so, describe these policies.

Yes. Consistent with Texas Government Code, Chapter 2306, the governing board exercises policy-making functions and the executive director and staff carry out management activities. (*Please refer to **Exhibit IV-G** for copy of governing board resolution number 02-056.)*

H. What information is regularly presented to your policymaking body to keep them informed of your agency's performance?

The governing board's primary focus is on overseeing the administration of large and complex programs; as such each time the governing board is asked to consider any program awards, it is provided with a detailed presentation that provides information about the specific award and about the status of the relevant program some of which is required by statute. The governing board is usually asked to provide policy direction in connection with the offering of program funds, done chiefly through the issuance of notices of funds availability ("NOFAs"). As NOFAs are presented for approval, the governing board is provided with updated information about the sources of funds and levels of activity. Levels of activity are described in terms of key benchmarks, chiefly commitment and expenditure rates and persons/households served.

The governing board receives management proposals and supporting information to consider and take action on annual operating budgets, legislative appropriation requests, strategic plans, consolidated programmatic plans, and the state low income housing plan. The governing board receives quarterly investment reports.

At each meeting the Board receives reports on the status of CDBG disaster recovery programs and programs under the American Recovery and Reinvestment Act of 2009. The governing board generally meets monthly and is able to direct management to provide additional reports as deemed necessary.

I. How does your policymaking body obtain input from the public regarding issues under the jurisdiction of the agency? How is this input incorporated into the operations of your agency?

The Department is committed to an open and transparent process in the administration of all programs and funds. The Department encourages public participation during every stage of program planning and implementation. Prior to the development of plans, rules or Notices of Funding Availability (NOFAs), especially for new programs, the Department hosts roundtables and public input sessions to discuss the program with potential applicants and stakeholders. Notices of the roundtables are sent to the Department's email list and posted on the Department's website. Staff considers all input from the roundtables and public input sessions.

In general, draft program rules and planning documents are approved by the Department's Board for a formal public comment period before final consideration and approval. In accordance with statute, all Department rule changes are published in the *Texas Register* in accordance with the Administrative Procedures Act. During the public comment period, both oral and written public input is welcomed. Staff summarizes all formal public comment and provides written responses indicating staff recommendations on proposed changes or rationale for not recommending changes. The public comment summaries and reasoned responses are presented to the Board during final consideration of the plans and rules.

The establishment of policies, plans and awards, and other matters to be considered and acted upon, by the TDHCA Board are posted, along with staff recommendations, to the Department's website at least three days before the Board meeting. The agenda is posted s required by the Open Meetings laws a week in advance. Public comment is accepted at all Board meetings at the beginning of the agenda and when the item is under consideration by the Board.

Throughout the year, the Department accepts oral and written comments and suggestions from the public on all of its programs. Public comment may be received at, but not limited to, Board of Directors meetings, various Department-sponsored or attended informational workshops, individual program and publication public comment periods and hearings, and application and implementation workshops.

J. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart.

Texas Department of Housing and Community Affairs Exhibit 4: Subcommittees and Advisory Committees			
Name of Subcommittee or Advisory Committee	Size/Composition/How are members appointed?	Purpose/Duties	Legal Basis for Committee
Audit Committee	Generally three (3) members; the Audit Committee membership is appointed by presiding officer of the Governing Board from the board's membership.	*See Audit Committee Resolution 09-28, Exhibit IV.J-4a.*	Tex. Gov't. Code, §2306.056 (*See Exhibit IV.J-4f*)
Colonia Initiatives Advisory Committee (CIAC)	Seven members appointed by the Governor: one colonia resident; one representative of a non-profit that serves colonia residents; one representative of a political subdivision that contains all or part of a colonia; one person to represent private interests in banking or land development; one representative of a nonprofit utility; one representative of an engineering consultant firm involved in economically distressed areas programs projects under Subchapter K, Chapter 17, Tex. Water Code; and one public member.	*No members have ever been appointed, and therefore, this committee has never functioned.* To review the progress of colonia water and wastewater infrastructure projects managed by the Texas Water Development Board and the state agency responsible for administering the portion of the federal community development block grant non-entitlement program that addresses the infrastructure needs of colonias.	Tex. Gov't. Code, §2306.590 (*See Exhibit IV.J-4b)*

Texas Department of Housing and Community Affairs Exhibit 4: Subcommittees and Advisory Committees (continued)			
Name of Subcommittee or Advisory Committee	**Size/Composition/How are members appointed?**	**Purpose/Duties**	**Legal Basis for Committee**
Colonia Resident Advisory Committee (C-RAC)	Five members appointed by the Governing Board, who are residents of colonias to serve on the C-RAC. The C-RAC is composed of two (2) persons (Primary and Secondary members) for each county designated to have a Colonia Self-Help Center. A total of eight (8) counties are served through the Colonia Self-Help Center Program.	The C-RAC is required to advise the Department's Governing Board and evaluate the needs of colonia residents, review programs that are proposed or operated through the Colonia Self-Help Centers and activities that may be undertaken through the Colonia Self-Help Centers to better serve the needs of colonia residents. The C-RAC is required to meet 30 days before a contract is scheduled to be awarded by the Department's Governing Board and may meet at other times.	Tex. Gov't. Code, §2306.584 (*See Exhibit IV.J-4e*)
Executive Award and Review Advisory Committee (EARAC)	16 members, some directed by statute and others appointed by the Executive Director, includes representatives from the underwriting and compliance functions and from the divisions responsible for administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. §§12701, et seq.) and for administering low income housing tax credits.	To make recommendations to the board regarding funding and allocation decisions. The voting members of the Committee include: the Executive Director, the Chief of Staff, the Deputy Executive Directors of Programs (Housing and Community Based); the Chief of Agency Administration; the Chief of Compliance and Asset Oversight, the Director of Multifamily Finance Production; the Director of the Texas Homeownership Program; the Director of Community Affairs; The Director of the HOME Program; the NSP and HTF Managers; the Director of Real Estate Analysis; the Director of Office of Colonia Initiatives; the Director of Policy and Public Affairs; and the Director of Bond Finance.	Tex. Gov't. Code §2306.1112 (*See Exhibit IV.J-4c and Exhibit IV.J-4d)*

* *Please refer to* ***Exhibit IV.J_All Exhibits*** *for copies of: IV.Ja_Audit_Committee_Resolution_09-28; IV.Jb_2306.590_OCI_Advisory_Committee; IV.Jc_EARAC SOP; IV.Jd_2306.1112; IV.Je_2306.584_2306.585; IV.Jf_2306.056*

V. FUNDING

A. Provide a brief description of your agency's funding.

The Texas Department of Housing and Community Affairs is funded through a combination of general revenue funds, federal funds, and other funds including: appropriated receipts and interagency contracts.

The figure below depicts the major funding sources appropriated to the Department for the *2008-2009* biennium under HB 1, 80th Texas Legislature, Regular Session (General Appropriations Act).

	2008	2009
Article VII		
General Revenue Fund	$ 7,219,287	$ 7,262,372
Community Affairs Federal Fund No. 127	128,733,144	128,697,779
Appropriated Receipts	16,586,560	16,787,596
Interagency Contracts	68,255	68,255
Total Method of Financing	$ 152,607,246	$152,816,002
Other Direct and Indirect Costs Appropriated Elsewhere in this Act	$ 903,280	$ 947,807

The above includes approximately $5.8 per year in General Revenue in support of the Housing Trust Fund. Bond proceeds and tax credits issued through TDHCA programs do not flow through the Department's budget and therefore are not reflected in the bill pattern. Information on these is included in *Section VII, Guide to Agency Programs.*

The figure below depicts the major funding sources appropriated to the Department for the *2010-2011* biennium under SB 1, 81st Texas Legislature, Regular Session (General Appropriations Act).

	2010	2011
Article VII		
General Revenue Fund	22,377,856	22,377,856
Community Affairs Federal Fund No. 127	132,646,833	132,676,861
Appropriated Receipts	16,346,832	16,506,657
Interagency Contracts	68,255	68,255
Total Method of Financing	$ 171,439,776	$ 171,629,629
Article XII		
Federal American Recovery and Reinvestment Fund	$565,075,732	
Other Direct and Indirect Costs Appropriated Elsewhere in this Act	$1,017,780	$1,096,188

The above includes approximately $10.9 million per year in General Revenue in support of the Housing Trust Fund and $10 million per year in General Revenue to fund homelessness initiatives in the state's eight largest cities. TDHCA also received appropriation authority for 2009 federal stimulus funds. *Additional information on stimulus funding can be found in Section VII, Guide to Agency Programs* under "New Programs." Bond proceeds and tax credits issued through TDHCA programs do not flow through the Department's budget and therefore are not reflected in the bill pattern. *Information on these is included in Section VII, Guide to Agency Programs*.

B. List all riders that significantly impact your agency's budget.

SB 1, 81st Leg., Art. VII Rider 4. **Appropriations Limited to Revenue Collections.** Fees, fines, and other miscellaneous revenues as authorized and generated by the agency shall cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal E, Manufactured Housing, the cost of the appropriations required for manufactured housing consumer claims payments according to the Occupations Code §1201, Manufactured Housing Standards Act, as well as the "other direct and indirect costs" associated with this goal, appropriated elsewhere in this Act. "Other direct and indirect costs" for Goal E, Manufactured Housing, are estimated to be $1,017,780 for fiscal year 2010 and $1,096,188 for fiscal year 2011. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

SB 1, 81st Leg., Art. VII Rider 5. **Housing Assistance.** To the extent allowed by state and federal program guidelines the department shall adopt an annual goal to apply no less than $30,000,000 of the funds available from the Housing Trust Fund, HOME Program, Section 8 Program, and Housing Tax-Credit Program's total housing funds toward housing assistance for individuals and families earning less than 30% of the Area Median Family Income (AMFI). No less than 20% of the funds available from the Housing Trust Fund, HOME Program, Section 8 Program, and Housing Tax-Credit Program shall be spent for individuals and families earning between 31% and 60% of the area median family income. To the extent allowed by state and federal program guidelines in those counties where the area median family income is lower than the state average median family income, the department shall use the average state median income in interpreting this rider. The department shall provide an annual report to the Legislative Budget Board documenting its expenditures in each income category.

SB 1, 81st Leg., Art. VII Rider 6. **Conversions of Executory Contracts.**

a. Out of the funds appropriated above, the department shall spend not less than $4,000,000 for the biennium for the sole purpose of contract for deed conversions for families that reside in a colonia and earn 60% or less of the applicable area median family income. It is the intent of the Legislature that the department shall make a good-faith effort to complete at least 200 contract for deed conversions by August 31, 2011.

b. The Department of Housing and Community Affairs shall provide a quarterly report to the Legislative Budget Board detailing the number of, and cost for each, contract for deed conversion completed.

SB 1, 81st Leg., Art. VII Rider 7. **Bond Refinancing.** The department shall transfer any funds acquired through refinancing of bonds to the Housing Trust Fund. The first $3,000,000 each fiscal year in savings from the refinancing of any bonds shall be used to fund mortgage loans under the Bootstrap Self-Help Housing Loan Program.

SB 1, 81st Leg., Art. VII Rider 8. **Colonia Set-Aside Program Allocation.** The Office of Rural Community Affairs (Texas Department of Rural Affairs as of September 1, 2009) shall allocate 2.5% of the yearly allocation of Community Development Block Grant (CDBG) monies to support the operation of the Colonia Self-Help Centers and shall transfer such funds to the Department of Housing and Community Affairs on September 1 each year of the biennium.

Consistent with federal rules and regulations, the funds provided from TDRA to the Colonia Self-Help Center in El Paso county shall be used to provide internet access and training for parents and their children attending elementary schools in colonias, to establish technology centers within those elementary school libraries, to purchase wireless devices and laptop computers to loan out from the technology centers, and improve internet access for students and parents.

SB 1, 81st Leg., Art. VII Rider 9. Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments. Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from the General Revenue Fund are included above in Strategy A.1.3, Housing Trust Fund - Single Family, estimated to be $1,000,000 each year.

SB 1, 81st Leg., Art. VII Rider 10. Housing Trust Fund Deposits to the Texas Treasury Safekeeping Trust Company.

a. Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund - Single Family, all funds above those retained for administrative purposes in fiscal year 2010 and fiscal year 2011 shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Texas Government Code, Chapter 2306, at the beginning of each fiscal year. The amounts to be transferred in fiscal years 2010 and 2011 include an estimated $1,000,000 in each fiscal year from interest earnings and loan repayments received, identified above in Rider 9, Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments.
b. Out of funds appropriated above in Strategy A.1.7, Housing Trust Fund - Multifamily, all funds above those retained for administrative purposes in fiscal year 2010 and fiscal year 2011 shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Texas Government Code, Chapter 2306, at the beginning of each fiscal year.
c. Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from the General Revenue Fund shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Texas Government Code, Chapter 2306, for the same purpose.
d. The Department of Housing and Community Affairs shall provide an annual report to the Legislative Budget Board, the House Appropriations Committee, and the Senate Finance Committee no later than October 1 detailing the agency's plan to expend funds from the Housing Trust Fund during the current fiscal year.
e. Notwithstanding limitations on appropriation transfers contained in the General Provisions of this Act, the Department of Housing and Community Affairs is hereby authorized to direct agency resources and transfer such amounts appropriated above, in excess of $3,000,000 set aside for the Owner-Builder (Bootstrap) Loan Program established under Texas Government Code, Chapter 2306, between Strategy A.1.3, Housing Trust Fund - Single Family and Strategy A.1.7, Housing Trust Fund - Multifamily. Prior to the agency making any transfers between these two strategies, they shall notify the Legislative Budget Board, and the Office of the Governor on the amounts being transferred and the reason for transferring funds between strategies.
f. Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund - Single Family and Strategy A.1.7, Housing Trust Fund - Multifamily, all funds above those retained for administrative purposes in fiscal year 2010 and fiscal year 2011 and above amounts required in Sections (a) and (b) of this rider, shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Texas Government Code, Chapter 2306, no later than October 1 of each fiscal year.
g. At the end of each fiscal year, any unexpended administrative balances appropriated under Strategy A.1.3, Housing Trust Funds - Single Family and A.1.7, Housing Trust Fund - Multifamily shall be transferred to the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Texas Government Code, Chapter 2306.

SB 1, 81st Leg., Art. VII Rider 11. Mortgage Revenue Bond Program. The Department of Housing and Community Affairs shall operate the First-Time Homebuyer Mortgage Revenue Bond Program in a manner that maximizes the creation of very low-income single family housing by ensuring that at least 30% of the lendable bond proceeds are set aside for a period of one year for individuals and families at 80% and below the area median family income (AMFI), while assuring the highest reasonable bond rating. In an effort to facilitate the origination of single family mortgage loans to individuals and families at 80% and below the AMFI, the department shall utilize down payment and closing cost assistance or other assistance methods.

SB 1, 81st Leg., Art. VII Rider 12. Additional Appropriated Receipts.

a. Except during an emergency as defined by the Governor, no appropriation of appropriated receipts in addition to the estimated amounts above may be expended by the Department of Housing and Community Affairs unless:
   (1) the department's governing board files a finding of fact along with a written plan outlining the source, use, and projected impact of the funds on performance measures with the Legislative Budget Board and the Governor and indicating that additional appropriations are required to maintain adequate levels of program performance; and,
   (2) neither the Legislative Budget Board nor the Governor issue a written disapproval not later than 10 business days within receipt of the finding of fact and the written plan.

b. This provision does not apply to appropriated receipts included in the amounts appropriated above that are collected under Object Codes 3719 and 3802. Appropriated receipts collected under these revenue object codes are governed under provisions found in Article IX, Sec 8.03 and Article IX, Sec 12.02.

SB 1, 81st Leg., Art. VII Rider 13. Manufactured Homeowner Consumer Claims. Included above in Goal E, Manufactured Housing, the Manufactured Housing Division of the Department of Housing and Community Affairs is appropriated an amount required for the purpose of paying manufactured housing consumer claims from Appropriated Receipts according to the Occupations Code Chapter 1201, Manufactured Housing Standards Act, from Statement of Ownership and Location (SOL) issuance fees involving manufactured housing that are collected during the 2010-11 biennium. No General Revenue is appropriated for the payment of these claims.

SB 1, 81st Leg., Art. VII Rider 15. Affordable Housing Research and Information Program. Out of funds appropriated above in Strategy B.1.1, Housing Resource Center, the Department of Housing and Community Affairs shall conduct the Affordable Housing Research and Information Program with the assistance of the Texas Department of Rural Affairs, to the extent allowed by state law, in order to avoid a duplication of effort. It is the intent of the Legislature that no funds shall be transferred between the Department of Housing and Community Affairs and the Texas Department of Rural Affairs for this purpose.

SB 1, 81st Leg., Art. VII Rider 18. Homeless Housing and Services. Out of funds appropriated above in Strategy C.1.1, Poverty-Related Funds, $10,000,000 in each fiscal year in General Revenue is hereby appropriated to the Department of Housing and Community Affairs (TDHCA) for the purposes of assisting regional urban areas in providing services to homeless individuals and families, including services such as case management, and housing placement and retention. Pursuant to Texas Government Code, §2306.053, funding for this program shall be awarded by TDHCA through a competitive matching grant process whereby the eight largest cities may seek additional funding for this purpose. The agency shall distribute these funds to the eight largest cities with populations larger than 285,500 persons per the latest U.S. Census figures.

SB 1, 81st Leg., Art. VII Rider 19. Financial Assistance for Local Initiatives Regarding the Homeless. It is the intent of the Legislature that the Department of Housing and Community Affairs:
   (1) use funds appropriated to the department under this Act to provide financial assistance to political subdivisions, housing finance corporations, for-profit corporations, and nonprofit organizations to support local initiatives regarding homeless individuals and families; and
   (2) seek any federal funding available for the purpose of providing financial assistance described by subdivision (1).

SB 1, 81st Leg., Art. VII Rider 20. Travel Expenditures. Out of the funds appropriated to the Department of Housing and Community Affairs authorized for out-of-state travel. This limitation shall not apply to out-of-state travel associated with federal programs if the cost of such travel is paid for or reimbursed by the federal government.

Note: Riders found in SB1, 81st Legislature, Article XII, relating to the American Recovery and Reinvestment Act also apply to TDHCA.

C. Show your agency's expenditures by strategy.

Texas Department of Housing and Community Affairs Exhibit 5: Expenditures by Strategy - Fiscal Year 2008 (Actual)		
Goal/Strategy	Expenditures ($)	Contract Expenditures ($)
A. Goal: Affordable Housing:		
A.1.1. MRB Program - Single Family	$1,101,599	
A.1.2. HOME Program - Single Family	29,950,673	23,696
A.1.3. Housing Trust Fund - Single Family	10,896,350	74,305
A.1.4. Section 8 Rental Assistance	6,390,246	8,390
A.1.5. Federal Tax Credits	1,171,058	
Goal/Strategy	Expenditures ($)	Contract Expenditures ($)
A.1.6. HOME Program - Multifamily	11,277,215	
A.1.7. Housing Trust Fund - Multifamily	147,773	
A.1.8. MRB Program - Multifamily	156,301	
Total, A. Goal: Affordable Housing	61,014,703	106,391
B. Goal: Information and Assistance		
B.1.1. Housing Resource Center	475,106	102,780
B.2.1. Colonia Service Centers	549,159	
Total, B. Goal: Information and Assistance	1,024,265	102,780
C. Goal: Poor and Homeless Programs:		
C.1.1. Poverty Related Funds	38,239,597	17,546
C.2.1. Energy Assistance Programs	62,934,108	102,385
Total, C. Goal: Poor and Homeless Programs	101,173,705	119,931
D. Goal: Ensure Compliance:		
D.1.1. Monitor Housing Requirements	1,938,234	685,220
D.1.2. Monitor Contract Requirements	440,695,360	69,999
Total, D. Goal: Ensure Compliance	442,633,594	755,219
E. Goal: Manufactured Housing: (* See Note)		
E.1.1. Titling and Licensing		
E.1.2. Inspections		
E.1.3. Enforcement		
E.1.4. Texas Online		
Total, E. Goal: Manufactured Housing	0	0
F. Goal: Indirect Admin and Support Costs:		
F.1.1. Central Administration	3,693,612	182,778
F.1.2. Information Resource Technologies	1,282,796	
F.1.3. Operating/Support	454,731	
Total, F. Goal: Indirect Admin and Support Costs	5,431,139	182,778
Grand Total per HB 1, Department of Housing and Community Affairs, Article VII	611,353,918	1,267,099

**Note: Expenditures by Strategy are reflected solely for TDHCA, excluding the Manufactured Housing Division, whose information is submitted separately. All expenditures are as of July 31, 2009. Housing Trust Fund expenditures include de-obligated or returned funds from previous years awarded through SFY 2008 Notices of Funding Availability. Loans funded through bond proceeds, mortgage credit certificates, and housing tax credits are not reflected above as these do not pass through the agency's budget. See Section VII. Guide to Agency Programs for more information on these.*

D. Show your agency's objects of expense for each category of expense listed for your agency in the General Appropriations Act FY 2009-2010.

Texas Department of Housing and Community Affairs
Exhibit 6: Objects of Expense by Program or Function - Fiscal Year 2009

Object of Expense	CBP CSBG	CBP ESGP	CBP IOU/ Weatheriz Assisst	CBP CEAP/LIHEAP	CBP Housing Trust Fnd	CBP Bootstrap Loan	CBP Section 8 14.871.000	CBP Housing Resource Center	HP Housing Tax Credit Program	HP Multifamily Bond Program
1001 Salaries and Wages	753,542	27,389	274,064	492,737	472,716	0	301,992	316,251	611,596	93,363
1002 Other Personnel	17,149	720	0	34,840	18,436	0	21,167	3,709	10,495	109
2001 Professional Fess & Services	34,749	3,596	4,053	60,352	10,624	0	4,888	33,696	21,229	11,438
2003 Consumable Supplies	4,055	0	159	4,721	2,903	0	2,808	2,039	2,609	1,512
2004 Utilities	1,123	0	0	1,616	5,197	0	96	1,859	2,344	1,371
2005 Travel	56,295	3,533	24,601	54,545	13,561	0	5,192	6,507	8,659	2,469
2006 Rent - Building	1,903	464	0	3,600	0	0	429	550	2,941	1,608
2007 Rent - Machine and Other	1,689	235	0	1,492	1,109	0	2,328	192	2,180	895
2009 Other Operating Expense	60,836	288	0	174,775	39,681	0	42,520	51,524	47,291	29,752
3001 Client Services	0	0	0	0	0	0	0	0	0	0
4000 Grants	32,514,718	0	42,765,947	123,937,866	0	0	3,437,712	0	0	0
5000 Capital Expenditures	5,955	0	0	4,657	0	0	0	1,378	2,433	1,220
Total	**33,452,013**	**36,225**	**43,068,824**	**124,771,203**	**564,228**	**0**	**3,819,132**	**417,705**	**711,777**	**143,737**

Object of Expense	HP HOME	HP Office of Colonia Initiatives	BFHP Single Family Bond Finance	BFHP First Time Homebuyer Program MCCP	BFHP Texas Homebuyer Education Program	PMC Portfolio Management and Compl.	EHDR CDBG	EHDR FEMA AHPP	HERA Round 1 Neighborhood Stabilization Program	HERA National Foreclosure Mitigation Counceling
Salaries and Wages	972,892	64,018	639,664	342,357	7,191	2,130,639	890,911	105,528	82,644	0
Other Personnel	6,785	3,037	7,069	16,887	0	71,592	22,730	0	262	0
Professional Fess & Services	46,448	0	286	1,474	0	127,240	26,340	112	8,175	0
Consumable Supplies	10,594	1,143	890	3,856	237	10,819	4,199	0	0	0
Utilities	4,513	2,447	980	2,788	0	8,517	5,816	0	0	0
Travel	39,314	21,464	5,489	19,673	0	154,125	58,020	9,612	4,527	88
Rent - Building	5,788	2,011	219	5,150	0	3,430	1,153	0	0	0
Rent - Machine and Other	10,286	240	91	429	0	5,752	1,394	0	0	0
Other Operating Expense	99,715	13,493	55,177	87,912	5,126	273,891	39,718	14,291	6,771	409
Client Services	0	0	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	49,587	0	0	486,490
Capital Expenditures	3,793	1,106	1,625	0	0	10,822	0	0	0	0
Total	**1,200,129**	**108,959**	**711,491**	**480,527**	**12,554**	**2,796,827**	**1,099,867**	**129,543**	**102,380**	**486,987**

Object of Expense	ARRA Homelessness Prevention and Rapid Re-Housing Program	ARRA Weatherization Assistance Program	ARRA Community Services Block Grant	ARRA Tax Credit Assistance Program	ARRA Housing Tax Credit Exchange	ARRA Down Payment Assistance Programs	ARRA Round 2 Neighborhood Stabilization Program	OTHER Homeless Housing and Services	OTHER Disaster Recovery Hurricanes Ike and Dolly
Salaries and Wages	0	2,717	0	0	0	0	0	0	0
Other Personnel	0	0	0	0	0	0	0	0	0
Professional Fess & Services	0	0	0	0	0	0	0	0	0
Consumable Supplies	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0
Travel	0	0	0	0	0	0	0	0	0
Rent - Building	0	0	0	0	0	0	0	0	0
Rent - Machine and Other	0	0	0	0	0	0	0	0	0
Other Operating Expense	0	6,136	0	0	0	0	0	0	0
Client Services	0	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0	0	0
Total	**0**	**8,854**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

E. Show your agency's sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines.

Texas Department of Housing and Community Affairs Exhibit 7: Sources of Revenue - Fiscal Year 2008 (Actual)	
Source	Amount
Single Family	1,778,020
RMRB	298,793
CHMRB	0
SF CHMRB	0
Administration Fees	2,076,813
Multi-Family Admin Fees	1,062,786
MF Application Fees	143,000
MF Issuance Fees	280,125
Multi-Family Fees	1,485,911
LIHTC application fees	527,838
LIHTC commitment & misc. fees	1,230,742
Inspection Fees Collected	20,250
Tax Credit Fees	1,778,830
LIHTC compliance fees	3,343,195
RTC compliance fees	822,017
MF Compliance	594,609
Compliance Fees	4,759,821
Interest Income Bond Program admin.	77,795
Interest Income fund 896 (AR Account in Treasury)	71,050
Total Interest	148,845
Investor Owned Utility Contracts	1,272,000
Intra-Agency Contracts	68,255
General Revenue	$ 7,219,287
Federal Funds	
HOME	40,043,225
ESGP	5,261,641
Section 8	6175257
DOE	5,549,413
LIHEAP	50,598,812
CSBG	31,311,981
FEMA	16,471,725
NFMC	589,788
Total Federal Grants	156,001,842

Note: Fee revenue and Investor Owned Utility Contracts are reflected in TDHCA's bill pattern as Appropriated Receipts.

F. If you receive funds from multiple federal programs, show the types of federal funding sources.

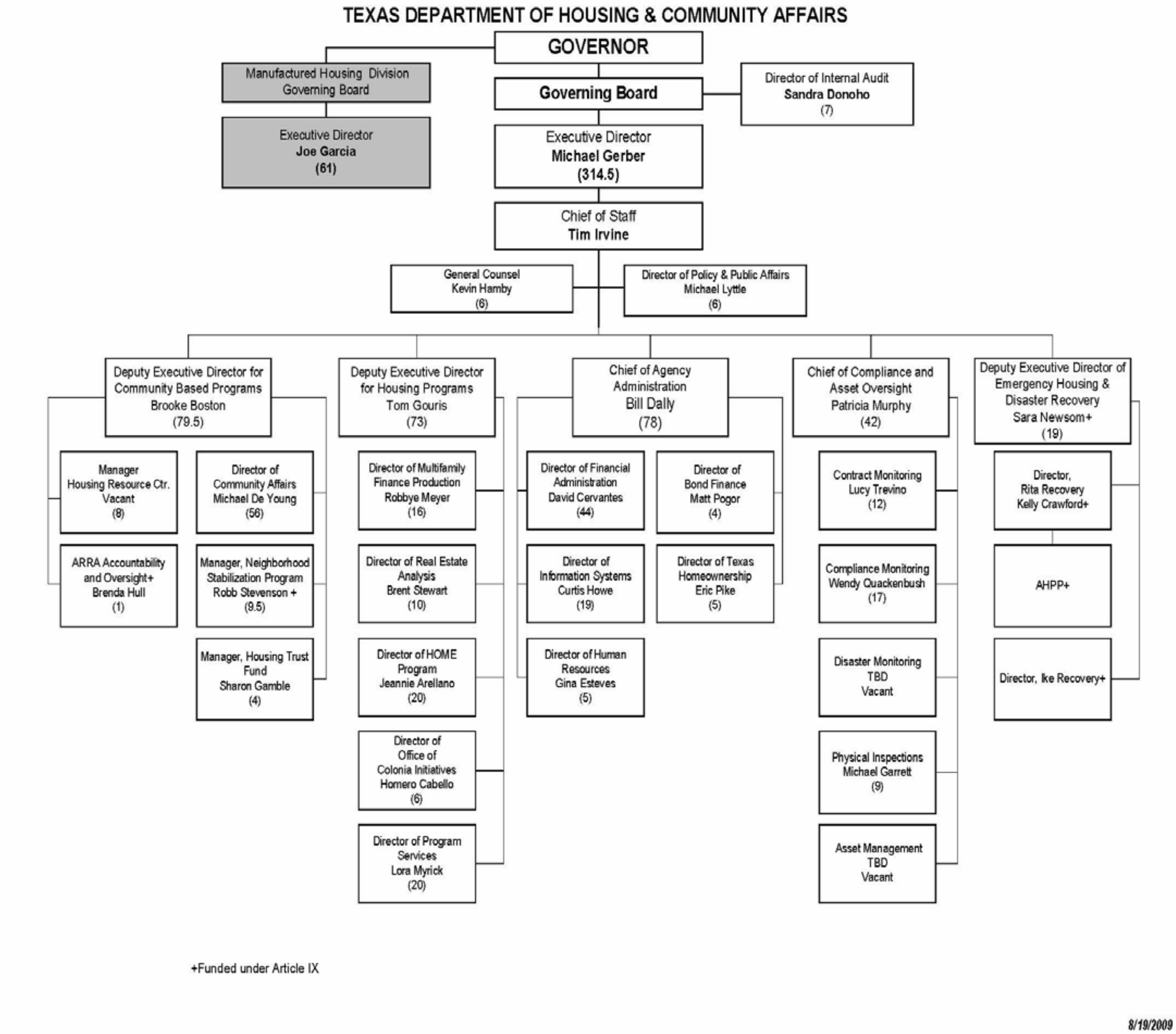
Texas Department of Housing and Community Affairs Exhibit 8: Federal Funds - Fiscal Year 2008 (Actual)				
Type of Fund	State/Federal Match Ratio	State Share	Federal Share	Total Funding
HOME*			$ 40,043,225	$ 40,043,225
ESGP*			5,261,641	5,261,641
Section 8			6,175,257	6,175,257
DOE			5,549,413	5,549,413
LIHEAP			50,598,812	50,598,812
CSBG			31,311,981	31,311,981
FEMA			16,471,725	16,471,725
NFMC		98,298	491,490	589,788
Total		$ 98,298	155,903,544	$ 156,001,842
CDBG II was awarded in FY 2007. IKE and NSP were awarded in FY 2009.				

G. If applicable, provide detailed information on fees collected by your agency

Texas Department of Housing and Community Affairs Exhibit 9: Fee Revenue - Fiscal Year 2008				
Fee Description/ Program/ Statutory Citation	**Current Fee/ Statutory maximum**	**Number of persons or entities paying fee**	**Fee Revenue**	**Where Fee Revenue is Deposited (e.g., General Revenue Fund)**
Bond Administration Fees – Texas Government Code §2306.144, 147, 172, 176, 228 and 266	Varies by Bond Indenture based on Bonds Outstanding	128	$2,608,095	Texas Treasury Safekeeping Trust Co (TTSTC)
Multifamily Bond Compliance Fee – Multifamily Housing Revenue Bond Rules §35.8(c)	$25-$40 per rental unit	110	$594,609	(TTSTC)
Multifamily Bond Issuance Fees – Multifamily Housing Revenue Bond Rules §35.8(b)	0.5% of bonds issued	4	$280,125	(TTSTC)
Multifamily Bond Pre-application / Application Fees – Multifamily Housing Revenue Bond Rules §35.8(a) and (b)	$1,000-Pre-application $30/unit and $10,000-Application	26	$143,000	(TTSTC)
Tax Credit Compliance Fees– Housing Tax Credit Program Qualified Action Plan (QAP) §50.20(g)	$40 per tax credit unit	1196	$3,343,195	(TTSTC)
Tax Credit Commitment/ Determination Fees- QAP §50.20(f)	5% of annual housing credit allocation amount	32	$1,230,742	(TTSTC)
Tax Credit Pre-application and Application Fees – QAP §50.20(b) & (c)	Pre-application $10/unit Application w/pre-application $20/unit Application w/o pre-application $30/unit	318	$527,838	(TTSTC)
Tax Credit Inspection Fees – QAP §50.20(h)	$750/ development	31	$20,250	(TTSTC)

VI. ORGANIZATION

A. Provide an organizational chart that includes major programs and divisions, and shows the number of FTEs in each program or division.



B. If applicable, fill in the chart below listing field or regional offices.

Texas Department of Housing and Community Affairs Exhibit 10: FTEs by Location - Fiscal Year 2008			
Headquarters, Region, or Field Office	Location	Number of Budgeted FTEs FY 2008	Number of Actual FTEs as of August 31, 2008
Headquarters	Austin, TX	270	259
Office of Colonia Initiatives Field Office	Laredo, TX	1	1
Office of Colonia Initiatives Field Office	Edinburg, TX	1	1
Office of Colonia Initiatives Field Office	El Paso, TX	1	1
Disaster Recovery Field Office	Beaumont, TX	1	1
Disaster Recovery Field Office	Katy, TX	1	1
Manufactured Housing Field Office	Fort Worth, TX	2	2
Manufactured Housing Field Office	Lubbock, TX	3	3
Manufactured Housing Field Office	Tyler, TX	3	3
Manufactured Housing Field Office	Houston, TX	5	5
Manufactured Housing Field Office	Waco, TX	3	3
Manufactured Housing Field Office	San Antonio, TX	5	5
Manufactured Housing Field Office	Edinburg, TX	1	1
Manufactured Housing Field Office	Henrietta, TX	1	1
TOTAL		298	287

C. What are your agency's FTE caps for fiscal years 2008-2011?

FY 2008 – FTE CAP: 298
FY 2009 – FTE CAP: 298
FY 2010 – FTE CAP: 311
FY 2011 – FTE CAP: 311

It should be noted that Article IX notification letters have been submitted to the appropriate oversight agencies for disaster recovery FTEs and will be submitted in the near future for additional disaster recovery and federal stimulus program FTEs.

D. How many temporary or contract employees did your agency have as of August 31, 2008?

As of August 31, 2008, the agency employed five temporary employees. No FTEs counted as contract employees.

E. List each of your agency's key programs or functions, along with expenditures and FTEs by program

Texas Department of Housing and Community Affairs Exhibit 11: List of Program FTEs and Expenditures - Fiscal Year 2008		
Program	FTEs as of Aug 31, 2008	Total
Community Based Programs:		
Community Services Block Grant	11.0	32,649,613
Continuum Care		109,000
Emergency Shelter Grants Program	3.0	5,480,984
Weatherization Assistance Program	4.0	15,109,294
Comprehensive Energy Assistance Program	10.5	47,824,812
Housing Trust Fund	1.0	5,021,292
Bootstrap Loan Program		5,950,953
Section 8	7.0	6,390,246
Housing Resource Center	6.0	475,106
Total, Community Based Program	42.5	119,911,300
Housing Programs:		
Housing Tax Credit Program	8.5	621,967
Multifamily Bond Program	2.0	112,879
HOME Investments Partnership Program	20.0	41,227,889
Real Estate Analysis	9.5	592,513
Office of Colonia Initiatives	7.0	444,493
Total, Housing Programs	47.0	42,999,741
Bond Finance and Homeownership Programs:		
Single Family Bond Finance	10.0	680,581
First Time Homebuyer Program, Mortgage Credit Certificate Program	5.0	421,017
Texas Statewide Homebuyer Education Program	0.0	71,880
Total, Bond Finance and Homeownership Programs	15.0	1,173,478
Compliance:		
Portfolio Management and Compliance	29.0	2,980,558
Emergency Housing and Disaster Recovery:		
Community Development Block Grant Recovery Programs	12.0	423,990,007
FEMA	1.0	15,767,695
Total, Emergency Housing and Disaster Recovery	13.0	439,757,702
Grand Total, Department	146.5	605,922,702

NOTE: FTEs and expenditures identified for each program reflect staff and expenditure expensed to the program, including staff carrying out programmatic functions in other divisions. Loans funded through bond proceeds, mortgage credit certificates, and housing tax credits are not reflected above as these do not pass through the agency's budget. All expenditures are for Fiscal Year 2008 and Appropriation Year 2008 as of July 31 2009.

VII. Guide to Agency Programs

NOTE: FTEs and expenditures identified for each program reflect staff and expenditure expensed to each program, including staff carrying out programmatic functions in other divisions. FTEs and expenditures related to Central Administration are not reflected below. All expenditures are for Fiscal Year 2008 and Appropriation Year 2008, reflecting expenditures against 2008 funds as of July 31 2009. See Exhibit 11 for a summary of this information.

Community Based Programs

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Community Services Block Grant
Location/Division	Community Affairs Division, Community Services Section
Contact Name	Stuart Campbell, Manager of Community Services
Actual Expenditures, FY 2008	$32,649,613
Number of FTEs as of August 31, 2008	11

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Community Services Section administers the Community Services Block Grant (CSBG) Program with funding from the U.S. Department of Health and Human Services (USHHS). The Department's program allocates CSBG funds to forty-eight (48) eligible entities which serve all 254 counties of the State of Texas. An organization must meet the eligibility requirements established by the federal CSBG Act in order to receive an annual CSBG allocation and the Governor must approve any changes to the eligibility designation or service delivery area for the CSBG program. Entities receiving CSBG funds function as "umbrella" organizations which administer a myriad of programs that assist low income families. CSBG funds are used to cover the cost of program administration of CSBG eligible activities and other similar programs and also provides direct services to low-income clients. In addition to providing formula allocations statewide, the Department also reserves funds for organizations to address the needs of special low-income population groups, such as migrant and seasonal farm workers, Native Americans and those affected by disasters. Funds for special population groups and innovative demonstration projects are available on a competitive basis.

1. <u>Key services and functions:</u>
   - <u>Overall function of CSBG Program</u>: To provide for a wide range of services that have a positive and measurable impact on causes of poverty in communities throughout the state.
   - <u>Function of CSBG Demonstration Fund and Special Projects</u>: To support innovative programs and activities by community action agencies and other community based organizations to eliminate poverty, promote self-sufficiency and promote community revitalization.

2. <u>Eligible activities:</u>
   - Funding of administrative support for other community services programs;
   - Funding of services and programs directed at poverty populations. Services may include some or all of the following:
     a) assistance with finding and retaining employment,
     b) providing job training and training in budget and consumer skills,
     c) assistance in obtaining and maintaining adequate housing,

    d) assistance in the form of loans or grants to meet immediate and urgent needs, including the need for health services, nutritious food, housing and employment-related assistance,
    e) the removal of obstacles which block the clients' achievement of self-sufficiency.
- Examples of programs supported by CSBG include Meals-on-Wheels, transportation programs, Comprehensive Energy Assistance Program and Weatherization.

3. Major program activities performed by TDHCA:
- Development of the State Plan and annual reports
- Development of Program Rules and guidance
- Disbursement of funds to eligible entities
- Contract management
- Monitoring
- Training and technical assistance
- Program planning
- Preparation and release of Notice Of Funding Availability for discretionary funds

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

3.1.1. Strategy: Administer Homeless & Poverty-Related Funds through a Network of Community Action Agencies & Other Local Organizations	
Output 1: Number of Persons Assisted through Homeless & Poverty-Related Funds	539,436
Output 2: Number of Persons Assisted that Achieve Incomes Above Poverty Level	3,024
Efficiency 1: Avg. Agency Admin. Cost Per Person Assisted	$2.71
Explanatory 2: Total Number of Persons in Poverty	4,172,890
Outcome 1: Percent of Persons in Poverty that Received Homeless & Poverty-Related Assistance	12.35%
Outcome 3: Percent of Persons Assisted that Achieve Incomes Above Poverty Level	0.08%

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

- The Community Services Block Grant Program (CSBG) began as the Economic Opportunities Act (EOA) of 1964. Originally, the U.S. Department of Health, Education and Welfare administered the national program. The U.S Department of Health and Human Services (HHS) later took over administering this program. In 1981, Congress created CSBG to replace the EOA. CSBG was amended and reauthorized by Congress in 1998 through the Coats Human Services Reauthorization Act of 1998.
- Beginning in 1983, the Texas Department of Community Affairs assumed the responsibility for administering this program in Texas. The Texas Department of Housing and Community Affairs (the Department) now administers the CSBG Program in Texas.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Population served:

- Individuals and families with incomes at or below 125% of the current federal poverty guidelines
- Individuals and families needing assistance due to a natural or man-made disaster
- Migrant/seasonal farm workers
- Native Americans

Requirements/qualifications:

- Effective September 1, 2009, income eligibility has been increased to 200% of the Federal Poverty Income Guidelines during fiscal years 2009 and 2010. Eligibility for services is determined by comparing family income to the poverty income guidelines as provided by the U.S. Department of Health and Human Services.
- Eligible subrecipients must be governed by a tripartite board, with one third of its members elected public officials, at least one third of its members representatives of the poor in the area served, and one third members of business, labor, religious, education or other major groups in the community. The eligible recipient must also serve as an umbrella organization for other services.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Overview:

The Department receives a formula allocation annually from the U.S. Department of Health and Human Services (USHHS) to carry out CSBG program activities. The Department, in turn, distributes CSBG funds through a network of 48 "eligible entities," commonly referred to as community action agencies, or Subrecipients, who provide services to persons in all 254 counties in Texas. Most eligible entities are non-profits or organizations that have delivered CSBG-supported services since the program's inception. Additionally, the Governor has designated four cities, two counties, and three councils of government as eligible entities.

These subrecipients may use CSBG funds for any or all of the eligible activities enumerated in Section B. Subrecipients also use the CSBG funds disbursed by the Department for administrative support for existing programs. For example, CSBG funds can be used to pay the salary of a caseworker who coordinates various programs. Since many of the programs administered by subrecipients have limited administrative funds associated with them, CSBG funds provide administrative support to other programs.

The Department disburses not less than 90% of the Department's annual allocation of CSBG funds on a formula basis. A portion of the remaining funds are reserved for use in demonstration projects and to respond to disasters. TDHCA uses the balance of the funds, not more than 5%, to administer the program. The Department monitors the use of CSBG funds by the subrecipients and adheres to the CSBG Act, which requires that the Department monitor CSBG subrecipients at least once every three years.

Program Administration:

- The State Plan serves as the biennial application for CSBG funds. The Department produces a draft of the State Plan, outlining proposed use and distribution of CSBG funds.

- In accordance with the HHS requirement that the Department solicit public comment on the proposed program administration prior to submitting the State Plan, the Department posts notice of the availability of the State Plan and the schedule of public hearings in the Texas Register and on the Department's website. Hard copies are available upon request.
- Interested parties may submit comment on the posted State Plan by mail, electronically, or in person during the hearings. Based on these comments, the Department will consider making any changes to the State Plan that do not affect the intent of the program.
- As the head of the designated state lead agency for the administration of the CSBG program, the Department's Executive Director is authorized to approve and sign the State Plan. The finalized State Plan must be submitted to the USHHS by September 1 each year.
- The state's CSBG funds are made available after the USHHS has approved the State Plan.
- The Department makes the approved plan available to subrecipients.
- The Department extends subrecipient contracts and allocates the majority of funds by formula based on the poverty population and population density in a given service area. In addition, the Department funds Demonstration and Special Project programs throughout Texas.
- Each subrecipient submits monthly reports to TDHCA that include the number of persons served and the number of persons assisted that successfully transitioned out of poverty. They also report on the number of persons currently participating in self-sufficiency programs, and on the status of various community revitalization projects undertaken by the eligible entity.
- The Department monitors the subrecipients' contracts. The goal of the Department is to conduct at least one extensive, on-site monitoring review every three years for each CSBG subrecipient. The monitoring review includes evaluation of the subrecipient's program content, administrative procedures, and a financial review.
- The Department provides other training and technical assistance as needed.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding source:
U.S. Department of Health and Human Services' Community Services Block Grant.

2008 Funding: $31,311,981

Formulas:

- A federal formula based on poverty population determines each state's allocation.
- TDHCA utilizes the following formula to distribute not less than 90% of the state's CSBG allocation to subrecipients:
  a) CSBG funds are distributed by formula to forty-eight (48) eligible entities throughout the state. The planning allocation for each service area is calculated based on a formula which incorporates the following factors: (1) $50,000 base; (2) 98% weight to the number of persons at or below the poverty level; (3) 2% weight to the ratio of population density and (4) $150,000 floor.
  b) The formula is calculated as follows. All subrecipients are given the $50,000 base and then the formula is applied using the 98% poverty factor and the 2% inverse density ratio factor. Once the base and factors are applied, any subrecipient with an allocation below the floor of $150,000 will be brought up to this amount.
  c) Subrecipients receiving $150,000 will then be removed from the formula calculation process and the amount of money for those contractors is removed from the allocation pot.
  d) The remaining unallocated funds are then allocated to contractors that did not fall below the $150,000 floor.

Note: This formula does not apply to CSBG Demonstration and Special Project subrecipients. This portion of the funds is awarded on a competitive basis. TDHCA may also award CSBG funds to Subrecipients in communities affected by natural disasters.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal programs: None.

External programs: None. TDHCA receives the total CSBG allotment for the State of Texas, which it allocates to eligible entities or subrecipients. Communities may have different organizations that provide similar services. However, CSBG subrecipients ensure the coordination of community resources, especially in the rural areas of Texas.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Not applicable.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Relationship with local governments:

- Four cities, two counties, and three councils of government currently contract with the Department to administer the CSBG Program. They are:
  - City of Austin
  - City of Lubbock
  - City of Fort Worth
  - City of San Antonio
  - Hidalgo County Community Action Agency
  - Webb County Community Action Agency
  - South Texas Development Council
  - South East Texas Regional Planning Commission
  - Texoma Council of Governments

K. If contracted expenditures are made through this program please provide:
- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Fiscal Year 2008 Expenditures:

- Professional Services: $17,546 for two agency-wide audits (reflects the portion expenses to Strategy C.1.1. which includes the Emergency Shelter Grants Program described later in this document).
- 2008 Subrecipient Expenditures and Encumbrances: $31,885,100
- Number of CSBG contracts: 73 total contracts, including 25 discretionary contracts.
- General contract purpose: TDHCA contracts with subrecipients to operate programs in their individual communities that strive to ameliorate the causes of poverty and provide services and activities as specified in 42 U.S.C. §9907 (b).
- Accountability for funding and performance is ensured through the use of a needs-based funding formula for the allocation of funds, the Community Affairs Contract System (a Central Database system) to record the use of funds and performance of contract activities, and on-site monitoring reviews conducted by TDHCA staff of contracted operations. On-site reviews are scheduled based on an annual risk assessment conducted for all CSBG funded contracts. In compliance with the CSBG Act, the Department provides for fiscal controls through fund accounting procedures that are maintained at both the state and subrecipient levels. The Department's financial and other records are audited on an annual basis by the State Auditor's Office and a copy of the Audit is submitted to the Texas Legislature and the Secretary of the U.S. Department of Health and Human Services.
- No current contracting problems.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None identified.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

The American Reinvestment and Recovery Act provides for approximately $48 million in additional CSBG funds for FY2009.

Program webpage: http://www.tdhca.state.tx.us/cs.htm#csbg

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Emergency Shelter Grants Program
Location/Division	Community Affairs Division, Community Services Section
Contact Name	Stuart Campbell, Manager of Community Services
Actual Expenditures, FY 2008	$5,480,984
Number of FTEs as of August 31, 2008	3

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Emergency Shelter Grants Program (ESGP), administered by the Community Affairs Division, awards funding through a competitive process to subrecipients who provide services to the homeless and/or who undertake homelessness prevention activities. The program is funded through the federal Emergency Shelter Grants Program and administered at the federal level by the U.S. Department of Housing and Urban Development (HUD). Eligible applicants for ESGP funds are units of local government and private nonprofit organizations.

1. Key services and functions:
   The Emergency Shelter Grants Program provides funds for homeless shelters, services for the homeless, and homelessness prevention activities.

2. Eligible activities:
   - Local administration of programs for the homeless;
   - Rehabilitation of buildings to be used as emergency shelters;
   - Maintenance, operation, and furnishings for emergency shelters;
   - Provision of essential services such as healthcare, drug abuse treatment, employment, and education; and
   - Prevention of homelessness.

3. Major program activities:
   - Development of ESGP portion of Department's Consolidated Plan;
   - Development of NOFA;
   - Scoring of applications;
   - Awarding grants; and
   - Monitoring and technical assistance.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

3.1.1. Strategy: Administer Homeless & Poverty-Related Funds through a Network of Community Action Agencies & Other Local Organizations	
Output 1: Number of Persons Assisted through Homeless & Poverty-Related Funds	539,436
Output 3: Number of Shelters Assisted	78
Efficiency 1: Avg. Agency Admin. Cost Per Person Assisted	$2.71
Explanatory 2: Total Number of Persons in Poverty	4,172,890
Outcome 1: Percent of Persons in Poverty that Received Homeless & Poverty-Related Asst.	12.35%
Outcome 2: Percent of Emergency Shelters Assisted	8.34%

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

- ESGP was established by the Homeless Housing Act of 1986 in response to the growing number of homeless persons.
- In 1987, the ESG program was incorporated into Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. §§11371-11378), now known as the McKinney-Vento Homeless Assistance Act.
- ESGP funds are awarded to the state by the U.S. Department of Housing and Urban Development.
- Beginning in 1987, the Texas Department of Community Affairs assumed the responsibility of administering the program.
- Since 1991, when the Department of Housing and the Department of Community Affairs were merged, the Texas Department of Housing and Community Affairs has administered the program and, as the state's lead agency for homelessness issues, continues to administer the program.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Population served: Homeless individuals and families and those at-risk of homelessness.

Requirement/qualifications:

- The Emergency Shelter Grants Program (ESGP) serves homeless persons, as defined by the Stewart B. McKinney Homeless Assistance Act.
- The definition of "homeless" as defined in 42 U.S.C., Ch. 119, §11302 includes anyone who lacks a fixed, regular and adequate nighttime residence, and anyone whose primary nighttime residence is a public shelter or anyone whose primary nighttime residence is a public or private place not designed for or used as a regular sleeping accommodation for human beings.
- In addition, ESGP serves persons who are at-risk of becoming homeless. Persons are able to obtain ESGP assistance to avoid eviction, foreclosure or termination of utilities resulting in homelessness, when there is a reasonable prospect that the family will be able to resume payments within a reasonable period of time.
- Eligible applicants for ESGP funds are units of local government and private nonprofit organizations.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Overview:

- The Department receives ESGP funding from HUD through a formula allocation.
- The Community Affairs Division administers the Department's ESG program and funds.
- Planning for the program is done through the HUD-required Consolidated Plan.

Award process:

- Based on Consolidated Plan, the Department develops a NOFA for the program. The NOFA is published in Texas Register and a notice is sent to interested parties.
- Funding for each region is determined on a formula basis using poverty population in each region.
- Applicants in each of the state's 13 uniform service regions compete for funding reserved for their service region.
- Eligible applicants include units of general local government and private non-profit organizations.
- The Department scores the applications and makes final awards.
- The Department obligates funds to successful applicants.
- The Department monitors these contracts. The goal of the Department is to conduct at least one extensive, on-site monitoring review per year for ESGP subrecipients who rank 50 or higher in the annual ESGP Risk Assessment. The monitoring review includes a review of the program, administrative, and financial operations.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding source:
U.S. Department of Housing and Urban Development Emergency Shelter Grants Program (ESGP). TDHCA also receives state general revenue to fund technical assistance to aid rural communities in accessing federal Continuum of Care funds. These funds are included in this section.

2008 Funding: $5,261,641 in ESG; $109,000 in state general revenue.

Formulas (federal):
Formula allocation based on poverty population.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal Programs:
During the 81st Legislative Session, TDHCA received $20 million in state homelessness funding of which the agency will be responsible for its administration. This program, called the Homeless Housing and Services Program (HHSP), is to assist regional urban areas in providing services to homeless individuals and families, including services such as case management, and housing placement and retention, as well as construction needs. TDHCA will award funding through matching grant process to the eight largest cities with populations larger than 285,500 persons per the latest U.S. Census figures.

External Programs:

- Entitlement communities, typically metropolitan areas, receive ESGP funds directly from the federal government.
- There are some other state agencies, such as the Texas Department of Aging and Disability Services and the Texas Department of State Health Services that work to provide assistance to homeless persons, but funding is limited and assistance is restricted to specific sub-populations of homeless persons.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Coordination efforts:

- The Texas Interagency Council for the Homeless, consisting of representatives from sixteen state agencies, designated representatives of the Governor, Lieutenant Governor, and Speaker of the House, and other advisory members meet regularly to discuss the delivery of services to homeless persons in Texas. This Council strives to give all state and federal funded programs that serve the homeless the opportunity to work together to optimize the use of limited funding. TDHCA holds a significant role on the Council as mandated by the Department's governing statute. The Department has two representatives on the council and provides clerical support and assistance for the Council.
- As part of the ESGP application process the Department also encourages collaboration and coordination of services at the local level.
- While there is some overlap in the function and uses of both ESGP and state homelessness funding, ESGP cannot be used for new construction while the state funding can be used for that purpose. Given the extremely small historical amount of state funding for this purpose and the significant scope of the homelessness problem, duplication of persons served is highly unlikely.

MOUs/contracts:

- This program has not entered into any MOUs. However, the program does contract with the Texas Homeless Network, units of local government, and other entities to administer the program.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Relationship with local governments:

Units of local government are among the eligible ESGP subrecipient organizations; they are also eligible to receive a portion of the $20 million in state homelessness funding provided that they are one of the state's eight largest cities.

K. If contracted expenditures are made through this program please provide:
- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Fiscal Year 2008 expenditures:
- 2008 Subgrantee Expenditures and Encumbrances: $ 5,429,283
- Number of contracts: 77 that primarily support the operations of shelter providers and the provision of services.
- General contract purposes: TDHCA contracts with subrecipients to operate ESG programs in their respective communities that provide services to the homeless and to prevent homelessness.
- To ensure accountability for funding and performance, the Department uses a funding formula for the allocation of funds, the Community Affairs Contract System (a Central Database system) to record the use of funds and performance of contract activities, and on-site reviews of contracted performance. On-site reviews are scheduled based on an annual risk assessment conducted for all ESGP funded subrecipients. The Department also provides for fiscal controls through fund accounting procedures that are maintained at both the state and subrecipient levels. The Department also conducts in-house desk reviews of monthly performance and expenditure reports.
- Also includes contract for Continuum of Care Technical Assistance to aid rural communities access federal homeless funding.
- No current contracting problems.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

The list of state agency members of the Texas Interagency Council on the Homeless, Texas Government Code, §2307.002, includes state agencies that are no longer in existence.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Only 10% of the funds may be used by the subrecipients for operations administration, up to 30% for essential services and 30% for homeless prevention.

Program webpage: http://www.tdhca.state.tx.us/cs.htm#esgp

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:
- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Weatherization Assistance Program
Location/Division	Community Affairs Division, Energy Assistance Section
Contact Name	Michael DeYoung, Director of Community Affairs
Actual Expenditures, FY 2008	$15,109,294
Number of FTEs as of August 31, 2008	4

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Energy Assistance Section administers the Weatherization Assistance Program (WAP). The program is funded through the federal Weatherization Assistance for Low Income Persons Grant from the U.S. Department of Energy (DOE), the federal Low Income Home Energy Assistance Program from the U.S. Department of Health and Human Services (HHS) and in limited areas of the state investor-owned utility contracts. Funds are passed through TDHCA to subrecipients that work with subcontractors to provide weatherization services on the local level.

1. <u>Key services and functions:</u>
   The WAP funds energy conservation measures for low income households in order to lower their utility burdens, make the home more affordable, and decrease the demand on existing energy resources.

2. <u>Eligible activities:</u>
   - caulking
   - weather-stripping
   - adding wall, floor and ceiling insulation
   - replacing and repairing doors and windows
   - patching holes in the building envelopes
   - insulating inefficient water heaters
   - repairing and replacing inefficient heating/cooling systems

3. <u>Major program activities:</u>
   - Preparation of State Plan
   - Disbursement of funds
   - Monitoring subrecipients
   - Providing technical assistance

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

3.2.1. Strategy: Administer the State Energy Asst. Programs by Providing Grants to Local Organizations for Energy-Related Improvements	
Output 2: Number of Units Weatherized by the Department	3,004
Efficiency 1: Avg. Cost Per Household Served	$24.85
Efficiency 2: Avg. Cost Per Home Weatherized	$3,499
Explanatory 1: Number of Very Low Income Households Eligible for Energy Asst.	1,324,059
Outcome 1: Percent of Very Low Income Households Receiving Energy Asst.	4.12%

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

- In 1995, Congress decreased WAP funding by 47%.
- In 1999, the 76th Texas Legislature passed SB 7, which provided a process for the deregulation of the electric utility industry. As a result, TDHCA contracts with investor owned utilities were discontinued in areas where the industry was deregulated. These contracts provided enhanced weatherization assistance to their low income costumers. SB 7 established such enhanced weatherization assistance as an allowable activity under the System Benefit Fund Program.
- In 2005, the 79th Texas Legislature passed SB 712, which required transmission distribution utilities (TDUs) to provide funding for enhanced weatherization if no such funding was provided through the System Benefit Fund. However, no appropriation was made for this bill. This funding is being provided directly to TDHCA subrecipients and does not flow through the Department's budget.
- In 2009, the Department of Energy received the largest funding allocation to date for the WAP through the American Recovery and Reinvestment Act of 2009 (ARRA). As a result, the State of Texas received $326,975,732, in addition to its annual funding award, to provide weatherization services to low income residents of Texas. As allowed under ARRA, the state has increased the maximum allowable income to 200% of the federal poverty line. Once the ARRA WAP funds have been expended, it may be appropriate to reassess this level.
- The intent of the WAP has not changed with the new ARRA funding.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Population served: Low income households who can reduce their energy burden through energy efficiency measures.

Requirements/qualifications:

- Effective September 3, 2009, income eligibility has been increased to 200% of the current Poverty Income Guidelines. This is a temporary increase due higher appropriations; historically the program has been restricted to persons at 125% of poverty.
- Priority is given to households with persons over 60 years of age, persons with disabilities, and households with children under six years of age.
- The structures must be able to benefit from being weatherized.
- Eligible subrecipients include Community Action Agencies, nonprofit entities and units of local government.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Overview:

- The Department uses funds received from the U. S. Department of Energy (DOE) and the U.S. Department of Health and Human Services (HHS) to administer the WAP. In limited areas of the state, contracts with investor-owned utilities provide for enhanced services.
- The Department passes these funds through to local subrecipients who deliver weatherization services, as described in Section B. The program serves every county in the state.
- DOE sets the rules for the WAP. DOE specifically prohibits any duplication of services so that states using DOE WAP funds must have only one state weatherization program regardless of the funding mechanisms employed.

WAP Planning Process and Disbursement of DOE Funds:

- The Department receives DOE grant guidance and attends a DOE grant guidance meeting.
- The Department prepares a draft grant application outlining proposed use of funds.
- The Department posts the draft application in the Texas Register and holds public hearings.
- The Weatherization Policy Advisory Council meets the same day as the public hearings to comment on draft.
- The Department considers public comment received and input from Weatherization Policy Advisory Council, finalizes the grant application and sends to DOE.
- Once DOE approves the application, the Department rewrites or amends contracts with WAP subrecipients as is appropriate and distributes funds on a formula basis.
- Subrecipients submit monthly reports to the Department
- The Department monitors the program, making at least one site visit per year.
- The Department provides technical assistance as needed.

WAP Planning Process and Disbursement of HHS Funds:

- *See entry for the Comprehensive Energy Assistance Program (CEAP), which is also funded through the HHS-administered Low Income Home Energy Assistance Program.*
- Investor Owned Utility Contracts are administered in accordance with contract language.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding sources:

- U.S. Department of Energy (DOE) Weatherization Assistance Program for Low Income Persons
- U.S. Department of Health and Human Services (U.S. HHS) Low Income Home Energy Assistance Program (up to 15% of HHS LIHEAP funds may be used for weatherization activities) (For some subrecipients: Investor Owned Utility Contracts.)

2008 Funding: $5,549,413 (DOE WAP); $8,106,656 (15% of LIHEAP); $1,272,000 (investor owned utility contracts)

Formulas:

Funds Received by Department or Subgrantees:

- LIHEAP and WAP are funded on the federal level through formulas.
- LIHEAP formula factors in target populations (poverty population, elderly poverty population, etc.), heating and cooling days. Federal formula tends to favor states whose major cost burdens are due to heating costs.
- Contracts with Investor Owned Utilities determined by rulings by Public Utility Commission.

Funds Disbursed by the Department:
The Department disburses both WAP and CEAP funds to subrecipients using a formula which takes into account the following factors based on counties served:

- County Non-Elderly Poverty Household
- County Elderly Poverty Household
- County Inverse Poverty Household Density
- County Median Income Factor
- County Weather Factor

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal programs: None.

External programs:
None. Currently in Texas, there are no other entities providing weatherization services for low income households other than WAP subrecipients. DOE rules preclude multiple statewide programs providing duplicative services, so there are no internal or external state programs providing weatherization services for residential use. Some subrecipients receive funding from Transmission Distribution Utilities as required under SB 712, 79th Legislature and may otherwise administer funds from other entities to enhance their WAP services.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

As previously discussed, DOE rules preclude multiple statewide programs providing duplicative services. Some subrecipients receive funding from other sources. These funds are used to enhance their WAP services, using these funds to reach households for which federal funding is insufficient or overly restrictive.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Relationship with Local Government:
Some WAP subgrantees are units of local government or Councils of Government (i.e., although most are Community Action Agencies, as described in the Community Services Block Grant Program Guide).

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Fiscal Year 2008 Expenditures:

- Professional Services: $102,385 for two agency-wide audits. (Reflects portion expensed to Strategy C.1.2., which includes the Comprehensive Energy Assistance Program described elsewhere. Also, one audit focused primarily on Energy Assistance Programs and therefore largely expensed to this function.)
- 2008 Subrecipient Expenditures and Encumbrances: $ 14,868,854
- Number of 2008 WAP contracts: 71 total contracts. Each of the 34 WAP subrecipients required a separate contract for DOE funds and for HHS funds. TDHCA also had three Investor Owned Utility (IOU) contracts in place that year.
- General contract purpose: TDHCA contracts with subrecipients to provide low income weatherization assistance services in 254 counties. IOU contracts provide funding for subrecipients within service areas to provide enhanced WAP services to low income customers in IOU service areas.
- Accountability for funding and performance is ensured through the use of a needs-based funding formula for the allocation of funds, the Community Affairs Contract System (a Central Database system) to record the use of funds and performance of contract activities, and on-site monitoring reviews conducted by TDHCA staff of contracted operations. On-site reviews are scheduled based on an annual risk assessment conducted of all WAP funded contracts. TDHCA provides for fiscal controls through fund accounting procedures that are maintained at both the state and sub-grantee levels. The Department's financial and other records are audited on an annual basis by the State Auditor's Office and a copy of the Audit is submitted to the Texas Legislature and the Secretary of the U.S. Department of Health and Human Services and the U. S. Department of Energy.
- No current problems with entities who have executed contracts.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None identified.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Program webpage: http://www.tdhca.state.tx.us/ea/wap.htm.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Comprehensive Energy Assistance Program (CEAP)
Location/Division	Community Affairs Division, Energy Assistance Section
Contact Name	Michael DeYoung, Director of Community Affairs
Actual Expenditures, FY 2008	$47,824,812 (Reflects CEAP Program expenditures and both WAP and CEAP administrative expenditures funded through LIHEAP)
Number of FTEs as of August 31, 2008	10.5

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Department administers the Comprehensive Energy Assistance Program (CEAP) through its Energy Assistance Section. The program is funded through the Low Income Home Energy Assistance Program administered by the US Department of Health and Human Services. The Department passes funding through to subgrantees that provide direct services. The program serves all counties in the state.

1. Key services and functions: To assist low income households pay their energy bills and achieve energy self-sufficiency.

2. Eligible activities/components: There are four basic components, which can be interfaced to meet the customer's needs:
   a) The co-payment component helps households set goals for reducing utility bills, better manage household budgets and assists with utility bill payments for 6 to 12 months. The objective is energy self-sufficiency.
   b) A special component for the elderly and disabled provides financial assistance to those households most vulnerable to the high costs of energy.
   c) The heating and cooling systems component repairs and replaces equipment to increase efficiency.
   d) In addition, CEAP provides assistance during an energy crisis caused by the weather or by an energy supply shortage.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

3.2.1. Strategy: Administer the State Energy Asst. Programs by Providing Grants to Local Organizations for Energy-Related Improvements	
Output 1: Number of Households Assisted through the Comprehensive Energy Asst. Program	51,502
Efficiency 1: Avg. Cost Per Household Served	$24.85
Explanatory 1: Number of Very Low Income Households Eligible for Energy Asst.	1,324,059
Outcome 1: Percent of Very Low Income Households Receiving Energy Asst.	4.12%

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

- The Low Income Home Energy Assistance Act of 1981, Title XXVI of the Omnibus Budget Reconciliation Act of 1981, created the LIHEAP program for the purpose of assisting low-income persons pay their utility bills.
- From 1981-1992 the Texas Department of Human Services was the grantee agency, with the Texas Department of Community Affairs administering a portion of the funds.
- In 1992, the Texas Legislature made the TDHCA the administering agency.
- In 1994, TDHCA created CEAP. This replaced existing utility assistance programs and made use of flexibility provided at the federal level to tailor programs to local needs. The purpose of CEAP is to assist low-income people to pay their utility bills and become energy self-sufficient. The program includes strong consumer education component and local decision-making. Seventy-five percent (75%) of the LIHEAP funds received by TDHCA go to this program.
- The CEAP intent has not changed since program inception. The intent is to assist low-income households pay utility bills and promote energy self-sufficiency.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Population served: Very low income households.

Requirements/qualifications:
Effective September 3, 2009, income eligibility has been increased to 200% of the current Poverty Income Guidelines. This is a temporary increase due higher appropriations; historically the program has been restricted to persons at 125% of poverty.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Overview:

- The Department receives an annual formula allocation from the U.S. Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP).
- TDHCA applies 75% of LIHEAP for CEAP direct services. Of the remaining 25%, 15% of LIHEAP is used for WAP and 10% is used for state and local administration.
- The Department allocates funds to subgrantees that provide direct services.

CEAP/LIHEAP Planning Process:

- The Department prepares a State Plan and Intended Use Report. These are posted in the Texas Register and distributed to interested parties.
- The Department holds public hearings.
- The Department considers public comment and finalizes State Plan and Intended Use Report.
- Contracts with subgrantees are renewed based on acceptable level of performance.
- Funds are disbursed to subgrantees using formula allocations.
- The Department monitors contracts. At least one monitoring visit per contract is conducted each year.

- Regular workshops are held to provide technical assistance and training. Technical assistance is also provided as needed.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding source:
U.S. Department of Health and Human Services (USHHS); Low Income Home Energy Assistance Program (LIHEAP). TDHCA applies 75% of LIHEAP for CEAP direct services, 15% for WAP direct services, and 10% for state and local administration for both programs.

2008 Funding: In 2008, TDHCA received $50,598,812 in LIHEAP funds, reflecting $45,044,208 in regular formula allocation and $5,554,604 in emergency contingency funds.

Formulas:
Funds Received by Department or Subrecipients:

- The LIHEAP formula factors include target populations (poverty population, elderly poverty population, etc.) and heating and cooling days.
- This federal formula tends to favor states whose major cost burdens are due to heating costs; however, when national appropriations exceed approximately $2 billion for this program, a formula more favorable to Texas applies to a portion of the funds. Congress may make additional, contingency appropriations in response to energy crisis.

Funds Disbursed by the Department:
The Department disburses both WAP and CEAP funds to subgrantees using a formula which takes into account the following factors based on counties served:

- County Non-Elderly Poverty Household
- County Elderly Poverty Household
- County Inverse Poverty Household Density
- County Median Income Factor

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal programs:

- The Statewide Section 8 Housing Payment Program provides utility assistance to some clients.
- The Emergency Shelter Grants Program, the Community Services Block Grant Program, and the Homelessness Prevention and Rapid Re-Housing Program can all provide utility assistance to families facing homelessness.

External programs:

- Rental assistance programs such as Section 8 provide some clients with limited utility assistance.

- LITE-UP: This program provides low income electric utility customers in deregulated areas of the state a 20% discount on their electric bills for June, July, August and September. The program is funded through the System Benefit Program and administered by the Public Utility Commission. As with CEAP, the program is restricted to families earning no more than 125% of the poverty level, although the program also allows families enrolled in other programs, such as CEAP itself or TANF, automatic enrollment. Unlike CEAP, LITE-UP is an entitlement: all eligible households seeking assistance receive assistance. The utility assistance received under LITE-UP is much more modest than assistance received under CEAP. Also, while CEAP can also be used to replace energy inefficient appliances and includes an education component to help families reduce energy consumption and budget their limited funds, LITE-UP is strictly a utility bill discount program.

Local and private assistance:
Utility companies; municipal utilities, electrical cooperatives, and private charities, including faith-based organizations, often offer limited utility assistance to the indigent and those facing homelessness.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

CEAP contractors are extremely knowledgeable of other utility assistance programs and often administer these in addition to CEAP. As with many of TDHCA's programs, the need for the service far exceeds availability, so there is little concern of duplication. Typically, CEAP contractors enroll clients in LITE-UP if the client lives in a deregulated area of the state. Assistance from other programs such as LITE-UP or Section 8 utility assistance is taken into consideration when determining benefits under CEAP. Because of this, Section 8 recipients rarely receive CEAP assistance.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Relationship with local governments:
The Department has CEAP contracts with cities, counties, and Councils of Government.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Fiscal Year 2008 Expenditures:

- 2008 Subrecipient Expenditures and Encumbrances: $ 46,900,060
- Number of 2008 CEAP contracts: 50 total contracts.
- General contract purpose: TDHCA contracts with subrecipients to provide utility assistance, consumer counseling and other services to low income households in all 254 counties.
- Accountability for funding and performance is ensured through the use of a needs-based funding formula for the allocation of funds, the Community Affairs Contract System (a Central Database system) to record the use of funds and performance of contract activities, and on-site monitoring reviews conducted by TDHCA staff of contracted

operations.

- On-site reviews are scheduled based on an annual risk assessment conducted of all CEAP funded contracts. TDHCA provides for fiscal controls through fund accounting procedures that are maintained at both the state and sub-grantee levels. The Department's financial and other records are audited on an annual basis by the State Auditor's Office and a copy of the Audit is submitted to the Texas Legislature and the Secretary of the U.S. Department of Health and Human Services.
- No current contracting problems.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None identified.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Program webpage: http://www.tdhca.state.tx.us/ea/detail.htm.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:
- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Housing Trust Fund
Location/Division	Housing Trust Fund
Contact Name	Sharon Gamble, Manager
Actual Expenditures, FY 2008	$5,021,292
Number of FTEs as of August 31, 2008	1

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Housing Trust Fund (HTF) is the only state-funded affordable housing program. The Housing Trust Fund was established to expand affordable housing options for very low to low income Texans. This extremely flexible program provides funding for a variety of affordable housing activities, including homebuyer assistance, home repair, barrier removal for persons with disabilities, tenant-based rental assistance, and the new construction, rehabilitation, and acquisition of single family or mainly rural multifamily affordable housing projects. The program can also be used to enhance the capacity of nonprofit housing providers in the state.

<u>Key Services and Functions</u>. Currently, the primary services and functions provided by this program are:

- Homebuyer Assistance
- Home Repair Assistance
- Rental Assistance
- Development of Rental Units

<u>Major Program Activities</u>. The major activities the HTF program undertakes to administer this program include:

- Develop Administrative rules,
- Application preparation, including application workshops,
- Scoring and ranking of applications,
- Underwriting of the projects (by the Real Estate Analysis Division of the Department),
- Distribution of program funds to applicants,
- Technical assistance to program participants to ensure proper use of funds,
- Contract Management and
- Monitoring (performed by Compliance)

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

1.1.3. Strategy: Provide Funding through the HTF for Affordable Single Family Housing	
Output 1: HTF Single Family Number of Households Served (*Does not include Bootstrap*)	356
Efficiency 2: Avg. Amt. Per Households HTF Rehab	$ 13,452
Explanatory 2: HTF Rehab Number of Households Served	124
Explanatory 3: Number of Households Assisted through Other SF Activities:	232

Note: The performance measures above are not inclusive of loans made through the Texas Bootstrap Loan Program described in a separate entry and therefore differ from performance measures reported to the Legislative Budget Board and in other areas of this document. SFY 2010-2011 Single Family HTF Performance Measures segregate the Bootstrap and non-Bootstrap assistance.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Important history.
The Housing Trust Fund was established by the 72nd Legislature through Senate Bill 546, the same legislation that created TDHCA. While the Trust Fund has always been used for a variety of activities, initially the majority of funding was directed towards multifamily activity. In recent years TDHCA has used the Housing Trust Fund to meet the required $3 million per year to the Bootstrap Loan Program (*refer to write-up for this program*), shifting the focus of the program to single family activities.

From 2004 to 2007, the HTF Program received roughly $3 million per year, allowing continuation of the HTF-supported Bootstrap Loan Program. As illustrated in the table below, funding for the Trust Fund was increased to almost $6 million per year by the 80th Texas Legislature and increased again to about $10 million per year by the 81st Texas Legislature.

Housing Trust Fund Appropriations, SFY 1993-2011

Year	New Funding and Loan Repayments (*May include Oil Overcharge Funds)*	Carryforward Authority for Committed But Unexpended Funds	Total Appropriation Per General Appropriations Act (GAA)	Year	New Funding and Loan Repayments (*May include Oil Overcharge Funds)*	Carryforward Authority for Committed But Unexpended Funds	Total Appropriation Per General Appropriations Act (GAA)
1993		*$6,620,624*	*$6,620,624*	2003	$6,468,325		*$6,468,325*
1994	$1,000,000	*(Associated with HOME Match)*	*$1,000,000*	2004	$3,247,460	*$6,000,000*	*$9,247,460*
1995	$4,936,336		*$4,936,336*	2005	$3,239,744		*$3,239,744*
1996	$1,760,153		*$1,760,153*	2006	$3,066,078	*$3,500,000*	*$6,566,078*
1997	$1,031,453		*$1,031,453*	2007	$3,049,869		*$3,049,869*
1998	$3,367,185		*$3,367,185*	2008	$5,844,397		*$5,844,397*
1999	$1,382,729		*$1,382,729*	2009	$5,847,461		*$5,847,461*
2000	$7,305,700		*$7,305,700*	2010	$10,963,875		*$10,963,875*
2001	$6,556,568		*$6,556,568*	2011	$10,963,875		*$10,963,875*
2002	$6,619,862		*$6,619,862*				

**As required by the Comptroller of Public Accounts, Committed but Unexpended Balances from previous biennium had to be reappropriated to TDHCA in SFY 2004 and SFY 2006.; to remove the necessity of this measure and simplify accounting for the HTF, language found in Rider 10 was added to TDHCA's bill pattern in SFY 2008. This requires TDHCA to move HTF General Revenue from the State Treasury to the Texas Treasury Safekeeping Trust Co. (TTSTC.)*

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Population served
To be eligible to benefit from the Housing Trust Fund, the persons served must have incomes at, or below, 80% of Area Median Family Income (AMFI) as determined by HUD. Additionally, rents charged on HTF assisted units cannot exceed the following limits:

- Low Income (80%-61% of AMFI) – Rents cannot exceed 30% of 80% AMFI
- Very Low Income (60%-31% AMFI) – Rents cannot exceed 30% of 65%AMFI

- Extremely Low Income (30% AMFI and below) – Rents cannot exceed 30% of 30%AMFI

Beneficiary eligibility:
Funded affordable housing activities must benefit low income persons earning no more than 80% of the area median family income. Funding may target special populations, such as persons with disabilities (PWD), veterans, homeless persons, or the elderly.

Subgrantees:
Eligible subgrantees include units of local government, nonprofit organizations, for profit organizations, public housing authorities (PHAs), and community housing development organizations. Most typically, nonprofits apply for these funds.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Major administrative duties associated with the program are as follows:
- Development of program funding plan, rules, and notices of funding availability.
- Review of applications; this may include site visits and underwriting.
- Workshops and technical assistance.
- Administration and monitoring of contracts, including approval of draw requests and otherwise ensuring adherence to program rules and proper use of funds.
- Processing of setup and draw requests including the review of participant eligibility and funding disbursements and documenting and maintaining contract files,
- As needed, loan servicing.
- As needed, long-term monitoring of rental developments. (*See Compliance and Asset Oversight Section*.)

Award process:
- TDHCA collects input from Legislature and stakeholders to draft funding plan
- After board approval of draft plan, TDHCA submits funding plan to Legislature
- The Department develops NOFAs for the program. The NOFAs are published in *Texas Register* and notices are sent to interested parties.
- Eligible applicants include units of local government, nonprofit organizations, for profit organizations, public housing authorities (PHAs), and community housing development organizations.
- Funding is generally made available through an open rather then a competitive cycle. This allows TDHCA to provide more extensive technical assistance during the application process and makes the program more accessible to the nonprofits seeking this funding.
- The Department scores the applications and makes final awards.
- The Department obligates funds to successful applicants.
- The Department monitors these contracts.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding Sources.
The Housing Trust Fund (HTF) is funded through state General Revenue. TDHCA has historically been able to apply residual bond funds and fees to the HTF; these transfers are referred to as "Local Funds," pursuant to §§2306.204 and 2306.205. As required by §2306.201, Texas Government Code, HTF Local Funds are maintained in an account in the Texas Treasury Safekeeping Trust. As required under Rider 10 TDHCA also transfers non-administrative HTF General Revenue to this account. This facilitates accounting for the program and removes the need to re-appropriate committed but unexpended fund from one biennium to another.

Funding Amounts, SFY 2008
General Revenue: SFY 2008: $5,994,395. This includes $1,050,004 in loan repayments and interest earnings from previous HTF loans funded through General Revenue.

(Note: The 81st Texas Legislature increased this appropriation to $10,963,875 per year. This includes an estimated $1 million loan repayments and interest earnings from previous HTF loans funded through General Revenue.)

Local Funds:
TDHCA receives approximately $300,000 per year in loan repayments and interest from previous contracts made using this funding source.

Funding formula/conventions.
At least $3 million per year is applied to the Texas Bootstrap Loan Program to meet requirements of §2306.7581(a-1), Texas Government Code. Remaining funds are allocated in accordance with §2306.111(d), Texas Government Code, relating to the application of the Regional Allocation Formula. If sufficient applications are not received after a specified time period, regional allocations are collapsed and funds made available statewide.

As required under Rider 10 (d), TDHCA must submit a HTF funding plan to the Legislature each year outlining use of funds. The recently awarded funding plan is for the SFY 2010-2011 but will be submitted annually in accordance with the Rider.

Current Funding: The 81st Legislature appropriated $21.9 million for the program for the FY2010-2011 biennium.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal programs.
- The HTF funds many of the same types of single family activities as the HOME program. However, the HTF focuses on serving the lowest income populations and is available statewide; HOME funds are limited primarily to rural areas.
- The HTF funds the same type of rental development activities as the Housing Tax Credits (LIHTC) and HOME program. However, the cost of multi-family projects can be a deterrent to development in rural areas, or for developments serving to hard to serve populations and the addition of HTF resources often is the extra source needed to bring these awards to fruition.
- Section 8 Housing Choice Voucher Program: This provides rental assistance to extremely low income households. While the HTF can only be used for short term rental assistance, Section 8 assistance can be renewed annually. TDHCA's Section 8 Program is available in only a few communities throughout the state.

External Programs.
Local: Some communities have local housing trust funds and receive direct federal housing funding through programs such as HOME, HOPE VI and CSBG. Local public housing authorities offer Section 8 rental assistance. Local Housing Finance Corporations can offer low interest mortgage loans and/or down-payment assistance and finance rental developments.

State: The Texas Department of Rural Affairs offers limited funds for home repair through the Texas Community Development Program. This is available only in rural areas of the state that do not receive direct CDBG funding from the federal government. The Veteran's Land Board offers low interest loans for home purchase and home repair.

HUD and USDA offer homeownership, home repair, and rental development programs directly to consumers and developers on a limited basis.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

To avoid duplication or conflict, program planning for the Housing Trust Fund takes into account input from other TDHCA programs. Public comment is accepted and incorporated into program planning. Because of the HTF's flexibility, TDHCA primarily utilizes HTF for activities more difficult to accomplish through existing federal programs or which are specifically prohibited by federal programs. These include Disaster Recovery Gap Finance, the Texas Bootstrap Program, and programs targeted as special populations. As is the case with Disaster Recovery Gap Finance and the Bootstrap Program, HTF funds can be used to leverage other funding. As these programs illustrate, due to the extensive need for affordable housing in the state, other internal and external programs tend to be complementary rather than duplicative.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Relationship with Local Governments. Local units of government are eligible for HTF funding but no specific agreements or relationships exist.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Contract Expenditures associated with professional services:

- $2,424 associated with two agency-wide audit contracts

Pass-through contracts and encumbrances as of August 18, 2009 against SFY 2008 HTF funds:

- $4,880,000 associated with 18 contracts for affordable housing services related to homeownership, multifamily rental development, and disaster gap financing. This is exclusive of the Texas Bootstrap Loan Program. TDHCA received additional revenue that fiscal year and was also able to reprogram deobligated funds from previous years to meet strong demand for some activities.

Note: These expenditures are exclusive of expenses associated with the Bootstrap Program and the Texas Statewide Homebuyer Education Program, which are funded through the Housing Trust Fund. See separate entries for these.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

The Regional Allocation Formula, required by statute to apply to Housing Trust Fund once a certain amount of funds is made available, poses challenges. While the formula has been very effective with larger programs of the Department in ensuring geographic dispersion, the limited activities of the HTF can be adversely affected when a small total of funds are divided into yet smaller amounts. Consequently, RAF distribution can render some HTF activities to be ineffective.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

The flexibility of the Housing Trust Fund allows TDHCA to meet needs that are difficult to address with more restrictive federal funding or for which federal funding is limited. This flexibility is critical to TDHCA's ability to respond to the emerging needs of low income Texans, communities, and affordable housing providers during the current financial crisis.

Program webpage: http://www.tdhca.state.tx.us/htf/index.htm

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not a regulatory program.

HOUSING PROGRAMS

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Bootstrap Loan Program
Location/Division	Office of Colonia Initiatives
Contact Name	Homero Cabello, Jr., Director
Actual Expenditures, FY 2008	$5,950,953 (Direct Services only)
Number of FTEs as of August 31, 2008	*See separate Program entry for Office of Colonia Initiatives*

B. What is the objective of this program or function? Describe the major activities performed under this program.

Identified as the Owner-Builder Loan Program in Texas Government Code 2306.751, the Texas Bootstrap Loan Program promotes and enhances homeownership for very low-income Texans by providing funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing throughout Texas. Participants under this program provide a portion of the labor necessary for the construction or rehabilitation of their home and in return receive zero-interest loans from TDHCA. The projects may utilize additional funding for each house, but the total loan amount is limited. In the construction or rehabilitation of these homes, all applicable building codes must be adhered to under this program. By statute, TDHCA must apply a minimum of $3 million per year for this program. Two-thirds of the funds are reserved for Economically Distressed Areas while the remaining funds are available statewide. Loans are accessed through TDHCA-certified Nonprofit Owner-Builder Housing Providers (NOHP).

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

1.1.3. Strategy: Provide Funding through the HTF for Affordable Single Family Housing	
Efficiency 1: Avg. Amt. Per Households HTF New	$ 27,000
Explanatory 1: HTF New Constr. Number of Households Served	203

Note: The performance measures reflect only assistance through the Texas Bootstrap Loan Program. SFY 2010-2011 Single Family HTF Performance Measures segregate the Bootstrap and non-Bootstrap assistance.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

The Program was established by the 76th Texas Legislature through SB 1287 and significantly amended through SB 322 passed by the 77th Texas Legislature. TDHCA initially sought to fund the program through the federal HOME Program but found that the federal requirements were not compatible with state statutory requirements, more specifically the sweat equity (self-help) requirements. As available, TDHCA funded the program through bond-related funds. In recent years, the program has been funded through the state Housing Trust Fund.

Starting in fiscal year 2008, TDHCA began making Bootstrap funds available through a loan reservation system in lieu of awarding contracts with subgrantees. The reservation process allows the funds to be encumbered, but only when the nonprofit has an owner-builder ready to proceed with the program. This has resulted in a more efficient process of distributing Bootstrap funds to nonprofit owner-builder housing providers and has increased the expenditure rate for the program.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Beneficiary eligibility:
Households earning no more than 60% Area Median Family Income who are willing to provide at least 65% of the labor necessary to build or repair the home; in instances of the elderly or persons with disabilities, others can volunteer the labor. This program is an important tool in providing alternatives to substandard housing available in colonias and other areas of the state.

Provider eligibility:
Nonprofits and colonia self-help centers that have been certified by TDHCA as a Nonprofit Owner Builder Housing Provider. Certified nonprofits must be able to provide homeowners' education and assistance the building of the homes.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Major administrative duties associated with the program are as follows:

- Development of program funding plan, rules, and notices of funding availability.
- On-going certification and training of nonprofits. Certified nonprofits reserve funds on behalf households wishing to participate in the program and must submit an application within ten days of the reservation. To ensure wide disbursement of funds, each nonprofit may only reserve funds for up to ten households at any one time.
- TDHCA reviews application and approves as appropriate.
- Once the home is built or repaired, TDHCA or the nonprofit prepares mortgage loan documents to finalize the transaction.
- Homeowners receive Bootstrap Loan;
- TDHCA provides on-going loan servicing.

TDHCA administers this program through its Office of Colonia Initiatives.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding Source:
Each state fiscal year the Department is required to allocate at least $3 million to the Texas Bootstrap Loan Program in accordance to §2306.7581 of the Texas Government Code. Currently the Texas Bootstrap Loan Program is funded through the Housing Trust Fund.

State Fiscal Year 2008 Funding:
$6.5 million. This figure is comprised of $3 million from TDHCA's 2008 HTF General Revenue appropriations and $3.5 million associated with repayments of previous HTF loans and deobligated HTF funds from previous awards.

Note: The 2010-2011 HTF Plan allocates $5 million per year in new HTF GR for the program.

Funding formula:
State law requires that at least two-thirds (2/3) of total funds available be set-aside to owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal Programs: HOME, non-Bootstrap Housing Trust Fund, the First Time Homebuyer Program, and the Mortgage Credit Certificate programs all promote homeownership but do not have a self-help component, therefore, the financial cost of homeownership is higher through these programs.

External Programs: Local HOME and Housing Finance Corporation programs promote homeownership but generally do not have a self-help component.

The U.S. Department of Agriculture (USDA) Rural Development also offers loans in support of self-help housing; these funds are often layered with Bootstrap funds.

Nonprofits such as Habitat for Humanity undertake similar initiatives with private funding; these funds are often layered with Bootstrap funds.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Most nonprofits combine Bootstrap Loans with loans from other funding sources, such as USDA, in order to maximize assistance to families served. Over the years, changes have been made to the Bootstrap Loan Program to facilitate this, allowing nonprofits to use Bootstrap to leverage other funding more effectively.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

The NOHP must be a nonprofit organization or a Colonia Self-Help Center.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

TDHCA has received reservations for 203 loans totaling $ 5,950,952 against 2008 Bootstrap Funds. These reservations were made through 23 providers.

Note: 2008 performance measures reflect actual loans made during the fiscal year and include loans made with funds from previous years.

A short summary of the general purpose of those contracts overall:
The purpose of the funding is to purchase land and build new residential or improve existing residential housing through self-help construction methodologies for very low and extremely low income individuals and/or families (Owner-Builders) including persons with special needs.

Since September 2007, the reservation system has resulted in a more efficient process of distributing Bootstrap funds to nonprofit owner-builder housing providers. The reservation process allows the funds to be encumbered, but only when the nonprofit has an owner-builder ready to proceed with the program. This is an improvement over the old application process where thousands of dollars were under contracts for up to two years or more by nonprofits even when they did not have owner-builders ready to proceed. In addition, nonprofit owner-builder housing providers that were able to complete their approved number of houses under the contract method had to wait until the next award cycle before applying for more funds. Under the reservation system, these nonprofit owner-builder housing providers can continue assisting up to ten applicants at a time without putting their program on hold. As a result, the implementation of the reservation system has dramatically increased the rate of expenditure for fiscal year 2008 compared to prior years.

The methods used to ensure accountability for funding and performances:
The Department has developed program rules, manuals, forms and internal standard operating procedures to ensure that requests for expenditures are adequately supported, comply with relevant laws, regulations and policies and are properly authorized and approved.

A short description of any current contracting problems:
Due to the limited amount of qualified nonprofit organizations within the 2/3 set-aside, expenditure of these funds is slow; unlike other set-asides, TDHCA does not have the authority to “collapse” the set aside after a period and allow the funds to serve families in need in other areas of the state. To attempt to address this issue, the Department has created a capacity building program to assist nonprofit organizations to utilize the funds within the 2/3 set-aside. Funding for this effort is included in the 2010-2011 Housing Trust Fund Plan.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

The two-thirds set-aside under §2306.753(d) of the Texas Government Code could be revised to permit a collapse of the funds into a single pool after a reasonable effort to expend the 2/3 priority funds. For example, statute could reflect that the collapse of funds be revised to assist other economically distressed areas of the state or collapse into the general pool (1/3) after certain period of time had lapsed. The Department will be creating a capacity building program, as part of the General Revenue funds committed to the Bootstrap Program, to assist nonprofit organizations with the two-thirds set-aside to utilize this program.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Review of the Texas Bootstrap Loan Program Rules will provide a solid understanding of this program.

Program webpage: http://www.tdhca.state.tx.us/oci/bootstrap.jsp

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information. the chart headings may be changed if needed to better reflect your agency's practices.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Section 8-Housing Choice Voucher Program
Location/Division	Community Affairs Division
Contact Name	Willie Faye Hurd, Program Manager
Actual Expenditures, FY 2008	6,390,246
Number of FTEs as of August 31, 2008	7

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Department's Community Affairs Division administers the Section 8 Housing Choice Voucher Program. The program currently contracts with units of local government, community action agencies and public housing authorities to assist with the administration of approximately 1,540 Housing Choice Vouchers. Financial assistance is provided through the program for safe, decent, sanitary and affordable housing to eligible households whose annual gross income does not exceed 50% of HUD's median income. Funds for the program are provided by the U.S. Department of Housing and Urban Development (HUD).

The Department administers the Section 8 program on the behalf of small cities and rural communities that usually lack a public housing authority but would like to participate in HUD's rental assistance program. The Section 8 program administers vouchers in 29 of the State's 254 counties. TDHCA also uses a portion of its Section 8 funding for Project Access, which helps persons with disabilities transition out of institutional settings.

<u>Key services and functions:</u>
The Section 8 Housing Choice Voucher Program provides rental assistance payments on behalf of low income individuals and families, including the elderly and persons with disabilities.

<u>Major program activities:</u>

- Coordination with local operators.
- Certification and recertification of tenants.
- Approval of units and leases.
- Payment of housing assistance to owners.
- Compliance with federal and local rules.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

1.1.4. Strategy: Provide Section 8 TBRA	
Output 1: Section 8 TBRA Number of Households Served	1,036
Efficiency 1: Avg. Adm. Amount Sec 8	$ 750

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

- On the federal level, the creation of the program signaled a shift from locally owned public housing to the use of privately owned rental housing as the federal government's primary vehicle for providing rental housing assistance to extremely low income households.
- In 2002, TDHCA began the Project Access Program to help non-elderly persons with disabilities transition out of institutional settings. TDHCA initially utilized vouchers provided by HUD through a pilot program but has now integrated the program into the broader Section 8 Housing Choice Voucher Program.
- In 2005, HUD changed the manner in which the Section 8 voucher program was funded. HUD now additionally takes into consideration historical expenditures when determining program funding.
- In 2007, HUD made a fundamental change in the manner the Section 8 voucher program was funded. Rather than receiving a set number of vouchers, TDHCA now receives funding based on historical activity.
- Services and functions have not changed since program inception.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The Department administers the Section 8 program on the behalf of small cities and rural communities that usually lack a public housing authority but would like to participate in HUD's rental assistance program. The Section 8 program administers vouchers in 29 of the state's 254 counties.

Population served:

- Extremely low and very low income households in small cities and rural communities that usually do not have a local public housing authority
- The community must request the Department's assistance.

Requirements/qualifications:

- 50% AMFI, as determined by HUD

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Funding: TDHCA receives funding based program activity data for the prior fiscal year.

Overview:

- Section 8 is a rental assistance program. Through the program, the Department pays approved rent amounts directly to property owners on behalf of eligible households. Typically, the program participant pays no more than 30% of their monthly adjusted income towards rent and the Department pays the remaining rent. The client may also receive Section 8 utility assistance.
- Rental properties are privately owned and must meet HUD housing quality standards.
- The tenant and the property must be recertified on a yearly basis.

Administration:

- Working with local operators, the Department certifies and recertifies tenants and participating properties and disburses payments.
- The Department contracts with local governments, community action agencies and public housing authorities to assist with to the administration of the program. The contractor receives a minimal fee for this service.
- The unit of local government or CAA or PHA designates a local operator for each community. The local operator carries out duties associated with program administration.
- To receive Section 8 assistance, a household must be certified as eligible for assistance. This involves income verification and verification of other requirements. Likewise, the property to be rented must meet HUD's housing quality standards.
- Program documents are gathered during program intake to verify client and property eligibility. The local operator usually provides intake, property inspection, etc., and determines the appropriate level of assistance. If there is no local operator available, Department staff visits the community to perform intake and to conduct inspections. The Department makes technical assistance visits to the communities as needed.
- Documents are sent to the Department for verification and approval.
- Once documents have been verified, a contract is signed between the landlord and the Department on behalf of the tenant.
- On a monthly basis, the Department issues rent payments to the landlord, small payments to the local operators, and in some cases, utility assistance payments to the client.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding Source:
U.S. Department of Housing and Urban Development (HUD).

2008 Funding: $6,175,257

Funding formulas (federal):

- HUD renewal funding is based on the requirements of the Omnibus Appropriations Act.
- Actual funding depends on the number of vouchers leased from the prior year.
- HUD provides administrative funds for each voucher.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal Programs:

- While the Department's Housing Trust Fund (HTF) may provide program funds toward multifamily development or rental assistance, the programs are not typically similar to the HOME-sponsored activities and often fill a gap that is not served with the State's HOME allocation. The HTF does not currently fund owner-occupied housing rehabilitation, but has been utilized as gap-financing for HOME-funded owner-occupied housing assistance in areas affected by state or federally declared disaster. Major differences between the two programs include federal environmental requirements, federal labor standards, and federal match requirements for the utilization of HOME funds.

External Programs:

- Section 8 usually serves communities with no public housing authorities. Because this includes counties, there may be a municipality within a county that does have a public housing authority. This is generally not the case.
- The US Department of Agriculture Rural Development provides limited rental assistance to rural residents. Unlike the Statewide Section 8 Housing Assistance Program, the Rural Development program is project-based, applying to certain developments financed by the Rural Housing Service. Also, the program does not require administrators to maintain waiting lists.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Coordination efforts:

- A resident living in a municipality with a public housing authority and in a county served by the Department could apply for assistance in both the city and the county. All vouchers and certificates serving the area are processed through the same HUD regional office so that duplication of service has not been a problem. In fact, due to the considerable waiting lists, most Section 8 programs participants are often encouraged to sign up for multiple waiting lists to increase their chances of receiving timely assistance.
- When communities apply for participation in the State program, the community must provide the Department with a resolution approved by the highest governing body.
- Entities applying for HOME rental assistance would similarly have to demonstrate an unmet need to receive HOME funds.

MOUs/contracts:

- Parties involved: The Department has contracts with four (4) community action agencies six (6) counties, four (4) housing authorities and ten (10) cities to assist in program administration.
- Purposes/activities:
  a) processing of application and required forms;
  b) interview with potential participants;
  c) securing signatures and required instruments;
  d) certification and recertification of tenants;
  e) housing quality inspections;
  f) enforcement and compliance with program rules and regulations.
- Duration: The contracts are renewed every five years.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Relationship with local governments:

- The Department contracts with local government entities that usually lack a public housing authority. The local entity may request to participate in the Section 8 Program.
- The Department may contract with local government to undertake certain administrative duties as further described in Sections K and M below.

K. If contracted expenditures are made through this program please provide:
- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Professional fee expenditures: $8,390 for the program's portion of two agency-wide audits.
2008 Grant Expenditures and Encumbrances: $5,973,037 through local operators to provide rental assistance to very low income households in 29 counties.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None identified.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Public housing authorities (PHAs): Federal Section 8 programs are generally administered at the local level through public housing authorities. Section 8 programs are generally the principal programs administered by public housing authorities.

- Kinds of federal Section 8 assistance:
  - Project-based assistance: This type of rental assistance is associated with a specific unit. Developments involved have generally received some kind of subsidy or incentive from HUD. While PHAs own properties offering project-based assistance, some project-based assistance involves a direct contract between a private owner and HUD.
  - Tenant-based assistance: A rental voucher or certificate associated with an eligible client not a project or multi-family development. All the Department's vouchers are tenant-based.

Participation by communities: To participate in the Statewide Section 8 Housing Choice Voucher Program, a community must submit a request to the Department. The local government must then submit a resolution to the Department before participation in the program. Resources available to the Department further limit the Department's participation. If the Department does not have sufficient funding, the Department may deny a community's request for participation.

Program webpage: http://www.tdhca.state.tx.us/oci/bootstrap.jsp

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:
- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Housing Resource Center
Location/Division	Housing Resource Center (HRC)
Contact Name	Elizabeth Yevich, Manager of the HRC
Actual Expenditures, FY 2008	$ 475,106
Number of FTEs as of August 31, 2008	6

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Housing Resource Center (HRC) provides educational material to, and answers inquiries from, housing advocates, sponsors, borrowers and tenants, and assists individuals, local organizations and local governments. The HRC also provides information on local housing needs, housing programs, available funding sources, and programs that affect the creation, improvement, or preservation of housing that is affordable to individuals and families of low-, very-low, and extremely-low incomes.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

During FY 2008, the Housing Resource Center responded to a total of 6,109 information and technical assistance requests.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

The Housing Resource Center (HRC) was created in 1993 to fulfill the mandate of Chapter 2306.252, Texas Government Code. The purpose of HRC is described below.

The HRC is intended to be a resource for individuals, local organizations, and local governments in providing for the housing needs of individuals and families in Texas communities by providing information to housing contractors, nonprofit housing sponsors, community-based organizations, and local governments on:

- local housing needs,
- housing programs,
- available funding sources, and
- programs that affect the creation, improvement, or preservation of housing affordable to individuals and families of low and very low income.

According to the statute reference above, the board is required to establish a housing resource center in the housing finance division. The center shall:

- provide educational material to housing advocates, housing sponsors, borrowers, and tenants,
- provide technical assistance to nonprofit housing sponsors, and
- assist in the development of housing policy, including the annual state low income housing plan and report and the consolidated plan.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Population Served: The Housing Resource Center serves the staff of the Department and the entire population of Texas.

Eligibility requirements: There are no eligibility requirements for people seeking information and assistance through the Housing Resource Center.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The HRC responds to inquiries from individuals or organizations regarding housing issues. Answers are either provided over the phone, by electronic means or through correspondence. If the inquiry requires research, the HRC performs the necessary research and contacts the requestor. If necessary or requested, appropriate publications are provided.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding sources: The HRC supports all of the Department's activities programs. Its administrative costs are defrayed though federal HOME funds and Appropriated Receipts associated with housing program fees. The Division also administers General Revenue received in support of the market studies and other research.

In SFY 2008, the Division received the following funding:

General Revenue	$102,780
Appropriated Receipts:	$259,249
Federal HOME Program funds:	$113,077

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal programs: The Division of Policy and Public Affairs assists the HRC in answering and responding to informational requests from all sources.

External programs: There are other state agencies that have databases and provide information on local state and federal resources, such as the Business and Economic Clearinghouse in the Office of the Governor, Economic Development and Tourism Department. However, HRC's role is specific to housing issues and resources.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The Division of Policy and Public Affairs (DPPA) and the HRC coordinate the agency's responses to public informational requests. Both divisions respond to general informational requests; DPPA responses to legislative and media requests and HRC responds to data and research requests. There are no MOUs.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

<u>Work with local governments</u>. Other than answering their requests for assistance, the HRC has no special relationship with local governments.

K. If contracted expenditures are made through this program please provide:

- **the amount of those expenditures in fiscal year 2008;**
- **the number of contracts accounting for those expenditures;**
- **a short summary of the general purpose of those contracts overall;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

HRC contracted for the completion of three area-wide housing market studies during FY2008. The titles of the three studies were *Market Analysis of the McAllen-Edinburg-Pharr and Brownsville-Harlingen Metropolitan Statistical Areas, Overall Housing Needs Assessment for Parmer, Castro and Deaf Smith Counties and the Market Analysis of the Dallas-Plano-Irving Metropolitan Division*. These three contracts represent a total of $102,780.

The housing market analyses provide an assessment of the need for affordable housing based upon the identification and analysis of identified submarkets within the larger study area. The market analyses include a survey of the current housing stock, interviews with key stakeholders, a demand analysis indicating potential housing opportunities, and a general housing needs assessment. Experienced HRC staff provided oversight during the contractual period and reviewed draft documents and other deliverables to ensure fulfillment of contractual duties. There are no contracting problems.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None identified.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

In addition to providing information and technical assistance to Department staff and the public, HRC is also responsible for the publication of major Department-wide planning and performance documents including the *State of Texas Low Income Housing Plan and Report*, the *State of Texas Consolidated Plan* documents for the U.S. Department of Housing and Urban Development, and the *Agency Strategic Plan*.

Program webpage: http://www.tdhca.state.tx.us/housing-center/index.htm.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:
- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Housing Tax Credit Program
Location/Division	Multifamily Finance Production
Contact Name	Robbye Meyer, Director
Actual Expenditures, FY 2008	$621,967
Number of FTEs as of August 31, 2008	8.5

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Housing Tax Credit (HTC) program is a federal housing program administered by the U.S. Treasury Department (Treasury) which provides tax incentives to encourage private investment in affordable housing. Through the program, TDHCA supports the new construction or rehabilitation of high quality rental housing affordable to working families. In return for the tax incentives, property owners agree to set aside a portion of a property's units for rental to persons and families of very low income and restrict the rent required on these units. The program is available statewide and is the primary vehicle for the development of affordable rental housing.

1. Key Services and Functions. The key function of this program is to provide tax incentives to investors and developers for the production of affordable housing. Investors in tax credit properties utilize the credits as a dollar-for-dollar reduction of their tax federal income tax liability. Tax credits are syndicated and sold as a form of equity for the development of the units. A tax credit can be used to reduce taxes paid by a company or individual. Once awarded, the tax credits are used each year of a 10 year period.

2. Major Program Activities. The major program activities the HTC program undertakes to administer this program include:
   - Development of the Qualified Allocation Plan and Administrative Rules;
   - Hold public hearings;
   - Application preparation;
   - Scoring and ranking of applications;
   - Site inspection;
   - Extensive public notifications done both electronically and written at various stages of the application process. Notifications are sent out for every Pre Application submitted, every Application submitted, prior to every Board Meeting, prior to every public hearing and subsequent to every award;
   - Financial feasibility analysis (completed by Real Estate Analysis Division);
   - Previous participation review and evaluation (completed by Compliance and Asset Oversight Division);
   - Make recommendations to Governing Board;
   - Post Award: Commitment, Notifications (both electronic and written), Carryover, 10% Test, Commencement of Construction, LURA, Cost Certification, Amendments, Extensions, Ownership Transfers, Right of First Refusal, Qualified Contract, IRS Reporting;
   - Monitoring (performed by Compliance); and
   - Assisting in the development, scoring, and awarding of CDBG disaster affordable rental housing set-aside Notice of Funds Availability.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or

function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

FY2008 performance measures:

1.1.5. Strategy: Provide Financing through the HTC Program	
Output 1: Multifamily Finance (HTC) Number of Households Served	10,076
Efficiency 1: Avg. Amt. Per Households HTC New	$ 6,757
Efficiency 2: Avg. Dvlp. Cost HTC New	$103,786
Efficiency 3: Avg. Amt. Per Households HTC Rehab	$ 4,863
Efficiency 4: Avg. Dvlp. Cost HTC Rehab	$ 75,311
Explanatory 1 : HTC Number New Constr. Units	7,365
Explanatory 2: HTC Number Rehab. Units	4,896

Note: Households served include units associated with developments awarded tax credits in previous years that required additional subsidy due to the economic downturn and increase costs. These same units were reported in previous years but would not have moved forward without additional credits.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

When the program was first authorized in 1986 and first utilized in 1987-1992, only half of the credits allocated to the state were allocated by the Department (and its predecessor). Allocating agencies nationwide experienced similar under-utilization of their programs. The primary reason was the program was subject to annual re-authorization by Congress, which created sufficient uncertainty to discourage investment in tax credit projects. In 1993, Congress made the program "permanent" by not requiring annual reauthorization. As a result, increasing the popularity of the program over the next few years as well as increasing the number of affordable units produced.

In 1999, SB 1112 76th Texas Legislature established use of the Regional Allocation Formula for TDHCA housing programs. This significantly increased the geographic distribution of the credits within the state.

In 2001, SB 322, 77th Texas Legislature and SB 264, 78th Texas Legislature, both of which were sunset legislation, made significant changes to the program, including changes related to prioritization scoring criteria, community input, and concentration issues.

In 2008, the market price of tax credits decreased substantially, eventually leading to a broad curtailment of the markets in all but the largest metropolitan areas as the credit crisis began to grip the nation. This lower valuation effectively decreased resources available to the state for affordable housing production. The same year, Congress authorized additional tax credits in response to both the economic crisis and affordable housing needs resulting from Hurricane Ike. In 2009, through the American Recovery and Reinvestment Act, Congress authorized the Tax Credit Exchange Program and the Tax Credit Assistance Program to further mitigate the impact of the credit crisis on affordable housing production. (*See discussion of both programs below under "Other Programs."*)

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Beneficiary eligibility:
The program serves tenants whose income does not exceed 50% or 60% of the area median family income (AMFI), depending on the set-aside election of the development owner. A portion of units must be accessible to persons with disabilities. Some developments are restricted to senior citizens.

Local Provider eligibility
Nonprofit and for-profit developers; these may include nonprofits affiliated with a public housing authority.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

TDHCA annually receives a per capita allocation of tax credits. These tax credits are typically referred to as "9%" credits and are allocated through a competitive process. TDHCA may also issue tax credits in support of developments being financed through certain types of tax-exempt bonds. These are commonly referred to as "4%" credits. These do not provide the same level of equity as 9% credits. Because the 4% credits are not awarded from a limited credit pool, the process is noncompetitive; the 4% credits are allocated through the year.

Major activities required in the administration of the Housing Tax Credit Program.

- Development of the Qualified Allocation Plan (QAP) and Administrative Rules for Board approval; the Governor must approve and sign the QAP.
- Development of Pre-Applications and Applications and reference materials; hold application workshops.
- Provision of extensive electronic and written public notifications at various stages of the application process. (Notification more extensive for 9% credits.)
- Public hearings on applications received. (9% credits)
- Review, score and rank applications. (For 4% credits, review to ensure meet threshold)
- Site inspection of proposed developments
- Financial feasibility analysis (*See separate entry for Real Estate Analysis Division)*
- Previous participation review and evaluation to determine if applicants have outstanding compliance issues (*See separate entry for Compliance and Asset Oversight Division*)
- Board recommendation based on threshold/scoring, financial feasibility, and compliance review.
- Undertake Post Award activities, including ensuring initial requirements met prior to issuance of tax credit.
- Long-term monitoring of development to ensure compliance with Land Use Restriction Agreement and IRS requirements (performed by Compliance).

Major Statutory Deadlines

- September 30 – Date by which Qualified Allocation Plan must be submitted to the Board for approval prior to publication for public comment.
- November 15 – Date by which Board must adopt Qualified Allocation Plan and submit to Governor for approval.
- December 1 – Date by which Governor must reject, or modify and approve Qualified Allocation Plan
- March 1 – Date by which an applicant seeking 9% credits within the calendar year must submit an application
- June 30 – Date by which staff must provide the board with a list of approved applications for 9% credits.
- July 31 – Date by which Board shall issue final commitment of 9% tax credits.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Competitive 9% Credits

TDHCA receives an annual per capita allocation of tax credits and can also access unused credits from other states known as the "National Pool." In 2008, Congress authorized additional credits for areas affected by Hurricane as well as credits to be used statewide as a part of the Housing and Economic Recovery Act of 2008 (HERA) Total competitive credits available to Texas in Calendar Year 2008 were as follows:

Per Capita ($2.00 x state population):	$47,808,760
Additional credits from National Pool and Carryover/returned from previous year:	$ 4,751,162
Disaster Recovery and HERA credits:	$19,687,036
Total Amount Available in Calendar Year 2008:	$72,246,958

Successful applicants will receive the tax credits annually over a ten-year period, for a total of $722,469,580. Tax credits received in 2008 were awarded in both SFY 2008 and SFY 2009. TDHCA allocates the credits competitively using the Regional Allocation Formula. In addition, TDHCA must meet following set-asides required by state or federal regulation: 10% Nonprofit; 20% for Rural; 10% At-Risk; 5% USDA, to be taken from At-Risk Set-Aside.

Non-Competitive or "4%" Tax Credits:

TDHCA allocates non-competitive "4%" credits to eligible developments financed using Private Activity Bonds (PABs). The amount of 4% tax credits allocated each year is therefore correlated to the portion of PAB authority utilized for multifamily. In SFY 2008, TDHCA approved $12,980,291 in 4% tax credits, a decrease from previous years that is reflective of the reduction in available credit in the general bond market. These credits supported developments financed by TDHCA, Texas State Affordable Housing Corporation, and local housing finance corporations.

Fee Revenue/ Appropriated Receipts

TDHCA collects fees to defray costs associated with the administration of this program. The Department estimates the fee revenue and includes it in it Legislative Appropriations Request as Appropriated Receipts (AR), which is then appropriated back to the Department through the General Appropriations Act. Rider 12 to TDHCA's bill pattern makes provisions to allow TDHCA to access additional AR under certain conditions. Program fees include Pre-Application Fees, Application Fees, and Commitment Fees. HB 1, 80th Texas Legislature, appropriated $1,049,704 to TDHCA in support of this program; this includes funding for Real Estate Analysis. (*See Strategy A.1.5 of TDHCA's bill pattern as found on p.VII-1 of HB 1, 80th Texas Legislature*.)

Fees collected can also be applied to activities in support of the program, such as the Housing Resource Center and Central Administration. *For information on Housing Tax Credit fees collected that year, see Schedule V - E.*

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

1. Internal programs. The HOME, Housing Trust Fund, and Tax-Exempt Multifamily Bond programs are also administered by the Department and can provide affordable rental housing to low-income Texans.
   - *See HOME sections for a discussion of these activities.*
   - *See the Housing Trust Funds sections for a discussion of these activities.*
   - *See the Tax Exempt Multifamily Bond sections for a discussion of these activities.*

2. External programs.
   - Local Public Housing agencies also administer affordable housing programs under the auspices of the U. S. Department of Housing and Urban Development. Some of these entities also apply for funding in the tax credit program.
   - Local Housing Finance Agencies also have the authority to issue tax-exempt multifamily mortgage revenue bonds which are subject to the same minimum 20/50 or 40/60 set-aside of the tax credit program. Such projects may also qualify for tax credits through the private activity bond authority (*Refer to the Multi-family Bond Program summary*) without going through the normal competitive application process.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

TDHCA is the state's only allocating agency for low income housing tax credits essentially nullifying any concern of duplication. However, affordable housing developments generally require funding from various public and private funding sources; it is not uncommon for applicants to seek funding from various TDHCA programs in support of the same development. This allows developers to reach communities and income groups for which increased subsidy is needed. TDHCA facilitates the layering of tax credit with other TDHCA funding programs such as HOME and HTF by making these funds available concurrently. The demand for affordable housing resources far outweigh supply and therefore duplication is not a concern.

<u>MOUs/contracts.</u>
The Department executed a Memorandum of Understanding with Texas Department of Rural Affairs (TDRA), an agency of the U.S. Department of Agriculture on March 23, 1999. The MOU allows for the sharing of information concerning projects under consideration for funding by Rural Housing that are also applying for an allocation of tax credits. As noted earlier in the document, TDHCA also has a MOU in place with TDRA to jointly administer the rural regional allocation as required by Section 2306.6723, Texas Government Code.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Local government officials must be notified regarding applications in their jurisdiction and can provide public comment on the development. Program rules require that proposed developments be consistent with any existing local, HUD-required Consolidated Plan. Preferential treatment is provided to developments that have local funding. Nonprofits associated with public housing authorities or another local government entity regularly apply for funding. In the case of 4% tax credits, developments supported may have received PAB financing through a local housing finance corporation.

K. If contracted expenditures are made through this program please provide:
- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

In SFY 2008, TDHCA reported awards totaling $61,022,672 in tax credits. Of this, $41,538,348 was in support of the new construction or rehabilitation of 48 developments for 5,164 units that had previously not received tax credits. The remaining balance of final awards were in support of developments which had received tax credit allocations in recent years but needed additional subsidy due to the economic downturn and increased construction costs. While TDHCA does not enter into contracts with tax credit awardees, awardees must meet certain qualifications to be "cost certified" and receive documentation for the tax credit. Also, as is done in other TDHCA programs, Land Use Restriction Agreements (LURAs) are put in place to ensure the long-term compliance with program requirements and other agreements. *See Compliance and Asset Management for more information on long term monitoring of these developments.*

No agency-related professional contracts were expensed to this program. However, fee revenue from the program defrays costs of agency-wide audits and other expenses incurred through Central Administration.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

See Section IX, Policy Issues.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

The Housing Tax Credit program is not only a significant generator of much-needed affordable rental housing but it also is an important economic development tool. In Fiscal Year 2008, TDHCA-funded affordable rental developments provided almost $1.2 billion in estimated local construction and development revenue and nearly the same amount in local tax returns for the communities in which they are located. The Housing Tax Credit Program is not a subsidy program as commonly thought by the general public; no funds are exchanged between developers and tenants or the Department and developers. Additionally, the majority of the developments are privately owned and managed with state oversight regarding the compliance with the rules and regulations under which the allocation was made.

Program webpage: http://www.tdhca.state.tx.us/multifamily/htc/index.htm.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:
- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Multifamily Bond Program
Location/Division	Multifamily Finance Production
Contact Name	Robbye Meyer, Director
Actual Expenditures, FY 2008	$112,879
Number of FTEs as of August 31, 2008	2

B. What is the objective of this program or function? Describe the major activities performed under this program.

This program helps finance the new construction or rehabilitation of high-quality, rent-restricted housing affordable to low income households. Through the program, TDHCA issues tax-exempt bonds which are then used to provide low-interest loans to nonprofit and for profit developers. Investors purchasing the bonds do not have to pay federal income tax on earnings associated with the bonds and therefore are willing to accept a lower interest rate, which is then passed on to the developer. In return for interest savings on the loans, developers agree to set aside a certain percentage of a property's units for rental to persons and families of very low, low and moderate income. An additional set-aside is mandated for persons with special needs. Tenant services, such as day care, youth programs, and job training, are also required of the developer.

TDHCA may issue tax-exempt mortgage revenue bonds through two federally authorized bond instruments administered by the U.S. Department of Treasury: Private Activity Bonds (PABs) and 501(c)(3) Multifamily Mortgage Revenue Bonds (501(c)(3) Bonds.)

PABs:
Annually, the IRS provides each state with a per capita amount of Private Activity Bond (PAB) Authority that can be utilized for various purposes, including mortgage loans in support of affordable rental housing. Developments financed through PAB authority that meet requirements for the Housing Tax Credit Program are eligible to receive "4%" tax credits. (*See Housing Tax Credit entry above to learn more about these credits.*)

501(c)(3) Bonds:
These are similar to private activity bond with the following important differences:

- While both nonprofit and for profit developers may receive PAB financing, 501(c)(3) bonds can only be issued in support of a nonprofit developers.
- Recipients of this financing are not eligible to receive "4%" tax credits.
- There is not limit to bond authority provided under this instrument.

This is not a currently active TDHCA program. The inability to receive tax credits through this program generally makes use of this instrument financially unfeasible.

Major program activities. The activities of the Multifamily Bond program include:

- Development of and administration of the program rules,
- Hold public hearings for each development,
- Application materials preparation,
- Scoring, ranking and evaluation of applications,
- Site inspection of each development,

- Extensive written and electronic public notifications at various stages of the application process,
- Notifications are sent out for every Pre Application submitted, every Application submitted, prior to every Board Meeting and prior to every public hearing
- Financial Feasibility Analysis for each development (completed by Real Estate Analysis Division),
- Previous Participation Review (completed Compliance and Asset Oversight Division),
- Review of all Bond documents,
- Make recommendations to Governing Board and Texas Bond Review Board (BRB),
- Bond Closing (review of all closing documents with Bond Counsel and Financial Advisor),
- Post Award: Determination Notice, Notifications (both electronic and written), Commencement Of Construction, LURA, Cost Certification, Amendments, Extensions, Ownership Transfers, Right of First Refusal, Qualified Contract, IRS Reporting
- Monitoring (performed by Compliance and Asset Oversight Division).

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

1.1.8. Strategy: Provide Financing through the Multifamily MRB Program	
Output 1: Multifamily MRB Program Number of Households Served	878
Efficiency 1: Avg. Amt. Per Household MF Bond	$ 63,636
Efficiency 2: Avg. Dvlp. Cost MF Bond	$106,340
Explanatory 1: MF Bond Number New Constr. Units	878

Note: Reflects funds awarded in State Fiscal Year. Subsequently, one applicant did not move forward, decreasing households served to 672 as noted in Section K

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Production through the programs is highly dependent on the economy. In particular, the program depends on the bond market. The current bond crisis has had a significant impact on the program. Historically, TDHCA issues bonds in excess of a set-aside provided to TDHCA by state law, successfully applying for PAB authority returned by other issuers. However, in state fiscal year 2008, TDHCA was able to utilize only a portion of its statutorily reserved bond authority. Thus situation continues in SFY 2009 and will not improve until investors regain confidence in the market.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

- Population served: The program serves tenants whose income does not exceed 50% or 60% of the area median gross income (AMGI) depending on the set-aside election of the project owner.
- Both For-Profit and Nonprofit developers can access the PAB Bond Program. Only Non-Profit developers may access the 501(c)(3) Program.
- Because the programs are relatively expensive, Bond supported developments tend to be in more urban areas where higher rents and larger complexes help defray the costs.

The Department does not receive applications directly from households or individuals in need of housing. Applications are submitted to the Department by non-profit and for-profit developers.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Major activities required in the administration of the Multifamily Bond Program.

- Development and administration of program rules.
- Hold public hearings for each development.
- Prepare application material.
- Score, rank and evaluate applications,
- Site inspection of each development,
  Extensive public notifications done both electronically and written at various stages of the application process,
- Financial Feasibility Analysis for each development (completed by Real Estate Analysis Division),
- Previous Participation Review (completed Compliance and Asset Oversight Division),
- Review of all Bond documents,
- Make recommendations to Governing Board and Texas Bond Review Board,
- Bond Closing (review of all closing documents with Bond Counsel and Financial Advisor),
- Undertake Post Award activities, including ensuring initial requirements
- Long-term monitoring (performed by Compliance and Asset Oversight Division).

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

<u>Funding sources</u>
Chapter 1372 sets aside 22% of the state PAB authority for multifamily use. Of this, 20% is reserved for use by TDHCA. In SFY 2008, this translated to almost $90 million in PAB authority. Typically TDHCA issues PABs in excess of this authority by accessing PAB authority unused by other issuers. However, due to the economic crisis and its impact on the bond market, TDHCA issued only $41,122,400 in PAB multifamily bonds in FY 2008.

<u>Fee Revenue/ Appropriated Receipts</u>
The Department collects fees on the issuance of multifamily bonds to cover issuance costs, overhead and on-going administrative costs. The Department estimates the fee revenue and includes it in it Legislative Appropriations Request as Appropriated Receipts, which is then appropriated back to the Department through the General Appropriations Act. HB 1, 80th Texas Legislature, appropriated $305,256 to TDHCA in support of this program; this included funding in support of Real Estate Analysis. (*See appropriation for Strategy A.1.8 on page VII-2, HB 1, 80th Texas Legislature*.)

<u>Fees collected in SFY 2008</u>: $1,485,911. *For information on Multifamily Bond fees collected that year, see Schedule V - E.* As with Housing Tax Credit fees, these can also be applied to TDHCA's Real Estate Analysis and Housing Resource Center activities as well as Central Administration.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

1. Internal Programs. The single family bond program and the housing tax credit program are also administered by the Department to provide affordable housing to low income Texans.
   - *See Single Family Bond Program for a discussion of these activities.*
   - *See the Housing Tax Credit Program for a discussion of these activities.*

2. External programs.
   - Local housing finance corporations ("HFCs,") authorized by the Texas Local Government Code, also issue multifamily mortgage revenue bonds. Usually created by cities or counties, these entities provide various forms of housing assistance to their defined jurisdiction. Currently, there are approximately 80 HFCs that are located throughout the state. Additionally, the Texas State Affordable Housing Corporation (TSAHC) is authorized to issue multifamily mortgage revenue bonds statewide.
   - Local issuers typically do not impose the same affordability requirements and rent restrictions as imposed by the Department. However, many of the Applicants who have bonds issued through local HFCs apply for 4% housing tax credits allocated through the Department. The majority of the 4% housing tax credits allocated by the Department are associated with local HFC bond properties and TDHCA bond properties. Due to this, these properties will be monitored by the Department and will be required to comply with the appropriate HTC income and rent limits. Additionally, each property will file a Land Use Restriction Agreement (LURA) with the applicable county and will be monitored by that as well. Local HFCs service their geographic jurisdiction only and are not able to pool properties located across jurisdictional lines within a single bond issue (particularly important for making the issuance of 501(c)(3) bonds feasible). Some areas of the state are not serviced by a local HFC. These are typically smaller cities and rural areas of the state. Furthermore some local HFCs have no interest in issuing multifamily bonds due to lack of staff capacity to implement multifamily bond programs or for other policy reasons such as focusing on single-family home ownership, thus making the Department one of the only viable statewide issuers for multifamily bonds in these areas.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

<u>MOUs/contracts.</u>

- The 75th Legislature, through the passage of HB2577, required the Department to enter into a Memorandum of Understanding (the "MOU") with the Texas Bond Review Board with respect to the issuance of 501(c)(3) bonds (outlined in Chapter 2306.358, Texas Government Code). The MOU stipulates the maximum amount of 501(c)(3) bonds that can be issued each year (maximum of $250 million) as well as provides direction for the Department with respect to the types of transactions issued (new construction versus acquisition and rural versus metropolitan).

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Local government must be notified of applications in area and can also provide public comment.

K. If contracted expenditures are made through this program please provide:
- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

In SFY 2008, TDHCA issued $41,122,400 in multifamily bonds, supporting 3 developments and producing 672 affordable rental units. Developers participating in the program do not enter into a contract with the TDHCA. Rather, a Land Use Restriction Agreement (LURA) is put in place reflective of the owner's obligation under the program. Long-term monitoring for compliance is undertaken by the Office of Compliance and Asset Management as described further in the Program Area description for Compliance and Asset Oversight.

No agency-related professional contracts were expensed to this program. However, fee revenue from the program defrays costs of agency-wide audits and other expenses incurred through Central Administration. It should also be noted that professional contracts entered into in association with the issuance of mortgage revenue bonds are part of the Cost of Issuance (COI) for each bond and is paid through resulting bond proceeds. COI is part of the bond indenture and not reflected in the Department's budget.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

See Section IX, Policy Issues.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

- Current TDHCA PAB bond issuances all receive 4% credits.
- TDHCA issues bonds throughout the year as reservations are received from the Texas Bond Review Board.

Comments provided in Section M for the Housing Tax Credit Program apply here as well.
Program webpage: http://www.tdhca.state.tx.us/multifamily/bond/index.htm.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:
- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	HOME Investment Partnership Program
Location/Division	HOME Division
Contact Name	Jeannie Arellano, Director
Actual Expenditures, FY 2008	$41,227,889
Number of FTEs as of August 31, 2008	20

B. What is the objective of this program or function? Describe the major activities performed under this program.

The HOME Investment Partnerships Program (HOME) is funded by the U.S. Department of Housing and Urban Development (HUD). Authorized under the Cranston-Gonzalez National Affordable Housing Act, the purpose of the program is to expand the supply of decent, safe, affordable housing through partnerships with Units of General Local Governments and non-profit or for-profit entities.

To address local needs and housing conditions, the State of Texas HOME Program participates in four eligible activities:

- Owner-Occupied Housing Assistance provides eligible homeowners with funding to rehabilitate or reconstruct their existing home.
- Tenant-Based Rental Assistance offers rental subsidies to eligible tenants for up to 24 months; the household must participate in a self-sufficiency program.
- Homebuyer Assistance provides down payment and other assistance towards the purchase of a home. In addition to providing traditional homebuyer assistance, this category is used to support contract-for-deed conversions and other initiatives that combine homebuyer assistance with rehabilitation or accessibility modifications.
- Rental Housing Development activities assist eligible applicants with the acquisition, construction, and rehabilitation of affordable single-family or multifamily housing.

Community Housing Development Organization (CHDO) Housing Development activities assist these nonprofits with the acquisition, rehabilitation, or new construction of single-family or multifamily affordable housing.

By state law, 95% of HOME funds must be distributed to communities, typically rural, that do not receive HOME funds directly from the federal government; the remaining 5% must serve persons with disabilities and is available statewide.

Major Program Activities.
The major activities the HOME Program undertakes to administer this program include:

- Development of the One-Year Action Plan for HUD, which establishes the funding plan and program activities for the program year (assisted by the Housing Resource Center);
- Development of administrative rules in compliance with statutory changes and federal regulations;
- Preparation of funding notices, application preparation and marketing, including application workshops throughout the state;
- Review, assessment, and determination of applications for award;
- Review for financial feasibility (underwriting) of the proposed projects (assisted by the Real Estate Analysis Division);
- Award and program implementation training to awardees;
- Ongoing, technical assistance to program participants to ensure proper use of funds and compliance with state and

federal regulations through the completion of the contract including contract oversight & performance management;

- Processing of setup and draw requests including the review of participant eligibility and funding disbursements and documenting and maintaining contract files;
- Monitoring (assisted by the Compliance and Asset Oversight Division); and
- Maintaining and reviewing progress of the allocation and disbursement of funds through the HOME Fund Balance Report, and reporting outcomes and performance measurement to HUD through the Consolidated Plan Annual Performance Report (CAPER) and state Match Report (assisted by the Housing Resource Center).

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

1.1.2. Strategy: Provide Funding through the HOME for Affordable Single Family Housing		
Quarter	2008 Target	2008 Actual
Output Measures:		
1 # of Households Assisted with Single Family HOME Funds	1,255	935
Explanatory/Input Measures:		
1 # of Households Assisted through New Construction Activities	30	0
2 # of Households Assisted through Rehabilitation Activities	600	150
3 # Households Assisted through CHDO Mortg. Fin./HBA Assistance	30	0
4 # Households Assisted through Non-CHDO Mortg. Fin/HBA Assistance	445	538
5 # of Households Assisted through Tenant-based Rental Assistance	150	350
Efficiency Measures:		
1 Avg. Amount Per Household for New Construction	$33,000	$0
2 Avg. Amount Per Household for Rehabilitation	$60,000	$66,964
3 Avg. Amount for CHDO Mortgage Financing and Homebuyer Assistance	$10,000	$0
4 Avg. Amount for Non-CHDO Mortgage Financing & Homebuyer Assistance	$15,000	$14,068
5 Avg. Amount of Tenant-based Rental Assistance	$10,000	$10,048

1.1.6. Strategy: Provide Funding through the HOME for Affordable Multifamily Housing		
Quarter	2008 Target	2008 Actual
Output Measures:		
Output 1: HOME Multifamily Number of Households Served	500	663
Explanatory/Input Measures:		
Explanatory 1: HOME CHDO New Constr. Number of Households Served	175	116
Explanatory 2: HOME non-CHDO New Constr. Number of Households Served	125	118
Explanatory 3: HOME CHDO Rehab Number of Households Served	50	19
Explanatory 4: HOME non-CHDO Rehab Number of Households Served	150	410
Efficiency Measures:		
Efficiency 1: Avg. Amt. Per Household HOME CHDO New MF	$ 39,827	$75,378
Efficiency 2: Avg. Dvlp. Cost HOME CHDO New MF	$ 6,002	$150,339
Efficiency 3: Avg. Amt. Per Households HOME non-CHDO New MF	$ 33,703	$74,814
Efficiency 4: Avg. Dvlp. Cost HOME non-CHDO New MF	$ 22,955	$88,582
Efficiency 5: Avg. Amt. Per Household HOME CHDO Rehab MF	$ 5,394	$39,474
Efficiency 6: Avg. Dvlp. Cost HOME CHDO Rehab MF	$ 37,256	$14,309
Efficiency 7: Avg. Amt. Per Household HOME non-CHDO Rehab MF	$ 10,991	$12,258
Efficiency 8: Avg. Dvlp. Cost HOME non-CHDO Rehab MF	$ 60,519	$82,298

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Important history: There have been no significant changes to the federal regulations governing the HOME program since their formal publication in 1992.

In 2001, the 77th Texas Legislature passed legislation requiring that at least 95% of HOME funds be expended in nonparticipating jurisdictions with the remaining funds serving people with disabilities in urban areas. In 2007, the 80th Texas Legislature amended this provision, requiring that precisely 95% of HOME funds be expended in participating jurisdictions and that 5% of the funds be used for persons with disabilities throughout the state.

The American Recovery and Reinvestment Act of 2009 committed additional HOME funds to the state in support of Housing Tax Credit awardees. (*See separate entry for the Tax Credit Assistance Program under New Programs*.)

While the HOME Program is administratively defined as a component of the Housing Finance Division and has programmatically been co-located with the Single-Family Finance Production Division (2003-2007), the HOME Program is currently administered through its own division.

After the reorganization of the Department in 2003, which placed the HOME program in the Single-Family Finance Production Division, there were a variety of challenges which affected the administration of the program. These challenges affected the program's commitment and expenditure rates and delayed overall progress on many contracts. To address these, state HOME program guidelines and requirements were thoroughly reviewed in 2005 by the TDHCA Governing Board and the HOME program rule was amended for Program Year 2006.

While there were several changes to improve the administration of the program, the most significant rule change included the implementation of zero percent and forgivable loans instead of grants to provide Housing Assistance. Loan documents provided the only method for the State of Texas to assure a state-imposed affordability period and the possibility of repayment and recycling of funds, if the intended recipient no longer owned the property. Additionally, the Department's loan documents provide the only method of successfully achieving an enforceable lien for construction activities on a homestead under the Texas Constitution.

The HOME Division was reconstituted in October 2007 with emphasis in two areas including oversight of the commitment of funds and expenditure rate and contract performance. To meet federal requirements for commitment and expenditure rates, the HOME Division reviews performance indicators monthly and re-allocates funds from non-performing (deobligated) contracts toward areas of greatest need (including Disaster Relief). In order to assist entities administering the HOME Program, a Performance Team was established within the new Division with the sole purpose of reviewing contract progress and providing technical assistance to help administrators meet program performance benchmarks. Additionally, state HOME rules were significantly revised in 2007.

There continue to be some structural changes in the Department and staff regularly reviews contract performance and makes recommendations to improve HOME program administration.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Beneficiary eligibility:
Assisted households cannot exceed 80% of the Area Median Family Income (AMFI), as determined by HUD. The program encourages the targeting of extremely low and very low income households and some activities such as Contract-for-Deed conversions, are restricted to these households.

Provider eligibility:
Units of General Local Government, non-profit and for-profit organizations; rural communities; persons with disabilities.

Since the establishment of the program in 1992, the Department has received approximately $640,082,673 in HOME funds. This investment has constructed 4,793 multifamily rental units, rehabilitated 7,470 owner-occupied homes, assisted 9,779 first-time homebuyers, and provided rental assistance for 6,425 Texas families. In 2008, HOME Investment Partnership Program Funds assisted approximately 1,598 low-income Texas families access safe, decent, affordable housing throughout the state.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Major administrative activities associated with the HOME Program:

- Development of the One-Year Action Plan for HUD, which establishes the funding plan and program activities for the program year (assisted by the Housing Resource Center);
- Development of administrative rules in compliance with statutory changes and federal regulations;
- Preparation of funding notices, application preparation and marketing, including application workshops throughout the state;
- Review, assessment, and determination of applications for award;
- Review for financial feasibility (underwriting) of the proposed projects (assisted by the Real Estate Analysis Division);
- Award and program implementation training to awardees;
- Ongoing, technical assistance to program participants to ensure proper use of funds and compliance with state and federal regulations through the completion of the contract including contract oversight & performance management;
- Processing of setup and draw requests including the review of participant eligibility and funding disbursements and documenting and maintaining contract files;

- Monitoring (assisted by the Portfolio Management & Compliance Division); and
- Maintaining and reviewing progress of the allocation and disbursement of funds through the HOME Fund Balance Report, and reporting outcomes and performance measurement to HUD through the Consolidated Plan Annual Performance Report (CAPER) and state Match Report (assisted by the Housing Resource Center).

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding Sources and Amounts
The State of Texas' HOME program receives an annual allocation of approximately $40,000,000 from the U.S. Department of Housing and Urban Development (HUD). For program year 2008, the Department received $40,043,225, which included an allocation of $266,637 for the American Dream Downpayment Initiative (ADDI) program—a separate homebuyer assistance program allocated in conjunction with the federal HOME allocation.

Funding Formulas.
Federal regulations require that the Department set-aside no less than fifteen percent (15%) of its annual allocation for Community Housing Development Organization (CHDO) activities. An additional set-aside of approximately five percent (5%) is deducted from the CHDO allocation and is to be utilized for CHDO operating funds. The Department also is permitted to set-aside ten percent (10%) of the general allocation for program administration. Typically, the Department retains six percent (6%) and shares the remaining four percent (4%) with contract administrators.

The Department's governing statute also establishes funding requirements. Chapter §2306.111(c), Texas Government Code, requires that the Department set-aside ninety-five (95%) of the state's annual HOME allocation for the benefit of non-participating small cities and rural areas that do not qualify for funding under Cranston-Gonzalez (non-PJs) and set-aside the remaining five percent (5%) for the benefit of persons with disabilities living in any area of the state. The Housing Programs for Persons with Disabilities allocation is calculated and set-aside annually as part of the funding plan.

In an effort to assist the Department in meeting its obligations for Rider 6 related to the Conversion of Executory Contracts, the Department has typically also set-aside $2,000,000 of the Department's annual HOME program allocation to assist with contract for deed activities. This amount is also set-aside annually in the HOME funding plan. The remaining balance of funds is programmed in accordance with the One-Year Action Plan, developed annually through a public process. Historically, the allocation of funds for multifamily has been $5,000,000 with the balance of funds allocated toward single-family activities.

Based on an approximate allocation of $40,000,000, below is an example of distribution of funds for HOME program activities:

Use of Funds	Estimated Available Funding	% of Total HOME Allocation
Administration Funds (10% of Allocation) *	$4,000,000	10%
CHDO Project Funds Set Aside (15% of Allocation)	$6,000,000	15%
CHDO Operating Expenses Set Aside (5% of CHDO Set Aside) *	$300,000	1%
State Mandated Funds for Contract for Deed Conversions *	$2,000,000	5%
Housing Programs for Persons with Disabilities *	$2,000,000	5%
Rental Housing Development Program	$5,000,000	13%
General Funds for Single Family Activities	$20,700,000	52%
Total HOME Allocation	$40,000,000	100%

** The funding for these activities is not subject to the Regional Allocation Formula.*

The General Funds for Single Family Activities are further distributed as follows:

Use of General Funds for Single Family Activities	Estimated Available Funding	% of Total SF HOME Allocation
Homebuyer Assistance	$3,105,000	15.0%
Owner Occupied Housing Assistance	$14,490,000	70.0%
Tenant Based Rental Assistance	$3,105,000	15.0%
Total General Funds for Single-Family Activities	$20,700,000	100%

Finally, as established in Texas Government Code, Chapter §2306.111(d), certain funds will be administered geographically by state uniform service region according to a Regional Allocation Formula determined by the Department.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal programs.
While the Department's Housing Trust Fund (HTF) may provide program funds toward multifamily development or rental assistance, the programs are not typically similar to the HOME-sponsored activities and often fill a gap that is not served with the State's HOME allocation. The HTF does not currently fund owner-occupied rehabilitation, but has been utilized as gap-financing for HOME-funded owner-occupied housing assistance in areas affected by a state or federally declared disaster. Major differences between the two programs include federal environmental requirements, federal labor standards, and federal match requirements for the utilization of HOME funds.

The Department's Housing Tax Credit (HTC) program provides tax credits for multifamily properties, but HOME funds are also utilized as a subsidy source for the HTC program. Major differences in the two programs include the set-aside of rent-restricted units, additional affordability requirements, environmental requirements, and federal labor standards. Additionally, while HOME funds are offered as below-market interest rate loans, the tax credit program does not provide direct funding toward the development of multifamily units but is used to attract equity investment into the project.

Finally, while the Department has a 'Texas First-Time Homebuyer' program administered by the Texas Homeownership Division, the program offers below market interest rate mortgage loans through a network of participating lenders and serves all areas of Texas. Generally this program is accessed by families living in metropolitan areas. Conversely, the HOME homebuyer assistance program is limited to the non-Participating Jurisdiction areas of the state and assistance is typically provided as a second or third-lien deferred, forgivable loan to the homebuyer for a defined period of time.

External programs.
As stated earlier, other Participating Jurisdictions in Texas receive HOME Investment Partnership program funding directly from HUD and some of the larger cities have housing programs from local revenue sources that fund activities similar to HOME. USDA Rural Development offers home improvement loans and affordable rental housing in rural areas.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The HOME Division reviews Department programs and services gaps during the planning process to avoid duplication of an existing program or conflict with another Department program. While in limited instances some entities in local Participating

Jurisdictions are eligible to apply for state HOME funds, these entities are required to serve low-income persons with disabilities, as determined by statue. HOME funds can be combined with other programs as appropriate to serve households more effectively. The need for affordable housing in the state greatly outweighs supply so that programs are typically complementary rather then duplicative.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Relationship with Local Governments.
The HOME program works with numerous Units of General Local Governments including cities and counties that apply as local administrators for the program. As awardees of HOME Funds, Contract Administrators must enter into a written agreement with the state to administer the HOME program in accordance with all federal regulations and statutory requirements.

K. If contracted expenditures are made through this program please provide:
- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

- Professional Services Expenditures for State Fiscal Year 2008: $23,696 for two agency-wide audits. (Reflects portion expensed to HOME Program.)
- Grant expenditures and encumbrances for Appropriation Year 2008: $40,043,225. It should be noted that due to the late date when HOME funds are provided to the state, Appropriation Year funding is typically not applied to funds awarded within that fiscal year.
- Subrecipient contracts: TDHCA entered into 102 HOME contracts in SFY 2008 and administered approximately 300 existing grants; these were funded primarily through HOME funds received in previous Appropriation Years.
- General purpose of subrecipient contracts: Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, Homebuyer Assistance (with or without rehabilitation/modification), single family housing development, and multifamily rental development.
- Methods used to ensure accountability for funding and performance: During the application process an evaluation of the applicant's previous participation and review of current contract performance is utilized in determining an organization's capacity to continue to carry out HOME program activities. Once awards are approved, HOME Division staff reviews contract progress against performance benchmarks, offering technical assistance when necessary. In reviewing contract performance, TDHCA staff utilizes both an internal information management system and Contract Administrators who are unable to meet their contractual obligations are subject to having the unused funds deobligated. Deobligated funds are reprogrammed to disaster relief or another identified need.
- Current contracting challenges: There are two challenges currently impacting HOME contract performance. First, the economic downturn and events in the housing industry have impacted the homebuyer assistance program. Potential eligible applicants are either having difficulty meeting first-lien lender requirements to qualify to purchase a new home or are opting not to pursue buying a new home because of concerns regarding market conditions. A more significant challenge is the lack of clear title among potential home repair beneficiaries. The Owner-Occupied Housing Assistance program is the most affected through ownership issues, as real property may have encumbrances or hereditary disputes. The Contract for Deed program also has title issues, where liens on land in the name of the developer challenge the ability to convert the contract for deed arrangement into a warranty deed.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Historically, the conversion of contract for deed with HOME program funds has been challenging to the Department due to federal HOME commitment and expenditure requirements and the arduous process for Contract Administrators to meet federal requirements in the colonias. Clarification of §2306.255, Texas Government Code, Contract for Deed Conversion Program, to allow any source of funds allocated to the Department to be used in meeting rider requirements for the Conversion of Executory Contracts would assist the Department in meeting its federal commitment requirements as established by HUD. Changes to Rider 6 to allow TDHCA to redirect unused Contract for Deed funds to other areas of need would also help address these issues.

The broadening of eligible subgrantees for the Colonia Model Subdivision Revolving Loan Fund would also be beneficial. Currently, §2306.785, Texas Government Code, limits program loans to (1) Colonia Self Help Centers and (2) Community Housing Development Organizations (CHDOs) certified by the Department. The current process for certifying CHDOs, limits access and opportunity for organizations that have the capacity to participate in the program because they have not received a CHDO designation from the Department and do not want to participate in the HOME program. In addition, the term "CHDO" assumes HOME Investment Partnership program as the source of funds. Federal regulations prohibit the use of HOME funds for revolving loan funds as intended by statute. By expanding the definition to include non-profit organizations with experience in the colonias or organizations that have received a local CHDO designation, the Department would likely be able to broaden its partnership and identify an alternative source of funds to administer this program as defined in statute.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Program webpage: http://www.tdhca.state.tx.us/overview.htm#home

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Real Estate Analysis
Location/Division	Real Estate Analysis
Contact Name	Brent Stewart, Director
Actual Expenditures, FY 2008	$592,513
Number of FTEs as of August 31, 2008	9.5

B. What is the objective of this program or function? Describe the major activities performed under this program.

The primary function of Real Estate Analysis (REA) is to complement the program areas by providing a comprehensive, independent, analytical review of proposed affordable housing developments to Department program staff, executive management and the governing board.

Key Services and Functions: REA provides analysis and support for proposed single and multifamily housing developments considered for funding through the following programs:

- HOME,
- Housing Trust Fund (HTF),
- Housing Tax Credit (HTC),
- Multifamily Bonds, and
- Community Development Block Grant (CDBG) housing programs.

Major Program Activities. The major activities that this area undertakes to perform this function are to:

- Build the technical and professional capacity of Department employees through formalized training of REA staff, which represent future program staff and managers. The training program encompasses all aspects of real estate development, financing, financial analysis, and project feasibility as well as comprehensive exposure to the variety of affordable housing programs administered by the Department.
- Perform written “Credit Underwriting Analysis Reports” that contain analysis and recommendations for all multifamily, single family infrastructure/development, lot acquisition and interim construction transactions funded through the Department. The overall purpose of the underwriting analysis is to determine the likelihood that a real estate project financed or assisted by the Department will be successful in fulfilling the purpose of the program providing the assistance. As part of this feasibility analysis, REA identifies and evaluates risk or potential problems associated with any proposed transaction and, where applicable, provides structuring recommendations to the program staff to mitigate those risks. The underwriting analyses are then used by program staff to make award recommendations to the governing board.
- Complete the Cost Certification review process to ensure proper completion and final viability check of Tax Credit awarded developments and issue IRS form 8609 to each tax credit building that passes this final allocation requirement

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

The chief evidence of the effectiveness of REA is the extremely low level of financial default of LIHTC transactions underwritten by REA. In addition, when measured by the amount of tax credit per unit of affordable housing, the Department has been one of the most efficient agencies that allocate low income housing tax credits in the country.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Important history not listed.

- Fall, 1993: The Executive Director and Housing Programs Director determined there was a need for independent underwriting.
- May 1996: Internal formalized training program established.
- June 1997: Comprehensive analytical tool developed.
- Summer 2002: Industry workgroup helped to update and expand underwriting standards and establish 10 TAC rules
- August 2002: Began publishing underwriting reports on the Department's web site.
- March 2003: Cost Certification process revamped and transferred to REA
- June 2007: Substantial overhaul made to the design and content of the underwriting report.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

- REA is an internal support function that provides a service to all housing programs in the Department and is a means of gaining informal efficiencies for program support activities that otherwise would be redundant and inconsistent in that it would have to be performed by each program area. REA provides underwriting services specifically for the Housing Tax Credit Program (both the 9% program and the 4% program), the HOME Program, the Housing Trust Fund, Multifamily Tax-Exempt Bond Programs, and housing products offered through the CDBG program and housing development products offered through the Office of Colonia Initiatives.
- Underwriting the feasibility of a project also includes efficient allocation of funds which results in more housing. Without such analysis, funding decisions would be made more on qualitative factors, rather than having an evaluation of the effectiveness and larger effects of the proposed solution. REA also provides each applicant with an early and clear indication that the Department is serious about maintaining rent restrictions by evaluating the rent schedules provided in each application and later on by evaluating owner's financial certifications of projects already in existence and notifying the Compliance staff when abuses are discovered.
- Evaluating the completion documentation in the cost certification process for the Housing Tax Credit Program.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

As stated previously, REA performs services for many program areas of the Department. Each program area has an application and scoring process for determining potential applications that fit program criteria and purposes.

After soliciting applications and scoring for programmatic purposes, the program areas forward the application files to REA for analysis. The credit underwriting process consists of the following major stages:

- Site Inspection Analysis
- Initial Application File Review & Follow-up
- Analysis of the project's proforma, Development Costs, and financing structure.
- Preparation of Credit Underwriting Analysis Report (including recommendation for approval, approval with conditions or denial).
- The Credit Underwriting Analysis Report with conditions for award and improvement to the project is forwarded back to the program area with the application file, where a determination is made for recommendation for approval or denial. REA staff, including the Director of REA, is available at the relevant board meetings where the application will be considered for approval.
- If approved the development will be constructed and significant changes in the development plan will be re-evaluated by REA staff to ensure continued feasibility.
- For developments funded with tax credits and final REA Cost Certification evaluation is done at completion of construction prior to the execution and delivery of the IRS forms that grant official rights to use the tax credits.
- Not all applications are completely underwritten. Some programs, threshold and scoring criteria may eliminate an applicant from consideration. In addition, site inspections may result in a determination that further consideration is not warranted. Similarly, upon initial file review, substantial missing information may be requested and if not provided by the applicant, a report cannot be completed.
- REA is dependent upon the funding cycles of the programs it serves. Therefore, because federal allocations are difficult to predict because of the changing nature and resource allocation of each program, the workload of REA varies year to year.

Field offices. REA has no field offices.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding sources and amounts. REA is currently funded with appropriated receipts associated with TDHCA's housing programs. Total funding for 2008 was $592,513.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal programs.
None. The underwriting function is a unique support function to the housing programs administered by the Department.

External programs.
Lending institutions typically have a function similar to REA.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

REA is a support function to the program areas of the Department. Because it is independent and centralized, there is no duplication of underwriting activity with other areas in the Department. This centralization also provides for consistent underwriting across all programs of the Department. During the underwriting process the underwriting staff is in direct contact with program staff so that if obstacles to completing the underwriting analysis exist, they will be exposed and resolutions to the problems can be coordinated. While contact varies between program areas, initial missing information is generally reported to the program in memo form and it is their role to contact the applicant and follow-up. When conflicting information is discovered later in the underwriting process, the applicant is generally contacted by phone directly from a REA staff member, though conference calls with Program staff on difficult issues are not uncommon. Any issues remaining after underwriting has completed the report generally become conditions of the report and are either resolved by program staff or become conditions of the Board approval as well.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Relationship with local governments. The program is not mandated to work with other units of local government; however, it does provide technical assistance from time to time on a requested basis to local housing authorities and forms of government on areas outside of the local entities' expertise or in a capacity to provide independent analysis.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

No contract expenditures were made through this program. However, REA assisted with the procurement of regional market studies in the past which have helped identify supply and demand of affordable housing in several markets across the state. The Department has had a limited budget for such studies the funding for which comes from fees on Multifamily Private Activity Tax-Exempt Bond administered through the Bond review Board. The amount of these fees available has diminished over the past year due to the downturn in financial institutions interest in funding Tax-Exempt Bond transactions.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None identified.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

- REA is a unique support service for the Department that is not available to many smaller state housing agencies in other states.
- In addition, REA provides a unique opportunity for staff associates to efficiently learn "on the job" and develop an understanding of the inner workings of the Department and specific program job requirements. Moreover, internal training provides more continuity of staff resources for the Department.
- REA also continues to evolve to affect the more efficient allocation of public funds. REA maintains databases and information of comparable rent information, historical operating expenses of properties funded by the department, development cost information, and utility allowance information from across the state.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:
- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Generally not a regulatory program, however REA is responsible for maintaining the Department's rules for third party report providers including Market Studies, Appraisals, Environmental Site Assessments, and Property Condition Assessments. In addition the REA maintains a list of approved Market Study providers who may provide an acceptable Market Study for Tax Credit Developments in accordance with Internal Revenue Code Section 42 requirements.

O. For each regulatory program, if applicable, provide the following complaint information.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Office of Colonia Initiatives
Location/Division	Office of Colonia Initiatives
Contact Name	Homero Cabello, Director
Actual Expenditures, FY 2008	$444,493
Number of FTEs as of August 31, 2008	7

Note: Expenditures reflect Administrative funding only.

B. What is the objective of this program or function? Describe the major activities performed under this program.

The fundamental goal of the Office of Colonia Initiatives (OCI) is to improve the living conditions and lives of border and colonia residents and to educate the public regarding the services offered through the Department. The OCI achieves this through administration of the Colonia Self-Help Centers Program and the previously described Texas Bootstrap Loan Program and by providing technical assistance to counties and self-help centers through its Austin office and three border field offices. These field offices, located in El Paso, Laredo and Edinburg help administer OCI programs and services and provide technical assistance to nonprofits, units of local governments, other community organizations and colonia residents along the Texas-Mexico border region regarding affordable housing program available to them. The OCI maintains a toll-free telephone line for similar purposes.

Colonia Self-Help Center Program

The Colonia Self-Help Center (SHC) Program is a statutorily required program that provides concentrated assistance to residents of specified colonias. As required by statute, TDHCA funds SHC in Cameron/Willacy, Hidalgo, Starr, Webb, and El Paso counties; TDHCA has also expanded the program to establish SHCs in Maverick and Val Verde counties. Examples of services provided include housing rehabilitation; new construction; surveying and platting; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; grant writing; infrastructure constructions and access; contract for deed conversions; and capital access for mortgages. Five colonias in each county are identified to receive concentrated attention from its respective SHC.

<u>Key services and functions:</u>

The Colonia Self-Help Centers were created pursuant to Subchapter Z of Chapter 2306 of the Texas Government Code which dictates funding including the use and administration of all funds provided to TDHCA through the state's annual Community Development Block Grant allocation from the HUD. Colonia Self-Help Centers are designed to assist individuals and families of low-income and very low-income to finance, refinance, construct, improve, or maintain a safe, suitable home in the colonias' designated service area or in another area the Department has determined is suitable.

(a) A Colonia Self-Help Center's goal is to improve the living conditions of residents in the colonias designated by TDHCA according to the Texas Government Code within a four year period after a contract is awarded.
(b) A Colonia Self-Help Center may serve individuals and families of low-income and very low-income by:
(1) providing assistance in obtaining loans or grants to build, rehabilitate, repair or reconstruct a home;
(2) teaching construction skills necessary to repair or build a home;
(3) providing model home plans;
(4) operating a program to rent or provide tools for home construction and improvement for the benefit of property owners in colonias who are building or repairing a residence or installing necessary residential infrastructure;
(5) helping to obtain, construct, access, or improve the service and utility infrastructure designed to service residences in a

colonia, including potable water, wastewater disposal, drainage, streets, and utilities;
(6) surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;
(7) providing credit and debt counseling related to home purchase and finance;
(8) applying for grants and loans to provide housing and other needed community improvements;
(9) providing other services that the Colonia Self-Help Center, with the approval of the Department, determines are necessary to assist colonia residents in improving their physical living conditions, including help in obtaining suitable alternative housing outside of a colonia's area;
(10) providing assistance in obtaining loans or grants to enable an individual or a family to acquire fee simple title to property that originally was purchased under a contract for a deed, contract for sale, or other executory contract;
(11) providing access to computers, the internet and computer training pursuant to the General Appropriations Act.
(12) providing monthly programs to educate individuals and families on their rights and responsibilities as property owners.

Major program activities

- The Department provides funding for services delivered at the local level through county government and nonprofits.
- The Department is responsible for:
  a) Development of contracts with affected counties to provide services within identified colonias.
  b) Oversight of program administration and compliance.
  c) Technical assistance.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

FY2008 performance measures

2.1.2. Strategy: Provide Tech. Asst. to Colonias through Office of Colonia Initiatives Field Offices	
Output 1: Number of On-site Tech. Asst. Visits Conducted Annually from the Colonias Field Offices	904
Output 2: Number of Colonia Residents Receiving Tech. Asst. Annually through the Colonia Field Offices	8,666
Output 3: Number of Entities and/or Individuals Receiving Info. Resources	2,987

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

In 1995, the Colonia Self-Help Center Program was established through SB1509, 74th Texas Legislature. Since its inception the program has been funded through a portion of the state's Community Development Block Grant allocation.

In 1996, TDHCA established the Office of Colonia Initiatives (OCI) Division to coordinate Department and legislative initiatives involving border issues and manage a portion of the Department's existing programs targeted for colonia residents.

In 2001 the 77thTexas Legislature created the Texas Department of Rural Affairs through HB 7, transferring the Texas Community Development Program to the new agency. Rider language relating to funding of the SHC Program was amended to require transfer of these funds to TDHCA for continued administration of the program.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The TDHCA Office of Colonia Initiatives provides technical assistance and resources to units of local government and nonprofits in border communities, low income persons in border communities, colonia residents, and self-help housing providers. Underdeveloped areas outside the jurisdiction of a municipality in particular benefit from the housing and infrastructure improvement provided through the Self-Help Centers.

Colonia Self-Help Center Program:
Beneficiary eligibility
Residents of targeted colonias who earn no more than eighty percent (80%) of the area median family income.

Provider Eligibility
As required by statute, operation of the colonia SHCs is managed by a local nonprofit organization, local community action agency, or local housing authority. Because CDBG funds can only be awarded to units of local government, TDHCA contracts with the affected counties to administer each SHC. These counties subcontract with a nonprofit organization to administer the program in their respective jurisdiction.

Statistics
The Colonia Self-Help Center program serves 35 colonias in the eight counties; the counties have approximately 30,000 colonia residents who qualify as beneficiaries of the SHC Program services.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The Department distributes Colonia Self-Help Center funds to Unit of Local Governments (Counties) from the 2.5% set-aside of the annual Community Development Block Grant allocation to the State of Texas. In accordance with a note referenced in §487.351 of the Texas Government Code (§2.15 of Acts 2001, Chapter 1367, 77^{th} Legislative Session), a Memorandum of Understanding (MOU) is executed between the Department and the Texas Department of Rural Affairs (TDRA) to transfer federal Community Development Block Grant (CDBG) funds from TDRA to TDHCA for the administration, operation and program activities of the Department's Border Field Offices and the Colonia Self-Help Centers (SHC) pursuant to the provisions of the General Appropriations Act and as authorized pursuant to Subchapter Z of Chapter 2306, Texas Government Code.

The Department allocates no more than $1.2 million per Colonia Self-Help Center award except as provided by Colonia Self-Help Center Rules. If there are insufficient funds available from any specific program year to fund a proposal fully, the awarded county may accept the amount available at that time and wait for the remaining funds to be committed upon the Department's receipt of the CDBG set-aside allocation from the next program year.

Major Administrative Activities Associated with the Colonia Self Help Center Program:

- Development of program rules and Requests for Proposals (if applicable).
- Review proposals received from counties.
- Administer and monitor resulting four-year contracts.

- As needed, coordinate with the Texas Water Development Board and Texas Department of Rural Affairs to eliminate delay in water and wastewater hookups.
- Provide technical assistance and training.

Border Field Offices activities:

- Provide workshops and other training to local officials regarding TDHCA and other affordable housing programs.
- Respond to requests for technical assistance related to affordable housing issues.
- Assist in administration of Bootstrap Home Loan Program, including training, technical assistance, and the servicing of loans.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding sources:
As required by current Rider 8 in TDHCA's bill pattern and Rider 7 in the Texas Department of Rural Affairs (TDRA) bill pattern, 2.5% of the state's annual allocation of Community Development Block Grant funds administered by TDRA must be directed to the Colonia Self-Help Centers. TDHCA receives these funds through an MOU as described in Section I. (Note: Funds used for direct program assistance are not reflected in TDHCA's bill pattern while limited funding transferred to TDHCA for administrative purposes in accordance to the MOU are reflected in TDHCA's bill pattern as an Interagency Contract.) TDHCA also utilizes Housing Trust Fund administrative funds, Appropriated Receipts, and HOME funds to support the OCI.

Total Funding Sources and SFY 2008 funding are as follows:

Federal Funds:
$1,377,276 in Community Development Block Grant Program Funds (This is 2.5% of the annual CDBG allocation and flows through TDRA; it is not reflected in TDHCA's bill pattern.)

$5,112 in HOME funds.

General Revenue:	$ 228,031
Appropriated Receipts:	$ 237,770
Interagency Contracts:	$ 68,069

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal programs

- The Department's various development and housing programs provide funding for some of the activities undertaken by self-help centers, but the concentrated and coordinated assistance to specific colonias which the program undertakes is unique.
- The Department maintains three field offices along the border that provide technical assistance to the region as well as support to the Colonia Self-Help Centers.
- Differences between border field offices and the Colonia Self-Help Centers.
  - Field offices work primarily with nonprofits and units of local government; whereas the Colonia Self-Help Centers work within the five targeted colonias.

- Field offices primarily provide technical assistance; whereas the Colonia Self-Help Centers also provide direct services.
- Field offices serve multi-county areas, whereas the Colonia Self-Help Centers concentrate on the five targeted colonias.

<u>External program</u>

- Colonias tend to be located outside of municipalities and therefore must rely on county resources. USDA Rural Development also offers housing funds to these areas. While other state agencies (e.g., Texas Water Development Board and Texas Department of Rural Affairs) provide some infrastructure funding statewide, activities funded tend to be complementary to rather than identical to activities funded through Department programs.
- There are other centers providing service to the colonias (e.g., the Texas A & M Community Service Centers), but these centers provide assistance with health and human services rather than housing and community development.
- The Texas Department of Rural Affairs operates field offices, however they are focused on community development specifically.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

<u>Coordination effort</u>

The Department regularly meets with other local, state and federal officials working to improve living conditions in colonias to ensure coordinated, non-duplicative services. This is necessary given the extensive need found in colonias and limited resources available. SHCs are eligible to apply for other TDHCA funding to complement their CDBG-funded activities.

<u>MOUs</u>

In accordance with a note referenced in §487.351 of the Texas Government Code (§2.15 of Acts 2001, Chapter 1367, 77th Legislative Session), a Memorandum of Understanding (MOU) is executed between the Department and the Texas Department of Rural Affairs (TDRA) to transfer federal Community Development Block Grant (CDBG) funds from TDRA to TDHCA for the administration, operation and program activities of the Department's Border Field Offices and the Colonia Self-Help Centers (SHC) pursuant to the provisions of the General Appropriations Act and as authorized pursuant to Subchapter Z of Chapter 2306, Texas Government Code.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

<u>Relationship with local governments.</u>

- The Department contracts with affected counties to oversee the operation of the Colonia Self-Help Centers.
- As requested, the OCI provides technical assistance to communities.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

No professional contracts were expensed through this office.

As previously noted, funding made through the Colonia Self-Help Center Program flows through the budget of TDRA and not through TDHCA. While not reflected in the TDHCA's budget, TDHCA utilized SFY 2008 SHC funds to support three (3) contracts totaling $1,794,477.

A short summary of the general purpose of those contracts overall:
The Colonia Self-Help Centers are designed to assist individuals and families of low-income and very low-income to finance, refinance, construct, improve, or maintain a safe, suitable home in the colonias' designated service area.

The methods used to ensure accountability for funding and performance:
Internal Standard Operational Procedures ensures that more than one Office of Colonia Initiative employee reviews a draw request prior to final approval. The Department's environmental staff ensures that federal environmental regulations are cleared prior to release of funds for construction activities. The Department's monitoring division monitors each contract minimally two times to verify that all applicable state and federal laws and regulations are followed. The Department's Internal Audit division conducts program audits to determine if the internal processes are being utilized and followed.

A short description of any current contracting problem:
High staff turnover in county departments and nonprofits create a constant need to build the capacity of local partners who oversee the implementation of the Colonia Self Help Centers.

As previously noted, funding made through the Colonia Self-Help Center Program flow through the budget of the Texas Department of Rural Affairs and not through TDHCA. While not reflected in TDHCA's budget, TDHCA utilized SFY 2008 SHC funds to support three (3) contracts totaling $1,794,477.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None identified.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

While statute specifies that a nonprofit must administer the SHC Program, Community Development Block Grant funds can only be awarded to units of local government. Therefore, TDHCA contracts with counties for the program. The counties subcontract with nonprofit organizations to administer the program.

The Colonia Self-Help Center Program Rules should be utilized to gain a better understanding of this program.

Program webpage: http://www.tdhca.state.tx.us/oci/index.jsp.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Single Family Bond Finance
Location/Division	Bond Finance Division
Contact Name	Matt Pogor, Director
Actual Expenditures, FY 2008	$680,581
Number of FTEs as of August 31, 2008	10

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of this function is to maximize the benefits provided to low to moderate income homebuyers through the First Time Homebuyer and the Mortgage Credit Certificate Programs and ensure compliance of all bond covenants. Towards this end, Bond Finance is responsible for the following:

- Structuring and issuance of single family mortgage revenue bonds, the proceeds of which will be used for below market interest rate mortgage loans and down payment assistance to very low, low and moderate income first-time homebuyers. These low interest rate mortgages significantly lower the cost of financing a home.
- Structuring and issuance of mortgage credit certificates.
- Ongoing compliance and monitoring of all single family and multifamily mortgage revenue bonds relating to the bond trust indentures including the payment of bond principal, interest and related fees, including timely and ongoing disclosure notices to the Municipal Securities Rulemaking Board, as required by the Securities Exchange Commission.

Major activities of the Bond Finance Division

- Structure single family mortgage revenue bonds with underwriting syndicate, bond counsel and financial advisor.
- Structure and administer Mortgage Credit Certificate Programs.
- Oversee sale of bonds to investors (through underwriting syndicate) and allocation of proceeds received from the sale to qualifying lending institutions throughout Texas.
- Monitor single family and multifamily bonds to ensure compliance with bond indentures, supplemental bond indentures, investment agreements, continuing disclosure agreements, and other legal documents.
- Monitor single family variable rate bond and interest rate swap performance.
- Monitor and negotiate liquidity provider contracts.
- Monitor mortgage pipeline and performance of program funds. Implement buydown and down payment assistance programs as necessary.
- Disseminate annual operating data, annual financial information, and material event notices required by the Securities and Exchange Commission.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

TDHCA's bonds have historically had high ratings, allowing TDHCA to offer lower interest rates to the low and moderate income households served. TDHCA's strong portfolio and flexibility have thus far allowed the agency to weather the current financial crisis. While TDHCA was unable to issue single family bonds in SFY 2008, TDHCA is in the process of issuing

$102.6 million in bonds despite the continuing crisis. TDHCA is able to accomplish this through the cooperation of the Comptroller of Public Accounts, which is supporting TDHCA's single family bonds by serving as the "liquidity provider" for the portfolio. *(See discussion on this issue in Section IX, Policy Issues.)*

See entry related to the First Time Homebuyer for relevant performance measures.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

- Tax-exempt and taxable bonds have been issued by the Department and its predecessor agency since 1980.
- The Tax Reform Act of 1986, passed laws affecting the tax code, including placing a per capita ceiling cap on the amount of tax-exempt financing that could be issued for private-activity purposes.
- Due to the current credit crisis, TDHCA was not able to issue bonds in SFY 2008; TDHCA issued only mortgage credit certificates during this timeframe.
- Despite the continuing crisis, TDHCA's strong portfolio and the cooperation of the Comptroller of Public Accounts will allow the Department to issue bonds in SFY 2009.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

See entry for First Time Homebuyer Program to find information on borrower eligibility.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

<u>Major activities of the Bond Finance Division</u>

- Structure single family mortgage revenue bonds with underwriting syndicate, bond counsel and financial advisor.
- Structure and administer Mortgage Credit Certificate Programs.
- Oversee sale of bonds to investors (through underwriting syndicate) and allocation of proceeds received from the sale to qualifying lending institutions throughout Texas.
- Monitor single family and multifamily bonds to ensure compliance with bond indentures, supplemental bond indentures, investment agreements, continuing disclosure agreements, and other legal documents.
- Monitor single family variable rate bond and interest rate swap performance.
- Monitor and negotiate liquidity provider contracts.
- Monitor mortgage pipeline and performance of program funds. Implement buydown and down payment assistance programs as necessary.
- Disseminate annual operating data, annual financial information, and material event notices required by the Securities and Exchange Commission.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding sources.
Chapter 1372, Texas Government Code, sets aside 28% of the state PAB authority for single family use. Of this, one-third is reserved for use by TDHCA. TDHCA can utilize the authority to issue tax-exempt single family mortgage revenue bonds in support of the First Time Homebuyer Program or to issue Mortgage Credit Certificates. In accordance with federal law, TDHCA must reserve 20% of resulting bond proceeds and certificates for federally designated target areas. Additionally, Rider 11 of TDHCA's bill pattern requires that 30% of bond proceeds be reserved for down payment assistance for low income persons. Both set-asides are in place for one year, at which time funds become available to all groups.

Like other issuers, TDHCA can expand available resources by seeking additional PAB cap released by other issuers or by combining the tax-exempt bonds with taxable bonds. With the exception of the previously discussed set asides, funds are available statewide on a first come, first-serve basis through participating lenders.

SFY 2008 Funding
In SFY 2008, this translated to almost $190 million in PAB authority. Due to the economic crisis and its impact on the bond market, TDHCA issued no bonds in SFY 2008 but was able to make $15 million in MCC available; this utilized $60 million of TDHCA's single family Private Activity Bond authority.

Fee Revenue/Appropriated Receipts
Appropriated receipts defray administrative costs associated with the program and are derived from administrative fees received by the Department for its services to ensure compliance with covenants and agreements. Depending on the bond structure, the fees vary from ten basis points to thirty-five basis points on mortgage loans outstanding, paid semi-annually. (A basis point is one-tenth of one percent.) The Department also receives an administrative fee for its services in issuing each MCC. The Department estimates the fee revenue and includes it in it Legislative Appropriations Request as Appropriated Receipts, which is then appropriated back to the Department through the General Appropriations Act. HB 1, 80th Texas Legislature appropriates $1,160,906 in support of TDHCA's Single Family Mortgage Revenue Bond and Mortgage Credit Certificate programs under Strategy A.1.1. Single family fees also support other TDHCA areas involved in the promotion of homeownership or in support of these programs, including the Office of Colonia Initiatives, the Housing Resource Center, and Central Support. (*See Section V-E for information on fees collected*.)

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal programs
There are no internal programs that carry out the same activities as the FTHB Program. Homebuyer assistance currently available through the HTF and HOME programs strictly entails down-payment assistance.

External programs
- There are approximately 51 local Housing Finance Authorities (HFAs) throughout Texas. The local HFAs compete through the lottery system at the Texas Bond Review Board for two-thirds of the bond cap reserved for single family mortgage loans. Like the Department, local HFA's also have the authorization to issue Tax-Exempt Mortgage Revenue Bonds to provide low-interest rate mortgage loans to first time homebuyers. For the most part, the local HFAs' programs are identical in nature to the state's program with the exception of service area. Local HFAs may only originate loans in their designated service area, whereas TDHCA serves the entire State of Texas. Also, local

HFA programs do not have the same set-aside restrictions found in the Department's programs. For the first one-year period after bonds are issued, the Department is requiring that 30% of the funds made available for financing mortgage loans be set aside for individuals and families of very low income (60% of applicable median family income). The Department also requires set-asides for rural and underserved areas and areas struck by natural disaster.

- The Texas State Affordable Housing Corporation (TSAHC) is a nonprofit corporation engaging in single family and multifamily lending and is a statewide issuer of housing finance bonds. TSAHC offers first-time homebuyer programs to specific professionals working in the state of Texas. Currently the Corporation administers the Homes for Texas Heroes and Professional Educators Home Loan Programs. The programs are available statewide on a first-come, first-served basis, and may offer low interest mortgage loans and down payment assistance.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Coordination efforts

The demand for Mortgage Revenue Bond financing in the State of Texas far outweighs the supply of funding afforded to both state and local Housing Finance Agencies. Local Mortgage Revenue Bond programs supplement the state's effort to provide affordable permanent financing.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

TDHCA and the Federal Housing Administration (FHA) entered into a Memorandum of Understanding (MOU) to promote safer, affordable government-insured mortgages in Texas. The MOU strengthens the partnership between the two governmental entities to assist each other to protect the financing process through adhering to underwriting rules for mortgages insured pursuant to the FHA's mortgage insurance programs; training lenders on FHA loan origination through a lender outreach and education plan; providing homeownership educator and counselor outreach and education; providing back-to-basics consumer homebuyer education; and helping lenders become familiar with, and understanding fair lending practices.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

No agency-related professional contracts were expensed to this program. However, fee revenue from the program defrays costs of agency-wide audits and other expenses incurred through Central Administration.

It should also be noted that professional contracts entered into in association with the issuance of mortgage revenue bonds are part of the Cost of Issuance (COI) for each bond and is paid through resulting bond proceeds. COI is part of the bond indenture and not reflected in the Department's budget.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Sections 2306.142(i) and 2306.142(l) of the Texas Government Code require the Department to allocate not less than 40% of the total single family mortgage revenue bond loan volume to meet the credit needs of borrowers in underserved economic and geographic submarkets in the state. The Department has determined it is unfeasible or will damage the financial condition of the Department to issue bonds with these restrictions. The Department currently is granted a waiver from this requirement by the Texas Bond Review Board with each bond issuance. Removal of these provisions would remove the necessity of requesting an annual waiver.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Program webpage: http://www.tdhca.state.tx.us/hf_bond_finance.htm.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	First Time Homebuyer Program, Mortgage Credit Certificate Program
Location/Division	Texas Homeownership Division
Contact Name	Eric Pike, Director
Actual Expenditures, FY 2008	$421,017
Number of FTEs as of August 31, 2008	5

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective through TDHCA's Texas Homeownership Division is to offer safe, conventional homeownership products to very low, low, and moderate income Texans who are ready for homeownership. Funds for this program are driven by a process where TDHCA receives a percentage of the state's tax-exempt private activity cap bond authority to finance below market interest loans, down payment assistance and mortgage credit certificates. The Department is responsible for issuing single-family mortgage bonds and mortgage credit certificates. The Department then distributes the resulting bond proceeds and mortgage credit certificates through a statewide network of private lenders who extend assistance to eligible households through the First Time Homebuyer and Mortgage Credit Certificate programs described in more detail below.

<u>First-Time Homebuyer Program</u>
The program is offered through a statewide network of participating lenders. The program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115% (this can reach 140% if the buyer is purchasing in a "targeted" area) of AMFI limitations, based on IRS adjusted income limits and the purchase price of the home must not exceed stipulated maximum purchase price limits. A minimum of 30% of program funds will be set aside to assist Texans earning 80% or less of program income limits.
The First Time Homebuyer Program may offer eligible homebuyers below market interest rate loans and/or down payment assistance. The First Time Homebuyer Program offers income eligible homebuyers a grant equal to 5% of the mortgage amount. To be eligible for that assistance, the buyer's income generally may not exceed 60% of the Area Median Family Income (AMFI) if purchasing a property in a Non-Targeted area. If purchasing in a Targeted area, which includes the Rita GO Zone, the buyer's income can go up to 140% AMFI based on family size. The program is available on a first-come, first served basis to individuals or families who meet income and home purchase requirements and have not owned a home as their primary residence in the past three (3) years. The program income and purchase price limits may be higher for eligible homebuyers purchasing in a targeted area or a disaster declared area. It should also be noted that homebuyers must complete a pre-purchase homebuyer education course prior to loan closing.

<u>Mortgage Credit Certificate Program</u>
TDHCA has the ability to issue Mortgage Credit Certificates (MCCs) through its bond authority. The program is offered through a network of approved lenders. An MCC provides a tax credit that reduces the federal income taxes, dollar-for-dollar, of qualified buyers purchasing a qualified residence. The credit cannot be greater than the annual federal income tax liability, after all other credits and deductions have been taken into account. MCC tax credits in excess of a borrower's current year tax liability may, however, be carried forward for use during the subsequent three years.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Performance figures for 2008:

1.1.1. Strategy: Provide Mortgage Financing & HBA through the Single Family Finance Division	
Output 1: Number of SF Loans and MCCs	2,057
Efficiency 1: Avg. Amt. Per Households FTHB w/out DPA	$ 128,652
Efficiency 2: Avg. Amt. Per Household FTHB w/ DPA	$ 97,738
Efficiency 3: Avg. Amt. Per Household New Constr. SF Bond	$ 22,417
Efficiency 4: Avg. Amt. Per Household Rehab SF Bond	-
Efficiency 5: Avg. Mortgage Credit Cert. Amt.	$ 38,533
Explanatory 1: FTHB Number of Households Served w/out DPA	1,001
Explanatory 2: FTHB w/ DPA Number of Loans	1,015
Explanatory 3: New Constr. Number of Households Served	18
Explanatory 4: Rehab Number of Households Served	0
Explanatory 5: Number of MCCs	23

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

See Bond Finance entry.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Borrower eligibility.

- Program recipients in non-targeted areas can earn no more than 100% of area median family income (AMFI). Families of three or more can earn up to 115% AMFI. Program recipients in targeted areas can earn no more than 120% AMFI and families of three or more can earn up to 140% AMFI.
- Borrower(s) must be a first time homebuyer (no homeownership of principal residence within past three years), except for in targeted areas, disaster declared areas, or those who are qualified veterans.
- The acquisition cost of the property cannot exceed 90% of the Average Area purchase price for non-targeted areas; 110% of Average Area purchase price for targeted areas and disaster declared areas, as established by the Treasury Department.

Local Providers.

The programs are offered through participating for profit and nonprofit private lenders.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

The Texas Homeownership Division is responsible for the day-to-day administration of certain activities related to the lending of MRB loan funds and the issuance of mortgage credit certificates. While the actual issuance of the bonds is the responsibility of the Bond Finance Division, it is critical that the Bond Finance Division and the Texas Homeownership Division work in concert throughout the bond issuance process.

The duties that are the responsibility of the Texas Homeownership Division as they relate to the FTHB Program and Mortgage Credit Certificate Program include:

1. Review Preliminary and Final Bond Program and Mortgage Credit Certificate Program Documents; Homeownership Division provides important input to Bond Finance regarding current market needs.
2. Process Lender Invitations to Participate
3. Oversee Lender Approval Process
4. Public Notification of available funds (speaking at workshops and conferences)
5. Lender Training
6. Program Marketing/Advertising
7. Consumer Hotline Administration
8. Tax Compliance Review
9. Monitoring of Lenders, Allocations, and Program Deadlines

The Texas Homeownership Division also administers the Mortgage Advantage Program and the 90-Day Down Payment Assistance Program. TDHCA created the 2 down payment assistance programs in an effort to monetize the $8,000 federal first time homebuyer tax credit made available through the American Recovery and Reinvestment Act of 2009. The 90 Day Down Payment Assistance Program provides up to $7,000 for borrowers purchasing their first home. The 2nd lien loan is zero percent interest for 90 days; thereafter, it amortizes for 2 years at a 10% interest rate. The Mortgage Advantage Program provides up to $6,000 for down payment assistance and must be used in conjunction with the Department's Mortgage Revenue Bond or Mortgage Credit Certificate Programs. This 2nd lien loan program is also 0% interest for 120 days; thereafter, it amortizes for 5 years at a 7% interest rate.

Administration of the Mortgage Advantage Program and the 90 Day Down Payment Assistance Program include the following responsibilities:

1. Developing Lender Agreements
2. Process loan packages.
3. Review and approval of loan files to ensure Lender is in compliance with the program guidelines.
4. Prepare and issue 2nd lien loan documents.
5. Review loan closing packages for proper compliance and documentation upon funding of the loan.

As part of the public notification process, staff participates in numerous homebuyer fairs, housing summits and Realtor sponsored events around the state.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

See Bond Finance entry.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Internal programs
There are no internal programs that carry out the same activities as the FTHB Program; however, homebuyer assistance is also available through the Department's HOME and HTF programs. The Bootstrap Program offers mortgages, but only through self-help housing.

External programs

- There are approximately 51 local Housing Finance Authorities (HFAs) throughout Texas. The local HFAs compete through the lottery system at the Texas Bond Review Board for two-thirds of the Private Activity Bond cap reserved for single family mortgage loans. Like the Department, local HFA's also have the authorization to issue Tax-Exempt Mortgage Revenue Bonds to provide low-interest rate mortgage loans to first time homebuyers. For the most part, the local HFAs' programs are identical in nature to the state's program with the exception of service area: Local HFAs may only originate loans in their designated service area, whereas TDHCA serves the entire State of Texas. Also, local HFA programs do not have the same set-aside restrictions found in the Department's program. For a period of one-year after bonds are issued, the Department is required to set-aside 30% of its lendable proceeds to finance mortgage loans for individuals and families at 80% and below the area median family income. In an effort to facilitate the origination of these loans, the Department is also required to provide down payment and closing cost assistance.
- The Texas State Affordable Housing Corporation (TSAHC) is a quasi-governmental nonprofit corporation engaging in single family and multifamily lending and is a statewide issuer of housing finance bonds. TSAHC offers first-time homebuyer programs to specific professionals working in the state of Texas. Currently the Corporation administers the Homes for Texas Heroes and Professional Educators Home Loan Programs. The programs are available statewide on a first-come, first-served basis, and may offer low interest mortgage loans and down payment assistance.
- The Veteran's Land Board offers homebuyer assistance.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Coordination efforts

- In December 2004, TDHCA entered into a partnership with the Texas Association of Realtors (TAR) as a means of helping more Texans become first time homeowners. This initiative, United Texas: Housing Initiatives That Work, included a major effort beginning in 2005 to train the 90,000 Realtors® in Texas on how to help first time homebuyers obtain low-cost mortgage financing. The 4-hour MCE course provides Realtors® with information on the mortgage loan process, real-estate statistics, as well as specific program information on TDHCA's affordable housing programs, Texas Veterans Land Board programs and USDA Rural Development programs. As of July 2009, division staff has participated in 79 classes, training approximately 3,400 Texas Realtors®.

- The demand for Mortgage Revenue Bond financing in the State of Texas far outweighs the supply of funding afforded to both state and local Housing Finance Agencies. Local Mortgage Revenue Bond programs supplement the state's effort to provide affordable permanent financing.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

TDHCA and the Federal Housing Administration (FHA) entered into a Memorandum of Understanding (MOU) to promote safer, affordable government-insured mortgages in Texas. The MOU strengthens the partnership between the two governmental entities to assist each other to protect the financing process through adhering to underwriting rules for mortgages insured pursuant to the FHA's mortgage insurance programs; training lenders on FHA loan origination through a lender outreach and education plan; providing homeownership educator and counselor outreach and education; providing back-to-basics consumer homebuyer education; and helping lenders become familiar with, and understanding fair lending practices.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems

See Bond Finance entry.

No contract expenditures were made through this division for fiscal year 2008; however, it should be noted that 2,057 households benefited from $232,874,750 in loans or mortgage credit certificates issued through a network of 95 lenders statewide (450 branch offices). These loans are funded through bond proceeds that are not reflected in the TDHCA budget.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None identified.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Division webpage: http://www.tdhca.state.tx.us/homeownership/index.htm

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:
- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information.

Not a regulatory program.

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Texas Statewide Homebuyer Education Program
Location/Division	Texas Homeownership Division
Contact Name	Eric Pike, Director
Actual Expenditures, FY 2008	$71,880
Number of FTEs as of August 31, 2008	NA

B. What is the objective of this program or function? Describe the major activities performed under this program.

In 1997, the 75th Texas Legislature passed HB 2577, which charged the Department with the development and implementation of a statewide homebuyer education program, designed to provide information and counseling to prospective homebuyers about the home buying process. The Texas Statewide Homebuyer Education Program (TSHEP) was created to fulfill this mandate. TDHCA funds TSHEP and contracts with training professionals to offer certification training to nonprofit organizations including Texas Agriculture Extension Agents, units of local government, faith-based organizations, CHDOs, community development corporations, community-based organizations and other organizations with a proven interest in community building.

Key services and functions.
The program provides homebuyer educational training to nonprofit organizations located throughout the state.

Major program activities.

- Program development,
- Identifying and accessing funding sources,
- Development of Request for Proposals,
- Scoring of proposals and final award determination,
- Program monitoring,
- Coordination of TSHEP partnerships.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Through TSHEP, approximately 560 organizations have been trained and to date a total of 26 workshops have been conducted.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Important history.

- The 75th Texas Legislature directed TDHCA to develop a statewide homebuyer education referral list and make it available on the agency website and through a toll-free number to locate TSHEP providers. The Department willingly exceeded this mandate by expanding TSHEP to provide training to local providers and establishing the parameters of the current program.

- In response to the foreclosure crisis, TSHEP has significantly increased its training materials specific to this issue.

See discussion of Foreclosure Mitigation Counseling (FMC) Program under New Programs.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Population served.

- The program is designed to serve consumers interested in purchasing a home, especially underserved populations, including lower income persons/households, minority populations, persons with disabilities, and persons living in colonias.
- Recently, under the Mortgage Revenue Bond and Texas Mortgage Credit Programs administered through the Texas Homeownership Division, all homebuyers are required to complete a homebuyer education course and can use the TSHEP homebuyer education providers.
- Organizations eligible for training including Texas Agriculture Extension Agents, units of local government, faith-based organizations, CHDOs, community development corporations, community-based organizations and other organizations with a proven interest in community building.

Key services and functions. The program provides Homebuyer educational training to nonprofit organizations located throughout the state.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Major program activities.

- Program development,
- Identifying and accessing funding sources,
- Development of Request for Proposals,
- Scoring of proposals and final award determination,
- Program monitoring,
- Coordination of TSHEP partnerships.

On an annual basis, the Department contracts with its service provider, currently the nationally recognized Neighborhood Reinvestment Corporation dba NeighborWorks America, to conduct TSHEP sponsored workshop trainings within the state. The trainings generally consist of basic pre- and post purchase counseling trainings and continuing education courses.

- Entities eligible to receive training: Nonprofit organizations (e.g. units of local government, public housing authorities, faith-based organizations, Community Housing Development Organizations).
- Training Component: Through the workshops offered, local nonprofit organizations are taught the principles and applications of comprehensive pre- and post purchase homebuyer education and certified as homebuyer education providers. The priority of the program is to ensure that there are nonprofits trained and qualified to address the demand for homebuyer education in all areas of the state and underserved areas.

- Targeted Beneficiaries: All Texans interested in purchasing a home are eligible to attend classes provided by a certified organization. Homebuyer education providers are encouraged to market to underserved populations (e.g. persons with disabilities, minorities, and low-income populations) and underserved areas (those that do not already have easy access in their area).

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Funding sources.
Housing Trust Fund Single Family General Revenue - $71,880. (TDHCA uses HTF administrative funds for this purpose.)

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

External programs.
There are many organizations throughout the state that conduct homebuyer education classes. The intention of TSHEP is to increase the ability of the existing successful providers to reach potential homebuyers, as well as take a more comprehensive approach. While there are numerous organizations in many cities in Texas, there is no one organization that oversees the operations or assures quality of homebuyer education providers throughout the state.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The goal of TSHEP is to bring comprehensive homebuyer education to all 254 Texas counties without duplicating the efforts of successful existing homebuyer education programs. The Department is not providing services directly but is using existing organizations to provide these services.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Relationships with local governments.
Units of local government are eligible to attend the TSHEP training seminars.

K. If contracted expenditures are made through this program please provide:
- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

TDHCA expended $71,880 on a contract to provide training to homebuyer education counselors across the State of Texas. TDHCA was present during all training sessions and employs standard contract monitoring practices. TDHCA is not experiencing any contracting problems.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None identified.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Division webpage: http://www.tdhca.state.tx.us/homeownership/tshep/index.htm

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:
- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information.

Not a regulatory program.

COMPLIANCE

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Compliance and Asset Oversight
Location/Division	Compliance and Asset Oversight
Contact Name	Patricia Murphy, Chief of Compliance and Asset Oversight
Actual Expenditures, FY 2008	$2,980,558
Number of FTEs as of August 31, 2008	29

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Compliance and Asset Oversight (CAO) Division ensures compliance with federal and state housing programs through desk reviews and on-site monitoring visits. CAO monitors entities that receive funding under the Housing Tax Credit (HTC), Tax Exempt Bond, HOME Investment Partnerships Program, Housing Trust Fund (HTF), and Community Development Block Grant (CDBG) programs. The monitoring performed by the Compliance and Asset Oversight division is required by federal statues and laws. For example, Treasury Regulation 1.42-5 requires any agency that allocates Housing Tax Credits to monitor for compliance. Likewise, participating jurisdictions that allocate HOME funds must monitor for compliance.

Compliance and Asset Oversight is comprised of 3 sections:

- Contract Monitoring,
- Compliance Monitoring and
- Physical Inspections

<u>Contract Monitoring</u> – The Contract Monitoring section is responsible for monitoring HOME, HTF, CDBG Disaster Relief, and CDBG Self Help Center contracts. Contracts are selected for monitoring based on a risk assessment. Many of the contracts selected for monitoring are single family owner occupied rehabilitation and Tenant Based Rental Assistance contracts under the HOME and HTF programs. Rental contracts are monitored during the construction period for compliance with Davis Bacon Labor Standards and cost allowability. The Contract Monitoring section is also responsible for ensuring that all Department subrecipients are in compliance with federal and state Single Audit requirements.

Contract Monitoring also completes Previous Participation reviews to ensure that applicants are eligible to receive Department funds and are not affiliated with a property in material noncompliance in accordance with statutory requirements. Developers/Administrators found to be affiliated with property in material noncompliance or with outstanding issues of noncompliance are not eligible for funding through the Department.

<u>Major activities</u> -

- Conducts on-site program and financial review of subrecipient records to ensure compliance with applicable requirements.
- Performs physical inspections of single family homes to ensure compliance with applicable property standards.
- Conducts desk reviews of subrecipient records to ensure compliance with applicable requirements.
- Prepares and distributes monitoring reports to subrecipients.
- Reviews corrective action submitted by administrators in response to monitoring letters.

- Reviews Single Audit reports for all Department subrecipients to ensure compliance with OMB Circular A-133 requirements.
- Reviews applicant compliance history to ensure eligibility to receive new award.

Compliance Monitoring – The Compliance Monitoring section monitors the multifamily rental portfolio to ensure that units are leased to low income households, rents are properly restricted and for other requirements of their Land Use Restriction Agreement. Examples of additional requirements include, affirmative marketing, leasing to special needs households, and providing social services.

Compliance and Asset Oversight monitors the multifamily rental portfolio funded by the Department. The Division is divided into four sections:

Major activities -

- Provides training and technical assistance to owners and management companies.
- Conducts on-site monitoring reviews. While on-site, staff reviews at least 20% of the lease files to ensure compliance with program requirements.
- Provides written monitoring letters with required corrective action and deadlines.
- Reviews owner corrective action submitted in response to monitoring letters.
- Submits form 8823 (Report of Noncompliance) to the Internal Revenue Service to report noncompliance, whether or not corrected.
- Scores all noncompliance in the Department's Compliance Status System.
- Reviews the Annual Owner's Compliance Report for all rental properties funded by the Department
- Conducts quarterly desk reviews of HOME and HTF properties during lease up.
- Provides training to owners and management staff on an on-going basis.

Physical Inspection – The Physical Inspection section monitors during construction to ensure compliance with accessibility laws (§504 of the Rehabilitation Act of 1973 and the Fair Housing Act) and to ensure that amenities promised at the time of application are present. Once construction is complete and the property is operating, the Physical Inspections section also inspects to ensure that the properties are decent, safe, sanitary, in good repair and suitable for occupancy.

Major activities -

- Conducts physical inspections of rental housing using the Uniform Physical Condition Standards (UPCS) from the U.S. Department of Housing and Urban Development's Real Estate Assessment Center (HUD and REAC). While on-site, at least 20% of the low income units are physically inspected.
- Oversees contracts with outside vendors that conduct UPCS inspections on behalf of the Department.
- Evaluates and scores UPCS reports.
- Sends notices of noncompliance to owners, management agents, and site staff outlining noted UPCS violations.
- Reviews owner's corrective action submitted in response to notices of noncompliance.
- Submits form 8823 (Report of Noncompliance) to the Internal Revenue Service to report noncompliance, whether or not corrected.
- Scores all noncompliance in the Department's Compliance Status System.
- Reviews architectural plans for properties receiving HOME and HTF awards for conformance with program requirements including accessibility.
- Conducts on-site mid-construction inspections of HOME and HTF properties prior to 50% draw.
- Conducts and/or coordinates final construction inspection of all multifamily properties funded by the Department.
- Educates developers and owners in the UPCS inspection protocol, construction requirements and accessibility.
- Assists other Divisions and Sections in conducting physical inspections.

Other miscellaneous major activities performed by Compliance and Asset Oversight:

- Reviewing Land Use Restriction Agreements for all Housing Tax Credit properties prior to recording.
- Publishing income and rent limits.
- Calculating utility allowances.

The Compliance and Asset Oversight Division is also responsible for property on which the Department has foreclosed. Currently there are three assets owned by the Department.

Under any program, if owner/administrator fails to comply, the Compliance and Asset Oversight Division refers the entity to the Department's Administrative Penalties Committee with recommended financial penalties.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

4.1.1. Strategy: To Monitor & Inspect for Federal & State Housing Program Requirements	
Output 1: Number of Monitoring Reviews	5,931
Output 2: Number of Desk Rvws.	4,885
Output 3: Number of Onsite Rvws.	1,046
Output 4: Number of Tech. Asst & Public Info. Req. Completed	6,075
Output 5: Number of Application-Related Instruments Processed	977
Efficiency 1: Avg. Cost to monitor a rental property	$ 1,055
Explanatory 1: Total Number of Rental Developments in the Compliance Monitoring Portfolio	2,037
Explanatory 2: Total Number of Units Administered	240,135
Outcome 1: Percent of Multifamily and/or Single-Family Rental Properties Monitored Annually	100%
Outcome 2: Percent of Contracts Administered Annually	100%
Outcome 3: Percent of Rental Developments in Material Non-Compliance	11%

The Compliance and Asset Oversight Division always follows state and federal mandated monitoring requirements. The Texas Department of Housing and Community Affairs has been cited by the Internal Revenue Service as an agency with a model compliance program.

Although the process for administrative penalties is still in its infancy, it is proving to be a very effective means for resolving noncompliance. Likewise, the previous participation reviews have been highly successful in ensuring compliance.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Contract Monitoring –

- An effort to ensure the independence of the monitoring functions from the program administration functions resulted in the creation of the Contract Monitoring section. Increased focus on monitoring and separation of duties within the Department has resulted in a more independent assessment of Administrator performance.
- Previous Participation Reviews are conducted on all applicants. These reviews have prevented non-performing Administrators from receiving additional funding from the Department.

Compliance Monitoring –

- In January 2007, the Internal Revenue Service released a Guide for Completing Form 8823 Low Income Housing Credit Agencies Report of Noncompliance. The 8823 guide had significantly impacted monitoring and reporting noncompliance under the HTC program.
- Treasury Regulation 1.42-10 was amended in July 2008 and created additional methodologies for calculating increased utility allowances and created new monitoring requirements. Calculating and approving utility allowances has had a significant impact on the workload of the Division.

Physical Inspection –

- Increasing concern over deteriorating physical condition of older properties has resulted in a strong emphasis on maintenance and property condition. The UPCS was incorporated as the inspection standard in 2005. Contracted UPCS inspections were initiated in the spring of 2005.
- In the summer of 2008, the Department created the Physical Inspection section of the Compliance Division. The new Inspection Section was officially constituted at the beginning of fiscal 2009.

The Federal changes have increased the scope of monitoring for the CAO Division. To ensure owners and management staff stay abreast of changes, the Division frequently provides training, holds roundtables presentations, posts memorandums on the Department website and releases email notifications.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The two primary groups are affected by the Compliance and Asset Oversight Division: 1) the owners and managers of property funded by TDHCA and 2) the households that reside in the properties funded by TDHCA

Owners/administrators are impacted by the CAO division if they fail to comply. Owners cannot receive final allocation of funds if they do not clear construction inspections. In addition, noncompliance potentially leads to a prohibition from receiving additional funds and the assessment of administrative penalties. As of July 23, 2009 approximately 2,000 properties are being monitored. When properties are found to be in Material Noncompliance, the owners of those properties are not eligible for additional funding.

The low-income households residing in TDHCA properties are impacted by the requirement to provide proof of their income and assets. They also have the benefit of the rent restrictions. As of July 23, 2009, approximately 215,000 households are residing in properties funded by TDHCA.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Contract Monitoring –

Contract monitoring reviews are selected based on a risk assessment of all open contracts. Risk factors include amount of award, amount of expenditures, experience with program, and past performance. The level of risk determines if the contract will be monitored through a desk review or on-site review. Desk reviews are conducted on lower risk Administrators; on-site reviews are conducted on higher-risk Administrators. On-site reviews include inspections of the units and larger scope of work. Reports indicating results are provided to each Administrator. *Please refer to the flowchart illustrating the Contract*

Monitoring procedures found in Additional Exhibits.

Compliance Monitoring –
The frequency of on-site reviews for the Housing Tax Credit program and the HOME program is mandated by Federal laws. The Department has developed monitoring standards for programs that do not have a specified monitoring frequency. The chart below indicates the frequency and percentage of units that are monitored for each housing program. *Please refer to the flowchart illustrating the Compliance Monitoring procedures found in Additional Exhibits.*

Program	On-site Frequency (Years)	Percentage of Low-Income Units required to be reviewed*
HTC	3	20%
BOND	2	15%
HTF	3	15%
HOME	1-4 units = 3 5-25 units = 2 >25 units = 1	20%
Preservation	3	15%
CDBG	3	20%

* *The Division's standard operating procedures require that a minimum of 5 units be reviewed during an on-site monitoring review.*

Physical Inspection –
Physical inspections are conducted following on-site reviews by the Compliance Monitoring Section. *Please refer to the flowchart illustrating the Physical Inspections monitoring procedures found in Additional Exhibits.*

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Compliance activities are funded through the federal program being monitored. The Inspection and Compliance Monitoring section is primarily funded through the compliance fees collected from properties. The current Housing Tax Credit compliance monitoring fee is $40 per unit. The Division's functions are also funded through administrative funds under the HOME and CDBG programs.

Funding information is being provided through the various program sections.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Contract Monitoring –

Internal programs:
During contract administration, Department program staff (i.e., HOME, CDBG, etc.,) provides technical assistance and may conduct limited monitoring to ensure the success of the administrator.

External programs:
Other state agencies (e.g., TDRA, TCADA, TWC, CJD, and TDHS) perform desk reviews of single audits received from their subrecipients. When a subrecipient receives federal funds from more than one state agency, it is possible that each state agency will perform its own desk review. Likewise, each state agency passing federal funds to subrecipients

will perform its own on-site monitoring, concentrating on their programs.

Compliance Monitoring –

External programs:

Many of the rental properties funded by TDHCA have more than one source of government financing. Southwest Housing Compliance Corporation (contractor for HUD), USDA, local tax exempt bond issuers and other HOME participating jurisdictions may be providing financing to and monitoring properties in the TDHCA portfolio. Each funding entity monitors in accordance with their rules and regulations.

Physical Inspection Section -

External programs:

- As with reviews of resident files or property operations, TDHCA properties with other government financing are inspected by more than one agency. Although there may be some overlap, each funding entity monitors in accordance with its rules and regulations.
- Lenders, syndicators, and Bond trustees may conduct inspections of properties they fund (outside or in conjunction with Departmental programs) especially during construction. These inspections do not use the UPCS.
- Some cities conduct periodic inspections for properties within their jurisdiction: Dallas and Fort Worth are examples.
- During construction, municipalities conduct inspections to ensure buildings meet applicable construction codes. In some municipalities, items inspected may overlap TDHCA's construction inspections.
- Local public housing authorities (PHA) issuing Section 8 Vouchers are required by HUD to inspect annually. The inspection standard used (Housing Quality Standards-HQS) differs from the UPCS and is not as inclusive. The PHA only inspects the units that are occupied by Voucher holders.
- The Civil Rights Division of the Texas Workforce Commission and HUD's Fair Housing and Economic Opportunity offices enforce accessibility regulations. The Department monitors and inspects for physical compliance with Fair Housing, §504, and other accessibility requirements, but cannot investigate complaints of discrimination based on these laws. Directing complainants to the state or federal investigators is the only avenue available to handle these issues.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Contract Monitoring -

Internal:

HOME Program and Contract Monitoring staff meet monthly to coordinate. Program staff informs monitoring staff about any potentially troubled contracts. The Contract Monitoring staff provides feedback based on observations in monitoring about areas in need of additional technical assistance.

External:

- If another state agency has reviewed and accepted a subrecipient's single audit, the Department will accept another state agency's review in lieu of duplicating its own. Similarly, Audit Resolution staff provides copies of acceptance letters to other state agencies.
- Any information discovered either through an audit desk review or as a result of an on-site monitoring visit pertaining to another state agency's funds is communicated with the other agency as deemed necessary.

Compliance Monitoring -

External programs:

If another monitoring entity requests copies of a monitoring report, they are shared as appropriate.

Inspections –

External:

Most inspections conducted by external entities do not use the UPCS protocol or inspect the minimum number of units needed to meet the IRS requirements.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

No direct programmatic or functional relationship with other governmental entities.

K. If contracted expenditures are made through this program please provide:
- **the amount of those expenditures in fiscal year 2008;**
- **the number of contracts accounting for those expenditures;**
- **a short summary of the general purpose of those contracts overall;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

Compliance Monitoring -
- Contract expenditures in fiscal year 2008 totaled $405,746 for long-term compliance monitoring of the Affordable Housing Disposition Program (AHDP). The Department terminated this contract effective August 31, 2008.
- Contract expenditures for fiscal year 2008 also included $69,999 for legal expenditures to develop rules for accessibility standards to be used for affordable housing programs administered by the Department.

Inspections -
- Contract expenditures in fiscal year 2008 totaled $279,474.
- Two separate contractors conducted physical inspections for the Department.
- Inspections were conducted to assess the physical condition of developments administered by the Department. These inspections supplemented the inspections performed by Compliance Monitoring staff.
- Use of the contract funding was tracked by staff through verification of invoiced inspections and by matching inspections reports to the corresponding invoices and assignments.
- The contracts were extended into fiscal 2009 for a reduced amount of $120,000 after the addition of four staff inspectors.
- Funds released from the termination of the AHDP monitoring contract were allocated to the Inspections section.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None identified.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

The Compliance Monitoring Rules and IRS 8823 Audit Guide are attached.

Program webpage: http://www.tdhca.state.tx.us/pmcomp/

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not regulatory.

O. For each regulatory program, if applicable, provide the following complaint information.

Not regulatory.

EMERGENCY HOUSING AND DISASTER RECOVERY

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Community Development Block Grant Disaster Recovery Programs
Location/Division	Emergency Housing and Disaster Recovery
Contact Name	Sara Newsom, Deputy Executive Director
Actual Expenditures, FY 2008	$439,757,702
Number of FTEs as of August 31, 2008	13

B. What is the objective of this program or function? Describe the major activities performed under this program.

Hurricane Rita: 1st Supplemental Funding (Round I)

TDHCA is the state agency designated by the Governor to administer the grant of $40,259,276 appropriated by Congress in an initial CDBG supplemental funding for recovery from hurricanes Rita and Katrina and allocated to the state by the US Department of Housing and Urban Development (HUD). The grant is for housing recovery efforts related to Hurricane Rita. Texas received a total of $74,523,000. TDRA is administering the non-housing portion of the grant in the amount of $32,144,815.

Round I funding was made available to TDHCA by HUD via the grant agreement on June 19, 2006.

Hurricanes Katrina and Rita: 2nd Supplemental Funding (Round II)

TDHCA is the state agency designated by the Governor to administer the grant of $428,671,849 appropriated by Congress in a second CDBG supplemental funding for recovery from hurricanes Rita and Katrina and allocated to the state by HUD. The grant is for recovery efforts related to Hurricane Rita. The funding also addresses needs arising from Katrina evacuees. TDHCA administers all housing related activity under the grant. The Office of Rural and Community Affairs ("TDRA") is the state agency designated to administer that portion of the grant relating to non-housing recovery activity.

Round II funding was made available to TDHCA by HUD via the grant agreement on May 12, 2007.

Hurricanes Ike and Dolly: 3rd Supplemental Funding (Round III)

TDRA is the state agency designated by the Governor to administer that portion of the $6,053,584,933 that was appropriated by Congress under a CDBG supplemental funding for recovery from a number of disasters, including hurricanes Ike and Dolly. HUD made an initial allocation to Texas of $1,314,990,193, of which TDHCA is administering $621,448,377 for housing recovery efforts related to hurricanes Ike and Dolly. HUD made a second allocation of $1,743,001,247 (Round IV). The total allocated to Texas under the grant for recovery from hurricanes Ike and Dolly is $3,057,991,440. The amount of the Round IV funds that will respectively be administered by TDRA and TDHCA has not been finalized at this time, but it is estimated that the housing funds, which will be administered by TDHCA, will be not less than $871,500,523.

The first portion of Round III funding was made available to TDHCA from HUD, via TDRA, on March 27, 2009. Round IV funding has not been made available HUD published guidance as to how it will be administered on August 14, 2009.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Hurricane Rita: 1st Supplemental Funding (Round I)

Under the 1st Supplemental CDBG Disaster Recovery Program (referred to as Round I), there are three Councils of Governments (COGs) responsible for administering housing contracts to help restore and rebuild in areas of the state most directly impacted by Hurricane Rita. Of the $74.5 million, the total funding allocation administered by the COGs is $40,324,845 broken down as follows:

- Deep East Texas Council Of Governments (DETCOG) - $6,745,034
- Houston-Galveston Area Council (H-GAC) - $7,015,70
- South East Texas Regional Planning Commission (SETRPC) - $26,564,105
    - SETRPC - $16,964,225
    - Beaumont - $4,199,680
    - Port Arthur - $5,400,200

Cumulatively, the COGs have completed assistance to 482 households, have another 12 homes under construction, and have 18 more homes under contract pending the onset of construction activities. Program efficiencies have allowed for a greater number to be served than was originally anticipated. All program activities were on track for completion in summer 2009, but the additional efficiency and the ability created thereby to serve more households has necessitated an extension of the program. All program activities should be complete by October 31, 2009.

Project Summary As of July 1, 2009

	* No. to be Served per Contract	No. out for Bid	** Units Under Contract	No. Site-built Under Construction	Total Rehabilitated/ Reconstructed	No. of MHUs Delivered	Total No. Constructed/ Delivered
DETCOG	96	0	0	0	13	115	128
H-GAC	103	0	5	2	23	73	96
SETRPC	228	0	13	10	205	53	258
SETRPC	127	0	8	6	105	53	158
Beaumont	55	0	3	2	50	0	50
Port Arthur	46	0	2	2	50	0	50
Total	427	0	18	12	241	241	482

** Based on the contractual number of households that the COGs are required to be served with the funding allocation*
*** Total of MHUs ordered but not yet delivered and construction contracts signed for site-built units*

Hurricanes Katrina and Rita: 2nd Supplemental Funding (Round II)

The 2nd Supplemental CDBG Disaster Recovery Funding (referred to as Round II) is the second of two appropriations of CDBG funding to help restore and rebuild in areas of the state most directly impacted by Hurricane Rita, but it also addresses needs arising from Hurricane Katrina evacuees. TDHCA administers several housing activities including a state administered Homeowner Assistance Program, a rental restoration program, local funds awarded to the City of Houston for Public Services and the Sabine Pass Restoration Program, which provides disaster assistance to the residents of Sabine Pass.

The total funding allocation is $428,671,849, broken down as follows:

TDHCA administers the Housing Assistance Program through a contract management firm, which provides housing rehabilitation, reconstruction, new construction and elevation in the 22 county region affected by Rita. The goal of the program is to restore housing for at least 2800 families that received damage from Hurricane Rita. The program is expected to expend all funds by December 2010. The program totals include the following:

2nd Supplemental CDBG Disaster Recovery Activity	Available Funding	Amount Contracted per Activity	Cumulative Expenditures	% of Expenditures Disbursed	Balance Remaining
Rental Housing Stock Restoration Program ("Rental")	$82,866,984	$82,779,333	$38,120,994.16	46.05%	$44,658,338.84
TDRA's Restoration of Critical Infrastructure Program (Infrastructure)	$42,000,000	$42,000,000	$14,178,461.34	33.76%	$27,821,538.66
City of Houston and Harris County Public Service and CDP ("Houston/Harris")	$60,000,000	$60,000,000	$32,044,926.50	53.41%	$27,955,073.50
Homeowner Assistance Program ("HAP")	$210,371,273	$210,371,273	$29,158,705.28	13.86%	$181,212,567.72
Sabine Pass Restoration Program ("SPRP")	$12,000,000	$12,000,000	$3,732,716.92	31.11%	$8,267,283.08
State Administration Funds (Used to Administer Funding)	$21,433,592	$21,433,592	$7,281,662.42	33.97%	$14,151,929.58
Total CDBG Round 2 Funding	$428,671,849	$426,952,198	$124,517,466.62	29.05%	$304,066,731.38

AS OF 6/30/09	HAP	SPRP	Total
Completed Applications	2,866	104	2,970
Eligibility Determined	1,854	106	1,960
Inspections Complete	1,701	111	1,812
Projects Assigned to Contractors	1,118	68	1,118
Benefit Selection Meetings Held	1,062	68	1,130
Closings	614	59	673
Construction Starts	490	46	536

Hurricanes Ike and Dolly: 3rd Supplemental Funding (Round III)

Under Hurricanes Ike and Dolly: 3rd Supplemental Funding (Round III), the councils of governments ("COGs") for the impacted counties were assigned the responsibility of determining how funds would be allocated through a Method of Distribution ("MOD") process. The objective of the MOD process was to have locals make the determinations as to the allocation amounts to each based public input and objective and verifiable data, and to determine the allocation between housing (TDHCA-administered) and non-housing (TDRA-administered) activities.

TDHCA is in the process of approving applications by the subrecipients identified in the MOD process to administer housing activities. Contracts must be executed between TDHCA and the each subrecipient before housing activities commence. Subrecipients include both COGs and COG-designated units of local government.

Six of the 11 affected COG regions have subrecipients that incurred FEMA-documented housing damage and, therefore, received housing allocations, and there will be 19 Subrecipients. The subrecipients and their allocation amounts are as follows:

Subrecipient	Amount of Housing Allocation
BVCOG	$0
Brazos Valley Affordable Housing Corporation	$948,929
DETCOG	$5,931,070
Subrecipient	Amount of Housing Allocation
ETCOG	$415,117
H-GAC	$11,077,719
Galveston	$160,432,233
Galveston County	$99,503,498
Harris County	$56,277,229
Houston	$87,256,565
Chambers County	$20,921,582
Liberty County	$8,878,923
Fort Bend County	$1,582,107
Montgomery County	$6,909,237.
LRGVDC	$0
Brownsville	$1,635,318
Cameron County	$3,093,750
Mission	$209,638
Hidalgo County	$2,000,000
Raymondville	$128,787
Willacy County	$412,500
SETRPC	$95,000,000
TOTAL	$562,614,202

Hurricanes Ike and Dolly: 4th Supplemental Funding (Round IV)

On June 10, 2009, HUD announced the allocation of the remaining $3.7 billion of the CDBG supplemental appropriation of disaster assistance to 11 states to help them recover from natural disasters that occurred in 2008. Texas received an additional allocation of approximately $1.7 billion. Allocation decisions as to housing and non-housing activities and local allocations within COG regions have not yet been made. TDHCA has been designated by the Governor to administer all housing activities under the allocation.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Hurricane Rita: 1st Supplemental Funding (Round I)

On December 30, 2005, President Bush signed legislation (HR 2863) providing $11.5 billion in disaster relief to five Gulf Coast states including $74.5 million for Texas. Through continued meetings since HR 2863 was signed, the state of Texas has identified over $1.5 billion in needed repairs related directly to Hurricane Rita.

The Texas Department of Housing and Community Affairs (TDHCA), at the direction of the Office of the Governor and in conjunction with the Texas Department of Rural Affairs (TDRA), has worked with the four affected Councils of Governments (COGs) to distribute funds under the CDBG Disaster Recovery Funds to Areas Most Impacted and Distressed by Hurricane Rita. The Department of Defense Appropriations Act, 2006 (Public Law 109-148, approved December 30, 2005) made a supplemental appropriation of $74,523,000 in CDBG funding to be used toward meeting unmet housing, infrastructure, public service, public facility, and business needs in areas of concentrated distress. TDHCA provides the state administration for housing, and TDRA provides the state administration for non-housing needs. TDHCA and TDRA used FEMA data to determine the distribution of housing and non-housing related damage across the eligible counties. The eligible applicants, per the State's Action Plan, are four Councils of Government (COGs) - Deep East Texas Council of Governments (DETCOG), East Texas Council of Governments (ETCOG), Houston-Galveston Area Council (HGAC), and the South East Texas Regional Planning Commission (SETRPC). These COGs applied on behalf of the eligible entitlement communities, non-entitlement communities, and federally recognized Indian Tribes within their region. The U.S. Department of Housing and Urban Development (HUD) has mandated that a minimum of fifty-five percent (55%) of the funds be allocated for housing. The availability of funds was announced February 13, 2006 in Volume 71, Number 29.

Pursuant to the notice, TDHCA staff began to craft an action plan and held public hearings to gather comment from the general public and the COGs. The application was made available on May 12, 2006, and application workshops were conducted. The COGs worked quickly to create a method of distribution for all of the jurisdictions in their respective areas. COG staff independently developed different methodologies basing their distribution on a variety of statistical information including FEMA, Texas Department of Insurance, and Census poverty data, as well as public input. Each COG attempted to define unmet needs specific to households below 80% of the area median family income.

Based on data from damage reports, three of the four COGs were eligible for an allocation of housing funds. In general, these COGs contracted with construction contractors to perform the proposed housing activities such as emergency repair, rehabilitation, reconstruction, demolition, etc. The Deep East Texas Council of Governments and The Houston-Galveston Area Council used this method to administer all of their housing funds. The Southeast Texas Regional Planning Commission also utilized this arrangement for the nonentitlement areas of their service region but made a direct allocation of funds to the entitlement cities of Beaumont, Port Arthur, and Orange.

Hurricanes Katrina and Rita: 2nd Supplemental Funding (Round II)

Congress recognized that the 1st Supplemental CDBG Disaster Recovery Funding authorized under PL 109-148 was not sufficient given the full impact that the 2005 hurricane season had on the entire gulf coast region. The 2nd Supplemental CDBG Disaster Recovery Funding authorized approximately $429 million to Texas to help restore and rebuild in areas most directly impacted by Hurricanes Rita and Katrina.

The 2nd Supplemental CDBG Disaster Recovery Funding (referred to Round II) is the second of two awards in CDBG funding to help restore and rebuild in areas of the state most directly impacted by Hurricane Rita, but it also addresses needs arising from Katrina evacuees. The total funding allocation is $428,671,849.

<u>General Funding Information by Activity:</u>
Restoration of Critical Infrastructure Program: The Texas Department of Rural Affairs (TDRA) administered activities awarded under this program through a contract with TDHCA and approved by TDHCA's Governing Board.

City of Houston: Funding of $20 million was allocated to the Houston Police Department for establishment of a Multi-Family Apartment Community Program. The funds were utilized to procure equipment and supplies to support the program and to staff the program with officers on overtime.

Funding of $20 million was also allocated to carry out rehabilitation of existing multi-family housing stock through the existing Apartment to Standards Program. These funds will provide rehabilitation of multi-family housing to the evacuee population.

Harris County: Funding of $20 million was allocated to provide services to the residents of Harris County among five different program components: Expanded Services to Hurricane Evacuees (Harris County Sheriff's Dept.), Evacuee Medical Services (Harris County Hospital District), Katrina Crisis Counseling Program (Mental Health and Mental Retardation Authority), Youth Offenders Services (Harris County Sheriff's Dept.) and the Disaster Housing Assistance Program Component (Harris County).

Multifamily Rental Housing Stock Restoration Program: On September 13, 2007, the TDHCA Board awarded $81.1 million to repair or rebuild seven Golden Triangle-area affordable multifamily rental properties damaged or destroyed by Hurricane Rita. An additional amount was subsequently awarded to Orange Navy Homes to address historical components of the development which also will result in additional affordable units. The construction work, once completed, will restore rental unit housing to 813 low-income individuals and families.

Homeowner Assistance Program (HAP) and Sabine Pass Restoration Program (SPRP): The Governor identified destruction done to individual homes as one of the most persistent and difficult issues to address in the aftermath of Hurricane Rita. To deal with this real need of Texans who have no other place to turn, the highest funding priority was the CDBG Homeowner Assistance Program (HAP), assisting homeowners whose family income was up to 80% of the area median family income. Funding in the amount of approximately $210 million was made available to serve homeowners of LMI income whose homes were damaged by Hurricane Rita. Part of this funding priority, $42 million (20% of the Homeowner Assistance Program funds), was targeted specifically for persons with special needs. There is a program goal to restore approximately 2800 homes.

In addition to HAP, there is the Sabine Pass Restoration Program (SPRP). While many communities in South East Texas were substantially impacted by Rita, the coastal community of Sabine Pass was nearly destroyed by the storm. To help address this extreme need, funding in the amount of $12 million was set aside to assist homeowners in the coastal community of Sabine Pass. Home rehabilitation and reconstruction assistance was made available for homeowners whose family income was up to 150% of the area median family income. Homeowners may also apply for assistance in an amount up to $30,000 to help defray the costs of elevating rehabilitated or reconstructed homes in accordance with FEMA advisory flood elevations or subsequent FEMA permanent maps. Additionally, a homeowner whose household includes a person with a disability or an elderly person may apply for an additional $15,000 in assistance for additional accessibility related costs.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Hurricane Rita: 1st and 2nd Supplemental Funding Hurricanes Katrina and Rita:
Activities conducted by CDBG funds must meet one of three National Objectives. Those objectives are identified as: Benefiting Low and Moderate Income persons; Preventing or Eliminating Slum or Blight, and Meeting Urgent Needs. The federal regulations require that at least 50% of the expenditures must be used for the national objective of benefiting persons of low and moderate income.

Households must meet certain eligibility criteria to qualify under the Low or Moderate Income objective. Assistance can not be provided until eligibility is determined and documented. The eligibility determination process contains multiple tasks such as determination of annual income, documentation of ownership status, and evaluation to ensure there is no duplication of assistance. Additional elements to qualify for the Housing Assistance Program include:

- Requirement to own or rent a single family residence (including manufactured housing units, duplexes, or townhomes) on the date of the storm.
- The unit must have been the primary residence on the date of the storm.
- The damaged home was a single family residence (including manufactured housing units, duplexes, or condominiums).
- The home was damaged or destroyed on the date of the storm as a direct result of the specific Hurricane.
- The household income must be 80% or less of Area Median Family Income.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Hurricane Rita: 1st Supplemental Funding (Round I)
Three COGs; Southeast Texas Regional Planning Commission (SETRPC), Deep East Texas COG (DETCOG) and Houston-Galveston Area Council (H-GAC) received funding for housing activities under Rita Round I. TDHCA monitored to ensure compliance with regulations, to ensure benchmarks were timely achieved, and to assure that homes were restored to meet construction standards and local codes. Funds under Rita I are expected to be expended and the program closed October 2009.

Hurricanes Katrina and Rita: 2nd Supplemental Funding (Round II)
The 2nd Supplemental CDBG Disaster Recovery Funding (referred to as Round II) is the second of two awards in CDBG funding to help restore and rebuild in areas of the state most directly impacted by Hurricane Rita. The total funding allocation is $428,671,849. As stated in previous questions, funding was broken down to fund $20 million to the Houston Police Department for establishment of the Housing Safety Component. An additional $20 million was allocated to carry out rehabilitation of existing multi-family housing stock through the existing Apartment to Standards Program in Houston. Funding of $20 million was allocated to provide services to the residents of Harris County among five different program components: Expanded Services to Hurricane Evacuees (Harris County Sheriff's Dept.), Evacuee Medical Services (Harris County Hospital District), Katrina Crisis Counseling Program (Mental Health and Mental Retardation Authority), Youth Offenders Services (Harris County Sheriff's Dept.) and the Disaster Housing Assistance Program Component (Harris County). These programs were administrated by Houston and Harris County. Amendments to Harris County's programs have been made to meet the changing needs of the Katrina evacuees. An apartment rehabilitation program component has most recently been added to utilize these funds to assist with recovery. TDHCA provides monitoring and oversight activities.

The TDHCA Board awarded $82.7 million to repair or rebuild seven Golden Triangle-area affordable multifamily rental properties damaged or destroyed by Hurricane Rita. TDHCA provides monitoring and oversight of the construction or rehabilitation of the developments through completion. Once construction is complete the assets will be monitored by the Compliance and Asset Oversight Division of TDHCA.

The remaining funds were allocated to the state administered Homeowner Assistance Program and Sabine Pass Restoration Program. TDHCA administers the program through a contractor manager procured in accordance with state requirements following the issuance of a Request for Proposals. ACS is the contract manager. Although ACS alone has direct responsibility to TDHCA for the full scope of its contract, it uses two subcontractors: Reznick for determining and documenting eligibility and Shaw for construction oversight.

A weekly meeting is held with ACS to update TDHCA with construction progress processes and expenditures and there are extensive daily interactions between TDHCA staff and ACS on all aspects of these programs. TDHCA staff also provides regional field office oversight and extensive on-site oversight and interaction with ACS, its procured subcontractors, local authorities, and individual benefit recipients. TDHCA staff also coordinates extensively with HUD oversight staff.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Hurricane Rita: 1st Supplemental Funding (Round I)
HUD issued Community Development Block Grant (CDBG) funding associated with the Department of Defense Appropriations Act,2006 (Public Law 109-148, approved December 30, 2005) for disaster relief of unmet housing and infrastructure needs resulting from Hurricane Rita in the most impacted and distressed areas of Texas. Public law 109-148

Hurricanes Katrina and Rita: 2nd Supplemental Funding (Round II)
Public Law 109-234 (effective June 15, 2006) provided $5.2 billion supplemental appropriation of CDBG Disaster Recovery Funding for *"necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of Hurricanes Katrina, Rita, or Wilma."* In reviewing the totality of the need in the five state region covered by the law, $428,671,849 was specifically allocated to Texas by the Secretary of HUD. As further provided for under the law, *"funds provided under this heading shall be administered through an entity or entities designated by the Governor of each State."* Governor Rick Perry designated TDHCA as this entity for the State of Texas.

Hurricanes Ike and Dolly (first allocation)
HUD issued CDBG funding associated with the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, (Public Law 110-329), enacted on September 30, 2008.

Hurricanes Ike and Dolly (second allocation) – pending
HUD issued a second appropriation of CDBG funding under Public Law 110-329, approved September 30, 2008. The "Second 2008 Act" appropriated $6.5 billion to remain available until expended for necessary expenses related to disaster relief, long term recovery and restoration of infrastructure, housing and economic revitalization in areas affected by disasters in 2008. The Action Plan is currently under development however it is anticipated that approximately $850 million will be allocated to housing activities administrated by TDHCA.

FEMA Alternative Housing Pilot Program
FEMA awarded TDHCA funds under the Alternative Housing Pilot Program to provide temporary and permanent panelized housing on single lots and a group site to allow FEMA to evaluate and test the long term characteristics of the housing model and the effects of housing on those displaced by disasters. The funding was authorized under the Homeland Security Act of 2002, H.R. 5005-8, P.L. 107-296, and public law 109-234, Emergency Supplemental Appropriations Act for Defense, The Global War on Terror, and Hurricane Recovery, 2006. Two-hundred and fifty thousand ($250,000) of state Housing Trust Funds were pledged to this program to provide assistance with accessibility and energy efficiency costs. None of the HTF funds have been expended.

Disaster Contingency Fund
HB 4409 (81st Legislature, regular session) amended Tex. Gov't. Code, Chapter 418, to require the Department to enter into prep positioned contracts for emergency temporary housing in the event of a declared disaster. The payment for any such procurement may be from the disaster contingency fund created by Tex. Gov't. Code, §418.073.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

The HOME program provides similar but not identical assistance through the owner occupied rehabilitation program and the development and/or rehabilitation of affordable rental properties. The low income housing tax credit program provides financing for the development and/or rehabilitation of affordable rural properties and is subject to augmentation and/or alternative funding via the tax credit assistance program and/or the tax credit exchange created by the American Recovery and Reinvestment Act of 2009. The Housing Trust Fund has the ability to provide similar assistance, but at present its appropriated funding is programmed for other uses.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The CDBG disaster recovery program administered under Rita Rounds I and II and Ike/Dolly's first allocation have specific policies and procedures in place to screen applicants for potential duplication of benefit issues. This will also be a feature of Ike/Dolly's second allocation programs.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Rita Round I is administered by the Councils of Government in the impacted area. They receive technical assistance and regular monitoring from Department staff.

K. If contracted expenditures are made through this program please provide: • the amount of those expenditures in fiscal year 2008; • the number of contracts accounting for those expenditures; • a short summary of the general purpose of those contracts overall; • the methods used to ensure accountability for funding and performance; and • a short description of any current contracting problems.

2008 Grant Expenditures and Encumbrances: $438,528,406, associated with the following:

1st Supplemental Funding (Rd I) – Public Law 109-148 appropriated $74,523,000 from the US Department of Housing and Urban Development (HUD) for housing recovery efforts related to Hurricane Rita. Please note that while TDHCA is the lead agency, only $1,579,820 associated with administrative expenses is reflected in TDHCA's budget because the funds flowed through Texas Department of Rural Affairs (TDRA). TDHCA administered the funds in conjunction with TDRA. TDHCA administered $40,259,276 associated with housing. TDRA administered the balance to address infrastructure damage.

2nd Supplemental Funding (Rd II) – Public Law 109-236 appropriated $428,671,849 from the US Department of Housing and Urban Development (HUD) for housing recovery efforts related to Hurricane Rita and to address the needs arising from Katrina evacuees. TDHCA is the lead agency; unlike the first supplemental, all funds flow through TDHCA. TDHCA directly administered $386,584,198 associated with housing needs. TDRA administered the balance to address infrastructure damage.

Alternative Housing Pilot Program (AHPP) – Federal Emergency Management Agency (FEMA) appropriated $16,471,725 to demonstrate an alternative housing solution to the FEMA trailer in the areas affected by the 2005.

<u>The number of contracts accounting for those expenditures;</u>

1st Supplemental Funding (Rd I) – Funding was allocated to Deep East Texas Council of Governments (DETCOG), Houston-Galveston Area Council (HGAC), and the South East Texas Regional Planning Commission (SETRPC). Collectively, the COGS are responsible for administering housing contracts to help restore and rebuild in areas of the state directly impacted by Hurricane Rita. A total of 3 contracts were executed to perform these activities.

2nd Supplemental Funding (Rd II) – Funding was allocated for the following activities: public service and multifamily rehabilitation (City of Houston); community development programs and multifamily rehabilitation (Harris County); multifamily restoration programs (Point North, Orange Navy Homes, Virginia Estates, Brittany Place I & II and Gulf Breeze I & II; Homeowner Assistance Programs/Sabine Pass Restoration Program (Affiliated Computer Services, Inc.). A total of 10 contracts were executed to perform these activities.

Alternative Housing Pilot Program (AHPP) – Funding was distributed only to the Heston Group, USA through a FEMA grant to demonstrate an alternative housing solution to the FEMA trailer for response to disasters.

A short summary of the general purpose of those contracts overall;

1st Supplemental Funding (Rd I)

In general, the three COGs contract with construction contractors to perform housing activities such as emergency repair, rehabilitation, reconstruction, demolition, etc. The Deep East Texas Council of Governments and The Houston-Galveston Area Council use this method to administer all of their housing funds. The Southeast Texas Regional Planning Commission also utilizes this arrangement for the nonentitlement areas of their service region but made a direct allocation of funds to the entitlement cities of Beaumont, Port Arthur and Orange. The State Action plan identifies 22 counties designated for Round I assistance.

2nd Supplemental Funding (Rd II)

The City of Houston allocated funds to the Houston Police Department for establishment of the Housing Safety Component, composed of civilian and officer personnel. Funding was also provided to the Apartment to Standards Program to carry out rehabilitation of existing multifamily housing stock to the evacuee population. Harris County was allocated funds to provide services through five different community development program components. Funding was allocated for Multifamily Rental Housing Stock Restoration Program to repair or rebuild seven affordable multifamily rental properties. The construction work, once completed, will restore rental unit housing to approximately 838 low-income individuals and families.

The largest share of the funding is provided to the CDBG Homeowner Assistance Program (HAP) for homeowners whose family income is up to 80% of the area median family income. Funding is made available in the form of a grant to homeowners of LMI income whose homes were damaged by Hurricane Rita. $42 million (20%) was targeted specifically for persons with special needs.

In addition to HAP, the Sabine Pass Restoration Program (SPRP) was developed to address the destruction to the coastal community of Sabine Pass. Twelve million dollars of home rehabilitation and reconstruction assistance was made available for homeowners whose family income is up to 150% of the area median family income.

Alternative Housing Pilot Program (AHPP) – FEMA solicited states to propose alternative housing pilot program proposals. Texas presented a number of such proposals to FEMA, and FEMA selected a design produced by the Heston Group, Italy. The product, referred to as a "Heston home," is a pre-fabricated, panelized solution which has been designed so that it can be deployed quickly and built to accommodate a diverse population in the areas affected by the 2005 Hurricanes.

TDHCA has determined that Heston USA has not met the requirements of its contract and has terminated the contract. This has been carefully coordinated with FEMA. *See the section on current contracting problems below*.

The methods used to ensure accountability for funding and performance

The Division's Disaster Recovery Monitoring Plan incorporates the following oversight controls, monitoring activities and testing methodologies, including the Fraud, Waste and Abuse Prevention and Detection Policy to meet oversight and monitoring responsibilities:

- Eligibility – Disaster Recovery programs assist low to moderate income families. In addition to the established eligibility controls and process at the subrecipient level, the Division will further minimize the potential for non-compliance, waste, fraud and abuse by independently monitoring eligibility criteria and, in particular, review of support documents used to establish program eligibility.
- Procurement & Contract– The majority of Disaster Recovery funds will be expended through services provided by general construction contractors. The Division will ensure compliance with federal contracting and procurement requirements through a review of files. Furthermore, each contractor's budget and expenditures will be tracked and analyzed to ensure expenditures meet contract and program requirements.

- **Disbursement and Transactions Testing** – Source and/or support documents are used to establish eligibility and allowability of program costs. The Division utilizes a three tier review methodology to determine allowability and validity of program expenditures. The first level review will occur during the reimbursement request process. The second level review will occur through expenditure sampling performed during desk reviews. The third level review will occur through sampling of expenditures performed during on-site monitoring reviews.
- Scheduled monitoring visits coupled with frequent interaction with contractors gives the Division the ability to address program and/or contract issues before they become systematic.

<u>A short description of any current contracting problems:</u>
There have been no significant problems with the 1st Supplemental Funding (Round I) and 2nd Supplemental Funding (Round II). Both internal and external monitoring and/or audit reviews have not identified any instances of ineligibility or disallowed costs. Issues that have arisen are a result of program criteria established to ensure assistance to the targeted population, which has impacted the speed with which assistance has been provided. TDHCA has continued to work diligently to minimize delays in assistance, meeting with ACS and its subcontractors, Reznick and Shaw, to streamline processes. The array of approved building contractors has been expanded. TDHCA staff has worked with local authorities, HUD, and others to remove bottlenecks. A major historical obstacle, the clearing of title for recipients, has been addressed by both TDHCA governing board policy and by recent legislation. All of these factors had combined to impede the efficiency of the ACS solution, but now that they have been largely addressed, the program is exhibiting greatly improved efficiency. As of August 5, 2009 for the HAP and SPRP programs, there were 525 of the anticipated 2,800 homes actually under construction and 190 homes actually completed.

Alternative Housing Pilot Program (AHPP) – The successful implementation of the AHPP, intended by FEMA to provide an extended test for the Heston home, has been frustrated by the inability of Heston USA to perform in accordance with its contract. After extended efforts to "re-set the contract," TDHCA, after conferring at length with FEMA, decided that it needed to terminate the contract and seek an alternative provider for the installation of these homes. TDHCA's partners for a required FEMA group site, first Harris County and then the City of Houston, have had difficulty in identifying and producing a site that will meet the FEMA requirements. These obstacles will necessitate obtaining an extension of the AHPP agreement with FEMA.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

HB 4409 (81st Legislature, regular session) assigned to the Department the requirement that it arrange pre-positioned contracts for the delivery of emergency temporary housing in the event of a declared disaster, with such housing to be paid for from the disaster contingency fund created under Tex. Gov't. Code, Chapter 418.

Pursuant to direction from the Office of the Governor, the Department was already in the process of attempting to procure such pre-positioned contracts. Possible sources of emergency temporary housing might include travel trailers, manufactured homes, and park model homes. Far and away the most rapidly deployable choice would be travel trailers, but in responding to recent disasters FEMA has encountered issues with the formaldehyde levels in these units. FEMA has indicated that individual states should decide what levels of formaldehyde are acceptable, and the State of Texas, through the U.S. Department of Heath and Human Services (USHHS), has made its own determination in this regard. The problem is that existing inventory of travel trailers may not be constructed of materials that will meet the new standard. Therefore, any party responding must make a material capital investment to produce or acquire the necessary units (estimated by the Office of the Governor to be on the order of 3000 units) and incur holding costs until such time, if any, as there is a disaster requiring delivery. This has, so far, posed a barrier to the pre-positioned contract approach since there are no funds that can be accessed pre-disaster.

Other possible responses, such as manufactured homes and/or park models, cannot be delivered as quickly and are not self-contained units. They must be sited and installed on appropriate foundations and be connected to water, electricity, and sewage disposal. They are also subject to a number of local requirements and restrictions.

The Department is first and foremost a housing finance agency. It does not possess the requisite capabilities to address many of the intersecting issues involved with the delivery of emergency temporary housing, such as:

- Pre-arranged logistics with local officials;
- Providing and installing emergency connectivity such as above-ground water, electricity and sewage connection and portable sewage collection or disposal systems);
- Hardening and/or temporary removal provision in the event of threat of another disaster ; and
- Development of more extensive preparation for the likelihood that what was intended as short term emergency temporary housing may be deployed for 1-2 years.

The potential for confusion and gaps in the emergency response is significant, and it might be more effective to centralize the pre-positioned contracts under a single state unit, such as the Division of Emergency Management.

Another issue is raised by the fact that under the three major disaster allocations there have been three different program structures and a fourth is forthcoming. These have involved COGs, other units of local government, and the state as primary administrators. On two the Department has administered the HUD grant and on the third (and anticipated fourth) that role has been assigned to TDRA. Drawing on the past experiences it might be helpful to develop the parameters for a single "optimal" program and have it pre-positioned and ready for swift execution in the event of the need for a disaster recovery response.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Program webpage: ttp://www.tdhca.state.tx.us/cdbg/index.htm.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities

Not a regulatory program.

O. For each regulatory program, if applicable, provide the following complaint information.

Not a regulatory program.

OTHER PROGRAMS

This section provides information on Department programs not in existence during state fiscal year 2008 including programs recently authorized by the Texas Legislature, the Housing and Economic Recovery Act of 2008 (HERA), or the American Recovery and Reinvestment Act of 2009 (Recovery Act).

HOUSING AND ECONOMIC RECOVERY ACT OF 2008 (HERA)

Neighborhood Stabilization Program Round 1 (NSP 1)

The purpose of the Neighborhood Stabilization Program Round 1(NSP 1) is to redevelop into affordable housing, or acquire and hold, abandoned and foreclosed properties in areas that are documented to have the greatest need for declining property values as a result of excessive foreclosures. The program allows a grantee to purchase abandoned, foreclosed or vacant homes and residential properties to rehabilitate, reconstruct or redevelop and sell or rent those properties to households earning 120% AMFI or below.

NSP funds are available under two separate rounds of funding from the U.S. Department of Housing and Urban Development: NSP1 authorized by Housing and Economic Recovery Act of 2008 and NSP2 authorized by the American Recovery and Reinvestment Act of 2009.NSP 1 is as a supplemental allocation to the Community Development Block Grant Program through an amendment to the existing *2008 State of Texas Consolidated Plan One-Year Action Plan*.

Units of local governments and other entities with the consent of the local governments are eligible to apply for these funds. According to the NSP 1 Action Plan Substantial Amendment, each subrecipient will be required to target as a goal at least 35% of their non-administrative allocation to benefit households with incomes less than or equal to 50% of AMFI. Subrecipients who are conducting only land banking activities are exempt from this requirement as the end direct benefit may not be realized for up to ten years. All activities must benefit households earning 120% AMFI or below.

Texas identified two tiers of counties with need based on the numbers and percentages of home foreclosures, subprime mortgage loans and the homes in default. Counties with the greatest need are identified as “Direct Allocation” counties. Remaining counties with significant need are eligible to apply for a pool of NSP funds and are referred to as “Select Pool” counties. The program is administered through the Neighborhood Stabilization Program division.

The TDHCA Governing Board has approved award of $96,897,006 in NSP 1 funding to subrecipients across the state. The remainder, $5,099,842 or 5% of the entire $101,996,848 awarded to Texas from HUD was retained for state administrative expenses. Contracts between the Department and subrecipients are expected to be executed by the end of August, 2009; the contracts will have two to three year time periods depending upon the types of activities awarded. The State of Texas must expend the entire $101,996,848 (including program income) by March 3, 2013.

National Foreclosure Mitigation Counseling (NFMC) Program

The NFMC Program, administered through NeighborWorks America, provides funding to HUD-Approved Housing Counseling Agencies for foreclosure counseling with the goal of helping to prevent foreclosure and result in the long-term affordability of the mortgage or another positive outcome for the homeowner.

TDHCA, partnering with six non-profit agencies (sub-grantees) specializing in foreclosure prevention and utilizing the administrative services of the Texas State Affordable Housing Corporation (TSAHC), applied for Round 2 funding in October 2008 and was awarded $491,490. The one year grant agreement was executed January 14, 2009.

In addition to using NFMC grant funds for counseling services, the participating counseling organizations have also been able to use the funds for outreach events such as telethons, direct mailings and newspaper and radio advertising to help promote the availability of no-cost counseling for borrowers facing foreclosure.

As a result of recaptured funds from prior award recipients and additional appropriations, NeighborWorks is offering another application cycle. Based on the success of the Department's current grant award, TDHCA is qualified to apply for and submit a streamlined application. Successful applicants, on behalf of their sub-grantees will be awarded funds for reimbursement of counseling sessions completed between July 1, 2009 and June 30, 2010.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

Homelessness Prevention and Rapid Re-Housing Program (HPRP)

HPRP provides homelessness prevention and rapid re-housing of persons that have become homeless. This includes financial assistance limited to rental assistance; security deposits; utility deposits and payments; moving cost assistance; and motel and hotel vouchers. Housing relocation and stabilization services are also provided through HPRP, limited to case management; outreach and engagement; housing search and placement; legal services; and credit repair.

Eligible applicants include units of general local government and private nonprofit organizations. HPRP provides services and financial assistance to either prevent families and individuals from becoming homeless or help those who are experiencing homelessness to be quickly re-housed and stabilized. There are two target populations eligible to receive assistance: Populations eligible for homeless prevention include individuals and families who are currently in housing but are at risk of becoming homeless and individuals and families who are experiencing homelessness (e.g. residing in emergency or transitional shelters or on the street) and need temporary assistance in order to obtain housing and retain it. All households served must earn less than or equal to 50% AMFI.

The program is administered through the Community Services section in the Community Affairs division. Funding for HPRP, in the amount of $41,472,772, is provided through the U.S. Department of Housing and Urban Development. The Department awarded $40,435,953 to 57 subrecipients in July 2009; the balance of funds, $1,036,819, is reserved for state administration. Contracts are in the process of being executed. The State of Texas must expend the funds by July 16, 2012.

Weatherization Assistance Program (WAP)

The Recovery Act Weatherization Assistance Program is an expansion of TDHCA's WAP. The program helps low-income Texans control energy costs to ensure a healthy and safe living environment. Qualified households may receive weatherization materials installed in their residences and/or energy conservation education.

Eligible applicants for WAP funding are units of general local government and nonprofit organizations. For the Criteria Based Awards Pool (cities that exceed a $1,000,000 award), nonprofit organizations must secure a letter from an eligible city granting the nonprofit organization the authority to apply on their behalf. All individuals and households served must earn less than 200% of the national poverty guideline.

The Energy Assistance Section in the Department's Community Affairs division administers the program. Funding for the program, in the amount of $326,975,732, is made available through the U.S. Department of Energy. The Department awarded approximately $288 million to 66 subrecipients in July 2009, with the balance of funds being utilized for state administration and training and technical assistance. The State of Texas must expend the funds by March 31, 2012.

Community Services Block Grant (CSBG)

CSBG is an expansion of TDHCA's CSBG Program. CSBG assists local Community Action Agencies (CAA) and other eligible entities serving all 254 Texas counties to provide local essential services to those living in poverty. Activities typically allowed under the program include: Administrative support for poverty programs, such as Head Start, Weatherization Assistance and Meals on Wheels; and Direct services such as credit counseling, short-term rental assistance and transportation.

Entities eligible for Recovery Act CSBG funding are current recipients of CSBG funding. All individuals and households served must earn less than 200% of the national poverty guidelines.

The program is administered by the Department's Community Services Section within the Community Affairs. Funding for the program, in the amount of $48,148,071, is made available through the U.S. Department Health and Human Services. The Department has made available $47,666,590 to 48 subrecipients in August 2009. The balance of funds reflects one percent of the total amount awarded to TDHCA and will be used for benefit enrollment coordination as specified in the Recovery Act. The subrecipients must render services by September 30, 2010.

Tax Credit Assistance Program (TCAP)

TCAP supports the development or rehabilitation of affordable rental housing. Funding will be distributed according to the HTC Qualified Allocation Plan (QAP) and is subject to HTC rent and income and use restrictions.

TCAP provides HOME Program funds, in the amount of $148,354,769, through the U.S. Department of Housing and Urban Development for Housing Tax Credit (HTC) developments awarded in 2007, 2008 and 2009. Households served through the HTC program earn less than 60% AMFI.

TCAP awards will be finalized in October and November of 2009. All funds must be expended by February 17, 2012.

Housing Tax Credit Exchange

The Housing Tax Credit Exchange (HTC EX) program supports the development or rehabilitation of affordable rental housing. HTC EX allows Housing Tax Credit (HTC) allocating agencies, including TDHCA, to choose to receive a portion of their 2009 and returned 2008 HTCs in the form of a grant from the federal government rather than as tax credits. These funds will be available to assist 2007, 2008 and 2009 HTC developments.

HTC EX funds are made available through the U.S. Department of the Treasury. Households served through the HTC program earn less than 60% AMFI.

HTC EX awards will be finalized in October and November of 2009. All funds must be expended by January 2011, however as of the date of this publication federal officials are considering an extension of this deadline to December 31, 2011.

Down Payment Assistance Programs

The Texas Department of Housing and Community Affairs (TDHCA) has released two new down payment assistance programs - the Mortgage Advantage Program and the 90-Day Down Payment Assistance Program. Both programs are designed to monetize the Federal First Time Homebuyer Tax Credit enacted within the American Recovery and Reinvestment Act of 2009 by helping Texas families purchase their first home. The programs are intended to allow the borrower to take advantage of the legislation by receiving a short term loan prior to filing for and receiving the federal first time homebuyer tax credit. Program funds are available on home purchases prior to December 1, 2009.

Under the Mortgage Advantage Program, TDHCA has made available on a first come, first serve basis to participating mortgage lenders approximately $1 million in down payment assistance for use in conjunction with the 2009 Texas Mortgage Credit Program and approximately $1.5 million in down payment assistance for use in conjunction with The Texas First Time Homebuyer Program (Bond 70).

Under the 90-Day Down Payment Assistance Program, TDHCA has made available $5 million in down payment assistance to be used in conjunction with first lien mortgage loans originated by the lender.

Funds are available through the Department's network of participating lenders. A $250 administrative fee is charged to all borrowers. Borrowers sign a second lien note and deed of trust at closing that amortizes for a two to five year term depending on the program. Borrowers are offered a deferment period with zero percent interest to incentivize them to repay before the repayment period begins.

Funds to support these programs are derived from repayments from prior programs, fees from premium Private Activity Cap bonds and the Department's Mortgage Credit Certificate Programs.

Neighborhood Stabilization Program Round 2 (NSP 2)

The purpose of the Neighborhood Stabilization Program Round 2 (NSP 2), similar to NSP 1, is to redevelop into affordable housing or acquire and hold abandoned and foreclosed properties in areas that are documented to have the greatest need for declining property values as a result of excessive foreclosures. The program allows a grantee to purchase abandoned, foreclosed or vacant homes and residential properties to rehabilitate, reconstruct or redevelop and sell or rent those properties to households earning 120% AMFI or below.

The US Department of Housing and Urban Development (HUD) released a NOFA for NSP 2, as authorized by the American Recovery and Reinvestment Act of 2009. Unlike the initial Neighborhood Stabilization Program (NSP 1) created under HERA, which included a minimum allocation to all states, NSP 2 will be fully competitive on a national basis.

The Department submitted an application requesting $110 million in NSP 2 funds on July 16, 2009. The State of Texas is proposing a "balance of state" model to establish a statewide target geography without forcing direct competition with local and regional applicants who can otherwise compete successfully on a national scale. HUD announcements on NSP 2 awards are anticipated in December 2009.

OTHER PROGRAMS

Foreclosure Prevention Response

The Department for the past 10 years has administered the Texas Statewide Homebuyer Education Program (TSHEP), which provides instruction to local nonprofit organizations regarding the principles and applications of comprehensive pre- and post-purchase homebuyer education and to certify participants as providers.

The TSHEP curriculum includes basic foreclosure prevention training for counselors who work directly with homeowners in or facing foreclosure. The program is currently offering courses involving "Best practice" case studies, as well as developing and implementing an effective foreclosure program.

The Department is also a founding entity and active participant in the Texas Foreclosure Prevention Task Force (TFPTF), an association of more than 50 organizations representing government, the financial services and lending industry and the nonprofit sector working together to avert home mortgage foreclosures.

Ongoing TFPTF activities include:

- Raising awareness about the nationally endorsed Homeownership Preservation Foundation and its HOPE Hotline number 888-995-HOPE, connecting callers with HUD certified foreclosure prevention counselors
- Conducting outreach/public awareness campaigns in conjunction with existing foreclosure prevention efforts and initiatives
- Developing means for financial support for local counseling partners assisting distressed homeowners with home retention options
- Identifying and promoting foreclosure prevention related data/resources specific to Texas Identifying potential legislative recommendations that support homeownership retention

To help promote Task Force activities and the national HOPE Hotline, TDHCA coordinated a series of media events in six of the state's 10 largest television markets. The events occurred between March and June 2008, receiving a cumulative coverage totaling one hour, 35 seconds and reaching an estimated 4.5 million viewers.
The Department also added a comprehensive list of resources to the Department's website for Texans facing foreclosure to supplement and create synergy with its TFPTF activities. In additional to providing answers to frequently asked questions and practical steps to avoid foreclosure, the website also offers useful links to other sources of information that include HUD, FHA, Freddie Mac and the Federal Reserve Bank of Dallas, among others.

Additionally, TDHCA hosted a series of foreclosure prevention and continuing education trainings around the state. The trainings include *Beginning to Intermediate Foreclosure Prevention Training* in El Paso, McAllen, Houston and Dallas in March and April 2008; *Foreclosure Intervention and Default Counseling Part I* in San Antonio, October 2008; and *Advanced Foreclosure Case Study and Developing and Implementing Foreclosure Programs Part II*, in Houston, July 2009.

Homeless Housing and Services Program (HHSP)

The Homeless Housing and Services Program (HHSP) was created by the Texas Legislature during the 81st Legislative Session in response to a request from the eight largest urban cities in Texas for funds to provide services to homeless individuals and families, including services such as construction, case management, and housing placement and retention. The Legislature appropriated $20M over the 2010-2011 biennium to be administered by the Department to fund the HHSP. Funding for HHSP shall be awarded through a competitive matching grant process whereby the eight largest cities with populations larger than 285,500 persons per the latest U.S. Census figures may seek funding for this purpose.

Funds will be made available to political subdivisions, housing finance corporations, for-profit corporations and nonprofits organizations to support local homelessness initiatives.

VIII. STATUTORY AUTHORITY AND RECENT LEGISLATION

A. Fill in the following chart, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2005 – 2009, or earlier significant Attorney General opinions, that affect your agency's operations.

Texas Department of Housing and Community Affairs Exhibit 13: Statutes/Attorney General Opinions	
Statutes	
Citation/Title	Authority/Impact on Agency
Texas Government Code Chapter 2306	Provides creation of agency and authority to conduct programs.
SB 1 Article VII Section 1	Provides funding and has footnotes that require certain program practices and direct activities of the agency.
Texas Government Code Chapters 1371 and 1372	Authority for private activity bond program and certain issuance requirements.
26 USC §42	Enabling for Low Income Housing Tax Credit (HTC)
42 USC §9901, et seq.	Enabling for Community Services Block Grant (CSBG)
42 USC §§12701-12839	Enabling for HOME Investment Partnerships Program (HOME)
42 USC §6861	Enabling for Weatherization Assistance Program (WAP)
42 USC §1437f	Enabling for Section 8 Program
42 USC §8621, et seq.	Enabling for Comprehensive Energy Assistance Program (CEAP)
42 USC §11461	Enabling for Emergency Shelter Grants Program (ESGP)
26 USC §143	Enabling for Mortgage Revenue Bond Program
PL 109-148	Disaster Recovery – Hurricane Rita I
PL 109-234	Disaster Recovery – Hurricane Rita II
PL 110-329	Disaster Recovery – Hurricane Ike
PL 110-289	Housing and Economic Recovery Act of 2008 (HERA)
PL 111-5	American Recovery and Reinvestment Act of 2009 (ARRA)
Attorney General Opinions	
Attorney General Opinion No.	Impact on Agency
GA-0208	Provides certain restrictions on scoring of tax credit applications and development of the QAP.
GA-0497	Provides guidance on rule construction regarding limitations for inclusion of Public Housing Authorities Resident Councils for scoring of tax credit applications
GA-0455	Whether portions of §2306.6710, Texas Government Code, are unconstitutional because the legislative letters unduly influence the executive branch decisions.

B. Provide a summary of recent legislation regarding your agency by filling in the chart below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation).

Texas Department of Housing and Community Affairs
Exhibit 14: 81st Legislative Session Chart

Legislation Enacted in the 81st Legislative Session

Bill Number	Author	Summary of Key Provisions/Intent
HB 434	Lucio III	Requires that any TDHCA application, form, and/or educational material from the Energy Crisis Intervention Program, the Weatherization Assistance Program, and the Low-Income Home Energy Assistance Program has to be provided in English, Spanish, and any "other appropriate language."
HB 492	Zerwas	Expands the state's current faith-and community-based health and human services network; pairs state agencies and stakeholders initiatives for increased partnership. Requires TDHCA executive director and other state agencies, in consultation with the Governor, designate one employee from each agency to serve as a liaison for faith-and community-based organizations.
HB 2275	Raymond	The bill creates a task force – includes TDHCA in that task force -- to develop uniform standards for subdivisions in the unincorporated areas of counties near the international border and in economically distressed counties.
HB 2450	Eiland	Bill directs TDHCA to draft rules that would allow the agency to establish clear title on a home whose owner is submitting an application for disaster recovery housing assistance. Bill also has TDHCA and GDEM establishing a pilot project to reconstruct or provide temporary housing for persons displaced by a natural disaster
HB 2840	Solomons	Adds TDHCA to the Residential Mortgage Fraud Task Force and also adds TDHCA to confidential information-sharing agreements with other agencies about mortgage fraud.
HB 4275	Menendez	Bill gives TDHCA flexibility and rulemaking authority to implement tax credit-related ARRA funds outside of existing statutory parameters.
HB 4409	Larry Taylor	Directs TDHCA to contract for temporary or emergency housing in the wake of a natural disaster
SB 679	Lucio	Bill makes substantial changes to the Texas Bootstrap Loan Program by changing award caps and total loan amounts, and sweat equity requirements of the owner-builder
SB 1717	West	Prohibits tax credit owners from locking out or threatening to lock out tenants unless through a judicial process or if construction/repair or an emergency is ongoing. Bill also prohibits owners from seizing personal property unless they earn the right through court or if the tenant abandons the unit. Bill also requires all housing sponsors of multifamily developments who get funds from the state or the feds must submit a quarterly unit vacancy report to TDHCA and that TDHCA must supply that report to members of the Legislature if requested.
SB 1878	Nelson	Creates a coordination council run by TDHCA with 15 members of various housing and health services agencies, groups. Contains various working tasks for the council and includes TDHCA staffing responsibilities. Based on LBB Govt Effectiveness and Efficiency Report.
SB 2064	West	The bill affects the duties and issuance procedures of bonds for the Bond Review Board. The bill also includes language about "construction-phase" financing for tax credit/bond deals in Section 18 of the bill

Legislation Not Passed in the 81st Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
HB 222	Menendez	Among other things the bill authorizes the state regulation of the game of poker and creates gaming revenue which is transferred to TDHCA: 50% used for homeless services, 50% in Housing Trust Fund. The bill made it out of committee but did not pass the House.
HB 261	Berman	Says that state agency may not adopt a rule or policy under which the agency will not fully enforce the laws of this state or federal law, including laws relating to immigrants or immigration. The bill was left in committee
HB 266	Berman	Statewide omnibus bill that discourages illegal immigration and immigrants in Texas as a matter of public policy. Requires state agencies to verify resident status of all new employees. The bill was left in committee.
HB 495	Zerwas	Dictates procedure for how state agencies are to distribute printed materials to Legislature. The bill was left in committee.
HB 547	Raymond	Pertains to civil actions filed against state agencies. The bill was left pending in committee.
HB 555	Menendez	Affects HTC program by expanding boundaries of area where neighborhood organizations can make comment on an application. Also requires TDHCA to award max points in category to applicants who have no neighborhood organizations in area where their application is. The bill was left in committee.
HB 563	Menendez	Same bill as HB 555 but adds provisions to change current point scoring system to a tiered system and also eliminates any scoring items not defined currently in statute. The bill passed out of its House committee and out of the House but was left in Senate committee.
HB 576	Sheffield	Defines how state agencies are to electronically seek Legislature approval prior to distributing publications. Passed out of House committee but left on House floor.
HB 581	Dukes	Places additional requirements, including required cost analyses, on state agencies seeking to outsource service(s). The bill was left in committee.
HB 703	Rose	Among other things bill directs DADS to incorporate fall prevention guidelines into state housing planning documents. The bill passed out of the House but was left in Senate committee.
HB 955	Villarreal	Directs TDHCA to create new program – Volunteer Income Tax Assistance Program to be funded through a small percentage of state TANF funds. Bill passed out of House committee but was left on House Local and Consent Calendar.
HB 1182	Turner	Reconstitutes System Benefit Fund and sets it up outside the Treasury and includes language mandating energy assistance programs through TDHCA. Passed by House but left in Senate committee.
HB 1412	Bohac	Expands notification requirements for housing tax credit developers and expands letters-for-scoring opportunities for neighborhood organizations to include any neighborhood organization that has boundaries either containing the proposed development site or within one-half mile of the site. The bill was left in committee.
HB 1429	Bohac	Adds new provision for housing tax credit applicants that all notification letters they send out must be done by certified mail. The bill was left pending in committee.

Legislation Not Passed in the 81st Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
HB 1553	Burnam	Would require TDHCA and 13 other state agencies to produce a climate adaptation plan and how each agency's programs would affect climate issues. The bill passed out of House committee but was never set on House calendar.
HB 1589	Rose	Comprehensive bill that directs HHSC to draft and implement a strategic plan that reforms state system for supports and services for persons with disabilities. TDHCA is mentioned as serving as a resource to the strategic plan's steering committee. The bill was left in committee.
HB 1627	Naishtat	Directs TDHCA to enter into an MOU with HHSC to provide $1 annually under LIHEAP to every family receiving food stamps if the household is not already receiving energy assistance benefits. The bill passed out of House committee but was never set on House calendar.
HB 1961	Brown	Requires the department by rule to adopt policies to ensure that each recipient and subrecipient who receives funds– including bond assistance – must be a citizen of the U.S. or authorized to be in the country by the federal agency for citizenship and immigration. The bill was left in committee.
HB 2121	Olivo	Expands notification requirements for housing tax credit developers and expands letters-for-scoring opportunities for neighborhood organizations to include any neighborhood organization that has boundaries either containing the proposed development site or within 500 feet of the site. Passed out of House but left in Senate committee.
HB 2296	Y. Davis	Bill makes substantial changes to the Texas Bootstrap Loan Program by changing award caps and total loan amounts, and sweat equity requirements of the owner-builder. The bill passed out of House committee but was never set on House calendar.
HB 2297	Y. Davis	Bill affects the housing tax credit program by raising the cap an applicant can receive in one single application round from $2 million to $3 million. The bill also ties the cap amount to a price index of sorts based on the Consumer Price Index from the US Bureau of Labor Statistics. This index is to be evaluated during even-numbered years starting on 1/1/12. The bill was left in committee.
HB 2308	Y. Davis	Essentially creates a single family loan program through TDHCA designed to serve low income families and designed to have extra protections against foreclosure. Passed House and passed Senate committee but not set on Senate calendar
HB 2309	Y. Davis	Creates forms to be filed by mortgage servicers with county clerks to contain extensive information on real property foreclosure sales and debtors associated with them. TDHCA is directed to collect and publish the data online. The bill was left pending in committee.
HB 2343	Menendez	Bill extends TDHCA's Sunset Date to from 2011 to 2015. The bill was left in committee.
HB 2629	Rodriguez	Bill directs TDHCA to add incentives in its QAP for applicants to use energy-saving devices and energy conservation measures in their developments. The bill was left in committee.

Legislation Not Passed in the 81st Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
HB 2674	Y. Davis	Bill directs the department to seek and administer federal funds that would support local homeless initiatives by political subdivisions, housing finance corporations, for profits and nonprofits. The bill was left in committee.
HB 2675	Y. Davis	Bill directs the department to create a foreclosure prevention program that offers information and assistance to homeowners in foreclosure or near to foreclosure due to adverse personal circumstances. Directs the department to seek federal funding to run the program. The bill was left in committee.
HB 2761	Martinez Fischer	Bill would direct TDHCA to work with the Finance Commission to develop a foreclosure prevention assistance form that would be provided to all homeowners when they close a loan, when they default, when they receive a delinquent notice, or a right to cure letter. The bill was left pending in committee.
HB 2827	Turner	Creates a new division within TDHCA dedicated to emergency housing. New division would have new ED and board per existing structure much like Manufactured Housing. The bill passed House and Senate committee but did not make Senate calendar.
HB 2888	Martinez	Bill would require that any development TDHCA funds reserve units for very low-income tenants and accept Section 8 or other rental voucher tenants. Bill also directs TDHCA to establish rules to enforce these measures. Bill also included language from HB 955. The bill passed the Legislature but was vetoed by the Governor.
HB 3161	Y. Davis	TDHCA is directed to conduct a study of the effectiveness of its SLIHP and to provide the results of the study to the Legislature by 12/1/10. Bill also contains language funding the HTF through a document recording fee. The bill made it out of House committee but not onto House calendar.
HB 3162	Y. Davis	Bill directs TDHCA to establish a long-range housing plan that covers at least six years and proscribes the contents of the plan. The bill made it out of House committee but not onto House calendar.
HB 3163	Y. Davis	Creates dedicated funding source for Housing Trust Fund by establishing document recording fee -- $10 per document and mandates that funds be sent to TDHCA for purposes identified in statutory language on the Housing Trust Fund. The bill made it out of House committee but not onto House calendar.
HB 3165	Y. Davis	Companion bill to SB 1717 which passed the Legislature and was signed into law by the Governor.
HB 3168	Y. Davis	Has TDHCA and GDEM establishing a pilot project to reconstruct or provide temporary housing for persons displaced by a natural disaster. The bill passed out of House committee but did not make onto House calendar. Language from bill was added to HB 2450 which passed Legislature and was signed into law by the Governor.
HB 3171	Y. Davis	Makes some minor tweaks to the administrative portion of TDHCA's enabling statute including encouraging maximum use of funds. The bill was left in committee.

Legislation Not Passed in the 81st Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
HB 3172	Y. Davis	Bill states that if another state agency receives funds from HUD and receives more than 50% of those program funds intended for the state, it must transfer that program to TDHCA. If it is less than 50%, it must enter into an MOU with TDHCA. The bill was left in committee.
HB 3219	Chavez	Companion bill to SB 1878 which passed Legislature and was signed into law by the Governor.
HB 3241	Martinez	Among other things, the bill creates a work group to discuss issues facing counties which contain colonias. A representative from TDHCA is to be on the work group. The bill was left pending in committee.
HB 3430	Menendez	Bootstrap bill that included language on loan amounts, lien position, etc. The bill was left in committee.
HB 3431	Menendez	Bill abolishes TSAHC and rolls it into TDHCA and provides direction to the department on how to use funds from transfer. The bill passed out of House committee but did not make it onto House calendar.
HB 3432	Menendez	Bill included some administrative clean-up language for Section 2306 of the Texas Government Code and included the creation of a public housing authority board within TDHCA's board. The bill was left in committee.
HB 3482	Coleman	TDHCA is to create a form sent by mortgage servicers to mortgagees prior to a foreclosure that informs the debtor they have a right to enter into mediation. The bill was left pending in committee.
HB 3535	Y. Davis	Bill exempts tax credit nonprofit set-aside from the regional allocation formula. The bill was left in committee.
HB 3536	Y. Davis	Requires TDHCA to collect statistical information on how many multifamily units are in each census tract and how many occupants are in each of these units and report this to the Census Bureau. The bill was left pending in committee.
HB 3540	Y. Davis	Large omnibus bill creating a Texas Housing Independence Campaign, task force, and various programs with multiple agencies. The bill passed out of House committee but did not make it onto House calendar.
HB 3928	Guillen	Bill attempts to solve current lien issue with disaster housing by providing new options for persons to prove ownership of a homestead. The bill was left pending in committee.
HB 4094	Y. Davis	A fair housing bill that creates a Governors Fair Housing Council with TDHCA and other state agencies and to be chaired by TDHCA. Responsibilities include programs reviews and an annual report on the council's progress. The bill was passed out of House committee but did not make it onto House calendar.
HJR 117	Turner	Joint resolution creating a constitutional amendment that would provide no more than $100 million to TDHCA to expend for temporary or emergency housing. The bill was left in committee.
SB 123	Ellis	Restricts any appropriation from the System Benefit Fund to only those purposes identified in Section 39.903 of the Utilities Code and no other law. The bill was left in committee.

Legislation Not Passed in the 81st Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
SB 265	Hinojosa	Amends Sec. 39 of the Utilities Code and directs PUC to adopt and enforce rules that electric utilities establish a system benefit fund outside the state treasury. Purpose of said fund is limited to what is described in this section of statute. The bill passed out of committee but was left on Senate calendar.
SB 464	Zaffirini	Re-constitutes System Benefit Fund with a number of measures dictating who is eligible and how funds are collected. The bill was left in committee.
SB 509	Carona	Bill states that no later than June 1st of each year, a state agency has to provide the agency's proposed publicity expenditures to its oversight committees in the Legislature. The bill goes on to say that on a vote of a majority of the committee, a statement either supporting or opposing a proposed expenditure may be sent to the agency. The bill was left in committee.
SB 744	Wentworth	Bill redefines the Community Housing Development Organization (CHDO) property tax exemption. The bill would: (1) permit certain limited partnerships to qualify for community housing development corporation (CHDO) property tax exemptions; and (2) delete the current-law requirement that housing projects must be built after December 1, 2001 in order to qualify for a CHDO exemption. The bill was left in committee.
SB 934	Lucio	Creates dedicated funding source for Housing Trust Fund by establishing document recording fee -- $10 per document and mandates that funds be sent to TDHCA for purposes identified in statutory language on the Housing Trust Fund. The bill was left in committee.
SB 950	West	Creates dedicated funding source for the Housing Trust Fund by establishing a document recording fee ($10) per documents dealing with real property. The bill was left pending in committee.
SB 980	Lucio	Creates forms to be filed by mortgage servicers with county clerks to contain extensive information on real property foreclosure sales and debtors associated with them. TDHCA is directed to collect and publish the data online. The bill was left in committee.
SB 990	Lucio	Creates a rural land bank program of which TDHCA is to develop the rules and guidelines for the program. The bill was left in committee.
SB 991	Lucio	Bill requires that TDHCA ensures that housing tax credit applications for rural developments considered small scale (< 33 units) are not placed at disadvantage in the QAP. The bill was left in committee.
SB 1060	Ellis	Comprehensive bill that directs HHSC to draft and implement a strategic plan that reforms state system for supports and services for persons with disabilities. TDHCA is mentioned as serving as a resource to the strategic plan's steering committee. The bill made it out of committee but not onto the Senate calendar.
SB 1375	West	Creates the Texas Savvy Homeowner Program for mortgage loans administered by TDHCA or TSAHC. Program is designed to educate homeowners on re-financing options and is mandatory. Program can be administered by TDHCA or a non-profit approved by HUD. The bill passed the Senate and made it out of House committee but did not make House calendar.

Legislation Not Passed in the 81st Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
SB 1861	Ellis	Creates an alternative weatherization program to be run by TDHCA on a pilot program basis using fed stimulus funds via ARRA. The bill passed the Senate and passed the House committee but did not make the House calendar.
SB 1943	West	A fair housing bill that creates a Governors Fair Housing Council with TDHCA and other state agencies and to be chaired by TDHCA. Responsibilities include programs reviews and an annual report on the council's progress. The bill passed out of Senate committee but not on Senate calendar.
SB 1944	West	Bill creates a tax credit for taxable entities providing charitable contributions to eligible nonprofit owner-builder loan programs (Bootstrap). The bill was left in committee.
SB 2169	Ellis	Creates a statewide policy workgroup on smart growth and adds TDHCA as a member. The bill passed the Legislature but was vetoed by the Governor.
SB 2280	Ellis	Creates a large state Re-entry Policy Council to help determine how to integrate inmates into the community after they have been released from jail/prison. TDHCA is a member. The bill passed out of Senate committee but did not make Senate calendar.
SB 2287	Lucio	Bill creates a Small Municipality and Rural Area Housing Development fund and program to be administered by TDRA. Bill directs TDHCA to work with TDRA in identifying possible additional funds for the program. The bill was left in committee.
SB 2288	Lucio	Large bill creates a Small Municipality and Rural Area Housing Development fund and program to be administered by TDRA. Directs TDHCA to work with TDRA in identifying additional available funds for program. Creates a new division within TDHCA to work this initiative, includes language from SB 991, SB 1026, and SB 990, including adding a farm worker housing pilot project. The bill passed the Senate and out of House committee but did not make House calendar.
SB 2289	Lucio	Bill is a funding mechanism for the Housing Trust Fund with the authorization to have TDHCA issue general obligation bonds to fund the HTF not to exceed $50 million in one year. Needs a constitutional amendment (see SJR 46 below). The bill was left in committee.
SB 2290	Lucio	Bill contains language of SB 2288 without language from SB 991, SB 1026, and SB 990. The bill was left in committee.
SB 2291	Lucio	Directs TDHCA to create a regional CDC for rural housing as a pilot program and a statewide CDC for migrant labor housing and the latter is to implement the findings from the TDHCA report issued in 2007 on migrant labor housing. The bill was left in committee.
SB 2292	Lucio	Creates a natural disaster housing reconstruction council and program of which TDHCA is an integral member both from a staffing and funding aspect. The bill passed the Senate and the House committee but did not make the House calendar.
SB 2294	Lucio	Affects the BRB rules and the state's PAB program and provides the BRB with flexibility to temporarily change rules to help the state facilitate federal legislation. The bill was left in committee.

Legislation Not Passed in the 81st Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
SJR 46	Lucio	Would provide the constitutional amendment to have TDHCA issue general obligation bonds to help fund the Housing Trust Fund. The bill was left in committee.

IX. POLICY ISSUES

POLICY ISSUE 1: HOUSING TRUST FUND AND BOOTSTRAP EXPENDITURES

A. Brief Description of Issue

The Housing Trust Fund, described earlier in this document, is an excellent source of flexible non-federal funds whose growth is critical to increasing the supply of affordable housing in Texas. However, there are several statutory requirements that pose challenges to the efficient and timely use of the funds. With funds not being expended promptly, the program may appear to not justify increases. As is, TDHCA is limited in the extent to which success can be measured and more funds requested.

B. Discussion

TDHCA, as the state agency responsible for providing affordable housing to low income Texans, strives to expand to the greatest extent possible the total resources available for those activities. As such, TDHCA has historically made, and will continue to make, requests for Housing Trust Fund resources during the Legislative Appropriation Request process. During that process it is critical that TDHCA be in a position to report clear successes with funds – in households served and in dollars expended timely. The TDHCA Board has been effective in programming HTF funds in ways that serve as many households as possible, while using the flexible funds to address very hard to serve populations. However, there are several statutory issues that make the timely expenditure of funds more challenging – both delaying assistance to Texans and indicating lack of effective programming of funds. Remedies to these issues would allow funds to move more quickly and enhance expenditure rates.

The primary delay in the use of funds is the “2/3 set-aside” requirement for the Owner-Builder Loan Program, more commonly known as the Texas Bootstrap Loan Program. As noted earlier in this report, TDHCA is statutorily required to fund the Texas Bootstrap Loan Program with a minimum of $3 million per year. Due to the success of this program, and the many benefits to very low income households, the program for the 2010-2011 biennium has been increased to $10 million. Section 2306.753(d), Texas Government Code, which requires that two-thirds (2/3) of the “dollar amount of loans made must be made to borrower whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code [Economically Distressed Areas.]” In order to accomplish this requirement, Texas Bootstrap Loan Program funds are reserved specifically for the 2/3 set-aside. Unfortunately, the 2/3 set-aside remains significantly undersubscribed each year due to limited number of nonprofit organizations which undertake self-help housing construction projects in those communities. The nonprofit organizations are required to qualify, organize and supervise groups of families in the construction of their own home. Because these funds cannot be collapsed together with the 1/3 set-aside, they continue to roll forward and remain uncommitted and unavailable to the balance of the state.

C. Possible Solutions and Impact

As it relates to the Bootstrap Program, TDHCA staff is currently instituting several possible solutions.

1. TDHCA has developed a Bootstrap Capacity Building Program specifically to build the capacity of nonprofit organizations in self-help housing construction located in Economically Distressed counties of Texas (2/3 set-aside). TDHCA hopes to accomplish this by providing intensive technical assistance, as well as facilitating mentoring partnerships between new or less experienced nonprofit organizations and more experienced nonprofits. These less experienced nonprofits will be able to benefit from their mentor nonprofit organization’s expertise in areas where additional training, technical and supervisory assistance is needed. Examples of this are: mortgage financing, on-site construction and program management. The goal is to increase acquisition, rehabilitation, reconstruction or new construction of affordable single family housing through self-help housing construction in accordance to the Texas Bootstrap Loan Program. Staff hopes that by helping develop nonprofits qualified to administer the program, they will increase participation in the program.

2. TDHCA is also educating and encouraging nonprofit organizations in counties not currently classified as Economically Distressed Areas (EDAs) to work with their counties to inform them of the benefits of and steps to becoming EDAs.

Unfortunately, these are both efforts that may not have an immediate or significant impact on the unexpended balance of funds. As such, an additional statutory solution may be needed. Ideally, the statute would be changed to allow the two-thirds set-aside to collapse into the general Bootstrap Loan Program funds if they are not requested after an initial period of time. TDHCA will continue capacity building and outreach efforts, but this change will allow the funds to be utilized throughout the state if the EDAs do not ultimately request the funds.

POLICY ISSUE 2: ASSET RESOLUTION

A. Brief Description of Issue

Asset resolution. Through the federal HOME Investment Partnerships (HOME) program, the Department provides funds for development of affordable housing, including affordable rental housing. As required by the federal rules and state program rules, multifamily housing developments funded under the HOME program are subject to a minimum affordability period, generally 30 years. Development owners must maintain records of compliance with state and federal rules and the Department provides ongoing compliance monitoring of all HOME funded properties to ensure compliance. Compliance requirements include documentation that tenants meet state and federal income qualifications, documentation that housing rents are restricted at affordable levels, and assurance that housing units are maintained over the affordability period.

The U.S. Department of Housing and Urban Development (HUD) oversees the HOME Investment Partnerships program and monitors the Department to ensure that all HOME funds are administered in accordance with federal program rules and requirements. When a property fails to remain in compliance with state and federal requirements the Department has several methods of enforcement. Those measures could include taking back the developments through foreclosure or agreement and either operating them directly as affordable rental properties or transferring them to other owners capable of operating them in compliance with the requirements of the HOME program. Once HOME funds have been awarded to assist a development, no more HOME funds may be invested for that project during the federal affordability period. The two most common forms of assistance are major rehabilitation and new construction. Either may be administered as either a loan or a grant.

B. Discussion

There are a number of different compliance problems that an affordable rental housing property may encounter. However, some of the more common ones include:

1) "Prior management" failed to complete rehabilitation and absconded with the funds.
2) Required records are not maintained and required reports are not filed.
3) Premises are leased to ineligible tenants.
4) The property does not produce cash flow as projected and is allowed to deteriorate because of inadequate funds for maintenance.
5) Subsequent owner does not participate in the program.

Further, on the older multifamily loans in the Department's HOME portfolio, the Department is in the second lien position and has limited solutions. In most of these instances, the Department will need to have a ready source of cash to fund related costs such as payment of prior lien indebtedness, correction of physical condition violations, and asset management costs. At times there are properties which simply cannot be viably operated as affordable rental housing under the HOME program, in which case the Department will need to repay HUD with non-federal funds.

C. Possible Solutions and Impact

The Department needs appropriate additional funds for use in addressing these issues. If such funding is not available, the Department's ability to restructure and address these properties is severely limited, potentially creating repayment liability to HUD of a greater magnitude.

POLICY ISSUE 3: SERVING THE LOWEST INCOME HOUSEHOLDS

A. Brief Description of Issue

Needs of persons at 30% of area median income (AMI) is acute. The majority of the funding tools available to the Department focus on the housing needs of households earning between 50% and 80% of the area median income particularly with regard to the production of new affordable housing. Subsidizing households below that level generally require ongoing financial support and linkages to other public and private services outside of the Department's control or sphere of influence.

B. Discussion

TDHCA receives federal and state funding sources for housing activities that primarily provide a one time or initial infusion to lower the burden of funds needed to start a housing development. Both single family ownership and multifamily rental housing has an ongoing operating and maintenance need for funds. These funds are required to pay for repairs and maintenance, utilities, taxes, insurance, management oversight and debt service. Even when a housing unit is delivered using 100% grant and equity funding sources with no debt service, households earning less than 30% to 40% of the area median income will have to spend a significantly disproportionate share of their income (more than 30%) to stay in the unit overtime. In addition senior households and households which have a member(s) with a disability face additional challenges that often require additional housing related services (e.g. physical access adaptations, communication enhancements, independent living assistance) which are not part of an initial housing budget. None of the funding sources currently available to the Department allow for their use to be in the form of a long term reserve to fund such ongoing needs. The tools currently available to address the ongoing cost of permanent housing issues are limited to emergency utility assistance through the Comprehensive Energy Assistance Program, short term tenant based rental assistance through the HOME Investment Partnership Program of HUD and Section 8 assistance for limited areas of the State that do receive a direct allocation of Section 8 assistance also through HUD. These existing tools are designed to be temporary and do not address the permanent housing related needs.

C. Possible Solutions and Impact

The creation of a dedicated trust that would commit annual funding up front for a more permanent period of a minimum ten but a maximum thirty year period would require a new state source of funds and statutory changes to obligate the Department to continue to subsidize units in a development beyond the two year biennium. In addition, legislation passed in the 2009 session, SB1878, provided for the creation of an interagency council to address issues involving service enriched housing particularly to assist elderly citizens age in place and housing related services to citizens with disabilities, this councils mandate could be expanded to oversee the implementation of funding to provide such integrated services as well as explore services needed more generally for the poorest of the poor, households at or below 30% of the area median income.

POLICY ISSUE 4: LACK OF FLEXIBILITY IN THE HOUSING TAX CREDIT PROGRAM

A. Brief Description of Issue

Efficiencies in administration are lost because of the highly proscribed regulations of the Low Income Housing Tax Credit (HTC) application cycle.

B. Discussion

Due to concerns that arose several sessions ago about lack of transparency in the award process, TDHCA's governing statute contains some very proscriptive parameters that can make Department operations difficult and put process over substance.

Several examples exist, but one of the most pressing is found in Texas Government Code, 2306.6724, "Deadlines for allocation in low income housing." For instance, the community has requested a two year Qualified Allocation Plan (QAP), but because subsection (a) of this section requires a plan be submitted each year by September 30, a two year plan would not be allowable.

Also because applications are due not later than March 1 of the application year, the TDHCA governing Board cannot provide any discretion or flexibility when unique circumstances arise. This past year, for example, the passage of ARRA made available additional funds on February 17, 2009. Unfortunately, because awarded credit applications are statutorily required and the tax credit cycle is limited to a single award round (combination of §2306.6702(4) and §2306.1111, Texas Government Code), there was no way to allow the relief provided under the federal law without a statutory change. Luckily, the Legislature happened to be in session this year, so such statutory change did occur (Texas Government Code, §2306.6736). Had the legislature not been in session, the Department would not have been able to maximize Recovery Act resources.

Another issue related to the proscribed deadlines is the requirement that Representatives and Senators be notified prior to the application deadline of March 1. Due to an error in mapping a rural area, the wrong Senator was recently notified of a development. Unaware of this error, this incorrect Senator sent the Department a letter of support. After the application deadline, the property owner discovered their error and contacted the correct Senator and obtained their support for the development. Unfortunately, because of the requirement that the Senator be notified in advance of the application deadline in statute, there was no way to allow the application to move forward as they did not meet the statutory notification deadline.

C. Possible Solutions and Impact

One possible solution to this lack of flexibility is to limit the number of hard dates in the statute and allow some Board discretion for providing changes in the rules for just cause or simple error. While all of the current statutory concepts could still be included - such as rule development, notification requirements and scoring - more flexibility could be built into how these concepts are developed, which would provide a more user-friendly system that focuses on substance of the applications and developments.

POLICY ISSUE 5: ROLE IN DISASTER RECOVERY

A. Brief Description of Issue

The Department has played a central role during the last five years in long-term disaster recovery, providing funding, to finance the repair, rehabilitation, and replacement of housing damaged by hurricanes. The primary source of this funding has been federal CDBG supplemental appropriations.

Through initiatives directed by the Office of the Governor and through statutory changes enacted by the 81st Texas Legislature, the Department has been called upon to expand its disaster recovery role to include emergency temporary housing in the immediate aftermath of declared disasters. In response to the gubernatorially mandated recovery work, TDHCA created a permanent Division of Disaster Recovery. Additionally, HB 4409 requires the Department to enter into pre-positioned contracts for emergency temporary housing following a disaster. As set forth in that bill, funding may be from the disaster contingency fund established under TEX. GOV'T. CODE, §418.073.

Historically the Department has acted as a housing finance agency providing funding for a variety of housing activities. The actual repair, restoration and replacement activities have been carried out by others with the Department providing funding only. Moving into the worlds of providing emergency temporary housing is an entirely different matter. It involves logistical demands, financial resources, and staffing expertise that are not available within the Department.

B. Discussion

Providing emergency temporary housing in the wake of a disaster presents extreme challenges in several areas:

1) Products. There are a very limited number of housing solutions that can be made available quickly. Each involves its own unique requirements and limitations.
   a. Shelter in existing structures (other homes and apartments, hotels and motels). A significant disaster will place huge demands on these sources. Typically people will identify and select these on their own and if they involve costs FEMA will provide vouchers or some other mechanism of payment or reimbursement. Although hotel and motel space might be made accessible quickly (if available), it is not well-suited to extended occupancy. This is a critical shortcoming because long term housing repair, restoration, or replacement solutions typically take a year or longer. The process is as follows: CDBG disaster funds are appropriated, HUD develops allocation plans, public hearings are held, state plans are developed, HUD program rules are published, then allocation occurs and grant agreements are executed, the logistics of the employed solution are put in place, and extensive state and federal requirements, including environmental review processes, are undertaken, all before construction can legally commence.
   b. Travel trailers. Following FEMA use of travel trailers in responding to emergency housing needs after recent Gulf Coast hurricanes, a significant issue with the formaldehyde levels in travel trailers was identified. Although the state has developed new formaldehyde standards, such units are generally not available. The cost to have a significant number of new, compliant units manufactured would be significant. The Department has no appropriated funds available for this activity. Although travel trailers might be delivered and made accessible quickly (if available), they are not well-suited to extended occupancy.
   c. Manufactured homes. Although these units may be installed relatively quickly and are more suited to long term use than hotels, motels, and travel trailers, they involve additional factors, such as site preparation, the need for skilled and licensed installers, and the need for utility, water and wastewater connections. Additionally, manufactured homes have been historically hard for urban areas to deal with in light of zoning restrictions and other requirements.
   d. Park model homes. While these present many of the same attributes as manufactured homes, they are smaller and less suited to greater numbers of occupants.

2) Logistics. For any of these solutions, other than hotel and motel space, there are a host of logistical challenges and critical decision points. The Department is not experienced or staffed in these areas. Some of the key issues involved are:
   a. Who makes the call that any or all of these possible types of units are needed, how many and of what sort, and where are they to be located and delivered?
   b. Will permitting and zoning issues be pre-cleared or addressed on a "blanket" basis? If not, what will the requirements be?
   c. How will utilities and water and wastewater hookups be handled?
   d. Will there be group sites? If so, what advance preparation will be done, if any? If nothing is done in advance, to whom will the responsibility fall?
3) Finances. Presumably reimbursement from FEMA will be pursued for all of these activities, should they occur. Pre-positioned contracts present a different issue, especially for travel trailers. Because inventory that meets new formaldehyde standards is generally non-existent, anyone committing to provide travel trailers for emergency housing purposes will require funds to have such trailers built. Furthermore, because there is an uncertainty as to when or where disaster may strike, anyone who has inventory will seek funding for the costs of storage, maintenance, and general readiness for delivery.

C. Possible Solutions and Impact

To deliver the optimal state government response to the logistical challenges of administering emergency temporary housing the state body tasked with such must have the trained and experienced staff, the relationships with local governmental decision-makers, ability to coordinate with other aspects of emergency response, and ability to access the non-housing essential resources such as site preparation, transportation, utility connection, etc. The Governor's Division of Emergency Management probably best fulfills these criteria, but whatever body oversees these activities needs to be provided with the essential funding to make possible the acquisition and storage of the necessary units. Absent this funding, the only possible solution requires placing reliance on existing retail sales and distribution networks for travel trailers (which likely will not meet the new formaldehyde standards), manufactured homes, and park models to commit to make their existing inventory available for emergency response.

POLICY ISSUE 6: RURAL HOUSING – UNIQUE NEEDS AND CAPACITY

A. Brief Description of Issue

As noted throughout this report, there is acute housing need across Texas. Rural Texas is no exception, and the challenges they face are unique.

B. Discussion

Rural Texas has several distinct housing demographics based on the most recent U.S. Census data analysis.

- Approximately 17% of all households in need of affordable housing in Texas are located in rural communities.
- The rate of substandard housing units is higher in rural areas for both renters and owners.
- The rates of cost burden and overcrowding are higher for rural homeowners than urban homeowners.
- The poverty rate is higher in rural areas than urban areas.
- The rate of cost burden for rural renters is similar to the rate for urban renters.
- Rural renters experience a lower rate of overcrowding than urban renters.

Additionally, there are several other factors, not directly correlated with data-based need, that add to rural housing challenges:

- Rural Texas appears to have higher rates of homeownership.
- Rural areas find it more challenging to attract developers of housing – either market rate or affordable – because of the more limited profitability of rural activities
- Rural areas are rarely direct recipients of federal housing funds, and have limited access to local funds, which makes leveraging funds more challenging than in urban areas
- Anecdotally, it is more expensive to develop housing in rural Texas because materials are harder to access, transportation costs for materials are higher, and skilled labor often has to be brought in
- Local governments and local nonprofits who would be typical applicants for affordable housing resources, often do not have the capacity (housing knowledge, financial resources, staff, etc.) to pursue housing activities
- Generally, in rental housing, market feasibility evaluations occur that indicate an amount of need that a proposed property could absorb. In rural areas, the need for a small community may not correlate to a sufficient number of units to make a development financially feasible.

C.Possible Solutions and Impact

TDHCA continues to develop solutions to these challenges which include:

1. Targeting of at least 95% of all HOME funds to rural Texas as is statutorily required. HOME funds allow a local community flexibility in addressing affordable housing needs.
2. Instituting the Capacity Building and Rural Expansion program under the Housing Trust Fund. This newly created HTF Program is designed to simultaneously provide funds to eligible rural applicants for both capacity building and construction. Many recipients of the Department's capacity building funds in the past have worked to expand construction program capacity, only to face challenges in locating resources. By partnering the two, the Department essentially provide "seed money" to fund their first affordable housing initiative, while committing the resources to building them as nonprofits/local governments with housing expertise.
3. Ensuring collaboration with several rural interest groups – including the Association of Rural Communities in Texas and Rural Rental Housing Association – to develop program changes that address their concerns and suggestions.

Other solutions could include marrying TDHCA funds with other state economic development funds so that the rural housing and economic development occur in tandem, and partnership with the manufactured housing industry to maximize creative affordable solutions with their products.

POLICY ISSUE 7: RESOURCES FOR HOMEOWNERSHIP AND THE BOND MARKET

A. Brief Description of Issue

Promoting responsible home-ownership is a high priority for the Department. One of the principal tools that TDHCA used to support this priority is offering first time homebuyer loans. The Department routinely issues bonds to finance first time homebuyer loans under the authority of TEX. GOV'T. CODE, §§2306.351 and 2306.352. In order to provide loan products that are financially attractive and prudently underwritten, the Department must take into account a host of factors, including prevailing market rates, interest rate markets and trends, and the market for bond investments. As provided for in TEX. GOV'T. CODE, §2306.351(b), the Department, in consultation with its underwriters and financial advisers, enters into necessary ancillary contracts tailored to the relevant factors at the time of issuance and, as markets conditions and other factors change, considers changes to these contracts. The Department's ability to meet the demands of the market and these contracts has a material bearing on the rating of the Department's bonded indebtedness and, therefore, the competitiveness of its pricing and the ability to place bonds. The market, and rating agencies in particular, have an expectation that an issuer such as the Department will have available financial resources commensurate with its overall position, including contracts of the sort described in TEX. GOV'T. CODE, §2306.351(b).

B. Discussion

The Department does not have specific, identified, and appropriated funds to address these market requirements. When each new bond issuance is structured, therefore, market conditions are assessed and the Department consults with its financial adviser to develop a specific plan for the ancillary contracts, such as hedges and liquidity facilities. Because the market takes into account not only the structure of the current issue but also the Department's overall posture (i.e. its bond indebtedness), the Department's challenges, and therefore its need for additional financial support, increases as its issued bonds increase.

While TDHCA's First Time Homebuyer Programs provide significant benefits to Texans, the function of offering home loans can be fraught with complexities and risks. The tendency is to think in terms of credit risks, but actually credit risks are generally among the easier risks to quantify and mitigate though the employment of well-developed and tested underwriting standards. This is exactly how TDHCA approaches that risk. However, far and away the hardest risks to manage are the interest rate risks. Mortgage loans are long term obligations. Even when they are made on a fixed rate basis they present interest rate risks because the ultimate borrowers may prepay at anytime, a feature known as "optionality." Investors in mortgage-related products typically have specific funding sources and desire to lock in a positive return or "spread" for the duration of their particular funding source. Variable rate mortgage loans simply compound this issue as rising loan prices often trigger prepayments, robbing the ultimate investor of their anticipated return.

In an effort to meet the many demands and parameters of both investors and borrowers, interest rate risk must be addressed, and the established approach, as reflected in TEX. GOV'T. CODE, §2306.351(b), is to employ hedging techniques. Hedges, however, are financial instruments and contractual obligations that carry costs and volatility themselves.

C. Possible Solutions and Impact

The Department has limited and generally inadequate sources of funds for these activities. The appropriation of additional funds specifically for this purpose would be one solution. An alternative would be to draw upon the resources of other state agencies, most notably the Comptroller of Public Accounts, to provide some or all of the contractual services required. Without such a solution the Department will have to continue to issue bond indebtedness that is not properly supported.

X. Other Contacts

A. Fill in the following chart with updated information on people with an interest in your agency, and be sure to include the most recent e-mail address.

Texas Department of Housing and Community Affairs Exhibit 15: Contacts			
INTEREST GROUPS (groups affected by agency actions or that represent others served by or affected by agency actions)			
Group or Association Name/ Contact Person	Address	Telephone	E-mail Address
ADAPT of Texas *Contact: Bob Kafka*	1640A E. 2nd St., Suite #100, Austin, TX 78702-4412	(512) 442-0252	adapt@adapt.org
Advocacy, Inc. *Contact: Sarah Mills*	7800 Shoal Creek Blvd., Suite #171-E, Austin, TX 78757	(512) 454-4816	smills@advocacyinc.org
Association of Rural Communities in Texas *Contact: Donna Chatham*	P. O. Box 200847, Austin, TX 78720-0847	(512) 331-1354	donna@arcit.org
Corporation for Supportive Housing *Contact: Dianna Lewis*	PO Box 18444, Austin, TX 78760	(512) 539-9641	dianna.lewis@csh.org
Rural Rental Housing Association of Texas, Inc. *Contact: Jeff Crozier*	417-C West Central, Temple, TX 76501	(254) 778-6111	office@rrhatx.com
Texas Affiliation of Affordable Housing Providers *Contact: Jim Brown*	814 San Jacinto Blvd., Ste. #408, Austin, TX 78701	(512) 476-9901	info@taahp.org
Texas Apartment Association *Contact: George Allen*	1011 San Jacinto Blvd., Ste.#600, Austin, TX 78701	(512) 479-6252	communications@taa.org
Texas Association of Builders *Contact: Scott Norman*	313 E. 12th St., Ste. #210, Austin, TX 78701	(512) 476-6346	info@texasbuilders.org
Texas Association of Community Action Agencies *Contact: Stella Rodriguez*	2512 IH 35-South, Suite #100, Austin, TX 78704-5772	(512) 462-2555	stella@tacaa.org
Texas Association of Community Development Corporations *Contact: Steve Carriker*	1524 South IH-35, Ste. # 310, Austin, TX 78704	(512) 916-0508	steve@tacdc.org
Texas Association of Counties *Contact: Karen Norris*	1210 San Antonio St., Austin, TX 78701	(512) 478-8753	karenn@county.org
Texas Association of Local Housing Finance Agencies *Contact: Jeanne Talerico*	5766 Balcones Drive #102, Austin, TX 78731	(512) 481-9933	jeanne@talhfa.org
Texas Association of Regional Councils *Contact: Penny Redington*	701 Brazos St., Ste. #780, Austin, TX 78701	(512) 478-4715	predington@txregionalcouncil.org
Texas Chapter of the National Association of Housing and Redevelopment Officials *Contact: Steve Shorts*	311 C. East 7th Street, Taylor, TX 76574	(512) 352-3231	thousingauth@austin.rr.com

INTEREST GROUPS (continued) (groups affected by agency actions or that represent others served by or affected by agency actions)			
Group or Association Name/ Contact Person	Address	Telephone	E-mail Address
Texas Habitat for Humanity *Contact: Matt Hull*	55 IH-35 North, Suite #240, Austin, TX 78702	(512) 472-8788	matt@habitattexas.org
Texas Homeless Network *Contact: Ken Martin*	1713 Fortview Rd., Austin, TX 78704	(512) 482-8270	ken@thn.org
Texas Housing Association *Contact: Linda Bryant*	1106 Santa Fe Trail, Suite #1, Duncanville, TX 75137	(972) 572-2262	txtha@texas.net
Texas League of United Latin American Citizens *Contact: Joey Cardenas III*	P.O. Box 29, Louise, TX 77455-0029	(979) 648-2713	joey_cardenas@hotmail.com
Texas Legal Services Center *Contact: Randy Chapman*	815 Brazos St., Austin, TX. 78701	(512) 477-6000	rchapman@tlsc.org
Texas Low Income Housing Information Service *Contact: John Henneberger*	508 Powell St, Austin, TX 78701	(512) 477-8910	john@texashousing.org
Texas Manufactured Housing Association *Contact: D.J. Pendleton*	816 Congress Ave., Ste. # 940, Austin, TX 78701	(512) 459-1221	dpendleton@texasmha.com
Texas Municipal League *Contact: Frank Sturzl*	1821 Rutherford Lane, Suite #400, Austin, TX 78754	(512) 231-7490	exec@tml.org
Texas Ratepayers Organization to Save Energy Contact: Carol Biedrzycki	815 Brazos Street, Suite# 1100, Austin, TX 78701	(512) 472-5233	contact@texasrose.org
Texas United Independent Developers *Contact: Jim Shearer*	1122 Colorado St., Ste. #320, Austin, TX 78701	(512) 322-0020	jim@cap-con.net
United Cerebral Palsy of Texas *Contact: Jean Langendorf*	1016 La Posada, Suite 145 Austin, TX 78752	(512) 472-8696	info@ucptexas.org

INTERAGENCY, STATE, OR NATIONAL ASSOCIATIONS (that serve as an information clearinghouse or regularly interact with your agency)			
Group or Association Name/ Contact Person	Address	Telephone	E-mail Address
Community Action Partnership *Contact: Donald Mathis*	1140 Connecticut Avenue, NW, Suite 1210, Washington, DC 20036	(202) 265-7546	dmathis@communityactionpartnership.com
Council of State Community Development Agencies *Contact: Dianne Taylor*	1825 K Street, N.W., Suite 515, Washington, D.C. 20006	(202) 293-5820	dtaylor@coscda.org
National Association for State Community Services Programs *Contact: Timothy Warfield*	400 North Capitol St., NW Suite 395, Washington DC 20001	(202) 624-5866	warfield@nascsp.org
National Association of Housing and Redevelopment Officials (NAHRO) *Contact: John Bohm*	PO Box 90487 Washington, DC 20090	(202) 289-3500	jbohm@nahro.org
National Association of Local Housing Finance Agencies *Contact: John Murphy*	2025 M. Street, NW, Suite 800, Washington, DC 20036	(202) 367-1197	jmurphy@nalhfa.org
National Council of State Housing Agencies *Contact: Barbara Thompson*	444 North Capitol Street, NW, Suite 438, Washington, DC 20001	(202) 624-7710	bthompson@ncsha.org
National Energy Assistance Directors Association: *Contact: Mark Wolfe*	1232 31st Street NW, Washington, DC 20007	(202) 333-5915	info@neada.org

INTERAGENCY NATIONAL AGENCIES (these federal agencies provide funds and oversight)			
Group or Association Name/ Contact Person	**Address**	**Telephone**	**E-mail Address**
U.S. Department of Energy Office of State and Community Programs *Contact: Jean Diggs*	1000 Independence Ave., SW, EE-44, Washington, D.C. 20585	202-586-8506	jean.diggs@hq.doe.gov
U.S Department of Energy Golden Field Office Contact: Rob Desoto	1617 Cole Boulevard, Golden, CO 80401-3305	(303) 275-4843	rob.desoto@go.doe.gov
Low Income Home Energy Assistance Program; HHS, Administration For Children and Families; Office of Community Services, Division of Energy Assistance (DEA) Contact: Nick San Angelo	Aerospace Building, 5th Floor West , 370 L'Enfant Promenade, S.W., Washington, D.C. 20447	(202) 401-5306	
U.S. Department of Health and Human Services Office of Community Services Administration for Children & Families (CSBG) Contact: Isaac Davis	370 L'Enfant Promenade, SW, Washington, DC 20447	(202) 401-5335	Isaac.Davis@acf.hhs.gov
U.S. Department of Housing & Urban Development Ft. Worth Regional Office *Contact: Linda Hadley*	801 Cherry Street, Unit #45, Suite 2500, Ft. Worth, TX 76102	(817) 978-5957	Linda.T.Hadley@hud.gov

LIAISONS AT OTHER STATE AGENCIES (with which your agency maintains an ongoing relationship, e.g., the agency's assigned analyst at the Legislative Budget Board, or attorney at the Attorney General=s office)			
Agency Name/Relationship/ Contact Person	Address	Telephone	E-mail Address
Bond Review Board *Contact: Bob Kline*	P.O. Box 13292, Austin, TX 78711-3292	(512) 463-1741	kline@brb.state.tx.us
Comptroller of Public Accounts *Contact: Elton Brock*, Program Manager of Procurement Operations and Procurement Support	P.O. Box 13528, Capitol Station, Austin, TX 78711-3528	(512) 463-4444	
Council for Developmental Disabilities *Contact: Roger Webb*	6201 E. Oltorf, Suite 600, Austin, TX 78741-7509	(512) 437-5432	
Facilities Commission *Contact: James Barrington*, Division Director of Facilities Management Division	1711 San Jacinto, Austin, TX 78701	(512) 463-3446	james.barrington@tfc.state.tx.us
General Land Office *Contact: Ken Wallingford*	P.O. Box 12873, Austin, TX 78711-2873	(512) 463-5060	
Dept. of Public Safety – Governor's Division of Emergency Management *Contact: Jack Colley*	P.O. Box 4087, Austin, TX 78773-0220	(512) 424-2138	jack.colley@txdps.state.tx.us
Health and Human Services Commission *Contact: Sherri Hammack*	Brown-Heatly Building, 4900 N. Lamar Blvd., Austin, TX 78751-2316	(512) 424-6964	sherri.hammack@hhsc.state.tx.us
Dept. of Information Resources *Contact: Ronnie Porfirio*, Information Resources Analyst	P.O. Box 13564, Austin, TX 78711-3564	(512)475-2784	ronnie.porfirio@lbb.state.tx.us
Legislative Budget Board *Contact: Nora Velasco*	P.O. Box 12666, Capitol Station, Austin, TX 78711	(512) 475-2107	Nora.velasco@lbb.state.tx.us
Office of the Attorney General *Contact: Nichole Bunker-Henderson*	P.O. Box 12548, Austin, TX 78711-2548	(512) 463-2100	Nichole Bunker-Henderson@oag.state.tx.us
Texas Department of Rural Affairs *Contact: Charlie Stone*	P.O. Box 12877 Austin, TX 78711	(512) 936-6704	cstone@TDRA.state.tx.us
Office of State-Federal Relations *Contact: Ed Perez*	10 G Street NE, Suite 650, Washington DC 20002	(202) 638-3927	eperez@osfr.state.tx.us
Secretary of State *Contact: Coby Shorter*	P.O. Box 12887, Austin, TX 78711-2887	(512) 463-5770	Coby.shorter@sos.state.tx.us
State Affordable Housing Corporation *Contact: David Long*	P.O. Box 12637, Austin, TX 78711-2637	(512) 477-3555 Ext. 402	dlong@tsahc.org
State Office of Administrative Hearings *Contact: Cathleen Parsley, Chief Administrative Law Judge*	P.O. Box 13025, Austin, TX 78711-3025	(512) 475-4993	questions@soah.state.tx.us
Water Development Board *Contact: J. Kevin Ward, Executive Administrator*	1700 N. Congress Ave, Austin, TX 78701	(512) 463-7847	info@twdb.state.tx.us

LIAISONS AT OTHER STATE AGENCIES (continued) (with which your agency maintains an ongoing relationship, e.g., the agency's assigned analyst at the Legislative Budget Board, or attorney at the Attorney General=s office)			
Agency Name/Relationship/ Contact Person	Address	Telephone	E-mail Address
Texas Workforce Commission *Contact: Beverly Donoghue*	101 E. 15th Street, Rm. 252T, Austin, TX 78778-0001	(512) 936-2146	beverly.donoghue @twc.state.tx.us
Department of Aging and Disability Services *Contact: Marc Gold*	701 W. 51st Street, MC: W-619, Austin, TX 78714-9030	(512) 438-2260	marc.gold@dads.st ate.tx.us

XI. ADDITIONAL INFORMATION

A. Fill in the following chart detailing information on complaints regarding your agency. Do not include complaints received against people or entities you regulate. The chart headings may be changed if needed to better reflect your agency's practices.

Texas Department of Housing and Community Affairs
Exhibit 16: Complaints Against the Agency - Fiscal Years 2007 and 2008

	FY 2007	FY 2008
Number of complaints received	142	123
Number of complaints resolved	94	93
Number of complaints dropped/found to be without merit	25 non-jurisdictional	24 non-jurisdictional
Number of complaints pending from prior years	23	6
Average time period for resolution of a complaint	17 days	19 days

Note: Figures exclude the Manufactured Housing Division complaints.

B. Fill in the following chart detailing your agency's Historically Underutilized Business (HUB) purchases.

Texas Department of Housing and Community Affairs Exhibit 17: Purchases from HUBs				
FISCAL YEAR 2006				
Category	Total $ Spent	Total HUB $ Spent	Percent	Statewide Goal
Heavy Construction	N/A			11.9%
Building Construction	N/A			26.1%
Special Trade	$4,950	$4,950	100.0%	57.2%
Professional Services	$219,408	$72,000	32.8%	20.0%
Other Services	$2,648,163	$979,327	36.9%	33.0%
Commodities	$519,326	$390,941	75.2%	12.6%
TOTAL	$2,017,271	$1,447,218	42.6%	

FISCAL YEAR 2007				
Category	Total $ Spent	Total HUB $ Spent	Percent	Statewide Goal
Heavy Construction	N/A			11.9%
Building Construction	N/A			26.1%
Special Trade	N/A			57.2%
Professional Services	$212,149	$84,700	39.9%	20.0%
Other Services	$1,974,614	$1,189,822	60.2%	33.0%
Commodities	$354,762	$304,877	85.9%	12.6%
TOTAL	$2,541,526	$1,579,399	62.1%	

FISCAL YEAR 2008				
Category	Total $ Spent	Total HUB $ Spent	Percent	Statewide Goal
Heavy Construction	N/A			11.9%
Building Construction	N/A			26.1%
Special Trade	N/A			57.2%
Professional Services	$272,217	$46,970	17.2%	20.0%
Other Services	$2,050,397	$1,145,388	55.8%	33.0%
Commodities	$376,244	$306,617	81.4%	12.6%
TOTAL	$2,698,859	$1,498,976	55.5%	

C. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy? (Texas Government Code, §2161.003; 34 TAC, Part 1, §20.15(b))

TDHCA has a HUB Plan that was established in 2000. TDHCA's percentages and the Statewide Goal are reviewed each year and any shortfalls are assessed with the HUB Plan to see what improvements could be made in that area. A Supplemental Letter is submitted to the Comptroller if a shortfall occurs and is part of the semiannual HUB reporting information.

D. For agencies with contracts valued at $100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of $100,000 or more? (Texas Government Code, §2161.252; 34 TAC, Part 1, §20.14)

TDHCA includes the Historically Underutilized Business Subcontracting Plan (HSP) with every procurement solicitation over $100,000 or anticipated to be $100,000. All responses to these solicitations must include the HSP or the response is not considered responsive and is not considered for award.

E. For agencies with biennial appropriations exceeding $10 million, answer the following HUB questions.	
	Response / Agency Contact
1. Do you have a HUB coordinator? (Texas Government Code, §2161.062; 34 TAC, Part 1, §20.26)	Yes. Julie M. Dumbeck.
2. Has your agency designed a program of HUB forums in which businesses are invited to deliver presentations that demonstrate their capability to do business with your agency? (Texas Government Code, §2161.066; 34 TAC, Part 1, §20.27)	TDHCA does not have facility accommodations to host in-house forums, but the Department attends and co-hosts forums throughout each fiscal year.
3. Has your agency developed a mentor-protégé program to foster long-term relationships between prime contractors and HUBs and to increase the ability of HUBs to contract with the state or to receive subcontracts under a state contract? (Texas Government Code, §2161.065; 34 TAC, Part 1, §20.28)	TDHCA has had a mentor protégé contract in the past and is currently working on developing additional avenues of mentor protégé contracting for the agency.

F. Fill in the chart below detailing your agency's Equal Employment Opportunity (EEO) statistics.[10]

Texas Department of Housing and Community Affairs Exhibit 18: Equal Employment Opportunity Statistics							
FISCAL YEAR 2006							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	18	0%	6.6%	22.22%	14.2%	16.67%	37.3%
Professional	199	12.56%	8.3%	39.20%	13.4%	65.83%	53.2%
Technical	20	15%	12.4%	15%	20.2%	25%	53.8%
Administrative Support	12	25%	11.2%	16.67%	24.1%	66.67%	64.7%
Service Maintenance	26	23.08%	13.8%	53.85%	40.7%	84.62%	39.0%
Skilled Craft	N/A	N/A	6.0%	N/A	37.5%	N/A	4.8%

FISCAL YEAR 2007							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	19	0%	9.0%	15.79%	23.7%	26.32%	38.8%
Professional	186	13.44%	11.7%	39.78%	19.9%	71.51%	54.5%
Technical	41	9.76%	17.0%	21.95%	27.0%	24.39%	55.6%
Administrative Support	16	25%	13.2%	43.75%	31.9%	75%	66.2%
Service/Maintenance	17	41.18%	12.8%	41.18%	44.8%	82.35%	39.7%
Skilled Craft	N/A	N/A	5.1%	N/A	46.9%	N/A	5.1%

[10] The Service/Maintenance category includes three distinct occupational categories: Service/Maintenance, Para-Professionals, and Protective Services. Protective Service Workers and Para-Professionals are no longer reported as separate groups. Please submit the combined Service/Maintenance category totals, if available.

FISCAL YEAR 2008							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	21	0%	9.0%	19.05%	23.7%	42.86%	38.8%
Professional	195	15.38%	11.7%	36.41%	19.9%	70.26%	54.5%
Technical	39	7.69%	17.0%	28.21%	27.0%	23.08%	55.6%
Administrative Support	16	25%	13.2%	31.25%	31.9%	68.75%	66.2%
Service/Maintenance	16	31.25%	12.8%	50%	44.8%	N/A	87.50%
Skilled Craft	N/A	N/A	5.1%	N/A	46.9%	N/A	5.1%

G. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?

Yes, the Department's Workforce Diversity Program/Affirmative Action Plan, is excerpted below:

1.2. Workforce Diversity Program/Affirmative Action Plan

1. Preface

   The Department recognizes that full and equal participation of minorities, women, and disabled persons in all employment opportunities is a necessary component of any effective workforce diversity. However, the establishment of goals, objectives, responsibilities, action plans, and timetables to be implemented by management must comply with laws prohibiting employment discrimination.

2. Forward

   Equal opportunity is issued and protected by state and federal laws. In the public sector of our society this means that all persons, regardless of age, race, color, religion, sex, national origin, veteran status, and disability will have equal access to positions in public service limited only by ability to do the job.

   Voluntary Workforce Diversity Policies assure that equal employment opportunities are applicable to a variety of employment processes.

   When the Executive Director or Director of Human Resources has reason to believe that a particular personnel policy and procedural system has maintained the current effects of past discrimination, he/she should take steps to remedy the situation. Such policy will be changed as soon as possible.

3. Policy Statement

   The powers and duties exercised by the Commission on Human Rights Act were transferred to the Texas Workforce Commission civil rights division. Texas Labor Code, §21.001 states that the general purpose is to:

   - secure for all persons within the state, freedom from discrimination in certain transactions concerning employment, and thereby to protect their interest in personal dignity, and to make available to the state their full productive capacities, to secure the state against domestic strife and unrest, to preserve the public safety, health and general welfare, and to promote the interests, rights, and privileges of individuals within the state.

   In keeping with the spirit of this general purpose of the Act, the Department issues and affirms the following Affirmative Action Policy:

   - It is the policy of the Department to maintain a commitment to the principles of equal employment for all employees and to applicants for employment.
   - In order to fulfill this commitment, the Department has established and maintains this Workforce Diversity Policy to promote equality of employment treatment that conforms to federal and state law. This document is a written plan of action documenting the Department's commitment to assure an environment of equal opportunity for public employment. The plan includes goals and specific actions to be taken to reach the overall aim to be mindful of the diversity of the State of Texas. This plan however, does not create "set-aside" or establish "quotas" for any candidates. The plan will be reviewed annually and updated, as needed, by the Director of Human Resources and submitted to the Executive Director for approval.

4. Program Responsibilities

   The Department's Workforce Diversity Policy shall have the support of the Executive Director and other management or supervisory personnel. Therefore, specific responsibilities shall be assigned and delegated to the Department and management personnel to ensure that the necessary authority is available to implement the provisions of the plan.

The Executive Director shall have ongoing responsibility for establishing affirmative action policies and monitoring the implementation of the Workforce Diversity Policy through periodic program reports. Further, the Executive Director assigns responsibility to the Director of Human Resources to review annually for purposes of revision or modification the Workforce Diversity Policy, work force analysis, and personnel policy and procedural systems including but not limited to recruitment, selection, promotions, job descriptions, classifications, compensation, discipline or other terms and conditions affecting the equal employment opportunities of applicants for employment or employees because of race, color, national origin, religion, sex, age or disability status.

The Director of Human Resources shall be designated as the Affirmative Action Officer for the Department with the authority for directing the Workforce Diversity Policy. It shall be the responsibility of the Director of Human Resources to ensure that compliance with the Department's workforce diversity policies are implemented in an efficient and effective manner. The Director of Human Resources shall provide periodic progress reports to the Executive Director outlining workforce diversity accomplishments and provide the necessary information required by the Executive Director for purposes of the Plan's annual review.

5. Program Goals

To ensure objectivity, consistency, uniformity, and job relatedness through design and implementation of appropriate personnel policy and procedural systems that affects the equal employment opportunities of the Department's employees and applicants for employment.

To ensure the elimination of any current effects of past discrimination, the Department's Workforce Diversity Policy shall establish monitoring and reporting systems.

6. Action Programs

a. Policy Dissemination: The Department shall provide its Workforce Diversity Policy to statewide minority, disability, and women’s organizations for distribution to their respective members. The Department shall include, in notifications posted for vacant positions, information that it is an equal employment opportunity employer.

   As part of the orientation program, each new employee shall receive information on how to review the Department's Workforce Diversity Policy from the Department's intranet web site.

b. Recruitment: The Department is committed to an action oriented program of equal employment opportunity for all individuals regardless of age, race, color, religion, sex, national origin, or disability.

   To the extent possible, the Department shall utilize a wide range of recruiting sources to secure the maximum number of qualified minority, disabled, and female applicants for available positions within all classifications. Such sources may include statewide minority, disability, and female associated organizations, educational institutions, and newspapers. The Department shall continue to expand and update this list of such recruiting sources, including appropriate contact persons.

   Notices of vacant positions shall be posted in accordance with the regular posting policies. Such notices may be distributed to all recruitment sources previously identified. Where vacancies occur in classifications which have been identified as being underutilized, the Department shall target for purposes of recruitment minority, disability, and female applicant sources. An applicant flow record shall be maintained to determine the mix of candidates applying for vacant positions according to race, national origin, and sex.

   The Director of Human Resources is responsible for reviewing actions for EEO compliance.

c. Selection Procedures: The selection procedure which is in compliance with the Texas Commission on Human Rights Act should be based on three approaches:

   - Selection of qualified employees based on objective, job-related criteria which can be consistently applied, documented and measured;
   - The employer's workforce reflects equitable distribution within all job classification’s for those classes covered by anti-discrimination laws; and

- A Workforce Diversity Policy based on sound statutory and constitutional principles as well as judicial interpretations.

d. New Employee Selection: A selection procedure for new employees includes, but is not limited to, the following elements:

e. Job Qualifications: Generally, minimum job qualifications incorporate education and experience. When utilizing these two criteria, the employer should be able to demonstrate job relatedness. Also, the employer should be able to demonstrate that neither of these criteria have a statistically measurable disproportionate impact on covered classes included in laws prohibiting employment discrimination such as age, race, color, religion, sex, national origin, veteran status and disability.

f. Applications: Applicants applying for a posted job vacancy will submit a State of Texas standard application form (resumes may be attached). The application must be received by the closing date of the job vacancy notice. The accuracy of statements contained in applications or resumes shall be certified by signature of the applicant.

g. Applicant Log: All applicants applying for the vacant position shall be listed on an applicant log.

h. Screening Applications: Each application shall be screened using an applicant rating schedule. This rating schedule shall be based on quantified, job-related experience and educational qualifications as set forth in the job description. Applicants shall be ranked on the basis of their cumulative score. The applicants in the highest numerical scores shall receive an interview.

i. Interviewing: Interviews shall be confined to the applicant's responses to job-related questions or by performing job-related practical exercises which can be measured.

j. Final Selection: The applicant receiving the highest cumulative score based on the interview, job-related experience, educational qualifications, and positive references shall be selected for the position. In those instances where certain qualifications or work experiences may be preferred and the Department is attempting to maintain work force equity, these factors may be quantified and added to the total cumulative score.

k. Notification of Employment: Following the selection of the most qualified applicant, he/she shall be notified by telephone and may be confirmed in writing. Likewise, applicants interviewed and not recommended for the position shall be notified in writing at the earliest opportunity.

l. Upward Mobility: The Director of Human Resources shall compile reports on promotional opportunities and selection of candidates promoted. The reports shall identify race, national origin, and sex of candidates promoted and reason selected.

   In-service training programs shall be designed and implemented to increase promotional opportunities for employees. On-the-job training and cross-training programs shall be developed to expose employees to a broad range of job duties and experiences.

7. Discipline Procedures

The Department has a discipline system that is linked to specific policies and procedures with which Department employees are expected to comply. This disciplinary policy shall be adhered to in such a way as to ensure uniformity and consistency to conform to Department policies prohibiting discrimination. (Refer to Section 3.0 Disciplinary Policy)

8. Appeal Procedures

The Department has provided appeal procedures designed to resolve complaints of employment discrimination alleged by employees. These procedures shall provide aggrieved employees the opportunity to discuss their problems at several levels.

These procedures shall help to protect both the employee and the Department by providing both parties with the opportunity to have their position reviewed and considered by an impartial authority. These procedures shall provide safeguards against any and all occurrences of discrimination or any other preferential treatment which may adversely affect employees of the Department.

9. Monitoring the Workforce Diversity Policy Achievement

The Director of Human Resources shall be responsible for administering the Department's Workforce Diversity Policy and providing regular reports to the Executive Director. Utilizing such reports, the Executive Director shall monitor the implementation of the plan and identify any revisions necessary to assure effective application. Such reports may include the following:

Annual Workforce Diversity/EEO Progress Report: This narrative report shall include an itemized summary of the program's achievements, progress and shortcomings with accompanying recommendations.

Annual Workforce Analysis by Race, National Origin, Sex and EEO Category

The Department shall review the State of Texas Minority Hiring Reports (New Hire Detail and Work Force Detail) and the annual EEO-4 Report comparing EEO and job categories. These reports will provide a racial, ethnic, and gender profile of Department personnel by EEO category. EEO categories where minorities and females are under represented shall be identified. These work force profiles shall be compared to the percentages of otherwise qualified persons available in the relevant labor market (Texas Labor Code, §21.501).

10. Time Frame for Implementation

The Executive Director shall implement and review the action program previously identified in (§1.2.6) annually.

XII. AGENCY COMMENTS.

The agency is maximizing the delivery of services to those people targeted under statutory policies. There are obstacles to overcome to achieve even greater results, but the agency believes that it is making an impact on creating more safe decent and affordable housing. While the complexity of the federal programs and the limits on funding may not allow the agency to provide safe decent and affordable housing for all Texans, the Department produces more housing that other agencies across the country on a dollar for dollar basis. The Department's programs are governed by rules to provide transparency and the Department is very open to the public and advocates on how the Department awards funds and what is expected from the funds awarded.

Since the Department's last sunset review process, the agency has received new programs and seen an increase in funds that have required us to make changes because of the need to offer multiple funding streams for tax credits, HOME funds, weatherization and disaster recovery. This has changed the Department's look some, but also achieved increased administrative efficiencies allowing us to produce more housing with basically the same number of staff. Only recently, with the addition of disaster funding and HERA and ARRA funds, did the Department increase staff through Article IX requests.

The Department looks forward to working with the Sunset Commission to help make improvements, identify and eliminate anything extraneous to its mission, and make sure that Department programs and staff are dedicated to assisting those people identified by the legislature as needing housing assistance.

ADDITIONAL EXHIBITS

IV. POLICYMAKING STRUCTURE

G. Does your agency have policies that describe the respective roles of the policymaking body and agency staff in running the agency? If so, describe these policies.

Exhibit IV.G. Resolution Number 02.056

J. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart.

Exhibit 4. Subcommittees and Advisory Committees
IV. Ja Audit Committee Resolution No. 09-28
IV. Jb §2306.590, Texas Government Code, OCI Advisory Committee
IV. Jc EARAC SOP
IV. Jd §2306.1112, Texas Government Code
IV. Je §2306.584-585, Texas Government Code
IV. Jf §2306.056, Texas Government Code

VII. GUIDE TO AGENCY PROGRAMS

COMPLIANCE

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

VII_Compliance_M_Audit Guide

RESOLUTION NUMBER 02-056

RESOLUTION OF THE GOVERNING BOARD STATING BOARD POLICY ON THE SEPARATION OF BOARD AND STAFF RESPONSIBILITIES IN ACCORDANCE WITH CHAPTER 2306 OF THE TEXAS GOVERNMENT CODE

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

WHEREAS, Texas Government Code, Section 2306.051 "Separation of Responsibilities" states: "The board shall develop and implement policies that clearly separate the policy-making responsibilities of the board and the management responsibilities of the director and staff of the department"; NOW, THEREFORE,

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

Section 1 – Board Policy:

a) That it is the policy of the Governing Board that the Board exercises policy-making responsibilities and the director and staff of the Department exercise management responsibilities;

b) That Chapter 2306 of the Texas Government Code defines the separate powers and duties of the Governing Board, Director, and Department, including the following:

- i) Section 2306.052 Director's Powers and Duties;
- ii) Section 2306.0521 Organizational Flexibility of Department;
- iii) Section 2306.053 Department Powers and Duties;
- iii) Section 2306.1112 Executive Award and Review Advisory Committee;
- iv) Section 2306.112 Preparation and Content of Annual Budget;
- v) Section 2306.113 Board Consideration of Annual Budget;
- vi) Chapter 2306, Subchapter G. Housing Finance Division: General Powers and Duties of Board;
- vii) Chapter 2306, Subchapter H. Housing Finance Division: General Powers and Duties of Department;
- viii) Section 2306.67022 Qualified Allocation Plan; Manual; and
- ix) Section 2306.6724 Deadlines for Allocation of Low Income Housing Tax Credits.

Section 2 -- Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 3 – Notice of Meeting. That written notice of the date, hour, and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour, and place of the meeting of the Board and of the subject of this Resolution was published in the *Texas Register* at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register and Administrative Code Acts, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the *Texas Register* not later than seven (7) days before the meeting of the Board, as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 14th day of November, 2002.

Chair of the Governing Board

[SEAL]

ATTEST:

Delores Groneck

Secretary to the Board

EXHIBITS:

IV. POLICYMAKING STRUCTURE

J. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart.

Exhibit 4: Subcommittees and Advisory Committees

IV.Ja_Audit_Committee_Resolution_09-28
IV.Jb_2306.590_OCI_Advisory_Committee
IV.Jc_EARAC SOP.
IV.Jd_2306.1112
IV.Je_2306.584_2306.585
IV.Jf_2306.056

AUDIT COMMITTEE - BOARD RESOLUTIONS

Resolution # 09-028 (As approved by the Board on February 5, 2009)

WHEREAS the original audit committee (Committee) members were appointed by the chairman of the governing board (Board) in April, 1992, pursuant to the Texas Government Code, Chapter 2306, *Texas Department of Housing and Community Affairs* (Department), section 2306.056, *Committees*, and whereas the Committee's authority and composition has not been specified, and whereas the Committee members' duties and responsibilities have not been previously enumerated, the Board hereby resolves the following:

RESOLVED, that the Committee shall have the authority to investigate any organizational activity as it deems necessary and appropriate, and shall have unrestricted access to all information, including documents and personnel, and shall have adequate resources in order to fulfill the oversight responsibilities it conducts on behalf of the Board, including full cooperation of Department employees. The Committee has the authority to pre-approve the annual audit plan, and to approve any non-audit services or requests for audits or investigations outside of the annual audit plan.

RESOLVED, that the Committee shall be composed of three board members appointed by the Board's chairperson who shall serve for two year terms each or until their respective successor shall be duly appointed and qualified. Audit committee members shall be free of any relationships that would interfere with their ability to exercise independent judgment as a member of the Committee.

RESOLVED, that a chairperson of the Committee shall be appointed by the Board's chairperson.

RESOLVED, that the Committee shall meet a minimum of three times each year, either in a separate meeting or as part of a larger Board meeting, or at such additional or special meetings as may be called as needed by the Board chairperson, the Committee chairperson, or the executive director; and that the Committee shall report on its proceedings and actions to the Board with such recommendations as the Committee deems appropriate.

RESOLVED, that the Committee's primary function is to assist the Board in carrying out its oversight responsibilities as they relate to financial and other reporting practices, internal control, and compliance with Board and ethics policies, and to ensure the independence of the internal audit function.

RESOLVED, that in fulfilling its function, the Committee's responsibility for (i) financial and other reporting practices is to provide assurance to the Board that financial and other reporting information reported by management reasonably portrays the circumstances or plans reported; (ii) internal control is to monitor the effectiveness of control systems and processes through the results of internal and external audits and reviews; (iii) compliance with Board and ethics policies is to periodically inquire of management, the internal audit director, and the independent accountant about significant risks or exposures and assess the steps management has taken to minimize such risk; (iv) the internal audit function is to support the internal audit division so that internal auditors can gain the cooperation of auditees and perform their work independently and free from interference and to provide reasonable assurance that the internal auditors perform their responsibilities.

PASSED AND APPROVED this 5th day of February, 2009

Chair of the Governing Board ______________________

Board Secretary ______________________

Exhibit IV.J-4b

Sec. 2306.590. COLONIA INITIATIVES ADVISORY COMMITTEE. (a) The Colonia Initiatives Advisory Committee is composed of seven members appointed by the governor as follows:

(1) one colonia resident;

(2) one representative of a nonprofit organization that serves colonia residents;

(3) one representative of a political subdivision that contains all or part of a colonia;

(4) one person to represent private interests in banking or land development;

(5) one representative of a nonprofit utility;

(6) one representative of an engineering consultant firm involved in economically distressed areas program projects under Subchapter K, Chapter 17, Water Code; and

(7) one public member.

(b) Each committee member, except the public member, must reside within 150 miles of the Texas-Mexico border.

(c) The secretary of state is an ex officio member of the committee.

(d) The committee shall:

(1) review the progress of colonia water and wastewater infrastructure projects managed by the Texas Water Development Board and the state agency responsible for administering the portion of the federal community development block grant nonentitlement program that addresses the infrastructure needs of colonias;

(2) present an update and make recommendations to the board and the Texas Water Development Board annually at the joint meeting required by Section 6.060(d), Water Code, regarding:

(A) efforts to ensure that colonia residents are connected to the infrastructure funded by state agencies;

(B) the financial, managerial, and technical capabilities of project owners and operators;

(C) the agencies' management of their colonia programs and the effectiveness of their policies regarding underperforming projects; and

(D) any other issues related to the effect of state-managed infrastructure programs on colonia residents;

(3) review public comments regarding the colonia needs assessment incorporated into the state low income housing plan under Section 2306.0721; and

(4) based on the public comments reviewed under Subdivision (3), recommend to the board new colonia programs or improvements to existing colonia programs.

Added by Acts 2001, 77th Leg., ch. 1234, Sec. 37, eff. Sept. 1, 2001.

Texas Department of Housing and Community Affairs
EXECUTIVE

Executive Award and Review Advisory Committee

1.0 Risks and Control Objectives

1.1 The risks associated with Standard Operating Procedures (SOPs) and the Control Objectives to ensure those risks are minimized are illustrated in the following table.

Risks	Control Objectives
Presentation of award recommendations or policies that are not thoroughly evaluated or may be inconsistent with statutes, directives or regulations.	Ongoing regular EARAC meetings pursuant to this SOP.

2.0 Policy

2.1 The "Executive Award and Review Advisory Committee" ("the Committee") as used herein means that committee of Department staff meeting the requirements of §2306.1112, Texas Government Code, and shall be subject to that section.

EARAC is established by §2306.1112, Texas Government Code, to serve as an executive award and review advisory committee to make funding and allocation recommendations to the Board. In conformance with the statute, EARAC is intended to ensure that these funding allocation recommendations are in full and strict compliance with state and federal law, TDHCA rules, requirements for financial feasibility and underwriting, etc. To the extent requested by the Executive Director the committee may provide input into rules and Notices of Funding Availability pertaining to the Department's programs specifically as it relates to the development of funding priorities.

2.2 The voting members of the Committee include: the Executive Director, the Chief of Staff, the Deputy Executive Directors of Programs (Housing and Community Based); the Chief of Agency Administration; the Chief of Compliance and Asset Oversight, the Director of Multifamily Finance Production; the Director of the Texas Homeownership Program; the Director of Community Affairs; The Director of the HOME Program; the NSP and HTF Managers; the Director of Real Estate Analysis; the Director of Office of Colonia Initiatives; the Director of Policy and Public Affairs; and the Director of Bond Finance.

One or more designees from the Legal Services Division shall attend meetings to provide information and counsel to the committee. In the absence of one of the voting members, a delegate determined by that member, or by the Executive Director, may attend on their behalf. The Executive Director has the authority to override a vote of the Committee.

The Executive Director or his designee shall be the chairman and is responsible for providing support and record keeping for the Committee. This support will include:

a) arranging for Committee meetings; and
b) providing the agenda; and
c) keeping minutes of the Committee meetings and copies of all documents discussed in the meetings.

However, the Executive Director exclusively retains the right to override a vote of the Committee, and this right may not be assigned to a designee.

2.3 The Committee shall meet at least one time prior to each Board meeting at the call of the Executive Director and at other times that the Executive Director determines are necessary.

2.4 The Committee will review the items on the Board Agenda within the scope of this SOP or other items as requested by the Executive Director.

2.5 A quorum shall be at least five members or delegates, provided the Executive Director or Chief of Staff and at least one Deputy Executive Director of Programs is present.

3.0 Responsibilities

3.1 The Executive Director is responsible for approving changes to this SOP, convening meetings as necessary and ensuring that recommendations of the Committee are properly presented to the Board.

3.2 The Executive Director and/or their designee is responsible for coordinating changes to this SOP and distributing them to the staff.

3.3 The Executive Director and/or their designee is responsible for:

a) All administrative matters related to:
   1. Committee meetings;
   2. Developing minutes that reflect final actions;
b) Maintaining an informational center consisting of Committee materials of:
   1. minutes;
   2. meeting materials;
   3. agendas.

3.4 The Committee Members are responsible for:

a) Providing agenda items to the Board Secretary and/or their designee;

b) Providing the Committee with necessary documents for agenda items relating to their area;
c) Reviewing all provided materials prior to the meeting;
d) Voting on all items;
e) Attending all meetings or providing alternative representation.

4.0 Procedures

4.1 Committee Meetings

A. Committee Meeting Date and Location – Based on the date of the Board meeting for each month, the Board Secretary, in coordination with the Executive Director, will schedule a Committee meeting date and time not later than eight (8) calendar days in advance of the proposed Board meeting. The Executive Director and/or their designee, will coordinate a meeting in Outlook, which will notify members of the meeting date, time, and location.

B. Committee Agenda(s) – Consistent with the SOP for Board Support, the Board Secretary will review the draft Board Agenda for the forthcoming Board meeting with the Executive Director to determine which Board agenda items must be on the Committee agenda. At least one (1) calendar day prior to a Committee meeting, the Executive Director and/or their designee will provide Committee members with a Committee Meeting agenda.

C. Meeting Materials

1. For each agenda item or project, the Director (or Directors) assigned to that item will be responsible for providing materials to the Committee that will facilitate the Committee's review and understanding of the issue. These documents should be provided to all Committee Members, and the Board Secretary, at the scheduled Committee meeting by the Director named as responsible for that item. Exhibits may include where applicable:

   a. Program staff narrative;
   b. Credit underwriting analysis;
   c. Resolutions;
   d. Written report on the compliance history of the applicant;
   e. Prior Board actions;
   f. Grids or Reports reflecting methodology for funding recommendations; or
   g. Other relevant material.

2. At the meeting, a determination of whether an item will be posted as a three (3) day posting will be confirmed and noted by the Executive Assistant. Three (3) day postings are rare and only warranted by unique circumstances and should not be used as a reason for delayed preparation.

3. Division Directors will be responsible for integrating changes to Board materials based on the final determination made in the Committee meeting.

D. Determinations on Items – For each item there will be a vote. Majority vote establishes the initial determination; however the Executive Director will be the tie-breaking vote in all cases and also has the right to override any vote made by the Committee.

E. Minutes of Committee Meeting - The Executive Director, and/or their designee, will take notes at meetings and prepare minutes.

4.2 Special Meetings - Special meetings of the Committee will be handled in a manner similar to that described above.

APPROVAL:

______________________________ 5/29/2009

Michael Gerber, Executive Director (date)

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE G. ECONOMIC DEVELOPMENT PROGRAMS INVOLVING BOTH STATE AND LOCAL GOVERNMENTS

CHAPTER 2306. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Sec. 2306.1112. EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE. (a) The department shall establish an executive award and review advisory committee to make recommendations to the board regarding funding and allocation decisions.

(b) The advisory committee must include representatives from the department's underwriting and compliance functions and from the divisions responsible for administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.) and for administering low income housing tax credits.

(c) The advisory committee is not subject to Chapter 2110.

Added by Acts 2001, 77th Leg., ch. 1367, Sec. 1.18, eff. Sept. 1, 2001.
Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1341, Sec. 21, eff. September 1, 2007.

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE G. ECONOMIC DEVELOPMENT PROGRAMS INVOLVING BOTH STATE AND LOCAL GOVERNMENTS

CHAPTER 2306. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Sec. 2306.584. COLONIA RESIDENT ADVISORY COMMITTEE. (a) The board shall appoint not fewer than five persons who are residents of colonias to serve on the Colonia Resident Advisory Committee. The members of the advisory committee shall be selected from lists of candidates submitted to the board by local nonprofit organizations and the commissioners court of a county in which a self-help center is located.

(b) The board shall appoint one committee member to represent each of the counties in which self-help centers are located. Each committee member:

(1) must be a resident of a colonia in the county the member represents; and

(2) may not be a board member, contractor, or employee of or have any ownership interest in an entity that is awarded a contract under this subchapter.

Added by Acts 1995, 74th Leg., ch. 1016, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 1234, Sec. 36, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1367, Sec. 1.27, eff. Sept. 1, 2001.

Sec. 2306.585. DUTIES OF COLONIA RESIDENT ADVISORY COMMITTEE. (a) The Colonia Resident Advisory Committee shall advise the board regarding:

(1) the needs of colonia residents;

(2) appropriate and effective programs that are proposed or are operated through the self-help centers; and

(3) activities that may be undertaken through the self-help centers to better serve the needs of colonia residents.

(b) The advisory committee shall meet before the 30th day preceding the date on which a contract is scheduled to be awarded for the operation of a self-help center and may meet at other times.

(c) The advisory committee shall advise the colonia initiatives coordinator as provided by Section 775.005.

Added by Acts 1995, 74th Leg., ch. 1016, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 1234, Sec. 36, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1367, Sec. 1.27, eff. Sept. 1, 2001. Amended by: Acts 2005, 79th Leg., Ch. 351, Sec. 3, eff. June 17, 2005. Acts 2007, 80th Leg., R.S., Ch. 921, Sec. 17.002(8), eff. September 1, 2007.

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE G. ECONOMIC DEVELOPMENT PROGRAMS INVOLVING BOTH STATE AND LOCAL GOVERNMENTS

CHAPTER 2306. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

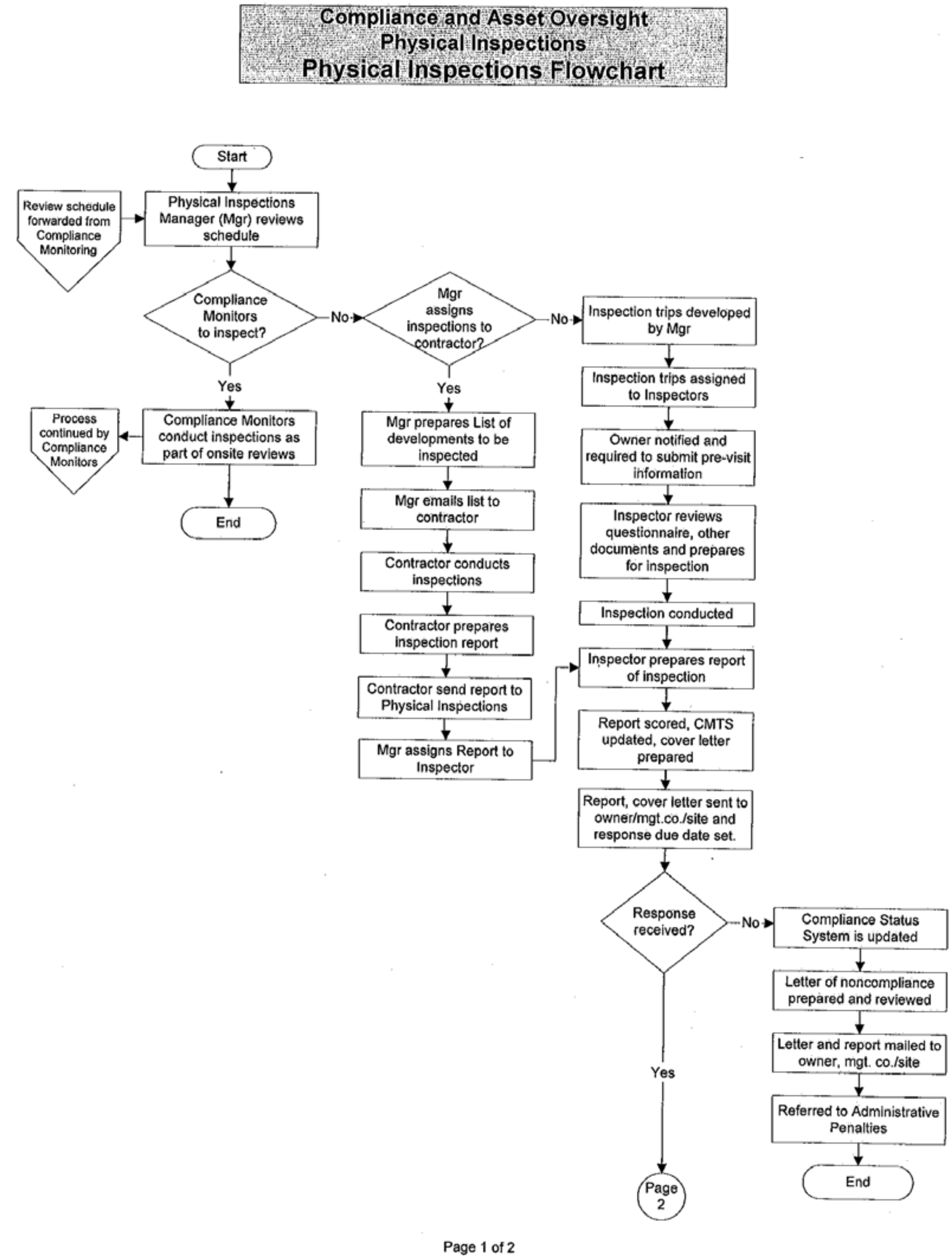
Sec. 2306.056. COMMITTEES. (a) The presiding officer may appoint a committee composed of board members to carry out the board's duties.

(b) The board may consider a recommendation of a committee in making a decision under this chapter.

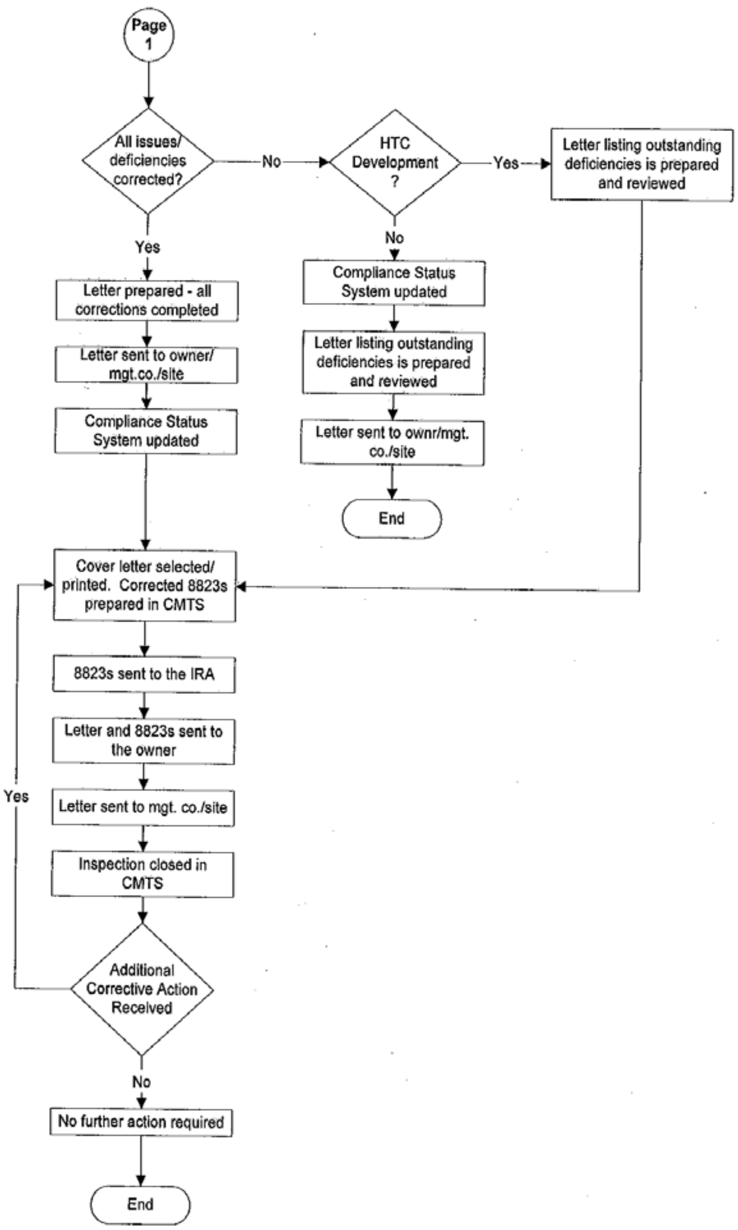
Added by Acts 1995, 74th Leg., ch. 76, Sec. 5.63(a), eff. Sept. 1, 1995.

FLOWCHARTS FOR THE MAIN FUNCTIONS OF THE COMPLIANCE DIVISION:

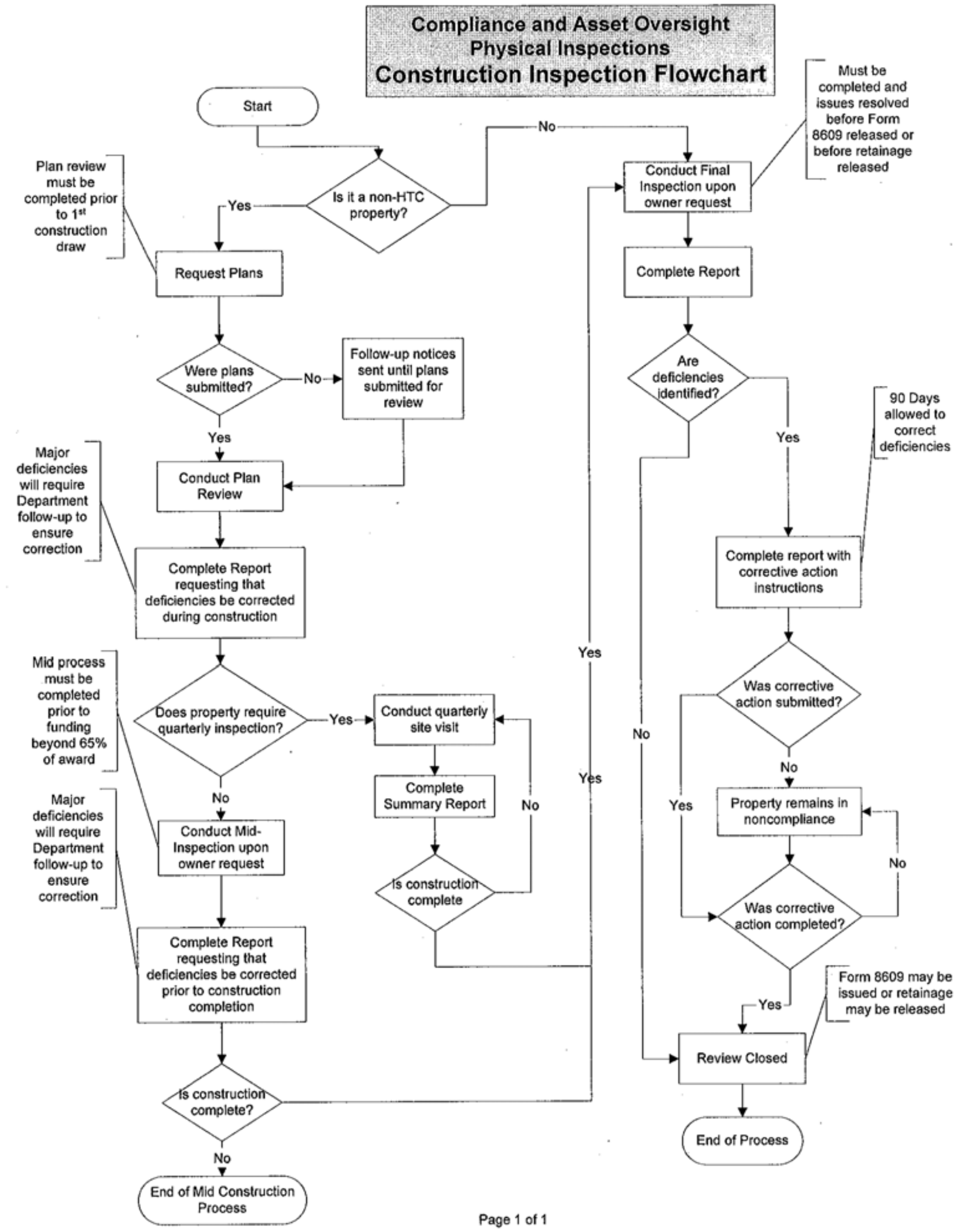
❖ Physical Inspections



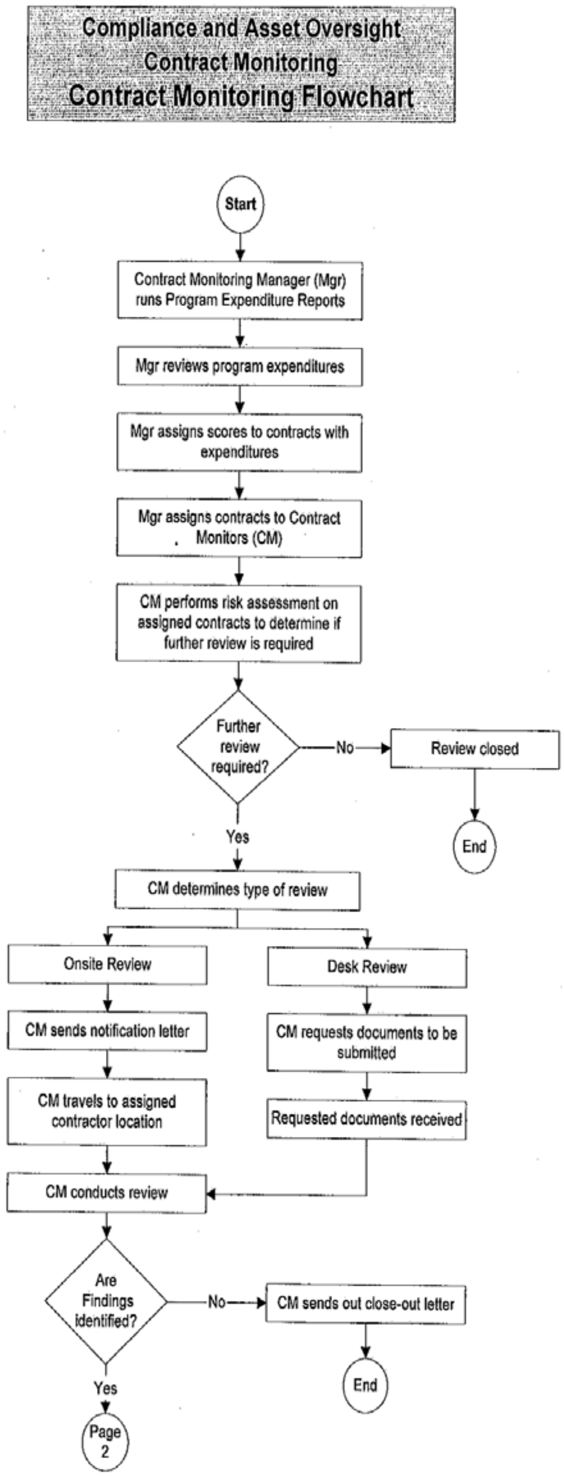
Physical Inspections Flowchart



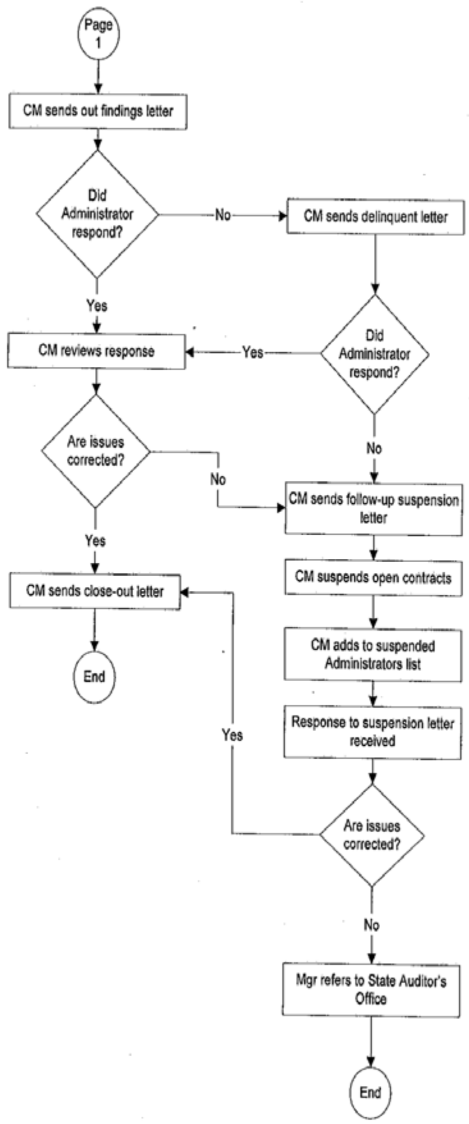
❖ Construction Inspections



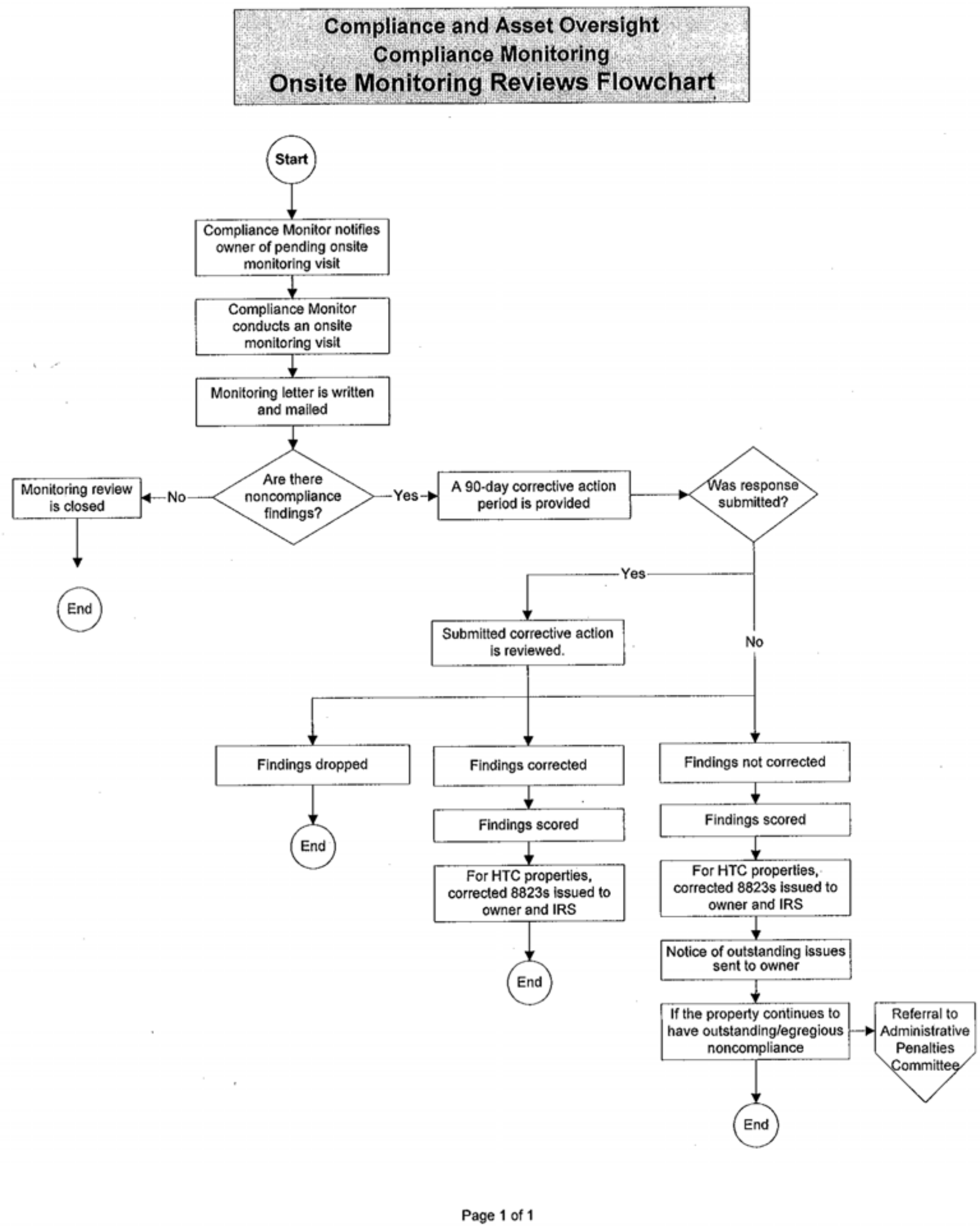
❖ Contract Monitoring



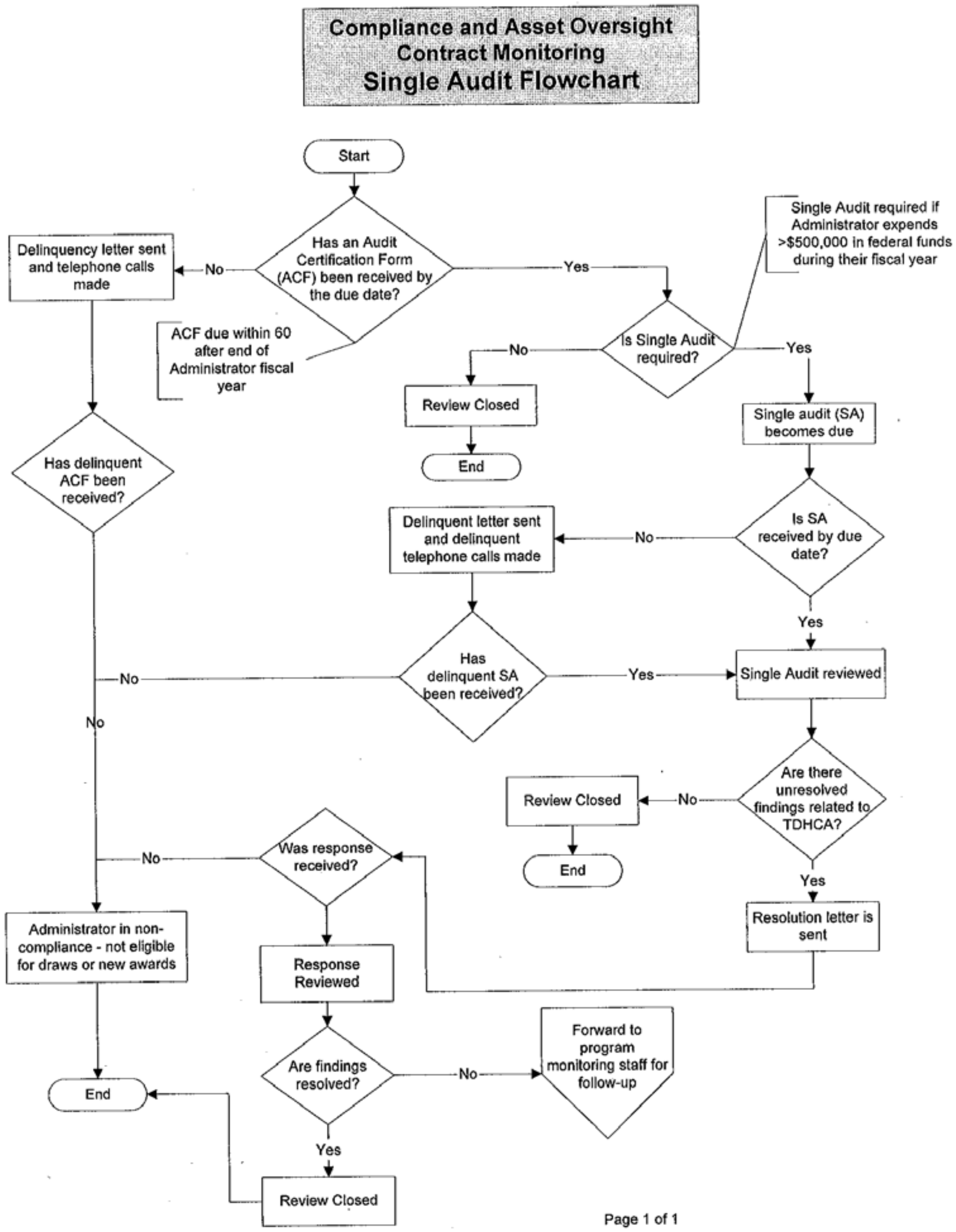
Contract Monitoring Flowchart



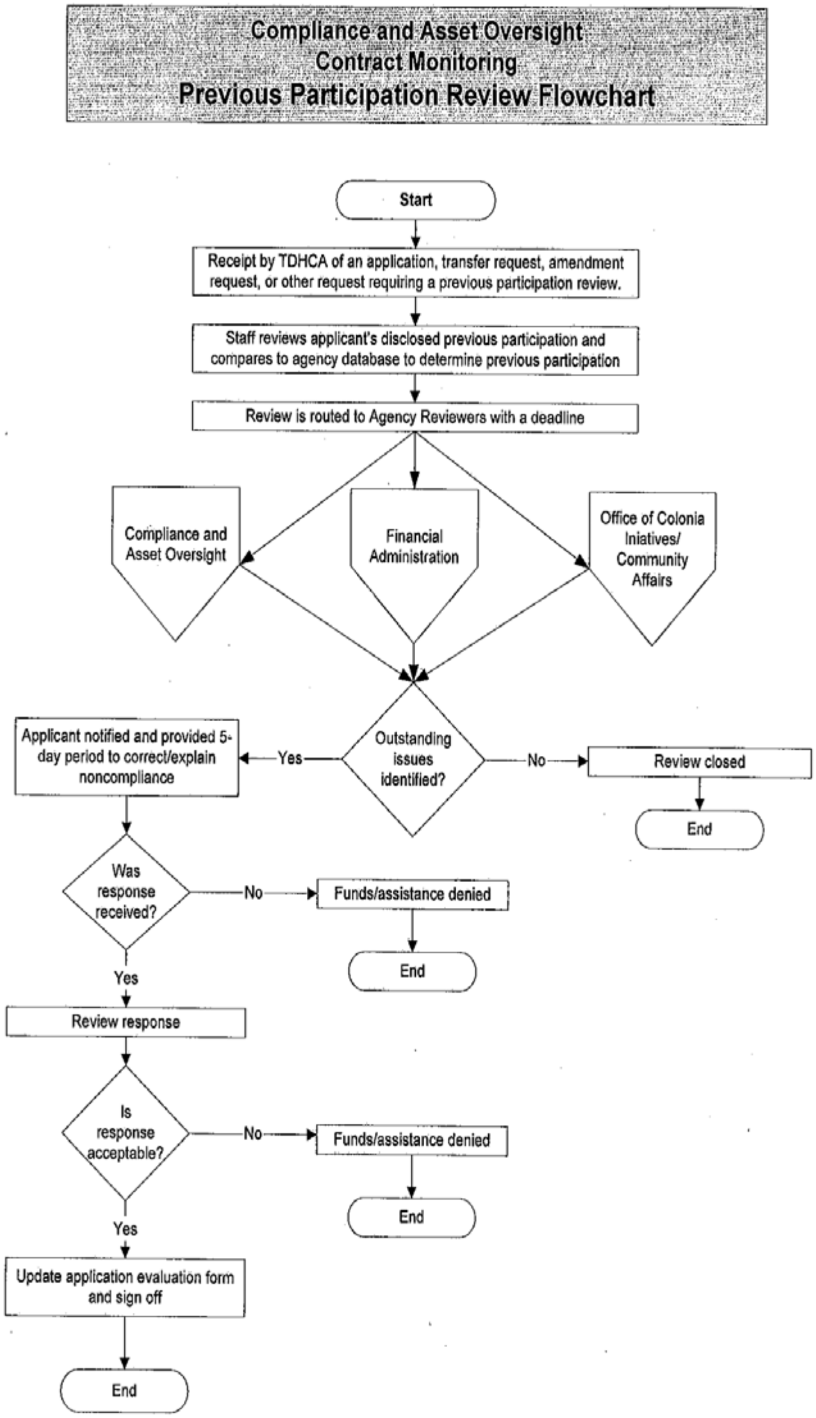
❖ Compliance Monitoring



❖ Single Audit Reviews



❖ Previous Participation Reviews



Page 1 of 1

Guide for Completing Form 8823
Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition

The scope of this guide is limited to guidelines for preparing Form 8823 for submission to the IRS. Taxpayers are responsible for evaluating the tax consequences of noncompliance with IRC §42.

Under no circumstances should the contents of this guide be used or cited as authority for setting or sustaining a technical position.

Internal Revenue Service

Revised January 2007

IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

Small Business/Self-Employed Mission

The mission of the Small Business/Self-Employed (SB/SE) Division is to provide SB/SE customers top-quality service by educating and informing them of their tax obligations, developing educational products and services, and helping them understand and comply with applicable laws, and to protect the public interest by applying the tax law with integrity and fairness to all.

Prepared by

Internal Revenue Service
Small Business/Self-Employed Division

In collaboration with the
National Council of State Housing Agencies and
It's member States Housing Credit Agencies

This revision of the guide was released in
advance of distribution on the IRS web. Updates and
future revisions will be accessible on www.IRS.gov

Questions or comments regarding the Guide should be
addressed to Grace Robertson at Grace.F.Robertson@irs.gov

Revised January 2007

Table of Contents

Chapter 1
Introduction

Background

State Agency Responsibilities

State and local housing credit agencies (herein referred to as "state agencies") are responsible for monitoring low-income housing credit (LIHC) properties for compliance with the requirements of Internal Revenue Code (IRC) §42; for example, health and safety standards, rent ceilings and income limits, and tenant qualifications. State agencies perform desk audits, inspect housing, and review tenant files.[1] When noncompliance is identified or there has been a disposition of a building (or interest therein), the state agencies are required to notify the Internal Revenue Service using Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition.

Briefly, a state agency performs a desk audit, conducts a site visit, or reviews the owner's tenant files and provides the owner with a summary report of its findings. If the report indicates noncompliance, the owner is expected to respond to the state agency within a maximum of 90 days to provide clarification or document that issues of noncompliance have been addressed. Then, the state agency determines whether the owner was always in compliance, has corrected the noncompliance, or remains out of compliance. The time to correct the noncompliance may be extended up to a total of 6 months with state agency approval. If the state agency determines that the owner either remedied the noncompliance or remains out of compliance, then a Form 8823 must be filed with the IRS.

If the state agency reports that the owner is out of compliance, the IRS sends a notification letter to the owner identifying the type of noncompliance reported on Form 8823. The notification letter also states that the owner should not include any nonqualified low-income housing units when computing the tax credit under IRC §42 and that the noncompliance may result in the recapture of previously claimed credits. The notification letter also instructs the owner to contact the state agency to resolve the issue.

Once the noncompliance is resolved, the state agency should file a "back in compliance" Form 8823. If the noncompliance is corrected within three years after the end of the correction period, the state agency must file a Form 8823.[2] See Exhibit 1 at the end of this chapter for a complete description of the process.

IRS Analysis of Forms 8823 Submitted by State Agencies

Forms 8823 are routinely analyzed by the IRS. Based on categories of noncompliance, and without regard to subsequent "back in compliance" Forms 8823, taxpayers are evaluated to determine whether an audit of the owner's tax return is needed.[3] The taxpayer's tax returns and all Forms 8823 filed for the property are evaluated. If it is determined that an audit is warranted, the complete file is sent to the appropriate IRS field office. The taxpayer is then notified that an audit has been scheduled. It should be noted that this is

[1] State agencies perform "desk audits" of information submitted to their office rather than inspecting the documents at the property site; e.g., annual reports required under Treas. Reg. §1.42-5(c).

[2] Treas. Reg. §1.42-5(e)(3).

[3] Forms 8823 are immediately analyzed for audit potential when received from the state agencies. Subsequent receipt of Forms 8823 noting correction of previously reported noncompliance do not impact the original evaluation. Under Treas. Reg. §1.42-5(e)(3), if the noncompliance is corrected within three years, the state agency is required to file another Form 8823 reporting the corrected noncompliance and documenting the date the taxpayer was back in compliance. From the owner's perspective, the best strategy is to address noncompliance identified by the state agency quickly so that the initial Form 8823 will indicate that the

not the only method for selecting for audit tax returns on which the low-income housing credit has been claimed and, at the examiner's discretion, the audit may be expanded to include additional issues or tax returns.

Purpose of Guide

The fundamental purpose of this guide is to provide standardized operational definitions for the noncompliance categories listed on Form 8823. It is important that noncompliance is consistently identified and categorized. Resulting benefits include:

1. Consistent interpretation and application of IRC §42 requirements among states;

2. Consistent reporting of noncompliance to the IRS; and

3. Enhanced program administration by the IRS; i.e., timely processing of the forms and identification of appropriate follow-up actions by the IRS.

Content of Guide

The guide includes instructions for completing Form 8823, and guidelines for determining noncompliance and reporting property dispositions. The guide reflects current rules under IRC §42, Treasury regulations under IRC §42, other guidance published by the Department of Treasury and the IRS, and IRS administrative procedures for the LIHC program.

Generally, the noncompliance categories listed on Form 8823 are addressed in separate chapters. There are three categories of noncompliance for which there are two chapters because multiple issues are reported under the same category. They are:

1. Category 11e, Changes in Eligible Basis or the Applicable Percentage

2. Category 11h, Project not available to the general public

3. Category 11q, Other

For convenience, the term "owner" in the singular is used, although low-income housing properties often have more than one owner and state agencies must identify each owner in a schedule attached to the Form 8823 when filing the form.

Depending on the problem, noncompliance may extend to one or more housing units within an LIHC building, may apply to the whole building, or may encompass the entire project. Units, buildings, or projects that are out of compliance with the requirements of IRC §42 are referred to as "nonqualified" units, buildings, or projects.

---

noncompliance was corrected. From the IRS' point of view, the owner's responsiveness is indicative of due diligence, but does not preclude initiating an audit.

Organization of Chapters

Generally (as applicable) each chapter includes the following sections.

Definitions - Brief descriptions are provided to explain the basic compliance issue being addressed. The intent is to sufficiently define the category of noncompliance so that state agencies will uniformly select the same category for the same issues.

In Compliance - Descriptions and examples are used to illustrate fundamental compliance with IRC §42 and its regulations.

Out of Compliance - Descriptions and examples are used to illustrate common noncompliance issues.

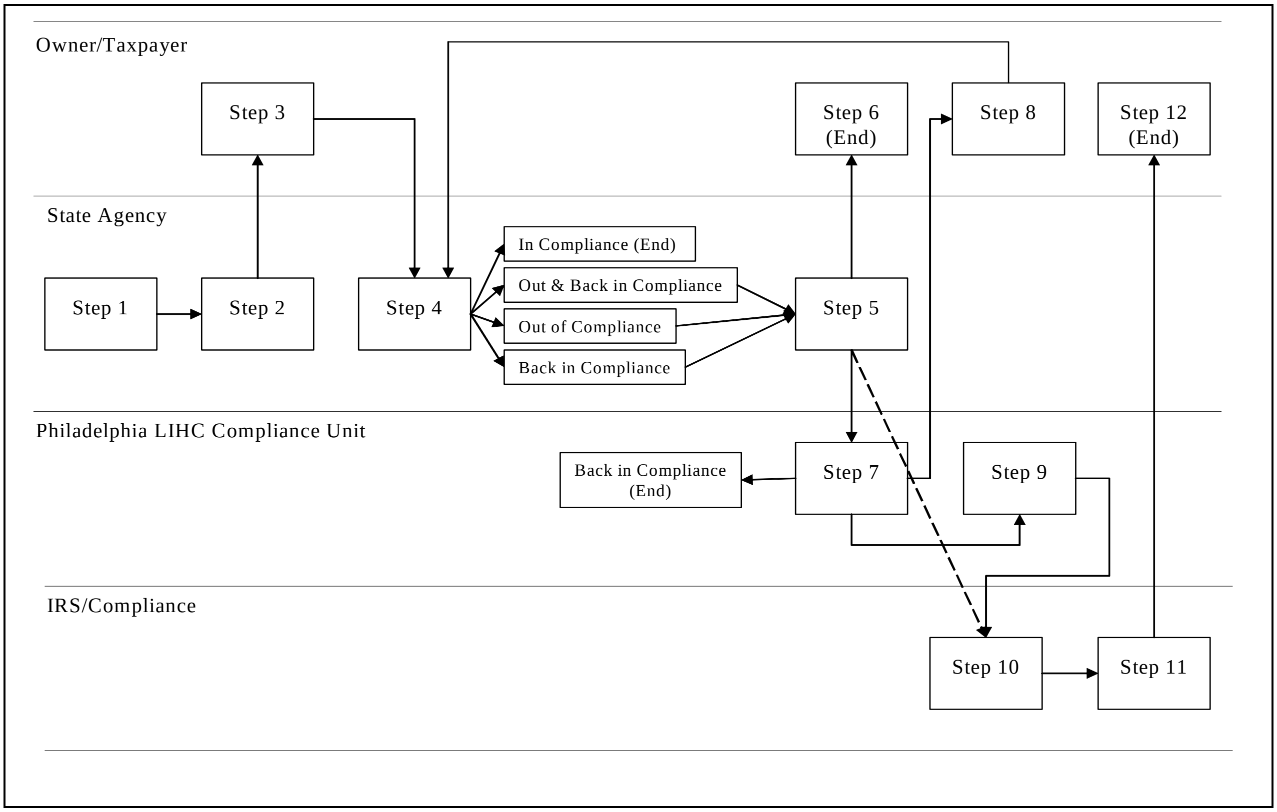
Back in Compliance - This section includes explanations and examples illustrating how noncompliance can be corrected. Treas. Reg. §1.42-5(e)(4) allows a corrective action period, not to exceed 90 days, for the owner to remedy the noncompliance. The state agency can extend this period for up to a total of 6 months if there is good cause. Suggested correction periods are noted in the discussions.

References - A list of references is included at the end of each chapter. Specific references or explanations of relevant rules under IRC §42, the Treasury regulations under IRC §42, or other published guidance, may be included in the text or identified in footnotes.

Reference

Treas. Reg. §1.42-5

Exhibit 1-1
Reports of Noncompliance (Form 8823)
Process Map & Explanations



Step 1 The state agency performs a desk audit, conducts a site visit, or reviews the owner's tenant files.

Step 2 The state agency prepares and promptly provides the owner with a summary report describing issues of noncompliance. The letter may also identify administrative or technical issues, recommend changes to improve future management of the property, or suggest corrective actions to remedy noted noncompliance issues.

Step 3 The owner responds to the state agency within a maximum of 90 days, which can be extend up to a total of 6 months with the state agency's approval. Generally, the state agency specifies a time period appropriate for the type of noncompliance. The owner's response may provide clarifications and document that corrective actions have been implemented; i.e., how the noncompliance issues have been addressed.

Step 4 When the owner's response is received, the state agency determines whether the owner provided:

1. clarification establishing that the owner was always in compliance,

2. documentation that issue(s) of noncompliance have been remedied within the correction period (out and back in compliance).

3. no documentation that issue(s) of noncompliance had been remedied within the correction period (out of compliance), or

4. documentation that issue(s) of noncompliance have been remedied, but the noncompliance was not corrected until after the end of the correction period. A Form 8823 had been submitted to the IRS only to report the correction of previously reported noncompliance (back in compliance).

Step 5 If the state agency determines that the owner was always in compliance, findings are not required to be reported to the IRS. However, the state agency should notify the owner that the issue is considered closed and no Form 8823 will be filed.

If the state agency determines that either the owner remedied the issue of noncompliance or remains out of compliance, then a Form 8823 must be filed with the Internal Revenue Service at the Philadelphia Service Center (PSC). As noted by the dashed line between steps five and ten, the state agency may send a copy of the Form 8823 directly to IRS Headquarters.

Step 6 The state agency sends the owner a copy of the Form 8823 concurrent to filing the Form 8823 with the IRS.

Step 7 Upon receipt of the Form 8823 at the PSC, the "back in compliance" Forms 8823 are processed without contacting the owner. The "out of compliance" Forms 8823 are assigned to technicians to prepare owner notification letters. The letters are specific to the type of noncompliance reported on Form 8823, and explain that noncompliance may result in the loss and recapture of the tax credit.

Step 8 The owner receives the notification letter. The letter instructs the owner to contact the state agency to resolve the issue (Step Four). If the noncompliance is resolved within three years, a "back in compliance" Form 8823 must be filed with the IRS and a copy sent to the owner concurrently. (Note: some issues of noncompliance cannot be remedied.)

Step 9 Simultaneous to notifying the owner, the PSC processes the Forms 8823 and transcribes the information into a database.

Step 10 Forms 8823 are immediately evaluated when received from the state agencies and IRS databases are routinely analyzed to determine whether an audit of the owner's tax return is needed. The taxpayer's three latest filed income tax returns and all Forms 8823 filed for the property are evaluated.

Step 11 If it is determined that an audit is warranted, the case file is sent to the appropriate field office for examination.

Step 12 The taxpayer is notified that an audit has been scheduled.

Form **8823** (Rev. Oct. 2005)
Department of the Treasury
Internal Revenue Service

Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition

Note: *File a separate Form 8823 for each building that is disposed of or goes out of compliance.*

OMB No. 1545-1204

Check here if this is an amended return ▶ ☐

IRS Use Only

1 Building name (if any). Check if item 1 differs from Form 8609 ▶ ☐

Street address

City or town, state, and ZIP code

2 Building identification number (BIN)

3 Owner's name. Check if item 3 differs from Form 8609 ▶ ☐

Street address

City or town, state, and ZIP code

4 **Owner's** taxpayer identification number ☐ EIN ☐ SSN

5 Total credit allocated to this BIN . . . ▶ $

6 If this building is part of a multiple building project, enter the number of buildings in the project . . . ▶

7 a Total number of residential units in this building . . . ▶

b Total number of low-income units in this building . . . ▶

c Total number of residential units in this building determined to have noncompliance issues . . . ▶

d Total number of units reviewed by agency (see instructions) . . . ▶

8 Date building ceased to comply with the low-income housing credit provisions (see instructions) (MMDDYYYY) . .

9 Date noncompliance corrected (if applicable) (see instructions) (MMDDYYYY) . . .

10 Check this box if you are filing only to show correction of a previously reported noncompliance problem . . . ▶ ☐

11 Check the box(es) that apply:

		Out of compliance	Noncompliance corrected
a	Household income above income limit upon initial occupancy	☐	☐
b	Owner failed to correctly complete or document tenant's annual income recertification	☐	☐
c	Violation(s) of the UPCS or local inspection standards (see instructions) (attach explanation)	☐	☐
d	Owner failed to provide annual certifications or provided incomplete or inaccurate certifications	☐	☐
e	Changes in Eligible Basis or the Applicable Percentage (see instructions)	☐	☐
f	Project failed to meet minimum set-aside requirement (20/50, 40/60 test) (see instructions)	☐	☐
g	Gross rent(s) exceed tax credit limits	☐	☐
h	Project not available to the general public (see instructions) (attach explanation)	☐	☐
i	Violation(s) of the Available Unit Rule under section 42(g)(2)(D)(ii)	☐	☐
j	Violation(s) of the Vacant Unit Rule under Reg. 1.42-5(c)(1)(ix)	☐	☐
k	Owner failed to execute and record extended-use agreement within time prescribed by section 42(h)(6)(J)	☐	☐
l	Low-income units occupied by nonqualified full-time students	☐	☐
m	Owner did not properly calculate utility allowance	☐	☐
n	Owner has failed to respond to agency requests for monitoring reviews	☐	☐
o	Low-income units used on a transient basis (attach explanation)	☐	☐
p	Project is no longer in compliance nor participating in the section 42 program (attach explanation)	☐	
q	Other noncompliance issues (attach explanation)	☐	☐

12 Additional information for any item above. Attach explanation and check box . . . ▶ ☐

13 a Building disposition by ☐ Sale ☐ Foreclosure ☐ Destruction ☐ Other (attach explanation)

b Date of disposition (MMDDYYYY)

c New Owner's Name

d **New owner's** taxpayer identification number ☐ EIN ☐ SSN

Street address

14 Name of contact person

City or town, state, and ZIP code

15 Telephone number of contact person ( ) Ext.

Under penalties of perjury, I declare that I have examined this report, including accompanying statements and schedules, and to the best of my knowledge and belief, it is true, correct, and complete.

▶ Signature of authorizing official ▶ Print name and title ▶ Date (MMDDYYYY)

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Housing credit agencies use Form 8823 to fulfill their responsibility under section 42(m)(1)(B)(iii) to notify the IRS of noncompliance with the low-income housing tax credit provisions **or** any building disposition.

The housing credit agency should also give a copy of Form 8823 to the owner(s).

Who Must File

Any authorized housing credit agency that becomes aware that a low-income housing building was disposed of or is not in compliance with the provisions of section 42 must file Form 8823.

When To File

File Form 8823 no later than 45 days after **(a)** the building was disposed of or **(b)** the end of the time allowed the building owner to correct the condition(s) that caused noncompliance. For details, see Regulations section 1.42-5(e).

Where To File

File Form 8823 with the:

Internal Revenue Service
P.O. Box 331
Attn: LIHC Unit, DP 607 South
Philadelphia Campus
Bensalem, PA 19020

Specific Instructions

Amended return. If you are filing an amended return to correct previously reported information, check the box at the top of page 1.

Item 2. Enter the building identification number (BIN) assigned to the building by the housing credit agency as shown on Form 8609.

Items 3, 4, 13b, and 13d. If there is more than one owner (other than as a member of a pass-through entity), attach a schedule listing the owners, their addresses, and their taxpayer identification numbers. Indicate whether each owner's taxpayer identification number is an employer identification number (EIN) or a social security number (SSN).

Both the EIN and the SSN have nine digits. An EIN has two digits, a hyphen, and seven digits. An SSN has three digits, a hyphen, two digits, a hyphen, and four digits and is issued only to individuals.

Item 7d. "Reviewed by agency" includes physical inspection of the property, tenant file inspection, or review of documentation submitted by the owner.

Item 8. Enter the date that the building ceased to comply with the low-income housing credit provisions. If there are multiple noncompliance issues, enter the date for the earliest discovered issue. **Do not** complete item 8 for a building disposition. Instead, skip items 9 through 12, and complete item 13.

Item 9. Enter the date that the noncompliance issue was corrected. If there are multiple issues, enter the date the last correction was made.

Item 10. Do not check this box unless the sole reason for filing the form is to indicate that previously reported noncompliance problems have been corrected.

Item 11c. Housing credit agencies must use either **(a)** the local health, safety, and building codes (or other habitability standards) or **(b)** the Uniform Physical Conditions Standards (UPCS) (24 C.F.R. section 5.703) to inspect the project, but not in combination. The UPCS does not supersede or preempt local codes. Thus, if a housing credit agency using the UPCS becomes aware of any violation of local codes, the agency must report the violation. Attach a statement describing either **(a)** the deficiency and its severity under the UPCS, i.e., minor (level 1), major (level 2), and severe (level 3) or **(b)** the health, safety, or building violation under the local codes. The Department of Housing and Urban Development's Real Estate Assessment Center has developed a comprehensive description of the types and severities of deficiencies entitled "Dictionary of Deficiency Definitions" found at *www.hud.gov/reac* under Library Section, Physical Inspections, Training Materials. Under Regulations section 1.42-5(e)(3), report all deficiencies to the IRS whether or not the noncompliance or failure to certify is corrected at the time of inspection. In using the UPCS inspection standards, report all deficiencies in the five major inspectable areas (defined below) of the project: (1) Site; (2) Building exterior; (3) Building systems; (4) Dwelling units; and (5) Common areas.

1. Site. The site components, such as fencing and retaining walls, grounds, lighting, mailboxes, signs (such as those identifying the project or areas of the project), parking lots/driveways, play areas and equipment, refuse disposal equipment, roads, storm drainage, and walkways, must be free of health and safety hazards and be in good repair. The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walkways or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulation of garbage and debris, vermin or rodent infestation, or fire hazards.

2. Building exterior. Each building on the site must be structurally sound, secure, habitable, and in good repair. Each building's doors, fire escapes, foundations, lighting, roofs, walls, and windows, where applicable, must be free of health and safety hazards, operable, and in good repair.

3. Building systems. Each building's domestic water, electrical system, elevators, emergency power, fire protection, HVAC, and sanitary system must be free of health and safety hazards, functionally adequate, operable, and in good repair.

4. Dwelling units. Each dwelling unit within a building must be structurally sound, habitable, and in good repair. All areas and aspects of the dwelling unit (for example, the unit's bathroom, call-for-aid (if applicable), ceilings, doors, electrical systems, floors, hot water heater, HVAC (where individual units are provided), kitchen, lighting, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls, and windows) must be free of health and safety hazards, functionally adequate, operable, and in good repair. Where applicable, the dwelling unit must have hot and cold running water, including an adequate source of potable water (note: single room occupancy units need not contain water facilities). If the dwelling unit includes its own bathroom, it must be in proper operating condition, usable in privacy, and adequate for personal hygiene and the disposal of human waste. The dwelling unit must include at least one battery-operated or hard-wired smoke detector, in proper working condition, on each level of the unit.

5. Common areas. The common areas must be structurally sound, secure, and functionally adequate for the purposes intended. The basement, garage/carport, restrooms, closets, utility rooms, mechanical rooms, community rooms, day care rooms, halls/corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony, and trash collection areas, if applicable, must be free of health and safety hazards, operable, and in good repair. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls, and windows, to the extent applicable, must be free of health and safety hazards, operable, and in good repair.

Health and Safety Hazards. All areas and components of the housing must be free of health and safety hazards. These include, but are not limited to: air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation, and lead-based paint. For example, the buildings must have fire exits that are not blocked and have hand rails that are not damaged, loose, missing portions, or otherwise unusable. The housing must have no evidence of infestation by rats, mice, or other vermin. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling units and common areas must have proper ventilation and be free of mold as well as odor (e.g., propane, natural, sewer, or methane gas). The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of such (see 24 C.F.R. part 35).

Project owners must promptly correct exigent and fire safety hazards. Before leaving the project, the inspector should provide the project owner with a list of all observed exigent and fire safety hazards. Exigent health and safety hazards include: air quality problems such as propane, natural gas, or methane gas detected; electrical hazards such as exposed wires or open panels and water leaks on or near electrical equipment; emergency equipment, fire exits, and fire escapes that are blocked or not usable; and carbon monoxide hazards such as gas or hot water heaters with missing or misaligned chimneys. Fire safety hazards include missing or inoperative smoke detectors (including missing batteries), expired fire extinguishers, and window security bars preventing egress from a unit.

Item 11d. Report the failure to provide annual certifications or the provision of certifications that are known to be incomplete or inaccurate as required by Regulations section 1.42-5(c). As examples, report a failure by the owner to include a statement summarizing violations (or copies of the violation reports) of local health, safety, or building codes; report an owner who provided inaccurate or incomplete statements concerning corrections of these violations.

Item 11e. Report any federal grant made with respect to any building or the operation thereof during any taxable year in the compliance period. Report changes in common areas which become commercial, when fees are charged for facilities, etc. In addition, report any below market federal loan or any obligation the interest on which is exempt from tax under section 103 that is or was used (directly or indirectly) with respect to the building or its operation during the compliance period and that was not taken into account when determining eligible basis at the close of the first year of the credit period.

Item 11f. Failure to satisfy the minimum set-aside requirement for the first year of the credit period results in the permanent loss of the entire credit.

Failure to maintain the minimum set-aside requirement for any year after the first year of the credit period results in recapture of previously claimed credit and no allowable credit for that tax year. No low-income housing credit is allowable until the minimum set-aside is restored for a subsequent tax year.

Item 11h. All units in the building must be for use by the general public (as defined in Regulations section 1.42-9), including the requirement that no finding of discrimination under the Fair Housing Act occurred for the building. Low-income housing credit properties are subject to Title VIII of the Civil Rights Act of 1968, also known as the Fair Housing Act. It prohibits discrimination in the sale, rental, and financing of dwellings based on race, color, religion, sex, national origin, familial status, and disability. See 42 U.S.C. sections 3601 through 3619.

It also mandates specific design and construction requirements for multifamily housing built for first occupancy after March 13, 1991, in order to provide accessible housing for individuals with disabilities. The failure of low-income housing credit properties to comply with the requirements of the Fair Housing Act will result in the denial of the low-income housing tax credit on a per-unit basis.

Individuals with questions about the accessibility requirements can obtain the Fair Housing Act Design Manual from HUD by calling 1-800-245-2691 and requesting item number HUD 11112, or they can order the manual through *www.huduser.org* under Publications.

Item 11i. The owner must rent to low-income tenants all comparable units that are available or that subsequently become available in the same building in order to continue treating the over-income unit(s) as a low-income unit. All units affected by a violation of the available unit rule may not be included in qualified basis. When the percentage of low-income units in a building again equals the percentage of low-income units on which the credit is based, the full availability of the credit is restored. Thus, only check the "Noncompliance corrected" box when the percentage of low-income units in the building equals the percentage on which the credit is based.

Item 11q. Check this box for noncompliance events other than those listed in 11a through 11p. Attach an explanation. For projects with allocations from the nonprofit set-aside under section 42(h)(5), report the lack of material participation by a non-profit organization (i.e., regular, continuous, and substantial involvement) that the housing credit agency learns of during the compliance period.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	7 hr., 39 min.
Learning about the law or the form	3 hr., 16 min.
Preparing and sending the form to the IRS	3 hr., 32 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave., NW, IR-6406, Washington, DC 20224. Do not send Form 8823 to this address. Instead, see Where To File on page 2.

Exhibit 1-3
IRS Noncompliance Notification Letter
Letter 3464 (SC/CG) 5-2001

DEPARTMENT OF THE TREASURY
P.O. Box 331, Drop Point 607 South
Bensalem, PA 19020
Attn: LIHC Unit

Date:

INTERNAL REVENUE SERVICE

Person to Contact:
Employee I.D. Number:
Fax Number:

Owner TIN:
Building Identification Number:
Reference:
Year:

Dear [Name]

The state housing credit agency referenced above has reported, on Form 8823, Low Income Housing Credit Agencies Report of Noncompliance or Building Disposition, that you are not in compliance with Internal Revenue Code Section 42 requirements and regulations for the Building Identification Number (BIN) shown above. (If multiple BINs are referenced, please see the list at the end of this letter.)

The noncompliance issues are:

1. ____
____

2. ____
____

3. ____
____

4. ____
____

Therefore, you should not include the non-qualified units when calculating the credit for the year shown above. Additionally, Sections 42(j)(1) and (2) require that prior credits you claimed are subject to recapture to the extent that any accelerated credit is attributable to the units, plus interest.

If you are subject to recapture, you must use Form 8611, Recapture of Low Income Housing Credit. If you filed this form with your tax return and have not claimed any credit for the year, no further action may be necessary. If you have not, please amend your return to include the recapture, and remove the credit claimed for the year of disposition. Flow-through entities should advise distributive share recipients of applicable credit and recapture requirements.

IRS receipt of Forms 8823 can increase the potential for audit of the reported projects. Therefore, IRS may conduct review and audit activity subsequent to this letter.

If you have questions, you may call the IRS contact listed above between the hours of 9 a.m. and 3 p.m. Eastern Time.

Although this employee may be able to help you, it is your responsibility to resolve all noncompliance issues with the appropriate state housing credit agency. Therefore, if you have questions regarding the issue(s) cited, please contact the referenced state agency.

Sincerely,

Additional Properties

BIN	Noncompliance Date

Chapter 2
Instructions for Completing Form 8823

Overview

State agencies use Form 8823 to notify the IRS of noncompliance with the requirements of IRC §42 or fulfill other reporting requirements. This chapter includes instructions for completing Form 8823.

After Building is Approved

Form 8823 should be used to report noncompliance *after* Form 8609, Low Income Housing Credit Allocation Certification, has been signed by the state agency and issued to the owner.

Before Building is Approved

There may be instances where noncompliance is identified *before* the issuance of Form 8609. For such cases, Form 8823 should be completed, but sent directly to the IRS Headquarter analyst responsible for the Low-Income Housing Credit program, rather than filing the form with the Philadelphia Service Center. The IRS will consider these forms 8823 timely filed.

Correction Period

The correction period is the period of time during which the owner of an LIHC property must correct any noncompliance identified by the state agency. The correction period begins with the date the state agency provides written notification *to the owner* that the building is not in compliance.[1] Under Treas. Reg. §1.42-5(e)(2), state agencies must provide *prompt* written notice to the owner.

The correction period begins as of the date the written notice of noncompliance is issued by the state agency to the owner. Generally, the correction period may not exceed 90 days from the date of the owner's notification; there is no minimum correction period. However, the correction period can be extended for up to a total of 6 months if there is a good cause for granting the extension.

Form 8823 must be filed with the IRS within 45 days following the end of the correction period, whether or not the noncompliance has been corrected.

Example 1: Annual Certification Under Treas. Reg. §1.42-5(c)(1)

> An owner failed to submit the annual certification that the building was in compliance with IRC §42 requirements; e.g., that annual income certifications had been received from each low-income tenant and that the units were rent-restricted, etc. The certification was due March 1, 2005 and the state agency notified the owner in writing on April 1, 2005 that the certification had not been received.
>
> The correction period began on April 1st and ended on June 29th. The owner had 90 days, until June 29, 2005, to provide the annual certification. The Form 8823, noting noncompliance with category 11d, Owner failed to provide annual certification or provided incomplete or inaccurate certifications, must be file after June 29th, but no later than August 15, 2005.

[1] See Treas. Reg. §§1.42-5(e)(4) and 1.42-5(a)(2).

Example 2: Extending the Correction Period

A state agency completed a physical inspection and identified noncompliance that required longer than 90 days to correct. The owner received notice of the noncompliance and the correction period began on January 15, 2004.

The state agency may extend the correction until July 15, 2004, giving the owner a total of 6 months to correct the problem. The Form 8823 must be filed with the IRS after July 15, 2004, but no later than August 25, 2004.

General Guidelines for Completing Form 8823

1. Select all applicable categories of noncompliance.

   Example 1: The state agency determined that 1 out of 10 low-income units in a building had been rented to a household with incomes that did not meet the income eligibility restrictions. Category 11a, Household income above income limit upon initial occupancy, should be selected.

   Example 2: The state agency determined that 7 out of 10 low-income units in a one-building project were rented to households with incomes that did not meet the income eligibility restrictions. As a result, the owner did not meet the 40/60 minimum set-aside for that year. Category 11a, Household income above income limit upon initial occupancy, should be selected, and category 11f, Project failed to meet minimum set-aside requirement, should be selected.

2. A separate Form 8823 must be filed for each BIN. The form must be prepared using the fillable PDF file as revised October 2005 (or later) with the bar codes.

3. When filing a "back in compliance" Form 8823, all the instances of noncompliance for a specific category must be remedied before the building is considered "back in compliance" for that category. For example, if four units are cited for violations of the UPCS inspection standards, all four units must be repaired before the building is considered back in compliance for that issue.

4. All categories of noncompliance must be resolved before filing a "back in compliance" Form 8823. Be sure to mark the "noncompliance corrected" boxes for each of the resolved issues. If more than one "noncompliance corrected" box is marked, enter the date of the most recent correction on line 9 of Form 8823.

5. An amended Form 8823 is identified by checking the box at the top of the form under the title. An amended Form 8823 should be filed with the IRS only if it is necessary to correct an error on a Form 8823 that was previously filed with the Service. For example, the wrong category is selected or an address is incorrect. A copy of the amended Form 8823 should be sent to the owner concurrent to filing the form with the IRS.

6. Descriptions of noncompliance or additional information submitted with the Form 8823 should be concise; however, avoid the use canned or repetitive statements. It is helpful to identify the unit number, the date out of compliance and the date corrected, and summarize the problems with a brief description. Copies of reports and notification letters sent to the owner describing the noncompliance, electronic pictures, and newspaper articles are also helpful.

   Concisely describe the content of any additional information maintained by the state agency; e.g., physical inspection reports, photographs, written statements from tenants, etc. Do *not* send photocopies of pictures; they are not useful.

   State agencies should also include explanations when they suspect owners, managing agents, or other parties may have misrepresented factual information such as falsifying income verifications or altering tenant files.

7. State agencies should report all noncompliance of which they are aware as a result of the annual certification or periodic review of tenant files and physical inspection of the property, without regard to whether the initially outstanding noncompliance is subsequently corrected. See chapter 3 for additional discussion.

   Independently, state agencies must also report any change in the applicable fraction (such as converting LIHC units to market rate units) or eligible basis (such as converting common area to commercial space) that results in a decrease in the qualified basis as noncompliance.

8. There is no “noncompliance corrected” block available for category 11p, Project is no longer in compliance nor participating in the program. Should the state agency decide to reinstate the property, the state agency should contact the IRS Low-Income Housing Credit program analyst.

Line-By-Line Instructions

Line 1 Building Information: Ensure that the complete building (or project) name and address, including ZIP code is identified.

Line 2 Owner Information: Remember to check the box if the current owner's name is different than the owner shown on Form 8609. Ensure that the current owner’s EIN/SSN is correct. If there is more than one owner, attach a schedule listing the name, address, and EIN/SSN of each owner.

Line 3 BIN: Ensure that building identification number is correct. It should consist of the two letter state abbreviation, two-digit year and five-digit number assigned.

Line 4 EIN: Ensure that the identification number for the owner is correct and check the box SSN for individual taxpayers (xxx-xx-xxxx) or EIN for business entities (xx-xxxxxxx) such as corporations and partnerships.

Line 5 Total credit allocated to this BIN: Provide the total allowable LIHC allocated to this BIN. This is computed by adding the amounts of credit allocated to the BIN on all Forms 8609, line 1b. Do not include Forms 8609 for which the compliance period has expired.

Line 6 Number of buildings in the project: Enter the number of buildings that house residential living units and have BIN numbers assigned to the project. Do not include recreational facilities or other amenities.

Line 7

a. Number of residential units in the building: Enter the total number of both LIHC units and all other residential units. But do not include managers' units. See footnote for special rules regarding buildings placed in service prior to September 9, 1992.[2]

b. Number of low-income units in the building.

c. Number of residential units with noncompliance problems: Count each unit for which noncompliance is being identified *in this report*; do not include previously reported, but still outstanding, noncompliance. Count each unit only once, even if there are multiple compliance problems.

d. Indicate the total number of units reviewed in this building for which the Form 8823 is being filed. Count each unit being reviewed once, even if you reviewed the same unit for both the annual certification and simultaneously performed an on-site review.

Line 8 Date building ceased to comply: Enter the date that the building ceased to comply with the IRC §42 low-income housing credit requirements. If there are multiple noncompliance issues, enter the date of the earliest discovered issue. Do not complete this item to indicate the date a building (or an interest therein) was disposed of.

Line 9 Date noncompliance corrected: If entering a corrected date, make sure the appropriate "noncompliance corrected" block in lines 11a through 11o, or 11q is checked. If there are multiple categories, the date the last issue was resolved should be entered. (Note: there is no "noncompliance corrected" block for category 11p, Project is no longer in compliance nor participating in the program.)

Line 10 Correction of previously reported noncompliance: Check this box if the sole reason for filing the form is to indicate that previously reported noncompliance problems have been corrected.

Line 11a-p Noncompliance categories: Select the category that best describes the issue being reported. Be sure to check the correct box for "out of compliance" and/or "noncompliance corrected," as applicable.

Line 11q This category is used only for those issues that do not fit into the categories specified in 11a through11p. Be sure to attach an explanation.

Line 12 Additional Information: Extensive detail is not necessary, but a summary is desirable to indicate the nature and extent of the noncompliance.

---

[2] Note that, in some instances involving buildings placed in service, receiving an allocation of credit, or described in IRC §42(h)(4) with respect to which tax-exempt bonds were issued prior to September 9, 1992, managers' units may be included in the total number of residential units. See Rev. Rul. 92-61, 1992, 32 I.R.B. 4. The IRS will not, however, apply Rev. Rul. 92-61 unless the owner files, or has filed, a return that is consistent with the ruling.

Line 13 a. Building disposition: Check the box for the appropriate type of disposition (sale, foreclosure, destruction, or other). For “other” dispositions, attach an explanatory statement.

b. New owner’s name and address: Ensure that the owner’s name, address and ZIP code are correct.

c. Date of disposition: The date the ownership actually transferred should be used. If the exact date is unknown, enter the best approximation.

d. New owner’s EIN: Ensure that the identification number for the owner is correct and check the SSN for individual taxpayers (xxx-xx-xxxx) or EIN for business entities (xx-xxxxxxx) such as corporations and partnerships.

Line 14 Contact Person: Identify the person the IRS should call if there are any questions and include that person’s telephone number.

Signature Signature of authorizing official: The authorizing official is a state agency official who is authorized by the state agency to sign such documents. The person need not be an executive, but may be a lower level employee within the state agency organization.

Chapter 3
Guidelines for Determining Noncompliance

Overview

State agencies are responsible for determining whether owners are compliant with the requirements of IRC §42 and its regulations. Professional judgment should be used to identify significant noncompliance issues, establish the scope and depth of the project/building review, and apply the law and regulations to the facts and circumstances of the case in a fair and impartial manner. This chapter includes guidelines to assist the state agencies meet these responsibilities.

Current Noncompliance Issues

Initial Physical Inspection and Tenant File Review

Treas. Reg. §1.42-5(c)(2)(ii)(A) requires state agencies to conduct on-site inspections of all buildings in the project, and for at least 20 percent of the low-income units, inspect the units and review the certifications, the documentation supporting the certifications, and the rent records for the tenants in those units, by the end of the second calendar year following the year the last building is placed in service.

Under Treas. Reg. §1.42-14(d)(2)(ii), an allocation of credit may not be returned any later than 180 days following the close of the first tax year of the credit period. Therefore, it is highly recommended that the first review of the LIHC project be conducted within that timeframe. Under specific circumstances, previously allocated credits can be reclaimed and returned to the state's credit ceiling if necessary.[1] Timely review of the initial lease-up provides owners an opportunity to correct problems early in the compliance period.

Subsequent Physical Inspections and Tenant File Reviews

Treas. Reg. §1.42-5(c)(2)(ii)(B) requires that, at least once every 3 years, state agencies conduct on-site inspections of all buildings in the project and, for at least 20 percent of the project's low-income units, inspect the units and review the certifications, documentation supporting the certifications, and the rent records for all the tenants living in the units.

Example 1: Current Tenant Income (Re)Certification and Documentation

> An LIHC building was placed in service and the first tax year of the credit period was 2000. The state agency inspected the property and reviewed tenant certification in May 2001; no noncompliance issues were identified. The next inspection and review were conducted in April 2004; the tenant files were reviewed using the most recent recertification, or initial income certifications for tenants moving into the building within the last year.

Reporting Current Noncompliance

Under Treas. Reg. §1.42-5(a), state agencies are required to report any noncompliance of which the agency becomes aware. Agencies should report all noncompliance, without regard to whether the identified outstanding noncompliance is subsequently corrected.

The inspection standard for on-site inspections of buildings and LIHC units generally requires state agencies to determine whether the building and units are suitable for

[1] See chapter 21.

occupancy based on local health, safety, and building codes or whether the buildings and units satisfy the uniform physical condition standards established by HUD. [2]

The state agency is required to review the low-income certifications, the documentation supporting the certifications (and recertifications[3]), and the rent records for the tenants in the units selected for the physical inspection. [4] Therefore, the state agency should be reviewing the initial income certification if the tenant moved in within the last year or the most recent income recertification.

In addition, state agencies must report any change in the applicable fraction (such as converting LIHC units to market rate units) or eligible basis (such as converting common area to commercial space) that results in a decrease in the qualified basis as noncompliance.

Noncompliance issues identified and corrected by the owner prior to notification of an upcoming compliance review or inspection by the state agency need not be reported; i.e., the owner is in compliance at the time of the state agency's inspection and/or tenant file review. Small Business/Self-Employed (SB/SE) considers the date of the notification letter a "bright line" date comparable to the rules for requesting a PLR or the disclosure on From 1040X that an amended tax return is being filed after being audited by the IRS or subsequent to notification that it will be audited. See Form 1040X, line B.

Sampling Requirements

The review (or sampling) of 20 percent of the LIHC units in a project and the associated tenant files is required under the Treasury regulations. The purpose is to estimate the compliance level of all the tenant income (re)certifications by providing a "snap shot" view of the owner's activities and compliance level at a specific moment in time. Sampling reduces the labor costs, and enables state agencies to meet time constraints when dealing with large LIHC properties.

Selecting a Sample

A random selection of tenant files or LIHC units is required. The method of choosing the sample of files or units to be inspected must not give the owner advance notice of which units and tenants records are to be inspected and reviewed[5]. There is no advantage to selecting different units over the 15-year compliance monitoring cycle.

If the sample includes a currently vacant unit, then the last (re)certification for the last tenant should be reviewed. The "snap shot" is indicative of current compliance.

Interpreting the Results

The IRS uses the results of the state agencies' reviews as an indicator of the owner's level of compliance with IRC §42 requirements. If audited, the IRS can also use the results to make adjustments to the LIHC on a unit-by-unit basis as identified on Form 8823. However, the IRS cannot project the results to the entire population of LIHC units[6].

---

[2] See Treas. Reg. 1.42-5(d)(2).
[3] Treas. Reg. 1.42-5(c)(1)(iii) refers to an "annual income certification" which for clarity purposes is often referred to as a "recertification".
[4] See Treas. Reg. 1.42-5(c)(2)(ii)(A) and (B).
[5] Treas. Reg. 1.42-5(c)(2)(iii).
[6] The IRS has specific requirements for using sampling techniques as part of an income tax audit. A state agency is not required to use these more stringent techniques for random selection and sample size when conducting a compliance review.

Example 1: Applying Tenant File Review Results

A state agency conducts a tenant file review and physical inspection of a 100% LIHC single building project with 100 units. The LIHC associated with each unit is $3,000. Twenty units are inspected and the associated tenant files are reviewed. Various noncompliance issues were identified for fifteen, or 75 percent, of the twenty sampled units.

The IRS can make an LIHC adjustment of $45,000 (15 units x $3,000) for the year of the review, with a recapture of $15,000 plus interest for each of the prior years of the credit period. Although the sample results indicate significant noncompliance, the results cannot be projected to the entire population; i.e., the IRS cannot conclude that 75 of the 100 units are out of compliance and, therefore, disallow the entire LIHC because the taxpayer did not meet the minimum set-aside.

Expanding the Sample Size

In the event that extensive noncompliance is identified, state agencies should consider expanding the number of units inspected/files reviewed beyond the 20 percent sample required under Treas. Reg. 1.42-5(c)(2)(ii). Circumstances warranting consideration of expanding the sample of LIHC units reviewed include (but are not limited to):

1. Poor internal controls (significant risk of error)
2. Multiple problems
3. Significant number of nonqualified units
4. Significant number of households are not income-qualified
5. Credible information from a reliable source

Determining the Scope of the State Agency's Inspection/Review

Large, Unusual and Questionable Items (Materiality)

Large, unusual, or questionable items (LUQ's) may be material in determining whether noncompliance exists, and thus affect the scope of the state agency's inspection/review. Some factors to consider when determining the materiality of items include:

1. Comparative nature of the issue – two of one hundred of a building's rental units out of compliance for a month is not as important as a project failing the 40/60 minimum set-aside.

2. Absolute nature of the issue – violations of the physical conditions standards should be investigated thoroughly whether one or one hundred units are impacted.

3. Inherent nature of the issue – a permanent decrease in the eligible basis of the property is more significant than two units that are not available for rent for two months.

4. Evidence of intent to mislead – this may include missing, misleading or incomplete documentation.

5. Extenuating circumstances – the issue cited is very temporary or in the process of being fixed at the time of inspection.

Determining the Depth of the State Agency's Inspection/Review

Issue Development

Depth is the extent to which an issue of potential noncompliance is developed. It demonstrates the degree of intensity and thoroughness applied to make a determination of noncompliance. State agencies must use judgment to determine the depth required to satisfactorily develop an issue of noncompliance. The following factors should be considered:

1. The type and reliability of evidence available or expected,
2. Complexity of the issue, and
3. Techniques used.

It is important to obtain sufficient evidence for evaluating the owner's compliance with IRC §42 requirements. Determining the proper amount of evidence to accumulate is a judgmental decision. Factors to consider include the risk that the owner may have made errors that are individually or collectively material and the risk that tests (such as sampling) will fail to uncover material errors.

Consideration of Taxpayer Due Diligence

For most taxpayers, voluntary compliance consists of preparing an accurate tax return, filing it timely, and paying any taxes due. Compliant behavior can be demonstrated when a LIHC property owner exercises ordinary business care and prudence in fulfilling its obligations. Due diligence can be demonstrated in many ways, including (but not limited to) establishing strong internal controls (policies and procedures) to identify, measure, and safeguard business operations and avoid material misstatements of LIHC property compliance or financial information. Internal controls include:

1. Separation of duties,

2. Adequate supervision of employees,

3. Management oversight and review (internal audits),

4. Third party verifications of tenant income,

5. Independent audits, and

6. Timely recordkeeping.

Evidence

State agencies gather information to determine the owner/taxpayer's compliance with IRC §42. This determination must be made on the basis of all available facts, including facts supporting the owner's position. Evidence is something that tends to prove a fact or point in question.

Owners have the right to expect that the information they provide will be safeguarded and used only in accordance with the law. To promote and maintain owners' confidence in the privacy, confidentiality, and security protections provided by the state and IRS, the following principles should be followed.

1. No information will be collected or used (with respect to owners/taxpayers) that is not necessary and relevant for tax administration and other legally mandated or authorized purposes.

2. Information will be collected, to the greatest extent practicable, directly from the taxpayer to whom it relates.

3. Information about taxpayers collected from third parties will be verified, to the extent practicable, with the taxpayers before a determination of compliance is made using the information.

Types of Evidence

The Internal Revenue Code requires all taxpayers to keep adequate records to support the items on their tax returns. However, not all evidence need be "books and records." The following discussion is an overview of different types of acceptable evidence of taxpayer compliance.

1. Documentary Evidence

Physical documentation is generally regarded as providing proof or evidence. Writings made contemporaneously with the happening of an event generally reflect the actual facts and indicate what was in the minds of the parties to the event. If possible, original documentary evidence should be reviewed.

The records to be retained by the LIHC property owner are described in Treas. Reg. §1.42-5(b). The records must be retained for at least 6 yeas after the due date (with extensions) for filing the federal income tax return for that year. The records for the first year of the credit period, however, must be retained for at least 6 years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building.

Owners may use electronic storage systems instead of hardcopy (paper) books and records to retain the required records.[7] However, the electronic storage system must satisfy the requirements of Rev. Proc. 97-22. In addition, the owner must satisfy any additional recordkeeping and record retention requirements of the monitoring procedure adopted by the state agency. For example, the housing agency may require the owner to maintain hardcopy books and records.

While documentary evidence has great value, it should not be relied upon to the exclusion of other facts. Facts can also be established by oral testimony. There will be times when greater weight should be given to oral testimony than to conflicting documentary evidence. The owner should not be considered noncompliant simply because documentary evidence is incomplete to establish precise compliance when there is some evidence to support compliance.

The "Cohan Rule," as it is known, originated in the decision of Cohan v. Commissioner, 39 F.2d 540 (2d Cir. 1930). In Cohan, the court made an exception to the rule requiring taxpayers to substantiate their business expenses. George M. Cohan, the famous entertainer, was disallowed a deduction for travel and business expenses because he was unable to substantiate any of the expenses. The judge wrote that "absolute certainty in such

[7] Rev. Rul. 2004-82, I.R.B. 2004-35, Q&A #11.

matters is usually impossible and is not necessary, the Board should make as close an approximation as it can." In general, the Tax Court has interpreted this ruling to mean that in certain situations "best estimates" are acceptable in order to approximate expenses. The Cohan Rule is a discretionary standard and can be used to support a reasonable estimate of compliance requirements.

State agencies may allow owners to reconstruct records when the situation warrants, consider incomplete or imperfect documentation, and accept credible oral testimony to determine the owner/taxpayer's overall compliance with the requirements of IRC §42.

Example 1: Incomplete Documentation

> A couple's current income recertification was timely signed by the wife, but the husband's signature is missing because he is on active military duty and stationed out of the country. The husband's income is included in the recertification and the reporting instructions for his overseas assignment are included in the file. The state agency may consider the unit in compliance, even though the husband's signature is missing.

Example 2: Reconstructing Evidence

> The tenant's income recertification was timely completed and signed. The summary records are in the file, but the income verification from the employer is missing. The state agency may allow the property manager to perfect the documentation.

2. Oral Testimony

There are times, due to taxpayer-specific circumstances, when records may not exist or are incomplete. In such cases, oral testimony may be the only evidence available. Therefore, oral statements made by the owner to the state agency represent direct evidence that must be considered. Although self-serving, *uncontradicted* statements that are *not improbable* or *unreasonable* should not be disregarded.

Example 1: Plausible Oral Testimony

> During a compliance review, an issue involving the income certification for a household was noted. However, the tenant had moved out and could not be located. The manager remembers discussing the item with the tenant, but there is no third party that can corroborate the manager's statement. If the manager's statement is plausible, the oral testimony can be considered sufficient.

The degree of reliability placed on an owner's oral testimony should be based on the credibility of the owner and surrounding circumstantial evidence supporting the owner's testimony. The following concepts are helpful when evaluating oral testimony.

a. Oral evidence should not be used in lieu of available documentary evidence

b. If the issue involves specific recordkeeping required by law, then oral testimony alone cannot be substituted for necessary written documentation

c. Oral testimony need not be accepted without further inquiry. If in doubt, or there are inconsistencies, attempts should be made to verify the facts from another source.

3. Third Party Evidence

Third party evidence is evidence obtained from someone other than the taxpayer. Credible third party evidence is used when the owner is unable to provide the information or it is necessary to verify information provided by the owner. Information about owners collected from third parties will be verified, to the extent practicable, with the owner before determinations are made using the information provided by third parties.

Evaluating Evidence

The state agencies should exercise sound judgment to make reasonable determinations and ensure that there is a basis for each item considered. This may involve considering the extent to which detailed documentation is required, examining all existing documentation, and determining the weight that should be given to oral testimony. *All* the information needed to definitively resolve an issue will seldom be available; state agencies will need to determine when there is sufficient information, or substantially enough, to make a proper determination of compliance with IRC §42.

State agencies are expected to arrive at definite conclusions based on a balanced and impartial evaluation of all available evidence. The state agencies should employ independent and objective judgment in reaching conclusions and should decide all things on their merit; free from bias and conflicts of interest. Fairness may be demonstrated by:

1. Making decisions impartially and objectively based on consistent application of procedures and tax law;

2. Treating individuals equitably;

3. Being open-minded and willing to seek out and consider all relevant information, including opposing perspectives;

4. Voluntarily correcting mistakes and refusing to take advantage of mistakes or ignorance on the part of the owner; and

5. Employing open, equitable, and impartial processes for gathering and evaluating information necessary for making decisions.

Factors to consider when evaluating evidence include the following:

1. Number and type of noncompliance issues,

2. Elements missing from the documentation,

3. Reasons why documentation is incomplete,

4. Availability of other information to substantiate compliance, and

5. Materiality of unsubstantiated documentation.

In the event that an owner provides clarification or evidence that the potential violation *does not exist*, it is not necessary to report the incident to the IRS; i.e., the owner has clarified that they are in compliance.

Workpapers

Content and Purpose

Workpapers are the state agencies' written records that provide the principal support for their project audits and the filing of Forms 8823. They should include all the information needed to conduct the inspection/review, and document contacts with the owner, the procedures applied, tests performed, information obtained, and the conclusions reached. Workpapers serve the following purposes[8]:

1. A record of the evidence gathered, procedures completed, tests performed, and analyses conducted;

2. Provide support for technical conclusions;

3. Basis for internal reviews by state agency management; and

4. Support for IRS audits of the owner's tax returns.

State agency workpapers may be used by IRS examiners to support conclusions regarding the accuracy of the owner's tax return. These papers and other documents in files may be reviewed to help establish the scope and depth of an IRS audit, establish a pattern of noncompliance, or provide evidence to support adjustments to the tax return. In some cases, the workpapers may be the only evidence.

While there are no requirements for the form or style of workpapers or documentation, workpapers should include certain "identifying" information to support IRS examinations. Workpapers should include:

1. Identity of the owner of the building being reviewed,
2. Name (or initials) of person preparing the workpapers, and
3. Date the workpapers were prepared.

Required Recordkeeping and Retention Provisions – State Agencies

For monitoring compliance with low-income housing credit requirements, Treas. Reg. §1.42-5(a)(2)(i)(A) provides that a procedure for monitoring for noncompliance must include the recordkeeping and record retention provisions of Treas. Reg. §1.42-5(b).

Under Treas. Reg. §1.42-5(e)(3)(ii), a state agency must retain the original records of noncompliance or failure to certify for 6 years beyond the state agency's filing of the respective Form 8823. In all other cases, the state agency must retain the certifications and records for 3 years from the end of the calendar year in which the state agency received the certifications and records.

[8] Internal Revenue Manual 4.10.9(3).

Availability of Workpapers to Owners

IRS agents can informally provide taxpayers with access to the workpapers associated with their own audit *that would otherwise be made available under the Freedom of Information Act.* If consistent with the state's disclosure rules, similar access to the workpapers for the compliance monitoring review can be helpful to owners; e.g., clarifying facts or preparing relevant evidence to resolve issues.

Chapter 4
Category 11a
Household Income Above
Income Limit upon Initial Occupancy

Definition

This category is used to report units that have been rented to households with incomes that do not meet income eligibility restrictions. According to IRC §42(g)(1), an owner of a tax credit property must elect to serve tenant populations with gross incomes that are either 50% or less of Area Median Gross Income (AMGI) or the National Nonmetropolitan Median Gross Income (NNMGI) when applicable[1], or 60% or less of AMGI or NNMGI when applicable, as adjusted for family size.[2] Under the terms of an extended use agreement, an owner may agree to service tenant populations at AMGI levels lower than identified in IRC §42(g); nonperformance of such agreements is not a reportable noncompliance event.

Annual Household Gross Income is the gross income (with no adjustments or deductions) the household anticipates it will receive in the 12-month period *following* the effective date of the income certification. The combined income of all occupants of a unit, whether or not legally related, is compared to the appropriate percentage of the AMGI for a family with the same number of members[3].

If information is available on changes expected to occur during the year, that information is used to most accurately determine the anticipated income from all known sources during the year. Unanticipated income received after the household moves in will not affect the original determination that a household is eligible for LIHC housing.

State agencies are required to review the low-income certifications, and the supporting documentation, for the tenants in a sample of LIHC units.[4] Therefore, the state agency must review the initial income certification if the tenant moved in within the last year and the most recent income recertification for continuing tenants.

Where the owner has received a waiver of the annual income recertification requirements, the state agency will always review the initial income certification.[5]

Determining Income Limits (Area Median Gross Income)

To determine the appropriate household income limit figure, refer to the HUD-published table relating to "very low income," which is an income level at or below 50 per cent of the Area Median Gross Income (AMGI). HUD prepares tables and provides income

[1] IRC §1400N(c)(4), Special Rule for Applying Income Tests: In the event of property placed in service (A) during 2006, 2007, or 2008, (B) in the Gulf Opportunity Zone, and (C) in a nonmetropolitan area (as defined in section 42(d)(5)(C)(iv)(IV)), section 42 shall be applied by substituting 'national nonmetropolitan median gross income (determined under rules similar to the rules of section 142(d)(2)(B)' for 'area median gross income' in subparagraphs (A) and (B) of section 42(g)(1).
[2] Note: Once made, this election is irrevocable and applies to all low-income units. See IRC §§42(g)(1) and 42(i)(3)(A)(ii).
[3] See Rev. Rul. 90-89, 1990-2 C.B. 8.
[4] See Treas. Reg. 1.42-5(c)(2)(ii)(A) and (B).
[5] See Rev. Proc. 2004-38, section 5.07, 2004-2 C.B. 10.

figures for family sizes ranging from one to eight persons.

If the owner elected the 40/60 minimum set-aside, then the published income figures for the 50 per cent of AMGI should be multiplied by 1.2.[6] There should be no rounding of these figures, as HUD has already rounded up the figures in the tables.

Households and Family Size

As a general rule, a "household" consists of all individuals (or tenants) residing in a unit. To determine the household income limit, all applicable income standards are adjusted for family size. For LIHC purposes, all occupants of a unit are considered in the determination of family size except the following (refer to HUD Handbook 4350.3 for complete discussion):[7]

1. Live-in aides. A person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who is determined to be essential to the care and well-being of the person(s); is not obligated for the support of the person(s); and would not be living in the unit except to provide the necessary supportive services. While a relative may be considered to be a live-in aide/attendant, they must meet the above requirements. The income of live-in aides is not included in the household's income.

2. Foster children or foster adults

3. Guests

When determining family size for income limits, the owner must include the following individuals who are not living in the unit:

1. Children temporarily absent due to placement in a foster home;

2. Children in joint custody arrangements who are present in the household 50% or more of the time;

3. Children who are away at school but who live with the family during school recesses;

4. Unborn children of pregnant women (as self-certified by the woman);

5. Children who are in the process of being adopted;

6. Temporarily absent family members who are still considered family members. For example, the owner may consider a family member who is working in another state on assignment to be temporarily absent;

---

[6] Rev. Rul. 89-24, 1989-1 C.B. 24.

[7] IRC §142(d)(2)(B) refers to the income of individuals. The combined income of all occupants of an apartment, whether or not legally related, is compared to the appropriate percentage of the median family income for a family with the [same] number of members. See Rev. Rul. 90-89, 1990-2 C.B. 8.

7. Family members in the hospital, or a rehabilitation facility, for periods of limited or fixed duration are considered a family member. These persons are temporarily absent; and

8. Persons permanently confined to a hospital or nursing home. The family decides if such persons are included when determining family size for income limits. If the family chooses to include the permanently confined person as a member of the household, the owner must include income received by the confined person in calculating family income.

Changes in Family Size

Changes in the size of an existing household after the initial tenant income certification must also be addressed.

Family Size Increases

The addition of new member(s) to an existing low-income household requires the income certification for the new member of the household, including third party verification. The new tenant's income is added to the income disclosed on the existing household's tenant income certification.[8] The household continues to be income-qualified, and the income of the new member is taken into consideration with the income of the existing household for purposes of the Available Unit Rule under IRC §42(g)(2)(D). See chapter 14.

Example 1: Additional Person Joins Household During the Year

> Jim and his two children initially income qualified and moved into an LIHC unit on March 1, 2001. The household continued to qualify at the annual income recertification for 2002, 2003, and 2004. Jim then met Jane, and they decided to marry in October 2004. The new couple would like to live in the LIHC unit Jim occupies. Jane completes a tenant income certification.
>
> The certification effective date continues to be March 1, 2001 and the next annual income recertification is due within 120 days before March 1, 2005.
>
> If the household's income, when Jane's income is added, exceeds 140 percent of the income limit (170 percent in deep rent skewed projects), then the Available Unit Rule applies.

A household may continue to add members as long as at least one member of the original low-income household continues to live in the unit. Once all the original tenants have moved out of the unit, the remaining tenants must be certified as a new income-qualified household unless the remaining tenants were income qualified at the time they moved into the unit.

If a state agency determines that the tenants manipulated the income limitation

[8] Under Treas. Reg. 1.42-5(c)(iii), owners must obtain an *annual* income certification from each low-income tenant. Interim income recertifications are not contemplated under IRC §42.

requirements, then the unit should not be treated as a low-income unit as of the date the household initially occupied the unit.

Example 2: New Tenants Manipulated Income Limitations

> An income-qualified household consisting of one person moved into a two bedroom unit on March 15, 2005. A second tenant completed an initial income certification and joined the household soon thereafter. The combined income of the two tenants is above in income limit for a household with two members. The unit is out of compliance as of March 15, 2005.

Family Size Decreases

Decreases in family size do not trigger the immediate income certification of a new household. Subsequent annual income recertifications will be based on the income of the remaining members of the household. If the remaining household's income is more than 140 percent (170 percent in deep rent skewed projects) of the income limit at the time of the annual income recertification, then the Available Unit Rule is applicable.[9]
Example 1: Member of the Household Leaves

> A married couple, with their two children, was initially income qualified and occupied a three bedroom unit. After four years, the oldest child, now 18 years old, moves out of the unit. It is not necessary to certify the remaining household as a new household. If the household's income exceeds the limit for a family with three members at the next income recertification, the Available Unit Rule is applicable.

Example 2: Unborn Children

> A household was originally income qualified based on the inclusion of an unborn child. Four months later, the pregnancy ended in miscarriage. It is not necessary to certify the remaining household as a new tenant at the time of the miscarriage. If the income of the remaining household members exceeds the income at the next income recertification, the Available Unit Rule is applicable.

Verifying Income and Assets

Owners must verify all known income and assets that affect eligibility. However, if the total assets for a household are $5,000 or less, the applicants may satisfy the asset requirement by signing a statement attesting to such fact.[10]

Acceptable methods of verifying information include third party verifications, reviews of documents submitted by the tenant (such as check stubs), and tenant certifications made under penalties of perjury.[11]

---

[9] See the legislative history for IRC §42, which notes that if the tenant's income increases to a level more than 140 percent above the otherwise applicable ceiling (*or if the tenant's family size decreases so that a lower maximum family income applies to the tenant*), that tenant is no longer counted in determining whether the project satisfies the set-aside requirement. The explanation continues, stating that there is no penalty in such cases if the Next Available Unit Rule is applied.
[10] See Rev. Proc. 94-65, 1994-2 C.B. 798.
[11] Treas. Reg. §§ 1.42-5(b)(vii) and 1.42-5(c)(1)(iii).

Third party contacts are preferred. Owners should obtain the tenant's consent for the release of information before contacting third parties. Verification forms should be directly sent to and received from third parties. If third party contacts are by telephone or interview, the conversation should be documented in the tenant's file and include all the information that would have been included in a written verification. The owner may obtain acceptable third party written verification by facsimile, e-mail, or Internet.

Owners can accept tenant-provided documents (e.g., pay stubs, Forms W-2, bank statements, etc.) when third party contacts are impossible or delayed, or third party verifications are not needed (e.g., birth certificates or divorce decrees).[12]

There will be situations where it will be difficult to estimate income. For example, the tenant may work sporadically or seasonally. In such cases, owners are expected to make a reasonable judgment as to how to the most reliable approach to estimating what the tenant will receive in the coming year.

Determining Annual Income

Household income is defined as the gross income (with no adjustments or deductions) the household anticipates it will receive in the 12-month period following the effective date of the household's certification of income.[13] Income includes, but is not limited to, earned and unearned income from all household members age 18 and older (adults), unearned income of minor children, and income from assets. Emancipated minors are treated as adults. As noted in chapter 5 of HUD Handbook 4350.3, "In all instances, owners are expected to make a reasonable judgment as to the most reliable approach to estimating what the tenant will receive during the year."[14]

Common sources of income are discussed below. Refer to HUD Handbook 4350.3 for additional information.

Employment Income

Employment income includes (but is not limited to) hourly wages, salaries, overtime pay, tips, bonuses, and commissions before any payroll deductions. Payments in lieu of employment income are also included; e.g., workers compensation, severance pay, unemployment and disability compensation. Income from employment of children (including foster children) is excluded.

Maximum benefits and annualized payments should not be used unless the source of funds is expected to continue throughout the certification period or for an indeterminable length of time. For example, if the third party does not indicate the length of time for which the tenant will be receiving a certain income, then the income should be annualized. In the event that the family cannot provide documentation that access to a specific source of income is for a limited and determinable time period, the benefits should be considered to be available for an indefinite time period and annualized.

[12] Third party contacts are considered impossible if an employer does not respond, third party charges a fee, or no third party is available. Generally a third party contact is considered delayed if a response will not be received within two weeks, but can be less it is determined that the third party will not respond.
[13] As explained in Treas. Reg. §1.42-5(b)(vii), gross income for purposes IRC §42 is not gross income for purposes of determining a federal income tax liability.
[14] The HUD Handbook 4350.3, Chapter 5, paragraph 5-5(C).

Example 1: Benefits for Indefinite Time Period

John works as a telemarketer for $9.00 an hour, 40 hours a week. He does not work overtime, has no other source of income, and is not planning to leave his job. His anticipated income is computed as:

($9.00/hour) x (40 hours/week) x (52 weeks/year) = $18,720/year

Example 2: Benefits for Definite Time Period

A teacher's assistant works nine months annually and receives $1,300 per month. During the summer recess, the teacher's assistant works for the Parks and Recreation Department for $600 a month. The teacher's anticipated income is computed as:

($1,300 x 9 months) + ($600 x 3 months) = $13,500

If information is available on changes in income expected to occur during the year, use that information to determine the total anticipated income from all know sources during the year. [15]

Example 3: Anticipated Changes in Income

In May 2004, an unemployed plumber applies for LIHC housing. At that time, the plumber is receiving unemployment benefits of $250.00 per month and will qualify for benefits for 4 more months.[16] Beginning in October, the plumber will be employed at $1,000 per month. The plumber's anticipated income is computed for the period from May to September, 2004 plus the income for October 2004 through May 2005.

($250.00 x 5 months) + ($1,000 x 7 months) = $8,250

Military employment may include (but is not limited to) base and longevity pay, proficiency pay, sea and foreign duty pay, hazardous duty pay, subsistence and housing allowances, and clothing allowances. All these are includable in income. Hostile fire pay, however, is excluded from income. *Note*: a temporarily absent individual on active military duty must be removed from the family and his or her income must not be included in the computation of household income, unless that person is the head of the family, spouse, or co-head.

Payments received under the Domestic Volunteer Service Act of 1973 are excluded from income. This includes employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, and senior companions. Payment received under Title V of the Older Americans Act (Green Thumb, Senior Aides, Older American Community Service Employment Program) is also excluded.

---

[15] See Footnote #2.

[16] The HUD Handbook 4350.3, Chapter 5, paragraph 5-5(A)(1) refers to unemployment compensation as an example of income that *may* not last for a full 12 months.

Income from Training Programs

Compensation from state or local employment training programs or training of a family member as resident management staff is not included in income. Income from training programs not affiliated with a local government and income from the training of a family member resident to serve on the management staff are also excluded. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for a limited period as determined in advance under the program by the state or local government.

Amounts received under training programs funded by HUD are not included in income. Similarly, payments received under programs funded in whole or in part under the Workforce Investment Act (WIA – formerly the Job Training Partnership Act) are excluded from income. These are employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs, career intern programs, and AmeriCorps. Amounts received by a person with a disability that are disregarded for a limited time for purposes of supplemental security income eligibility and benefits because they are set-aside for use under a Plan to Attain Self-Sufficiency (PASS) are excluded from income.

Excluded compensation includes stipends, wages, transportation or childcare payments received, or reimbursements of out-of-pocket costs and which are made solely to allow participation in a specific program. Income received as compensation for employment is excluded only if the employment is a component of a job-training program. Once training is completed, the employment income is included in the computation of annual income. Amounts received during the training period from unrelated sources (public assistance, social security payments, other employment) are not excluded from income.

Income from a Business

The net income from the operation of a business, profession, or sole proprietorship businesses is included in income. Net income is gross income less business expenses, interest on loans, and depreciation computed on a straight-line basis. Salaries paid to the applicant or other household members from the business must also be identified and included in income.

Business expenses do *not* include principal payments on loans, interest on loans for business expansion or capital improvements, or other expenses for business expansion or outlays for capital improvements.

If the net income from a business is negative, it must be counted as zero income. A negative amount cannot be used to offset other family income.

Example 1: Negative Income from Sole Proprietorship

> John and Mary, a married couple, apply for LIHC housing. John operates a sole proprietorship business; the net income from the business after expenses last year was -$3,500. Mary earns $27,000 each year as an employee, as shown on the W-2 from her employer. The household's income is $27,000. The $3,500 loss generated by John's business cannot be used to offset Mary's wages.

Income from a sole proprietorship can be estimated by reviewing the individual's prior year tax returns and Schedules C. If necessary, the owner can ask the potential tenant to provide a signed Form 8821, which will allow the owner to verify the information with the IRS.

Example 2: Using the Prior Year Tax Return

> A potential LIHC tenant is self-employed and expects the business to continue indefinitely. The potential tenant submitted the tax return for the last year. The net income from the sole proprietor ship was $13,000. The $13,000 figure can be used as income anticipated for the next 12 months.

Alternatively, the potential tenant can annualize income from self-employment for the current year business activity based on the number of full months in business. The formula is:

$$\frac{\text{(Net Income Year to Date) x 12 months}}{\text{Number of Months in Business during the Current Year}}$$

Example 3: Annualized Current Year Self-Employment Income

> In September, a potential tenant prepared a Schedule C showing the income and expenses for the current year, from January 1 through August 31, using the tax form from the prior year. To date, the potential tenant has net income of $24,000. The anticipated income is determined by multiplying $24,000 by 12/8, which equals $36,000. This is an acceptable estimate of future earnings.

Income from Rental Property, Partnerships, S-Corporations, and Royalties

Rental property may be real estate or personal property such as equipment or vehicles. The tenant may have income from enterprises doing business as partnerships or s-corporations, or receive royalties for copyrights or patents.

Assets

There is no limit on the amount of assets a household may hold and a household is not required to convert an asset to cash.

Assets include bank accounts, trusts, stocks and bonds, the surrender value of life insurance policies, and cash kept in safety deposit boxes or at home. One time, lump sum distributions are considered assets; e.g., inheritances, capital gains, victim's restitution and settlements on insurance claims. Lottery winnings paid in one lump payment are treated as assets. Lottery winnings paid in periodic payments must be counted as income. Lump sum payments of deferred periodic payments of supplemental security income and social security benefits are also considered assets.

For non-cash assets held for investment, the cash value is the net amount the household would receive if the assets were converted to cash. The cash value is the market value, or the amount another person would pay to acquire the asset, less the cost to turn the asset into cash.

Assets do not include necessary personal items such as clothes, furniture, cars, wedding rings, or vehicles specially equipped for persons with disabilities. Assets used in a business are not assets included in the computation of the tenant's income. If an asset is held in the tenant's name, but the income generated by the asset accrues to someone who is not a member of the household and the other person is responsible for income taxes on the accrued income, then the asset is not included in the tenant's income.

Lump-sum additions to the household's assets, such as inheritances, insurance proceeds (including payments under health and accident insurance and worker's compensation), capital gains, and settlements for personal or property losses are excluded from income.

Example 1: Exhausting an Asset

> A tenant receives a lump sum inheritance of $12,000 and deposits the money in a savings account. The asset is disclosed and the income from the asset correctly accounted for at the time of the initial income certification. The tenant subsequently withdraws $1,000 each month to pay personal living expenses. A year later, when the annual income recertification is completed, the bank account balance is zero. The monthly withdraws retain their character of an asset; i.e., they are not considered income. There is no need to include the bank account as an asset in subsequent annual income recertifications since the balance is zero.

Assets disposed of for less than fair market value within two years of the effective date of a tenant's initial certification or recertification, including assets placed in irrevocable trusts, are included in the tenant's income. Assets are considered to be disposed of for less than fair market value if the cash value of the assets disposed of exceeds the gross amount the tenant received by more than $1,000. Do not include assets disposed of for less than fair market value as the result of a foreclosure, bankruptcy, or divorce or separation agreement if the applicant or tenant receives valuable consideration not measurable in dollars.

Assets must be verified, the income generated from assets must be determined, and the income included in the computation of the household's income.

1. If the total cash value of a household's assets is more than $5,000, imputed income must be calculated using the current HUD passbook rate[17] and the greater of the actual income or imputed income must be included in the household's income. Refer to the HUD Handbook 4350.3, paragraph 5-7F, for the current passbook rate.

2. If the total cash value of the household's assets is $5,000 or less, the actual income the tenant receives from assets is the amount included in annual income as income from assets. An owner may satisfy asset verification requirements by *annually* obtaining a signed, sworn statement from the tenant certifying that the tenant's net family assets are $5,000 or less and disclosing the tenant's annual income from net assets. Owners, however, may not rely on a low-income tenant's signed, sworn statement of income from assets if a reasonable person[18] in the owner's position would conclude that the

[17] Projects receiving a tax credit allocation for rehabilitation of USDA Rural Development properties typically use the USDA Rural Development passbook rate if imputed interest must be included in the income computation.
[18] The "reasonable person" concept is part of the definition of due diligence. Due diligence is defined *(Black's Law Dictionary [6th ed. 1990])* as: "Such measure of prudence, activity, or assiduity, as is properly to be expected from, and ordinarily exercised by, a reasonable and prudent person under the particular circumstances; not measured by any absolute standard, but

tenant's income is higher than the amount presented by the tenant. In such cases, the owner must obtain other documentation of the low-income tenant's annual income from assets to satisfy documentation requirements.[19]

Contract Sales of Real Estate Assets

A tenant may sell real estate using an installment contract (or similar agreement) that provides a stream of payments over a period of time. A portion of the payment will be applied to the principal and a portion will be interest income. The interest should be included in income; the outstanding principal is considered an asset.

Pensions and Trusts

No Return of Capital

The full amount of periodic payments from Social Security, pensions and annuities, Supplemental Security Income (SSI), insurance policies, death benefits, long-term care insurance (in excess of $180 a day) and disability payments should be included in income, including lump sum amounts or prospective monthly amounts for the delayed start of a periodic amount.

Periodic amounts from *supplemental* security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts are excluded; e.g., Black Lung Sick benefits, Veterans Disability, Dependent Indemnity Compensation, and payments to the widow of a serviceman killed in actions.

Return of Capital

Individual Retirement Accounts (IRAs), 401K's and Keogh plans are considered assets. The amount that the tenant can withdraw from a pension plan without retiring or terminating employment, less any penalties but not after tax, is considered an asset. Note: Distributions from an IRA, 401k, or Keogh are *not* periodic payments and are not counted as income as long as the individual can provide documentation that the distribution(s) are a return of capital; i.e., a return of funds the tenant paid into the retirement account.

Trust Amount

The tenant may be the recipient of earning from a trust amount, in which case the gross amount of the trust should be considered an asset. Actual income distributed from the earnings of the trust (that are not revocable by, or under the control of, any member of the tenant household) is included in income. Include only the actual income distributed.

Documentation

Benefit letters or annual statements prepared by third parties are sufficient documentation. Verification may also include bank statements noting the transfers of funds.

---

depending upon the relative facts of the special case." In short, the due diligence standard is a judicially created test to determine the adequacy of the efforts exerted throughout all phases of any activity.

[19] See Rev. Proc. 94-65, 1994-2 C.B. 798.

Public Assistance

Amounts specified for shelter and utilities should be separately stated. They may be excluded from income. Special computations are needed; consult the HUD Handbook 4350.3 for details. Payments, rebates or credits received under the Federal Low-Income Home Energy Assistance Programs are excluded from income. Also exclude any winter differentials given to the elderly.

Special calculations of public assistance income are required for as-paid state, county or local public assistance programs. Consult the HUD Handbook for detailed instructions.

Recurring Gifts, Grants, Scholarships and Contributions

Regular, recurring monetary and nonmonetary gifts or contributions to residents from persons not living in the unit must be included in income. This can include the payments of bills on behalf of a resident. For example, if a parent or family member will be paying a resident's utility bill each month directly to the utility company, those payments are still counted as income for the tenant. However, the value of groceries provided by someone outside the household, and the food portion of public assistance, even if provided routinely, is *not* included.

Example 1: Use of Vehicle

> A tenant uses her ex-husband's car to transport their son to medical examinations conducted on a regular basis. The title to the car is in the ex-husband's name, he makes the car payment, and he is responsible for maintenance.
>
> The use of the car should not be considered a regular non-cash contribution to the household unless the tenant has exclusive use of the vehicle.

Grants received specifically for medical expenses, set aside for use under a Plan to Attain Self Sufficiency (PASS) and excluded for purposes of Supplemental Social Security (SSI) eligibility, or for out-of pocket expenses for participation in publicly assisted programs (expenses include the costs for special equipment, clothing, transportation, child care, etc.) are excluded.

For any student under the age of 24 who is seeking housing without his or her parent, financial assistance in excess of amounts received for tuition under the Higher Education Act of 1965[20], from private sources, or from an institution of higher education[21] shall be considered income to that individual, except for persons over the age of 23 with dependent children. Financial assistance does not include loan proceeds for the purpose of determining income.[22]

For any student residing with his or her parents, scholarships, grants, fellowships, educational entitlement, or any other student financial assistance paid directly to a full-time student or directly to an institution, no matter how the assistance is used, is excluded from income. Amounts of scholarships funded under title IC of the Higher Education Act of 1965, including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs are also excluded.

[20] See 20 U.S.C. 10001 *et seq.*
[21] See 20 U.S.C. 1002.
[22] Page 18146, Federal Register Vol. 71.

Generally, contributions that are paid directly to a childcare provider by persons not living in the unit are not included in income. This exclusion is based on a handbook interpretation of reimbursed childcare expenses under the definition of Adjusted Income and it's bearing on Annual Income. See 24 CFR Parts 813.1, 215.1, and 236.1. In relevant part, the regulations define childcare expenses to include "amounts to be paid by the family for [child care]…to the extent [they are] not reimbursed." Handbook 4350.3 indicates that childcare expenses that are not reimbursed are not included as annual income. However, if such childcare is paid by a *non-custodial* parent in lieu of all, or part, of child support payments, then it should be included in income.

Temporary, Nonrecurring, or Sporadic Income

Irregular, nonrecurring monetary gifts or contribution to resident are not included in income.

Alimony or Child Support

Alimony or child support that is court ordered or supported by a written agreement should be included in income unless the recipient certifies that the funds were not received and reasonable efforts have been made to collect the amount due, including filing with courts or agencies responsible for enforcing payments. When no documentation of child support, or alimony stipulated in a divorce decree or separation is available, the owner may require the family to sign a certification stating the amount received. The certification must be notarized. Documentation of the collection efforts made may be requested.

A signed, sworn self-certification by a tenant is sufficient documentation under Treas. Reg. 1.42-5(b)(1)(vii) to show that a tenant is not receiving child support payments and is consistent with the documentation requirements in Rev. Proc. 94-65.[23] In addition to specifying that a tenant is not receiving any child support payments, an annual signed, sworn self-certification should indicate whether the tenant will be seeking or expects to receive child support payments within the next 12 months. If the tenant possesses a child support agreement, but is not presently receiving any child support payments, the tenant should include an explanation of this and all supporting documentation; i.e., a divorce decree or court documents. Also, the self-certification should indicate that the tenant will notify the owner of any changes in the status of child support.[24]

A state agency monitoring procedure, however, may not permit an owner to rely on a low-income tenant's signed, sworn statement indicating that the tenant is not receiving child support payments if a reasonable person in the owner's position would conclude that the tenant's income is higher than the tenant's represented annual income. In this case, the owner must obtain other documentation of the low-income tenant's annual child support payments to satisfy the documentation requirement in Treas. Reg. 1.42-5(b)(1)(viii).

A state agency's monitoring procedure may require that an owner obtain documentation, other than the statement described above, to support a low-income tenant's annual certification of child support payments.

[23] The signed, sworn self certification under Rev. Proc. 94-65 is equivalent to the notarized certification under HUD Handbook 4350.3, Chapter 5, paragraph 5-6E. See also paragraph 5-13D.
[24] See Rev. Rul. 2004-82, Q&A #12, 2004-2 C.B. 350.

Unearned Income of Minor Children

Any unearned income of children under the age of 18 is included in income. This is any income other than employment income; e.g., interest income from bank accounts or dividends from mutual funds held in their name. Unearned income of minor children should be included even if the child is temporarily absent.

Items Excluded from Income (Miscellaneous)

This section includes a description of miscellaneous sources of funds and how they should be treated for purposes of determining the household's income. Refer to HUD Handbook 4350.3, Chapter 5, and Exhibit 5-1 for additional information.

1. Lunches and food received through food programs such as Women, Infants and Children (WIC), amounts received under the School Lunch Act, Meals on Wheels, or food stamps are not included in income.

2. Amounts paid to a family to offset the costs of services or equipment needed to keep a developmentally disabled family member at home are excluded. By Federal statute, the value of food stamps is not included in income.

3. Amounts received by the household that are specifically for, or in reimbursement of, the cost of medical expenses for any member of the household are not included in income.

4. Earnings in excess of $480 for each dependent, full-time student 18 years or older living with his or her parents is excluded from income.

5. Adoption assistance payments in excess of $480 per adopted child are not included in income.

6. Payments received for the care of foster children or foster adults are not included in income.

7. Personal loans, since they must be repaid, are not included in income.

8. Amounts received by the household in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit are not included in income.

9. Resident service stipends are not included in income. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the LIHC housing. Such services include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time.

10. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era are not included in income. Examples include payments by the German or Japanese governments for atrocities committed during the Nazi era.

11. Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602) is

not included in income.

12. Income from assets, and amounts received on behalf of, someone who does not reside in the household are not included in income, as long as (1) the amounts are not intermingled with the household's funds and (2) the amounts are used solely to benefit the person who does not reside within the household. For such amounts to be excluded from income, the individual must provide the owner with an affidavit stating that the amounts are received on behalf of someone who does not reside with the family and that the amounts meet the conditions stated above.

13. Interests of individual Native Americans in trust or restricted lands, and the first $2,000 per year of income received by individual Native American that is derived from a trust or restricted lands are not included in income. Amounts received under the Maine Indian Claims Settlement Act of 1980 are also excluded. In addition, all or a portion of the payments under the Alaska Native Claims Settlement Act, judgments of the Indian Claims Commission or U.S Court of Claims may be excluded from income. See HUD Handbook 4350.3 for details.

14. Payments received after January 1, 1989 from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the Agent Orange product liability litigation are not included in income. M.D.L. No 236 (E.D.N.Y)

15. Any Earned Income Tax Credit to the extent it exceeds the tenant's income tax liability is not included in income. See IRC §32(j). For example, a tenant may have a tax liability of $400, and an Earned Income Credit of $700. The credit will not only eliminate that $400 tax liability, but the tenant will receive a $300 refund. The $300 is not included in income. Alternatively, the tenant may receive payments directly from his/her employer during the year. These periodic payments are not included in income.

16. The value of any childcare provided or arranged for under the Child Care and Development Block Grant Act of 1990 (CCDBGA) (42 U.S.C. 9858q) is not included in income. Participating families may either pay a reduced amount based on a sliding fee scale or they may receive a certificate for child care services. Note that funds received through CCDBGA for providing childcare services are included in income.

Tenant Income Certification Effective Date

Once all sources of income and assets have been properly verified, owners or managers perform an income calculation using the applicant's tenant income certification to determine whether the applicant qualifies for IRC §42 housing.

The effective date of the tenant's income certification is the date the tenant actually moves into the unit. All adult members of the household should sign the certification. HUD Handbook 4350.3, 5-17B. If the certification is more than 120 days old, the tenant must provide a new certification.. The income recertifications must be completed annually based on the anniversary of the effective date.

Example 1: Determining the Tenant Income Certification Effective Date

> A potential household consisting of John and Jane Doe and their two children completed a rental application and income certification on April 12, 2004. The property manager completed the third party verifications and determined that the household was income eligible on April 21, 2004. John and Jane signed the rental lease on April 25th, and took possession of the unit on May 1, 2004.
>
> The effective date of the tenant income certification is May 1, 2004. All subsequent tenant income recertifications must be performed within 120 days before May 1st of each subsequent year of the 15-year compliance period.

When additional adult individuals join the household, the effective day will remain the same until the unit is completely vacated.

Example 2: Effective Date After Move In of Additional Adult Member

> Jane and her daughter were income qualified and moved into an LIHC unit on September 5, 2003. On March 15, 2004, Jane's widowed mother joined the household.
>
> The tenant income certification continues to be based on the original certification date. All subsequent annual income recertifications will be completed within 120 days before September 5th each year until the household vacates the unit.

Signatures

Generally, all adult members of the household should sign the income certification before, or when, the household moves into the rental unit. However, there will be circumstances where obtaining the signatures is impractical. In these situations, the owner should document the reason for the delay in the tenant's file and secure the signature as soon as possible.

Example 1: Household Member is Serving in the Military

> Mary, with her two children, applies for an LIHC unit and completes a tenant income certification. She discloses and includes the income her husband earns for military service in the Marines. He is currently on active duty and stationed overseas. The owner determines that Mary's household is income qualified for low-income housing
>
> Mary signs the income certification two days before moving in. Because her husband is not available to sign the certification, the owner included documentation in the tenant file that he is in the military and stationed overseas. Mary's husband returns stateside five months later and signs the income certification as soon as he joins his family.
>
> The owner is in compliance. The household's income is properly accounted for and the file sufficiently documents the reason why the husband could not timely sign the income certification. In this case, the file will also indicate that the signature was obtains within a reasonable time after his return.

Tenant Moves to Another Low-Income Unit

A household may move to another unit within a low-income project.

In the Same Building

When a household moves to a different unit within the building, the newly occupied unit adopts the status of the vacated unit.[25] Thus, if a current household, whose income exceeds the applicable income limitation moves from an over-income unit to a vacant unit in the same building, the newly occupied unit is treated as an over-income unit. The vacated unit assumes the status the newly occupied unit had immediately before it was occupied by the current resident.

In a Different Building

As noted in Rev. Rul. 2004-82, Q&A #8, a similar rule applies when a household whose income is no greater than 140% of the income limit (or 170% for deep rent skewed projects) moves to a low-income unit in a different building within the project during any year of the 15-year credit period.[26] The vacated unit assumes the status the newly occupied unit had immediately before it was occupied by the current resident.

Example 1: Household is First Occupant of Low-Income Unit

> On May 31, 2004, of the first year of the credit period, an income qualified household moved into a new, never-occupied, low-income unit in Building A. On October 19, 2004, the household moved to a similar rent- restricted unit in Building B, which had never been occupied, and continued to occupy the unit until the end of the first credit year. The unit in Building A was not rented again until February 2005.
>
> Only the unit the household actually occupies qualifies as a low-income unit.
>
> - The unit in Building A would qualify for May, June, July, August and September. The unit would not qualify as a low-income unit in October, November, or December for purposes of computing the Applicable Fraction for the first year under IRC §42(f)(2). The unit will continue to be treated as a never occupied unit until a qualified household moves in.
> - The unit in Building B is a qualified low-income unit for October, November, and December.

[25] See Treas. Reg. 1.42-15(d).
[26] See IRC §42(g)(1) and IRC §142(d)(4)(B).

Income Certifications Where Owner Acquires or Rehabilitates Existing Building

Income Qualifying Households Before the Beginning of the 10-Year Credit Period

Under Rev. Proc. 2003-82, a unit occupied before the beginning of the credit period will be considered a low-income unit at the beginning of the credit period, even if the household's income exceeds the income limit at the beginning of the first year of the credit period, if two conditions related to income qualifications are met, and the unit must is rent restricted.[27]

For households occupying a unit at the time of acquisition[28] by the owner, the initial tenant income certification is completed within 120 days after the date of acquisition using the income limits in effect on the day of acquisition. The effective date of the tenant income certification is the date of acquisition since there is no move-in date.

In the event that the household occupies a unit at the time of acquisition, but the tenant income certification is completed more than 120 after the date of acquisition, the household is treated as a new move-in. Owners use the income limits in effect at the time of the tenant income certification and the effective date is the date the last adult member of the household signed the certification (this is an exception to the general rule for effective dates because there is no move-in date).

When the household moves into a unit after the building is acquired but before the beginning of the first year of the compliance period, the tenant income certification is completed using the income limits in effect at the time of the certification and the effective date is the date the household moves into the unit.

Testing for Purposes of the Next Available Unit Rule

For purposes of Rev. Proc. 2003-82, the incomes of the individuals occupying a unit occupied before the beginning to the first credit year are first tested for purposes of the Next Available Unit Rule under IRC §42(g)(2)(D)(ii) and Treas. Reg. 1.42-15 at the beginning of the first year of the building's credit period.[29]

1. The test must be completed within 120 days before the beginning of the first year of the credit period.

2. The "test" consists of confirming with the household that sources and amounts of anticipated income included on the tenant income certification are still current. If additional sources or amounts of income are identified, the tenant income certification will be updated based on the household's documentation. It is not necessary to complete third party verifications.

3. If the household is over-income based on current income limits, the Next Available Unit Rule is applied.

[27] Rev. Proc. 2003-82, 2003-2 C.B. 1097, provides a safe harbor under which, if certain conditions are met, a residential rental unit in an existing building acquired by a new owner or in rehabilitated building will be treated as a low-income unit even though the occupants' incomes exceed the income limit at the beginning of the building's 10-year credit period. In order to qualify, the household must have been income-qualified at the time the owner acquired the building or the date the household started occupying the unit, whichever is later. The owner must maintain documentation of the income qualification and the unit must be rent restricted. See chapter 10 for further discussion of the requirement for units to be rent-restricted.
[28] The date of acquisition is the date the building is acquired by purchase under IRC §179(d)(2).
[29] See chapter 14 for detailed discussion of the Next Available Unit Rule.

If the effective date of the initial tenant income certification is 120 days or less before the required "test", it is not necessary to "test" for purposes of the Next Available Unit Rule because the time period for completing the initial tenant income certification and the time period for completing the "test" is the same. The annual tenant income recertification will be completed each year on the anniversary of the original tenant income certification's effective date.

Example 1: The Effective Date of Initial Tenant Income Certification is 120 Days or Less Before the Test Date

An owner purchased an existing building on September 1, 2004 and anticipated beginning the credit period on January 1, 2005. Household A occupied a unit at the time of the purchase and was determined to be income qualified on September 22, 2004. Because the household was determined to be income-qualified within 120 days of January 1, 2005, it is not necessary to "test" for purposes of the Next Available Unit Rule.

If the effective date of the original tenant income certification is more than 120 days before the required "test," the household's income must be tested within 120 days before the beginning of the first year of the credit period.

Example 2: The Effective Date of Original Tenant Income Certification is More Than 120 Days Before the Beginning of the First Year of the Credit Period

An owner purchased an existing building on March 1, 2004 and anticipated beginning the credit period on January 1, 2005. Household A, an income qualified household, moved into a rent-restricted unit on April 1, 2004. Because the household was determined to be income-qualified more than 120 days before the beginning of the credit period on January 1, 2005, the household's income must be tested no earlier than 120 days before January 1, 2005 to determine whether the Next Applicable Unit Rule should be applied.

Income Qualifying Households During the First Year of the 10-Year Credit Period

Under IRC §42(f)(2), the applicable fraction for the first year of the credit period is computed based on a month-by-month accounting of units or floor space occupied by income-qualified households. In the case of buildings that were acquired and then rehabilitated, there are two separate allocations of credit documented on two Forms 8609; one for the acquisition credit and a separate allocation for the rehabilitation credit. However, the owner is not required to determine two applicable fractions. Under IRC §42(e)(4)(B), the applicable fraction for the substantial rehabilitation credit will be the same as the applicable fraction for the acquisition credit. Therefore, for purposes of computing the applicable fraction under IRC §42(f)(2), the following units are considered low-income units;

1. Units occupied before the beginning of the credit period, which are determined to be low-income unit at the beginning of the credit period under Rev. Proc. 2003-82.

2. Units initially occupied after the beginning of the credit period by newly certified income-qualified households (regardless of whether rehabilitation costs have been incurred for the unit).

3. Units occupied by income-qualified households that moved from other units within the project. The household's lease and tenant income certification (with effective date) move with the household. See the section above titled "Tenant Moves to Another Low-Income Unit" for complete discussion.

4. Vacant units that are suitable for occupancy under IRC §42(i)(3)(B)(ii) and were previously occupied by an income-qualified household, regardless of whether rehabilitation costs have been incurred for the unit during the first year of the credit period.

Units are *not* included in the numerator of computation of the applicable fraction if:

1. The unit is occupied by a nonqualified household;

2. The unit is vacant and was last occupied by a nonqualified household;

3. The unit is not suitable for occupancy under IRC §42(i)(3)(B)(ii). These units, including units being rehabilitated, are considered "out of compliance." The noncompliance is corrected when the unit is again suitable for occupancy. The unit's character will be determined based on the household that occupied the unit immediately preceding the rehabilitation during the first year of the credit period. See #4 on the list above.

Example 1: Units Rehabilitated During the First Year of the Credit Period

An owner acquired a building with 10 units and determined that 6 of the units (1-6) were occupied by nonqualifying households at the beginning of the first year of the credit period, on January 1, 2005. Four units (7-10) were occupied by income-qualified households. The nonqualifying households moved out and the owner rehabilitated the six vacant units. Five of the rehabilitated units (1-5) were rented to new households that moved into the units in August of 2005. The sixth rehabilitated unit (6) was rented in August to an existing tenant who transferred from unit 7, one of the four units qualifying on January 1, 2005

1. The owner may include units 1-5, the rehabilitated units occupied by new low-income tenants in the applicable fraction computation under IRC 42(f)(2) for August, September, October, November, and December of 2005

2. For the tenant who transferred between units within the building, the owner may include the unrehabilitated unit 7 that the tenant occupied from January through July in the computation of the applicable fractions for those months, but the unit is no longer a low-income unit when the household moves to the rehabilitated unit 6 in August; Unit 6 is a low-income unit for August through December.

Therefore, for purposes of computing the applicable fraction for August, 2005, there are three low-income units that have not been rehabilitated (units 8, 9, and 10) and six low-income units that have been rehabilitated (units 1-6). Unit 7 is not a low-income unit.

During September, unit 7 was rehabilitated and the tenant from unit 8 moved in; therefore, unit 8 is no longer a low-income unit. To expedite completion of the rehabilitation of the remaining units, the owner also temporarily located the households in 9 and 10 in off-site quarters (and paid all expenses) and started rehabilitation of units 8, 9, and 10. For purposes of determining the applicable fraction for September, units 1-7 are low-income units and units 8, 9, and 10 are out of compliance.

The owner completed the rehabilitation of the final three units (8, 9, and 10) in October and moved the two temporarily displaced households back into units 9 and 10 during October 2005. Unit 8 is a low-income unit because it was previously occupied by an income-qualified household. For purposes of computing the applicable fraction for October, units 1-10 are all low-income units.

The following chart summarized the status of each unit for each month during 2005.

Unit	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1								LIHC	LIHC	LIHC	LIHC	LIHC
2								LIHC	LIHC	LIHC	LIHC	LIHC
3								LIHC	LIHC	LIHC	LIHC	LIHC
4								LIHC	LIHC	LIHC	LIHC	LIHC
5								LIHC	LIHC	LIHC	LIHC	LIHC
6								LIHC	LIHC	LIHC	LIHC	LIHC
7	LIHC	LIHC	LIHC	LIHC	LIHC	LIHC	LIHC		LIHC	LIHC	LIHC	LIHC
8	LIHC	LIHC	LIHC	LIHC	LIHC	LIHC	LIHC	LIHC		LIHC	LIHC	LIHC
9	LIHC	LIHC	LIHC	LIHC	LIHC	LIHC	LIHC	LIHC		LIHC	LIHC	LIHC
10	LIHC	LIHC	LIHC	LIHC	LIHC	LIHC	LIHC	LIHC		LIHC	LIHC	LIHC

Documentation Requirements

For a unit to be included as a low-income unit, documentation of the household’s initial eligibility must be on file with the owner. Under IRC §6001, every taxpayer is required to maintain records sufficiently detailed to prepare a proper tax return. This requires the maintenance of such permanent books and records sufficient to establish the amounts of gross income, deductions, *credits*, or other matters to be shown on the taxpayer’s return. This requirement extends to the preparation and maintenance of tenant files sufficiently documented to support household eligibility for purposes of claiming the low-income housing credit under IRC §42.

A tenant income certification and supporting documentation are not sufficient unless, at a minimum, the following documents are included:

1. Application/Income and Asset Questionnaire - A document completed by the household that the owner uses to gather information relevant to establishing all aspects of eligibility including, but not limited to, household composition, income, income from assets, and student status.

2. Verification of Income and Assets - All sources of income and assets must be verified to establish move-in eligibility.[30] Each tenant file must contain an annual statement of income, household composition, and student status.

   The preferred verification method is through third parties, and such verifications must be no older than 120 days before the effective date of the Tenant Income Certification. Where applicable, there should be further evidence to support the third party verifications; e.g., a copy of a divorce decree showing award of maintenance or child support, a realtor's statement of market value for a home, a self-employed tenant's tax return, etc. When third party verification has been attempted, but is not possible, documentation may be by check stubs, W-2's, bank statements, etc. Self-certification may be accepted if third party verification or other documentation cannot be obtained. Documentation of attempts to obtain verification, however, must be kept on file.

3. Student Status - Depending upon the student status of each household member, student verification may be required. (See chapter 17 for more information.)

4. Tenant Income Certification – Documents must be signed by all the adult members of a household prior to move-in and at the time of the annual recertification, and must state the anticipated annual gross income of the household.

Sufficient But Imperfect Documentation

If eligibility documentation is imperfect, yet sufficient for the monitoring agency to make a reasonable determination that a household is eligible, the owner should be advised of the imperfections and the need to implement procedures ensuring that similar imperfections do not occur in the future. Imperfections are not of a nature that would cause the unit to be considered out of compliance and will not result in reportable noncompliance.

Use of Standardized Forms

The compliance monitoring regulations under Treas. Reg. §1.42-5 establish the minimum monitoring requirements. State agencies can determine how documents are maintained and may mandate the use of standardized forms to document an owner's compliance with the requirements under Treas. Reg. §1.42-5.

[30] Rev. Proc. 94-65, 1994-2 C.B. 798, allows building managers to obtain a tenant's signed, sworn statement if the total combined cash value of household assets is less than $5,000. Some states have not implemented this procedure and will require third party verification. The states that allow this have an appropriate form.

In Compliance

In order to establish a unit as a qualified housing tax credit unit, the household's Gross Annual Household Income must be at or below the elected area median income (AMGI) limit or national nonmetropolitan median gross income (NNMGI) limit when applicable, adjusted for family size. Household income is calculated in a manner consistent with the determination of annual income under section 8 of the United States Housing Act of 1937. Therefore, the definitions of income of individuals and AMGI for purposes of IRC §42(g)(1) include items of income that are not included in a taxpayer's gross income for purposes of computing a federal tax liability.

Documentation of the household's initial eligibility must be on file with the owner. The initial tenant income certification must be completed and signed by all the tenants on or before the move-in date.

Example 1: Unrelated Parties Sharing an Apartment

> Sally and Jane are unrelated individuals who want to rent a two-bedroom apartment in an LIHC building. Sally and Jane's combined income does not exceed 60% of the AMGI for a two-individual family.
>
> In this case, Sally and Jane are qualified tenants for low-income credit housing. For purposes of computing the Gross Annual Household Income, the combined income of all the occupants of an apartment, whether or not legally related, is compared to the median family income for a household with the same number of members.

State agencies may determine that, even though the documentation at the time a certification was performed was insufficient, sufficient documentation was subsequently obtained by the owner *before* the state agency's notification of a compliance review, which allowed the monitoring agency to make a reasonable determination that the unit was in compliance. Such self-corrected documentation should not be reported to the IRS as noncompliance. The owner has demonstrated due diligence and reasonable attempts to maintain sufficient documentation of tenant eligibility.

Example 2: Failure to Obtain Third Party Verification

> An owner initially failed to verify or include documentation of court-ordered child support when the household moved in. The oversight was identified nine months later when the owner's management company conducted a quality review of the file. The management company immediately corrected the deficiency by obtaining a copy of the court order for the child support. When the amount of child support was added to the move-in income, the annual income did not exceed move-in eligibility. The unit is in compliance with IRC §42 requirements.

Example 3: Correction After Notification of Upcoming Compliance Review

> Unit A in an LIHC building went out of compliance on January 15, 2004, when a household with income exceeding the limit moved in. The owner was notified on March 15, 2004, that the state agency would be conducting a

tenant file review on May 1, 2004. The owner realized the problem while preparing for the review and paid the moving costs for the over-income household to move out immediately. A new income-qualified household moved into Unit A on April 13, 2004.

The state agency selected Unit A as part of the 20% sample and reviewed the new tenant's income certification. Because the effective date of this certification was after the date of the notification of the upcoming review, the state agency requested the file for the previous tenant and determined that Unit A was out of compliance from January 15 to April 13, 2004.

Example 4: Tenant Income Increases After Move In

John and Mary are newly married, in their early 20's, and have moved to a new city where John has accepted a job. The couple is income-qualified based on John's anticipated salary for the next 12 months. Three weeks after they move in, Mary starts working. If her wages are added to the tenant income certification, the couple's income exceeds the limit.

There is no noncompliance if the state agency determines that the owner used due diligence in accepting John and Mary as a qualified low-income household based on their initial tenant income certification. For example, the owner can demonstrate that due diligence was exercised by asking whether Mary intended to seek employment. However, the next available unit rule may apply. See chapter 14.

By itself, the fact that a tenant's actual income exceeds the anticipated income identified during the income certification is not a reportable noncompliance event (hindsight is always perfect). However, the state agency should consider expanding the sample size if multiple instances are identified. Collectively, multiple errors are indicative of poor internal control and increased risk of noncompliance.

The tenant income certification should be based on the best information available at the time of the certification. It represents the income the household anticipates it will receive in the 12-month period *following* the effective date of certification of income. If information is available on changes expected to occur during the year, that information should be used to most accurately determine the anticipated income from all known sources during the year. Owners should use due diligence by asking follow-up questions when the income certification process reveals unusual circumstances suggesting additional sources of income.

Out of Compliance

Units are considered out of compliance as of the date an ineligible household moves into a unit. A unit will also be considered out of compliance if the initial tenant income certification is inaccurate, documentation of initial eligibility is insufficient, or no initial tenant file is on record.[31]

31 A determination by the IRS (during an examination) that the taxpayer has not maintained adequate books and records may result in the issuance of an Inadequate Records Notice. The notice informs taxpayers that their recordkeeping practices are insufficient and must be improved to meet the requirements of the law. The issuance of an Inadequate Records Notice may result in a follow-up examination.

Example 1: Specific Source of Income Omitted

Annual Income was not properly calculated. The manager/owner did not include a source of income, such as a raise, overtime, or bonus. When reviewed, a correct calculation indicates that the household was not income eligible at move-in.

Example 2: Household Incorrectly Determined to be Eligible

The owner calculated annual household income correctly, but the household is over the appropriate income limit at move-in. For example, the owner may have used the income limit for the 40/60 minimum set-aside when the income limit for the 20/50 minimum set-aside income limit was required, or the wrong county AMGI, or the income limits used were not in effect as of the date of the tenant income certification.

Example 3: Unrelated Parties Sharing an Apartment

Tom and Jack are unrelated individuals who want to rent a two-bedroom apartment in an LIHC building. Tom and Jack individually have incomes that do not exceed 60% of AMGI for one individual. However, Tom's and Jack's combined income exceeds 60% of the AMGI for a two-individual family.

In this case, Tom and Jack do not qualify for LIHC housing. For purposes of computing the Gross Annual Household Income, the combined income of all the occupants of an apartment, whether or not legally related, is compared to the median family income for a household with the same number of members.

Example 4: No Initial Tenant Income Certification on File

A household moves into a unit that the owner wishes to include as an LIHC unit. However, the owner does not provide documentation of initial eligibility at the time the state agency reviews the tenant's file. The owner cannot substantiate that the unit qualifies for the LIHC.

Example 5: No Initial Tenant Income Certification on File for New Member of Household

An income qualified household moved into an LIHC unit. Six month later, an adult friend moved into the unit with the household, but no initial tenant income certification was completed for the additional member of the household.

Example 6: Initial Tenant Income Certification Performed After Move-In (Late Certification)

A household moved into a unit that the owner wanted to include as a low-income unit. However, the certification of income eligibility, including the third party verification, was not performed until after the household moved in.

Example 7: Insufficient Documentation of Initial Eligibility

A household moves into a unit that the owner wishes to include as a low-income unit. Income eligibility was not properly documented. The state agency could not reasonably determine that the household was income qualified. The following are possible documentation noncompliance issues:

a. Application/questionnaire is not sufficiently detailed to disclose all sources of income and/or assets,
b. Not all sources of income are verified,
c. Not all sources of assets are verified,
d. Verifications are insufficient,
e. Not all adult household members' income and/or assets are disclosed and included;
f. Tenant income certification form is not prepared, signed and/or dated; and
g. Other state-required forms designed to document compliance with IRC §42 are not in file.

Back in Compliance

Units are back in compliance when it is determined that an income-qualified household occupies the unit. Evidence of corrected noncompliance includes copies of certification paperwork such as the tenant's application, income and asset questionnaire, third party verifications, and tenant income certification.

Insufficient Documentation

In the event that income eligibility was not properly documented and the state agency cannot reasonably determine that the household is eligible, the noncompliance can be corrected in either of two ways:

1. A new certification can be performed using current income and asset sources and current income limits. Assuming the household is eligible, the unit would be out of compliance on the date of move in and back in compliance on the date the new certification signed (Form 8823 should be filed); or

2. A retroactive certification can be performed which completely and clearly documents the sources of income and assets that were in place at the time the *initial certification* should have been effective, and applies income limits that were in effect on that date. Assuming the owner can document that the household was income eligible at the time of move in, the unit should not be considered out of compliance. The owner has clarified the noncompliance; Form 8823 should not be filed.

Evidence of corrected noncompliance may include a copy of the full certification, including application, third party verifications, and/or the tenant income certification.

Income Ineligible Households

The household may be income certified as if it were a new move-in. If the household is eligible under the applicable move-in income limit in place on the date of the new certification, then the unit would be considered back in compliance.

Example 1: Ineligible Household Occupies LIHC Unit

> The household was over the appropriate income limit at move-in on June 1, 2002. The error was discovered during the state agency's review on April 3, 2003.
>
> The owner may treat the household as a new tenant and complete a new income certification using the income limits in effect on April 3, 2003. If the household is qualified, the noncompliance is corrected. The unit is out of compliance from June 1, 2002 until April 3, 2003. If, upon certification, the household is not income-eligible, the unit is considered back in compliance when a new income- qualified household moves into the unit. In either scenario, a Form 8823 noting the noncompliance must be filed.

Initial Tenant Income Certification is Late

If the initial certification is late, the unit is considered out of compliance as of the date the tenant moved into the LIHC unit and back in compliance on the date the completed income certification, indicating the household is income qualified, is signed by all the tenants.

Example 1: Initial Tenant Income Certification Performed After Move-In (Late Certification)

> A household moved into an LIHC unit on August 4, 2003. However, certification of eligibility, including the third party verification, was not completed until September 15, 2004. If the tenant income certification meets all the requirements, the unit is considered in compliance beginning on September 15, 2004.

Note: Noncompliance with the initial income certification requirements that is identified and corrected by the owner retroactive to move-in and *prior to notification* of the compliance review by the state agency need not be reported; i.e., the owner has demonstrated due diligence by addressing noncompliance issues independently. See chapter 3.

Revoking a Waiver of the Annual Income Recertification Requirement

If noncompliance with the tenant income certification requirements is sufficiently serious for a building with a waiver of the annual income recertification requirements, consideration should be given to revoking the waiver.[32] Revocation is not required, but the Service will revoke the waiver at the state agency's request.

Instructions for requesting the revocation of a annual income recertification waiver are included with the instructions for completing Form 8877, Request for Waiver of Annual Income Recertification Requirement for the Low-Income Housing Credit.

[32] See Rev. Proc. 2004-38, which supersedes Rev. Proc. 94-64.

References

1. IRC § 42(g)(1)
2. Treas. Reg. 1.42-5(b)(1)(vii) states that “[t]enant income is calculated in a manner consistent with the determination of annual income under Section 8 of the U.S. Housing Act of 1937.”
3. HUD Handbook 4350.3 is the authority for further information on calculation of annual income. HUD publishes updated 50% Median Family Income limits annually. Other income limit schedules such as the 60% limits are based on an extrapolation of the 50% limits. HUD’s Summary of Questions on Handbook 4350.3 Rev-1 was also used as a resource.
4. Rev. Rul. 89-24, 1989-1 C.B. 24
5. Rev. Rul. 90-89, 1990-2 C.B. 8
6. Rev. Rul. 91-38, 1991-2 C.B. 3
7. Rev. Rul. 2004-82, 2004-2 C.B. 350
8. Rev. Proc. 94-65, 1994-2 CB 798
9. Rev. Proc. 2004-38, 2004-2 C.B. 10, which supersedes Rev. Proc. 94-64, 1994-2 C.B. 797
10. Rev. Proc 2003-82, 2003-2 C.B. 1097
11. Notice 88-80, 1988-2 C.B. 396

Chapter 5
Category 11b
Owner Failed to Correctly Complete or Document Tenant's Annual Income Recertification

Definition

Owners are required to recertify each low-income household at least annually. The recertification process is identical to the initial certification in terms of documenting household composition, income, and income from assets. State agencies are required to review the tenant income recertifications and the supporting documentation for the tenants in the units.[1] Therefore, the state agency should be reviewing the most recent income recertification.

Noncompliance Corrected by Owner Prior to Notification of State Agency's Compliance Review

Noncompliance with the annual income recertification requirements that is identified and corrected by the owner *prior to notification* of the compliance review by the state agency need not be reported; i.e., the owner has demonstrated due diligence by addressing noncompliance issues independently. See chapter 3.

Example 1: Noncompliance Corrected Before Notification of Compliance Review

> On January 15, 2004, the owner of a LIHC building incorrectly completed a household's income recertification. The owner identified the problem and corrected the documentation deficiency on March 30, 2004. The owner was notified on April 20, 2004, that the state agency would be conducting a tenant file review on May 1, 2004.
>
> The state agency selected Unit A as part of the 20% sample and reviewed the household's income certification and noted the corrections. Because the owner corrected the noncompliance before the April 20, 2004 notification date, the owner is in compliance.

100% LIHC Building

If the building is 100 percent LIHC housing and the owner has received a waiver of the annual income recertification requirement under either Rev. Proc. 94-64 or 2004-38, this chapter is not applicable; i.e., the owner is no longer required to complete annual tenant recertifications. State agencies must, however, review the initial tenant income certifications and report any noncompliance under the appropriate category on Form 8823.

Mixed-Use Buildings

Note: For buildings with both LIHC units and market rate units, the state agencies must also determine whether the owner appropriately applied the Available Unit Rule when a household's income exceeds 140 percent of the income limit at the time of recertification. See chapter 14.

In Compliance

Owners are in compliance if the recertification is completed within 120 days before the anniversary of the effective date of the original tenant income certification.

[1] See Treas. Reg. 1.42-5(c)(2)(ii)(B).

Household Vacates Unit

If an owner has sent a timely notice informing the household that the annual recertification is due, but the household does not provide the certification and supporting documentation prior to vacating the unit, the vacated unit will not be considered out of compliance with the recertification requirements. Owners should document attempts to obtain the recertification and the date the tenant actually moved out.

Example 1: Household Gives Notice of Departure Before Recertification is Due

> The owner provided timely notice to a household (on July 15th, 2004) that the annual income recertification was due on October 1, 2004. The household informed the owner on September 13, 2004 that they would be vacating the unit on October 15, 2004.
>
> Since the household gave notice in advance and will not occupy the unit in the coming year, there is no reason to complete the income recertification and the unit remains in compliance. Should the household later decide to stay in the unit, a late recertification must be completed.

Owner Takes Action to Remove Noncompliant Household

If the owner initiates an eviction proceeding and the household vacates the unit, no recertification is necessary. If, for any reason, it is determined that the household will not vacate the unit as anticipated, a recertification will be necessary within 120 days of the determination.

Example 1: Court Failed to Sustain Request for Eviction

> Income recertification was due on July 1, 2004. The owner initiated the recertification process on April 15, 2004, and documented attempts to obtain recertification information. The household did not complete the recertification and the owner initiated eviction proceedings on July 29, 2004. The court did not sustain the owner's filing for eviction on September 15, 2004. The owner must secure the tenant income recertification.

Households Determined to be Over the Income Limit at Recertification

In the event that a household's income exceeds the income limit at the time of recertification, state agencies must determine whether the household was income qualified at the time of move in. The initial tenant income certification should be reviewed.

Example 1: Household Qualified at Move In

> An income qualified household moved into a rent restricted unit on June 23, 1997 and timely completed their tenant income recertifications each year. In 2005, for the first time, the recertification indicates that that same household's income exceeds the income limit.
>
> The state agency must review the initial tenant income certification. If the household qualified at move in, no further action is necessary and the unit is in compliance with the annual income recertification requirements. If the household's income is 140% or more of the income limit, compliance with the Available Unit Rule must also be evaluated. See chapter 14.

If the state agency identifies an issue of noncompliance on the initial tenant income certification, the state agency must review the intervening tenant income recertifications to determine whether the noncompliance was corrected at some intervening point.

Out of Compliance

A unit will be considered out of compliance if the annual recertification was not performed, or the annual recertification was performed late *and after notification* of a state agency compliance review.

Example 1: Annual Recertification Was Not Performed

Household was initially qualified and properly certified at move-in. However, it has been more than 12 months from the previous recertification and there is no recertification on file. This unit is out of compliance as of the date the recertification is due.

Example 2: Insufficient Documentation of Eligibility at Recertification

Household was initially qualified and properly certified at move-in; however, recertification was not properly documented and the state agency cannot reasonably determine the household's continuing eligibility. The following are possible documentation noncompliance issues:

a. Application/questionnaire is not sufficiently detailed to disclose all sources of income and/or assets;
b. Not all sources of income are verified;
c. Not all sources of assets are verified;
d. Verifications are insufficient;
e. Not all adult household members' incomes and/or assets are disclosed and/or included;
f. Tenant income certification form is not prepared, signed and/or dated; and
g. Other state-required forms designed to document compliance with IRC §42 are not in file.

Back in Compliance

Owners may use the following methods to self-correct noncompliance. Evidence of corrected noncompliance may include a copy of the full recertification, including application, verifications, and/or tenant income recertification. Owners must submit copies of the documents required by the monitoring agency.

1. A recertification can be performed using current income and asset sources and current income limits. If there is no resulting noncompliance (e.g., violation of the Available Unit Rule), the unit would be out of compliance on the date the recertification was due and back in compliance on the date the tenant signs the recertification.

2. A retroactive recertification can be performed which completely and clearly documents the sources of income and assets *that were in place at the time the recertification should have been completed* and applies income limits that were in effect on that date. If there is no resulting noncompliance (e.g., violation of the Available Unit Rule), the unit would be out of compliance on the date the recertification was due, and back in

compliance on the date the tenant signs the recertification.

While the recertification has been performed retroactively, the recertification documents should be dated with the current date. All the adult members of the household should sign the recertification using the current date. In other words, the recertification documents should not be backdated.

The advantage of the retroactive recertification is that the owner may avoid violating the Available Unit Rule.

In either case, the effective date for recertification continues to be the anniversary of the actual date of move in.

Example 1: New Recertification is Performed After Notification

An owner failed to complete a tenant's annual income recertification, which was due February 10, 2004. The mistake was identified during a state agency compliance review conducted November 1, 2004. The management company completed the recertification on November 12, 2004 using the income limits available on that date. The recertification was completed based on the tenant's anticipated future income for the period November 12, 2004 through November 12, 2005.

The unit is out of compliance from February 10^{th} to November 12^{th}, 2004. The next annual income recertification is due on February 10, 2005. Since the noncompliance was corrected after notification of a state agency review, the noncompliance must be reported on Form 8823.

Example 2: Household Determined to be Over-Income

An owner failed to complete a tenant's annual income recertification, which was due February 10, 2004. The mistake was identified during a state agency compliance review conducted November 1, 2004. The management company completed the recertification on November 12, 2004 using the income limits available on that date. The recertification was completed based on the tenant's anticipated future income for the period November 12, 2004 through November 12, 2005. The household's income was determined to be more than 140% of the income limit.

Since the recertification was corrected after notification of a state agency review, the noncompliance must be reported on Form 8823. The unit is out of compliance with the recertification requirements from February 10^{th} to November 12^{th}, 2004. The next annual income recertification is due on February 10, 2005. Further, the Available Unit Rule may have been violated if any unit was rented to a nonqualified household after February10, 2004.

References

1. Notice 88-80, 1988-2 CB 396.
2. HUD Handbook 4350.3.

3. Under IRC §6001, taxpayers are required to keep records and comply with regulations as prescribed. To claim the low-income housing credit, taxpayers must substantiate that the tenants were income qualified.
4. Rev. Proc. 94-65, 1994-2 C.B. 798.
5. Rev. Proc. 2004-38, 2004-2 C.B. 10, which supersedes Rev. Proc. 94-64, 1994-2 C.B. 797.

Chapter 6
Category 11c
Violation(s) of the UPCS or Local Inspection Standards

Definition

This category is used to report noncompliance when rental units, building exteriors and systems, common areas, and the property site in a project are not suitable for occupancy. State agencies should assess whether low-income housing tax credit properties are in safe, decent, sanitary condition and in good repair, according to either the Uniform Physical Conditions Standards[1] (UPCS) established by HUD[2], or local inspection standards. The standards to be used should be identified in the Qualified Allocation Plan[3] (QAP).

1. State agencies are not required to use the REAC protocol in using the UPCS.

2. State agencies cannot combine selected portions of the UPCS with portions of local standards; only one inspection standard can be selected and used.

Identifying Noncompliance

Certification Reviews

Noncompliance may be identified when the agency reviews an owner's annual certification that the buildings and units in an LIHC project were suitable for occupancy. (See Treas. Reg. §1.42-5(c)(1)(vi).) The owner must also certify that state or local authorities responsible for making inspections did not issue a violation report for any building or low-income unit in the project. If a violation notice or report was issued, the owner must attach a statement summarizing the violation report/notice (or a copy) to the annual certification submitted to the state agency. The owner must also state whether the violation was corrected.

Physical Inspections

State agencies must inspect LIHC properties to ensure that LIHC buildings and units are suitable for occupancy.[4] Under Treas. Reg. §1.42-5(C)(2)(ii)(B), on-site inspections must be made at least once every three years.

HUD's Uniform Physical Condition Standards (UPCS)

The UPCS requires housing to be decent, safe, sanitary and in good repair. The major areas of consideration include:

1. Site: The site components such as fencing and retaining walls, grounds, lighting, mailboxes/project signs, parking lots and driveways, play areas and equipment, refuse disposal equipment, roads, storm drainage, and walkways must be free of health and safety hazards and in good repair. The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulations

[1] The Uniform Physical Conditions are available at www.gpoaccess.gov. On the main page, select the "Code of Federal Regulations" option and then enter "24CFR5.703" into the search feature using the quotes ("…").
[2] Department of Housing and Urban Development
[3] See IRC §42(m)(1)(B)(iii).
[4] See Treas. Reg. §1.42-5(d)(2)

of trash, vermin or rodent infestation, or fire hazards.

2. Building Exterior: Each building on the site must be structurally sound, secure, habitable, and in good repair. Each building's door, fire escapes, foundations, lighting, roofs, walls, and windows must be free of health and safety hazards, operable, and in good repair.

3. Building Systems: Each building's domestic water, electrical systems, elevators, emergency power, fire protection, HVAC, and sanitary system must be free from health and safety hazards, functionally adequate, operable and in good repair.

4. Dwelling Units: Each dwelling unit within a building must be structurally sound, habitable, and in good repair. The dwelling unit must be free from health and safety hazards, functionally adequate, operable and in good repair. This includes all areas and aspects of the dwelling unit; i.e., bathroom, call-for-aid (if applicable), ceiling, doors, electrical systems, floors, hot water heater, HVAC, kitchen, lighting, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls and windows.

   Where applicable, the unit must have hot and cold running water, including an adequate source of drinkable water. (Note: single room occupancy units need not contain water facilities.) If the unit includes its own sanitary facility, it must be in operating condition, usable in privacy and adequate for personal hygiene and the disposal of human waste. The unit must include at least one battery-operated or hard-wired smoke detector in proper working condition on each level of the unit.

5. Common Areas: The common areas must be structurally sound, secure, and functionally adequate for the purposes intended. The basement/garage/carport, restrooms, closets, utility, mechanical, community rooms, day care, halls and corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony and trash collection areas, if applicable, must be free from health and safety hazards, operable, and in good repair. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls, and windows must be free of health and safety hazards, operable, and in good repair.

6. Health and Safety Concerns: All areas and components of the housing must be free of health and safety hazards. These areas include, but are not limited to, air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation and lead based paint.

   For example, buildings must have fire exits that are not blocked and have hand rails that are not damaged, loose, missing portions, or otherwise unusable. The housing must have no evidence of infestation by rats, mice, or other vermin. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling units and common areas must have proper ventilation and be free of mold as well as odor (e.g., propane, natural, sewer or methane gas) or other observable deficiencies. The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of such.[5]

[5] As defined in Subpart J of 24 CFR part 35.

Local Standards

Although there is considerable variability among local codes, inspection of the LIHC property using local codes should entail an inspection of the project site, building exteriors, building systems, common areas, dwelling units, and health and safety concerns.

Differences between Local Codes and the Uniform Physical Condition Standards (UPCS)

The UPCS do not supersede or preempt[6] local health, safety and building codes; i.e., a low-income housing project under IRC §42 must satisfy the local standards and the state agency must report known violations to the IRS. However, if the state agency uses the UPCS to conduct inspections and determines that they are met, the state agency is not required to determine *by inspection* whether the project meets local standards.

There will be situations when using the UPCS for the state agency's inspection standard may result in a conflict with the local standards. For example, the local code may require bars on windows to prevent children from falling out whereas the bars may be viewed under the uniform physical condition standards as blocking access/exists in case of emergencies. The conflict should be brought to the attention of the state agency by a governmental entity or individual such as a fire marshal's office or municipal building inspector who must provide a written submission explaining the nature of the conflict. When conflicts are presented in this manner, the local code will be evaluated by the state agency in determining whether the project or unit is in compliance.

In Compliance

A building is in compliance if, during an inspection of the building, it meets the requirements of the UPCS or local code. Exhibit 6-1 is a sample checksheet that may be useful (it is not required) in helping document physical inspections of LIHC properties. Owners should be notified of the state agency's findings. Exhibit 6-2 is a sample letter that may be used.

Out of Compliance

An LIHC unit, building and/or entire project is out of compliance if:

1. The owner discloses violations of local standards or incorrectly certifies that the buildings and units in an LIHC project were suitable for occupancy, taking into account local standards (or other habitability standards). See Treas. Reg. §1.42-5(c)(1)(vi).

2. During a physical inspection by the state agency, the property had elements that failed to meet the requirements.

3. Otherwise fails to comply with the requirements of the UPCS or local codes at any time.

[6] In other words, the UPCS do not replace or preempt local health, safety, and building codes.

To ensure consistent evaluation of the property's physical condition, the definitions of physical deficiencies used for the Real Estate Assessment Center System (REAC) by the Department of Housing and Urban Development (HUD) will be used to determine whether noncompliance has occurred. The dictionary is divided into six sections:

1. Site Inspection
2. Building Exterior Inspectable Items
3. Building Systems Inspectable Items
4. Common Areas Inspectable Items
5. Unit Inspectable Items
6. Health and Safety Inspectable Items

Each section identifies specific components, which are then defined in ascending levels of severity (level 1, level 2 or level 3), and a fourth category is health and safety hazards and fire safety hazards. All levels of deficiencies must be reported. State agencies using local codes as their inspection standard may find the UPCS levels of violation helpful in categorizing reported violations. The Dictionary of Deficiency Definitions is available at HUD's website: www.hud.gov/offices/reac/products/pass/pass_def.cfm.

Level 1 Violations of UPCS

Examples of Level 1 violations include:

1. At least one screen door or storm door is damaged or is missing screens or glass. The noncompliance would be evidenced by an empty frame or frames.

2. The roofs of a project where up to one square (100 square feet) of surface material or shingles is missing from roof areas.

3. In one room in a dwelling unit, a permanent lighting fixture is missing or not functioning, and no other switched light source is functioning in the room.

Level 2 Violations of UPCS

Examples of Level 2 violations include:

1. Evidence of water stain, mold, or mildew, such as darkened areas, over a small area of floor (1-4 square feet). Water may or may not be visible. The affected area is estimated to be less than 10% of the floors.

2. In two rooms in a dwelling unit, a permanent lighting fixture is missing or not functioning, and no other switched light source is functioning in the rooms.

Level 3 Violations of UPCS

Example of Level 3 violations include:

1. A common area where a large portion of one or more floors –more than 4 square feet- has been substantially saturated or damaged by water, mold, or mildew. Cracks mold, and flaking are visible and the floor surface may have failed.

2. A sink or other related hardware in a kitchen may be missing, which creates unsanitary living conditions.

3. A permanent light fixture in more than two rooms is missing or not functioning, and no other switched light sources are functioning in the rooms.

Health and Safety Violations and Fire Hazard Violations of UPCS

Health and safety violations can be divided into non-life threatening and exigent, life threatening conditions.

Non-life threatening events include items such as pavement and walkway problems that create the potential for tripping and falling; missing or non-functioning sinks and bathroom components in individual units that impair human sanitation; missing exterior doors; and floor covering damage.

Exigent health and safety and fire hazards require immediate attention because of their life-threatening potential. Exigent health and safety violations include exposed electrical wires or water leaks on or near electrical equipment; propane /natural gas/methane gas detected; emergency/fire exits that are blocked; unusable fire escapes; gas or oil fired hot water heaters with missing or misaligned chimneys that pose carbon monoxide hazards. Fire safety hazards include missing or inoperative smoke detectors; fir extinguishers expired or window security bars preventing egress from a building.

Casualty Losses

A casualty loss is defined as the damage, destruction, or loss of property resulting from an identifiable event that is sudden, unexpected, or unusual. A sudden event is one that is swift, not gradual or progressive. An unexpected event is one that is ordinarily unanticipated and unintended. An unusual event is one that is not a day-to-day occurrence and that is not typical for low income housing credit properties. Casualty losses may result from a number of different sources: e.g., car accidents, fires, government-ordered demolitions, hurricanes, mine cave-ins, sonic booms, storms, tornadoes, vandalism, etc. Property damage is not considered a casualty loss if the damage occurred during normal use, the owner willfully caused the damage or was willfully negligent, or was progressive deterioration such as damage caused by termites.

Physical damage to LIHC properties caused by casualty events and which render LIHC residential rental units or buildings, or common areas associated with the property, unsuitable for occupancy is reported as noncompliance with the UPCS or local standards.

Date of Noncompliance

The reportable “out of compliance” date is the date the property failed to meet the inspection standard, if known; otherwise, at the earliest documented date that the standard was not met.

Example 1: Factual Determination

> The state agency determined that some vacant LIHC residential units were not suitable for occupancy for new tenants when they conducted a physical inspection of the property. The owner explained that because of the high vacancy rate, there were a sufficient number of empty units suitable for occupancy. All vacant LIHC units that are not suitable for occupancy are out of compliance. The out of compliance date is a factual determination reflecting the earliest date that any of the noncompliant units was vacated.

Example 2: Noncompliance Date Identified by Inspection

> The state agency inspected the property site and determined that a dilapidated wooden fence on the exterior of the property represented a UPCS violation because it was about to fall down and nails were protruding out of the boards. The date of noncompliance is the date of the inspection.

Example 3: Noncompliance Date Identified by Documentation

> HUD performed an inspection and determined that there were significant safety hazards on an LIHC property site. The owner was notified, but when HUD revisited the property six months later, the hazards had not been corrected. HUD provided the state agency with a copy of their report. The state agency conducted an inspection and confirmed HUD's information. The date of noncompliance is the date of HUD's initial inspection.

Notice to Owner

The state agency is required to provide prompt *written* notice to the *owner* of a low-income housing project if the state agency discovers that the project is not in compliance with the state agency's inspection standard, or the annual certification is inaccurate. Notification letters establish and document the beginning of the correction period for any "out of compliance" issues. See Exhibit 6-3.

When state agencies determine that the violations involve life-threatening problems, a critical notification letter requiring immediate corrective action should be sent to the owner. *To ensure prompt correction of exigent, life threatening health and safety deficiencies*, the project representative should be provided a list of every observed life threatening violation and fire safety hazard that needs immediate attention or remedy, before the inspector leaves the project site. See Exhibit 6-4. To document receipt, the project representative should sign the state agency's copy of the list of deficiencies.

Back in Compliance

Property is back in compliance when noted violations are corrected. The correction date is the date of the repair, the date of the inspection at which the repair was observed, or the date of the certification that the repair had occurred; whichever evidenced the correction to the agency's satisfaction.

Acceptable evidence of the corrected violations includes items such as a certification from an appropriate licensed professional that the item now complies with the inspection standard, or other documentation demonstrating that the violation has been corrected. Alternatively, the state agency may determine that the owner is back in compliance by visual inspection.

Reporting Noncompliance

Under Treas. Reg. §1.42-5(a), state agencies are required to report any noncompliance of which the agency becomes aware.[7] State agencies must file Form 8823 no later than 45 days after the end of the correction period (including permissible extensions), whether or not the identified noncompliance is corrected. See Chapter 2.

Example 1: Extenuating Circumstances

> A state agency conducted a physical inspection of an LIHC building on October 3, 2004. When inspecting the laundry room located in the basement, the state agency noted that water pipes to three of the six washing machines had frozen and burst during a recent snow storm. The correction period started on October 6, 2004, the date on which the notice of noncompliance was sent to the owner. The correction period ends 90 days later on January 5, 2005.
>
> The damage was extensive and could not be repaired immediately because the ground was frozen, so the owner requested an extension of time. The state granted the maximum extension of an additional 90 days (180 days total), so that the correction period ended April 5, 2005. At that time, the ground was still frozen and the repair had not been completed.
>
> The state agency must file form 8823 within 45 days of the end of the correction period, or May 17, 2005, noting the noncompliance. A second Form 8823 should be filed when the noncompliance is corrected.

Submitting Documentation to the IRS

Documenting noncompliance with the physical inspection standards with sufficient detail to support IRS audit adjustments is particularly important because, at the time of a subsequent IRS audit, there may be no visible indication that the noncompliance ever occurred. Narratives describing the cause, nature and extent of the violations are helpful and should also clarify if the issue is a unit, common area, building exterior or system, or site problem.

Copies of reports summarizing unit-by-unit noncompliance originally given to the owner and electronic pictures are adequate when documenting noncompliance even though the violations may have been corrected after the filing of the report of noncompliance. Note: do not include photocopies of photographs; they are not useful.

References

1. 24 CFR 5.703, HUD's Uniform Physical Condition Standards
2. IRC §42(i)(3)(B)(i)
3. Treas. Reg. §1.42-5
4. Dictionary of Deficiency Definitions

[7] In additional to information submitted as part of the owner's annual certification and the physical inspection of the property, information may be received from other sources such as (but note limited to) governmental agencies, tenants affected by the noncompliance, or public documents such as newspaper articles.

Exhibit 6-1
Checksheet for the Physical Inspection of LIHC Properties

Physical Inspection Review Summary

Development Name and Address: Name: Address: City/State/Zip Code Owner Contact Phone: Fax #:	Project #: Inspection Date: Asset Manager Conducting Inspection: Total # Bldgs/Units Inspected: # / # Lead Risk: (Yes / No)

	Finding		Finding
SITE:		**BUILDING EXTERIOR:**	
Fencing & Gates		Doors	
Grounds		Fire Escapes	
Mailboxes/Project Signs		Foundation	
Parking Lots/Driveways/Roads		Lighting	
Play Areas & Equipment		Roof	
Refuse Disposal		Walls	
Retaining Walls		Windows	
Storm Drainage		**UNITS:**	
Walkways/Stairs		Bathroom	
BUILDING SYSTEMS:		Call-For-Aid	
Domestic Water		Ceiling	
Electrical System		Doors	
Elevators		Electrical Systems	
Emergency Power		Floors	
Exhaust System		Heating/Ventilation/Air Conditioning	
Fire Protection		Hot water Heater	
Heating/Ventilation/Air Conditioning		Kitchen	
Sanitary System		Laundry Area (Room)	
COMMON AREAS:		Lighting	
Basement/Garage/Carport		Outlets/Switches	
Closet/Utility/Mechanical		Patio/Porch/Balcony	
Community Room		Smoke Detectors	
Day Care		Walls	
Halls/Corridors/Stairs		Windows	
Kitchen		**HEALTH & SAFETY:**	
Laundry Room		Air Quality	
Lobby		Electrical Hazards	
Office		Elevator	
Other Community Spaces		Emergency/Fire Exits	
Patio/Porch/Balcony		Flammable Material	
Pools & Related Structures		Garbage and Debris	
Restrooms		Hazards	
Storage		Infestation	
Trash Collection Area		Mold	
		Lead-based Paint	

Severity of Violation

Items should be marked “1”, “2” or “3” to identify the severity level of the violation that reflects the extent of damage associated with the deficiency.

Summary of Findings

Violation Code	Bldg/Unit	Description	Date Completed & Description of Repair

Exhibit 6-2
Notification Letter – No Violations Noted

Date

Owner
Address
City State ZIP

RE:
Project:
BIN Numbers:

Dear Owner:

On __[date]__, a physical inspection of the project listed above was conducted.

The review included a walk-through of the building, common areas, mechanical rooms, and grounds, as well as 20% of the qualified units. This review considered whether the building and its units were suitable for occupancy, taking into account ___[local health, building and safety codes] or [the Uniform Physical Condition Standards as specified in Treas. Reg. § 1.42-5(d)].

The buildings and units inspected were all found to be in good condition. Based on this finding, no response is necessary.

Thank you for the cooperation and courtesies extended by members of your staff.

Please call me at __[telephone number]__ if you have any questions. Or you may reach me by e-mail at __[e-mail address]__. Thank you for your commitment to providing quality affordable housing in the state of _[state]__.

Sincerely,

Name-Signature
Title

CC: Management Contact

Exhibit 6-3
Notification Letter – Noncompliance

Date

Owner
Address
City State ZIP

RE:
Project:
BIN Numbers:

Dear Owner:

On __[date]__, a physical inspection of the project listed above was conducted. The units inspected and property were, in general, in good condition with my findings noted on the following pages.

Enclosed you will find a copy of the Physical Inspection Report and a document titled "Addressing the Physical Inspection Report", which will explain the violation categories, set forth required correction periods and provide additional information for responding to the inspection results.

Thank you for the cooperation and courtesies extended by members of your staff.

Please call me at __[telephone number]__ if you have any questions. Or you may reach me by e-mail at __[e-mail address]__. Thank you for your commitment to providing quality affordable housing in the state of _[state]__.

Sincerely,

Name-Signature
Title

CC: Management Contact

Exhibit 6-4
Notification Letter – Critical Violations

Notice of Critical Violations
72 Hour Correction Period

Inspection Date: _________________________ Tax Credit Project Number: ______________________

Property Name: ____

Property Location: ____

Based on the physical inspection completed on the date referenced above, one or more **critical violations have been identified and need to be corrected immediately.**

Within _[time]__ hours of the inspection, the cited item(s) must be repaired and __[state agency]__ must be provided with written notification of the action taken to complete the correction. Refer to the "Addressing the Physical Inspection Report" for further information.

Critical Violations

Buildings:

Units:

Inspections by: _________________________________ Telephone: _____________________________

E-Mail: ____ FAX: ________________________________

Received By: __________________________________ Signature: ____________________________

Chapter 7
Category 11d
Owner Failed to Provide Annual Certifications or Provided Incomplete or Inaccurate Certification

Definition

This category is used to report owners of low-income housing properties who fail to submit annual certifications, or any other required reports and documentation, to the state agency as described in Treas. Reg. §1.42-5(c). Monitoring procedures require certifications (and state agency reviews of the certifications) at least annually for each year of the 15-year compliance period. Monitoring procedures may require certifications (and state agency reviews) more frequently than annually, provided that all months within each 12-month period are subject to certification.

Owners are responsible for reporting to the state agency annually that their projects were in compliance with IRC §42 for the preceding 12-month period. They must report in the form and manner the state agency specifies and must certify, under the penalty of perjury, that the information provided is true, accurate, and in compliance with the requirements of IRC §42. The owner must certify that:

1. The project met the requirements of the minimum set-aside test applicable to the project; i.e., the 20-50 test, the 40-60 test, or the 25-60 test for New York City.[1] See chapter 10.

2. If applicable, the 15-40 test under IRC §§42(g)(4) and 142(d)(4)(B) for deep rent skewed projects was met.

3. There has been no change in the applicable fraction (as defined in IRC §42(c)(1)(B)) of any building in the project, or that there was a change and a description of the change is included with the certification.

4. The owner has an annual income certification from each low-income tenant (Tenant Income Certification) and documentation to support that certification at initial occupancy and subsequent years during the compliance period. Tenants receiving Section 8 housing assistance payments may satisfy the documentation requirement by submitting a statement provided by a public housing authority (see Treas. Reg. §1.42-5(b)(1)(vii)). For an exception to this requirement, see IRC 42(g)(8)(B) and Rev. Proc. 94-64[2], or Rev. Proc. 2004-38[3], which provide rules for 100 percent low-income buildings when the owner has received a waiver from the annual recertification requirements.

5. Each low-income unit in the project was rent restricted.

6. All units in the project were for use by the general public[4], including the requirement that no finding of discrimination under the Fair Housing Act, 42

[1] See IRC §§42(g)(1)(A) and (B), 42(g)(4), 42(g)(4) and 142(d)(6).
[2] Rev. Proc. 94-64, 1994-2 C.B. 797.
[3] Rev. Proc. 2004-38, 2004-2 C.B. 10.
[4] As defined in Treas. Reg. §1.42-9.

U.S.C. 3601-3619, has occurred for the project. A finding of discrimination includes an adverse final decision by the Secretary of the Department of Housing and Urban Development, 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C. 3616a(a)(1), or an adverse judgment from a federal court.

7. The buildings and low-income units in the project were suitable for occupancy, taking into account local health, safety and building codes (or other habitation standards), and the state or local government unit responsible for making local health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the project. If a violation report or notice was issued by the governmental unit, the owner must attach a statement *summarizing* the violation report or notice or attach a *copy* of the violation notice or notice to the annual certification submitted to the state agency. In addition, the owner must state whether the violation has been corrected.

8. There has been no change in the eligible basis (as defined in IRC §42(d)) of any building in the project (determined at the end of the first credit year), or if there was a change, the nature of the change (e.g., a common area has become commercial space, or a fee is now charged for a tenant facility formerly provided without charge).

9. All tenant facilities included in the eligible basis of any building in the project (such as swimming pools, other recreational facilities, or parking areas, etc.) were provided on a comparable basis without charge to all tenants in the buildings.

10. If a low-income unit in the project became vacant during the year, reasonable attempts[5] were or are being made to rent that unit (or the next available unit of comparable or smaller size) to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income.

11. If the income of tenants of a low-income building in the project increased above 140% of the applicable income limit (or 170% for deep rent skewed projects), the next available unit of comparable or smaller size in the building was or will be rented to tenants having a qualifying income. See IRC §42(g)(2)(D)(ii), Treas. Reg. §1.42-15, and chapter 14 for guidance on the available unit rule.

12. An extended low-income housing commitment is in effect including the requirement[6] that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937. This requirement is not applicable to buildings receiving allocations before 1990 or bond-financed buildings placed in service before 1990.

[5] See Rev. Rul. 2004-82, 2004-2 C.B. 350, Q&A #9.
[6] See IRC §42(h)(6)(B)(iv), effective August 10, 1993.

13. All low-income units in the project were used on a non-transient basis, except for transitional housing for the homeless[7] or single-room occupancy units rented on a month-by-month basis[8].

The state agency may also require additional reporting items. However, unless noncompliance with these reporting requirements constitutes noncompliance with IRC §42, noncompliance with these state agency reporting requirements should not be reported to the IRS.

In Compliance

Owners are in compliance, for federal tax purposes, when annual certifications have been submitted timely[9], accurately, and completely.

Disclosure of Noncompliance

If the owner's certification discloses noncompliance with the requirements under IRC §42, the noncompliance must be reported to the IRS using Form 8823 and identifying the appropriate category of noncompliance.

Example 1: Owner Discloses Decrease in Eligible Basis

> The owner of an LIHC building correctly submitted the annual certification and reported that the swimming pool had been closed and would no longer be available for use by the tenants. The owner is in compliance with the annual certification requirements, but the reduction in eligible basis should be reported to the IRS on Form 8823, line 11e, Changes in Eligible Basis or the Applicable Percentage.

Example 2: Compliance With Extended Use Agreement Requirements

> As documented in the extended use agreement, the owner of an LIHC building agreed to dedicate 25 percent of the units in a 100 unit building to households with incomes less the 30 percent of the Area Median Gross Income. For purposes of IRC §42, the owner elected the 40/60 minimum set-aside on Form 8609. On the 2006 annual certification, the owner noted that the minimum set-aside had been met, but that only 20 of the units were occupied by households with incomes less than 30% of AMGI.
>
> The nonperformance of the terms of the extended use agreement should not be reported to the IRS.

---

[7] See IRC 42(i)(3)(B)(iii).
[8] See IRC §42(i)(3)(B)(iv).
[9] The state agencies should establish timeframes for submission of annual certifications.

Documentation Requirements

State agencies may require the use of standardized forms or submission of additional documentation to ensure compliance with the certification requirements. The state agencies may establish administrative policies and procedures such as requiring the original signature of the managing general partner or allowing facsimiles, the manner in which certifications are perfected if errors are identified, submission of additional information to clarify issues, etc.

Example 1: Change in Eligible Basis

> To help evaluate the owner's compliance with the eligible basis certification, the state agency requires owners to provide information on any modification to the building that may result in changes to eligible basis. The owner failed to provide the information.
>
> The state agency should report the owner's failure to provide a complete annual certification. The owner has not certified to the state agency's satisfaction that there has been non change in the eligible basis under IRC §42(d) of any building in the project as required under Treas. Reg. 1.42-5(c)(1)(vii).

Out of Compliance

If the owner fails to certify as required under Treas. Reg. §1.42-5(c)(1), submits inaccurate or incomplete certifications, or the certifications and documentation discloses noncompliance with the requirements under IRC §42, the state agency must report the owner using Form 8823. Similarly, an owner must be reported if the state agency does not receive or is not permitted to inspect the tenant income certifications, supporting documentation, and rent records described in Treas. Reg. §1.42-5(c)(2)(ii), or if the state agency learns that the project is not in compliance with the provisions of IRC §42.

To the extent that inadequate documentation from the owner prevents a state agency from determining whether a project is in compliance with IRC §42, the state agency can treat the project as out of compliance.

Out of Compliance Date

If an owner fails to complete or submit any of the certification items listed above, the date each building ceased to comply would be the first day of the reporting year for which such information was due. For example, if an owner does not submit the annual certification package for the 2006 calendar year, the first day of the reporting year date of noncompliance is January 1, 2006.

Back In Compliance

The owner is considered back in compliance when a perfected annual certification (and any other required documentation) is received by the state agency. Corrections may include submission of the required documentation or answering all the questions.

References

1. IRC § 42(m)(1)(B)(iii).
2. Treas. Reg. §1.42-5(c).

Chapter 8
Category 11e
Changes in Eligible Basis

Definition

This category is used to report violations associated with the Eligible Basis of a building or any occurrence that result in a decrease in the Applicable Percentage of a building, which is discussed in chapter 9. This chapter addresses noncompliance affecting the Eligible Basis.

The low-income housing credit amount is based on certain costs associated with a building *(eligible basis)* and the portion of the building (*applicable fraction)* that low-income households occupy. The cost of acquiring and rehabilitating, or constructing a building constitutes the building's *Eligible* Basis. The portion of the Eligible Basis attributable to low-income units is the building's *Qualified Basis*. The Qualified Basis is multiplied by a factor (*Applicable Percentage)* so that the credit is limited to 70 percent or 30 percent of the Qualified Basis.[1] In summary, the annual credit is:

Eligible Basis x Applicable Fraction = Qualified Basis

Qualified Basis x Applicable Percentage = Annual Credit

Generally, under IRC §42(f)(1), the annual credit can be claimed for 10 taxable years, beginning with the taxable year in which the building is placed in service; or, at the election of the taxpayer, the succeeding year[2]. Under IRC §42(f)(2)(A), there is a special rule for the first year of the credit period. Any reduction in the credit allowable for the first year of the credit period by reason of the rule is allowable for the first taxable year following the credit period. (See IRC §42(f)(2)(B).) In addition, under IRC §42(f)(3), if the qualified basis as of any taxable year in the 15-year compliance period (after the first year) exceeds the qualified basis as of the close of the first year of the credit period, then the applicable percentage applied to the excess Qualified Basis is two-thirds of the Applicable Percentage that would otherwise apply.

A cost incurred in the construction of a low-income housing building is includable in Eligible Basis under IRC §42(d)(1) if the cost is:

1. Included in the adjusted basis of depreciable property subject to IRC §168 and the property qualifies as residential rental property under IRC §103, or

2. Included in the adjusted basis of depreciable property subject to IRC §168 that is used in a common area or provided as a comparable amenity to all residential rental units in the building, or

3. Included in the adjusted basis of depreciable property under IRC §168 (other than 1 or 2 above) that is used throughout the tax year in providing any community service facility, as described in IRC §42(d)(4)(C)(iii).

---

[1] IRC §42(b)(2)(B).
[2] IRC §42(f)(1)(B).

Eligible Basis may include the cost of facilities for use by tenants to the extent there is no separate fee for using the facilities and the facilities are available on a comparative basis to all tenants. It may also include the cost of amenities if the amenities are comparable to the cost of amenities in other units.

Example 1: Laundry Room and Coin Operated Washers and Dryers

> An owner included the cost of a building housing a laundry facility in the eligible basis. For security reasons, the room kept locked, but every household has a key and has access at any time. The owner installed coin operated washers and dryers.
>
> The owner should include the cost of the building in eligible basis; i.e., all tenants have access to the facility. However, because the tenants must pay an additional fee to use the washers and dryers, the appliances should not be included in eligible basis.

Commercial Use

Eligible Basis cannot include any parts of the property used for commercial purposes. Residential rental property may qualify for the credit even though a portion of the building in which the residential rental units are located is used for a commercial use; i.e., commercial office space. No portion of the cost of such nonresidential rental property may be included in eligible basis.

The cost of mixed-use property; i.e., commercial and the residential rental units, must be allocated according to any reasonable method that properly reflects the proportionate benefit to be derived, directly or indirectly, by the qualifying residential rental units and the nonqualifying commercial property. Proposed Treas. Reg. §1.103-8(b)(4)(v)(c) provides two examples of methods generally considered to be reasonable when allocating costs:

1. Allocating the cost of common elements based on the ratio of the total floor space in the building that is to be used for nonqualifying property to all other floor space in the building is generally a reasonable method. For example, in the case of a mixed-use building where a part is to be used for commercial purposes, the cost of the building's foundation must be allocated between the commercial portion and residential rental units based on floor space.

2. In the event that an allocation of costs based on floor space does not reasonably reflect the relative benefits to be derived (directly or indirectly) by the residential rental units and the nonqualifying property, then another method must be used. For example, based on the floor space computation, a building is 50 percent residential rental property and 50 percent commercial space used as a shopping center. However, only 25 percent of the parking lot space will be used to service tenants of the residential units. The cost of constructing the parking lot must be allocated based on the proportion of parking lot used by the tenants of the residential units (25%) and for the commercial portion of the building (75%).

Federal Grants

Under IRC §42(d)(5)(A), the Eligible Basis must be reduced if a federal grant is made to fund the cost or operation of a building. Federal grants are funds which originate from a federal source and which do not require repayment. The Eligible Basis of the building must be reduced by the amount of the grant that is federally funded. The

Eligible Basis is reduced in the year the grant is made for the building and all subsequent years in the compliance period. A building is out of compliance as of the date the federal grant is made if the Eligible Basis is not reduced.

Eligible Basis is not reduced if the proceeds of a federal grant are used as a rental assistance payment under section 8 of the United States Housing Act of 1937 or any comparable rental assistance program. Under Rev. Rul. 2002-65, rental assistance payments made to a building owner on behalf or in respect of a tenant under the Rent Supplement Payment program (12 U.S.C. §1701s) or the Rental Assistance Payments program (12 U.S.C. §1715z-1(f)(2)) are not grants made with respect to a building or its operation under IRC §42(d)(5). Thus, proceeds from these programs do not require a reduction of Eligible Basis.

Resident Managers and Maintenance Personnel

Residential rental property, for low-income housing credit purposes, includes residential rental units, facilities for use by the tenants, and other facilities reasonably required by the project.[3] Under Treas. Reg. §1.103-8(b)(4), facilities that are functionally related and subordinate to residential rental projects are considered residential rental property. Treas. Reg. §1.103-8(b)(4)(iii) provides that facilities functionally related and subordinate to residential rental projects include facilities for use by the tenants, such as swimming pools and similar recreational facilities, parking areas, and other facilities reasonably required for the project. The examples included in Treas. Reg. §1.103-8(b)(4)(iii) of facilities reasonably required by a project specifically include units for resident managers or maintenance personnel.

Rev. Rul. 92-61 holds that the adjusted basis of a unit occupied by a full-time resident manager is included in the Eligible Basis of a qualified low-income building under IRC §42(d)(1), but the unit is excluded from the applicable fraction under IRC §42(c)(1)(B) for purposes of determining the building's Qualified Basis. The unit is considered a facility reasonably required for the benefit of the project and the resident manager and/or maintenance personnel are not required to be income qualified. If the owner is charging rent for the unit, the Service may determine that the unit is not reasonably required by the project because the owner is not requiring the manager to occupy the unit as a condition of employment.[4] Later conversion of the unit into a residential rental unit will not change the Eligible Basis.

Security Officers

For deterring crime in and around an LIHC project, it may be necessary and reasonably required by the project for the owner to provide a security presence by leasing a residential rental unit to a Security Officer, who may be an off-duty law enforcement officer, security person in private industry, or *other qualified person*. In return for performing safety and security services that contribute to the management and control of the LIHC property, the Security Officer may be provided an on-site unit.

Typically, a security officer provides on-site presence during the evening and nighttime hours to respond to any emergencies and disturbances, and to respond to residents' requests for assistance, including complaints, unauthorized visitors, improper parking, and unauthorized use of community facilities. Other encouraged

[3] H.R. Conf. Rep. No. 841, 99th Cong., 2d Sess. II-89 (1986), 1986-3 (Vol. 4) C.B. 89.
[4] The rental value of the housing provided to a full-time resident manager required to live onsite as a condition of employment is considered to be wages. In this situation, however, these wages are not taxable income and are not subject to employment taxes. See IRC §§ 119(a)(2) and 3121(a)(19).

activities may include conducting resident criminal background investigations, neighborhood watch programs, and educational activities for primary school-age residents.

The adjusted basis of the unit occupied by a security officer is includable in the Eligible Basis of the building under IRC §42(d)(1) as a facility reasonably required for the benefit of the project. However, the unit is excluded from the Applicable Fraction of the building under IRC §42(c)(1)(B). The security officer is not required to be income qualified. If the owner is charging rent for the unit, the Service may determine that the unit is not reasonably required by the project because the owner is not requiring the security officer to occupy the unit as a condition of employment. (See footnote 4.) Later conversion of the unit into a residential rental unit will not change the Eligible Basis.

Model Units

Model units are maintained primarily during a project's rent-up period to show prospective tenants the desirability of the project's units. If the project maintains full occupancy thereafter, the model can be dismantled and the unit rented. This makes economic sense because model units do not generate rental income for a project owner. However, at a large apartment complex, it is standard industry practice to continuously maintain a model unit for marketing purposes and to be competitive. The unit can be shown immediately to prospective tenants at any time without disturbing tenants in occupied units. By increasing competitiveness, model units contribute to the economic viability of the LIHC project

A model unit is considered a rental unit under IRC §42; see e.g., PLR 9330013, Issue # 3, July 30, 1993. Therefore, a model unit's cost is included in the building's eligible basis and in the denominator of the applicable fraction when determining a building's qualified basis.

Example 1: Model Unit Never Rented as LIHC Unit

> An owner included the cost of a model unit in the eligible basis for a 100% LIHC building with 49 units (other than the model unit). The owner anticipates that the model unit will be maintained throughout the compliance period and will never be rented to an income qualified household.
>
> The cost of the unit should be included in the building's eligible basis. However, the maximum applicable fraction that the owner can ever claim is 49/50, or 98%.

Example 2: Model Unit Converted to LIHC Unit

> An owner included the cost of a model unit in the eligible basis for a 100% LIHC building with 49 units (other than the model unit). The owner used the unit as a model for the first three years, but in April of year four of the compliance period, the unit was rented to an income qualified tenant.
>
> The cost of the unit should be included in the building's eligible basis and in years one through three of the credit period, the maximum applicable

fraction that the owner can claim is 49/50, or 98%. In year four and subsequent years, the owner will follow the rules outlined in IRC §42(f)(3) for increases in qualified basis; i.e., the “2/3 credit” rules.

Community Service Facilities

As part of the Community Renewal Tax Relief Act of 2000, a new IRC §42(d)(4)(C) was added to include property used to provide services to nontenants as part of the eligible basis used for determining the LIHC amount.

There are specific requirements:

1. The property must be located in a qualified census tract. (See IRC §42(d)(5)(C)(ii).)

2. The property must be subject to the allowance for depreciation and not otherwise accounted for.

3. The property must be used throughout the taxable year in providing any community service facility.

4. Under IRC §42(d)(4)(C)(iii), a community service facility must be designed to service primarily individuals whose income is 60 percent or less of the area median income. According to Rev. Rul. 2003-77, the requirement is satisfied if the following conditions are met:

   - The facility must be used to provide services that will improve the quality of life for community residents; i.e., day care, career counseling, literacy training, education (including tutorial services), recreation, and out-patient clinical health care.

   - The owner must demonstrate that the services provided at the facility will be appropriate and helpful to individuals in the area of the project whose income is 60 percent or less of area median income. This may, for example, be demonstrated in the market study required under IRC §42(m)(1)(A)(ii), or a similar study.

   - The facility must be located on the same tract of land as one of the buildings that comprises the qualified low-income housing project.

   - If fees are charged for the services provided, they must be affordable to individuals whose income is 60 percent or less of the area median income.

Under IRC §42(d)(4)(C)(ii), the increase in the adjusted basis of any building that includes the community service facility cannot exceed 10 percent of the eligible basis of the qualified low-income housing project of which it is a part. All community service facilities that are part of the same qualified low-income housing project are treated as one facility.

Example 1: LIHC Project Includes Community Service Facility

An owner received a credit allocation in 2001. The project is located in a qualified census tract and consists of six residential rental buildings. There are five floors in each building with 5,000 square feet each, for a total of 25,000 square feet per building. The square footage for the entire project is 150,000 square feet. The cost per square foot is $100 and, assuming that the costs are not disproportionately distributed in the building, the total Eligible Basis is $15,000,000. The cost of any community service facilities included in Eligible Basis is limited to $15,000,000 x .10 = $1,500,000.

The entire first floor of one building is a day care facility for children of residents in the community. Half of the first floor of a second building is a facility used to provide activities and medical services for seniors in the community. The combined square footage of the two facilities is 5,000 + 2,500 = 7,500 square feet. The cost is $100 x 7,500 square feet = $750,000. Since the combined cost of the two facilities is less than 10% of the total Eligible Basis, the entire cost of the facilities is included in Eligible Basis.

In Compliance

The Eligible Basis of a building is determined at the end of the first year of the credit period. As long as there is no reduction in the Eligible Basis amount upon which the credit is based, the property is in compliance.

Out of Compliance

The Eligible Basis of a property is reduced when space that originally qualified as residential rental property changes character or space that was originally designated for use by qualified tenants is no longer available to them. Typical noncompliance may involve converting common areas to commercial property, or charging fees for facilities (such as a swimming pool), the cost of which were included in the Eligible Basis.

The date of noncompliance is the specific date the residential space is converted to commercial space or when a fee is charged.

Back in Compliance

Common areas and tax credit rental units may be converted to commercial space. Whether the cost of these converted spaces can be restored to Eligible Basis by changing the properties back into common areas or tax credit rental units has not been determined. In these instances, the state agency should not report the building back in compliance. Instead, the state agency should contact the IRS National Office LIHC Program Analyst for instructions.

References

1. IRC §42(d).
2. Proposed Treas. Reg. §1.103-8(b)(4)(iii).
3. Proposed Treas. Reg. §1.103-8(b)(4)(v)(c).
4. Rev. Rul. 92-61, 1992-2 C.B. 7.
5. Rev. Rul. 2002-65, 2002-43 I.R.B. 729.
6. Rev. Rul. 2003-77, 2003-29 I.R.B. 75.
7. Rev. Rul. 2004-82, 2004-35 I.R.B. 350.

Chapter 9
Category 11e
Changes in the Applicable Percentage

Definition

This category is used to report violations associated with the Eligible Basis of a building (discussed in chapter 8) or any occurrence that result in a decrease in the Applicable Percentage of a building. This chapter addresses noncompliance affecting the Applicable Percentage of a building.

The low-income housing credit amount is based on certain costs associated with a building *(eligible basis)* and the portion of the building (*Applicable Fraction)* that low-income households occupy. The cost of acquiring and rehabilitating, or constructing a building constitutes the building's *Eligible* Basis. The portion of the Eligible Basis attributable to low-income units is the building's *Qualified Basis*. The Qualified Basis is multiplied by a factor (*Applicable Percentage)* so that the credit is limited to 70 percent or 30 percent of the Qualified Basis.[1] In summary, the annual credit is:

Eligible Basis x Applicable Fraction = Qualified Basis

Qualified Basis x Applicable Percentage = Annual Credit

Generally, under IRC §42(f)(1), the annual credit can be claimed for 10 taxable years, beginning with the taxable year in which the building is placed in service; or, at the election of the taxpayer, the succeeding year[2]. Under IRC §42(f)(2)(A), there is a special rule for the first year of the credit period. Any reduction in the credit allowable for the first year of the credit period by reason of the rule is allowable for the first taxable year following the credit period. (See IRC §42(f)(2)(B).) In addition, under IRC §42(f)(3), if the qualified basis as of any taxable year in the 15-year compliance period (after the first year) exceeds the qualified basis as of the close of the first year of the credit period, then the applicable percentage applied to the excess Qualified Basis is two-thirds of the Applicable Percentage that would otherwise apply.

IRC §42(b)(2)(B) provides that a new building that is not federally subsidized is eligible for an Applicable Percentage equal to a 70 percent present value credit while a new building that is federally subsidized and an existing building are eligible for a 30 percent present value credit.

Monthly credit tables published in the Internal Revenue Bulletin provide the actual Applicable Percentages to be used in calculating the credit. These tables effectively adjust the rates on a monthly basis so that the present value over the ten-year credit period will continue to yield the 70 percent and 30 percent figures.

Federal Subsidies

IRC §42(b)(2)(B)(ii) provides that the Applicable Percentage for new buildings that are federally subsidized is the 30 percent present value credit. Section 42(i)(2)(A) provides that a new building is federally subsidized for any tax year if, at any time during such tax

[1] IRC §42(b)(2)(B).
[2] IRC §42(f)(1)(B).

year or any prior tax year, there is or was outstanding any obligation the interest on which is exempt from tax under §103, or any below market Federal loan, the proceeds of which are or were used (directly or indirectly) with respect to the building or its operation. However, the building will become eligible for the 70 percent present value credit if (1) by the close of the first year of the credit period the taxpayer elects (on Part II of Form 8609) to reduce the Eligible Basis of the building by the principal amount of the loan or by the proceeds of the tax-exempt bond, or (2) before the building is placed in service, the taxpayer repays the loan or redeems the tax-exempt bond.

Assistance Provided Under the HOME Investment Partnership Act

IRC §42(i)(2)(E)(i) generally provides that assistance provided under the HOME Investment Partnership Act (HOME) with respect to any building will not be treated as a below market Federal loan if 40 percent or more of the residential units *in the building* are occupied by individuals whose income is 50 percent or less of the Area Median Gross Income (AMGI).

Example 1[3]: Qualifying for the 70 Percent Present Value Credit Under IRC §42(b)

> A new qualified low-income housing project consists of Building 1 and Building 2, each containing 100 residential rental units. Forty percent of the units in each building are low-income units. The owner elected the 40/60 minimum set-aside under IRC §42(g)(1)(B). Also, the owner elected, on Form 8609, Low-Income Housing Credit Allocation Certification, to treat the buildings as part of a multiple building project. The owner obtained a HOME loan at less than the AFR for the project.
>
> The rule under IRC §42(i)(2)(E)(i) applies on a building-by-building basis. To qualify for the 70 percent present value credit, the taxpayer must rent at least 40 units in both Building 1 and Building 2 to tenants whose income is 50 percent of less of AMGI throughout the 15-year compliance period.
>
> In addition:
>
> a. The units used to satisfy the rules under IRC §42(i)(2)(E)(i) are also counted toward the project's minimum set-aside under IRC §42(g)(1).
>
> b. The rent restriction for all the low-income units, including the units used to satisfy the rules under IRC §42(i)(2)(E)(i), is based on the applicable income limitation under IRC §42(g). In this example, the imputed income limitation applicable to the units in the project is 60 percent of AMGI and the rent may not exceed 30 percent of that amount.

In Compliance

A new building receiving the 70 percent present value credit is in compliance if no federal subsidy is used (directly or indirectly) for the building or for its operation. If a federal subsidy is used (directly or indirectly) for the building or for its operation, the building is in compliance if (1) the taxpayer elected (on Part II, Form 8609) to reduce the Eligible Basis of the building and this reduction is properly reflected in the Eligible Basis

[3] This example is based on Rev. Rul. 2004-82, Q&A #6.

determined at the close of the first year of the credit period, or (2) the federal subsidy is redeemed or paid before the building is placed in service.

Out of Compliance

A new building receiving a 70 percent present value credit is out of compliance if a federal subsidy is used (directly or indirectly) for the building or for its operation and:

1. The taxpayer fails to elect (on Part II, Form 8609) to reduce the Eligible Basis of the building,

2. The taxpayer elects (on Part II, Form 8609) to reduce the Eligible Basis of the building but the reduction is not properly reflected in the Eligible Basis of the building determined at the close of the first year of the credit period, or

3. The federal subsidy is not redeemed or paid before the building is placed in service and the taxpayer did not elect to reduce the Eligible Basis as described above.

A new building receiving the 70 percent present value credit is also out of compliance if it otherwise meets the "In Compliance" requirements above, but a federal subsidy is subsequently used with respect to the building or its operation during years 2 through 15 of the compliance period.

A building is out of compliance as of the date the federal subsidy is used.

Back in Compliance

In general, a violation of the federal subsidy rules is a noncompliance event that cannot be corrected. For example, a federal subsidy used (directly or indirectly) with respect to a new building receiving the 70 percent present value credit during years 2 through 15 of the compliance period results in a decrease in the Applicable Percentage of the building from the 70 percent to the 30 percent present value credit, beginning with the year the subsidy is used and for all remaining years in the compliance period. Following the close of the first year of the credit period, a taxpayer cannot elect to reduce the Eligible Basis of the building in an attempt to qualify for the 70 percent present value credit.

If a state agency identifies the receipt of a federal subsidy during years 2 through 15 of the compliance period for the operation of a building or project where the Applicable Percentage is the 70 percent present value credit rate, noncompliance should be reported under category 11e. No attempt should be made to determine whether the taxpayer correctly lowered the Applicable Percentage.

Under unusual circumstance, it might be possible to correct a noncompliance event occurring during the first year of the credit period. For example, the owner receives a favorable private letter ruling from the IRS allowing the taxpayer to make a late election on Part II, Form 8609, to reduce Eligible Basis to the extent of a federal subsidy. The owner should not be considered back in compliance unless documented by a favorable determination by the IRS.

References

1. IRC §42(i)(2)(E).
2. Rev. Rul. 2004-82, 2004-35 I.R.B. 350.

Chapter 10
Category 11f
Project Failed to Meet
Minimum Set-Aside Requirement

Definition

This category is used to report projects that have violated the minimum set-aside rules; i.e., the number of qualifying units falls below the minimum requirement.

Under IRC §42(g)(1), a "qualified low-income housing project" means any *project* for residential rental property if the project meets one of the two requirements below, whichever is elected by the owner on Form 8609, line 10c.

1. At least 20% of the available rental units in the development are rented to households with incomes not exceeding 50% of Area Median Gross Income (AMGI) adjusted for family size.

2. At least 40%[1] of the available rental units in the development are rented to households with incomes not exceeding 60% of AMGI adjusted for family size.

The choice of minimum set-aside also establishes the income limit and rent limit applicable to low-income units in the project.

Project Defined

Each building is considered a separate project under IRC §42(g)(3)(D) unless, before the close of the first calendar year in the project period[2], each building that is, or will be, part of a multiple-building project is identified by attaching a statement to the owner's tax return (see instructions for Form 8609, line 8b for details). Each building included in the multiple building project is also identified on Form 8609, line 8b. The minimum set-aside documented on Form 8609, line 10c, must be the same for all buildings in a multiple-building project.

Two or more qualified low-income buildings may be included in a multiple-building project only if they:

1. are located on the same tract of land (unless all of the dwelling units in all of the buildings being aggregated in the multiple-building project are low-income units (see IRC §42(g)(7));

2. are owned by the same person for Federal tax purposes;

3. are financed under a common plan of financing; and

4. have similarly constructed residential units.

Deep Rent Skewing Under IRC §142(d)(4)

In addition to the election of a minimum set-aside, the owner may elect on Form 8609, line 10d, to provide housing to households with incomes of 40 percent or less of the AMGI under IRC §142(d)(4)(B). Under this "deep-rent skewing" set-aside, at least 15% of the low-income units in the project must be occupied by individuals with

[1] For the boroughs of New York City, 25% is substituted for 40%. See IRC §42(g)(4) and IRC §142(d)(6).
[2] Defined in IRC §42(h)(1)(F)(ii).

incomes at 40% or less of the AMGI (adjusted for family size) applicable to the units. Also, gross rent for each low-income unit cannot exceed (1) 30% of the AMGI applicable to the unit, and (2) 50% of the average gross rent for market rate units of comparable size in the project.

Irrevocable Elections

Once made, the minimum set-aside and deep-rent skewing elections are irrevocable.[3] Thus, the applicable minimum set-aside, deep-rent skewing, and the corresponding rent restrictions apply for the duration of the 15-year compliance period.

Assistance Provided Under the HOME Investment Partnership Act[4]

IRC §42(i)(2)(E)(i) generally provides that assistance provided under the HOME Investment Partnership Act (HOME) with respect to any building will not be treated as a below market Federal loan if 40 percent or more of the residential units *in the building* are occupied by individuals whose income is 50 percent or less of the Area Median Gross Income (AMGI).[5] The units used to satisfy the rules under IRC §42(i)(2)(E)(i) also counted toward the project's minimum set-aside under IRC §42(g)(1).

Suitability for Occupancy

For purposes of computing the minimum set-aside, the low-income units must be physically maintained in a manner suitable for occupancy under IRC §42(i)((3)(B)(ii). See chapter 6 for complete discussion.

Example 1: Vacant LIHC Rental Unit Suitable for Occupancy at the End of the Taxable Year Within the Compliance Period

The owner of a 100% LIHC building elected the 40/60 minimum set-aside and placed the building in service in July of 2003; 2003 is the first year of the credit (and compliance) period. An income-qualified tenant moved into a unit in October 2003 and moved out in November of 2004. The unit was cleaned and ready for occupancy on December 1, 2004. The unit is in compliance as of the end of the of the owner's 2004 taxable year and is, therefore, included in the count of qualified low-income units to determine whether the minimum set-aside requirement is satisfied.

Vacant Units

A rental unit is considered an LIHC unit beginning on the date that the first qualified tenant moved in and continues to be eligible for the LIHC even though it is vacant if the character of the last household to inhabit the unit qualified as a low-income household. Unless a specific noncompliance issue is identified for the unit, qualifying units that are vacant at the end of the owner's taxable year of the credit (and compliance) period are included in determining that the minimum set-aside has been met.

Example 1: Qualified LIHC Rental Unit Vacant at End of the Taxable Year of the Compliance Period

An income-qualified tenant moved into a unit on April 15, 2003, but the owner did not reduce the rent to account for a utility allowance.

[3] In rare circumstances the IRS has granted an owner an extension of time to make the correct election (see IRC §42(g)(8)). The owner must request a private letter ruling and receive express permission to do this.
[4] See Rev. Rul. 2004-82, Q&A #6.
[5] The designation is shown on Form 8609 (beginning with the Nov. 2003 revision. Line 6f is completed by the state agency.

The tenant moved out on November 15, 2003. The unit was not rented again until February 2004. At that time, the owner correctly accounted for the utility allowance.

The unit was out of compliance beginning on April 15, 2003 and remains out of compliance until February 2004, when the utility allowance is correctly accounted for. Assume that the close of the first year of the credit (and compliance period) is December 31, 2003. Since the unit is out of compliance on December 31, 2003, the unit is not included in the count of qualified low-income units to determine whether the minimum set-aside requirement is satisfied.

In Compliance

A property is in compliance if the elected minimum set aside requirement (20/50 or 40/60) and the elected deep-rent skewing requirement (15/40) is met by the end of the first year of the owner's credit (and compliance) period and continues to be met each year throughout the compliance period. The LIHC residential units must also be rent-restricted.

Out of Compliance

The initial analysis of compliance with the minimum set-aside requirement is generally based on a sample of tenant files. In the event that the sample does not meet the minimum set-aside, the owner must be given the opportunity to demonstrate that the minimum set-aside is met in the project. Noncompliance should be reported only if the owner cannot demonstrate compliance for the minimum number of units. The burden is on the owner to show that the minimum set-aside was met.

Noncompliance with the minimum set-aside should also be reported if systemic errors affecting all the LIHC units are identified; e.g., using incorrect income or rent limits for all the units.

Example 1: Single Building Project

20 units in a 100 unit building with a 40/60 minimum set-aside were reviewed. To satisfy the minimum set-aside test, 8 of the selected units must be in compliance.

If there are multiple buildings, and the owner elects to treat them collectively as one project, then combine the samples for each building to determine whether the minimum set-aside has been met.

Example 2: Multi-Building Project

A project consists of three buildings with 75 units in each building. The owner elected a 40/60 minimum set-aside. In total, there are 225 units and at least 90 must be qualified LIHC units to meet the minimum set-aside. The state agency must review 45 files. To satisfy the minimum set-aside test, 18 of the selected units must be in compliance.

Date of Noncompliance

In the event that noncompliance results in the failure to meet the minimum set-aside for the first year of the credit period, the taxpayer is prohibited from ever claiming the LIHC; the date of noncompliance is the last day of the taxable year of the first year of the credit period.

Example 1: First Year Lease Up

> The owner did not lease the minimum number of units to income eligible tenants by the end of the first year of the credit period.
>
> The date of noncompliance is the last day of the first year of the credit period. The state agency should issue Form 8823 indicating Category 11f, Project failed to meet minimum set-aside requirements, and Category 11p, Project is no longer in compliance nor participating in the program, if Form 8609 has been filed with the IRS.

If the project meets the minimum set-aside by the end of the first year, but fails to meet the minimum set-aside at the close of the taxable year for a subsequent year in the compliance period, the entire credit is lost for that year. The date of noncompliance is the last day of the taxable year for which the minimum set-aside was not met.

Back in Compliance

First Year of the Credit Period

If a project failed the first year minimum set-aside requirement, the noncompliance cannot be corrected and the owner is prohibited from ever claiming the LIHC. The date of noncompliance is the last day of the taxable year of the first year of the credit period for that project. The state agency should issue Form 8823 indicating Category 11f, Project failed to meet minimum set-aside requirements and Category 11p, Project is no longer in compliance and is no longer participating in the program.

Years Subsequent to the First Year of the Credit Period

If the minimum set-aside violation occurs *after* the first year of the compliance period, the project is back in compliance for the taxable year in the compliance period in which the minimum set-aside is met, determined as of the close of that taxable year.

Example 1: Fees for Assisted Living Services

> The first year of the credit period ended December 31, 1998 for a 100 percent LIHC building. The units were all rented to income qualified households. Subsequently, in 2003, the owner charged all households a fee for mandatory assisted-living services. This fee, when added to the rent, exceeded the gross rent limitation for all the units and resulted in a violation of the minimum set-aside requirement for year 2003. The state agency conducted a review on February 2004 and noted the violation of the rent rules. The owner stopped charging the fee on March 1, 2004.

The owner did not meet the minimum set-aside and should not claim any credit for 2003. The date of noncompliance with the minimum set-aside requirement is December 31, 2003. The owner will be back in compliance at the end of the taxable year in the compliance period in which the minimum set-aside is again met.

The submission of a Form 8823 identifying noncompliance with the minimum set-aside should not be delayed even if the taxpayer demonstrates that the minimum set-aside will be restored by the end of the taxable year in the compliance period. State agencies should file Form 8823 within 45 days after the end of the correction period. A second Form 8823 should be filed after the end of the first taxable tax year in which the minimum set-aside is restored.

Documentation of Corrected Noncompliance

Documentation of corrected noncompliance with the minimum set-aside requirement will be specific to the noncompliance issue resulting in failure to satisfy the set-aside.

Example 1: Rental to Ineligible Tenants Violates Minimum Set-Aside Requirement

Upon inspection, it is determined that the number of units qualifying as LIHC units did not satisfy the minimum set-aside requirement during a year following the first year of the credit period because the owner rented to ineligible tenants. To correct the minimum set-aside violation, the owner must rent units to IRC §42 eligible income-qualified households until the minimum set-aside is restored.

At a minimum, documentation should include the tenant's application/eligibility questionnaire, income verifications, tenant income certification, and student verification, if necessary.

References

1. IRC §42(g).
2. Rev. Rul. 90-89, 1990-2 C.B. 8.
3. Rev. Rul. 2004-82, 2004-35 I.R.B. 350.

Chapter 11
Category 11g
Gross Rent(s) Exceed Tax Credit Limits

Definition

This category is used to report noncompliance with the rent restrictions outlined in IRC §42(g)(2). A unit qualifies as an LIHC unit when the gross rent does not exceed 30 percent of the imputed income limitation applicable to such unit under IRC §42(g)(2)(C). The income limit for a low-income housing unit is based on the minimum set-aside election made by the owner under IRC §42(g)(1).

Items to consider when determining whether the rent is correctly restricted include services provided, revisions to HUD income limits, rent calculation methods, changes in the tenant's income, Section 8 tenants, Rural Housing Service (formerly FmHA) rents, supportive services, and deep rent skewing.

Fees - Provision of Services

Units may be residential rental property notwithstanding the fact that services *other than housing* are provided. However, any charges to low-income tenants for services that are not optional generally must be included in gross rent (Treas. Reg. 1.42-11). A service is optional when the service is not a condition of occupancy and there is a reasonable alternative. Charges for non-optional services such as a washer and/or dryer hookup fee and built-in/on storage sheds (paid month-to-month or a single payment) would always be included within gross rent. No separate fees should be charged for tenant facilities (i.e., pools, parking, recreational facilities) if the costs of the facilities are included in eligible basis. *Assuming they are optional*, charges such as pet fees, laundry room fees, garage, and storage fees may be charged in addition to the rent; i.e., they are not included in the rent computation.

Fees – Condition of Occupancy

Under Treas. Reg. §1.42-11(a)(3), the cost of services that are required as a condition of occupancy must be included in gross rent even if federal or state law required that the services be offered to tenants by building owners.

1. Refundable fees associated with renting an LIHC unit are not included in the rent computation. For example, security deposits and fees paid if a lease is prematurely terminated[1] are one-time payments that are not considered in the rent calculation.

2. Required costs or fees, which are not refundable, are included in the rent computation. Examples include fee(s) for month-to-month tenancy and renter's insurance.

Fees for preparing a unit for occupancy must not be charged; owners are responsible[2] for physically maintaining LIHC units in a manner suitable for occupancy.

---

[1] Leases commonly include fees for early termination of the rental agreement. The fact that the lease contains terms for this contingency is not indicative of transient use.
[2] See IRC §42(i)(3)(B)(i) and Treas. Reg. §1.42-5(g).

Fees – Application Processing

Application fees may be charged to cover the actual cost of checking a prospective tenant's income, credit history, and landlord references. The fee is limited to recovery of the actual out-of-pocket costs. No amount may be charged in excess of the average expected out-of-pocket costs of checking tenant qualifications at the project. It is also acceptable for the applicant to pay the fee directly to the third party actually providing the applicant's rental history. See PLR 9330013, Issue 1, for an example.

Changes to HUD Income Limits

Rents must be calculated using HUD[3] income limits. The lowest rents owners will be required to charge (gross rent floor) are based on the income limits in effect when the building is allocated credits, unless the owner elects[4] (and notifies the housing credit agency of the election) to treat the rent floor as taking effect on the date the building is placed in service. This rule applies to properties receiving credit allocations or determination letters under IRC §42(m)(2)(D) after October 6, 1994. For allocations and determination letters after 1989 and before October 7, 1994, owners and state agencies may use a date based on a reasonable interpretation of IRC §42. Before 1990, the gross rent floor took effect at the time the building was placed in service. See IRC §42(g)(2)(A). If the income limits increase, there is no noncompliance as long as the rents are at or below the maximum rents in effect at that time. However, if the income limits are reduced, the maximum rent charged, as well as the gross rent floor, should be reviewed.

Example 1: HUD Income Limit Reduced (Credit Allocation Date)

> The owner elected the 40/60 minimum set-aside on Form 8609. HUD issues reduced income limits effective 1/1/2000. The revised maximum 60% gross rent is $400, which is *below* the calculated maximum rent floor of $500 in effect at the time the owner received the credit allocation. The owner has been charging $450 rent and a $50 utility allowance. There is no noncompliance; owner may rely on his gross rent floor and continue to charge $500 in total rent.

Example 2: HUD Income Limit Reduced (Placed-in-Service Date)

> The owner elected the 40/60 minimum set-aside on Form 8609 and elected to treat the rent floor as taking effect on the date the building was placed in service on July 12, 1999. HUD then issued reduced income limits effective 1/1/2000. The revised maximum 60% gross rent is $400, which is *above* the calculated rent floor of $300 at the time the owner placed the building in service. The owner *may* charge rent of $350 and a $50 utility allowance, for a total of $400.

Rent Calculation Methods

Pre-1990: Gross rent for properties receiving tax credit allocations or bond-financed buildings placed in service before January 1, 1990 and for which the election[5] to determine rents based on number of bedrooms was not made, may not exceed thirty percent (30%) of the HUD-determined median income limit adjusted for the actual number of people in the household for the area in which the property is located. Under

---

[3] Owners have 45 days to implement revised income limits after they are published by HUD or HUD's effective date for the new list, whichever is later. See Rev. Rul. 94-57, 1994-2 C.B. 5.
[4] See Rev. Proc. 94-57, 1994-2 C.B. 774.
[5] See Rev. Proc. 94-9, 1994-1 C.B. 555.

this method, the maximum allowable rent varies with the number of individuals occupying the unit. This is the method used prior to the Revenue Reconciliation Act of 1989.

Post-1989: For properties receiving tax credit allocations or placing bond-financed buildings in service after December 31, 1989[6] and for pre-1990 properties subject to the bedroom election under Rev. Proc. 94-9, maximum gross rents are computed based on the number of bedrooms in the unit. Units with no separate bedroom are treated as being occupied by one person and units with separate bedrooms are treated as being occupied by 1.5 persons per each separate bedroom. Note: The bedroom method calculation may be applied only for households moving into units *after* the date the bedroom election was made. Units with households living in the property before the date of the election will continue to be charged rents based on the number of family members actually living in the unit until such time as a turnover in occupancy occurs.

Example 1: Rent Exceed Limit - Bedroom Election

> Assume credits were allocated in 1988 and the owner elected by February 7, 1994 to use the bedroom election to calculate rent. A one-person household moved into a 2-bedroom unit on February 1, 1994 and paid the maximum one-person gross rent of $300 and a $50 utility allowance. Following the bedroom election, the owner raises this household's rent to the maximum two-bedroom rent of $500, plus a $50 utility allowance, for a total rent of $550.
>
> This is not allowable because the household moved into the unit before the date of the election and the rent of $550 is over the allowable maximum. Rent in this unit may only be changed to the bedroom calculation method on the date a new household moves in. The owner must immediately reduce the rent charge to $300 rent, plus a $50 utility allowance. Date of correction is the date of the lease amendment.

Tenant Income Rises Above Limit

A unit shall continue to be treated as a low-income unit if the income of the occupants initially met the income limitation and the unit continues to be rent-restricted[7]. The owner may also be subject to the Available Unit Rule and the Vacant Unit Rule. (See chapters 14 and 15.)

Section 8 Tenants

The gross rent limit applies only to payments made directly by the tenant. Any rental assistance payments made on behalf of the tenant, such as through section 8 of the United States Housing Act of 1937 or any comparable Federal rental assistance, are not included in gross rent. Congress further intended that any comparable state or local government rental assistance not be included in gross rent. See IRC §42(g)(2)(B)(i) and the General Explanation of the Tax Reform Act of 1986.

Example 1: Household Portion of Rent is Below Limit

---

[6] IRC §42(g)(2)(C)
[7] IRC § 42(g)(2)(D)(i).

A Section 8 household moved into a unit on January 1, 2000; the maximum LIHC gross rent is $500 and market rate is $600. Household pays $200 and the assistance pays $400; the total rent is $600. There is no noncompliance since the household portion of rent is below the maximum LIHC rent allowed.

The portion of the rent paid by Section 8 tenants can exceed the LIHC rent ceiling as long as the owner receives a Section 8 assistance payment on behalf of the resident. If no subsidy is provided, the tenant may not pay more than the LIHC rent ceiling.

Example 2: Tenant's Portion of Rent Exceeds Rent Limit

A Section 8 household with an annual income of $18,000 applies for an LIHC unit for which the rent is restricted to $500 and for which the market rate rent is $750. Assistance will pay a maximum of $500, and the applicant's portion is $600 (40 percent of income). Since the applicant is required to pay $600, Section 8 will pay $150. There is no noncompliance.

Note: This example reflects HUD's requirement under the Section 8 housing choice program. The family share may not exceed 40 percent of the family's share monthly adjusted income when the family initially moves into the unit or signs the first assisted lease for a unit. Additional information available at www.hudclips.org/sub_nonhud/jtml/pdfforms/7420g06.pdf.

Rural Develop-ment (FmHA) Rents

Originally, the rent restrictions for projects with Rural Development assistance were computed using the general rules for LIHC housing. Beginning in 1991, however, gross rent does not include any rental payment to the owner of the unit to the extent such owner pays an equivalent amount to the USDA Rural Housing Service[8] under section 515 of the Housing Act of 1949. See IRC §42 (g)(2)(B)(iv). In other words, as long as the owner pays Rural Development the rent amount over the limit (all of the overage) that unit is in compliance.

Example 1: Rent Above Limit (Owner Pays Rural Development, formerly known as FmHA)

Assume a 1991 credit allocation to a property with Rural Development assistance. The maximum gross LIHC rent is $500 and the household's calculated rent under Rural Development regulations is $650, which the owner charges. The owner provides documentation that the $150 above the tax credit maximum has been remitted directly to Rural Development. There is no noncompliance.

Supportive Services

After 1989, gross rent does not include any fee for a supportive service paid to the owner by any governmental program or tax-exempt organization if the amounts paid for rent and assistance are not separable.[9] Under Treas. Reg. §1.42-11, supportive services mean any service designed to enable residents to be independent and avoid placement in a hospital, nursing home, or intermediate care facility for the mentally or physically

[8] Formerly known as the Farmer's Home Administration.
[9] IRC §42(g)(2)(B)(iii) and Revenue Reconciliation Act of 1989.

handicapped. Examples of supportive services include transportation, housekeeping, or planned social activities. Supportive services do not include continual or frequent nursing, medical, or psychiatric services.

Example 1: 1990 Credit Allocation

> Assume a 1990 credit allocation. The maximum gross rent is $500 and the owner receives a monthly payment of $600 from a tax-exempt organization to assist the household with the living expense of handicapped persons so that such persons can live independently and avoid placement in a hospital. There is no noncompliance as long as the owner provides documentation that the assistance is inseparable from the rental of the unit and complies with above rule.

Deep Rent Skewing

Under IRC §142(d)(4)(B)[10], an owner can elect to provide housing to households with incomes of 40% or less of the Area Median Gross Income (AMGI). The election is made on Form 8609, Low-Income Housing Certification, line 10d. The project qualifies if:

1. 15 percent or more of the low-income units are occupied by individuals whose income is 40 percent or less of the AMGI;

2. The gross rent with respect to each low-income unit in the project does not exceed 30 percent of the applicable income limit which applies to the individuals occupying the unit; and

3. The gross rent with respect to each low-income unit in the project does not exceed ½ of the average gross rent with respect to units of comparable size that are not occupied by individuals who meet the applicable income limit.

Assistance Provided Under the HOME Investment Partnership Act

IRC §42(i)(2)(E)(i) generally provides that assistance provided under the HOME Investment Partnerships Act (HOME) with respect to any building will not be treated as a below market Federal loan if 40 percent or more of the residential units *in the building* are occupied by individuals whose income is 50 percent or less of the Average Median Gross Income (AMGI). The rent restriction for all the low-income units, including the units used to satisfy the rules under IRC §42(i)(2)(E)(i), is based on the applicable income limitation under IRC §42(g). See Rev. Rul. 2004-82, Q&A #6.

In Compliance

A unit is in compliance when the rent charged does not exceed the limitations.

Example 1: Provision of Optional Services

> An LIHC property provides hot meals twice a day for the convenience

[10] IRC §42(g)(4) authorizes the application of deep rent skewing under IRC §142(d)(4)(B) for IRC §42 properties.

of its tenants in a common dining facility. They charge a nominal fee to cover their costs, but do not include the cost in the rent charged for the apartments. Each unit in the property includes a fully functional kitchen.

In this case, a practical alternative exists for tenants to obtain meals other than from the dining facility, and payment for the meals in the common dining facility is not required as a condition of occupancy. Thus, the cost of the meals is not included in gross rent for purposes of IRC §42(g)(2)(A) and Treas. Reg. §1.42-11(b).

Example 2: Fee for Late Payment of Rent

A tenant pays the maximum rent of $525 for a one bedroom unit. The tenant did not pay the rent timely and was charged a late fee of $35, as stated in the lease.

The $35 late is a penalty for failure to perform according to the lease agreement and, therefore, the fee is not included in the rent.

Out of Compliance

A unit is out of compliance when the rent charged exceeds the limitation.

1. If the noncompliance is the result of noncompliance with the utility allowance requirements, the error should be noted under category 11m, Owner did not properly calculate utility allowance.

2. If the noncompliance is the result of a systemic error, also evaluate whether the minimum set-aside under IRC §42(g)(1) was met. See chapter 9.

Example 1: Tenant Income Rises Above Limit

A household was initially income qualified and moved into a unit on 1/1/2000. The maximum LIHC gross rent is $500. At recertification, the owner increased the rent to the market rate of $1,000.

The unit is out of compliance, beginning on the date the rent was increased above the maximum of $500.

Back in Compliance

A unit is back in compliance when the rent charged does not exceed the limit. An owner cannot avoid the disallowance of the LIHC by rebating excess rent to the affected tenants.

Example 1: Overcharged Rent

The owner leased the minimum number or units to IRC §42 eligible tenants during the third year of the credit period. However, the owner inadvertently overcharged rent to tenants occupying 3 bedroom apartments. The error impacted 15 out of 75 units.

The unit is back in compliance when the owner correctly limits the rent for all units.

Example 2: Overcharged Rent Impacted Minimum Set-Aside

The owner leased the rental units in a 100% LIHC building to IRC §42 eligible tenants by the end of the first year of the credit period. However, the owner overcharged rent for all the units and, as a result, failed to meet the minimum set-aside for the first year of the credit period.

The building does not qualify for LIHC.

References

1. Rev. Rul. 91-38, 1991-2 C.B. 3.
2. Rev. Rul. 98-47, 1998-2 C.B. 399.
3. Rev. Rul. 2004-82, 2004-35 I.R.B 350.

Chapter 12
Category 11h
Project not Available to the General Public

Definition

This category is used to report properties that are not available to the general public. A residential rental unit is for use by the general public if the property conforms to the requirements of Treas. Reg. § 1.42-9. Under Treas. Reg. 1.42-9(b), if a residential unit is provided only for a member of a social organization or provided by an employer for its employees, the unit is not for use by the general public and is not eligible for credit under IRC §42. The general public use rules are violated any time the general public is denied access to LIHC housings.[1] Residential rental units either designated for a single occupational group, or through a preference for an occupational group, also violate the general public use requirements.

In addition, any residential rental unit that is part of a hospital, nursing home, sanitarium, life care facility, retirement home providing significant services other than housing, dormitory, trailer park, or intermediate care facility for the mentally and physically disabled is not for use by the general public.

Fair Housing Act

LIHC properties are also subject to Title VIII of the Civil Rights Act of 1968, which makes it unlawful to discriminate in any aspect relating to the sale, rental, or financing of dwellings because of race, color, religion, sex, or national origin. The Fair Housing Act of 1988 expanded coverage of Title VIII to include familial status and disabilities. Notifications of administrative and legal actions in regards to the Fair Housing Act are also reported to the IRS using Form 8823. See chapter 13 for complete discussion.

In Compliance

Owners must rent their units in a manner consistent with the general public use requirements to be in compliance with IRC §42. Residential rental units must be for use by the general public and all of the units in a project must be used on a nontransient basis. Residential rental units are not for use by the general public, for example, if the units are provided only for members of a social organization or provided by an employer for its employees.

Out of Compliance

The failure of LIHC buildings to comply with the general public use requirements will result in the denial of low-income housing credits on a per-unit basis. A unit is out of compliance starting on the date of the event triggering the noncompliance. State agencies will also need to consider whether the problem is systemic and whether owner has met the minimum set-aside under IRC §42(g)(1). See chapter 10.

[1] General Explanation of the Tax Reform Act of 1986 (H.R. 3838, 99th Congress; Public Law 99-514.

Example 1: LIHC Units Restricted to Members of a Social Organization

The owner of an LIHC building started renting only to members of a local fraternal organization in the third year of the compliance period. By the fifth year, all the tenants in the building were members of the organization.

This building is in violation of the general public use requirements under Treas. Reg. § 1.42-9(b), which provides that a residential unit rented only to a member of a social organization is not for use by the general public and is not eligible for the credit under IRC §42. The noncompliance started on the date the first nonqualified tenant moved into a unit in the third year of the credit period.

Back in Compliance

The owner is back in compliance with the general public use requirements when two conditions are met:

1. The owner demonstrates that marketing and rental practices are no longer in violation of the general public use rules.

2. All the units are made available to the general public.

Example 1: Units Rented to Members of an Occupational Group

An owner placed a 100% LIHC building in service, began claiming the credit in 2000, and elected the 40/60 minimum set-aside. In 2002, when all 25 units were in compliance with qualifying households, the owner decided to rent units solely to teachers. Starting on January 21, 2002, five vacated units were rented to teachers. During 2003, the owner rented an additional 11 units to teachers. The issue was identified during the state agency's inspection in 2004.

The building is out of compliance as of January 21, 2002, when the first unit is rented to a teacher. The applicable fraction for 2002 is 20/25 or 80%. The applicable fraction for 2003 is 9/25 or 36%, and since the minimum set-aside was not met, no credit is allowable for 2003.

The building is back in compliance when:

1. The owner demonstrates that marketing and rental practices are no longer in violation of the general public use rules, and

2. All the units are made available to the general public.

References

Treas. Reg. §1.42-9

Chapter 13
Category 11h
Project not Available to the General Public
(Notifications of Fair Housing Act Administrative and Legal Actions)

Definition

State agencies must report the receipt of notices of Fair Housing Act (FHA) administrative and legal action issued by HUD or the Department of Justice to the Internal Revenue Service.

The Fair Housing Act

LIHC properties are subject to Title VIII of the Civil Rights Act of 1968[1], which makes it unlawful to discriminate in any aspect relating to the sale or rental of dwellings, in the availability of transactions related to residential real estate, or in the provision of services and facilities in connection therewith because of race, color, religion, sex, disability, familial status, or national origin.

Reasonable Modification and Accommodation

The FHA specifically makes it unlawful to refuse to permit, at the expense of the person with a disability, reasonable modifications to existing premises if the modifications are necessary to accommodate a person with a disability to occupy the premises. A landlord may, where reasonable, condition permission for a modication on the renter's agreeing to restore the interior of the premises to the condition that existed before the modification.

The FHA also makes it unlawful to refuse to make reasonable accommodations in rules, policies, practices or services to afford a person with a disability equal opportunity to use and enjoy a dwelling.

Accessibility

The FHA makes it unlawful to design and construct certain multifamily dwellings for first occupancy after March 13, 1991, in a manner that makes them inaccessible to persons with disabilities. The Fair Housing Act defines multifamily dwellings as buildings consisting of four or more units if such buildings have one or more elevators; and ground floor units in other buildings consisting of four or more units.

All premises within such dwellings are also specifically required to contain features of adaptive design so that the dwelling is readily accessible to and useable by persons with disabilities[2]. The FHA provides a list of the accessibility features necessary for compliance with the design and construction requirements[3]:

1. the public and common use portions of such dwellings are readily accessible to and usable by disabled persons;

---

[1] 42 USC 3601 et.seq., as amended
[2] 42 USC §3604(f)(3)(c)(iii)
[3] Refer to the Fair Housing Act Design Manual: A Manual to Assist Designers and Buildings in Meeting the Accessibility Requirements of the Fair Housing Act for more specific information about these requirements. The manual is available through HUD USER 1-800-245-2691.

2. all the doors designed to allow passage into and within all premises within such dwellings are sufficiently wide to allow passage by disabled persons in wheelchairs;

3. all premises within such dwelling contain the following features of adaptive design:

   (a) an accessible route into and through the dwelling;

   (b) light switches, electrical outlet, thermostats, and other environmental controls in accessible locations;

   (c) reinforcements in bathroom walls to allow later installation of grab bars;

   (d) usable kitchens and bathrooms such that an individual in a wheelchair can maneuver about the space.

Citizenship Status

The FHA does not prohibit discrimination based solely on a person's citizenship status. Therefore, asking housing applicants to provide documentation of their citizenship or immigration status during the screening process would not violate the FHA. Owners implementing citizenship or immigration status screening measures must make sure they are carried out in a uniform, nondiscriminatory fashion.

Example 1: Visa Expiration

> A person applying for an LIHC apartment mentions in the interview that he left his native country to study in the United States. The landlord, concerned that the student's visa may expire during tenancy, asks the student for documentation to determine how long he is legally allowed to be in the United States.
>
> If the landlord requests this information, regardless of the applicant's race or specific national origin, the landlord has not violated the Fair Housing Act.

Questions concerning the Fair Housing Act should be referred to the state's HUD regional office. HUD's regional offices are listed in Exhibit 13-1.

Role of the U.S. Department of Housing and Urban Development (HUD)

HUD is responsible for enforcing the Fair Housing Act. In so doing, HUD investigates allegations of housing discrimination, attempts to resolve the complaint, and determines whether there is reasonable cause to pursue civil action. If reasonable cause is present, HUD must bring the case before an administrative law judge. In the alternative, if either party elects to have claims or complaints decided in a civil action, HUD must refer the complaint to the U.S. Department of Justice for prosecution in the United States District Court.

Role of the U.S. Department of Justice

The Department of Justice (DOJ) may file a lawsuit whenever the Attorney General has reasonable cause to believe that any person or group of persons is engaged in a pattern or practice of discrimination or denial of rights to a group of persons where such denial raises an issue of general public importance. DOJ may also file a lawsuit based upon HUD referrals involving the legality of any state or local zoning, or other land use law or ordinance if the parties agree to a civil action. DOJ may also enter into settlement/consent agreements with property owners to obtain compliance with the Fair Housing Act. DOJ may also seek a court judgment to enforce the terms of a settlement/consent agreement.

Role of Substantially Equivalent State or Local Fair Housing Agency

Where HUD has determined that state or local laws are substantially equivalent to the federal Fair Housing Act, a state or local fair housing agency investigates fair housing allegations, attempts conciliation, and determines whether reasonable cause exists to believe a discriminatory housing practice has occurred. If the fair housing agency makes a determination of reasonable cause, then a charge is filed with representation of the complainant provided by a state or local representative.

Memorandum of Understanding (MOU) Among Treasury , HUD and DOJ

Treasury, HUD, and DOJ entered into an MOU in a cooperative effort to promote enhanced compliance with the Fair Housing Act for the benefit of residents of LIHC properties and the general public. Key points of the MOU include coordinated procedures for notifying the state agencies and IRS of charges, lawsuits, or other actions under the Fair Housing Act involving an LIHC property. The MOU also calls for interagency assistance and training, training for the state agencies and industry stakeholders, and training for architects on the accessibility requirements. See Exhibit 13-2 for the full text of the MOU.

Reporting of Fair Housing Act Administrative and Legal Actions

HUD or DOJ will notify a state agency of:

1. a charge by the Secretary of HUD for a violation of the Fair Housing Act,
2. a probable cause finding under a substantially equivalent fair housing state law or local ordinance by a substantially equivalent state or local agency,
3. a lawsuit under the Fair Housing Act filed by the DOJ, or
4. a settlement agreement or consent decree entered into between HUD or DOJ and the owner of an LIHC property.

Other non-FHA civil rights actions and lawsuits, such as section 504 Rehabilitation Act lawsuits or administrative actions, are not covered under the terms of the MOU and should not be reported to the IRS.

On receipt of such a notification, a state agency should immediately file a Form 8823 with the IRS noting the potential violation using the “out of compliance” box and notify the owner in writing. A sample letter that a state agency should send to the owner is included as Exhibit 13-3.

When a Form 8823 pertaining to the above is received, the IRS will send a letter to the owner notifying the owner that a finding of discrimination, including an adverse final decision by the Secretary of HUD, an adverse final decision by a substantially equivalent state or local fair housing agency, or an adverse judgment by a federal court, will result in the loss of low-income housing credits. Similarly, the IRS will also send a letter to owners notifying them that a judgment enforcing the terms of a settlement agreement or consent decree will result in the loss of low-income housing credits.

Potential Violations Discovered by State Agencies

State agencies should report potential Fair Housing Act violations discovered during their compliance monitoring activities to their HUD Regional offices, or other fair housing enforcement agencies, as appropriate. HUD's Regional offices are listed in Exhibit 13-1. Do not submit this information to the IRS via Form 8823.

State Agency Notified by HUD or DOJ that the Terms of Settlement Agreement, Consent Decree, or Judgment are Satisfied

Form 8823 should be filed with the IRS when the civil action is completed. HUD or DOJ will notify the state agency of the resolution of an alleged violation of the Fair Housing Act. Documentation that the owner has complied with the court order and/or HUD's requirements and that the violation has been corrected is needed.

IRS Determinations

The state agencies are responsible for reporting their receipt of notifications of administrative and legal action by HUD and the Department of Justice as outlined in the MOU. The IRS is responsible for determining whether the owner is out of compliance for purposes of IRC §42, and the associated out of compliance and back in compliance dates, based on the findings of the court proceeding. The determination will be based on the facts of the individual case.

Example 1: Violation of Fair Housing Act

> A LIHC project discriminated against single women in its rental practices. The U.S. Department of Justice initiated a lawsuit and obtained a judgment covering all units in the project. The property violates the Fair Housing Act and is in violation of Treas. Reg. §1.42-9.

Depending on the nature of the violation, noncompliance may be determined at the unit, building, or project level. The costs attributable to a residential rental unit that is not for use by the general public are not excludable from eligible basis by reason of the unit's ineligibility for the credit under this section. However, in calculating the applicable fraction, the unit is treated as a residential rental unit that is not a low-income unit.

Reference

Treas. Reg. §1.42-9(a)

Exhibit 13-1
HUD's Regional Offices

HUD AREA	DIRECTOR	PHONE NUMBER	REGIONAL STATES
REGION I BOSTON Fair Housing Hub U.S. Department of Housing and Urban Development Thomas P. O'Neill, Jr. Federal Building 10 Causeway Street, Room 321 Boston, MA 02222-1092	Marcella Brown	617 994-8320	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont
REGION II NEW YORK Fair Housing Hub U.S. Department of Housing and Urban Development 26 Federal Plaza - Suite 3532 New York, New York 10278-0068	Stanley Seidenfeld	212 264-1290 Ext. 3501	New Jersey, New York
REGION III PHILADELPHIA Fair Housing Hub U.S. Department of Housing and Urban Development The Wanamaker Building 100 Penn Square East, 12th Floor Philadelphia, PA 19107-3380	Wanda S. Nieves	215-656-0661 Ext. 3265	Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia
REGION IV ATLANTA Fair Housing Hub U.S. Department of Housing and Urban Development Five Points Plaza 40 Marietta Street, 16th Floor Atlanta, Georgia 30303-2806	Gregory King	404 331-5001 Ext. 3660	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, Puerto Rico, South Carolina, and Tennessee
REGION V CHICAGO Fair Housing Hub U.S. Department of Housing and Urban Development Ralph H. Metcalfe Federal Building 77 West Jackson Boulevard, Rm. 2101 Chicago, Illinois 60604-3507	Barbara Knox	312 353-7776 Ext. 2400	Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin
REGION VI FORT WORTH Fair Housing Hub U.S. Department of Housing and Urban Development 801 Cherry Street, 27th Floor P.O. Box 2905 Fort Worth, Texas 76113-2905	Garry Sweeney	817 978-5868	Arkansas, Louisiana, New Mexico, Oklahoma, and Texas

Exhibit 13-1
HUD's Regional Offices

REGION VII KANSAS CITY Fair Housing Hub U.S. Department of Housing and Urban Development Gateway Tower II 400 State Avenue, Room 200 Kansas City, Kansas 66101-2406	Robbie Herndon	913 551-6889	Iowa, Kansas, Missouri, and Nebraska
REGION VIII DENVER Fair Housing Hub U.S. Department of Housing and Urban Development 633 17th Street, 13th Floor Denver, Colorado 80202-3690	Evelyn Meininger	303 672-5434 Ext. 1364	Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming
REGION IX SAN FRANCISCO Fair Housing Hub U.S. Department of Housing and Urban Development Philip Burton Federal Building & U.S. Courthouse 450 Golden Gate Avenue, 9th Floor P.O. Box 36003 San Francisco, CA 94102-3448	Chuck Hauptman	415 436-8420	Arizona, California, Hawaii, and Nevada
REGION X SEATTLE Fair Housing Hub U.S. Department of Housing and Urban Development Seattle Federal Office Building 909 First Avenue, Rm. 205 Seattle, Washington 98104-1000	Judith Keeler	206 220-5170 Ext. 3415	Alaska, Idaho, Oregon, and Washington

Exhibit 13-2

MEMORANDUM OF UNDERSTANDING AMONG

THE DEPARTMENT OF THE TREASURY,

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, AND

THE DEPARTMENT OF JUSTICE

Preamble

The United States Departments of the Treasury, Housing and Urban Development, and Justice enter into this memorandum of understanding (MOU) in a cooperative effort to promote enhanced compliance with the Fair Housing Act (Act), 42 U.S.C. ϶϶ 3601 et seq., for the benefit of residents of low-income housing tax credit properties and the general public.

It is recognized that the Department of the Treasury=s (Treasury) Internal Revenue Service (IRS) is responsible for administering and enforcing the tax laws in the low-income housing tax credit program under ϶ 42 of the Internal Revenue Code, 26 U.S.C. ϶ 42. In accordance with ϶ 1.42-9 of the Income Tax Regulations, 26 C.F.R. ϶ 1.42-9, low-income housing tax credit properties are to be rented in a manner consistent with the Act. Noncompliance of these properties with the low-income housing tax credit provisions is required to be reported to the IRS by state housing finance agencies under 26 U.S.C. ϶ 42(m)(1)(B)(iii).

It is recognized that the Department of Housing and Urban Development (HUD) is responsible for enforcing the Act, 42 U.S.C. ϶϶ 3601 et seq. In doing so, HUD is required to investigate allegations of housing discrimination, attempt conciliation of the complaint, and determine whether there is reasonable cause to believe discrimination has occurred under the Act. Upon finding reasonable cause, HUD must bring the case before an administrative law judge, or if either party elects to have claims or complaints decided in a civil action, HUD must refer the complaint to the Department of Justice for prosecution in the United States District Court.

It is recognized that the Department of Justice (Justice) is responsible for enforcing the Act, 42 U.S.C. ϶϶ 3601 et seq. Pursuant to section 3614 of the Act, Justice may file a lawsuit whenever the Attorney General has reasonable cause to believe that any person or group of persons is engaged in a pattern or practice of discrimination or denial of rights to a group of persons where such denial raises an issue of general public importance. Justice also may file a lawsuit upon referral of matters from HUD involving the legality of any state or local zoning or other land use law or ordinance and after receiving a referral from HUD following an election by a party to a HUD complaint to have the matter decided in a civil action. Justice may enter into settlement agreements and consent decrees with property owners to obtain compliance with the Act. In the event a property owner fails to comply with the terms of the settlement agreement or consent decree, Justice may seek a court judgment to enforce the terms of the settlement agreement or consent decree.

The parties to this MOU agree to the following:

<u>1) Coordination on Notifying Low-Income Housing Tax Credit Property Owners about Charges, Lawsuits, and Other Actions</u>

HUD and Justice will identify low-income housing tax credit properties for which there is: 1) a charge by the Secretary of HUD for a violation of the Act; 2) a probable cause finding under a substantially equivalent fair housing state law or local ordinance by a substantially equivalent state or local agency; 3) a lawsuit under the Act filed by Justice; or 4) a settlement agreement or consent decree entered into between HUD or Justice and the owner of a low-income housing tax credit property. HUD or Justice will then transmit the address of the property and a summary of these actions to the appropriate state housing finance agency, using a current list of contacts and addresses of state housing finance agencies provided by the IRS.

Upon the state housing finance agencies reporting this information to the IRS (using Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance), the IRS will send a letter to involved property owners notifying them that a finding of discrimination, including an adverse final decision by the Secretary of HUD, an adverse final decision by a substantially equivalent state or local fair housing agency, or an adverse judgment by a federal court, could result in the loss of low-income housing tax credits. Similarly, the IRS will also send notification to property owners that a judgment enforcing the terms of a settlement agreement or consent decree could result in the loss of low-income housing tax credits. The IRS, HUD, and Justice will collaboratively develop the model letters addressed to property owners and other entities. HUD and Justice will also send to the IRS and the appropriate state housing finance agency a summary of the above-referenced actions, describing relevant information such as the precise nature of the violation, the dates of the violation, and proposed corrective actions.

<u>2) Designating Contacts and Interagency Technical Assistance and Training</u>

HUD and Justice will designate personnel to provide the IRS upon request with technical assistance and problem resolution concerning emerging civil rights and discrimination matters involving the administration of the low-income housing tax credit program (e.g., accessibility issues, section 8 vouchers, civil rights interpretative issues, and published guidance). In addition, HUD and Justice will provide training upon request to a few designated IRS personnel about the Act. The IRS will designate personnel to provide technical assistance and training upon request to HUD and Justice personnel on general tax administration issues under the low-income housing tax credit program, in a manner consistent with the IRS=s disclosure limitations contained in section 6103 of the Internal Revenue Code.

3) Training for State Housing Finance Agencies and Others

HUD and Justice will make training available upon request to state housing finance agencies and other entities (e.g., developers, property management companies, syndicators) on the Act, including training on inspecting for Act accessibility criteria referenced in the uniform physical condition standards in 24 CFR 5.703. HUD will also encourage substantially equivalent state and local fair housing agencies to invite state housing finance agencies and other entities to participate in civil rights training developed by the substantially equivalent agencies.

4) HUD=s Pilot Program to Train Architects on the Act=s Accessibility Requirements

HUD has begun the process of developing a pilot program in one region of the country to provide training and technical assistance to architects and others on the accessible design and construction requirements of the Act. HUD has also proposed expanding this program to four regions in FY 2001. HUD will promote participation in the program by members of the American Institute of Architects, including those involved with the design and construction of low-income housing tax credit properties.

5) Cooperation in Research Concerning Low-Income Housing Tax Credit Properties

HUD and Treasury will cooperate in research sponsored by either Department concerning low-income housing tax credit properties.

6) Cooperation to Identify and Remove Unlawful Barriers to Section 8 Tenants

In consultation with the state housing finance agencies, HUD, Justice, and the IRS will cooperate in identifying and removing unlawful barriers to occupancy of low-income housing tax credit properties by individuals holding section 8 vouchers.

7) Cooperation in Assisting Syndicators of Low-Income Housing Tax Credits

HUD, Justice, and the IRS will cooperate in helping the national associations of investment syndicators of low-income housing tax credit properties to enhance practices by syndicators in monitoring and promoting compliance with the Act and the low-income housing tax credit program.

8) Annual Civil Rights Meeting Among Federal Agencies and Participation in National Conference of State Housing Finance Agencies

HUD, Justice, Treasury, and other interested federal agencies will meet annually to discuss emerging civil rights issues and new methods and programs to increase civil rights compliance in the low-income housing tax credit program. IRS will encourage the state housing finance agencies to invite HUD and Justice to the annual national conference of state housing finance agencies. HUD and Justice agree to designate personnel to conduct training and discuss emerging civil rights issues at the national conference.

Implementation

This MOU will become effective 30 days from the date of the last signature on this document.

The parties agree to confer on the interpretation and application of the memorandum as necessary and to conduct a mutual annual review of its operation.

Nothing in this MOU shall be construed to impair or affect i) HUD=s or Justice=s authority to enforce the Act, ii) the IRS=s authority to administer the low-income housing tax credit program, including complete administrative discretion to deny low-income housing tax credits in the event of a violation of the Act, or iii) the IRS's disclosure limitations under section 6103 of the Internal Revenue Code.

/signed/ *Lawrence H. Summers*	/signed/ *Andrew Cuomo*	/signed/ *Janet Reno*
LAWRENCE H. SUMMERS Secretary of the Treasury	ANDREW CUOMO Secretary, U.S. Department of Housing and Urban Development	JANET RENO Attorney General
August 9, 2000 DATE	August 9, 2000 DATE	August 10, 2000 DATE

Exhibit 13-3
Sample Letter to Notify Building Owner of Potential Fair Housing Act Violations

Date

Owner
Address
City State ZIP

RE:
Project:
BIN Numbers:

Dear Owner:

Enclosed are Forms 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition, concerning certain Fair Housing Act [administrative/legal actions] reported by [the U.S. Department of Housing and Urban Development (HUD)/U.S. Department of Justice] to this agency. Our agency has submitted these Forms 8823 to the Internal Revenue Service.

Low-income housing tax credit properties are subject to Title VIII of the Civil Rights Act of 1968, also known as the Fair Housing Act ("Act"). The Act prohibits discrimination in housing and housing related transactions, including the sale, rental and financing of dwellings, based on race, color, religion, sex, national origin, familial status, and disability. See 42 U.S.C. sections 3601 through 3619. The Act also mandates specific design and construction requirements for multifamily housing built for first occupancy after March 13, 1991, in order to provide accessible housing for individuals with disabilities.

Section 1.42-9 of the Income Tax Regulations provides that the failure of low-income housing tax credit properties to comply with the requirements of the Act results in the denial of credits on a per-unit basis. Thus, an adverse final decision by the Secretary of HUD, an adverse final decision by a substantially equivalent state or local fair housing agency, or an adverse final judgment by a federal court, including a judgment enforcing compliance with the terms of a settlement agreement or consent decree, could result in the disallowance of credits, recapture of credits, and preclusion of future credits on the effected units. If the reduction in the number of the low-income units in the building(s) brings the project below the minimum set-aside requirement defined in section 42(g)(1) of the Internal Revenue Code, the entire amount of the credit for the project could be disallowed.

Your ability to enter into a settlement agreement concerning the particular Fair Housing Act problem with HUD, the Department of Justice, or the state or local fair housing agency may preclude the necessity of loss of low-income housing tax credits. It is incumbent upon you to work with the appropriate agency to resolve the problem.

Sincerely,

Name-Signature
Title

CC: Management Contact

Chapter 14
Category 11i
Violations of the Available Unit Rule
Under Section 42(g)(2)(D)(ii)

Definition

This category is used to report violations of the Available Unit Rule (AUR)[1]; i.e., situations where an *initially* qualified household's income subsequently rises above 140 percent (170 percent in deep rent skewed developments) of the current income limit and a household that is not income qualified moves into the next available unit of comparable or smaller size.

The Available Unit Rule under IRC §42(g)(2)(D) states that if the income of the occupants of a low-income unit increases above 140 percent of the income limit (or 170 percent in deep rent skewed developments), the unit will continue to be treated as a low-income unit if the occupants initially met the income limitation and the unit continues to be rent restricted. If the income of the occupants of the unit increases above 140 percent of the applicable income limitation, the unit will cease to qualify as a low-income unit if any residential rental unit in the building (of a size comparable to, or small than, such unit) is occupied by a *new* resident whose income exceeds the income limitation.

Compliance on a Continuing Basis

The determination of whether a tenant qualifies for purposes of the low-income set-aside is made on a continuing basis, both with respect to the tenant's income and the qualifying income for the location, rather than only on the date the tenant initially occupies the unit.[2]

Changes in Area Median Gross Income

The determination of an over-income household is not limited to instances where the household's income increases. A unit may also become over-income if, subsequent to the initial income qualification, there is a decrease in the Area Median Gross Income (AMGI). Likewise, an increase in AMGI increases the income limitation used to calculate whether an owner must rent any available residential unit of comparable or smaller size to a new low-income tenant. See Rev. Rul. 94-57 for additional information.

Treatment of Vacated Over-Income Units

If an over-income household vacates a unit, it will be treated as an over-income unit subject to the Available Unit Rules until the effective date of the tenant income certification for the new income-qualified household that moves into the unit or the unit is rented to a nonqualifying tenant.

Next Available Unit Defined

The "next available unit" is any vacant unit, or any unit that is subsequently vacated in the same building, of a comparable or smaller size. Treas. Reg. §1.42-15(c) states that a unit is not available when the unit is no longer available for rent due to contractual arrangements that are binding under local law.

Comparable or Smaller Unit

A comparable or smaller unit is defined in § 1.42-15 as "a residential unit in a low-income building that is comparably sized or smaller than an over-income unit or, for deep rent skewed projects described in section 142(d)(4)(B), any low-income unit. For purposes of

---

[1] The terms Next Available Unit Rule (NAUR) and Available Unit Rule (AUR) are synonymous and can be used interchangeably.
[2] H.R. Conf. Rep. No. 841, 99th Cong., 2d Sess. II-89 (1986), 1986-3 (Vol. 4) C.B. 89.

determining whether a residential unit is comparably sized, a comparable unit must be measured by the same method used to determine qualified basis for the credit year in which the comparable unit became available." Since a comparable unit may need to be identified before the end of the year when the qualified basis is determined, an owner may consider a residential unit with similar square footage and amenities to be a comparable unit.

Summary

Key concepts of the Available Unit Rule include:

1. The Available Unit Rule is used to replace over-income households with new income-qualified households as available units are rented. Alternatively, over-income units may be returned to low-income status if the household's income decreases or the AMGI increases.

2. In a project containing more than one low-income building, the Available Unit Rule applies separately to each building.

3. Low-income units containing households whose income rises above 140% (or 170% for deep rent skewed projects) of the *current* income limit are still considered low-income units as long as the rent remains restricted and available units of comparable or smaller size are rented to qualified low-income households.

4. For purposes of determining whether a residential unit is comparably sized, a comparable unit must be measured by the same method used to determine qualified basis for the credit year in which the comparable unit became available. An owner may consider a residential unit with similar square footage and amenities to be a comparable unit.

5. The owner of a low-income building must rent all comparable units that are available or that subsequently become available in the same building to qualified residents in order to continue treating the over-income unit as a low-income unit. Once the percentage of low-income units in a building (excluding the over-income units) equals the percentage of low-income units on which the credit is based, failure to maintain the over-income units as low-income units has no immediate significance.

6. If any comparable or smaller unit that is available or that subsequently becomes available is rented to a nonqualified resident, all over-income units within the same building for which the available unit is comparable or *larger* lose their status as low-income units. See Treas. Reg. 1.42-15(f).

7. The Available Unit Rule should not be confused with the Vacant Unit Rule, which applies without regard to the income of existing tenants.

In Compliance

A building is in compliance when the current applicable fraction is at the applicable fraction on which credit is based. Units containing households whose incomes originally qualified, but currently exceed 140 percent (170 percent for deep rent skewed projects) of the current income limit are included in the applicable fraction as long as the rents for the units continue to be restricted.

Example 1: Change in Over-Income Units

A project consists of one building with 10 units of equal size. Units 1 through 8 are low-income units. Unit 9 is a market rate unit. Unit 10 is a vacant market rate unit. The applicable fraction for the credit is 80%. The current percentage of income-qualified tenants is 80% and the building is in compliance.

On July 1, 2000, the income of the tenants in units 6, 7 and 8 were determined to be over 14 percent of the income limit. The rents for these 3 units remained restricted. The current applicable fraction remains at 80% and the building continues to be in compliance.

To determine whether a noncompliance event could potentially occur, the owner calculated the applicable fraction without the over-income households as part of the numerator. This fraction is 50 percent (5/10). To remain in compliance, Unit 10 must be rented to a qualified household to replace one of the over-income households. In addition, if the tenant in Unit 9 (the other market rate unit) vacates, that unit must also be rented to a qualified household.

A qualified household moved into Unit 10 on August 1, 2000. At the time of the move in, the current applicable fraction (excluding all of the over-income units) has increased to 60 percent.

On August 31, 2000, the market rate household in Unit 9 vacated and a qualified household moved into Unit 9 on January 1, 2001. The applicable fraction (excluding all of the over-income units) has increased to 70 percent.

On December 31, 2000, the over-income household in Unit 6 vacated and a qualified household moved on February 1, 2001. The current fraction (excluding all of the over-income units) increases to 80%.

However, since all of the units are rent restricted, the applicable fraction is 100%. Management may now rent Units 7 and 8 to market rate households or they may convert the over-income households to market rents, depending on the terms of the leases. Once the percentage of low-income units in the building (excluding the over-income units) equals the percentage of low-income units on which the credit is based, failure to maintain the over-income units as low-income units has no immediate significance.

Example 2: Lease Reservation Signed Prior to the Effective Date of a Unit Becoming an Over-Income Unit

A project consists of one building with 10 units of equal size. The project is currently "in compliance" with respect to the qualified basis. Unit 10 is a vacant market rate unit. A market rate household signs a lease on June 25, 2000, for unit 10 and intends to move in on July 5, 2000. The lease term is from July 5, 2000 to June 30, 2001. The household in Unit 6 will be an over-income household effective July 1, 2000.

The building remains "in compliance" even though the available unit was *occupied* after the *effective* date of the over-income unit because a unit is not available for purposes of the Available Unit Rule if the unit is unavailable due to contractual arrangements that are binding under local law. See Treas. Reg. §1.42-15(c).

Out of Compliance

Under Treas. Reg. §1.42-15(c), noncompliance occurs when a comparable or smaller unit than the over-income unit is rented to a nonqualified household when the current applicable fraction (excluding all over-income units from the numerator, but not the denominator) is less than the applicable fraction for which the credit is based. The date of a noncompliance event is the date the unit the market unit household moves into the building or the reservation, if earlier.

Example 1: Moving In Nonqualified Household When Over-Income Households Have Not Been Replaced

A project consists of one building with ten units of equal size. Units 1 through 8 are low-income units. Unit 9 is a market rate unit. Unit 10 is a vacant market rate unit. The applicable fraction for the credit is 80 percent. The current applicable fraction is 80 percent and the building is presently in compliance.

Units 6 and 7 were determined to be over-income. The rents for these two units remain rent restricted. The current applicable fraction remains at 80%.

To determine whether a non-compliance event could potentially occur, the owner calculated the applicable fraction without the over-income households as part of the numerator. The applicable fraction is now 60 percent (6/10). To remain in compliance, Unit 10 must be rented to a qualified household to replace one of the over-income households.

A market rate household moved into Unit 10 on August 1, 2000. At the time of the move in, the current applicable fraction (excluding all of the over-income units) was 60 percent. The event triggered an Available Unit Rule violation. All the over-income units cease to be treated as low-income units. The date of noncompliance is August 1, 2000.

Example 2: Comparable Units

A mixed income building, with an applicable fraction of 85 percent, contains 85 tax credit units and 15 market rate units. Eleven of the low-income units are occupied by households with incomes that have increased above 140 percent of the income limit. The eleven over-income units consist of 4 three-bedroom, 5 two-bedroom, and 2 one-bedroom units. The next unit to be vacated is #99, a two-bedroom unit (not one of the eleven over-income units). The vacated unit is leased to a market rate tenant.

The building is out of compliance. To comply with the Available Unit Rule, the unit should have been leased to an income eligible household. Because the unit was leased to an ineligible tenant, all over-income units, for which #99 was a comparable or *larger*-sized unit, lose their status as low-income units. Thus, all 4 of the three-bedroom and all 5 of the two-bedroom units of the over-income units are out of compliance. The 2 one-bedroom units (which are smaller than the rented unit) are not out of compliance (See Treas. Reg. §1.42-15(f).)

Other Non-Compliance Issues

Violations of the Available Unit Rule can also result in noncompliance with other IRC §42 requirements. Specifically, consideration should be given to the following:

1. Minimum Set-Aside Requirement – as violation of the AUR may result in multiple over-income units losing the low-income status, the minimum set-aside requirement may not be met; i.e., the number of qualifying units falls below the minimum requirement. See chapter 10.

2. Annual Income Recertifications and the Recertification Waiver – if the building is 100% LIHC and the owner has a waiver of the annual income recertification under IRC §42(g)(8)(B), qualified low-income units in the building continue to be treated as qualified low-income units even if the owner is not completing annual tenant income certification or otherwise documenting that the units are not over-income. However if the building owner rents an available unit in the building to a nonqualified household, the owner will need to determine if any of the units in the building are over-income, despite having a recertification waiver in effect. Further, under Rev. Proc. 94-64 or Rev. Proc. 2004-38, renting a unit to a nonqualified household in a 100% LIHC building will result in the revocation of the waiver. See chapter 5.

3. Annual Certification – the owner may have incorrectly reported compliance with the AUR as part of the annual certification as described in Treas. Reg. §1.42-5(c). See chapter 7.

Addressing Violations

Once the Available Unit Rule has been triggered, a building can return to its pre-violation credit amount by renting any combination of market rate units, over-income units, and out of compliance low-income units to qualified households until the applicable fraction upon which the pre-violation credit amount is based is restored. The applicable fraction can also be restored if:

1. The tenant's income decreases to an amount below 140 percent of the income limit in place, or

2. The AMGI increases to an amount, such that 140 percent of the income limit is more than the tenant's income.

The date of correction is the date the last household, which restores the applicable fraction, moves into the building or the income of an existing household falls below the current income limit. Bringing a building back into compliance does not remove the adverse effects that may have occurred.

References

1. IRC §42(g)(2)(D)(ii).
2. Treas. Reg. §1.42-5(c)(I)(x).
3. IRC §42(d)(3)(B).
4. Treas. Reg. §1.42-15.
5. Rev. Rul. 94-57, 1994-2 C.B. 5.
6. Rev. Rul. 2004-82, 2004-35 I.R.B. 350.

Chapter 15
Category 11j
Violation(s) of the Vacant Unit Rule
Under Reg. 1.42-5(c)(1)(ix)

Definition

This category is used to report violations of the Vacant Unit Rule (VUR); i.e., situations where an owner failed to make reasonable attempts to rent that unit, or the next available unit of comparable or smaller size, before renting units to tenants not having a qualifying income.

As part of the requirements for the annual certification, Treas. Reg. §1.42-5(c)(1)(ix) states, "If a low-income unit in the project became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income."

Reasonable Attempts

As long as reasonable attempts are being made to rent to qualified low income households, vacant LIHC units will continue to be included as qualified low-income units for purposes of determining the minimum set-aside (IRC §42(g)(1)) and calculating the applicable fraction (IRC §42(c)(1)(B)). What constitutes reasonable attempts to rent a vacant unit is based on facts and circumstances, and may differ from project to project depending on factors such as the size and location of the project, tenant turnover rates, and market conditions. Also, the different advertising methods that are accessible to owners and prospective tenants would affect what would be considered reasonable.[1]

Available Low-Income Unit Defined

The definition of an available low-income unit for purposes of the Vacant Unit Rule is the same as used for the Available Unit Rule. Treas. Reg. §1.42-15(c) states that a unit is not available when the unit is no longer available for rent due to contractual arrangements that are binding under local law. See Rev. Rul. 2004-82, Q&A #10.

Comparable Units

The definition of a comparable or smaller unit for purposes of the Vacant Unit Rule is the same as used for the Available Unit Rule; i.e., a residential unit that is comparably sized or smaller than the vacated unit. For deep rent skewed projects described in section 142(d)(4)(B), any low-income unit is considered a comparable unit. For purposes of determining whether a residential unit is comparably sized, a comparable unit must be measured by the same method used to determine qualified basis for the credit year in which the comparable unit became available. (See Treas. Reg. §1.42-15(a).) Since a comparable unit may need to be identified before the end of the year when the qualified basis is determined, an owner may consider a residential unit with similar square footage and amenities to be a comparable unit.

[1] Rev. Rul. 2004-82, Q&A #9.

In Compliance

A project is in compliance when reasonable attempts are made to rent vacant low-income units (comparably sized or smaller than the vacated units) to tenants having a qualifying income before any units are rented to nonqualifying tenants. A state agency's responsibility for reviewing the owner's compliance with the Vacant Unit Rule must include a review of the owner's advertising practices; i.e., a project will be considered in compliance when the owner makes reasonable efforts to rent vacant units to qualified low income households before renting any vacant units to nonqualifying tenants.

Example 1: Renting Market Rate Unit Before Low-Income Units[2]

> Twenty market rate units and ten low-income units previously occupied by income-qualified tenants, in a 200-unit mixed-use housing project are vacant. None of the low-income units are over-income units. The owner displayed a banner and for rent signs at the entrance to the project, placed classified advertisements in two local newspapers, and contacted prospective low-income tenants on a waiting list for the project and on a local public housing authority's list of section 8 voucher holders. These are customary advertising methods for apartment vacancies in the area where the project is located. Subsequent to the low-income unit vacancies, a market rate unit of comparable size to the low-income units became vacant. The owner rents five market rate units before any of the ten vacant low-income units.
>
> The owner is in compliance with the Vacant Unit Rule. The owner has used reasonable methods of advertising an apartment vacancy in the area of the project before renting a market rate unit. In addition, the Available Unit Rule is not violated be renting the market rate unit because there are no over-income units in the building.

A unit is not available for purposes of the vacant unit rule when the unit is no longer available to rent due to contractual arrangements that are binding under local law, such as a reservation entered into between a building owner and a prospective tenant.

Example 2: Low-Income Unit Not Available[3]

> A building has 10 units, consisting of 7 low-income units (none was an over-income unit) and 3 market rate units. All units in the building were occupied except for one market rate unit.
>
> A low-income unit became vacant on March 15, 2004, so the owner started advertising to rent the unit to an income-qualified tenant. On March 29, 2004 the owner agreed to rent the unit to an income-qualified household and the parties signed a reservation binding on both parties. The owner ceased advertising efforts for the low-income unit. The vacant market rate unit was rented on April 15, 2004. The low-income household signed their lease on April 30, 2004 and

[2] Rev. Rul. 2004-82, Q&A #9.
[3] Rev. Rul. 2004-82, Q&A #10.

moved in on May 1, 2004.

Since a reservation had been signed for the vacant low-income unit at the time the market unit was rented, the low-income unit was not available for rent and, therefore, the owner no longer needed to make reasonable efforts to rent the low-income unit.

Out of Compliance

Noncompliance occurs when the owner does not make reasonable attempts to rent vacant low-income units and rents units to nonqualifying tenants. If the Vacant Unit Rule is violated, all vacant units previously occupied by qualified households lose their low-income status and are not considered qualified units. The date of noncompliance is the date the first low-income tenant moved out of the now vacant units.

Example 1: Owner Stopped Making Reasonable Efforts to Rent Low-Income Housing Units

The owner of a mixed-use LIHC project with 100 units stopped advertising efforts to attract low-income tenants on January 15, 2004. 15 of the 25 market rate units are vacant and 25 of the 75 low-income units are vacant at the time the state agency conducts a tenant file review. The LIHC units were vacated between September 25, 2003 and March 31, 2004.

The project is out of compliance is September 25, 2003, when the first currently vacant low-income unit was vacated.

Failure to Provide Information

If it is determine that an owner is not make reasonable attempts to rent vacant low-income units, the owner will need to provide the state agency a list of all vacant low-income units in the project. Under Treas. Reg. §1.42-5(b)(1)(v), owners are required to maintain records identifying vacant low-income units and information that shows, when, and to whom, the next available unit was rented. Failure to provide the needed information will result in a finding of noncompliance under 11f , Project failed to meet minimum set-aside requirement, because the owner has failed to establish that the minimum set-aside has been met.[4] Under IRC §6001, every taxpayer is required to maintain records sufficiently detailed to prepare a proper tax return. This requires the maintenance of such permanent books and records sufficient to establish the amounts of gross income, deductions, *credits*, or other matters to be shown on the taxpayer's return. This requirement extends to the preparation and maintenance of records sufficient for demonstrating compliance with the Vacant Unit Rule.

[4] The legislative history explains that vacant units formerly occupied by low-income individuals may continue to be treated as occupied by a qualified low-income individual for *purposes of the set-aside* requirement provided that the owner has not violated the vacant unit rule.

Addressing Violations

A project may return to its pre-violation status if a sufficient number of vacant units are rented to qualified low-income households.

Example 1: Owner Restored Applicable Fraction

> The owner of a mixed-use LIHC project with 100 units stopped advertising efforts to attract low-income tenants on January 15, 2004. 15 of the 25 market rate units are vacant and 25 of the 75 low-income units are vacant. The LIHC units were vacated between September 25, 2003 and March 31, 2004.
>
> The project violated the Vacant Unit Rule on September 25, 2003, when the first currently vacant low-income unit was vacated. The owner resumes advertising efforts on June 18, 2004, and rented 13 former market rate units and 12 out of compliance low-income units between June 30, 2004 and November 18, 2004 to income-qualified tenants. The building is restored to its pre-violation status when the last household, which restores the applicable fraction, moves into the building; i.e., November 18, 2004, when 75% of the units were restored to the status of low-income units.

References

1. Reg. 1.42-5(c)(I)(ix).
2. Rev. Rul. 2004-82, I.R.B 2004-350.

Chapter 16
Category 11k
Owner Failed to Execute and Record Extended Use Agreement Within Time Prescribed by Section 42(h)(6)(J)

Definition

This category is used to report buildings for which an extended low-income housing commitment (extended use agreement) is not in effect; i.e., the extended use agreement is not executed, is not recorded, or fails to meet the requirements of IRC §42(h)(6). No credit is allowable for a building in a year unless an extended use agreement is in effect at the end of the year. See IRC §42(h)(6)(A). If it is determined that an extended use agreement was not in effect at the beginning of the year, IRC §42(h)(6)(J) permits the owner to correct the problem within one year from the date of the determination.

For all buildings allocated tax credits after 1989, IRC §42(h)(6) requires owners of tax credit properties to enter into an extended use agreement with the state agency that allocated the credits to the project. Building owners must agree to a long-term commitment beginning on the first day of the 15-year compliance period and ending on the later of (1) the date specified by the state agency in the agreement or (2) the date which is 15 years after the close of the 15-year compliance period. In other words, the owner covenants to maintain the property as a low-income housing project for at least 30 years.

Extended use agreements must:

1. specify that the applicable fraction for the building for each year in the extended use period will not be less than the applicable fraction specified in the extended use agreement and which prohibits the eviction or the termination of tenancy (other than for good cause) of an existing tenant of any low-income unit, or any increase in the gross rent with respect to such unit not otherwise permitted under IRC §42.

2. allow individuals (whether prospective, present, or former occupants) who meet the income limitation applicable to the building under IRC §42(g) the right to enforce in state court the requirements and prohibitions under IRC §42(h)(6)(B)(i), including maintaining the applicable fraction and prohibiting the eviction or the termination of tenancy (other than for good cause) of an existing tenant of any low-income unit, or any increase in the gross rent with respect to such unit not otherwise permitted under IRC §42. These prohibitions apply through out the extended use period.[1]

---

[1] Rev. Rul. 2004-82, 2004-35 I.R.B., Q&A #5 explains that IRC §42(h)(6)(B)(i) requires that an extended use commitment include a prohibition during the extended use period against (1) the eviction or the termination of tenancy (other than for good cause) of an existing tenant of any low-income unit (no-cause eviction protection) and (2) any increase in the gross rent with respect to the unit not otherwise permitted under IRC §42. When Congress amended IRC §42(h)(6)(B)(i) to add the language cited, IRC §42(h)(6)(E)(ii) was already part of IRC §42. As a result, Congress must have intended the amendment to IRC §42(h)(6)(B)(i) to add an additional requirement beyond what was contained in IRC §42(h)(6)(E)(ii), which already prohibited the action described in that section for the 3 years following the termination of the extended use period. Because the

3. prohibit the disposition to any person of any portion of the building unless all of the building is disposed of to that person.

4. prohibit the refusal to lease to section 8 voucher holders because of the status of the prospective tenant as such a holder,

5. provide that the agreement is binding on all successors of the taxpayer, and

6. the extended use agreement must be recorded as a restrictive covenant with respect to the property under state law.

In Compliance

The owner is in compliance when the extended use agreement is executed, recorded, and meets the requirements of IRC §42(h)(6). State agencies should require documentation that the extended use agreement has been recorded before issuing the Form 8609.

Out of Compliance

The owner is out of compliance in the absence of a properly executed and recorded extended use agreement and no credit is allowable if the extended use agreement is not in effect as of the end of a taxable year in the credit period. However, if the owner executes and records an extended use agreement within one year after the determination that an extended use agreement is not in effect, the noncompliance is corrected and the taxpayer can claim the low-income housing credit for past taxable years. If the noncompliance is not remedied within one year after the notification, the taxpayer loses the credit for past taxable years until the taxable year in which the extended use agreement is properly in effect.

Example 1: Owner did not Execute and Record Extended Use Agreement

The owner of a LIHC project placed the buildings in service in February 1998 and submitted the documentation for final approval in June 1998. The state agency issued the Form 8609 in September 1998, prior to receiving the executed extended use agreement from the owner. The owner claimed the credit for the 1998 tax year. The state agency later determined that an extended use agreement was not in effect for the 1998 tax year (the first year of the credit period), issued a notice of noncompliance to the owner in February 1999, and submitted Form 8823 to the IRS in May 1999, reporting the absence of the extended use agreement. In December 2000, the owner and state agency executed the extended use agreement, and recorded it.

---

requirements of IRC §42(h)(6)(B)(i) otherwise apply for the extended use period, Congress must have intended the addition of the prohibition against the actions described in subclauses (I) and (II) of IRC §42(h)(6)(E)(ii) to apply throughout the extended use period. In Rev. Proc. 2005-37, 2005-28 I.R.B. 79, the Service established a safe harbor under which housing credit agencies and project owners could meet the requirements of IRC §42(h)(6)(B)(i) in lieu of an extended use agreement which specifically included the language of subclauses (I) and (II) of IRC §42(h)(6)(E)(ii).

The date of noncompliance is December 31, 1998, when the state agency determined that an extended use agreement was not in effect as of the end of the tax year. Since the owner failed to execute the extended use agreement within one year from the date of the notification, the owner will lose credits for 1998 and 1999, but can resume claiming the credits for 2000.

Back in Compliance

The owner is back in compliance when the extended use agreement is executed and recorded within one year of the determination of noncompliance. If the extended use agreement is not in effect within one year of the determination that an extended use agreement was not in effect, the taxpayer loses low-income housing credits for past taxable years and cannot claim credit with respect to any building for which an extended use agreement is not in affect by the end of the applicable taxable year.

References

1. IRC §42(h)(6)(A), (B) and (J).
2. Rev. Rul. 2004-82, 2004-35 I.R.B. 350.
3. Rev. Proc 2005-37, 2005-28 I.R.B. 79.

Chapter 17
Category 11l
Low-Income Units Occupied by Nonqualified Full-Time Students

Definition

This category is used to report LIHC units occupied by nonqualified full-time student households. A unit is *not* considered to be occupied by low-income individuals if all the occupants of such unit are students, no one of whom is entitled to file a joint return.[1]

Defining "Student"

IRC §151(c)(4) defines, in part, a "student" as an individual, who during each of 5 calendar months during the calendar year in which the taxable year of the taxpayer begins, is a full-time student at an educational organization described in IRC §170(b)(1)(A)(ii). Treas. Reg. §1.151-3(b) further provides that the five calendar months need not be consecutive.

The determination of student status as full or part-time should be based on the criteria used by the educational institution the student is attending.

An educational organization, as defined by IRC §170(b)(1)(A)(ii), is one that normally maintains a regular faculty and curriculum, and normally has an enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. The term "educational organization" includes elementary schools, junior and senior high schools, colleges, universities, and technical, trade and mechanical schools. It does not include on-the-job training courses.

Units Comprised Entirely of Full-Time Students

Units comprised of full-time students (no one of whom is entitled to file a joint return) do not qualify as low-income units. However, there are exceptions as outlined in IRC §42(i)(3)(D). This section provides that a unit shall not fail to be treated as a low-income unit merely because it is occupied

1. by an individual who is:
   I. a student receiving assistance under Title IV of the Social Security Act, or
   II. a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State or local laws, or

2. entirely by full-time students if such students are
   I. single parents with children all of whom are students and such parents and children are not dependents (as defined in IRC §152) of another individual, or
   II. married and file a joint return.

In the case of a single parent with children, the legislative history explains that *none* of the tenants (parent or children) can be a dependent of a third party. See S. Prt. No. 103-37, 103d Cong., 1st Sess. 74 (1993).

[1] H.R. Conf. Rep. No. 841, 99th Cong., 2d Sess. II-89 (1986), 1986-3 (Vol. 4) C.B. 89.

In Compliance

A unit is in compliance when (1) it is not occupied entirely by full-time students at qualifying educational organizations for five or more months during the calendar year in which the taxable year of the taxpayer begins, or (2) it is occupied entirely by full-time students that meet one of the exceptions identified in IRC §42 (i)(3)(D). Also, a married couple that is *entitled* to file a joint tax return, but has not filed one, still satisfies the exception under IRC §42(i)(3)(D)(ii)(II).

Example 1: Newly Married Students

> A recently married full-time student couple is looking for housing. The couple is income qualified, but they have not yet filed their first tax. Even if the couple does not file a joint tax return, they are still entitled to file a joint return and thus satisfy the exception under IRC §42(i)(3)(D)(ii)(II).

Example 2: Full Time Students

> Two students attending college full time and working part time share a low-income housing unit with a third person who works full time and is not enrolled at the college. The students combined incomes qualify them as a household for low-income housing.

Example 3: Qualified Educational Organization

> An individual is participating in an accreditation program at a research facility. There is no tuition or degree, but the individual receives a small stipend for services provided and an accreditation certificate upon completion of the program. The program is similar to a doctor's residency. The research facility is not an educational organization and the individual would qualify for low-income housing.

Out of Compliance

A unit is out of compliance when (1) it is occupied entirely by full-time students at qualifying educational organizations for five or more months during a calendar year in which the taxable year of the taxpayer begins, or (2) full-time students do not meet one of the exceptions identified in IRC §42 (i)(3)(D). The out of compliance date is the first day of the fifth month during the calendar year that the full-time student attended a qualifying educational organization.

Example 1: Continuing Student Status

> An otherwise qualifying low-income individual occupies a unit in June. She attended a qualifying educational organization for two months during the calendar year prior to the date she occupied the unit. From September through December of the calendar year she again attends a qualifying educational organization.

The unit is out of compliance on November 1, the first day of the fifth month she attended a qualifying educational organization during the calendar year.

Back in Compliance

The unit is back in compliance when is no longer occupied entirely by full-time students or the tenant qualifies under one of the exceptions under IRC §42(i)(3)(D).

References

1. IRC §151(c)(4).
2. IRC §170(b)(1)(A)(ii).
3. IRC §42(i)(3)(D).

Chapter 18
Category 11m
Owner Did Not Properly
Calculate Utility Allowance

Definition

This category is used to report noncompliance with the utility allowance requirements outlined in Treas. Reg. §1.42-10. An allowance for the cost of any utilities, other than telephone and cable[1], paid directly by the tenant(s) is included in the computation of gross rent under IRC §42(g)(2)(B). A separate estimate is computed for each utility and different methods can be used to compute the individual utility allowances. The utility allowance is computed on a building-by-building basis. The maximum rent that may be paid by the tenant must be reduced by utility allowance(s) obtained in the following manner.

1. If a building receives assistance from Farmer's Home Administration (FmHA), or tenants in the building receive FmHA housing assistance, then the FmHA utility allowance is used for all the rent restricted units in the building.

2. Buildings that are both HUD regulated and FmHA assisted use the FmHA utility allowance for all the rent restricted units in the building.

3. HUD regulated buildings use the HUD utility allowances for all rent restricted units in the building.

4. If a building is neither FmHA assisted nor HUD regulated, and no tenants receive receives FmHA assistance, the units occupied by one or more tenants receiving HUD rental assistance payments must use the applicable public housing authority utility allowances established for the existing Section 8 housing program. Other rent restricted units in the building use the public housing authority allowance as well, unless a utility company estimate is obtained and then that estimate becomes the appropriate allowance *for the building* (except for the HUD assisted units which will continue to use the public housing authority allowance).

5. If neither the building nor tenants are subject to the rules described in 1-4 above, then the local public housing authority (PHA) allowance is used. However, if an estimate is obtained for any unit from a utility company, that estimate is used as the utility allowance for all similar units in the building.

Utility Company Estimates

Under Treas. Reg. §1.42-10(b)(4)(ii)(B), any interested party (tenant, owner, or state agency) may request a written estimated cost of that utility for a unit of similar size and construction *for the geographic area in which the building is located*. This estimate becomes the appropriate utility allowance for all rent-restricted units of similar size and construction in the building. The local utility estimate is not available to buildings/tenants subject to Rural Housing Service or HUD jurisdiction.

[1] Cable service is not a utility. It is a discretionary cost, similar to telephones, and is not included in the gross rent computation.

Until further guidance is provided through administrative ruling or guidance[2], the election to use a local utility company estimate is permanent; i.e., the taxpayer cannot switch back and forth between the local PHA and utility company estimates.

State agencies have reported that although utility companies may be willing to provide interested parties (owner, tenant, state agency) with an initial estimate, utility companies are increasingly unwilling to provide estimates on an on-going basis. Accordingly, until further guidance is provided through administrative ruling or regulation, the Service will not challenge the owner's return to using the applicable PHA utility allowance, provided that:

1. The taxpayer has demonstrated to the state agency that the local utility company was unwilling to provide an updated estimate, and

2. The owner has *written* approval from the state agency to use a mutually agreed upon utility allowance.

Using Public Housing Authority Estimates

State agencies have reported that the local PHA utility allowances do not always reflect a fair approximation of actual utility costs for such buildings. Accordingly, until further guidance is provided through administrative ruling or regulation, taxpayers may calculate utility allowances for the rent-restricted units in the building based upon an average of the actual use of similarly constructed and sized units *in the building* using actual utility usage data and rates, provided that the taxpayer has written approval from the state agency.

If an owner computes the utility allowance estimates based on the expected or historical use by the LIHC buildings/units, the estimate must be calculated in a reasonable manner and *contemporaneously* documented[3] to show how the estimate was determined. State agencies should review the methodology used to calculate the estimate for reasonableness, and ensure that the estimate is computed accurately.

Updating Utility Allowances

If the applicable utility allowance for a unit changes, the new utility allowance must be used to compute gross rents of LIHC units due 90 days after the change. As a practical matter, utility allowances are usually reviewed when HUD updates the Area Median Gross Income (AMGI) for the location (which may change the allowable gross rent). If the applicable utility allowance for a unit changes, the new allowance must be used to compute gross rents due 90 days after the change.

In Compliance

Low-income housing projects are in compliance when the appropriate utility allowance is used, the utility allowance is properly calculated, and rents are reduced for a utility allowance when utilities are paid directly by the tenant.

Example 1: Utility Allowance Increases

[2] Chief Counsel has opened a regulation project. See Federal Register/Vol. 70, No. 209. The regulation number is 1545-BC22 and the sequence number is 2597. This chapter will be updated when the regulation is revised.
[3] IRC §6001 requires all taxpayers to keep adequate records to support the items represented on their tax returns, including utility allowances.

The maximum gross rent is $500. The owner charged rent of $450, which reflected a $50 utility allowance; i.e., $450 rent + $50 utility allowance = $500 gross rent. The annual utility allowance estimate increases to $75. The owner reduces the rent to $425 based upon the increased utility allowance of $75; for a gross rent of $500 ($425 + $75 = $500).

Example 2: Local Utility Company No Longer Provides Estimates

The owner used estimates of utility use as provided by the local utility company to determine the utility allowance. The owner asked the local utility company for an updated estimate of use by similar units in the local area. The utility company informed the owner that they no longer provide estimates. With the state agency's approval, the owner begins using the current PHA allowance.

Example 3: Public Housing Authority's (PHA) Utility Allowance is Outdated

The owner used estimated utility use as provided by the local utility company to determine the utility allowance. The owner reviewed the allowance and asked the local utility company for an updated estimate of use by similar units in the local area. The utility company informed the owner that it no longer provides estimates. The owner and state agency agree that the PHA's utility allowance did not reflect current costs. With the state agency's approval, the owner begins using a utility allowance based on the actual utility use for the LIHC building. The owner may continue to use actual utility costs to compute the utility allowance until further guidance is provided through administrative ruling or regulation.

Example 4: Increased Utility Allowance Does Not Cause Rent to Exceed Limit

The maximum gross rent limit is $500, but the owner charged $415 rent and a $50 utility allowance for a total of $465. The utility allowance increases to $60 the next year. The owner makes no adjustment to the rent. The owner is in compliance. The owner is charging $415 rent and a $60 utility allowance for a total of $475, which continues to be below the gross rent limit of $500.

Out of Compliance

Low income housing projects are considered out of compliance when the appropriate utility allowance is not used, the utility allowance is not properly calculated, or rents are not reduced for a utility allowance when utilities are paid directly by the tenant. Lack of annual written documentation of utility allowances is considered noncompliance; without proof of the amount of the allowance, there is no way to correctly compute the rent.

Back in Compliance

A unit is considered back in compliance when the rent charged is reduced and correctly reflects the utility allowance. The date of correction is date that the rents correctly reflect the utility allowance.

Example 1: The maximum gross rent is $500. Beginning on March 1, 2003, the owner charged $450 rent and a $75 utility allowance; the total rent is $525. The rent is $25 over the ceiling. The error was discovered during a state agency's review on April 13, 2004.

The owner immediately reduces the rent charged to $425 for rents due beginning on May 1, 2004. The effective date of the new rent, or May 1, 2004, is the date the units are back in compliance.

References

1. Notice 89-6, 1989-1 C.B. 625.
2. Treas. Reg. 1.42-10.

Chapter 19
Category 11n
Owner has Failed to Respond to Agency Requests for Monitoring Reviews

Definition

This category is used to report owners of low-income properties that failed to respond to agency requests for monitoring reviews. Under the inspection provision Treas. Reg. §1.42-5, the state agencies must have the right to perform an on-site inspection of any low-income housing project at least through the end of the 15-year compliance period for the buildings in the project. State agencies (or their representatives) must conduct on-site inspections, inspect units, and review income (re)certifications, supporting documentation, and rent records for the tenants in those units, and otherwise meet the provisions listed in Treas. Reg. §1.42-5(a)(2)(i)(A), (B), (C), and (D).

The review of tenant records may be undertaken wherever the owner maintains or stores the records. A state agency may give an owner reasonable notice that an inspection of the building and low-income units or tenant record review will occur so that the owner may notify tenants of the inspection or assemble tenant records for review (for example, 30 days notice of inspection or review). However, the units and tenant records to be inspected and reviewed must be chosen in a manner that will not give owners of low-income housing projects advance notice that a unit and tenant records for a particular year will or will not be inspected and reviewed.

In Compliance

An owner is in compliance when requests for site visitations and access to tenants' records are honored without unreasonable postponements.

Example 1: Reasonable Request for Postponement

> A state agency notified an owner that a property was to be inspected and requested that the inspection be conducted in 30 days. The owner requested that the inspection be postponed for two weeks because the permanent on-site manager had scheduled training during that time period.
>
> This is a reasonable request. Although the owner arranged for a temporary manager, the permanent manager is more knowledgeable regarding the day-to-day operations, procedures, and tenant files.

Out of Compliance

An owner is out of compliance when requests for site visitations or tenant file inspections are denied or unreasonably postponed. A state agency should accommodate the owner's valid needs to reschedule a site visit or tenant file review, but should not allow owners to delay or circumvent compliance monitoring reviews.[1] The date of noncompliance is the earlier of the date (1) the owner refused to allow a site visitation or access to tenants' records or (2) first postponed the site visit or access to tenant's records.

Example 1: Repetitive Delays

> A state agency notified an owner on April 21, 2004, that a property was to be inspected and requested that the inspection be conducted on May 20, 2004. On May 2, 2004, the owner requested that the inspection be postponed until June 16, 2004, to give them time to get the records together. Then, the day before the inspection, the owner called to say that the property manager would not be available. The inspection was rescheduled for June 28, 2004, but the owner called again on June 27 to say that not all the records were available at the site and it would be more convenient to work at his office during the week of July 12, 2004.
>
> The owner's repeated requests for postponements are not reasonable. The property is out of compliance on May 2, 2004.

State agencies may remove a LIHC property from the program if the owner fails to respond to repeated notices for monitoring reviews. See chapter 21 for complete discussion.

Back in Compliance

The owner is back in compliance when the agency performs the site visit and/or reviews the tenants' files.

Example 1: Site Visit Performed Late

> A state agency filed form 8823 noting noncompliance because the owner refused to allow the state agency's representatives on the property to perform the physical inspection. The date of noncompliance was August 15, 2004. The taxpayer received the IRS' notice identifying the noncompliance, after which the site inspection was completed on December 15, 2004, when state agency resources were available.
>
> The property is back in compliance on December 15, 2004 and a Form 8823 should be filed noting the correction date.

References

1. IRC §42(i).
2. TD 8430, 1992-2 C.B. 14

[1] The IRS recommends that if the site visit/file review can be rescheduled within 45 days of the initial date, the appointment should be reschedule; longer postponements should be discouraged except under unusual circumstances. There is no legal authority for allowing this time period: it is similar to IRS policy for rescheduling audit appointments during an audit. See Internal Revenue Manual 4.10.2.8.3(4).

Chapter 20
Category 11o
Low-Income Units
Used on a Transient Basis

Definition

This category is used to report noncompliance when units have been used on a transient basis. Generally, the length of the initial lease agreement determines whether use is transient. A unit is nontransient if the initial lease term is six months or more. [1]

There are two exceptions to the general rule that the initial lease term must be 6 months or longer.

Buildings Used for Transitional Housing for the Homeless Under IRC §42(i)(3)(B)(iii)

Certain transitional housing for the homeless may be considered used other than on a transient basis provided the residential rental unit contains sleeping accommodations and kitchen and bathroom facilities and is located in a building-

1. which is used exclusively to facilitate the transition of homeless individuals[2] to independent living within 24 months, and

2. in which a government entity or qualified nonprofit organization[3] provided such individuals with temporary housing and supportive services designed to assist such individuals in locating and retaining permanent housing.

Single-Room Occupancy (SRO) Units Under IRC §42(i)(3)(B)(iv)

SRO units which permit the sharing of kitchen, bathroom, and dining facilities, shall not be treated as used on a transient basis merely because it is rented on a month-by-month basis.

In Compliance

A unit is in compliance with this requirement if the *initial* lease term *for each tenant* is at least six months. The presence of a six month initial lease is the customary evidence used to document the owner and tenant's intent to enter into a nontransient rental agreement.

---

[1] H.R. Conf. Rep. No. 841, 99th Cong., 2d Sess. II-89 (1986), 1986-3 (Vol. 4) C.B. 89.) Residential units must be for use by the general public and all of the units in a project must be used on a nontransient basis. …Generally, a unit is considered to be used on a nontransient basis if the initial lease term is six months or greater. Additionally, no hospital, nursing home, sanitarium, life care facility, retirement home providing significant services other than housing, dormitory, or trailer park may be a qualified low-income project..…certain single room occupancy housing used on a nontransient basis may qualify for the credit, even though such housing may provide eating, cooking, and sanitation facilities on a shared basis.

[2] Within the meaning of section 103 of the Stewart M. McKinney Homeless Act (42 U.S.C. 11302) , as in effect on the date of the enactment of this clause.

[3] As defined in IRC §42(h)(5).

Example 1: Tenant Vacates Before End of the Lease

> A couple vacates their unit before fulfilling their initial six-month lease because the husband accepted a job in another state. Because the couple was subject to a valid six-month lease and vacated the unit for a valid reason, the low-income unit was not used on a transient basis.

Out of Compliance

Other than the two exceptions for certain transitional housing and single room occupancy units, a unit is out of compliance if the unit is rented on a transient basis. The out of compliance date is the effective date of the initial tenant income certification. A unit is out of compliance if:

1. no lease is on file for the tenant, or

2. the tenant's initial lease term is not at least six months.

Example 1: Month-to-Month Initial Leases

> A state agency discovers that an owner of a 100 unit LIHC property (not a SRO or transitional housing) established a policy of signing month-to-month leases at the time of initial occupancy.
>
> At the time of the review, 84 units are occupied by households with initial month-to-month leases. All 84 units are out of compliance based on the effective date of the initial tenant income certification.

Back in Compliance

Noncompliance is corrected when a lease with a term of at least six months is executed. The correction date is the effective date of the new lease.

Chapter 21
Category 11p
Project is No Longer in Compliance
Nor Participating in the Program

Definition

This category should be used to notify the Internal Revenue Service that a building is entirely out of compliance and is no longer participating in the program.

1. The determination that an LIHC building is entirely out of compliance and will not be in compliance at any time in the future is a recapture event under IRC §42(j).

2. The filing of a Form 8823 for this category also puts the IRS on notice that the state agency is no longer performing monitoring activities with respect to the property.[1]

3. The building is no longer considered a qualified low-income building under IRC §42(c)(2)(A).[2] No credit is allowable in the remaining years of the credit period, even if the building complies with all the requirements of IRC §42.

Out of Compliance

A state agency may find that a building is no longer in compliance with the LIHC program requirements, and thus, is no longer participating in the program. The following discussion provides a broad overview of issues that may justify terminating an owner's participation in the program. It is not an exhaustive list; state agencies should consider each case individually based on the specific facts and circumstances.

Return of Credits to State Agency

Under certain circumstances, a state agency may obtain return of previously allocated low-income housing credits. In accordance with Treas. Reg. 1.42-14(d)(2)(ii), these credits may be returned up to 180 days following the close of the first tax year of the credit period for the building that received the allocation. If a credit is returns within 180 days following the close of the first taxable year of a building's credit period as provided in Treas. Reg. §1.42-14(d)(2)(ii), and a Form 8609, low-income Housing Credit Allocation and Certification, has been issued for the building, the state agency must notify the Internal Revenue Service that the credit has been returned.

If only part of the credit has been returned, this notification requirement is satisfied when the state agency attaches to an amended Form 8610, Annual Low-Income Housing Credit Agencies Report, the original of an amended Form 8609 reflecting

[1] Treas. Reg. §1.42-5(e)(3).
[2] IRC §42(c)(2) states that the term "qualified low-income building" means any building which is part of a qualified low-income housing project at all times during the period beginning on the 1st day in the compliance period on which such building part of such a project, and ending on the last day of the compliance period with respect to such building.

the correct amount of credit attributed to the building together with an explanation for filing of the amended forms. The state agency must send a copy of the amended Form 8609 to the owner of the building.

If the building is not issued an amended Form 8609 because all of the credit allocated to the building is returned, notification to the Internal Revenue Service is satisfied by following the requirements prescribed by Treas. Reg. 1.42-5(e)(3) for filing Form 8823.

Treas. Reg. §1.42-14(d)(2)(iv) specifies the reasons for the return of the entire amount of allocated credit:

1. The building is not placed in service within the required time period or fails to meet the minimum set-aside requirements of IRC §42(g)(1) by the close of the first year of the credit period.

2. The building does not comply with the terms of its credit allocation. The terms of an allocation are the written conditions agreed to by the state agency and the allocation recipient in the allocation document.

3. The owner and state agency mutually agree to cancel an allocation of credit by mutual consent.

4. The state agency determines, under IRC §42(m)(2), that an amount of credit allocated to a project is not necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period.

<u>IRS Notification</u>

An attachment should be used to explain that the credits are being returned under the authority of Treas. Reg. 1.42-14(d)(2)(ii) and why the property did not qualify.

<u>Owner Notification</u>

As provided in section 1.42-14(d)(3)(i), after a state agency determines that building or project is not in compliance for the reasons 1, 2 or 4 above, the state agency must provide written notification to the allocation recipient, or its successor in interest, that all or part of the allocation is no longer valid. The notification must also state the amount of the allocation that is no longer valid. The date of the notification is the date the credit is returned by the state agency.

If an allocation is cancelled by mutual consent as noted in number 3 above, there must be a written agreement signed by the state agency and the allocation recipient, or its successor in interest, indicating the amount of the allocation that is returned to the state agency. The effective date of the agreement is the date the credit is returned to the state agency.

Egregious Noncompliance with Program Requirements

Egregious noncompliance is conspicuous, flagrant, and systemic in nature and includes the failure to make reasonable attempts to comply with the requirements of the program, or careless, reckless, or intentional disregard of program requirements.

Example 1: Failure to Make Reasonable Attempts to Comply with Program Requirements

The owner did not allow physical inspections or tenant file reviews after the end of the 10-year credit period.

Explanations from the owner should be solicited and analyzed for reasonableness. It is important that the owner be given an opportunity to respond and provide explanations. The reasonableness of the explanations should be evaluated for credibility, presence of corroborative or contradictory evidence, and collateral evidence from third party sources. Refer to chapter 3 for additional guidance.

An attachment to Form 8823 should be used to explain the extent of noncompliance.

The Owner has Voluntarily and Permanently Withdrawn From the Program and is No Longer Claiming Credits

An owner, during the 15-year compliance period, may voluntarily withdraw a property from the low-income housing credit program, but retain ownership. The building still exists physically, but is not being operated as an LIHC property. For example, the owner may have converted the entire building to a use other than as an LIHC housing project or 100% of the units may be vacant (and the owner has no intention of renting any of the units in the future).

An attachment to the Form 8823 should be used to explain why the property was withdrawn and identify the last year the property was in service. This information is needed for the IRS to determine whether the owner properly recaptured accelerated credits.

Failure to Respond to Repeated Requests for Reports, Certifications, Reviews, or Other Essential Communication

State agencies may remove an LIHC property from the program if the owner fails to respond to *repeated* notices for monitoring reviews[3], or annual reports and owner certifications are not submitted, *and* Forms 8823 identifying the noncompliance were previously submitted to the IRS.

1. Under the inspection provisions of Treas. Reg. §1.42-5(d)(1), the state agency must have the right to perform an on-site inspection of any low-income housing project at least through the end of the compliance period of the buildings in the project.

2. Under the certification provisions of Treas. Reg. §1.42-5(c), state agencies may remove a property from the program if annual reports and owner certifications are not submitted

A state agency should send follow-up notices clearly stating that failure to respond will result in the agency notifying the IRS that the property is no longer in compliance and is no longer participating in the LIHC program. See Treas. Reg. §1.42-5(e)(2), which requires the state agency to provide prompt notification to the owner if the project is not in compliance with the provisions of IRC §42.

The date of noncompliance is the first day of *the first year* that the owner failed to provide annual reports or certifications or did not respond to a request for the physical inspection of the property.

[3] See Treas. Reg. § 1.42-5(c)(2).

Building No Longer Participating in the Low-Income Housing Program

When a building is no longer in compliance nor participating in the Low-Income Housing Credit Program, state agencies need to address two issues, as discussed below.

Extended Low-Income Housing Commitment

IRC §42(h)(6)(D) requires a property owner to commit to the low-income housing program for a minimum of 30 years. The commitment is documented as a restrictive covenant against the property and is recorded against the property as a deed restriction governed by state law. Commonly know as “extended use agreements”, these covenants are agreements *between the owner and state agency*. Consideration should be given to enforcing the agreement through a civil court proceeding. However, when a building or project is removed from the program, state agencies have discretionary authority to release the extended use agreement and remove the deed restriction.

Protection of Tenants Rights

Under IRC §42(h)(6)(E)(ii), there are two requirements that must be met when an extended use agreement is terminated:

1. No eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit before the close of the 3-year period following the termination of the extended use agreement, and

2. No increase in the gross rent of any unit occupied by an existing tenant before the close of the 3-year period following the termination of the extended use agreement, not otherwise permitted under IRC §42. In other words, units occupied by income-qualified tenants continue to be rent restricted for three years, or until the tenants vacate the units.

Chapter 22
Category 11q
Other Noncompliance
Qualified Nonprofit Organization Failed to Materially Participate

Definition

IRC §42(h)(5) requires that each state set aside at least 10% of its state housing credit ceiling for allocations to projects in which qualified nonprofit organizations own an interest, and materially participate in the development and operation of the projects. “Qualified nonprofit organization” is defined as an IRC §501(c)(3) or 501(c)(4) organization exempt from tax under IRC §501(a) that is determined by the state agency as not being affiliated with or controlled by a for-profit organization, and one of the exempt purposes of the organization includes the fostering of low-income housing.

For purposes of this allocation, a nonprofit organization must have an ownership interest in the low-income housing project throughout the 15-year compliance period and materially participate in the *development* and *operation* of the project. Whether a nonprofit sponsor materially participates will depend on the application of IRC §469(h) to the facts and circumstances of a given project.

Under IRC §469(h)(1), the nonprofit must participate on a *regular, continuous,* and *substantial* basis in the development and operation of the project.[1] Although this standard is vague, the legislative history suggests the following guidelines in defining material participation in a business activity:

1. Material participation is most likely to be established in an activity that constitutes the principal business/activity of the taxpayer,

2. Involvement in the actual operations of the activity should occur. That is, the services provided must be integral to the operations of the activity. Simply consenting to someone else’s decisions or periodic consultation with respect to general management decisions is not sufficient.

3. Participation must be maintained throughout the year. Periodic consultation is not sufficient.

4. Regular on-site presence at operations is indicative of material participation.

5. Providing services as an independent contractor is not sufficient.

Accordingly, a nonprofit entity will be considered to materially participate where it is regularly, continuously, and substantially involved in providing services integral to

[1] Treas. Reg. §1.469-5T provides rules for determining the material participation for individuals. IRC §469(h)(4) and Treas. Reg. §1.469-5T(g)(3) provide rules for determining the material participation of certain corporations. Because neither of these provisions applies to nonprofit organizations, they should be reviewed for illustrative purposes only. The general facts and circumstances test of IRC §469(h)(1) is the test applicable to nonprofit organizations.

the development and operations of a project.

Pursuant to IRC §42(h)(5)(D), the ownership and material participation test can be met by the organization if it owns stock in a qualified corporation that satisfies the ownership and material participation test. A qualified corporation must be a corporation that is 100 percent owned at all times during its existence by one or more qualified nonprofit organizations.

In Compliance

For purposes of reviewing properties for compliance with the requirements of IRC §42(h)(5) during the 15-year compliance period, the state agencies' responsibility is limited to consideration of whether the qualified nonprofit entity is *materially participating* in the *operation* of the project; i.e., both management decision making and the day-to-day operations. In order to materially participate, the qualified nonprofit must be engaged in the activities on a basis that is regular, continuous, and substantial.

Example 1: Qualified Nonprofit Organization Materially Participates

> A for-profit organization and a qualified nonprofit organization are general partners for an LIHC project. The state agency sent the review notification letter to the nonprofit and the nonprofit's executive director was on site at the time of the review to answer questions and participate in the physical inspection. The nonprofit received the compliance report, corrected a noncompliance issue and report back to the state agency.
>
> The owner has demonstrated management involvement.

Example 2: Property Managed by Nonprofit Representatives

> A qualified nonprofit organization owns an LIHC project. Not having the expertise to operate an LIHC property on a day-to-day basis, the nonprofit hires an affordable housing management company. The management company reports to, and is paid by, the qualified nonprofit organization.
>
> The application of the material participation rules under IRC § 469 should be flexible. In this case, the owner has demonstrated both management decision making and control of the day-to-day operations through their oversight of the management company.

Out of Compliance

A taxpayer is out of compliance if:

1. The qualified nonprofit organization does not materially participate (as determined under IRC §469(h)(1)), or

2. The qualified nonprofit organization does not materially participate in both the *development and operation* of the project; i.e., both management decisions and day-to-day activities.

A property is out of compliance for any taxable year where the entity does not participate on a basis that is regular, continuous and substantial within the meaning of IRC §469(h)(1) for that year. Noncompliance can be identified by interviewing the qualified nonprofit organization's management representatives and observation while at the property site.

Example 1: Qualified Nonprofit Does Not Participate in Management Decisions

> A for-profit organization and qualified nonprofit organization are general partners for an LIHC project. The nonprofit organization fully participated in the development of the project, but has not participated in (directly or through a representative) any monthly management meetings in year 3 of the compliance period and does not otherwise participate on a regular, continuous, or substantial basis.
>
> The property is out of compliance for year 3 of the compliance period.

Example 2: Management Company Employee Provides Volunteer Services

> A for-profit organization and qualified nonprofit organization are general partners for an LIHC project. The third party management company operating the property reports to the for-profit general partner. The management company employs a property manager who signed an agreement to be a "volunteer" for the non-profit and provide services for the nonprofit organization.
>
> The property is not in compliance because the property manager's agreement to be a volunteer is part of its employment responsibilities to the for-profit organization.

Should a state agency become aware of noncompliance with other requirements imposed under IRC §42(h)(5), Form 8823 should be filed noting the issue. Areas of noncompliance may include:

1. The qualified nonprofit organization loses its exempt status. As part of the preparation for a review of an LIHC property owned by a qualified nonprofit organization under IRC §42(h)(5), state agencies may confirm that the nonprofit is a qualified tax-exempt organization by using the IRS website (www.irs.gov). Enter "78" into the "Search IRS site for" feature; the response will be "Chances are you are looking for Publication 78, Search for Exempt Organizations"; clicking on the underline portion will provide an alphabetical listing of exempt organizations. The state agency should request documentation of tax-exempt status if the organization is not included on the list.

2. The qualified nonprofit organization does not have an ownership interest in the low-income housing project.

Back in Compliance

LIHC projects are considered back in compliance in a taxable year when a qualified nonprofit organization owns an interest in the project and satisfies the material participation test set forth in IRC §469(h)(1) for that taxable year.

Example 1: Qualifying Nonprofit Organization Begins Attending Management Meetings

A for-profit organization and a qualified nonprofit organization are general partners for an LIHC project. The nonprofit organization materially participated in the on-going operation of the project in years 2, 3, and 4. They did not materially participate in year 5. It was determined that in year 7 of the compliance period, the nonprofit organization materially participated.

The property is out of compliance as of December 31st of year 5 and back in compliance as of December 31st of year 7.

Reference

1. IRC §42(h)(5)
2. Senate Report. 99-313, 99th Cong. 2nd Session, 1986-3 C.B. (Vol. 3) 732

Chapter 23
Category 11q
Other Noncompliance Issues

Definition

This category should be used to report noncompliance only when the noncompliance cannot be associated with any other category. The discussion presented here is not intended to be all inclusive.

Nonreportable Compliance Issues

Nonperformance of Extended Use Agreement

Under IRC §42(h)(6), taxpayers receiving credits must execute an extended use agreement, which is recorded as a restrictive covenant against the property, as provided by state law. The extended use period ends on the later of the date specified in the agreement or 15 years after the close of the compliance period. At a minimum, the property must be maintained as low-income housing property for 30 years beginning with the first day of the compliance period. The required content of the extended use agreement is outlined in IRC §42(h)(6)(B).

In addition, state agencies may add additional terms or restrictions to reflect the terms of the credit allocation. Under IRC §42(m), state agencies are required to develop qualified allocation plans with criteria for determining housing needs in their location and selecting appropriate projects. These terms and conditions will be reflected in the extended use agreement; e.g., the targeting of special needs groups, income restrictions, rent skewing, housing types, etc. State agencies are expected to enforce the agreement. Nonperformance of the terms of the extended use agreement should *not* be reported to the IRS. See chapter 16 for reportable noncompliance associated with extended use agreements.

Example 1: Special Set-Asides Not Reported

> The owner elected the 40/60 minimum set-aside on Form 8609. The state agency required 20/50 targeting, as evidenced in the extended use agreement. The maximum 50% gross rent is $400, but the maximum 60% gross rent is $500. The owner charges $450 rent and a $50 utility allowance, for a total of $500. The rent charged is above the limit agreed upon in the extended use agreement, but equals the rent limit for the 60 percent minimum set aside election.
>
> The owner has violated the state's requirements. However, according to the imputed income limitation applicable to the unit, the rent is in compliance within federal regulation. The state agency should *not* file a Form 8823.

Example 2: Elected Minimum Set-Aside Inconsistent with Extended Use Agreement

An owner, at the time of application and subsequent submission of final cost certifications when the LIHC project was completed, represented to the state agency that the 20/50 minimum set-aside would be elected. The 20/50 minimum set-aside is also identified in the extended use agreement. When making the election on Form 8609 for IRS purposes, the taxpayer selected the 40/60 set-aside.

The taxpayer is in compliance with the requirements of IRC §42. Noncompliance with the terms of the extended use agreement is *not* reportable to the IRS on Form 8823.

Chapter 24
Line 13
Building Disposition

Definition

Recapture of the accelerated portion of credits may be caused not only by noncompliance with the LIHC program, but by either the sale or other disposition of an LIHC building or the sale of an ownership interest in such a building. It is important to report all dispositions so that the IRS can determine whether the taxpayer has complied with the requirements of IRC §42(j); i.e., the credits have been appropriately recaptured or bonds posted.[1]

Types of Building Dispositions

Line 13a on Form 8823 identifies four categories of building dispositions.

1. SALE - Types of activities that would constitute a "sale" (which does not necessarily involve the seller receiving money) include:

    a. Fee Title Sale of Building - Fee title passes from the seller to a whole new entity (buyer)

    b. Termination of Partnership

2. FORECLOSURE - Foreclosure is the legal process reserved by a lender to terminate the borrower's interest in a property after a loan has been defaulted. On foreclosure, the *owner* is deemed to have made a sale of the property for the outstanding amount of the mortgage debt. In some foreclosures, the new "owner" is an entity not eligible to claim tax credits (i.e. HUD, State Housing Finance Agency, etc.) or the new "owner" is not claiming tax credits (i.e., mortgagee, bank, etc.).

    a. Deed of Property in Lieu of Foreclosure - the owner voluntarily conveys the property to the mortgage holder to avoid foreclosure proceedings.

3. DESTRUCTION - Destruction is related to a building's *physical structure*, and not to the ownership interest in the building. The destruction affects the building *in its entirety*, i.e., the eligible basis of the property is reduced to $0. The destruction is *permanent* and the building is not expected to operate as a tax credit project again. Violations of the physical inspection standards, or casualty losses that are temporary in nature should not be reported as destruction, which is permanent.

4. OTHER (Attach Explanation) – Any event, not listed above, which results in the disposition of a low-income housing credit unit, building, or property.

[1] See Exhibit 24-1 for an explanation of the recapture requirements

State Agency Responsibility for Reporting Property Dispositions

The owner of a low-income housing building is the entity identified on the Form 8609. State agencies should confirm that the ownership has not changed as part of their monitoring and inspection responsibilities.

Example 1: Owners Sells Property

> ABC, a limited partnership, owns and operates an LIHC building, and is identified as the owner on Form 8609. Mr. Jones is the general partner. There are two limited partners, Mr. Smith and the XYZ investment fund. On September 17, 2004, ABC sells the building to E&F, a limited partnership. As included in the extended use agreement, the state agency approved the sale. The state agency should report the disposition on Form 8823.

LIHC buildings are generally owned by partnerships and identifying changes in the composition of the ownership entities is not required. However, if a state agency becomes aware of a change in the composition of the ownership entity, the disposition should be reported.

Example 2: State Agency Reviews Owners' Annual Certification

> ABC, a limited partnership, owns and operates an LIHC building, and is identified as the owner on Form 8609. Mr. Jones is the general partner. There are two limited partners, Mr. Smith and the XYZ investment fund. As part of the regular monitoring procedures, the state agency reviews the owner's annual certification to confirm that ownership has not changed. The state agency is not required to ask whether Mr. Jones, Mr. Smith, or XYZ has disposed of their interest (or a portion of their interest).

Example 3: General Partner Changes

> ABC, a limited partnership, owns and operates an LIHC building, and is identified as the owner on Form 8609. Mr. Jones is the general partner. There are two limited partners, Mr. Smith and the XYZ investment fund. Mr. Jones decides to retire and sells his interest to Ms. White, who will continue as the general partner. The change is not identified in the owner's annual certification. However, a letter sent to Mr. Jones is returned to the state agency as undeliverable. The state agency notifies the limited partners that the general partner cannot be located. Mr. Smith calls Ms. White, who contacts the state agency to explain the change in ownership of the partnership. The state agency should file Form 8823 noting the disposition category as "other"; i.e., Mr. Smith is no longer a partner.

References

1. IRC §42(f)(4)

Exhibit 24-1
Explanation of
Credit Recapture Requirements
Under IRC §42(j)

As explained in the legislative history, the disposition of an LIHC building (or interest therein) is a recapture event.[1] The amount of the recapture is 1/3 of the allowable credit for each year if the building is disposed of through year 11 of the compliance period plus interest. The interest is computed at the overpayment rate established under IRC §6621on the recaptured credit for each taxable year for the period beginning on the due date for filing the return for the prior taxable year involved. The amount of the recapture declines if the disposition occurs after year 11 of the credit period.

Taxpayers must file Form 8611, Recapture of Low-Income Housing Credit, with their tax return for the year of sale to recapture the LIHC.

Large Partnership Recapture

In the case of a large partnership (a partnership of 35 or more partners), the partnership is treated as the taxpayer to which the credit is allowable for purposes of recapture. The tax benefit rule under IRC §42(j)(4)(A) does not apply and the increase in tax because of the recapture amount is allocated among the partners in the same manner as the partnership's taxable income for the year is allocated among the partners.

The legislative history[2]also indicates that no change in ownership is deemed to occur on the disposition of a partner's interest provided that within a 12-month period at least 50 percent (in value) of the original ownership is unchanged. These conditions apply unless the partnership elects out of such under IRC §42(j)(5).

Other Partnerships and Recapture

For partnerships with fewer than 35 partners, and those electing out of the large partnership provisions of IRC §42(j)(5), a partner (taxpayer) may elect to avoid or defer recapture until the taxpayer has, in the aggregate, disposed of more than 33 1/3 percent of the taxpayer's greatest total interest in the qualified low-income building through the partnership at any time. Once dispositions aggregate more than 33 1/3 percent, further deferral is possible only if a surety bond or alternative collateral is provided. The taxpayer that defers recapture by reason of the 33 1/3 percent rule will remain subject to recapture with respect to that interest. See Rev. Rul. 90-60, 1990-2 C.B. 35.

Surety Bonds and Subsequent Owners

Recapturing the accelerated portion of the credit can be avoided if the owner selling the building, or interest therein, posts a bond equal to the amount specified on Form 8693, Low-Income Housing Credit Disposition Bond. The IRS approves the bond when it is determined that the amount of the bond is correct and that the project is expected to remain in compliance for the balance of the initial compliance period; i.e., the new owner intends to maintain the building as low-income housing throughout the 15-year compliance period. The bond must remain in effect until 58 months after the end of the 15-year compliance period.

---

[1] H.R. Conf. Rep. No. 481, 99th Cong., 2nd Sess. II-96 (1986)
[2] H.R. Conf. Rep. No. 481, 99th Cong., 2nd Sess. II-96 (1986)

As a practical matter, surety bonds may be difficult and costly to obtain. Because of the amount of the bond needed and the inability of the seller to assure that the property will continue to comply (such power effectively being with the new owner), sureties are likely to require either full collateral or very high creditworthiness from the bonded party. IRS Revenue Procedure 99-11 establishes a collateral program as an alternative to providing a surety bond to avoid or defer recapture of low-income housing tax credits. Under this program, taxpayers pledge certain United States Treasury securities to the IRS as collateral.

The IRS will "call a bond" to recapture credit if it subsequently determined that the new owner did not continue to operate the building as a qualified low-income building for the remainder of the compliance period.

References

1. IRS Form 8609 instructions - Line 10(b) - Partnerships with 35 or more partners are treated as the taxpayer for purposes of recapture unless an election is made not to treat the partnership as the taxpayer. Check the "Yes" box if you do not want the partnership to be treated as the taxpayer for purposes of recapture.
2. IRC §42(j)(5).
3. IRC §42(j)(6).
4. Rev. Rul. 90-60, 1990-2 C.B. 3.
5. Rev. Proc. 99-11, 1999-2 I.R.B 14.

Chapter 25
Miscellaneous Noncompliance Topics

The chapter includes noncompliance topics not discussed elsewhere.

Tenant Misrepresentation or Fraud

LIHC property owners should demonstrate due diligence to prevent tenant fraud. Fraud includes *deliberate* misrepresentation of fact in order to induce someone else to part with something of value or surrender a legal right. In this case, the outcome of deliberate misrepresentation by a tenant can result in the property owner renting a residential unit to an ineligible tenant at a below market rate.

If misrepresentation is suspected, additional steps should be taken to verify the accuracy of information provided by the tenant. See chapter 4. Regulation 1.42-5 gives examples of how an income certification may be documented, including the submission of federal tax returns. If necessary, tenants can be asked to complete Form 8821, Tax Information Authorization, which will allow the owner to confirm the accuracy of the tenant's tax returns with the IRS.

If an owner discovers that a tenant has *deliberately* misrepresented their income level, student status, household size, or any other item used to determine eligibility, the owner should consult state or local landlord-tenant laws to determine whether the tenant can be asked to vacate the LIHC unit or the rent raised to the market rate. The owner is not expected to complete the annual recertification if a tenant is asked to leave or an eviction proceeding is in process.

Report any suspected or known deliberate misrepresentation of income to the Internal Revenue Service's Suspected Tax Fraud Hotline at 1-800-829-0433. When calling the Hotline, the following information should be provided:

1. tenant's name,

2. tenant's social security number if possible,

3. explain association with LIHC program,

4. what the tenant did that misrepresented their income or documentation (the owner may be asked to provide evidence of the tenant's fraudulent acts),

5. amount of tenant income as reported by the tenant and the amount actually verified, and

6. the difference between the market rate and restricted rent for the unit, and how long the tenant was in the unit. This is the amount of economic benefit the tenant may be deemed to have received as taxable income.

Reporting Tenant Misrepresentation or Fraud to the IRS

So that possible loss of low-income housing credit might be avoided if it is determined upon later review by the state agency that a tenant is not qualified for low-income housing, the state agency should encourage owners to immediately report any suspected deliberate misrepresentation of fraud by a tenant to the state agency. [1]

The Low-Income Housing Program will not consider there to have been reportable noncompliance if tenant fraud is discovered and addressed by the owner prior to a state agency review or an IRS audit, and the owner satisfies the state agency that: (1) the tenant provided false information; (2) the owner did everything a prudent person would do to avoid fraudulent tenants (due diligence) and has implemented any needed changes to avoid future problems; (3) the tenant has vacated the unit (if possible); and (4) there is no pattern of accepting fraudulent tenants. In such cases, the owner need not reduce the applicable fraction for determining the credit amount and the state agency need not report the noncompliance arising because of the tenant's fraud on Form 8823.

This administrative procedure applies only when the owner notifies the state agency before notice is given by the state agency that a review of the tenant records or a site inspection is to be conducted. As a general rule, the Internal Revenue Service does not want to disturb the credit when the owner has demonstrated due diligence to avoid fraudulent tenants, timely removes fraudulent tenants when identified, and timely notifies the state agency of their actions.

Identification of Tenant Misrepresentation or Fraud During State Agency Reviews or IRS Audits

An owner's opportunity to identify and self-correct misrepresentations or fraud by a tenant for purposes of the low-income housing credit terminates upon notification of a state agency's intended review/inspection of the LIHC project. Any noncompliance arising from such a misrepresentation or fraud discovered during a state agency's review/inspection should be reported to the IRS on Form 8823 under the appropriate category of noncompliance, regardless of the cause. As noted in Treas. Reg. §1.42-5(a), state agencies are required to report any noncompliance of which the agency becomes aware. Agencies should report all noncompliance, without regard to whether the identified outstanding noncompliance is subsequently corrected. See chapter 3 for full discussion.

Owner/Taxpayer Fraud

If a state agency becomes aware of an apparent fraudulent act by the owner, management company, or other party associated with the low-income housing property, or a party responsible for providing income/asset verification for tenants, the state agency should report the alleged acts to the Internal Revenue Service's Criminal Investigation Department (CID) by calling 1-800-829-0433.

[1] The IRS wants to provide an incentive for owners to identify, and remove (if possible) fraudulent tenants. By working with the state agency up front, we can provide an opportunity to resolve the problem without harming the owner and not waiting for a state agency review, yet retaining involvement in the determination of a "fraudulent" tenant.

Chapter 26
Tenant Good Cause Eviction and Rent Increase Protection

Definition

Under IRC §42(h)(6), buildings are eligible for the low-income housing credit only if the owner has entered into an extended low-income housing commitment. The commitment is commonly known as the "extended use agreement." The extended use agreement must be recorded pursuant to state law as a restrictive covenant. See Chapter 16 for additional detail.

3-Year Good Cause Eviction and Rent Increase Protection for Tenants

The term of the agreement is at least 30 years, beginning on the first day of the compliance period and ends on the later of the date specified by the state agency or 15 years after the close of the 15-year compliance period under IRC §42(i)(1). Under IRC §42(h)(6)(E)(i), the extended use agreement can be terminated under two circumstances:

1. the building is acquired through foreclosure, or
2. the state agency fails to present a qualified contract for the acquisition of the LIHC building (or part thereof) by a party who will continue to operate the building (or part thereof) as low-income housing.

In the event that the extended use agreement is terminated, IRC §42(h)(6)(E)(ii) provides existing low-income tenants protection against two events for three years following the termination. These events are:

1. the eviction or the termination of tenancy (other than for good cause) of an existing tenant of any low-income unit, or
2. any increase in the gross rent with respect to such unit no otherwise permitted under IRC §42.

Revenue Ruling 2004-82: Prohibitions Under IRC §42(h)(6)(B)(i) Apply throughout Extend Use Period

Under section C of Rev. Rul. 2004-82[1], Q&A #5 provides further guidance regarding extending use agreements. Question 5 states, "Must the extended low-income housing commitment prohibit the actions described in subclauses (I) and (II) of IRC §42(h)(6)(E)(ii) (i.e., eviction or the termination of tenancy (other than for good cause) only for the 3-year period described in IRC §42(h)(6)(E)(ii)?"

The answer is "no". IRC §42(h)(6)(B)(i) requires that an extended low-income housing commitment include a prohibition during the entire extended use period against: (1) the eviction or the termination of tenancy (other than for good cause) of an existing tenant of any low-income unit (no-cause eviction protection) and (2) any increase in the gross rent with respect to the unit not otherwise permitted under IRC §42.

[1] Rev. Rul. 2004-82, 2004-2 C.B. 350.

The revenue ruling includes the following explanation. When Congress amended IRC §42(h)(6)(B)(i) to add the requirement that the extended use agreement must *prohibit the actions described in subclauses (i) and (II) of subparagraph (E)(ii),* IRC §42(h)(6)(E)(ii) was already part of §42. As a result, Congress must have intended the amendment to §42(h)(6)(B)(i) to add an additional requirement beyond what was contained in §42(h)(6)(E)(ii), which already prohibited the actions described in that section for the 3 years following the termination of the extended use period. Because the requirements of §42(h)(6)(B)(i) otherwise apply for the extended use period, Congress must have intended the addition of the prohibition against the actions described in subclauses (I) and (II) of §42(h)(6)(E)(ii) to apply throughout the extended use period.

The revenue ruling also provided guidance for updating extended use agreements to explicitly provide tenants with protection against evictions without good cause and increases in rent not allowable under IRC §42. The revenue ruling provided that if it is determined by the end of a taxable year that a taxpayer's extended use agreement does not meet the requirements for an extended use agreement under IRC §42(h)(6)(B) (for example, it does not provide no-cause eviction protection for tenants of low-income units throughout the extended use period), the low-income housing credit is not allowable with respect to the building for the taxable year, or any prior taxable year. However, if the failure to have a valid extended use agreement is in effect is corrected within 1 year of the date of the determination, the determination will not apply to the current year of the credit period or any prior year.

The revenue ruling also requires the state agencies to review its extended low-income housing commitments for compliance with the interpretation of §42(h)(6)(B)(i) by December 31, 2004. If, during the review period, the housing credit agency determines that an extended low-income housing commitment is not in compliance with the interpretation of §42(h)(6)(B)(i) provided in Revenue Ruling 2004-82, the 1-year period described under §42(h)(6)(J) will commence on the date of that determination.

Revenue Procedure 2005-37

Effective June 21, 2005, the IRS issued Rev. Proc. 2005-37[2] to provide the state agencies guidance for satisfying the review requirements under Rev. Rul. 2004-82, Q&A #5.

Extended Use Agreements Entered into Before January 1, 2006,

If the extended use agreement contain general language requiring building owners to comply with the requirements of' IRC §42 (catch-all language), the requirements of Rev. Ruling 2004-82, Q&A-5, are satisfied if:

1. Agencies notify building owners in writing on or before December 31, 2005, that consistent with the interpretation in Q&A #5, the catch-all language prohibits the owner from evicting or terminating the tenancy of an existing tenant of any low-income unit (other than for good cause) throughout the entire commitment period. Further, state agencies must notify building owners that the catch-all language prohibits the owner from making an increase in the gross rent with respect to a low-income unit not otherwise permitted by IRC §42 throughout the entire commitment

[2] Rev. Proc. 2005-37, 2005-28 I.R.B. 79.

period;

2. The owner must, as part of its certification under Treas. Reg. 1.42-5(c)(1)(xi), certify annually that for the preceding 12-month period no tenants in low-income units were evicted or had their tenancies terminated other than for good cause and that no tenants had an increase in the gross rent with respect to a low-income unit not otherwise permitted under IRC §42;

Finally, if the extended use agreement is amended for any reason after December 31, 2005, it must also be amended to clearly provide for the prohibition against the eviction or termination of tenancy other than for good cause and any increase in the gross rent not otherwise permitted under IRC §42.

Commitments entered into before January 1, 2006, that do not contain specific language on the IRC §42(h)(6)(B)(i) prohibitions or catch-all language do not satisfy the requirements of Rev. Rul. 2004-82, Q&A #5 and must be amended by December 31, 2005 to clearly provide for the IRC §42(h)(6)(B)(i) prohibitions against the eviction or termination of tenancy of an existing tenant of any low-income unit (other than for good cause) and the increase in the gross rent with respect to a low-income unit not otherwise permitted by IRC §42.

<u>Extended Use Agreements Entered into After December 31, 2005</u>

1. Extended use agreements executed after December 31, 2005, must clearly provide for the prohibition against the eviction or termination of tenancy other than for good cause and any increase in the gross rent not otherwise permitted under IRC §42.

2. The owner must also, as part of its certifications under Treas. Reg. 1.42-5(c)(1)(xi), certify annually that for the preceding 12-month period no tenants in low-income units were evicted or had their tenancies terminated other than for good cause and that no tenants had an increase in the gross rent with respect to a low-income unit not otherwise permitted under IRC §42.

In Compliance

Owners are in compliance with the prohibitions against evictions or terminations of tenancy for other than good cause and increases in the gross rent not permitted under IRC §42 when all of the following four requirements are met.

1. The extended use agreement includes the prohibitions.

    a. For agreements entered into before January 1, 2006, the agreement must contain general language requiring building owners to comply with the requirements of' IRC §42 (catch-all language) and the state agency must notify the owner in writing on or before December 31, 2005, that the catch-all language prohibits the owner from evicting or terminating the tenancy of an existing tenant of any low-income unit (other than for good cause) or increases the gross rent not otherwise permitted by IRC §42 throughout the entire commitment period.

   b. For extended use agreements executed after December 31, 2005, the agreement must clearly provide for the prohibition against the eviction or termination of tenancy other than for good cause and any increase in the gross rent not otherwise permitted under IRC §42.

2. The owner must, as part of its annual certification under Treas. Reg. §1.42-5(c)(1)(xi), certify annually that for the preceding 12-month period no tenants in low-income units were evicted or had their tenancies terminated other than for good cause and that no tenants had an increase in the gross rent with respect to a low-income unit not otherwise permitted under IRC §42.

3. The owner must not evict or terminate the tenancy of an existing tenant of any low-income unit for other than for good cause.

4. The owner must not increases the gross rent unless permitted by IRC §42.

Out of Compliance

Owners are out of compliance with the prohibitions against evictions or terminations of tenancy for other than good cause and increases in the gross rent not permitted under IRC §42 if any of the following four requirements is not met.

Extended Use Agreement

Generally, no credit is allowable for a building in a year unless an extended use agreement is in effect at the end of the year. The extended use agreement is not in effect and the owner is out of compliance if (1) the extended use agreement does not include the prohibitions, or (2) does not contain the general catch-all language requiring compliance with IRC §42 if the agreement was entered into before January 1, 2006.

Noncompliance is reported under category 11k, Owner Failed to Execute and Record Extended Use Agreement Within Time Prescribed by Section 42(h)(6)(J). See chapter 16 for additional discussion.

Annual Certification

Owners are out of compliance if they fail to certify annually, or certify incompletely or inaccurately, under the penalty of perjury, that for the preceding 12-month period no tenants in low-income units were evicted or had their tenancies terminated other than for good cause and that no tenants had an increase in the gross rent with respect to a low-income unit not otherwise permitted under IRC §42.

Noncompliance is reported under category 11d, Owner Failed to Provide Annual Certifications or Provided Incomplete or Inaccurate Certification. See chapter 7 for additional discussion.

Increased Gross Rent

The owner is out of compliance if the gross rent in a manner not permitted by IRC §42. A unit qualifies as an LIHC unit when the gross rent does not exceed 30 percent of the imputed income limitation applicable to such unit under IRC §42(g)(2)(C). The income limit for a low-income housing unit is based on the minimum set-aside election made by the owner under IRC §42(g)(1).

Noncompliance is reported under category 11g, Gross Rent(s) Exceed Tax Credit Limits. See chapter 11 for additional discussion.

Back in Compliance

Owners are back in compliance with the prohibitions against evictions or terminations of tenancy for other than good cause and increases in the gross rent not permitted under IRC §42 if:

Extended Use Agreement

The extended use agreement is in effect and the owner is back in compliance when the extended use agreement is amended to clearly provide for the prohibition against the eviction or termination of tenancy other than for good cause and any increase in the gross rent not otherwise permitted under IRC §42.

Corrected noncompliance is reported under category 11k, Owner Failed to Execute and Record Extended Use Agreement Within Time Prescribed by Section 42(h)(6)(J). See chapter 16 for additional discussion.

Annual Certification

The noncompliance is corrected when the owner certifies that for the preceding 12-month period no tenants in low-income units were evicted or had their tenancies terminated other than for good cause and that no tenants had an increase in the gross rent with respect to a low-income unit not otherwise permitted under IRC § 42. In the event that tenant(s) in low-income units were evicted or had their tenancies terminated other than for good cause, or that tenant(s) had an increase in the gross rent with respect to a low-income unit not otherwise permitted under IRC § 42, the annual certification must disclose the violations.

Corrected noncompliance is reported under category 11k, Owner Failed to Provide Annual Certifications or Provided Incomplete or Inaccurate Certification. See chapter 7 for additional discussion.

Increased Gross Rent

A unit is back in compliance when the rent charged does not exceed the limit. An owner cannot avoid the disallowance of the LIHC by rebating excess rent to the affected tenants.   Corrected noncompliance is reported under category 11g, Gross Rent(s) Exceed Tax Credit Limits. See chapter 11 for additional discussion.

Reference

1. IRC §42(h)(6).
2. Rev. Rul. 2004-82, 2004-35, I.R.B. 1.
3. Rev. Proc. 2005-27, 2005-28 I.R.B. 1.

ATTACHMENTS

Submit the following supplemental data or documents with the hard copy of the Self-Evaluation Report. Label each attachment with its number (e.g., Attachment 1). As part of the electronic version, attach a list of items submitted, but do not attach the actual documents to the electronic submission.

Attachments Relating to Key Functions, Powers, and Duties

1. A copy of the agency's enabling statute.
2. A copy of each annual report published by the agency from FY 2004 – 2008
3. A copy of each internal or external newsletter published by the agency from FY 2007 – 2008.
4. A list of publications and brochures describing the agency.
5. A list of studies that the agency is required to do by legislation or riders.
6. A list of legislative or interagency studies relating to the agency that are being performed during the current interim.
7. A list of studies from other states, the federal government, or national groups/associations that relate to or affect the agency or agencies with similar duties or functions.

Attachments Relating to Policymaking Structure

8. Biographical information (e.g, education, employment, affiliations, and honors) or resumes of all policymaking body members.
9. A copy of the agency's most recent rules.

Attachments Relating to Funding

10. A copy of the agency's Legislative Appropriations Request for FY 2010 – 2011.
11. A copy of each annual financial report from FY 2006 – 2008.
12. A copy of each operating budget from FY 2007 – 2009.

Attachments Relating to Organization

13. If applicable, a map to illustrate the regional boundaries, headquarters location, and field or regional office locations.

Attachments Relating to Agency Performance Evaluation

14. A **copy** of each quarterly performance report completed by the agency in FY 2006 – 2008.
15. A **copy** of any recent studies on the agency or any of its functions conducted by outside management consultants or academic institutions.
16. A **copy** of the agency's current internal audit plan.
17. A **copy** of the agency's current strategic plan.
18. A **list** of internal audit reports from FY 2005 – 2009 completed by or in progress at the agency.
19. A **list** of State Auditor reports from FY 2005 – 2009 that relate to the agency or any of its functions
20. A **copy** of any customer service surveys conducted by or for your agency in FY 2008.

ATTACHMENT 1

Relating to Key Functions, Powers, and Duties

1. A copy of the agency's enabling statute.

TDHCA
RESOURCE ONLY!

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

“CLEAN” GOVERNMENT CODE, CHAPTER 2306
w/out reference material

SUBJECT TO CHANGE PENDING WEST PUBLICATION

NOTICE:

Resource copy only. Please request Legal Services to assist you for statutory interpretation if required as omitted reference material may impact interpretation. The final version is subject to change based on harmonizing all bills that amended this subchapter. If errors are found, please notify the General Counsel immediately.

Compiled by TDHCA General Counsel
Pursuant to 81st Legislative Session
July 2009

GOVERNMENT CODE
CHAPTER 2306. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

NOTICE: Resource copy only. Please request Legal Services to assist you for statutory interpretation if required as omitted reference material may impact interpretation. The final version is subject to change based on harmonizing all bills that amended this subchapter. If errors are found, please notify the General Counsel immediately.

GOVERNMENT CODE
CHAPTER 2306. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2306.001. PURPOSES. The purposes of the department are to:

(1) assist local governments in:

(A) providing essential public services for their residents; and

(B) overcoming financial, social, and environmental problems;

(2) provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income;

(3) contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income;

(4) assist the governor and the legislature in coordinating federal and state programs affecting local government;

(5) inform state officials and the public of the needs of local government;

(6) serve as the lead agency for:

(A) addressing at the state level the problem of homelessness in this state;

(B) coordinating interagency efforts to address homelessness; and

(C) addressing at the state level and coordinating interagency efforts to address any problem associated with homelessness, including hunger; and

(7) serve as a source of information to the public regarding all affordable housing resources and community support services in the state.

Sec. 2306.002. POLICY. (a) The legislature finds that:

(1) every resident of this state should have a decent, safe, and affordable living environment;

(2) government at all levels should be involved in assisting individuals and families of low income in obtaining a decent, safe, and affordable living environment; and

(3) the development and diversification of the economy, the elimination of unemployment or underemployment, and the development or expansion of commerce in this state should be encouraged.

(b) The highest priority of the department is to provide assistance to individuals and families of low and very low income who are not assisted by private enterprise or other governmental programs so that they may obtain affordable housing or other services and programs offered by the department.

Sec. 2306.003. PUBLIC PURPOSE. The duties imposed and activities authorized by this chapter serve public purposes, and public money may be borrowed, spent, advanced, loaned, granted, or appropriated for those purposes.

Sec. 2306.004. DEFINITIONS. In this chapter:

(1) "Board" means the governing board of the department.

(2) "Bond" means an evidence of indebtedness or other obligation, regardless of the source of payment, issued by the department under Subchapter P, including a bond, note, or bond or revenue anticipation note, regardless of whether the obligation is general or special, negotiable or nonnegotiable, in bearer or registered form, in certified or book-entry form, in temporary or permanent form, or with or without interest coupons.

(3) "Contract for Deed" means a seller-financed contract for the conveyance of real property under which:

(A) legal title does not pass to the purchaser until the consideration of the contract is fully paid to the seller; and

(B) the seller's remedy for nonpayment is recision or forfeiture or acceleration of any remaining payments rather than judicial or nonjudicial foreclosure.

(4) "Department" means the Texas Department of Housing and Community Affairs or any successor agency.

(4-a) "Development funding" means:

(A) a loan or grant; or

(B) an in-kind contribution, including a donation of real property, a fee waiver for a building permit or for water or sewer service, or a similar contribution that:

(i) provides an economic benefit; and

(ii) results in a quantifiable cost reduction for the applicable development.

(5) "Director" means the executive director of the department.

(6) "Economically depressed or blighted area" means an area:

(A) that is a qualified census tract as defined by Section 143(j), Internal Revenue Code of 1986 (26 U.S.C. Section 143(j)) or has been determined by the housing finance division to be an area of chronic economic distress under Section 143, Internal Revenue Code of 1986 (26 U.S.C. Section 143);

(B) established in a municipality that has a substantial number of substandard, slum, deteriorated, or deteriorating structures and that suffers from a high relative rate of unemployment; or

(C) that has been designated as a reinvestment zone under Chapter 311, Tax Code.

(7) "Elderly individual" means an individual 62 years of age or older or of an age specified by the applicable federal program.

(8) "Family of moderate income" means a family:

(A) that is determined by the board to require assistance, taking into account:

(i) the amount of the total income available for housing needs of the individuals and families;

(ii) the size of the family;

(iii) the cost and condition of available housing facilities;

(iv) the ability of the individuals and families to compete successfully in the private housing market and to pay the amounts required by private enterprise for sanitary, decent, and safe housing; and

(v) standards established for various federal programs determining eligibility based on income; and

(B) that does not qualify as a family of low income.

(9) "Federal government" means the United States of America and includes any corporate or other instrumentality of the United States of America, including the Resolution Trust Corporation.

(10) "Federal mortgage" means a mortgage loan for residential housing:

(A) that is made by the federal government; or

(B) for which a commitment to make has been given by the federal government.

(11) "Federally assisted new communities" means federally assisted areas that

receive or will receive assistance in the form of loan guarantees under Title X of the National Housing Act (12 U.S.C. Section 1701 et seq.), and a portion of that federally assisted area has received grants under Section 107(a)(1) of the Housing and Community Development Act of 1974, as amended (42 U.S.C. Section 5301 et seq.).

(12) "Federally insured mortgage" means a mortgage loan for residential housing that:

(A) is insured or guaranteed by the federal government; or

(B) the federal government has committed to insure or guarantee.

(12-a) "Grant" means financial assistance that is awarded in the form of money to a housing sponsor for a specific purpose and that is not required to be repaid. For purposes of this chapter, a grant includes a forgivable loan.

(13) "Housing development" means property or work or a project, building, structure, facility, or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards required by the department and that is financed under the provisions of this chapter for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, use, or purchase by individuals and families of low and very low income and families of moderate income in need of housing. The term includes:

(A) buildings, structures, land, equipment, facilities, or other real or personal properties that are necessary, convenient, or desirable appurtenances, including streets, water, sewers, utilities, parks, site preparation, landscaping, stores, offices, and other nonhousing facilities, such as administrative, community, and recreational facilities the department determines to be necessary, convenient, or desirable appurtenances; and

(B) single and multifamily dwellings in rural and urban areas.

(14) "Housing sponsor" means an individual, joint venture, partnership, limited partnership, trust, firm, corporation, limited liability company, other form of business organization, or cooperative that is approved by the department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development, subject to the regulatory powers of the department and other terms and conditions in this chapter.

(15) "Individuals and families of low income" means individuals and families earning not more than 80 percent of the area median income or applicable federal poverty line, as determined under Section 2306.123 or Section 2306.1231.

(16) "Individuals and families of very low income" means individuals and families earning not more than 60 percent of the area median income or applicable federal poverty line, as determined under Section 2306.123 or Section 2306.1231.

(17) "Individuals and families of extremely low income" means individuals and families earning not more than 30 percent of the area median income or applicable federal poverty line, as determined under Section 2306.123 or Section 2306.1231.

(18) "Land development" means:

(A) acquiring land for residential housing construction; and

(B) making, installing, or constructing nonresidential improvements that the department determines are necessary or desirable for a housing development to be financed by the department, including:

(i) waterlines and water supply installations;

(ii) sewer lines and sewage disposal installations;

(iii) steam, gas, and electric lines and installations; and

(iv) roads, streets, curbs, gutters, and sidewalks, whether on or off the site.

(19) "Local government" means a county, municipality, special district, or any other political subdivision of the state, a public, nonprofit housing finance corporation created under Chapter 394, Local Government Code, or a combination of those entities.

(20) "Mortgage" means an obligation, including a mortgage, mortgage deed, bond, note, deed of trust, or other instrument, that is a lien:

(A) on real property; or

(B) on a leasehold under a lease having a remaining term that, at the time the lien is acquired, does not expire until after the maturity date of the obligation secured by the lien.

(21) "Mortgage lender" means a bank, trust company, savings bank, mortgage company, mortgage banker, credit union, national banking association, savings and loan association, life insurance company, or other financial institution authorized to transact business in this state and approved as a mortgage lender by the department.

(22) "Mortgage loan" means an obligation secured by a mortgage.

(23) "Municipality" includes only a municipality in this state.

(23-a) "Neighborhood organization" means an organization that is composed of persons living near one another within the organization's defined boundaries for the neighborhood and that has a primary purpose of working to maintain or improve the general welfare of the neighborhood. A neighborhood organization includes a homeowners' association or a property owners' association.

(23-b) "New construction" means any construction to a development or a portion of a development that does not meet the definition of rehabilitation under this section.

(24) "Public agency" means the department or any agency, board, authority, department, commission, political subdivision, municipal corporation, district, public corporation, body politic, or instrumentality of this state, including a county, municipality, housing authority, state-supported institution of higher education, school district, junior college, other district or authority, or other type of governmental entity of this state.

(25) "Real estate owned contractor" means a person required to meet the obligations of a contract with the department for managing and marketing foreclosed property.

(26) "Real property" means land, including improvements and fixtures on the land, property of any nature appurtenant to the land or used in connection with the land, and a legal or equitable estate, interest, or right in land, including leasehold interests, terms for years, and a judgment, mortgage, or other lien.

(26-a) "Rehabilitation" means the improvement or modification of an existing residential development through an alteration, addition, or enhancement. The term includes the demolition of an existing residential development and the reconstruction of any development units, but does not include the improvement or modification of an existing residential development for the purpose of an adaptive reuse of the development.

(27) "Reserve fund" means any reserve fund established by the department.

(28) "Residential housing" means a specific work or improvement undertaken primarily to provide dwelling accommodations, including the acquisition, construction, reconstruction, remodeling, improvement, or rehabilitation of land and buildings and improvements to the buildings for residential housing and other incidental or appurtenant nonhousing facilities.

(28-a) "Rural area" means an area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;

(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area; or

(C) in an area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an area that is located in a municipality with a population of more than 50,000.

(28-b) "Rural development" means a development or proposed development that is located in a rural area, other than rural new construction developments with more than 80 units.

(29) "Servicer" means a person required to meet contractual obligations with the housing finance division or with a mortgage lender relating to a loan financed under Subchapter J, including:

(A) purchasing mortgage certificates backed by mortgage loans;

(B) collecting principal and interest from the borrower;

(C) sending principal and interest payments to the division;

(D) preparing periodic reports;

(E) notifying the primary mortgage and pool insurers of delinquent and foreclosed loans; and

(F) filing insurance claims on foreclosed property.

(30) "State low income housing plan" means the comprehensive and integrated plan for the state assessment of housing needs and allocation of housing resources.

(31) "Economic submarket" means a group of borrowers who have common home mortgage loan market eligibility characteristics, including income level, credit history or credit score, and employment characteristics, that are similar to Standard and Poor's credit underwriting criteria.

(32) "Geographic submarket" means a geographic region in the state, including a county, census tract, or municipality, that shares similar levels of access to home mortgage credit from the private home mortgage lending industry, as determined by the department based on home mortgage lending data published by federal and state banking regulatory agencies.

(33) "Rural county" means a county that is outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area.

(34) "Subprime loan" means a loan that is originated by a lender designated as a subprime lender on the subprime lender list maintained by the United States Department of Housing and Urban Development or identified as a lender primarily engaged in subprime lending

under Section 2306.143.

(35) "Uniform application and funding cycle" means an application and funding cycle established under Section 2306.1111.

(36) "Urban area" means the area that is located within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area other than an area described by Subdivision (28-a)(B) or eligible for funding as described by Subdivision (28-a)(C).

Sec. 2306.005. REFERENCES TO FORMER LAW. A reference in law to the Texas Housing Agency or the Texas Department of Community Affairs means the Texas Department of Housing and Community Affairs.

Sec. 2306.006. RULES OF ABOLISHED AGENCIES. Rules of the abolished Texas Housing Agency and the Texas Department of Community Affairs continue in effect as rules of the Texas Department of Housing and Community Affairs until amended or repealed by the department.

Sec. 2306.007. ESTABLISHING ECONOMICALLY DEPRESSED OR BLIGHTED AREAS. (a) To establish an economically depressed or blighted area under Section 2306.004(6)(B) or (C), the governing body of a municipality must hold a public hearing and find that the area:

(1) substantially impairs or arrests the sound growth of the municipality; or

(2) is an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use.

(b) The governing body of a municipality holding a hearing under this section must give notice as provided by Chapter 551, except that notice must be published not less than 10 days before the date of the hearing.

Sec. 2306.008. PRESERVATION OF AFFORDABLE HOUSING. (a) The department shall support in the manner described by Subsection (b) the preservation of affordable housing for individuals with special needs, as defined by Section 2306.511, and individuals and families of low income at any location considered necessary by the department.

(b) The department shall support the preservation of affordable housing under this section by:

(1) making low interest financing and grants available to private for-profit and nonprofit buyers who seek to acquire, preserve, and rehabilitate affordable housing; and

(2) prioritizing available funding and financing resources for affordable housing preservation activities.

SUBCHAPTER B. GOVERNING BOARD AND DEPARTMENT

Sec. 2306.022. APPLICATION OF SUNSET ACT. The Texas Department of Housing and Community Affairs is subject to Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the department is abolished and this chapter expires September 1, 2011.

Sec. 2306.024. BOARD MEMBERS: APPOINTMENT AND COMPOSITION. The board consists of seven public members appointed by the governor.

Sec. 2306.025. TERMS OF BOARD MEMBERS. Members of the board hold office for staggered terms of six years, with the terms of two or three members expiring on January 31 of each odd-numbered year.

Sec. 2306.027. ELIGIBILITY. (a) The governor shall appoint to the board public members who have a demonstrated interest in issues related to housing and community support services. A person appointed to the board must be a registered voter in the state and may not hold another public office.

(b) Appointments to the board shall be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointees and shall be made in a manner that produces representation on the board of the different geographical regions of this state. Appointments to the board must broadly reflect the geographic, economic, cultural, and social diversity of the state, including ethnic minorities, persons with disabilities, and women.

(c) A person may not be a member of the board if the person or the person's spouse:

(1) is employed by or participates in the management of a business entity or other organization regulated by or receiving money from the department;

(2) owns or controls, directly or indirectly, more than a 10 percent interest in a business entity or other organization regulated by or receiving money from the department; or

(3) uses or receives a substantial amount of tangible goods, services, or money from the department other than compensation or reimbursement authorized by law for board membership, attendance, or expenses.

Sec. 2306.028. TRAINING. (a) A person who is appointed to and qualifies for office as a member of the board may not vote, deliberate, or be counted as a member in attendance at a meeting of the board until the person completes a training program that complies with this section.

(b) The training program must provide the person with information regarding:

(1) the legislation that created the department and the board;

(2) the programs operated by the department;

(3) the role and functions of the department;

(4) the rules of the department, with an emphasis on the rules that relate to disciplinary and investigatory authority;

(5) the current budget for the department;

(6) the results of the most recent formal audit of the department;

(7) the requirements of:

(A) the open meetings law, Chapter 551;

(B) the public information law, Chapter 552;

(C) the administrative procedure law, Chapter 2001; and

(D) other laws relating to public officials, including conflict-of-interest laws;

(8) the requirements of:

(A) state and federal fair housing laws, including Chapter 301, Property Code, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. Section 3601 et seq.), and the Fair Housing Amendments Act of 1988 (42 U.S.C. Section 3601 et seq.);

(B) the Civil Rights Act of 1964 (42 U.S.C. Section 2000a et seq.);

(C) the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12101 et seq.); and

(D) the Rehabilitation Act of 1973 (29 U.S.C. Section 701 et seq.); and

(9) any applicable ethics policies adopted by the department or the Texas Ethics

Commission.

(c) A person appointed to the board is entitled to reimbursement, as provided by the General Appropriations Act, for the travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

Sec. 2306.030. PRESIDING OFFICER; OTHER OFFICERS. (a) The governor shall designate a member of the board as the presiding officer of the board to serve in that capacity at the will of the governor. The presiding officer presides at meetings of the board and performs other duties required by this chapter.

(b) The board shall elect the following officers:

(1) from the members of the board, an assistant presiding officer to perform the duties of the presiding officer when the presiding officer is not present or is incapable of performing duties of the presiding officer;

(2) a secretary to be the official custodian of the minutes, books, records, and seal of the board and to perform other duties assigned by the board; and

(3) a treasurer to perform duties assigned by the board.

(c) The offices of secretary and treasurer may be held by one individual, and the holder of each of these offices need not be a board member. The board may appoint one or more individuals who are not members to be assistant secretaries to perform any duty of the secretary.

(d) Officers of the board shall be elected at the first meeting of the board on or after January 31 of each odd-numbered year and at any other time as necessary to fill a vacancy.

Sec. 2306.031. MEMBERS' COMPENSATION. Members of the board serve without compensation but are entitled to reimbursement for actual expenses incurred in attending board meetings and in performing the duties of a board member.

Sec. 2306.032. BOARD MEETINGS. (a) The board may hold meetings when called by the presiding officer, the director, or three of the members.

(b) The board shall keep minutes and complete transcripts of board meetings. The department shall post the transcripts on its website and shall otherwise maintain all accounts, minutes, and other records related to the meetings.

(c) All materials provided to the board that are relevant to a matter proposed for discussion at a board meeting must be posted on the department's website not later than the third day before the date of the meeting.

(d) Any materials made available to the board by the department at a board meeting must be made available in hard copy format to the members of the public in attendance at the meeting.

(e) The board shall conduct its meetings in accordance with Chapter 551, except as otherwise required by this chapter.

(f) For each item on the board's agenda at the meeting, the board shall provide for public comment after the presentation made by department staff and the motions made by the board on that topic.

(g) The board shall adopt rules that give the public a reasonable amount of time for testimony at meetings.

Sec. 2306.0321. APPEAL OF BOARD AND DEPARTMENT DECISIONS. (a) The board shall adopt rules outlining a formal process for appealing board and department decisions.

(b) The rules must specify the requirements for appealing a board or department decision, including:

(1) the persons eligible to appeal;

(2) the grounds for an appeal;

(3) the process for filing an appeal, including the information that must be submitted with an appeal;

(4) a reasonable period in which an appeal must be filed, heard, and decided;

(5) the process by which an appeal is heard and a decision is made;

(6) the possible outcomes of an appeal; and

(7) the process by which notification of a decision and the basis for a decision is given.

Sec. 2306.033. REMOVAL OF MEMBERS. (a) It is a ground for removal from the board that a member:

(1) does not have at the time of taking office the qualifications required by Section 2306.027;

(2) does not maintain during service on the board the qualifications required by Section 2306.027;

(3) is ineligible for membership under Section 2306.027(c), 2306.034, or 2306.035;

(4) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term;

(5) is absent from more than half of the regularly scheduled board meetings that the member is eligible to attend during a calendar year without an excuse approved by a majority vote of the board; or

(6) engages in misconduct or unethical or criminal behavior.

(b) The validity of an action of the board is not affected by the fact that it is taken when a ground for removal of a board member exists.

(c) If the director has knowledge that a potential ground for removal exists, the director shall notify the presiding officer of the board of the potential ground. The presiding officer shall then notify the governor and the attorney general that a potential ground for removal exists. If the potential ground for removal involves the presiding officer, the director shall notify the next highest ranking officer of the board, who shall then notify the governor and the attorney general that a potential ground for removal exists.

Sec. 2306.034. DISQUALIFICATION OF MEMBERS AND CERTAIN EMPLOYEES. (a) In this section, "Texas trade association" means a cooperative and voluntarily joined association of business or professional competitors in this state designed to assist its members and its industry or profession in dealing with mutual business or professional problems and in promoting their common interest.

(b) A person may not be a member of the board and may not be a department employee employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.) if:

(1) the person is an officer, employee, or paid consultant of a Texas trade association in the field of banking, real estate, housing development, or housing construction; or

(2) the person's spouse is an officer, manager, or paid consultant of a Texas trade association in the field of banking, real estate, housing development, or housing construction.

Sec. 2306.035. LOBBYIST RESTRICTION. A person may not be a member of the board or act as the director of the department or the general counsel to the board or the department if the person is required to register as a lobbyist under Chapter 305 because of the person's activities for compensation on behalf of a profession related to the operation of the department.

Sec. 2306.036. EMPLOYMENT OF DIRECTOR. (a) With the approval of the governor, the board shall employ a director to serve at the pleasure of the board.

(b) After the election of a governor who did not approve the director's employment under Subsection (a), that governor may remove the director and require the board to employ a new director in accordance with Subsection (a). The governor must act under this subsection before the 90th day after the date the governor takes office.

Sec. 2306.037. DIRECTOR'S COMPENSATION. The board shall set the salary of the director.

Sec. 2306.038. ACTING DIRECTOR. The board shall establish a procedure for designating an acting director and shall, with the approval of the governor, immediately designate an acting director or a new permanent director if the position becomes vacant because of absence or disability. A director designated under this section serves at the pleasure of the board but is subject to removal by a newly elected governor in accordance with Section 2306.036(b).

Sec. 2306.039. OPEN MEETINGS AND OPEN RECORDS. (a) Except as provided by Subsections (b) and (c), the department and the Texas State Affordable Housing Corporation are subject to Chapters 551 and 552.

(b) Chapters 551 and 552 do not apply to the personal or business financial information, including social security numbers, taxpayer identification numbers, or bank account numbers, submitted by a housing sponsor or an individual or family to receive a loan, grant, or other housing assistance under a program administered by the department or the Texas State Affordable Housing Corporation or from bonds issued by the department, except that the department and the corporation are permitted to disclose information about any applicant in a form that does not reveal the identity of the sponsor, individual, or family for purposes of determining eligibility for programs and in preparing reports required under this chapter.

(c) The department's internal auditor, fraud prevention coordinator, or ethics advisor may meet in an executive session of the board to discuss issues related to fraud, waste, or abuse.

Sec. 2306.040. DEPARTMENT PARTICIPATION IN LEGISLATIVE HEARING. On request, the department shall participate in any public hearing conducted by a legislator to discuss a rule to be adopted by the department.

Sec. 2306.041. IMPOSITION OF PENALTY. The board may impose an administrative penalty on a person who violates this chapter or a rule or order adopted under this chapter.

Sec. 2306.042. AMOUNT OF PENALTY. (a) The amount of an administrative penalty may not exceed $1,000 for each violation. Each day a violation continues or occurs is a separate violation for purposes of imposing a penalty.

(b) The amount of the penalty shall be based on:

(1) the seriousness of the violation, including:

(A) the nature, circumstance, extent, and gravity of any prohibited act; and

(B) the hazard or potential hazard created to the health, safety, or economic welfare of the public;

(2) the history of previous violations;

(3) the amount necessary to deter a future violation;

(4) efforts made to correct the violation; and

(5) any other matter that justice may require.

(c) The board by rule or through procedures adopted by the board and published in the Texas Register shall develop a standardized penalty schedule based on the criteria listed in Subsection (b).

Sec. 2306.043. REPORT AND NOTICE OF VIOLATION AND PENALTY. (a) If the director determines that a violation occurred, the director shall issue to the board a report stating:

(1) the facts on which the determination is based; and

(2) the director's recommendation on the imposition of the penalty, including a recommendation on the amount of the penalty.

(b) Not later than the 14th day after the date the report is issued, the director shall give written notice of the report to the person.

(c) The notice must:

(1) include a brief summary of the alleged violation;

(2) state the amount of the recommended penalty; and

(3) inform the person of the person's right to a hearing before the board on the occurrence of the violation, the amount of the penalty, or both.

Sec. 2306.044. PENALTY TO BE PAID OR HEARING REQUESTED. (a) Not later than the 20th day after the date the person receives the notice, the person in writing may:

(1) accept the determination and recommended penalty of the director; or

(2) make a request for a hearing before the board on the occurrence of the violation, the amount of the penalty, or both.

(b) If the person accepts the determination and recommended penalty of the director, the board by order shall approve the determination and impose the recommended penalty.

Sec. 2306.045. HEARING. (a) If the person requests a hearing before the board or fails to respond in a timely manner to the notice, the director shall set a hearing and give written notice of the hearing to the person.

(b) The board shall hold the hearing and make findings of fact and conclusions of law about the occurrence of the violation and the amount of a proposed penalty.

Sec. 2306.046. DECISION BY BOARD. (a) Based on the findings of fact and conclusions of law, the board by order may:

(1) find that a violation occurred and impose a penalty; or

(2) find that a violation did not occur.

(b) The notice of the board's order given to the person must include a statement of the right of the person to judicial review of the order.

Sec. 2306.047. OPTIONS FOLLOWING DECISION: PAY OR APPEAL. Not later than the 30th day after the date the board's order becomes final, the person shall:

(1) pay the penalty; or

(2) file a petition for judicial review contesting the occurrence of the violation, the amount of the penalty, or both.

Sec. 2306.048. STAY OF ENFORCEMENT OF PENALTY. (a) Within the 30-day period prescribed by Section 2306.047, a person who files a petition for judicial review may:

(1) stay enforcement of the penalty by:

(A) paying the penalty to the court for placement in an escrow account; or

(B) giving the court a supersedeas bond approved by the court that:

(i) is for the amount of the penalty; and

(ii) is effective until all judicial review of the board's order is final; or

(2) request the court to stay enforcement of the penalty by:

(A) filing with the court a sworn affidavit of the person stating that the person is financially unable to pay the penalty and is financially unable to give the supersedeas bond; and

(B) sending a copy of the affidavit to the director by certified mail.

(b) If the director receives a copy of an affidavit under Subsection (a)(2), the director may file with the court, not later than the fifth day after the date the copy is received, a contest to the affidavit.

(c) The court shall hold a hearing on the facts alleged in the affidavit as soon as practicable and shall stay the enforcement of the penalty on finding that the alleged facts are true. The person who files an affidavit has the burden of proving that the person is financially unable to pay the penalty and to give a supersedeas bond.

Sec. 2306.049. DECISION BY COURT. (a) Judicial review of a board order imposing an administrative penalty is by trial de novo.

(b) If the court sustains the finding that a violation occurred, the court may uphold or reduce the amount of the penalty and order the person to pay the full or reduced amount of the penalty.

(c) If the court does not sustain the finding that a violation occurred, the court shall order that a penalty is not owed and may award the person reasonable attorney's fees.

Sec. 2306.050. REMITTANCE OF PENALTY AND INTEREST. (a) If the person paid the penalty and if the amount of the penalty is reduced or the penalty is not upheld by the court, the court shall order, when the court's judgment becomes final, that the appropriate amount plus accrued interest be remitted to the person.

(b) The interest accrues at the rate charged on loans to depository institutions by the New York Federal Reserve Bank.

(c) The interest shall be paid for the period beginning on the date the penalty is paid and ending on the date the penalty is remitted.

Sec. 2306.0501. RELEASE OF BOND. (a) If the person gave a supersedeas bond and the penalty is not upheld by the court, the court shall order, when the court's judgment becomes final, the release of the bond.

(b) If the person gave a supersedeas bond and the amount of the penalty is reduced, the court shall order the release of the bond after the person pays the reduced amount.

Sec. 2306.0502. COLLECTION OF PENALTY. (a) If the person does not pay the penalty and the enforcement of the penalty is not stayed, the penalty may be collected.

(b) The attorney general may sue to collect the penalty.

Sec. 2306.0503. ADMINISTRATIVE PROCEDURE. A proceeding to impose the penalty is considered to be a contested case under Chapter 2001.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 2306.051. SEPARATION OF RESPONSIBILITIES. The board shall develop and implement policies that clearly separate the policy-making responsibilities of the board and the management responsibilities of the director and staff of the department.

Sec. 2306.052. DIRECTOR'S POWERS AND DUTIES. (a) The director is the administrator and the head of the department and must be an individual qualified by training and experience to perform the duties of the office.

(b) The director shall:

(1) administer and organize the work of the department consistent with this chapter and with sound organizational management that promotes efficient and effective operation;

(2) appoint and remove personnel employed by the department;

(3) submit, through and with the approval of the governor, requests for appropriations and other money to operate the department;

(4) administer all money entrusted to the department;

(5) administer all money and investments of the department subject to:

(A) department indentures and contracts;

(B) Sections 2306.118 through 2306.120; and

(C) an action of the board under Section 2306.351; and

(6) perform other functions that may be assigned by the board or the governor.

(c) The director shall develop and implement the policies established by the board that define the responsibilities of each division in the department.

(d) Repealed by Acts 2001, 77th Leg., ch. 1367, Sec. 1.45, eff. Sept. 1, 2001.

(e) The board shall adopt rules and the director shall develop and implement a program to train employees on the public information requirements of Chapter 552. The director shall monitor the compliance of employees with those requirements.

(f) The director shall use existing department resources to provide the board with any administrative support necessary for the board to exercise its duties regarding the implementation of this chapter, including:

(1) assigning personnel to assist the board;

(2) providing office space, equipment, and documents and other information to the board; and

(3) making in-house legal counsel available to the board.

Sec. 2306.0521. ORGANIZATIONAL FLEXIBILITY OF DEPARTMENT. (a) Notwithstanding Section 2306.021(b) or any other provision of this chapter, the director, with the approval of the board, may:

(1) create divisions in addition to those listed in Section 2306.021(b) and assign to the newly created divisions any duties and powers imposed on or granted to an existing division or the department generally;

(2) eliminate any division listed in Section 2306.021(b) or created under this

section and assign any duties or powers previously assigned to the eliminated division to another division listed in Section 2306.021(b) or created under this section; or

(3) eliminate all divisions listed in Section 2306.021(b) or created under this section and reorganize the distribution of powers and duties granted to or imposed on a division in any manner the director determines appropriate for the proper administration of the department.

(b) This section does not apply to the manufactured housing division.

Sec. 2306.053. DEPARTMENT POWERS AND DUTIES. (a) The department shall maintain suitable headquarters and other offices in this state that the director determines are necessary.

(b) The department may:

(1) sue and be sued, or plead and be impleaded;

(2) act for and on behalf of this state;

(3) adopt an official seal or alter it;

(4) adopt and enforce bylaws and rules;

(5) contract with the federal government, state, any public agency, mortgage lender, person, or other entity;

(6) designate mortgage lenders to act for the department for the origination, processing, and servicing of the department's mortgage loans under conditions agreed to by the parties;

(7) provide, contract, or arrange for consolidated processing of a housing development to avoid duplication;

(8) encourage homeless individuals and individuals of low or very low income to attend the department's educational programs and assist those individuals in attending the programs;

(9) appoint and determine the qualifications, duties, and tenure of its agents, counselors, and professional advisors, including accountants, appraisers, architects, engineers, financial consultants, housing construction and financing experts, and real estate consultants;

(10) administer federal housing, community affairs, or community development programs, including the low income housing tax credit program;

(11) establish eligibility criteria for individuals and families of low, very low, and families of moderate income to participate in and benefit from programs administered by the

department;

(12) execute funding agreements;

(13) obtain, retain, and disseminate records and other documents in electronic form; and

(14) do all things necessary, convenient, or desirable to carry out the powers expressly granted or necessarily implied by this chapter.

Sec. 2306.054. SPECIAL ADVISORY COUNCILS. (a) The governor or director may appoint special advisory councils to:

(1) assist the department in reviewing basic policy; or

(2) offer advice on technical aspects of certain programs.

(b) A special advisory council is dissolved on completion of its stated purpose unless continued by the governor or director.

(c) A special advisory council is subject to Chapter 2110, including Section 2110.008(a) but not including Section 2110.008(b).

Sec. 2306.055. TRANSFERS FROM GOVERNOR. The governor may transfer to any division personnel, equipment, records, obligations, appropriations, functions, and duties of appropriate divisions of the governor's office.

Sec. 2306.056. COMMITTEES. (a) The presiding officer may appoint a committee composed of board members to carry out the board's duties.

(b) The board may consider a recommendation of a committee in making a decision under this chapter.

Sec. 2306.057. COMPLIANCE ASSESSMENT REQUIRED FOR PROJECT APPROVAL BY BOARD. (a) Before the board approves any project application submitted under this chapter, the department, through the division with responsibility for compliance matters, shall:

(1) assess:

(A) the compliance history in this state of the applicant and any affiliate of the applicant with respect to all applicable requirements; and

(B) the compliance issues associated with the proposed project; and

(2) provide to the board a written report regarding the results of the assessments described by Subdivision (1).

(b) The written report described by Subsection (a)(2) must be included in the appropriate project file for board and department review.

(c) The board shall fully document and disclose any instances in which the board approves a project application despite any noncompliance associated with the project, applicant, or affiliate.

(d) In assessing the compliance of the project, applicant, or affiliate, the board shall consider any relevant compliance information in the department's database created under Section 2306.081, including compliance information provided to the department by the Texas State Affordable Housing Corporation.

SUBCHAPTER D. GENERAL ADMINISTRATIVE PROVISIONS

Sec. 2306.061. STANDARDS OF CONDUCT. The director or the director's designee shall become aware of and provide to members of the board and to department employees, as often as necessary, information regarding the requirements for office or employment under this chapter, including information regarding a person's responsibilities under applicable laws relating to standards of conduct for state officers or employees.

Sec. 2306.063. PERFORMANCE EVALUATIONS. The director or the director's designee shall develop a system of annual performance evaluations. All merit pay for department employees must be based on the system established under this section.

Sec. 2306.064. EQUAL EMPLOYMENT OPPORTUNITIES. (a) The director or the director's designee shall prepare and maintain a written policy statement to ensure implementation of a program of equal employment opportunity under which all personnel transactions are made without regard to race, color, disability, sex, religion, age, or national origin. The policy statement must include:

(1) a comprehensive analysis of the department work force that meets federal and state guidelines;

(2) personnel policies, including policies relating to recruitment, evaluation, selection, appointment, training, and promotion of personnel;

(3) procedures by which a determination can be made of significant underuse in the department work force of all persons for whom federal or state guidelines encourage a more equitable balance; and

(4) reasonable methods to appropriately address those areas of significant underuse.

(b) A policy statement prepared under Subsection (a) must cover an annual period, be updated at least annually, and be filed with the governor's office.

(c) The governor's office shall deliver a biennial report to the legislature based on the information received under Subsection (b). The report may be made separately or as a part of other biennial reports made to the legislature.

Sec. 2306.065. DISCRIMINATION PROHIBITED. An individual may not, because of that individual's race, color, national origin, or sex, be excluded from participation, be denied benefits, or be subjected to discrimination in any program or activity funded in whole or in part with funds made available under this chapter.

Sec. 2306.066. INFORMATION AND COMPLAINTS. (a) The department shall prepare information of public interest describing the functions of the department and the procedures by which complaints are filed with and resolved by the department. The department shall make the information available to the public and appropriate state agencies.

(b) The department shall maintain a file on each written complaint filed with the department. The file must include:

(1) the name of the person who filed the complaint;

(2) the date the complaint is received by the department;

(3) the subject matter of the complaint;

(4) the name of each person contacted in relation to the complaint;

(5) a summary of the results of the review or investigation of the complaint; and

(6) an explanation of the reason the file was closed, if the department closed the file without taking action other than to investigate the complaint.

(c) The department shall provide to the person filing the complaint and to each person who is a subject of the complaint a copy of the department's policies and procedures relating to complaint investigation and resolution. The department, at least quarterly until final disposition of the complaint, shall notify the person filing the complaint and each person who is a subject of the complaint of the status of the investigation unless the notice would jeopardize an undercover investigation.

(d) The board shall develop and implement policies that provide the public with a reasonable opportunity to appear before the board and to speak on any issue under the jurisdiction of the board.

(e) The director shall prepare and maintain a written plan that describes how an individual who does not speak English or who has a physical, mental, or developmental disability may be provided reasonable access to and participation in the department's programs.

Sec. 2306.067. LOANED EMPLOYEES. (a) The director may enter into reciprocal agreements with a state agency or instrumentality or local government to loan or assign department employees to that entity.

(b) A state agency or instrumentality or local government may loan or assign employees to the department, with or without reimbursement, by agreement between the department and the other party. The department may contract to reimburse all costs incidental to loaning or assigning employees.

(c) An employee loaned or assigned to the department is an employee of the lending agency or unit for purposes of salary, leave, retirement, and other personnel benefits. The loaned or assigned employee is under the supervision of personnel of the department and is an employee of the department for all other purposes.

(d) The director may enter into an agreement with the manufactured housing division to loan or assign department employees, equipment, and facilities to that division.

Sec. 2306.068. INTERAGENCY COOPERATION. An agency or institution of the state shall cooperate with the department by providing personnel, information, and technical advice as the department assists the governor in:

(1) the coordination of federal and state activities affecting local government; and

(2) providing affordable housing for individuals and families of low and very low income and families of moderate income.

Sec. 2306.069. LEGAL COUNSEL. (a) With the approval of the attorney general, the department may hire appropriate outside legal counsel.

(b) The department may hire in-house legal counsel. The director shall prescribe the duties of the legal counsel.

Sec. 2306.070. BUDGET. (a) In preparing the department's legislative appropriations request, the department shall also prepare:

(1) a report detailing the fees received, on a cash basis, for each activity administered by the department during each of the three preceding years;

(2) an operating budget for the housing finance division; and

(3) an explanation of any projected increase or decrease of three percent or more in fees estimated for the operating budget as compared to the fees received in the most recent budget year.

(b) The department shall submit the report, operating budget, and explanation to the Legislative Budget Board, the Senate Finance Committee, and the House Appropriations Committee.

Sec. 2306.0705. GENERAL APPROPRIATIONS ACT. Except as specifically provided by this chapter, the department is subject to the General Appropriations Act.

Sec. 2306.071. FUNDS. (a) The department may request, contract for, receive, and spend for its purposes an appropriation, grant, allocation, subsidy, rent supplement, guarantee, aid, contribution, gift, service, labor, or material from this state, the federal government, or another public or private source.

(b) The funds and revenues of the housing finance division shall be kept separate from the funds and revenues of the other divisions, and the other divisions may use funds and revenues of the housing finance division only to administer housing-related programs.

(c) Except for legislative appropriations, funds necessary for the operation of the housing finance division, and trustee-held funds of the department under a multifamily bond indenture, all funds and revenue received by the housing finance division are to be kept outside the state treasury.

(d) Legislative appropriations to the housing finance division and the operating funds of the division shall be kept in the state treasury. Trustee-held funds of the department under a multifamily bond indenture are held by the trustee as provided by the indenture.

Sec. 2306.072. ANNUAL LOW INCOME HOUSING REPORT. (a) Not later than March 18 of each year, the director shall prepare and submit to the board an annual report of the department's housing activities for the preceding year.

(b) Not later than the 30th day after the date the board receives and approves the report, the board shall submit the report to the governor, lieutenant governor, speaker of the house of representatives, and members of any legislative oversight committee.

(c) The report must include:

(1) a complete operating and financial statement of the department;

(2) a comprehensive statement of the activities of the department during the preceding year to address the needs identified in the state low income housing plan prepared as required by Section 2306.0721, including:

(A) a statistical and narrative analysis of the department's performance in addressing the housing needs of individuals and families of low and very low income;

(B) the ethnic and racial composition of individuals and families applying for and receiving assistance from each housing-related program operated by the department; and

(C) the department's progress in meeting the goals established in the previous housing plan;

(3) an explanation of the efforts made by the department to ensure the participation of individuals of low income and their community-based institutions in department programs that affect them;

(4) a statement of the evidence that the department has made an affirmative effort to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process;

(5) a statistical analysis, delineated according to each ethnic and racial group served by the department, that indicates the progress made by the department in implementing the state low income housing plan in each of the uniform state service regions;

(6) an analysis, based on information provided by the fair housing sponsor reports required under Section 2306.0724 and other available data, of fair housing opportunities in each

housing development that receives financial assistance from the department that includes the following information for each housing development that contains 20 or more living units:

(A) the street address and municipality or county in which the property is located;

(B) the telephone number of the property management or leasing agent;

(C) the total number of units, reported by bedroom size;

(D) the total number of units, reported by bedroom size, designed for individuals who are physically challenged or who have special needs and the number of these individuals served annually;

(E) the rent for each type of rental unit, reported by bedroom size;

(F) the race or ethnic makeup of each project;

(G) the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;

(H) the number of units occupied by individuals and families of extremely low income, very low income, low income, moderate income, and other levels of income;

(I) a statement as to whether the department has been notified of a violation of the fair housing law that has been filed with the United States Department of Housing and Urban Development, the Commission on Human Rights, or the United States Department of Justice; and

(J) a statement as to whether the development has any instances of material noncompliance with bond indentures or deed restrictions discovered through the normal monitoring activities and procedures that include meeting occupancy requirements or rent restrictions imposed by deed restriction or financing agreements;

(7) a report on the geographic distribution of low income housing tax credits, the amount of unused low income housing tax credits, and the amount of low income housing tax credits received from the federal pool of unused funds from other states; and

(8) a statistical analysis, based on information provided by the fair housing sponsor reports required by Section 2306.0724 and other available data, of average rents reported by county.

(d) Repealed by Acts 2003, 78th Leg., ch. 330, Sec. 31(1).

Sec. 2306.0721. LOW INCOME HOUSING PLAN. (a) Not later than March 18 of each year, the director shall prepare and submit to the board an integrated state low income housing plan for the next year.

(b) Not later than the 30th day after the date the board receives and approves the plan, the board shall submit the plan to the governor, lieutenant governor, and the speaker of the house of representatives.

(c) The plan must include:

(1) an estimate and analysis of the housing needs of the following populations in each uniform state service region:

(A) individuals and families of moderate, low, very low, and extremely low income;

(B) individuals with special needs; and

(C) homeless individuals;

(2) a proposal to use all available housing resources to address the housing needs of the populations described by Subdivision (1) by establishing funding levels for all housing-related programs;

(3) an estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(4) a description of state programs that govern the use of all available housing resources;

(5) a resource allocation plan that targets all available housing resources to individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(6) a description of the department's efforts to monitor and analyze the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and the department's recommendations to ensure the full use by the state of all available federal resources for those services in each uniform state service region;

(7) strategies to provide housing for individuals and families with special needs in each uniform state service region;

(8) a description of the department's efforts to encourage in each uniform state service region the construction of housing units that incorporate energy efficient construction and appliances;

(9) an estimate and analysis of the housing supply in each uniform state service region;

(10) an inventory of all publicly and, where possible, privately funded housing resources, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies;

(11) strategies for meeting rural housing needs;

(12) a biennial action plan for colonias that:

(A) addresses current policy goals for colonia programs, strategies to meet the policy goals, and the projected outcomes with respect to the policy goals; and

(B) includes information on the demand for contract-for-deed conversions, services from self-help centers, consumer education, and other colonia resident services in counties some part of which is within 150 miles of the international border of this state;

(13) a summary of public comments received at a hearing under this chapter or from another source that concern the demand for colonia resident services described by Subdivision (12); and

(14) any other housing-related information that the state is required to include in the one-year action plan of the consolidated plan submitted annually to the United States Department of Housing and Urban Development.

(d) The priorities and policies in another plan adopted by the department must be consistent to the extent practical with the priorities and policies established in the state low income housing plan.

(e) To the extent consistent with federal law, the preparation and publication of the state low income housing plan shall be consistent with the filing and publication deadlines required of the department for the consolidated plan.

(f) The director may subdivide the uniform state service regions as necessary for purposes of the state low income housing plan.

(g) The department shall include the plan developed by the Texas State Affordable Housing Corporation under Section 2306.566 in the department's resource allocation plan under Subsection (c)(5).

(h) Repealed by Acts 2007, 80th Leg., R.S., Ch. 1341, Sec. 42, eff. September 1, 2007.

Sec. 2306.0722. PREPARATION OF PLAN AND REPORT. (a) Before preparing the annual low income housing report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the department shall meet with regional planning commissions created under Chapter 391, Local Government Code, representatives of groups with an interest in low income housing, nonprofit housing organizations, managers, owners, and developers of affordable housing, local government officials, residents of low income housing, and members of the Colonia Resident Advisory Committee. The department shall obtain the comments and suggestions of the representatives, officials, residents, and members about the prioritization and allocation of the department's resources in regard to housing.

(b) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:

(1) coordinate local, state, and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;

(2) set priorities for the available housing resources to help the neediest individuals;

(3) evaluate the success of publicly supported housing programs;

(4) survey and identify the unmet housing needs of individuals the department is required to assist;

(5) ensure that housing programs benefit an individual without regard to the individual's race, ethnicity, sex, or national origin;

(6) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;

(7) develop housing programs through an open, fair, and public process;

(8) set priorities for assistance in a manner that is appropriate and consistent with the housing needs of the populations described by Section 2306.0721(c)(1);

(9) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;

(10) identify the organizations and individuals consulted by the department in preparing the annual report and state low income housing plan and summarize and incorporate comments and suggestions provided under Subsection (a) as the board determines to be appropriate;

(11) develop a plan to respond to changes in federal funding and programs for the

provision of affordable housing;

(12) use the following standardized categories to describe the income of program applicants and beneficiaries:

(A) 0 to 30 percent of area median income adjusted for family size;

(B) more than 30 to 60 percent of area median income adjusted for family size;

(C) more than 60 to 80 percent of area median income adjusted for family size;

(D) more than 80 to 115 percent of area median income adjusted for family size; or

(E) more than 115 percent of area median income adjusted for family size;

(13) use the most recent census data combined with existing data from local housing and community service providers in the state, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies; and

(14) provide the needs assessment information compiled for the report and plan to the Texas State Affordable Housing Corporation.

Sec. 2306.0723. REPORT CONSIDERED AS RULE. The department shall consider the annual low income housing report to be a rule and in developing the report shall follow rulemaking procedures required by Chapter 2001.

Sec. 2306.0724. FAIR HOUSING SPONSOR REPORT. (a) The department shall require the owner of each housing development that receives financial assistance from the department and that contains 20 or more living units to submit an annual fair housing sponsor report. The report must include the relevant information necessary for the analysis required by Section 2306.072(c)(6). In compiling the information for the report, the owner of each housing development shall use data current as of January 1 of the reporting year.

(b) The department shall adopt rules regarding the procedure for filing the report.

(c) The department shall maintain the reports in electronic and hard-copy formats readily available to the public at no cost.

(d) A housing sponsor who fails to file a report in a timely manner is subject to the following sanctions, as determined by the department:

(1) denial of a request for additional funding; or

(2) an administrative penalty in an amount not to exceed $1,000, assessed in the manner provided for an administrative penalty under Section 2306.6023.

Sec. 2306.073. INTERNAL AUDIT. (a) The director, with the approval of the board, shall appoint an internal auditor who reports directly to the board and serves at the pleasure of the board.

(b) The internal auditor shall:

(1) prepare an annual audit plan using risk assessment techniques to rank high-risk functions in the department; and

(2) submit the annual audit plan to the director and board for consideration and approval or change as necessary or advisable.

(c) The internal auditor may bring before the director or board an issue outside the annual audit plan that requires the immediate attention of the director or board.

(d) The internal auditor may not be assigned any operational or management responsibilities that impair the ability of the internal auditor to make an independent examination of the department's operations.

(e) The department shall give the internal auditor unrestricted access to activities and records of the department unless restricted by other law.

Sec. 2306.074. AUDIT. (a) The department's books and accounts must be audited each fiscal year by a certified public accountant or, if requested by the department and if the legislative audit committee approves including the audit in the audit plan under Section 321.013(c), by the state auditor. A copy of the audit must be filed with the governor, the comptroller, and the legislature not later than the 30th day after the submission date for the annual financial report as required by the General Appropriations Act. If the state auditor is conducting the audit and it is not available by the 30th day after the submission date as required by the General Appropriations Act for annual financial reporting, it must be filed as soon as it is available.

(b) The department shall pay for the audit.

Sec. 2306.075. TAX EXEMPTION. The property of the department, its income, and its operations are exempt from all taxes and assessments imposed by this state and all public agencies on property acquired or used by the department under this chapter.

Sec. 2306.076. INSURANCE. (a) The board may purchase from department funds liability insurance for the director, board members, officers, and employees of the department.

(b) The board may purchase the insurance in an amount the board considers reasonably necessary to:

(1) insure against reasonably foreseeable liabilities; and

(2) provide for all costs of defending against those liabilities, including court costs and attorney's fees.

Sec. 2306.077. INTERNET AVAILABILITY. (a) In this section, "Internet" means the largest, nonproprietary, nonprofit, cooperative, public computer network, popularly known as the Internet.

(b) The department, to the extent it considers it to be feasible and appropriate, shall make information on the department's programs, public hearings, and scheduled public meetings available to the public on the Internet.

(c) The access to information allowed by this section is in addition to the public's free access to the information through other electronic or print distribution of the information and does not alter, diminish, or relinquish any copyright or other proprietary interest or entitlement of this state or a private entity under contract with this state.

(d) The department shall provide for annual housing sponsor reports required by Section 2306.0724 to be filed through the Internet.

(e) The department shall provide for reports regarding housing units designed for persons with disabilities made under Section 2306.078 to be filed through the Internet.

Sec. 2306.078. INFORMATION REGARDING HOUSING FOR PERSONS WITH DISABILITIES. (a) The department shall establish a system that requires owners of state or federally assisted housing developments with 20 or more housing units to report information regarding housing units designed for persons with disabilities.

(b) The system must provide for each owner of a development described by Subsection (a) with at least one housing unit designed for a person with a disability to enter the following information on the department's Internet site:

(1) the name, if any, of the development;

(2) the street address of the development;

(3) the number of housing units in the development that are designed for persons with disabilities and that are available for lease;

(4) the number of bedrooms in each housing unit designed for a person with a disability;

(5) the special features that characterize each housing unit's suitability for a person with a disability;

(6) the rent for each housing unit designed for a person with a disability; and

(7) the telephone number and name of the development manager or agent to whom inquiries by prospective tenants may be made.

(c) The department shall require each owner to maintain updated contact information under Subsection (b)(7) and shall solicit the owner's voluntary provision of updated information under Subsections (b)(3) and (6).

(d) The department shall make information provided under this section available to the public in electronic and hard-copy formats at no cost.

Sec. 2306.080. DATABASE INFORMATION SPECIALIST. The director shall appoint a database information specialist. The primary responsibility of the database information specialist is to provide for the effective and efficient dissemination to the public of information related to affordable housing and community development in a form that is accessible, widely available, and easily used.

Sec. 2306.081. PROJECT COMPLIANCE; DATABASE. (a) The department, through the division with responsibility for compliance matters, shall monitor for compliance with all applicable requirements the entire construction phase associated with any project under this chapter. The monitoring level for each project must be based on the amount of risk associated with the project.

(b) After completion of a project's construction phase, the department shall periodically review the performance of the project to confirm the accuracy of the department's initial compliance evaluation during the construction phase.

(c) The department shall use the division responsible for credit underwriting matters and the division responsible for compliance matters to determine the amount of risk associated with each project.

(d) The department shall create an easily accessible database that contains all project compliance information developed under this chapter, including project compliance information provided to the department by the Texas State Affordable Housing Corporation.

(e) Repealed by Acts 2007, 80th Leg., R.S., Ch. 1341, Sec. 42, eff. September 1, 2007.

Sec. 2306.082. NEGOTIATED RULEMAKING; ALTERNATIVE DISPUTE RESOLUTION. (a) The department shall develop and implement a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008 for the adoption of department rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009 to assist in the resolution of internal and external disputes under the department's jurisdiction.

(b) The department's procedures relating to alternative dispute resolution must designate the State Office of Administrative Hearings as the primary mediator and, to the extent practicable, conform to any guidelines or rules issued by that office.

(c) The department shall designate a person employed by or appointed to the office of the director but who is not in the legal division to coordinate and process requests for the alternative dispute resolution procedures. The person must receive training from an independent source in alternative dispute resolution not later than the 180th day after the date the person was designated to coordinate and process requests for the alternative dispute resolution procedures.

(d) The department shall notify a person requesting the alternative dispute resolution procedures that:

(1) an alternative dispute resolution decision is not binding on the state; and

(2) the department will mediate in good faith.

(e) The alternative dispute resolution procedures may be requested before the board makes a final decision.

(f) Notwithstanding any other provision of this section, the alternative dispute resolution procedures may not be used to unnecessarily delay a proceeding under this chapter.

Sec. 2306.083. REPORT TO SECRETARY OF STATE. (a) In this section, "colonia" means a geographic area that:

(1) is an economically distressed area as defined by Section 17.921, Water Code;

(2) is located in a county any part of which is within 62 miles of an international border; and

(3) consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood.

(b) To assist the secretary of state in preparing the report required under Section 405.021, the board on a quarterly basis shall provide a report to the secretary of state detailing any projects funded by the department that provide assistance to colonias.

(c) The report must include:

(1) a description of any relevant projects;

(2) the location of each project;

(3) the number of colonia residents served by each project;

(4) the exact amount spent or the anticipated amount to be spent on each colonia served by each project;

(5) a statement of whether each project is completed and, if not, the expected completion date of the project; and

(6) any other information, as determined appropriate by the secretary of state.

(d) The department shall require an applicant for funds administered by the department to submit to the department a colonia classification number, if one exists, for each colonia that may be served by the project proposed in the application. If a colonia does not have a classification number, the department may contact the secretary of state or the secretary of state's representative to obtain the classification number. On request of the department, the secretary of state or the secretary of state's representative shall assign a classification number to the colonia.

SUBCHAPTER E. COMMUNITY AFFAIRS AND COMMUNITY DEVELOPMENT PROGRAMS

Sec. 2306.092. DUTIES REGARDING CERTAIN PROGRAMS CREATED UNDER

FEDERAL LAW. The department shall administer, as appropriate under policies established by the board:

(1) state responsibilities for programs created under the federal Economic Opportunity Act of 1964 (42 U.S.C. Section 2701 et seq.);

(2) programs assigned to the department under the Omnibus Budget Reconciliation Act of 1981 (Pub.L. No. 97-35); and

(3) other federal acts creating economic opportunity programs assigned to the department.

Sec. 2306.093. HOUSING ASSISTANCE GOAL. By action of the board the community affairs division shall have a goal to apply a minimum of 25 percent of the division's total housing-related funds toward housing assistance for individuals and families of very low income.

Sec. 2306.094. SERVICES FOR THE HOMELESS. The department shall administer the state's allocation of federal funds provided under the Emergency Shelter Grants Program (42 U.S.C. Section 11371 et seq.), as amended, or its successor program, and any other federal funds provided for the benefit of homeless individuals and families.

Sec. 2306.097. ENERGY SERVICES PROGRAM FOR LOW-INCOME INDIVIDUALS. The Energy Services Program for Low-Income Individuals shall operate in conjunction with the community services block grant program and has jurisdiction and responsibility for administration of the following elements of the State Low-Income Energy Assistance Program, from whatever sources funded:

(1) the Energy Crisis Intervention Program;

(2) the weatherization program; and

(3) the Low-Income Home Energy Assistance Program.

(b) Applications, forms, and educational materials for a program administered under Subsection (a)(1), (2), or (3) must be provided in English, Spanish, and any other appropriate language.

Sec. 2306.0985. RECOVERY OF FUNDS FROM CERTAIN SUBDIVISIONS. (a) It is the intent of the legislature that a private developer not unduly benefit from the expenditure by the state of public funds on infrastructure for public benefit.

(b) This section applies only to property located in:

(1) the unincorporated area of an affected county, as defined by Section 16.341, Water Code; and

(2) an economically distressed area, as defined by Section 16.341, Water Code.

(c) As a condition for the receipt of state funds, and to the extent permitted by law, federal funds, the department may require a political entity with authority to tax and place a lien on property to place a lien or assessment on property that benefits from the expenditure of state or federal funds for water, wastewater, or drainage improvements affecting the property. The lien or assessment may not exceed an amount equal to the cost of making the improvements as those costs relate to the property. The lien or assessment expires 10 years after the date the improvements are completed.

(d) If property subject to a lien or assessment under Subsection (c) is sold, the seller must pay to the political entity from the proceeds of the sale an amount equal to the value of the lien or assessment. This subsection does not apply if:

(1) the reason for the sale is:

(A) the disposition of the estate following the death of the owner of the property; or

(B) the owner because of physical condition must reside in a continuous care facility and no longer resides on the property; or

(2) the owner of the property is a person of low or moderate income.

(e) If property subject to a lien or assessment under Subsection (c) is repossessed by the holder of a note or a contract for deed, the holder must pay to the political entity an amount equal to the value of the lien or assessment before taking possession of the property.

(f) Subject to rules adopted by the department, a political entity shall collect payments made under this section and remit the funds for deposit in the treasury to the credit of a special account in the general revenue fund that may be appropriated only to the department for use in administering a program under Section 2306.098.

(g) After public notice and comment, the department shall adopt rules to administer this section. The department may provide by rule for the reduction or waiver of a fee authorized by this section.

SUBCHAPTER F. HOUSING FINANCE DIVISION: GENERAL PROVISIONS

Sec. 2306.111. HOUSING FUNDS. (a) The department, through the housing finance division, shall administer all federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12704 et seq.) or any other affordable housing program.

(b) The housing finance division shall adopt a goal to apply an aggregate minimum of 25 percent of the division's total housing funds toward housing assistance for individuals and families of extremely low and very low income.

(c) In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), the department shall expend:

(1) 95 percent of these funds for the benefit of non-participating small cities and rural areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development; and

(2) five percent of these funds for the benefit of persons with disabilities who live in any area of this state.

(c-1) The following entities are eligible to apply for set-aside funds under Subsection (c):

(1) nonprofit providers of affordable housing, including community housing development organizations; and

(2) for-profit providers of affordable housing.

(c-2) In allocating set-aside funds under Subsection (c), the department may not give preference to nonprofit providers of affordable housing, except as required by federal law.

(d) The department shall allocate housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), housing trust funds administered by the department under Sections 2306.201-2306.206, and commitments issued under the federal low income housing tax credit program administered by the department under Subchapter DD to all urban areas and rural areas of each uniform state service region based on a formula developed by the department under Section 2306.1115. If the department determines under the formula that an insufficient number of eligible applications for assistance out of funds or credits allocable under this subsection are submitted to the department from a particular uniform state service region, the department shall use the unused funds or credits allocated to that region for all urban areas and rural areas in other uniform state service regions based on identified need and financial feasibility.

(d-1) In allocating low income housing tax credit commitments under Subchapter DD, the department shall, before applying the regional allocation formula prescribed by Section 2306.1115, set aside for at-risk developments, as defined by Section 2306.6702, not less than the minimum amount of housing tax credits required under Section 2306.6714. Funds or credits are not required to be allocated according to the regional allocation formula under Subsection (d) if:

(1) the funds or credits are reserved for contract-for-deed conversions or for set-asides mandated by state or federal law and each contract-for-deed allocation or set-aside allocation equals not more than 10 percent of the total allocation of funds or credits for the applicable program;

(2) the funds or credits are allocated by the department primarily to serve persons with disabilities; or

(3) the funds are housing trust funds administered by the department under Sections 2306.201-2306.206 that are not otherwise required to be set aside under state or federal law and do not exceed $3 million during each application cycle.

(d-2) In allocating low income housing tax credit commitments under Subchapter DD, the department shall allocate five percent of the housing tax credits in each application cycle to developments that receive federal financial assistance through the Texas Rural Development Office of the United States Department of Agriculture. Any funds allocated to developments under this subsection that involve rehabilitation must come from the funds set aside for at-risk developments under Section 2306.6714 and any additional funds set aside for those developments under Subsection (d-1). This subsection does not apply to a development financed wholly or partly under Section 538 of the Housing Act of 1949 (42 U.S.C. Section 1490p-2).

(d-3) In allocating low income tax credit commitments under Subchapter DD, the department shall allocate to developments in rural areas 20 percent or more of the housing tax credits in the state in the application cycle, with $500,000 or more in housing tax credits being reserved for each uniform state service region under this subsection. Any amount of housing tax credits set aside for developments in a rural area in a specific uniform state service region under this subsection that remains after the initial allocation of housing tax credits is available for allocation to developments in any other rural area first, and then is available to developments in urban areas of any uniform state service region.

(e) The department shall include in its annual low income housing plan under Section 2306.0721:

(1) the formula developed by the department under Section 2306.1115; and

(2) the allocation targets established under the formula for the urban areas and rural areas of each uniform state service region.

(f) The department shall include in its annual low income housing report under Section 2306.072 the amounts of funds and credits allocated to the urban areas and rural areas of each uniform state service region in the preceding year for each federal and state program affected by the requirements of Subsection (d).

(g) For all urban areas and rural areas of each uniform state service region, the department shall establish funding priorities to ensure that:

(1) funds are awarded to project applicants who are best able to meet recognized needs for affordable housing, as determined by department rule;

(2) when practicable and when authorized under Section 42, Internal Revenue Code of 1986 (26 U.S.C. Section 42), the least restrictive funding sources are used to serve the lowest income residents; and

(3) funds are awarded based on a project applicant's ability, when consistent with Section 42, Internal Revenue Code of 1986 (26 U.S.C. Section 42), practicable, and economically feasible, to:

(A) provide the greatest number of quality residential units;

(B) serve persons with the lowest percent area median family income;

(C) extend the duration of the project to serve a continuing public need;

(D) use other local funding sources to minimize the amount of state subsidy needed to complete the project; and

(E) provide integrated, affordable housing for individuals and families with different levels of income.

(h) The department by rule shall adopt a policy providing for the reallocation of financial assistance administered by the department, including financial assistance related to bonds issued by the department, if the department's obligation with respect to that assistance is prematurely terminated.

(i) The director shall designate an employee of the department to act as the information officer and as a liaison with the public regarding each application seeking an allocation of housing funds described by this section.

Sec. 2306.1111. UNIFORM APPLICATION AND FUNDING CYCLES. (a) Notwithstanding any other state law and to the extent consistent with federal law, the department shall establish uniform application and funding cycles for all competitive single-family and multifamily housing programs administered by the department under this chapter, other than programs involving the issuance of private activity bonds.

(b) Wherever possible, the department shall use uniform threshold requirements for single-family and multifamily housing program applications, including uniform threshold requirements relating to market studies and environmental reports.

Sec. 2306.1112. EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE. (a) The department shall establish an executive award and review advisory committee to make recommendations to the board regarding funding and allocation decisions.

(b) The advisory committee must include representatives from the department's underwriting and compliance functions and from the divisions responsible for administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.) and for administering low income housing tax credits.

(c) The advisory committee is not subject to Chapter 2110.

Sec. 2306.1113. EX PARTE COMMUNICATIONS. (a) During the period beginning on the date project applications are filed in an application cycle and ending on the date the board makes a final decision with respect to the approval of any application in that cycle, a member of the board may not communicate with the following persons:

(1) an applicant or a related party, as defined by state law, including board rules, and federal law; and

(2) any person who is:

(A) active in the construction, rehabilitation, ownership, or control of a proposed project, including:

(i) a general partner or contractor; and

(ii) a principal or affiliate of a general partner or contractor; or

(B) employed as a consultant, lobbyist, or attorney by an applicant or a related party.

(a-1) Subject to Subsection (a-2), during the period beginning on the date project applications are filed in an application cycle and ending on the date the board makes a final decision with respect to the approval of any application in that cycle, an employee of the department may communicate about an application with the following persons:

(1) the applicant or a related party, as defined by state law, including board rules, and federal law; and

(2) any person who is:

(A) active in the construction, rehabilitation, ownership, or control of the proposed project, including:

(i) a general partner or contractor; and

(ii) a principal or affiliate of a general partner or contractor; or

(B) employed as a consultant, lobbyist, or attorney by the applicant or a related party.

(a-2) A communication under Subsection (a-1) may be oral or in any written form, including electronic communication through the Internet, and must satisfy the following conditions:

(1) the communication must be restricted to technical or administrative matters directly affecting the application;

(2) the communication must occur or be received on the premises of the department during established business hours; and

(3) a record of the communication must be maintained and included with the application for purposes of board review and must contain the following information:

(A) the date, time, and means of communication;

(B) the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the applicant;

(C) the subject matter of the communication; and

(D) a summary of any action taken as a result of the communication.

(b) Notwithstanding Subsection (a) or (a-1), a board member or department employee may communicate without restriction with a person listed in Subsection (a) or (a-1) during any board meeting or public hearing held with respect to the application, but not during a recess or other nonrecord portion of the meeting or hearing.

(c) Subsection (a) does not prohibit the board from participating in social events at which a person with whom communications are prohibited may or will be present, provided that all matters related to applications to be considered by the board will not be discussed.

Sec. 2306.1114. NOTICE OF RECEIPT OF APPLICATION OR PROPOSED APPLICATION. (a) Not later than the 14th day after the date an application or a proposed application for housing funds described by Section 2306.111 has been filed, the department shall provide written notice of the filing of the application or proposed application to the following persons:

(1) the United States representative who represents the community containing the development described in the application;

(2) members of the legislature who represent the community containing the development described in the application;

(3) the presiding officer of the governing body of the political subdivision containing the development described in the application;

(4) any member of the governing body of a political subdivision who represents the area containing the development described in the application;

(5) the superintendent and the presiding officer of the board of trustees of the school district containing the development described in the application; and

(6) any neighborhood organizations on record with the state or county in which the development described in the application is to be located and whose boundaries contain the proposed development site.

(b) The notice provided under Subsection (a) must include the following information:

(1) the relevant dates affecting the application, including:

(A) the date on which the application was filed;

(B) the date or dates on which any hearings on the application will be held; and

(C) the date by which a decision on the application will be made;

(2) a summary of relevant facts associated with the development;

(3) a summary of any public benefits provided as a result of the development,

including rent subsidies and tenant services; and

(4) the name and contact information of the employee of the department designated by the director to act as the information officer and liaison with the public regarding the application.

Sec. 2306.1115. REGIONAL ALLOCATION FORMULA. (a) To allocate housing funds under Section 2306.111(d), the department shall develop a formula that:

(1) includes as a factor the need for housing assistance and the availability of housing resources in an urban area or rural area;

(2) provides for allocations that are consistent with applicable federal and state requirements and limitations; and

(3) includes other factors determined by the department to be relevant to the equitable distribution of housing funds under Section 2306.111(d).

(b) The department shall use information contained in its annual state low income housing plan and other appropriate data to develop the formula under this section.

Sec. 2306.112. PREPARATION AND CONTENT OF ANNUAL BUDGET. (a) On or before August 1 of each year, the director shall file with the board a proposed annual budget for the housing finance division for the succeeding fiscal year.

(b) The budget shall state:

(1) the general categories of expected expenditures from revenues and income of the housing finance division;

(2) the amount of expected expenditures for each category;

(3) expected operating expenses of the housing finance division; and

(4) the proposed use of projected year-end unencumbered balances.

(c) The budget may include a provision or reserve for contingencies or overexpenditures.

Sec. 2306.113. BOARD CONSIDERATION OF ANNUAL BUDGET. On or before September 1 of each year, the board shall consider the director's proposed annual budget for the housing finance division and shall approve or change the budget as the board determines necessary or advisable.

Sec. 2306.114. FILING OF ANNUAL BUDGET. (a) Copies of the annual budget certified by the presiding officer of the board shall be filed promptly with the governor and the legislature.

(b) The annual budget is not effective until filed.

Sec. 2306.115. FAILURE TO ADOPT ANNUAL BUDGET. If the board does not adopt the annual budget on or before September 1, the budget for the preceding year remains in effect until a new budget is adopted.

Sec. 2306.116. AMENDED ANNUAL BUDGET. (a) The board may adopt an amended annual budget during the fiscal year.

(b) An amended annual budget does not supersede a prior budget until it is filed with the governor and the legislature.

Sec. 2306.117. PAYMENT OF EXPENSES; INDEBTEDNESS. (a) The expenses incurred in carrying out the functions of the housing finance division may be paid only from revenues or funds provided under this chapter.

(b) This chapter does not authorize the housing finance division to incur debt or liability on behalf of or payable by the state, except as provided by this chapter or other law.

Sec. 2306.118. DEPOSIT OF FUNDS WITH TEXAS TREASURY SAFEKEEPING TRUST COMPANY. Except as provided by Section 2306.120, revenue and funds of the department received by or payable through the programs and functions of the housing finance division, other than funds necessary for the operation of the housing finance division and appropriated funds, shall be deposited outside the treasury with the Texas Treasury Safekeeping Trust Company.

Sec. 2306.119. SELECTION OF DEPOSITORY FOR OPERATING FUNDS. (a) The department shall choose a depository for the operating funds of the housing finance division after inviting bids for favorable interest rates.

(b) The housing finance division shall publish notice in at least one newspaper of general circulation in this state no later than the 14th day before the last day set for the receipt of the bids.

(c) Notice published under this section must state the:

(1) types of deposits planned;

(2) last day on which bids will be received; and

(3) time and place for opening bids.

(d) Sealed bids must be:

(1) identified on the envelope as bids; and

(2) submitted to the housing finance division before the deadline for receiving bids.

(e) The housing finance division shall provide a tabulation of all submitted bids for public inspection.

(f) The department shall choose the depository submitting the bid with the most favorable financial terms to the department, considering the security and efficiency with which the depository is capable of managing the department's funds.

Sec. 2306.120. SELECTION OF DEPOSITORY UNDER COVENANTS OF BONDS OR TRUST INDENTURES. (a) If covenants related to the department's bonds or the trust indentures governing the bonds specify one or more depositories or set out a method of selecting depositories different from the method required by this subchapter, the covenants prevail regarding the funds to which they apply and the funds are not required to be deposited with the Texas Treasury Safekeeping Trust Company.

(b) Bonds of the housing finance division issued under trust indentures executed or resolutions adopted on or after September 1, 1991, may not include a covenant that interferes with the deposit of funds in the Texas Treasury Safekeeping Trust Company.

Sec. 2306.121. RECORDS. The housing finance division shall keep complete records and accounts of its business transactions according to generally accepted accounting principles.

Sec. 2306.123. AREA MEDIAN INCOME. The department may determine the median income of an individual or family for an area by using a source or methodology acceptable under federal law or rule.

Sec. 2306.1231. FEDERAL POVERTY LINE. The department shall use the applicable federal poverty line in determining eligibility for each federal or state program administered by the department that requires poverty instead of area median income to be used as a criterion of program eligibility.

Sec. 2306.124. RULES REGARDING HOUSING DEVELOPMENTS. The department may adopt and publish rules regarding the:

(1) making of mortgage loans under this subchapter;

(2) regulation of borrowers;

(3) construction of ancillary commercial facilities; and

(4) resale and disposition of real property, or an interest in the property, that is financed by the department.

Sec. 2306.125. COURT ACTIONS. (a) The department may institute a judicial action or proceeding against a housing sponsor receiving a loan or owning a housing development under this chapter to:

(1) enforce this chapter;

(2) enforce the terms and provisions of an agreement or contract between the department and the recipient of a loan under this chapter, including provisions regarding rental or carrying charges and income limits as applied to tenants or occupants;

(3) foreclose its mortgage; or

(4) protect:

(A) the public interest;

(B) individuals and families of low and very low income or families of moderate income;

(C) stockholders; or

(D) creditors of the sponsor.

(b) In an action or proceeding under this section, the department may apply for the appointment of a trustee or receiver to assume the management and operation of the affairs of a housing sponsor.

(c) The department, through its designated agent, may accept appointment as trustee or receiver of a housing sponsor when appointed by a court of competent jurisdiction.

Sec. 2306.126. EXEMPTION FROM PROPERTY TAX. (a) The department may, under its terms, conditions, and rules, pay public agencies in lieu of ad valorem taxes on property that the department acquires through foreclosure or sale under a deed of trust.

(b) The department shall make payments under this section instead of paying taxes whenever practicable with money lawfully available for this purpose, subject to the provisions of any bond resolution.

Sec. 2306.127. PRIORITY FOR CERTAIN COMMUNITIES. In a manner consistent with the regional allocation formula described under Section 2306.111(d), the department shall give priority through its housing program scoring criteria to communities that are located wholly or partly in:

(1) a federally designated urban enterprise community;

(2) an urban enhanced enterprise community; or

(3) an economically distressed area or colonia.

SUBCHAPTER G. HOUSING FINANCE DIVISION: GENERAL POWERS AND DUTIES OF BOARD

Sec. 2306.141. RULES. The board shall have the specific duty and power to adopt rules governing the administration of the housing finance division and its programs.

Sec. 2306.142. AUTHORIZATION OF BONDS. (a) Subject to the requirements of this section, the board shall authorize all bonds issued by the department.

(b) If the issuance is authorized by the board, the department shall issue single-family mortgage revenue bonds to make home mortgage credit available for the purchase of newly constructed or previously owned single-family homes to economic and geographic submarkets of borrowers who are not served or who are substantially underserved by the conventional, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or Federal Housing Administration home mortgage lending industry or by housing finance corporations organized under Chapter 394, Local Government Code.

(c) The board by rule shall adopt a methodology for determining through a market study the home mortgage credit needs in underserved economic and geographic submarkets in the state. In conducting the market study required by this subsection, the department or its designee shall analyze for the underserved economic and geographic submarkets, at a minimum, the following factors:

(1) home ownership rates;

(2) loan volume;

(3) loan approval ratios;

(4) loan interest rates;

(5) loan terms;

(6) loan availability;

(7) type and number of dwelling units; and

(8) use of subprime mortgage loan products, comparing the volume amount of subprime loans and interest rates to "A" paper mortgage loans as defined by Standard and Poor's credit underwriting criteria.

(d) The department or its designee shall analyze the potential market demand, loan availability, and private sector home mortgage lending rates available to extremely low, very low, low, and moderate income borrowers in the rural counties of the state, in census tracts in which the median family income is less than 80 percent of the median family income for the county in which the census tract is located, and in the region of the state adjacent to the international border of the state. The department or its designee shall establish a process for serving those counties, census tracts, and regions through the single-family mortgage revenue bond program in a manner proportionate to the credit needs of those areas as determined through the department's market study.

(e) Using the market study and the analysis required by this section, the board shall evaluate the feasibility of a single-family mortgage revenue bond program with loan marketing, eligibility, underwriting, structuring, collection, and foreclosure criteria and with loan services practices that are designed to meet the credit needs of the underserved economic and geographic submarkets of the state, including those submarkets served disproportionately by subprime lenders.

(f) In evaluating a proposed bond program under this section, the board shall consider, consistent with the reasonable financial operation of the department, specific set-asides or reservations of mortgage loans for underserved economic and geographic submarkets in the state, including the reservation of funds to serve borrowers who have "A-" to "B-" credit according to Standard and Poor's credit underwriting criteria.

(g) The department may use any source of funds or subsidy available to the department to provide credit enhancement, down payment assistance, pre-homebuyer and post-homebuyer counseling, interest rate reduction, and payment of incentive lender points to accomplish the purposes of this section in a manner considered by the board to be consistent with the reasonable financial operation of the department.

(h) In allocating funds under Subsection (g), the department's highest priority is to provide assistance to borrowers in underserved economic and geographic submarkets in the state. If the board determines that sufficient funds are available after fully meeting the credit needs of borrowers in those submarkets, the department may provide assistance to other borrowers.

(i) The board shall certify that each single-family mortgage revenue bond issued by the department under this section is structured in a manner that serves the credit needs of borrowers in underserved economic and geographic submarkets in the state.

(j) After any board approval and certification of a single-family mortgage revenue bond issuance, the department shall submit the proposed bond issuance to the Bond Review Board for review.

(k) In the state fiscal year beginning on September 1, 2001, the department shall:

(1) adopt by rule a market study methodology as required by Subsection (c);

(2) conduct the market study;

(3) propose for board review a single-family mortgage revenue bond program, including loan feature details, a program for borrower subsidies as provided by Subsections (g) and (h), and origination and servicing infrastructure;

(4) identify reasonable capital markets financing;

(5) conduct a public hearing on the market study results and the proposed bond program; and

(6) submit for review by the Bond Review Board the market study results and, if approved and certified by the board, the proposed bond program.

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

(m) On completion of the market study, if the board determines in any year that bonds intended to be issued to achieve the purposes of this section are unfeasible or would damage the financial condition of the department, the board may formally appeal to the Bond Review Board the requirements of Subsection (k) or (l), as applicable. The Bond Review Board has sole authority to modify or waive the required allocation levels.

(n) In addition to any other loan originators selected by the department, the department shall authorize colonia self-help centers and any other community-based, nonprofit institutions considered appropriate by the board to originate loans on behalf of the department. All non-financial institutions acting as loan originators under this subsection must undergo adequate training, as prescribed by the department, to participate in the bond program. The department may require lenders to participate in ongoing training and underwriting compliance audits to maintain good standing to participate in the bond program. The department may require that lenders meet appropriate eligibility standards as prescribed by the department.

(o) The department shall structure all single-family mortgage revenue bond issuances in a manner designed to recover the full costs associated with conducting the activities required by this section.

Sec. 2306.143. ALTERNATIVE TO SUBPRIME LENDER LIST. (a) If the United States Department of Housing and Urban Development ceases to prepare or make public a subprime lender list, the market study required by Section 2306.142 must annually survey the 100 largest refinancing lenders and the 100 largest home purchase loan lenders in the state to identify lenders primarily engaged in subprime lending.

(b) The lenders included in the survey must be identified on the basis of home mortgage loan data reported by lenders under the Home Mortgage Disclosure Act of 1975 (12 U.S.C. Section 2801 et seq.) and the Community Reinvestment Act of 1977 (12 U.S.C. Section 2901 et seq.).

Sec. 2306.144. FEES FOR SERVICES AND FACILITIES; PAYMENT OF DEPARTMENT OBLIGATIONS AND EXPENSES. (a) It is the duty of the board to establish and collect sufficient fees for services and facilities.

(b) The board shall use available sources of revenue, income, and receipts to:

(1) pay all expenses of the department's operation and maintenance;

(2) pay the principal and interest on department bonds; and

(3) create and maintain the reserves or funds provided by each resolution authorizing the issuance of department bonds.

Sec. 2306.145. LOAN PROCEDURES. The board shall have the specific duty and power to adopt procedures for approving loans, purchases of loans and interests in loans, and commitments to purchase loans under this chapter.

Sec. 2306.146. INTEREST RATES AND AMORTIZATION SCHEDULES. The board shall have the specific duty and power to establish interest rates and amortization schedules for loans made or financed under this chapter.

Sec. 2306.147. FEES AND PENALTIES. (a) The board shall have the specific duty and power to establish a schedule of fees and penalties relating to the operation of the housing finance division and authorized by this chapter, including application, processing, loan commitment, origination, servicing, and administrative fees.

(b) The department shall waive grant application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services.

Sec. 2306.148. UNDERWRITING STANDARDS. The board shall have the specific duty and power to adopt underwriting standards for loans made or financed by the housing finance division.

Sec. 2306.149. APPROVED MORTGAGE LENDERS. The board shall have the specific duty and power to compile a list of approved mortgage lenders.

Sec. 2306.150. PROPERTY STANDARDS. The board shall have the specific duty and power to adopt minimum property standards for housing developments financed or acquired under this chapter.

Sec. 2306.151. TARGET STRATEGY FOR BOND PROCEEDS. The board shall have the specific duty and power to adopt a target strategy for the percentage of mortgage revenue bond proceeds to be made available to individuals and families of low and very low income.

Sec. 2306.152. ELIGIBILITY CRITERIA. The board shall have the specific duty and power to establish eligibility criteria for participation in the housing finance division's programs for individuals and families of low and very low income and families of moderate income.

SUBCHAPTER H. HOUSING FINANCE DIVISION: GENERAL POWERS AND DUTIES OF DEPARTMENT

Sec. 2306.171. GENERAL DUTIES OF DEPARTMENT RELATING TO PURPOSES OF HOUSING FINANCE DIVISION. The department shall:

(1) develop policies and programs designed to increase the number of individuals and families of extremely low, very low, and low income and families of moderate income that participate in the housing finance division's programs;

(2) work with municipalities, counties, public agencies, housing sponsors, and nonprofit and for profit corporations to provide:

(A) information on division programs; and

(B) technical assistance to municipalities, counties, and nonprofit corporations;

(3) encourage private for profit and nonprofit corporations and state organizations to match the division's funds to assist in providing affordable housing to individuals and families of low and very low income and families of moderate income;

(4) provide matching funds to municipalities, counties, public agencies, housing sponsors, and nonprofit developers who qualify under the division's programs; and

(5) administer the state's allocation of federal funds provided under the rental rehabilitation grant program authorized by Section 17, Title I, of the United States Housing Act of 1937 (42 U.S.C. Section 1437o).

Sec. 2306.1711. RULEMAKING PROCEDURES FOR CERTAIN PROGRAMS. (a) The department shall adopt rules outlining formal rulemaking procedures for the low income housing tax credit program and the multifamily housing mortgage revenue bond program in accordance with Chapter 2001.

(b) The rules adopted under Subsection (a) must include:

(1) procedures for allowing interested parties to petition the department to request the adoption of a new rule or the amendment of an existing rule;

(2) notice requirements and deadlines for taking certain actions; and

(3) a provision for a public hearing.

(c) The department shall provide for public input before adopting rules for programs with requests for proposals and notices of funding availability.

Sec. 2306.172. ACQUISITION AND USE OF MONEY; DEPOSITORIES. The department may:

(1) acquire, hold, invest, deposit, use, and spend its income and money from every source; and

(2) select its depository or depositories, subject only to the provisions of:

(A) this chapter; and

(B) a covenant relating to the department's bonds issued by the housing finance division.

Sec. 2306.173. INVESTMENTS. Subject to a resolution authorizing issuance of its bonds, the department may:

(1) invest its money in bonds, obligations, or other securities; or

(2) place its money in demand or time deposits, whether or not evidenced by certificates of deposit.

Sec. 2306.174. ACQUISITION AND DISPOSITION OF PROPERTY. The department may:

(1) acquire, own, rent, lease, accept, hold, or dispose of any real, personal, or mixed property, or any interest in property, including a right or easement, in performing its duties and exercising its powers under this chapter, by purchase, exchange, gift, assignment, transfer, foreclosure, sale, lease, or otherwise;

(2) hold, manage, operate, or improve real, personal, or mixed property, except that:

(A) the department is restricted in acquiring property under Section 2306.251 unless it is required to foreclose on a delinquent loan and elects to acquire the property at foreclosure;

(B) the department shall make a diligent effort to sell a housing development acquired through foreclosure to a purchaser who will be required to pay ad valorem taxes on the housing development or, if such a purchaser cannot be found, to another purchaser; and

(C) the department shall sell a housing development acquired through foreclosure not later than the third anniversary of the date of acquisition unless the board adopts a resolution stating that a purchaser cannot be found after diligent search by the housing finance division, in which case the department shall continue to try to find a purchaser and shall sell the housing development when a purchaser is found; and

(3) lease or rent land or a dwelling, house, accommodation, building, structure, or facility from a private party to carry out the housing finance division's purposes.

Sec. 2306.175. TRANSFER AND DISPOSITION OF PROPERTY; MANNER OF SALE. (a) The department may:

(1) sell, assign, lease, encumber, mortgage, or otherwise dispose of real, personal, or mixed property, or an interest in property, or a deed of trust or mortgage lien interest owned by it or in its control, custody, or possession; and

(2) release or relinquish a right, title, claim, lien, interest, easement, or demand acquired in any manner, including an equity or right of redemption in property foreclosed by it.

(b) Notwithstanding any other law, the department may, under this section, conduct a public or private sale, with or without public bidding.

Sec. 2306.176. FEES. The department may set, charge, and collect fees relating to loans made or other services provided by the department under this chapter.

Sec. 2306.177. HEARINGS. The department may:

(1) conduct hearings; and

(2) take testimony and proof, under oath, at public hearings, on matters necessary to carry out the department's purposes.

Sec. 2306.178. INSURANCE. The department may acquire, and pay premiums on, insurance of any kind in amounts and from insurers that the board considers necessary or advisable.

Sec. 2306.179. INVESTIGATION. The department may:

(1) investigate housing conditions and means for improving those conditions; and

(2) determine the location of slum or blighted areas.

Sec. 2306.180. ENCOURAGING HOME OWNERSHIP. The department may encourage individual or cooperative home ownership among individuals and families of low and very low income and families of moderate income.

Sec. 2306.181. TARGETING BOND PROCEEDS. The department may target the proceeds from housing bonds issued by it to a geographic area or areas of the state.

Sec. 2306.182. LOANS TO LENDERS. The department may make loans to mortgage lenders, public agencies, or other housing sponsors and use the proceeds to make loans for multifamily housing developments that will be substantially occupied by individuals and families of low and very low income or families of moderate income.

Sec. 2306.183. NEEDS OF QUALIFYING INDIVIDUALS AND FAMILIES IN RURAL AREAS AND SMALL MUNICIPALITIES. The department may adopt a target strategy to ensure that the credit and housing needs of qualifying individuals and families who reside in rural areas and small municipalities are equitably served by the housing finance division.

Sec. 2306.184. DISCLOSURE OF FEES. (a) This section does not apply to an application submitted by an individual or family for a loan, grant, or other assistance under a program administered by the department or the Texas State Affordable Housing Corporation or from bonds issued by the department.

(b) An application for a loan, grant, or other assistance for an eligible affordable housing project or activity under a program administered by the department or the Texas State Affordable Housing Corporation or from bonds issued by the department must include:

(1) the name of each person expected to charge the applicant a project development fee or project operation fee;

(2) the nature and amount of each project development fee and project operation fee the applicant is expected to pay; and

(3) any interlocking interests of persons listed under Subdivision (1).

(c) On completion of the project, the applicant shall cost certify the project and include the following:

(1) the name of each person to whom the recipient paid a project development fee or project operation fee during the term of the project;

(2) the nature and amount of each project development fee and project operation fee paid by the recipient during the term of the project; and

(3) any interlocking interests of persons listed under Subdivision (1).

(d) The department shall adopt rules governing penalties and sanctions under this section for a person who:

(1) does not provide the information required by this section; or

(2) knowingly discloses false information.

(e) In this section:

(1) "Project development fee" means a fee charged in connection with the planning, design, or development of an affordable housing project, including an application fee, tax credit consulting fee, development consulting fee, mortgage brokerage fee, and financial advising fee.

(2) "Project operation fee" means a fee charged in connection with the operation, construction, management, or administration of an affordable housing project, including a management fee, asset management fee, incentive management fee, general partner fee, construction supervision fee, and construction management fee.

Sec. 2306.185. LONG-TERM AFFORDABILITY AND SAFETY OF MULTIFAMILY RENTAL HOUSING DEVELOPMENTS. (a) The department shall adopt policies and procedures to ensure that, for a multifamily rental housing development funded through loans, grants, or tax credits under this chapter, the owner of the development:

(1) keeps the rents affordable for low income tenants for the longest period that is economically feasible; and

(2) provides regular maintenance to keep the development sanitary, decent, and safe and otherwise complies with the requirements of Section 2306.186.

(b) In implementing Subsection (a)(1) and in developing underwriting standards and application scoring criteria for the award of loans, grants, or tax credits to multifamily developments, the department shall ensure that the economic benefits of longer affordability terms, for specific terms of years as established by the board, and below market rate rents are accurately assessed and considered.

(c) The department shall require that a recipient of funding maintains the affordability of the multifamily housing development for households of extremely low, very low, low, and moderate incomes for the greater of a 30-year period from the date the recipient takes legal possession of the housing or the remaining term of the existing federal government assistance. In addition, the agreement between the department and the recipient shall require the renewal of rental subsidies if available and if the subsidies are sufficient to maintain the economic viability of the multifamily development.

(d) The development restrictions provided by Subsection (a) and Section 2306.269 are enforceable by the department, by tenants of the development, or by private parties against the initial owner or any subsequent owner. The department shall require a land use restriction agreement providing for enforcement of the restrictions by the department, a tenant, or a private party that includes the right to recover reasonable attorney's fees if the party seeking enforcement of the restriction is successful.

(e) Subsections (c) and (d) and Section 2306.269 apply only to multifamily rental housing developments to which the department is providing one or more of the following forms of assistance:

(1) a loan or grant in an amount greater than 33 percent of the market value of the development on the date the recipient completed the construction of the development;

(2) a loan guarantee for a loan in an amount greater than 33 percent of the market value of the development on the date the recipient took legal title to the development; or

(3) a low income housing tax credit.

(f) An owner of the housing development who intends to sell, lease, prepay the loan insured by the United States Department of Housing and Urban Development, opt out of a housing assistance payments contract under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f), or otherwise dispose of the development shall agree to provide notice to the department at least 12 months before the date of any attempt to dispose of the development, prepay the loan, or opt out of the Section 8 contract to enable the department to attempt to locate a buyer who will conform to the development restrictions provided by this section.

(g) Repealed by Acts 2003, 78th Leg., ch. 330, Sec. 31(1).

(h) The department shall monitor a development owner's compliance with this section.

Sec. 2306.186. MANDATORY DEPOSITS TO FUND NECESSARY REPAIRS. (a) In this section:

(1) "Bank trustee" means a bank authorized to do business in this state, with the power to act as trustee.

(2) "Department assistance" means any state or federal assistance administered by or through the department, including low income housing tax credits.

(3) "First lien lender" means a lender whose lien has first priority.

(4) "Reserve account" means an individual account:

(A) created to fund any necessary repairs for a multifamily rental housing development; and

(B) maintained by a first lien lender or bank trustee.

(b) If the department is the first lien lender with respect to the development, each owner who receives department assistance for a multifamily rental housing development that contains 25 or more rental units shall deposit annually into a reserve account:

(1) for the year 2004:

(A) not less than $150 per unit per year for units one to five years old; and

(B) not less than $200 per unit per year for units six or more years old; and

(2) for each year following the year 2004, the amounts per unit per year as described by Subdivision (1).

(c) A land use restriction agreement or restrictive covenant between the owner and the department must require the owner to begin making annual deposits to the reserve account on the date that occupancy of the multifamily rental housing development stabilizes or the date that permanent financing for the development is completely in place, whichever occurs later, and shall continue making deposits until the earliest of the following dates:

(1) the date of any involuntary change in ownership of the development;

(2) the date on which the owner suffers a total casualty loss with respect to the development or the date on which the development becomes functionally obsolete, if the development cannot be or is not restored;

(3) the date on which the development is demolished;

(4) the date on which the development ceases to be used as multifamily rental property; or

(5) the end of the affordability period specified by the land use restriction agreement or restrictive covenant.

(d) With respect to multifamily rental developments, if the establishment of a reserve fund for repairs has not been required by the first lien lender, the development owner shall set aside the repair reserve amount as a reserve for capital improvements. The reserve must be established for each unit in the development, regardless of the amount of rent charged for the unit.

(e) Beginning with the 11th year after the awarding of any financial assistance for the development by the department, the owner of a multifamily rental housing development shall contract for a third-party physical needs assessment at appropriate intervals that are consistent with lender requirements with respect to the development. If the first lien lender does not require a third-party physical needs assessment or if the department is the first lien lender, the owner shall contract with a third party to conduct a physical needs assessment at least once during each five-year period beginning with the 11th year after the awarding of any financial assistance for the development by the department. The owner of the development shall submit to the department copies of the most recent third-party physical needs assessment conducted on the development, any response by the owner to the assessment, any repairs made in response to the assessment, and information on any necessary changes to the required reserve based on the assessment.

(f) The department may complete necessary repairs if the owner fails to complete the repairs as required by Subsection (e). Payment for those repairs must be made directly by the owner of the development or through a reserve account established for the development under this section.

(g) If notified of the development owner's failure to comply with a local health, safety, or building code, the department may enter on the property and complete any repairs necessary to correct a violation of that code, as identified in the applicable violation report, and may pay for those repairs through a reserve account established for the development under this section.

(h) The duties of the owner of a multifamily rental housing development under this section cease on the date of a voluntary change in ownership of the development, but the subsequent owner of the development is subject to the deposit, inspection, and notification requirements of Subsections (b), (c), (d), and (e).

(i) The first lien lender shall maintain the reserve account. In the event there is no longer a first lien lender, then Subsections (b) and (d) no longer apply.

(j) The department shall adopt rules that:

(1) establish requirements and standards regarding:

(A) for first lien lenders and bank trustees:

(i) maintenance of reserve accounts and reasonable costs of that maintenance;

(ii) asset management;

(iii) transfer of money in reserve accounts to the department to fund necessary repairs; and

(iv) oversight of reserve accounts and the provision of financial data and other information to the department; and

(B) for owners, inspections of the multifamily rental housing developments and identification of necessary repairs, including requirements and standards regarding construction, rehabilitation, and occupancy that may enable quicker identification of those repairs;

(2) identify circumstances in which money in the reserve accounts may:

(A) be used for expenses other than necessary repairs, including property taxes or insurance; and

(B) fall below mandatory deposit levels without resulting in department action;

(3) define the scope of department oversight of reserve accounts and the repair process;

(4) provide the consequences of any failure to make a required deposit, including a definition of good cause, if any, for a failure to make a required deposit;

(5) specify or create processes and standards to be used by the department to obtain repairs for developments;

(6) define for purposes of Subsection (c) the date on which occupancy of a development is considered to have stabilized and the date on which permanent financing is considered to be completely in place; and

(7) provide for appointment of a bank trustee as necessary under this section.

(k) The department shall assess an administrative penalty on development owners who fail to contract for the third-party physical needs assessment and make the identified repairs as required by this section. The department may assess the administrative penalty in the same manner as an administrative penalty assessed under Section 2306.6023. The penalty is computed by multiplying $200 by the number of dwelling units in the development and must be paid to the department. The office of the attorney general shall assist the department in the collection of the penalty and the enforcement of this subsection.

(l) This section does not apply to a development for which an owner is required to maintain a reserve account under any other provision of federal or state law.

Sec. 2306.187. ENERGY EFFICIENCY STANDARDS FOR CERTAIN SINGLE AND MULTIFAMILY DWELLINGS. (a) A newly constructed single or multifamily dwelling that is constructed with assistance awarded by the department, including state or federal money, housing tax credits, or multifamily bond financing, must include energy conservation and efficiency measures specified by the department. The department by rule shall establish a minimum level of energy efficiency measures that must be included in a newly constructed single or multifamily dwelling as a condition of eligibility to receive assistance awarded by the department for housing construction. The measures adopted by the department may include:

(1) the installation of Energy Star-labeled ceiling fans in living areas and bedrooms;

(2) the installation of Energy Star-labeled appliances;

(3) the installation of Energy Star-labeled lighting in all interior units;

(4) the installation of Energy Star-labeled ventilation equipment, including power-vented fans, range hoods, and bathroom fans;

(5) the use of energy efficient alternative construction material, including structural insulated panel construction;

(6) the installation of central air conditioning or heat pump equipment with a better

Seasonal Energy Efficiency Rating (SEER) than that required by the energy code adopted under Section 388.003, Health and Safety Code; and

(7) the installation of the air ducting system inside the conditioned space.

(b) A single or multifamily dwelling must include energy conservation and efficiency measures specified by the department if:

(1) the dwelling is rehabilitated with assistance awarded by the department, including state or federal money, housing tax credits, or multifamily bond financing; and

(2) any portion of the rehabilitation includes alterations that will replace items that are identified as required efficiency measures by the department.

(c) The energy conservation and efficiency measures the department requires under Subsection (b) may not be more stringent than the measures the department requires under Subsection (a).

(d) The department shall review the measures required to meet the energy efficiency standards at least annually to determine if additional measures are desirable and to ensure that the most recent energy efficiency technology is considered.

(e) Subsections (a) and (b) do not apply to a single or multifamily dwelling that receives weatherization assistance money from the department or money provided under the first-time homebuyer program.

Sec. 2306.188. ESTABLISHING HOME OWNERSHIP IN DISASTER AREA. (a) An applicant for federally provided financial assistance administered by the department to repair or rebuild a home damaged by a natural disaster may establish ownership of the home through nontraditional documentation of title. The department shall process an application for that assistance as if the applicant is the record title holder of the affected real property if the applicant provides to the department:

(1) on a form prescribed by the department, an affidavit summarizing the basis on which the applicant claims to be the holder of record title or, if applicable, a successor in interest to the holder of record title and stating that:

(A) there is no other person entitled to claim any ownership interest in the property; or

(B) each person who may be entitled to claim an ownership interest in the property has given consent to the application or cannot be located after a reasonable effort; and

(2) other documentation, including tax receipts, utility bills, or evidence of insurance for

the home, that indicates that the applicant exercised ownership over the property at the time of the natural disaster.

(b) This section does not establish record ownership or otherwise alter legal ownership of real property.

(c) The department is not liable to any claimed owner of an interest in real property for administering financial assistance as permitted by this section.

SUBCHAPTER I. HOUSING FINANCE DIVISION: FUNDS

Sec. 2306.201. HOUSING TRUST FUND. (a) The housing trust fund is a fund:

(1) administered by the department through the housing finance division; and

(2) placed with the Texas Treasury Safekeeping Trust Company.

(b) The fund consists of:

(1) appropriations or transfers made to the fund;

(2) unencumbered fund balances;

(3) public or private gifts, grants, or donations;

(4) investment income, including all interest, dividends, capital gains, or other income from the investment of any portion of the fund;

(5) repayments received on loans made from the fund; and

(6) funds from any other source.

(c) The department may accept gifts, grants, or donations for the housing trust fund. All funds received for the housing trust fund under Subsection (b) shall be deposited or transferred into the Texas Treasury Safekeeping Trust Company.

Sec. 2306.202. USE OF HOUSING TRUST FUND. (a) The department, through the housing finance division, shall use the housing trust fund to provide loans, grants, or other comparable forms of assistance to local units of government, public housing authorities, nonprofit organizations, and income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe, and sanitary housing. In each biennium the first $2.6 million available through the housing trust fund for loans, grants, or other comparable forms of assistance shall be set aside and made available exclusively for local units of government, public housing authorities, and nonprofit organizations. Any additional funds may also be made available to for-profit organizations provided that at least 45 percent of available funds, as determined on September 1 of each state fiscal year, in excess of the first $2.6 million shall be made available to nonprofit organizations for the purpose of acquiring, rehabilitating, and developing decent, safe, and sanitary housing. The remaining portion shall be distributed to nonprofit organizations, for-profit organizations, and other eligible entities. Notwithstanding any other section of this chapter, but subject to the limitations in Section 2306.251(c), the department may also use the fund to acquire property to endow the fund.

(b) Use of the fund is limited to providing:

(1) assistance for individuals and families of low and very low income;

(2) technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families of low and very low income; and

(3) security for repayment of revenue bonds issued to finance housing for individuals and families of low and very low income.

Sec. 2306.203. RULES REGARDING ADMINISTRATION OF HOUSING TRUST FUND

The board shall adopt rules to administer the housing trust fund, including rules providing:

(1) that the division give priority to programs that maximize federal resources;

(2) for a process to set priorities for use of the fund, including the distribution of fund resources in accordance with a plan that is developed and approved by the board and included in the department's annual report regarding the housing trust fund as described in the General Appropriations Act;

(3) that the criteria used to evaluate a proposed activity will include the:

(A) leveraging of resources;

(B) cost-effectiveness of the proposed activity; and

(C) extent to which individuals and families of very low income are served by the proposed activity;

(4) that funds may not be made available for a proposed activity that permanently and involuntarily displaces individuals and families of low income;

(5) that the board attempt to allocate funds to achieve a broad geographical distribution with:

(A) special emphasis on equitably serving rural and nonmetropolitan areas; and

(B) consideration of the number and percentage of income-qualified families in different geographical areas; and

(6) that multifamily housing developed or rehabilitated through the fund remain affordable to income-qualified households for at least 20 years.

Sec. 2306.204. INDEPENDENT AUDIT OF HOUSING TRUST FUND. (a) An independent auditor shall annually conduct an audit of the housing trust fund to determine the amount of unencumbered fund balances that is greater than the amount required for the reserve fund.

(b) The independent auditor shall submit the audit report to the board not later than December 31 of each year.

Sec. 2306.205. TRANSFER OF MONEY TO HOUSING TRUST FUND. (a) Except as provided by Subsections (c), (d), and (e), not later than January 10 of each year the housing finance division shall transfer to the housing trust fund an amount, as determined by the audit report prepared under Section 2306.204, equal to one-half of the housing finance division's unencumbered fund balances in excess of two percent of the division's total bonded indebtedness that is not rated on its own merits in the highest long-term debt rating category by one or more nationally recognized rating agencies.

(b) The department shall determine the unencumbered fund balance under Subsection (a) according to the debt rating criteria established for housing finance agencies by one or more nationally recognized rating agencies.

(c) If, at the time an annual audit required by Section 2306.204 is concluded, the housing finance division's unencumbered fund balances exceed four percent of its total bonded indebtedness that is not rated on its own merits in the highest long-term debt rating category, the department shall transfer not later than January 10 of the next year all amounts in excess of that four percent.

(d) If, at the time an annual audit required by Section 2306.204 is concluded, a nationally recognized rating agency has recommended that the housing finance division maintain unencumbered fund balances in excess of the amount permitted by Subsection (a) to achieve or maintain a rating of at least Aa/A+ on all or a portion of the bonded indebtedness of the housing finance division that is issued under an open indenture or an open flow of funds, the department shall transfer not later than January 10 of the next year all amounts in excess of the amount required by the rating agency to be held as unencumbered fund balances.

(e) If, at the time an annual audit required by Section 2306.204 is concluded, a nationally recognized rating agency has recommended that the housing finance division increase the amount of its unencumbered fund balances to achieve or maintain a financially sound condition or to prevent a decrease in the long-term debt rating maintained on all or a portion of the housing finance division's bonded indebtedness, the housing finance division may not make further annual transfers to the housing trust fund until all requirements and conditions of the rating agency have been met.

(f) In addition to the money transferred into the housing trust fund under this section, and subject to Subsection (e), the department shall transfer into the fund the amount of any origination fee, asset oversight fee, and servicing fee the department or the Texas State Affordable Housing Corporation receives in relation to the administration of its 501(c)(3) bond program established pursuant to Section 2306.358 that exceeds the amount needed by the department or the Texas State Affordable Housing Corporation to pay its operating and overhead costs and fund reserves, including an insurance reserve or credit enhancement reserve established by the board in administering the program.

Sec. 2306.206. HOUSING TRUST FUND NOT SUBJECT TO TEXAS TRUST CODE. The housing trust fund provided for by this subchapter is not subject to Subtitle B, Title 9, Property Code.

Sec. 2306.207. RESERVE FUND. (a) The department may create a reserve fund with the comptroller out of:

(1) proceeds from the sale of the department's bonds; or

(2) other resources.

(b) The reserve fund is additional security for the division's bonds.

SUBCHAPTER J. HOUSING FINANCE DIVISION: LOAN TERMS AND CONDITIONS

Sec. 2306.221. HOUSING DEVELOPMENT LOANS. To finance the purchase, construction, remodeling, improvement, or rehabilitation of housing developments for residential housing designed and planned for individuals and families of low and very low income and families of moderate income, the department, on the terms and conditions stated in this chapter, may:

(1) make, commit to make, and participate in the making of mortgage loans, including federally insured loans to housing sponsors; and

(2) make temporary loans and advances in anticipation of permanent mortgage loans.

Sec. 2306.222. CONTRACTS AND AGREEMENTS REGARDING HOUSING DEVELOPMENTS. The department may enter into agreements and contracts with housing sponsors and mortgage lenders under this chapter to make or participate in mortgage loans for residential housing for individuals and families of low and very low income and families of moderate income.

Sec. 2306.223. CRITERIA FOR FINANCING HOUSING DEVELOPMENT OF HOUSING SPONSOR. Notwithstanding any other provision of this chapter, the department may not finance a housing development undertaken by a housing sponsor under this chapter, unless the department first determines that:

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

(2) the housing sponsor undertaking the proposed housing development will supply

well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income;

(3) the housing sponsor is financially responsible;

(4) the housing sponsor is not, or will not enter into a contract for the proposed housing development with, a housing developer that:

(A) is on the department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development;

(B) breached a contract with a public agency; or

(C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the agency;

(5) the financing of the housing development is a public purpose and will provide a public benefit; and

(6) the housing development will be undertaken within the authority granted by this chapter to the housing finance division and the housing sponsor.

Sec. 2306.224. LOAN TERMS AND CONDITIONS. A loan financed through a program of the housing finance division under this subchapter is subject to the terms and conditions provided by this subchapter.

Sec. 2306.225. RATIO OF LOAN TO DEVELOPMENT COST; AMORTIZATION PERIOD. (a) Except as provided by Subsection (b), the ratio of loan to total housing development cost and the amortization period of a loan insured or guaranteed by the federal government is governed by the federal government mortgage insurance commitment or federal guarantee for each housing development.

(b) The amortization period for a loan may not exceed 40 years.

Sec. 2306.226. INTEREST RATES. (a) The board shall set the interest rates at which the housing finance division makes loans and loan commitments.

(b) The interest rates shall be set to produce, when combined with other available funds, at least the amounts required to pay for the housing finance division's costs of operation and to meet its covenants with and responsibilities to the holders of its bonds.

Sec. 2306.227. PREPAYMENT OF MORTGAGE LOANS. A mortgage loan made under this chapter may be prepaid to maturity after the period of years and under the terms and conditions determined by the board.

Sec. 2306.228. LOAN FEES. The department shall make and collect loan fees that the department determines are reasonable, including:

(1) fees to reimburse the housing finance division's financing costs;

(2) service charges;

(3) insurance premiums;

(4) mortgage insurance premiums; and

(5) fees for administrative costs.

Sec. 2306.229. DOCUMENTS SUPPORTING MORTGAGE LOANS. (a) A mortgage loan shall be evidenced by a mortgage or deed of trust note or bond and by a mortgage that creates a lien on the housing development and on all real property that constitutes the site of or that relates to the housing development.

(b) A note or bond and a mortgage or deed of trust:

(1) must contain provisions satisfactory to the department;

(2) must be in a form satisfactory to the department; and

(3) may contain exculpatory provisions relieving the borrower or its principal from personal liability if the department agrees.

(c) For each loan made for the development of multifamily housing with funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), the department shall obtain a mortgagee's title policy in the amount of the loan. The department may not designate a specific title insurance company to provide the mortgagee title policy or require the borrower to provide the policy from a specific title insurance company. The borrower shall select the title insurance company to close the loan and to provide the mortgagee title policy.

Sec. 2306.230. AGREEMENTS REGARDING CERTAIN LIMITATIONS ON HOUSING SPONSORS. A mortgage loan is subject to an agreement between the department and the housing sponsor that subjects the sponsor and its principals or stockholders to limitations established by the department regarding:

(1) rentals and other charges;

(2) builders' and developers' profits and fees;

(3) the disposition of its property; and

(4) the real property that constitutes the site of or relates to the housing development.

Sec. 2306.231. LOAN CONDITIONS RELATING TO DEPARTMENT POWERS. As a condition of each loan, the department, acting through the housing finance division, may at any time during the construction, rehabilitation, or operation of a housing development:

(1) enter and inspect the housing development to:

(A) investigate the development's:

(i) physical and financial condition;

(ii) construction;

(iii) rehabilitation;

(iv) operation;

(v) management; and

(vi) maintenance; and

(B) examine all books and records relating to:

(i) capitalization;

(ii) income; and

(iii) other matters regarding capitalization or income;

(2) impose charges that are required to cover the cost of inspections and examinations under Subdivision (1);

(3) order alterations, changes, or repairs necessary to protect:

(A) the security of the department's investment in a housing development; or

(B) the health, safety, and welfare of the occupants of a housing development;

(4) order a managing agent, housing development manager, or housing development owner to do whatever is necessary to comply with or refrain from violating an applicable law, ordinance, department rule, or term of an agreement regarding the housing development; and

(5) file and prosecute a complaint against a managing agent, housing development manager, or housing development owner for a violation of any applicable law or ordinance.

Sec. 2306.232. TEXAS HOUSING AGENCY LOAN OR GUARANTEE. A loan or guarantee made by the Texas Housing Agency becomes a loan or guarantee of the department.
.

SUBCHAPTER K. HOUSING PROGRAMS

Sec. 2306.251. PROPERTY OWNERSHIP PROGRAM. (a) While it is not the intent of the legislature that the department compete with the private sector by becoming a long-term owner of real property merely for the purpose of owning, managing, and operating tenant properties, the department may acquire, own, reconstruct, rehabilitate, manage, or operate real property:

(1) on an interim basis for sale or rental to:

(A) individuals and families of low and very low income and families of moderate income; and

(B) nonprofit housing organizations and other housing organizations to serve the needs of individuals and families of low and very low income and families of moderate income;

(2) for a period of time not to exceed 10 years for the purposes of:

(A) preserving publicly financed or subsidized housing; or

(B) participating in a risk-sharing program entered into with the United States Department of Housing and Urban Development, any other insurer or guarantor of any United States Department of Housing and Urban Development-related indebtedness, a government sponsored enterprise, a housing finance agency or corporation, or a public housing authority.

(b) The department may use money from the housing trust fund, unencumbered fund balances, fees received by the housing finance division, proceeds from the sale or rental of real property, distribution of earnings under Section 2306.557, or appropriations, allocations, grants, or gifts from any public or private source to purchase property under this section.

(c) If the department uses the housing trust fund to finance real property acquisitions, it may not use more than 10 percent of the yearly balance of the fund to acquire the real property.

(d) If the department acquires property under this section, the department shall submit an annual report to the board that includes an analysis of the property ownership program's:

(1) financial stability;

(2) cost-effectiveness; and

(3) effectiveness in serving individuals and families of low and very low income and families of moderate income.

Sec. 2306.252. HOUSING RESOURCE CENTER. (a) The board shall establish a housing resource center in the housing finance division.

(b) The department, through the center, shall:

(1) provide educational material prepared in plain language to housing advocates, housing sponsors, borrowers, and tenants;

(2) provide technical assistance to nonprofit housing sponsors;

(3) assist in the development of housing policy, including the annual state low income housing plan and report and the consolidated plan; and

(4) provide, in cooperation with the state energy conservation office, the Texas Commission on Environmental Quality, and other governmental entities, information on the use of sustainable and energy efficient housing construction products and assist local governments and nonprofits in identifying information on sustainable and energy efficient housing construction and energy efficient resources and techniques.

(c) The housing resource center is intended to assist individuals, local organizations, and local governments in providing for the housing needs of individuals and families in their communities by providing information available to the center to housing contractors, nonprofit housing sponsors, community-based organizations, and local governments on:

(1) local housing needs;

(2) housing programs;

(3) available funding sources; and

(4) programs that affect the creation, improvement, or preservation of housing

affordable to individuals and families of low and very low income.

(d) The center shall serve as a housing and community services clearinghouse to provide information to the public, local communities, housing providers, and other interested parties regarding:

(1) the performance of each department program;

(2) the number of people served;

(3) the income of people served;

(4) the funding amounts distributed;

(5) allocation decisions;

(6) regional impact of department programs; and

(7) any other relevant information.

(e) The center shall compile the department's reports into an integrated format and shall compile and maintain a list of all affordable housing resources in the state, organized by community.

(f) The information required under Subsections (d) and (e) must be readily available in:

(1) a hard-copy format; and

(2) a user-friendly format on the department's website.

(g) The center shall provide information regarding the department's housing and community affairs programs to the Texas Information and Referral Network for inclusion in the statewide information and referral network as required by Section 531.0312.

Sec. 2306.253. HOMEBUYER EDUCATION PROGRAM. (a) The department shall develop and implement a statewide homebuyer education program designed to provide information and counseling to prospective homebuyers about the home buying process.

(b) The department shall develop the program in cooperation with the Texas Agricultural Extension Service, the Texas Department of Human Services, the Real Estate Research Center at Texas A&M University, the Texas Workforce Commission, experienced homebuyer education providers, community-based organizations, and advocates of affordable housing. The department shall implement the program through self-help centers when feasible.

(c) The department shall make full use of existing training and informational materials available from sources such as the United States Department of Housing and Urban Development, the cooperative extension system, the Neighborhood Reinvestment Corporation, and existing homebuyer education providers.

(d) In order to implement this section, the department may use money available to the department for housing purposes that the department is not prohibited from spending on the homebuyer education program, including:

(1) the amount of administrative or service fees the department receives from the issuance or refunding of bonds that exceeds the amount the department needs to pay its overhead costs in administering its bond programs; and

(2) money the department receives from other entities by gift or grant under a contract.

Sec. 2306.255. CONTRACT FOR DEED CONVERSION PROGRAM. (a) In this section, "office" means the office established by the department to promote initiatives for colonias.

(b) The office shall establish a program to guarantee loans made by private lenders to convert a contract for deed into a warranty deed. To the extent possible, the office shall encourage conversion of a contract for deed under the program into a general warranty deed.

(c) The office shall make agreements with private lenders that will issue loans for contract conversions under the guarantee of the department. The office and the lender must agree on the criteria for issuing a deed conversion loan, including the percentage of the guarantee to be issued by the department.

(d) The office may not make an agreement with a lender unless the agreement allows the office to annually renegotiate the guarantee percentage for a loan issued by the lender. The office shall renegotiate the terms of a guarantee when possible to obtain a better guarantee percentage for the state from the lender.

(e) The office may establish eligibility criteria for a holder of a contract for deed who participates in this program. The criteria must include a priority for homeowners and owners of residential real property who are individuals or families of low, very low, or extremely low income.

(f) The office shall use funds allocated to the department under the federal HOME Investment Partnerships program established under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.) for a guarantee issued under this section.

(g) The office may use the services of the Texas State Affordable Housing Corporation when necessary to accomplish the purposes of this section.

(h) The office shall:

(1) compose an annual report that evaluates the repayment history and coinciding guarantee percentages for guarantees issued under this section; and

(2) deliver a copy of the report to the governor, the lieutenant governor, and the speaker of the house of representatives.

(i) The department may adopt rules necessary to accomplish the purposes of this section.

Sec. 2306.256. AFFORDABLE HOUSING PRESERVATION PROGRAM. (a) The department shall develop and implement a program to preserve affordable housing in this state.

(b) Through the program, the department shall:

(1) maintain data on housing projected to lose its affordable status;

(2) develop policies necessary to ensure the preservation of affordable housing in this state;

(3) advise other program areas with respect to the policies; and

(4) assist those other program areas in implementing the policies.

Sec. 2306.2561. AFFORDABLE HOUSING PRESERVATION PROGRAM: LOANS AND GRANTS. (a) The department, through the housing finance division, shall provide loans and grants to political subdivisions, housing finance corporations, public housing authorities, for-profit organizations, nonprofit organizations, and income-eligible individuals, families, and households for purposes of rehabilitating housing to preserve affordability of the housing.

(b) The department may use any available revenue, including legislative appropriations, to provide loans and grants under this section.

Sec. 2306.257. APPLICANT COMPLIANCE WITH STATE AND FEDERAL LAWS PROHIBITING DISCRIMINATION: CERTIFICATION AND MONITORING. (a) The department may provide assistance through a housing program under this chapter only to an applicant who certifies the applicant's compliance with:

(1) state and federal fair housing laws, including Chapter 301, Property Code, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. Section 3601 et seq.), and the Fair Housing Amendments Act of 1988 (42 U.S.C. Section 3601 et seq.);

(2) the Civil Rights Act of 1964 (42 U.S.C. Section 2000a et seq.);

(3) the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12101 et seq.); and

(4) the Rehabilitation Act of 1973 (29 U.S.C. Section 701 et seq.).

(b) Repealed by Acts 2007, 80th Leg., R.S., Ch. 1341, Sec. 42, eff. September 1, 2007.

(c) Repealed by Acts 2007, 80th Leg., R.S., Ch. 1341, Sec. 42, eff. September 1, 2007.

(d) Repealed by Acts 2007, 80th Leg., R.S., Ch. 1341, Sec. 42, eff. September 1, 2007.

Sec. 2306.258. TRANSITIONAL HOUSING PILOT PROGRAM. (a) If funds are available, the department shall operate a transitional housing pilot program in four areas of the state.

(b) The program must address the needs of the homeless for:

(1) interim housing;

(2) physical and mental health services;

(3) literacy training;

(4) job training;

(5) family counseling;

(6) credit counseling;

(7) education services; and

(8) other services that will prevent homelessness.

Sec. 2306.259. AFFORDABLE HOUSING RESEARCH AND INFORMATION PROGRAM. With money available under Section 1372.006(a), the department shall establish an affordable housing research and information program in which the department shall contract for:

(1) periodic market studies to determine the need for housing for families of extremely low, very low, and low income in census tracts throughout the state;

(2) research from qualified professionals to determine the effect of affordable housing developments on property values, social conditions, and quality of life in surrounding neighborhoods;

(3) independent research in affordable housing design and development approaches that enhance community acceptance of affordable housing and improve the quality of life for the residents of the housing; and

(4) public education and outreach efforts to assist the public in understanding the

nature and purpose of affordable housing and the process for public participation in the administration of affordable housing programs.

SUBCHAPTER L. HOUSING FINANCE DIVISION: REGULATION OF HOUSING SPONSORS

Sec. 2306.261. SUPERVISING HOUSING SPONSORS. The housing finance division may, as provided by this subchapter, supervise:

(1) housing sponsors, including limited profit housing sponsors, of housing developments that are financed under this chapter and rented or leased to tenants; and

(2) real and personal property of sponsors.

Sec. 2306.262. UNIFORM SYSTEMS OF ACCOUNTS AND RECORDS. The department may require uniform systems of accounts and records for housing sponsors.

Sec. 2306.263. REPORTING. The department may require housing sponsors to:

(1) make reports and certifications of their expenditures; and

(2) answer specific questions on forms whenever necessary for the purposes of this chapter.

Sec. 2306.2631. REPORTS BY SPONSORS OF CERTAIN MULTIFAMILY HOUSING DEVELOPMENTS. (a) This section applies only to a housing sponsor of a multifamily housing development that:

(1) receives financial assistance from the state;

(2) receives financial assistance from the federal government, including an allocation of low income housing tax credits; or

(3) is subject to a land use restriction agreement.

(b) The department by rule shall require the housing sponsor of a multifamily housing development to submit a quarterly report to the department. The report must include information that identifies:

(1) the number of vacant units in the development at the time of the report; and

(2) the number of days that each unit has been vacant.

(c) The department shall provide to each member of the legislature, on request of that member, a report that disaggregates the information collected under Subsection (b) by zip code in the member's district.

Sec. 2306.264. INSPECTIONS AND EXAMINATIONS. The department, through its agents or employees, may:

(1) enter and inspect, in whole or in part, the land, buildings, and equipment of a housing sponsor; and

(2) examine all records showing the capital structure, income, expenditures, and other payments of a housing sponsor.

Sec. 2306.265. OPERATION, MAINTENANCE, AND REPAIR. The department may:

(1) supervise the operation and maintenance of a housing development; and

(2) order necessary repairs to protect the public interest or the health, welfare, or safety of the housing development occupants.

Sec. 2306.266. FEES RELATING TO REGULATION. The department may require a housing sponsor to pay the housing finance division fees for the cost of regulating the housing sponsor, including the cost of:

(1) examination;

(2) inspection;

(3) supervision; and

(4) auditing.

Sec. 2306.267. COMPLIANCE WITH APPLICABLE LAWS, RULES, AND CONTRACT TERMS. The department may order a housing sponsor to perform or refrain from performing certain acts in order to comply with the law, department rules, or terms of a contract or agreement to which the housing sponsor is a party.

Sec. 2306.268. RENTS AND CHARGES. The department shall approve and may change from time to time a schedule of rents and charges for a housing development operated by the department under Section 2306.251.

Sec. 2306.269. TENANT AND MANAGER SELECTION. (a) The department shall set standards for tenant and management selection by a housing sponsor.

(b) The department shall prohibit a multifamily rental housing development funded or administered by the department, including a development supported with a housing tax credit allocation under Subchapter DD, from:

(1) excluding an individual or family from admission to the development because the individual or family participates in the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f); and

(2) using a financial or minimum income standard for an individual or family participating in the voucher program described by Subdivision (1) that requires the individual or family to have a monthly income of more than 2-1/2 times the individual's or family's share of the total monthly rent payable to the owner of the development.

Sec. 2306.270. REGULATION OF RETIREMENT OF CAPITAL INVESTMENT OR REDEMPTION OF STOCK. The department shall regulate the retirement of a capital investment or the redemption of stock of a limited profit housing sponsor if the retirement or redemption, when added to a dividend or other distribution, exceeds in any one fiscal year the permitted percentage, as allowed by the department, of the original face amount of the limited profit housing sponsor's investment or equity in a housing development.

Sec. 2306.271. COST CONTROLS. (a) The housing finance division by rule shall specify the categories of costs allowable in the construction, reconstruction, remodeling, improvement, or rehabilitation of a housing development.

(b) The housing finance division shall require a housing sponsor to certify the actual housing development costs on completion of the housing development, subject to audit and determination by the department.

(c) The department may accept, instead of certification of housing development costs under Subsection (b), other assurances of the costs, in any form, that will enable the housing finance division to determine with reasonable accuracy the amount of the costs.

(d) In this section, "housing development costs" means the total of all costs incurred in financing, creating, or purchasing a housing development, including a single-family dwelling, approved by the department as reasonable and necessary. The costs may include:

(1) the value of land and buildings on the land owned by the sponsor or the cost of acquiring land and buildings on the land, including payments for options, deposits, or contracts to purchase properties on the proposed housing site;

(2) costs of site preparation, demolition, and development;

(3) expenses relating to the issuance of bonds;

(4) fees paid or payable in connection with the planning, execution, and financing of the housing development, including fees to:

(A) architects;

(B) engineers;

(C) attorneys;

(D) accountants; or

(E) the housing finance division on the department's behalf;

(5) costs of necessary studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs, and other operating and carrying costs during construction;

(6) costs of construction, rehabilitation, reconstruction, fixtures, furnishings, equipment, machinery, and apparatus related to the real property;

(7) costs of land improvements, including landscaping and off-site improvements, whether or not the costs have been paid in cash or in a form other than cash;

(8) necessary expenses for the initial occupancy of the housing development;

(9) a reasonable profit and risk fee in addition to job overhead to the general contractor or limited profit housing sponsor;

(10) an allowance established by the department for working capital and contingency reserves and reserves for anticipated operating deficits during the first two years of occupancy; and

(11) the cost of other items, including tenant relocation if tenant relocation costs are not otherwise provided for, that the department determines are reasonable and necessary for the development of the housing development, less net rents and other net revenues received from the operation of the real and personal property on the development site during construction.

Sec. 2306.272. HOUSING SPONSOR INVESTMENTS. (a) A principal or stockholder of a housing sponsor may not earn, accept, or receive a per annum return on an investment in a housing development financed by the department greater than that allowed by department rule.

(b) A housing sponsor's equity in a housing development is the difference between the mortgage loan and the total housing development cost.

(c) The department shall establish a housing sponsor's equity when the final mortgage advance is made.

(d) For the purposes of this section, the amount established under Subsection (c) remains constant during the life of the department's mortgage on the development, except for additional equity investment made by the sponsor with the department's approval or at its order.

(e) In this section, "housing development costs" has the meaning assigned by Section 2306.271(d).

Sec. 2306.273. LIMITATION ON APPLICATION OF CERTAIN PROVISIONS OF SUBCHAPTER. Sections 2306.261 through 2306.271 do not apply to a housing development:

(1) for which individuals or families of low and very low income or families of moderate income receive a mortgage loan under this chapter; and

(2) that initially is intended for occupancy by those individuals or families.

SUBCHAPTER M. HOUSING FINANCE DIVISION: PURCHASE AND SALE OF MORTGAGE LOANS

Sec. 2306.291. PURCHASE AND SALE OF MORTGAGE LOANS. (a) The department may purchase and take assignments from mortgage lenders or the federal government of notes and other obligations, including contracts for deed and mortgages, evidencing loans or interest in loans for the construction, remodeling, improvement, rehabilitation, purchase, leasing, or refinancing of housing developments for individuals and families of low and very low income and families of moderate income.

(b) The department may sell, at public or private sale, with or without public bidding, a mortgage or other obligation held by the department.

Sec. 2306.292. ELIGIBILITY OF MORTGAGE LOANS FOR PURCHASE. A mortgage loan or interest in a mortgage loan is not eligible for purchase by or on behalf of the department from a mortgage lender unless the mortgage lender certifies that the mortgage loan or interest in the mortgage loan is for a housing development for individuals or families of low and very low income or for families of moderate income.

Sec. 2306.293. FEDERALLY ASSISTED MORTGAGE LOANS. A mortgage loan or interest in a mortgage loan purchased or sold under this subchapter may include a mortgage loan that is insured, guaranteed, or assisted by the federal government or a mortgage loan that the federal government has committed to insure, guarantee, or assist.

Sec. 2306.294. MORTGAGE LOAN PURCHASE PRICE. (a) On purchasing a mortgage loan or interest in a mortgage loan from a mortgage lender, the department shall pay a purchase price equal to the outstanding principal balance, except that a discount from the principal balance or the payment of a premium may be used to produce a fair rate of return consistent with the obligations of the department and the purposes of this chapter.

(b) In addition to payment of the outstanding principal balance, the department shall pay the accrued interest due to the date on which the mortgage loan is delivered against payment.

Sec. 2306.295. RULES GOVERNING PURCHASE AND SALE OF MORTGAGE LOANS. The department shall adopt rules governing the purchase and sale of mortgage loans and the application of sale proceeds, including rules governing:

(1) procedures for submitting requests or inviting proposals for the purchase and sale of mortgage loans or interest in the mortgage loans;

(2) restrictions on the number of family units, location, or other qualifications of residences to be financed by residential mortgage loans;

(3) income limits of individuals and families of low and very low income or families of moderate income occupying a residence financed by a residential mortgage loan;

(4) restrictions relating to the interest rates on mortgage loans or the return

realized by mortgage lenders;

(5) requirements for commitments by mortgage lenders relating to mortgage loans;

(6) schedules of fees and charges necessary for expenses and reserves of the housing finance division;

(7) resale of the housing development; and

(8) any other matter related to the power of the department to purchase and sell mortgage loans or interests in mortgage loans.

Sec. 2306.296. REVIEW AND SUBSTITUTION OF PURCHASED MORTGAGE LOANS. (a) The department shall review each mortgage loan purchased or financed by the department to determine if the loan meets:

(1) the conditions of this chapter;

(2) the department's rules; and

(3) any commitment made with the mortgage lender to purchase mortgage loans.

(b) The department may require the substitution of another mortgage loan if it determines that a loan does not comply with the criteria of Subsection (a).

Sec. 2306.297. APPLICATION OF PROVISIONS RELATING TO LOAN TERMS AND CONDITIONS. Sections 2306.225 through 2306.229 apply to the purchase of mortgage loans.

SUBCHAPTER P. HOUSING FINANCE DIVISION BONDS: ISSUANCE OF BONDS

Sec. 2306.351. ISSUANCE OF BONDS. (a) The department may issue bonds under this chapter, including qualified 501(c)(3) bonds under Section 145, Internal Revenue Code of 1986 (26 U.S.C. Section 145), and may:

(1) provide for and secure payment of the bonds;

(2) provide for the rights of the holders of the bonds, as permitted by this chapter and the Texas Constitution; and

(3) purchase, hold, cancel, resell, or otherwise dispose of its bonds, subject to restrictions in a resolution authorizing issuance of its bonds.

(b) In connection with or incidental to issuing and selling its bonds, the department may enter into contracts that the board considers necessary or appropriate for the department's obligation, as represented by the bonds and incidental contracts, to be placed, in whole or in part, on the basis desired by the board, including interest rate, currency, or cash flow.

(c) Contracts that may be entered into under Subsection (b) include contracts:

(1) commonly known as interest rate swap agreements, currency swap agreements, or forward payment conversion agreements;

(2) providing for payments based on levels of or changes in interest rates or currency exchange rates;

(3) to exchange cash flows or a series of payments; or

(4) that include options, puts or calls to hedge payment, currency, rate, spread, or similar exposure.

(d) A contract entered into under this section shall be on terms and conditions approved by the board.

Sec. 2306.352. TEXAS HOUSING BONDS. (a) The board by resolution may provide for the issuance of negotiable bonds as authorized by the Texas Constitution.

(b) The bonds shall be on a parity and shall be called Texas Housing Bonds.

(c) The board:

(1) may issue the bonds in one or several installments; and

(2) shall date the bonds of each issue.

Sec. 2306.353. REVENUE BONDS. (a) In addition to issuing general obligation bonds under Section 2306.352, the department may issue revenue bonds to provide money to carry out a purpose, power, or duty of the housing finance division under this chapter.

(b) The bonds may be issued from time to time in one or more series or issues.

(c) The bonds shall be payable as to principal, interest, and redemption premium, if any, from, and secured by, a first or subordinate lien on, and pledge of, all or part of the revenues, income, or other resources of the housing finance division, including:

(1) the repayments of mortgage loans;

(2) the earnings from investment or deposit of the reserve fund and other funds of the housing finance division;

(3) the fees, charges, and other amounts or payments received under this chapter; and

(4) appropriations, grants, allocations, subsidies, rent supplements, guaranties, aid, contribution, or donations.

Sec. 2306.354. DEFINITIVE REFUNDING BONDS. (a) The department may issue definitive refunding bonds if the bonds are issued and delivered to refund:

(1) other department bonds; or

(2) the obligations of:

(A) the department's predecessor; or

(B) a local housing finance corporation.

(b) The bonds must be payable as to principal, interest, and redemption premium, if any, from the refunding bonds and other revenues, income, or resources of the department.

(c) The department may contract to issue, sell, and deliver the definitive refunding bonds in a manner that will provide the money necessary to pay a required part of the principal, interest, and redemption premium, if any, on the refunded bonds or obligations when due.

(d) The refunded bonds or obligations may be refunded in another manner permitted by this chapter or other state law, including Chapter 1207.

Sec. 2306.355. ISSUANCE OF ADDITIONAL PARITY OR SUBORDINATE LIEN BONDS. The department may issue additional parity bonds or subordinate lien bonds under terms or conditions in the resolution authorizing issuance of the bonds.

Sec. 2306.356. ISSUANCE OF BONDS TO FUND DEPARTMENT RESERVES OR FUNDS. The department may issue bonds to provide all or part of the money required for funding or increasing the department's reserves or funds.

Sec. 2306.357. BONDS ISSUED BY TEXAS HOUSING AGENCY. A general obligation or revenue bond issued by the Texas Housing Agency becomes a general obligation or revenue bond of the department.

Sec. 2306.358. ISSUANCE OF QUALIFIED 501(C)(3) BONDS. (a) Of the total qualified 501(c)(3) bonds issued under Section 145 of the Internal Revenue Code of 1986 (26 U.S.C. Section 145) in each fiscal year, it is the express intent of the legislature that the department shall allocate qualified 501(c)(3) bonding authority as follows:

(1) not more than 25 percent of the total annual issuance amount authorized through the memorandum of understanding provided for in Subsection (b) may be used for projects in any one metropolitan area; and

(2) at least 15 percent of the annual issuance amount authorized through the memorandum of understanding provided for in Subsection (b) is reserved for projects in rural areas.

(a-1) For the purposes of Subsection (a), "rural area" and "metropolitan area" shall be defined through the memorandum of understanding provided for in Subsection (b).

(b) A qualified 501(c)(3) bond may not be issued unless approved by the Bond Review Board. In addition, the Bond Review Board shall enter into a memorandum of understanding with the department specifying the amount of bonds to be issued in each fiscal year. The department and the Bond Review Board shall review the memorandum of understanding annually to determine the specific amount of bonds to be issued in each fiscal year. The Bond Review Board may not approve a proposal to issue qualified 501(c)(3) bonds unless they meet the requirements of this section, including the memorandum of understanding, and all other laws that may apply.

(c) In addition to the requirements of Section 145 of the Internal Revenue Code of 1986 (26 U.S.C. Section 145), a qualified 501(c)(3) organization must:

(1) demonstrate to the department that the project is carefully and conservatively underwritten to:

(A) ensure that the project is well run, well maintained, and financially viable; and

(B) minimize the risk of the organization's default;

(2) ensure that at least 60 percent of the housing to be provided under the project is affordable housing provided to individuals and families of low and very low income and:

(A) at least 40 percent of the units in a multifamily development are affordable to individuals and families with incomes at or below 60 percent of the median family income, adjusted for family size; or

(B) at least 20 percent of the units in a multifamily development are affordable to individuals and families with incomes at or below 50 percent of the median family income, adjusted for family size; and

(3) enter into an agreement with the department in which the 501(c)(3) organization:

(A) agrees during the term of the agreement to reserve at least 60 percent of the housing to be provided under the project for individuals and families of low and very low income;

(B) ensures that the reserved housing will remain affordable to individuals and families of low and very low income during the term of the agreement;

(C) agrees to not discriminate against a tenant applicant solely because the applicant receives public rental assistance payments, except if at least 15 percent of the housing units provided under the project are occupied by tenants who receive public rental assistance payments; and

(D) agrees to restrict the rents charged on those units reserved for individuals and families of low and very low income at 30 percent of the area median income adjusted for family size and utility allowance, unless this requirement is waived or modified on a case-by-case basis by the board, and approved by the Bond Review Board, if both boards determine that the waiver or modification is necessary for an area of the state because the area's median income would prevent the construction of new affordable projects.

(d) Subsection (c)(3)(C) does not prohibit an organization from requiring a tenant applicant who receives public assistance to meet the organization's standard criteria for occupancy, including such criteria as satisfactory creditworthiness and lack of criminal history.

(e) The agreement provided for in Subsection (c)(3) may provide for the lease or sale of the project to a nonprofit corporation approved by the department subject to the conditions specified in Subsection (c).

(f) Neither the department nor the Texas State Affordable Housing Corporation may use state or federal money to provide for credit enhancement of a bond issued under this section unless the credit enhancement would facilitate the issuance of bonds for the purpose of financing the creation or preservation of affordable housing by 501(c)(3) nonprofit entities.

(g) In lieu of complying with the set-aside requirements specified in Subsection (c)(2), a qualified 501(c)(3) organization may comply with such other set-asides or restrictions as are approved by the Internal Revenue Service as a basis for the determination letter addressed to the qualified 501(c)(3) organization.

(h) For purposes of this section, "rural area" and "metropolitan area" shall be defined through the memorandum of understanding provided for in Subsection (b) of this section.

Sec. 2306.359. ISSUANCE OF PRIVATE ACTIVITY BONDS. (a) In evaluating an application for an issuance of private activity bonds, the department shall score and rank the application using a point system based on criteria that are adopted by the department, including criteria regarding:

(1) the income levels of tenants of the development, consistent with the funding priorities provided by Section 1372.0321;

(2) the rent levels of the units;

(3) the level of community support for the application;

(4) the period of guaranteed affordability for low income tenants;

(5) the cost per unit of the development;

(6) the size, quality, and amenities of the units;

(7) the services to be provided to tenants of the development; and

(8) other criteria as developed by the board.

(b) The department shall make available on its website details of the scoring system used by the department to score applications.

(c) The department shall underwrite the applications by determining:

(1) that the general contractor's profit, overhead, and general requirements are within the maximum limit published by the department;

(2) that the developer fee for the proposed project does not exceed the maximum amount allowed by the department; and

(3) if applicable, the amount of tax credits available to the proposed development.

(d) In adopting criteria for underwriting applications under this section, the department shall attach additional weight to criteria that will determine the maximum amount that can be awarded that will:

(1) result in an issuance of private activity bonds for developments serving the lowest income tenants; and

(2) produce the greatest number of high-quality units committed to remaining affordable to qualified tenants for extended periods.

SUBCHAPTER Q. HOUSING FINANCE DIVISION BONDS: BOARD ACTION ON BONDS

Sec. 2306.371. BOARD AUTHORIZATION OF BONDS. Bonds issued by the department must be authorized by board resolution.

Sec. 2306.372. DEPARTMENT PROCEDURES. In a resolution authorizing the issuance of department bonds, the board may prescribe the systems and procedures under which the department shall function.

Sec. 2306.373. USE OF BOND PROCEEDS. The board may provide in a resolution authorizing the issuance of department bonds that part of the proceeds from the sale of the bonds may be used to:

(1) pay the costs and expenses of issuing the bonds;

(2) pay interest on the bonds during a period required by the board;

(3) pay or repay the department's operation and maintenance expenses to the extent and for the period specified in the resolution; and

(4) fund, increase, or restore any depletions of the reserve fund or of other reserves or funds for any purpose.

Sec. 2306.374. FACSIMILE SIGNATURES AND SEALS. (a) The board may state in a resolution authorizing the issuance of an installment or series of bonds the extent to which the presiding officer of the board or any other officer may use a facsimile signature or facsimile seal instead of a manual signature or manually impressed seal to execute or attest the bonds and appurtenant coupons.

(b) An interest coupon may be signed by the facsimile signature of the presiding officer of the board.

Sec. 2306.375. PERSONAL LIABILITY OF BOARD MEMBER OR DIRECTOR. A member of the board or the director is not liable personally for bonds issued or contracts executed by the department or for any other action taken in accordance with the powers and duties authorized by this chapter.

SUBCHAPTER R. HOUSING FINANCE DIVISION BONDS: FORM; TERMS

Sec. 2306.391. FORM. The department's bonds may be issued as:

(1) serial bonds;

(2) term bonds; or

(3) a combination of serial and term bonds as determined by the board.

Sec. 2306.392. DENOMINATION. (a) The department's bonds may be issued:

(1) in coupon form payable to bearer;

(2) in fully registered form;

(3) as coupon bonds payable to bearer but registrable as to principal alone or as to both principal and interest; or

(4) in another form, including a registered uncertificated obligation not represented by written instruments, commonly known as a book-entry obligation.

(b) The department shall provide for the registration of ownership and transfer of a book-entry obligation under a system of books and records maintained by a bank serving as trustee, paying agent, or bond registrar.

Sec. 2306.393. MANNER, PRICE, AND TERMS. The department's bonds may be sold in a manner, at a price, and under terms and conditions determined by the board under a contractual arrangement approved by the board.

Sec. 2306.394. PLACE OF PAYMENT; MEDIUM OF EXCHANGE. (a) The department's bonds may be payable at a place inside or outside the United States.

(b) The bonds may be made payable in any currency or medium of exchange, including United States dollars and currencies of other nations.

Sec. 2306.395. INTEREST ON BONDS. The department's bonds may be issued to bear interest at a rate determined by the board.

Sec. 2306.396. MATURITY OF BONDS. The department's bonds may mature within a period determined by the board.

Sec. 2306.397. REDEMPTION BEFORE MATURITY; CONVERSION. (a) Department bonds may be made redeemable before maturity.

(b) The board may provide and covenant for the:

(1) conversion of one form of bond to another form; and

(2) reconversion of a bond to another form.

(c) Except as provided by Subsection (d), a replacement, converted, or reconverted bond must be approved and registered as provided by Sections 2306.431 and 2306.432, under procedures established by the resolution authorizing the bonds.

(d) If the duty of replacement, conversion, or reconversion of a bond is imposed on a place of payment (paying agent) or a corporate trustee under a trust agreement or trust indenture, the replacement, converted, or reconverted bond does not need to be reapproved by the attorney general or reregistered by the comptroller as provided by Sections 2306.431 and 2306.432.

SUBCHAPTER S. HOUSING FINANCE DIVISION BONDS: SECURITY FOR BONDS

Sec. 2306.411. SECURITY FOR PAYMENT OF PRINCIPAL, INTEREST, AND REDEMPTION PREMIUM. (a) In addition to other security for the department's bonds authorized by this chapter, payment of the principal and interest and redemption premium, if any, on the department's bonds may be secured by a first or subordinate lien on and pledge of all or part of:

(1) the department's assets and real, personal, or mixed property, including:

(A) mortgages or other obligations securing the assets of property;

(B) investments; and

(C) trust agreements or trust indentures administered by one or more corporate trustees as allowed by the board; and

(2) the reserves or funds of the department.

(b) The form of a mortgage, trust agreement, or trust indenture securing department bonds must be authorized under the resolution authorizing the issuance of the bonds.

Sec. 2306.412. VALIDITY OF LIENS AND PLEDGES. (a) A lien on or pledge of revenues, income, assets, reserves, funds, or other resources of the department, as authorized by this chapter, is valid and binding from the time of payment for and delivery of the bonds authorized by the board resolution creating or confirming the lien or pledge.

(b) A lien or pledge is fully effective as to revenues, income, assets, reserves, funds, or other resources on hand or later received, and those items are subject to the lien or pledge without physical delivery of the item or any further act.

(c) A lien or pledge is valid and binding against a party who has a claim in tort, contract, or otherwise against the department or another party, regardless of whether the party has notice of the lien or pledge.

(d) A resolution authorizing the issuance of department bonds or any other instrument creating or confirming a lien or pledge is not required to be filed or recorded, except that:

(1) the resolution or instrument must be filed in the department's records; and

(2) each department bond resolution must be submitted to the attorney general under Section 2306.431.

SUBCHAPTER T. HOUSING FINANCE DIVISION BONDS: APPROVAL, REGISTRATION, AND EXECUTION

Sec. 2306.431. APPROVAL OF BONDS. (a) Bonds issued by the department and the appropriate proceedings authorizing the bonds' issuance shall be submitted to the attorney general for examination.

(b) The attorney general shall approve the bonds if the attorney general finds that the bonds have been authorized as provided by this chapter.

(c) Any bonds submitted by the department to the attorney general under this section must include a certification by the board that home mortgage loans made using the proceeds of the bonds do not include a mandatory arbitration requirement.

Sec. 2306.432. REGISTRATION. On approval of the attorney general under Section 2306.431, the comptroller shall register the department's bonds.

Sec. 2306.433. EXECUTION. Bonds authorized by Section 2306.352 shall be executed on the board's behalf as general obligations of the state as follows:

(1) the presiding officer of the board shall sign the bonds;

(2) the board shall impress its seal on the bonds;

(3) the governor shall sign the bonds; and

(4) the secretary of state shall attest the bonds and impress on them the state seal.

SUBCHAPTER U. HOUSING FINANCE DIVISION BONDS: RIGHTS AND REMEDIES OF BONDHOLDERS AND PARTIES IN INTEREST

Sec. 2306.451. STATE PLEDGE REGARDING BONDHOLDER RIGHTS AND REMEDIES. (a) The state pledges to and agrees with the holders of bonds issued under this chapter that it will not limit or alter the rights vested in the department under this chapter to fulfill the terms of an agreement made with a bondholder or impair the rights and remedies of a bondholder until the following obligations are fully discharged:

(1) the bonds;

(2) interest on the bonds;

(3) interest on any unpaid installment of interest; and

(4) all costs and expenses related to an action or proceeding by or on behalf of the holders.

(b) The department may include the state's pledge and agreement under Subsection (a) in an agreement with the holders of the department's bonds.

Sec. 2306.452. PAYMENT ENFORCEABLE BY MANDAMUS. A writ of mandamus and any other legal or equitable remedy are available to a party in interest to require the department, the comptroller, or another party to carry out an agreement or to perform a function or duty under:

(1) this chapter;

(2) the Texas Constitution; or

(3) the department's bond resolutions.

SUBCHAPTER V. HOUSING FINANCE DIVISION BONDS: OBLIGATIONS OF DEPARTMENT AND STATE

Sec. 2306.471. GENERAL OBLIGATION BONDS. General obligation bonds issued under Section 2306.352 and approved and registered under this chapter are general obligations of the state.

Sec. 2306.472. DEPARTMENT'S BONDS OTHER THAN GENERAL OBLIGATION BONDS NOT OBLIGATIONS OF THE STATE. Except for bonds authorized by the Texas Constitution and issued under Section 2306.352, the department's bonds:

(1) are solely obligations of the department and are payable solely from funds of the housing finance division;

(2) are not an obligation, debt, or liability of the state; and

(3) do not create or constitute a pledge, giving, or lending of the faith, credit, or taxing power of the state.

Sec. 2306.473. STATE NOT OBLIGATED TO PAY; FAITH AND CREDIT NOT PLEDGED. A department bond not authorized by Section 2306.352 must contain a statement on the face of the bond that:

(1) the state is not obligated to pay the principal or interest on the bond; and

(2) the faith, credit, or taxing power of the state is not pledged, given, or loaned to payment of the bond's principal or interest.

SUBCHAPTER W. HOUSING FINANCE DIVISION BONDS: MISCELLANEOUS PROVISIONS

Sec. 2306.491. BONDS NEGOTIABLE INSTRUMENTS. Notwithstanding any other statute, a bond and interest coupon issued and delivered by the department is a negotiable instrument under the Uniform Commercial Code, except that the bond may be registered or subject to registration under this chapter.

Sec. 2306.492. BONDS INCONTESTABLE. Department bonds are incontestable for any reason in a court or other forum after approval by the attorney general and registration by the comptroller and are valid and binding obligations for all purposes under the terms of the bonds.

Sec. 2306.493. SIGNATURE OF FORMER OFFICER. If an officer whose manual or facsimile signature appears on a bond or whose facsimile signature appears on a coupon is not an officer at the time the bond is delivered, the signature is valid and sufficient for all purposes as if the officer had remained in office until delivery.

Sec. 2306.494. BONDS NOT TAXABLE. The following are free from taxation or assessment by this state or a public agency:

(1) department bonds issued under this chapter;

(2) interest and income from department bonds, including a profit from the sale of the bonds; and

(3) all fees, charges, gifts, grants, revenues, receipts, and other money received or pledged to pay or secure the payment of the department's bonds.

Sec. 2306.495. AUTHORIZED INVESTMENTS. Bonds issued by the department under this chapter are legal and authorized investments for:

(1) banks;

(2) savings banks;

(3) trust companies;

(4) savings and loan associations;

(5) insurance companies;

(6) fiduciaries;

(7) trustees;

(8) guardians; or

(9) sinking or other public funds of:

(A) this state;

(B) a municipality;

(C) a county;

(D) a school district; or

(E) another political subdivision or public agency of this state.

Sec. 2306.496. SECURITY FOR DEPOSIT OF FUNDS. Department bonds are eligible and lawful security for a deposit of public funds of the state or a public agency to the extent of the greater of the bonds' par or market value when accompanied by appurtenant unmatured interest coupons.

Sec. 2306.497. MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. The board may provide procedures for the replacement of a mutilated, lost, stolen, or destroyed bond or interest coupon.

Sec. 2306.498. NO GAIN ALLOWED. (a) The director or a board member may not have or attempt to have a pecuniary interest in a transaction to which the department is a party for purposes of personal pecuniary gain.

(b) A board member or department employee may not purchase department bonds in the open secondary market for municipal securities.

SUBCHAPTER X. INDIVIDUALS WITH SPECIAL NEEDS

Sec. 2306.511. DEFINITION. In this subchapter, "individual with special needs" means an individual who:

(1) is considered to be an individual having a disability under a state or federal law;

(2) is elderly;

(3) is designated by the board as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise; or

(4) is legally responsible for caring for an individual described by Subdivision (1), (2), or (3) and meets the income guidelines established by the board.

Sec. 2306.512. SPECIAL NEEDS. The department may adopt a strategy to serve the needs of individuals with special needs.

Sec. 2306.513. HOUSING FOR INDIVIDUALS WITH SPECIAL NEEDS. (a) The board shall adopt rules to achieve occupancy by individuals with special needs of at least five percent of the units in each multifamily housing development.

(b) Subsection (a) applies only to a multifamily housing development that contains at least 20 units and is financed by bonds issued under this chapter.

(c) If a survey that is conducted by the housing sponsor and verified by the housing finance division reveals that there is not sufficient need for housing for individuals with special needs in the area in which the development will be built or renovated to justify building or renovating and reserving at least five percent of the units for individuals with special needs, the department may, on a showing of good cause by the housing sponsor, lower the requirements to correspond to the amount of need found by the housing sponsor.

(d) Repealed by Acts 1995, 74th Leg., ch. 76, Sec. 5.78, eff. Sept. 1, 1995.

(e) Repealed by Acts 1997, 75th Leg., ch. 980, Sec. 54, eff. Sept. 1, 1997.

Sec. 2306.514. CONSTRUCTION REQUIREMENTS FOR SINGLE FAMILY AFFORDABLE HOUSING. (a) If a person is awarded state or federal funds by the department to construct single family affordable housing for individuals and families of low and very low income, the affordable housing identified on the person's funding application must be constructed so that:

(1) at least one entrance door, whether located at the front, side, or back of the building:

(A) is on an accessible route served by a ramp or no-step entrance; and

(B) has at least a standard 36-inch door;

(2) on the first floor of the building:

(A) each interior door is at least a standard 32-inch door, unless the door provides access only to a closet of less than 15 square feet in area;

(B) each hallway has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold;

(C) each bathroom wall is reinforced for potential installation of grab bars;

(D) each electrical panel, light switch, or thermostat is not higher than 48 inches above the floor; and

(E) each electrical plug or other receptacle is at least 15 inches above the floor; and

(3) if the applicable building code or codes do not prescribe another location for the breaker boxes, each breaker box is located not higher than 48 inches above the floor inside the building on the first floor.

(b) A person who builds single family affordable housing to which this section applies may obtain a waiver from the department of the requirement described by Subsection (a)(1)(A) if the cost of grading the terrain to meet the requirement is prohibitively expensive.

SUBCHAPTER X-2.
NATURAL DISASTER HOUSING RECONSTRUCTION INITIATIVE

Sec. 2306.541. NATURAL DISASTER HOUSING RECONSTRUCTION ADVISORY COMMITTEE. (a) The director shall appoint a natural disaster housing reconstruction advisory committee composed of representatives from appropriate local, state, and federal entities and organizations and nonprofit organizations.

(b) The advisory committee shall develop a natural disaster housing reconstruction plan. In developing this plan, the advisory committee shall:

(1) evaluate existing systems of providing temporary housing to victims of natural disasters and develop alternative systems to increase efficiency and cost-effectiveness;

(2) evaluate existing models for providing permanent replacement housing to victims of natural disasters;

(3) design alternatives to existing models to improve the sustainability, affordability, desirability, and quality of housing rebuilt in the event of future natural disasters;

(4) evaluate economic circumstances of elderly, disabled, and low-income victims of natural disasters and develop models for providing affordable replacement housing;

(5) recommend programs for the rapid and efficient large-scale production of temporary and permanent replacement housing following a natural disaster; and

(6) encourage the participation, coordination, and involvement of appropriate federal organizations.

(c) Chapter 2110 does not apply to the advisory committee.

Sec. 2306.542. HOUSING RECONSTRUCTION DEMONSTRATION PILOT PROGRAM.

(a) Using the natural disaster housing reconstruction plan developed under this subchapter, the director and advisory committee shall develop, for implementation under Subsections (b) and (c), housing reconstruction demonstration pilot programs for three areas, each of which was affected by one of the three most recent federally declared natural disasters. The pilot programs must provide for the replacement of at least 20 houses in each area to test the feasibility of implementing the plan in the large-scale production of replacement housing for victims of federally declared natural disasters.

(b) The department shall provide to an interested council of government, county, or local government eligible for funding for disaster recovery under the community development block grant program:

(1) information regarding a pilot program developed under Subsection (a); and

(2) assistance in implementing a pilot program developed under Subsection (a).

(c) At the discretion of the board, the department may implement a pilot program in any of the three most recently federally declared disaster areas in which a pilot program has not been implemented by a council of government, county, or local government. The department may use any available funds to implement the pilot program.

Note but not part of statute: per HB 2450 a) Not later than January 1, 2010, the executive director of the Texas Department of Housing and Community Affairs shall submit the natural disaster housing reconstruction plan developed under Subsection (b), Section 2306.541, Government Code, as added by this Act, to the governing board of the Texas Department of Housing and Community Affairs.

(b) Not later than March 1, 2010, the executive director of the Texas Department of Housing and Community Affairs shall provide housing reconstruction demonstration pilot program information to an interested council of government, county, or local government eligible for funding for disaster recovery under the community development block grant program.

SUBCHAPTER Z. COLONIAS

Sec. 2306.581. DEFINITION. In this subchapter:

(1) "Colonia" means a geographic area that is located in a county some part of which is within 150 miles of the international border of this state, that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a

community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or

(B) has the physical and economic characteristics of a colonia, as determined by the department.

(2) "Community action agency" means a political subdivision, combination of political subdivisions, or nonprofit organization that qualifies as an eligible entity under 42 U.S.C. Section 9902.

Sec. 2306.582. COLONIA SELF-HELP CENTERS: ESTABLISHMENT. (a) The department shall establish colonia self-help centers in El Paso, Hidalgo, Starr, and Webb counties, and in Cameron County to serve Cameron and Willacy counties. If the department determines it necessary and appropriate, the department may establish a self-help center in any other county if the county is designated as an economically distressed area under Chapter 17, Water Code, for purposes of eligibility to receive funds from the Texas Water Development Board.

(b) The department shall attempt to secure contributions, services, facilities, or operating support from the commissioners court of the county in which the self-help center is located to support the operation of the self-help center.

Sec. 2306.583. SELF-HELP CENTERS: DESIGNATION. (a) The department shall designate a geographic area for the services provided by each self-help center.

(b) In consultation with the colonia resident advisory committee and the appropriate self-help center, the department shall designate five colonias in each service area to receive concentrated attention from that center.

(c) In consultation with the colonia resident advisory committee and the appropriate self-help center, the department may change the designation of colonias made under Subsection (b).

Sec. 2306.584. COLONIA RESIDENT ADVISORY COMMITTEE. (a) The board shall appoint not fewer than five persons who are residents of colonias to serve on the Colonia

Resident Advisory Committee. The members of the advisory committee shall be selected from lists of candidates submitted to the board by local nonprofit organizations and the commissioners court of a county in which a self-help center is located.

(b) The board shall appoint one committee member to represent each of the counties in which self-help centers are located. Each committee member:

(1) must be a resident of a colonia in the county the member represents; and

(2) may not be a board member, contractor, or employee of or have any ownership interest in an entity that is awarded a contract under this subchapter.

Sec. 2306.585. DUTIES OF COLONIA RESIDENT ADVISORY COMMITTEE. (a) The Colonia Resident Advisory Committee shall advise the board regarding:

(1) the needs of colonia residents;

(2) appropriate and effective programs that are proposed or are operated through the self-help centers; and

(3) activities that may be undertaken through the self-help centers to better serve the needs of colonia residents.

(b) The advisory committee shall meet before the 30th day preceding the date on which a contract is scheduled to be awarded for the operation of a self-help center and may meet at other times.

(c) The advisory committee shall advise the colonia initiatives coordinator as provided by Section 775.005.

Sec. 2306.586. SELF-HELP CENTER: PURPOSE AND SERVICES. (a) The purpose of a self-help center is to assist individuals and families of low income and very low income to finance, refinance, construct, improve, or maintain a safe, suitable home in the colonias' designated service area or in another area the department has determined is suitable.

(b) A self-help center shall set a goal to improve the living conditions of residents in the colonias designated under Section 2306.583(a)(2) within a two-year period after a contract is awarded under this subchapter.

(c) A self-help center may serve individuals and families of low income and very low income by:

(1) providing assistance in obtaining loans or grants to build a home;

(2) teaching construction skills necessary to repair or build a home;

(3) providing model home plans;

(4) operating a program to rent or provide tools for home construction and improvement for the benefit of property owners in colonias who are building or repairing a residence or installing necessary residential infrastructure;

(5) helping to obtain, construct, access, or improve the service and utility infrastructure designed to service residences in a colonia, including potable water, wastewater disposal, drainage, streets, and utilities;

(6) surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;

(7) providing credit and debt counseling related to home purchase and finance;

(8) applying for grants and loans to provide housing and other needed community improvements;

(9) providing other services that the self-help center, with the approval of the department, determines are necessary to assist colonia residents in improving their physical living conditions, including help in obtaining suitable alternative housing outside of a colonia's area;

(10) providing assistance in obtaining loans or grants to enable an individual or a family to acquire fee simple title to property that originally was purchased under a contract for a deed, contract for sale, or other executory contract; and

(11) providing monthly programs to educate individuals and families on their rights and responsibilities as property owners.

(d) A self-help center may not provide grants, financing, or mortgage loan services to purchase, build, rehabilitate, or finance construction or improvements to a home in a colonia if water service and suitable wastewater disposal are not available.

(e) Through a self-help center, a colonia resident may apply for any direct loan or grant program operated by the department.

Sec. 2306.587. OPERATION OF SELF-HELP CENTER; MONITORING. (a) To operate a self-help center, the department shall, subject to the availability of revenue for that purpose, enter into a four-year contract directly with a local nonprofit organization, including a local community action agency that qualifies as an eligible entity under 42 U.S.C. Section 9902, or a local housing authority that has demonstrated the ability to carry out the functions of a self-help center under this subchapter.

(b) The department is solely responsible for contract oversight and for the monitoring of self-help centers under this subchapter.

(c) The department and the self-help centers may apply for and receive public or private gifts or grants to enable the centers to achieve their purpose.

Sec. 2306.588. DEPARTMENT LIAISON TO SELF-HELP CENTERS. (a) The department shall designate appropriate staff in the department to act as liaison to the self-help centers to assist the centers in obtaining funding to enable the centers to carry out the centers' programs.

(b) The department shall make a reasonable effort to secure an adequate level of funding to provide the self-help centers with funds for low-interest mortgage financing, grants for self-help programs, a revolving loan fund for septic tanks, a tool-lending program, and other activities the department determines are necessary.

Sec. 2306.589. COLONIA SET-ASIDE FUND. (a) The department shall establish a fund in the department designated as the colonia set-aside fund. The department may contribute money to the fund from any available source of revenue that the department considers appropriate to implement the purposes of this subchapter, except that the department may not use federal community development block grant money authorized by Title I of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5301 et seq.) unless the money is specifically appropriated by the legislature for that purpose.

(b) The department by rule shall provide that an application for assistance in paying for residential service lines, hookups, and plumbing improvements associated with being connected to a water supply or sewer service system may be submitted after construction of a water supply or sewer service system begins. The department shall approve or disapprove a timely application before construction of the water supply or sewer service is completed in order to eliminate delay in hookups once construction is completed. The department and the Texas Water Development Board shall coordinate the application process for hookup funds under this subsection and under Subchapter L, Chapter 15, Water Code, and shall share information elicited by each agency's application procedure in order to avoid duplication of effort and to eliminate the need for applicants to complete different forms with similar information.

(c) The department may use money in the colonia set-aside fund for specific activities that assist colonias, including:

(1) the operation and activities of the self-help centers established under this subchapter;

(2) reimbursement of colonia resident advisory committee members for their reasonable expenses in the manner provided by Chapter 2110 or the General Appropriations Act; and

(3) funding for the provision of water and sewer service connections in accordance with Subsection (b).

(d) The department may review and approve an application for funding from the colonia set-aside fund that advances the policy and goals of the state in addressing problems in the colonias.

Sec. 2306.590. COLONIA INITIATIVES ADVISORY COMMITTEE. (a) The Colonia Initiatives Advisory Committee is composed of seven members appointed by the governor as follows:

(1) one colonia resident;

(2) one representative of a nonprofit organization that serves colonia residents;

(3) one representative of a political subdivision that contains all or part of a colonia;

(4) one person to represent private interests in banking or land development;

(5) one representative of a nonprofit utility;

(6) one representative of an engineering consultant firm involved in economically distressed areas program projects under Subchapter K, Chapter 17, Water Code; and

(7) one public member.

(b) Each committee member, except the public member, must reside within 150 miles of the Texas-Mexico border.

(c) The secretary of state is an ex officio member of the committee.

(d) The committee shall:

(1) review the progress of colonia water and wastewater infrastructure projects managed by the Texas Water Development Board and the state agency responsible for administering the portion of the federal community development block grant nonentitlement program that addresses the infrastructure needs of colonias;

(2) present an update and make recommendations to the board and the Texas Water Development Board annually at the joint meeting required by Section 6.060(d), Water Code, regarding:

(A) efforts to ensure that colonia residents are connected to the infrastructure funded by state agencies;

(B) the financial, managerial, and technical capabilities of project owners and operators;

(C) the agencies' management of their colonia programs and the effectiveness of their policies regarding underperforming projects; and

(D) any other issues related to the effect of state-managed infrastructure programs on colonia residents;

(3) review public comments regarding the colonia needs assessment incorporated into the state low income housing plan under Section 2306.0721; and

(4) based on the public comments reviewed under Subdivision (3), recommend to the board new colonia programs or improvements to existing colonia programs.

Sec. 2306.591. MANUFACTURED HOMES INSTALLED IN COLONIAS. (a) For a manufactured home to be approved for installation and use as a dwelling in a colonia:

(1) the home must be a HUD-code manufactured home, as defined by Section 1201.003, Occupations Code;

(2) the home must be habitable, as described by Section 1201.453, Occupations Code; and

(3) ownership of the home must be properly recorded with the manufactured housing division of the department.

(b) An owner of a manufactured home is not eligible to participate in a grant loan program offered by the department, including the single-family mortgage revenue bond program under Section 2306.142, unless the owner complies with Subsection (a).

SUBCHAPTER DD. LOW INCOME HOUSING TAX CREDIT PROGRAM

Sec. 2306.6701. PURPOSE. The department shall administer the low income housing tax credit program to:

(1) encourage the development and preservation of appropriate types of rental

housing for households that have difficulty finding suitable, affordable rental housing in the private marketplace;

(2) maximize the number of suitable, affordable residential rental units added to the state's housing supply;

(3) prevent losses for any reason to the state's supply of suitable, affordable residential rental units by enabling the rehabilitation of rental housing or by providing other preventive financial support under this subchapter; and

(4) provide for the participation of for-profit organizations and provide for and encourage the participation of nonprofit organizations in the acquisition, development, and operation of affordable housing developments in urban and rural communities.

Sec. 2306.6702. DEFINITIONS. (a) In this subchapter:

(1) "Applicant" means any person or affiliate of a person who files an application with the department requesting a housing tax credit allocation.

(2) "Application" means an application filed with the department by an applicant and includes any exhibits or other supporting materials.

(3) "Application log" means a form containing at least the information required by Section 2306.6709.

(4) "Application round" means the period beginning on the date the department begins accepting applications and continuing until all available housing tax credits are allocated, but not extending past the last day of the calendar year.

(5) "At-risk development" means a development that:

(A) has received the benefit of a subsidy in the form of a below-market interest rate loan, interest rate reduction, rental subsidy, Section 8 housing assistance payment, rental supplement payment, rental assistance payment, or equity incentive under the following federal laws, as applicable:

(i) Sections 221(d)(3) and (5), National Housing Act (12 U.S.C. Section 1715l);

(ii) Section 236, National Housing Act (12 U.S.C. Section 1715z-1);

(iii) Section 202, Housing Act of 1959 (12 U.S.C. Section 1701q);

(iv) Section 101, Housing and Urban Development Act of 1965 (12 U.S.C. Section 1701s);

(v) the Section 8 Additional Assistance Program for housing developments with HUD-Insured and HUD-Held Mortgages administered by the United States Department of Housing and Urban Development;

(vi) the Section 8 Housing Assistance Program for the Disposition of HUD-Owned Projects administered by the United States Department of Housing and Urban Development;

(vii) Sections 514, 515, and 516, Housing Act of 1949 (42 U.S.C. Sections 1484, 1485, and 1486); or

(viii) Section 42, Internal Revenue Code of 1986 (26 U.S.C. Section 42); and

(B) is subject to the following conditions:

(i) the stipulation to maintain affordability in the contract granting the subsidy is nearing expiration; or

(ii) the federally insured mortgage on the development is eligible for prepayment or is nearing the end of its term.

(6) "Development" means a proposed qualified low income housing project, as defined by Section 42(g), Internal Revenue Code of 1986 (26 U.S.C. Section 42(g)), that consists of one or more buildings containing multiple units, that is financed under a common plan, and that is owned by the same person for federal tax purposes, including a project consisting of multiple buildings that:

(A) are located on scattered sites; and

(B) contain only rent-restricted units.

(7) "Development owner" means any person or affiliate of a person who owns or proposes a development or expects to acquire control of a development under a purchase contract approved by the department.

(8) "Housing tax credit" means a tax credit allocated under the low income housing tax credit program.

(9) "Land use restriction agreement" means an agreement between the department, the development owner, and the development owner's successors in interest that encumbers the development with respect to the requirements of this subchapter and the requirements of Section 42, Internal Revenue Code of 1986 (26 U.S.C. Section 42).

(10) "Qualified allocation plan" means a plan adopted by the board under this

subchapter that:

(A) provides the threshold, scoring, and underwriting criteria based on housing priorities of the department that are appropriate to local conditions;

(B) consistent with Section 2306.6710(e), gives preference in housing tax credit allocations to developments that, as compared to the other developments:

(i) when practicable and feasible based on documented, committed, and available third-party funding sources, serve the lowest income tenants per housing tax credit; and

(ii) produce for the longest economically feasible period the greatest number of high quality units committed to remaining affordable to any tenants who are income-eligible under the low income housing tax credit program; and

(C) provides a procedure for the department, the department's agent, or another private contractor of the department to use in monitoring compliance with the qualified allocation plan and this subchapter.

(11) "Related party" means the following individuals or entities:

(A) the brothers, sisters, spouse, ancestors, and descendants of a person within the third degree of consanguinity, as determined by Chapter 573;

(B) a person and a corporation, if the person owns more than 50 percent of the outstanding stock of the corporation;

(C) two or more corporations that are connected through stock ownership with a common parent possessing more than 50 percent of:

(i) the total combined voting power of all classes of stock of each of the corporations that can vote;

(ii) the total value of shares of all classes of stock of each of the corporations; or

(iii) the total value of shares of all classes of stock of at least one of the corporations, excluding, in computing that voting power or value, stock owned directly by the other corporation;

(D) a grantor and fiduciary of any trust;

(E) a fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;

(F) a fiduciary of a trust and a beneficiary of the trust;

(G) a fiduciary of a trust and a corporation if more than 50 percent of the outstanding stock of the corporation is owned by or for:

(i) the trust; or

(ii) a person who is a grantor of the trust;

(H) a person or organization and an organization that is tax-exempt under Section 501(a), Internal Revenue Code of 1986 (26 U.S.C. Section 501), and that is controlled by that person or the person's family members or by that organization;

(I) a corporation and a partnership or joint venture if the same persons own more than:

(i) 50 percent of the outstanding stock of the corporation; and

(ii) 50 percent of the capital interest or the profits' interest in the partnership or joint venture;

(J) an S corporation and another S corporation if the same persons own more than 50 percent of the outstanding stock of each corporation;

(K) an S corporation and a C corporation if the same persons own more than 50 percent of the outstanding stock of each corporation;

(L) a partnership and a person or organization owning more than 50 percent of the capital interest or the profits' interest in that partnership; or

(M) two partnerships, if the same person or organization owns more than 50 percent of the capital interests or profits' interests.

(12) "Rural area" means an area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;

(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 20,000 or less and does not share a boundary with an urban area; or

(C) in an area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture.

(13) "Rural development agency" means the state agency designated by the legislature as primarily responsible for rural area development in the state.

(14) "Set-aside" means a reservation of a portion of the available housing tax credits to provide financial support for specific types of housing or geographic locations or serve

specific types of applicants as permitted by the qualified allocation plan on a priority basis.

(15) "Threshold criteria" means the criteria used to determine whether the development satisfies the minimum level of acceptability for consideration established in the department's qualified allocation plan.

(16) "Unit" means any residential rental unit in a development consisting of an accommodation, including a single room used as an accommodation on a non-transient basis, that contains complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation.

(b) For purposes of Subsection (a)(11), the constructive ownership provisions of Section 267, Internal Revenue Code of 1986 (26 U.S.C. Section 267), apply. The board may lower in the qualified allocation plan the percentages described by Subsection (a)(11).

Sec. 2306.67021. APPLICABILITY OF SUBCHAPTER. Except as provided by Section 2306.6703, this subchapter does not apply to the allocation of housing tax credits to developments financed through the private activity bond program.

Added by Acts 2001, 77th Leg., ch. 1367, Sec. 8.01, eff. Sept. 1, 2001.

Sec. 2306.67022. QUALIFIED ALLOCATION PLAN; MANUAL. The board annually shall adopt a qualified allocation plan and a corresponding manual to provide information regarding the administration of and eligibility for the low income housing tax credit program.

Sec. 2306.6703. INELIGIBILITY FOR CONSIDERATION. (a) An application is ineligible for consideration under the low income housing tax credit program if:

(1) at the time of application or at any time during the two-year period preceding the date the application round begins, the applicant or a related party is or has been:

(A) a member of the board; or

(B) the director, a deputy director, the director of housing programs, the director of compliance, the director of underwriting, or the low income housing tax credit program manager employed by the department;

(2) the applicant proposes to replace in less than 15 years any private activity bond financing of the development described by the application, unless:

(A) at least one-third of all the units in the development are public housing units or Section 8 project-based units and the applicant proposes to maintain for a period of 30 years or more 100 percent of the units supported by housing tax credits as rent-restricted and exclusively for occupancy by individuals and families earning not more than 50 percent of the area median income, adjusted for family size;

(B) the applicable private activity bonds will be redeemed only in an amount consistent with their proportionate amortization; or

(C) if the redemption of the applicable private activity bonds will occur in the first five years of the operation of the development and complies with Section 42(h)(4), Internal Revenue Code of 1986:

(i) on the date the certificate of reservation is issued, the Bond Review Board determines that there is not a waiting list for private activity bonds in the same priority level established under Section 1372.0321 or, if applicable, in the same uniform state service region, as referenced in Section 1372.0231, that is served by the proposed development; and

(ii) the applicable private activity bonds will be redeemed according to underwriting criteria, if any, established by the department;

(3) the applicant proposes to construct a new development that is located one linear mile or less from a development that:

(A) serves the same type of household as the new development, regardless of whether the developments serve families, elderly individuals, or another type of household;

(B) has received an allocation of housing tax credits for new construction at any time during the three-year period preceding the date the application round begins; and

(C) has not been withdrawn or terminated from the low income housing tax credit program; or

(4) the development is located in a municipality or, if located outside a municipality, a county that has more than twice the state average of units per capita supported by housing tax credits or private activity bonds, unless the applicant:

(A) has obtained prior approval of the development from the governing body of the appropriate municipality or county containing the development; and

(B) has included in the application a written statement of support from that governing body referencing this section and authorizing an allocation of housing tax credits for the development.

(b) Subsection (a)(3) does not apply to a development:

(1) that is using:

(A) federal HOPE VI funds received through the United States Department of Housing and Urban Development;

(B) locally approved funds received from a public improvement district or a tax increment financing district;

(C) funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.); or

(D) funds provided to the state and participating jurisdictions under the Housing and Community Development Act of 1974 (42 U.S.C. Section 5301 et seq.);

(2) that is located in a county with a population of less than one million;

(3) that is located outside of a metropolitan statistical area; or

(4) that a local government where the project is to be located has by vote specifically allowed the construction of a new development located within one linear mile or less from a development under Subsection (a).

Sec. 2306.6704. PREAPPLICATION PROCESS. (a) To prevent unnecessary filing costs, the department by rule shall establish a voluntary preapplication process to enable a preliminary assessment of an application proposed for filing under this subchapter.

(b) The department shall award in the application evaluation process described by Section 2306.6710 an appropriate number of points as an incentive for participation in the preapplication process established under this section.

(b-1) The preapplication process must require the applicant to provide the department with evidence that the applicant has notified the following entities with respect to the filing of the application:

(1) any neighborhood organizations on record with the state or county in which the development is to be located and whose boundaries contain the proposed development site;

(2) the superintendent and the presiding officer of the board of trustees of the school district containing the development;

(3) the presiding officer of the governing body of any municipality containing the development and all elected members of that body;

(4) the presiding officer of the governing body of the county containing the development and all elected members of that body; and

(5) the state senator and state representative of the district containing the development.

(c) The department shall reject and return to the applicant any application assessed by the department under this section that fails to satisfy the threshold criteria required by the board in the qualified allocation plan.

(d) If feasible under Section 2306.67041, an application under this section must be submitted electronically.

Sec. 2306.67041. ON-LINE APPLICATION SYSTEM. (a) The department and the Department of Information Resources shall cooperate to evaluate the feasibility of an on-line application system for the low income housing tax credit program to provide the following functions:

(1) filing of preapplications and applications on-line;

(2) posting of on-line preapplication or application status and the application log detailing the status of, and department's evaluations and scores pertaining to, those applications; and

(3) posting of comments from applicants and the public regarding a preapplication or application.

(b) The department shall determine the process for allowing access to on-line preapplications and applications, information related to those applications, and department decisions relating to those applications.

(c) In the application cycle following the date any on-line application system becomes operational, the department shall require use of the system for submission of preapplications and applications under this subchapter.

(d) The department shall publish a status report on the implementation of the on-line application on the department's website not later than January 1, 2002.

(e) Before the implementation of the on-line application system, the department may implement the requirements of Section 2306.6717 in any manner the department considers appropriate.

Sec. 2306.6705. GENERAL APPLICATION REQUIREMENTS. An application must contain at a minimum the following written, detailed information in a form prescribed by the board:

(1) a description of:

(A) the financing plan for the development, including any nontraditional financing arrangements;

(B) the use of funds with respect to the development;

(C) the funding sources for the development, including:

(i) construction, permanent, and bridge loans; and

(ii) rents, operating subsidies, and replacement reserves; and

(D) the commitment status of the funding sources for the development;

(2) if syndication costs are included in the eligible basis, a justification of the syndication costs for each cost category by an attorney or accountant specializing in tax matters;

(3) from a syndicator or a financial consultant of the applicant, an estimate of the amount of equity dollars expected to be raised for the development in conjunction with the amount of housing tax credits requested for allocation to the applicant, including:

(A) pay-in schedules; and

(B) syndicator consulting fees and other syndication costs;

(4) if rental assistance, an operating subsidy, or an annuity is proposed for the development, any related contract or other agreement securing those funds and an identification of:

(A) the source and annual amount of the funds;

(B) the number of units receiving the funds; and

(C) the term and expiration date of the contract or other agreement;

(5) if the development is located within the boundaries of a political subdivision with a zoning ordinance, evidence in the form of a letter from the chief executive officer of the political subdivision or from another local official with jurisdiction over zoning matters that states that:

(A) the development is permitted under the provisions of the ordinance that apply to the location of the development; or

(B) the applicant is in the process of seeking the appropriate zoning and has signed and provided to the political subdivision a release agreeing to hold the political subdivision and all other parties harmless in the event that the appropriate zoning is denied;

(6) if an occupied development is proposed for rehabilitation:

(A) an explanation of the process used to notify and consult with the tenants in preparing the application;

(B) a relocation plan outlining:

(i) relocation requirements; and

(ii) a budget with an identified funding source; and

(C) if applicable, evidence that the relocation plan has been submitted to the appropriate local agency;

(7) a certification of the applicant's compliance with appropriate state and federal laws, as required by other state law or by the board;

(8) any other information required by the board in the qualified allocation plan; and

(9) evidence that the applicant has notified the following entities with respect to the filing of the application:

(A) any neighborhood organizations on record with the state or county in which the development is to be located and whose boundaries contain the proposed development site;

(B) the superintendent and the presiding officer of the board of trustees of the school district containing the development;

(C) the presiding officer of the governing body of any municipality containing the development and all elected members of that body;

(D) the presiding officer of the governing body of the county containing the development and all elected members of that body; and

(E) the state senator and state representative of the district containing the development.

Sec. 2306.67055. MARKET ANALYSIS. (a) A market analysis submitted in conjunction with an application for housing tax credits must:

(1) be prepared by a market analyst approved by the department; and

(2) include an assessment of other developments that are supported by housing tax credits within the market area.

(b) The department, through the qualified allocation plan, shall develop:

(1) a process for approving market analysts; and

(2) a methodology for determining the market area to be examined in a market analysis.

Sec. 2306.6706. ADDITIONAL APPLICATION REQUIREMENT: NONPROFIT SET-ASIDE ALLOCATION. (a) In addition to the information required by Section 2306.6705, an application for a housing tax credit allocation from the nonprofit set-aside, as defined by Section 42(h)(5), Internal Revenue Code of 1986 (26 U.S.C. Section 42(h)(5)), must contain the following written, detailed information with respect to each development owner and each general partner of a development owner:

(1) Internal Revenue Service documentation of designation as a Section 501(c)(3) or 501(c)(4) organization;

(2) evidence that one of the exempt purposes of the nonprofit organization is to provide low income housing;

(3) a description of the nonprofit organization's participation in the construction or rehabilitation of the development and in the ongoing operations of the development;

(4) evidence that the nonprofit organization prohibits a member of its board of directors, other than a chief staff member serving concurrently as a member of the board, from receiving material compensation for service on the board;

(5) a third-party legal opinion stating that the nonprofit organization is not affiliated with or controlled by a for-profit organization and the basis for that opinion;

(6) a copy of the nonprofit organization's most recent audited financial statement;

(7) a list of the names and home addresses of members of the board of directors of the nonprofit organization;

(8) a third-party legal opinion stating that the nonprofit organization is eligible under Subsection (b) for a housing tax credit allocation from the nonprofit set-aside and the basis for that opinion; and

(9) evidence that a majority of the members of the nonprofit organization's board of directors principally reside:

(A) in this state, if the development is located in a rural area; or

(B) not more than 90 miles from the development in the community in which the development is located, if the development is not located in a rural area.

(b) To be eligible for a housing tax credit allocation from the nonprofit set-aside, a nonprofit organization must:

(1) control a majority of the development;

(2) if the organization's application is filed on behalf of a limited partnership, be the managing general partner; and

(3) otherwise meet the requirements of Section 42(h)(5), Internal Revenue Code of 1986 (26 U.S.C. Section 42(h)(5)).

Sec. 2306.6707. ADDITIONAL APPLICATION REQUIREMENT: DISCLOSURE OF INTERESTED PERSONS. (a) The applicant must disclose in the application the names of any persons, including affiliates of those persons and related parties, providing developmental or operational services to the development, including:

(1) a development owner;

(2) an architect;

(3) an attorney;

(4) a tax professional;

(5) a property management company;

(6) a consultant;

(7) a market analyst;

(8) a tenant services provider;

(9) a syndicator;

(10) a real estate broker or agent or a person receiving a fee in connection with services usually provided by a real estate broker or agent;

(11) at the time the application is submitted, the owners of the property on which the development is located;

(12) a developer; and

(13) a builder or general contractor.

(b) For each person described by Subsection (a), the application must disclose any company name, company contact person, address, and telephone number.

Sec. 2306.6708. APPLICATION CHANGES OR SUPPLEMENTS. (a) Except as provided by Subsection (b), an applicant may not change or supplement an application in any manner after the filing deadline.

(b) This section does not prohibit an applicant from:

(1) at the request of the department, clarifying information in the application or correcting administrative deficiencies in the application; or

(2) amending an application after allocation of housing tax credits in the manner provided by Section 2306.6712.

Sec. 2306.6709. APPLICATION LOG. (a) In a form prescribed by the department, the department shall maintain for each application an application log that tracks the application from the date of its submission.

(b) The application log must contain at least the following information:

(1) the names of the applicant and related parties;

(2) the physical location of the development, including the relevant region of the state;

(3) the amount of housing tax credits requested for allocation by the department to the applicant;

(4) any set-aside category under which the application is filed;

(5) the score of the application in each scoring category adopted by the department under the qualified allocation plan;

(6) any decision made by the department or board regarding the application, including the department's decision regarding whether to underwrite the application and the board's decision regarding whether to allocate housing tax credits to the development;

(7) the names of persons making the decisions described by Subdivision (6), including the names of department staff scoring and underwriting the application, to be recorded next to the description of the applicable decision;

(8) the amount of housing tax credits allocated to the development; and

(9) a dated record and summary of any contact between the department staff, the board, and the applicant or any related parties.

Sec. 2306.6710. EVALUATION AND UNDERWRITING OF APPLICATIONS. (a) In evaluating an application, the department shall determine whether the application satisfies the threshold criteria required by the board in the qualified allocation plan. The department shall reject and return to the applicant any application that fails to satisfy the threshold criteria.

(b) If an application satisfies the threshold criteria, the department shall score and rank the application using a point system that:

(1) prioritizes in descending order criteria regarding:

(A) financial feasibility of the development based on the supporting financial data required in the application that will include a project underwriting pro forma from the permanent or construction lender;

(B) quantifiable community participation with respect to the development, evaluated on the basis of written statements from any neighborhood organizations on record with the state or county in which the development is to be located and whose boundaries contain the proposed development site;

(C) the income levels of tenants of the development;

(D) the size and quality of the units;

(E) the commitment of development funding by local political subdivisions;

(F) the level of community support for the application, evaluated on the basis of written statements from the state representative or the state senator that represents the district containing the proposed development site;

(G) the rent levels of the units;

(H) the cost of the development by square foot;

(I) the services to be provided to tenants of the development; and

(J) whether, at the time the complete application is submitted or at any time within the two-year period preceding the date of submission, the proposed development site is located in an area declared to be a disaster under Section 418.014;

(2) uses criteria imposing penalties on applicants or affiliates who have requested extensions of department deadlines relating to developments supported by housing tax credit allocations made in the application round preceding the current round or a developer or principal of the applicant that has been removed by the lender, equity provider, or limited partners for its failure to perform its obligations under the loan documents or limited partnership agreement; and

(3) encourages applicants to provide free notary public service to the residents of

the developments for which the allocation of housing tax credits is requested.

(c) The department shall publish in the qualified allocation plan details of the scoring system used by the department to score applications.

(d) The department shall underwrite the applications ranked under Subsection (b) beginning with the applications with the highest scores in each region described by Section 2306.111(d) and in each set-aside category described in the qualified allocation plan. Based on application rankings, the department shall continue to underwrite applications until the department has processed enough applications satisfying the department's underwriting criteria to enable the allocation of all available housing tax credits according to regional allocation goals and set-aside categories. To enable the board to establish an applications waiting list under Section 2306.6711, the department shall underwrite as many additional applications as the board considers necessary to ensure that all available housing tax credits are allocated within the period required by law. The department shall underwrite an application to determine the financial feasibility of the development and an appropriate level of housing tax credits. In determining an appropriate level of housing tax credits, the department shall evaluate the cost of the development based on acceptable cost parameters as adjusted for inflation and as established by historical final cost certifications of all previous housing tax credit allocations for:

(1) the county in which the development is to be located;

(2) if certifications are unavailable under Subdivision (1), the metropolitan statistical area in which the development is to be located; or

(3) if certifications are unavailable under Subdivisions (1) and (2), the uniform state service region in which the development is to be located.

(e) In scoring applications for purposes of housing tax credit allocations, the department shall award, consistent with Section 42, Internal Revenue Code of 1986 (26 U.S.C. Section 42), preference points to a development that will:

(1) when practicable and feasible based on documented, committed, and available third-party funding sources, serve the lowest income tenants per housing tax credit, if the development is to be located outside a qualified census tract; and

(2) produce for the longest economically feasible period the greatest number of high quality units committed to remaining affordable to any tenants who are income-eligible under the low income housing tax credit program.

(f) In evaluating the level of community support for an application under Subsection (b)(1)(F), the department shall award:

(1) positive points for positive written statements received;

(2) negative points for negative written statements received; and

(3) zero points for neutral statements received.

(g) Repealed by Acts 2007, 80th Leg., R.S., Ch. 1341, Sec. 42, eff. September 1, 2007.

Sec. 2306.6711. ALLOCATION OF HOUSING TAX CREDITS. (a) The director shall provide the application scores to the board before the 30th day preceding the date the board begins to issue commitments for housing tax credits in the allocation round.

(b) Not later than the deadline specified in the qualified allocation plan, the board shall issue commitments for available housing tax credits based on the application evaluation process provided by Section 2306.6710. The board may not allocate to an applicant housing tax credits in any unnecessary amount, as determined by the department's underwriting policy and by federal law, and in any event may not allocate to the applicant housing tax credits in an amount greater than $2 million in a single application round.

(c) Concurrently with the initial issuance of commitments for housing tax credits under Subsection (b), the board shall establish a waiting list of additional applications ranked by score in descending order of priority based on set-aside categories and regional allocation goals.

(d) The board shall issue commitments for housing tax credits with respect to applications on the waiting list as additional credits become available.

(e) Not later than the 120th day after the date of the initial issuance of commitments for housing tax credits under Subsection (b), the department shall provide to an applicant who did not receive a commitment under that subsection an opportunity to meet and discuss with the department the application's deficiencies and scoring.

(f) The board may allocate housing tax credits to more than one development in a single community, as defined by department rule, in the same calendar year only if the developments are or will be located more than one linear mile apart. This subsection applies only to communities contained within counties with populations exceeding one million.

Sec. 2306.6712. AMENDMENT OF APPLICATION SUBSEQUENT TO ALLOCATION BY BOARD. (a) If a proposed modification would materially alter a development approved for an allocation of a housing tax credit, the department shall require the applicant to file a formal, written amendment to the application on a form prescribed by the department.

(b) The director shall require the department staff assigned to underwrite applications to evaluate the amendment and provide an analysis and written recommendation to the board. The appropriate monitor under Section 2306.6719 shall also provide to the board an analysis and written recommendation regarding the amendment.

(c) The board must vote on whether to approve the amendment. The board by vote may reject an amendment and, if appropriate, rescind the allocation of housing tax credits and reallocate the credits to other applicants on the waiting list required by Section 2306.6711 if the board determines that the modification proposed in the amendment:

(1) would materially alter the development in a negative manner; or

(2) would have adversely affected the selection of the application in the application round.

(d) Material alteration of a development includes:

(1) a significant modification of the site plan;

(2) a modification of the number of units or bedroom mix of units;

(3) a substantive modification of the scope of tenant services;

(4) a reduction of three percent or more in the square footage of the units or common areas;

(5) a significant modification of the architectural design of the development;

(6) a modification of the residential density of the development of at least five percent; and

(7) any other modification considered significant by the board.

(e) In evaluating the amendment under this subsection, the department staff shall consider whether the need for the modification proposed in the amendment was:

(1) reasonably foreseeable by the applicant at the time the application was submitted; or

(2) preventable by the applicant.

(f) This section shall be administered in a manner that is consistent with Section 42, Internal Revenue Code of 1986 (26 U.S.C. Section 42).

Sec. 2306.6713. HOUSING TAX CREDIT AND OWNERSHIP TRANSFERS. (a) An applicant may not transfer an allocation of housing tax credits or ownership of a development supported with an allocation of housing tax credits to any person other than an affiliate unless the applicant obtains the director's prior, written approval of the transfer.

(b) The director may not unreasonably withhold approval of the transfer.

(c) An applicant seeking director approval of a transfer and the proposed transferee must provide to the department a copy of any applicable agreement between the parties to the transfer, including any third-party agreement with the department.

(d) On request, an applicant seeking director approval of a transfer must provide to the department:

(1) a list of the names of transferees and related parties; and

(2) detailed information describing the experience and financial capacity of transferees and related parties.

(e) The development owner shall certify to the director that the tenants in the development have been notified in writing of the transfer before the 30th day preceding the date of submission of the transfer request to the department.

(f) Not later than the fifth working day after the date the department receives all necessary information under this section, the department shall conduct a qualifications review of a transferee to determine:

(1) the transferee's past compliance with all aspects of the low income housing tax credit program, including land use restriction agreements; and

(2) the sufficiency of the transferee's experience with developments supported with housing tax credit allocations.

Sec. 2306.6714. AT-RISK DEVELOPMENT SET-ASIDE. (a) The department shall set aside for at-risk developments not less than 15 percent of the housing tax credits available for allocation in the calendar year.

(b) Any amount of housing tax credits set aside under this section that remains after the initial allocation of housing tax credits is available for allocation to any eligible applicant as provided by the qualified allocation plan.

Sec. 2306.6715. APPEAL. (a) In a form prescribed by the department in the qualified allocation plan, an applicant may appeal the following decisions made by the department in the application evaluation process provided by Section 2306.6710:

(1) a determination regarding the application's satisfaction of threshold and

underwriting criteria;

(2) the scoring of the application; and

(3) a recommendation as to the amount of housing tax credits to be allocated to the application.

(b) An applicant may not appeal a decision made under Section 2306.6710 regarding an application filed by another applicant.

(c) An applicant must file a written appeal authorized by this section with the department not later than the seventh day after the date the department publishes the results of the application evaluation process provided by Section 2306.6710. In the appeal, the applicant must specifically identify the applicant's grounds for appeal, based on the original application and additional documentation filed with the original application.

(d) The director shall respond in writing to the appeal not later than the 14th day after the date of receipt of the appeal. If the applicant is not satisfied with the director's response to the appeal, the applicant may appeal directly in writing to the board, provided that an appeal filed with the board under this subsection must be received by the board before:

(1) the seventh day preceding the date of the board meeting at which the relevant allocation decision is expected to be made; or

(2) the third day preceding the date of the board meeting described by Subdivision (1), if the director does not respond to the appeal before the date described by Subdivision (1).

(e) Board review of an appeal under Subsection (d) is based on the original application and additional documentation filed with the original application. The board may not review any information not contained in or filed with the original application. The decision of the board regarding the appeal is final.

Sec. 2306.6716. FEES. (a) A fee charged by the department for filing an application may not be excessive and must reflect the department's actual costs in processing the application, providing copies of documents to persons connected with the application process, and making appropriate information available to the public through the department's website.

(b) The department shall publish each year an updated schedule of application fees that specifies the amount to be charged at each stage of the application process.

(c) In accordance with the fee schedule, the department shall refund the balance of any fees collected for an application that is withdrawn by the applicant or that is not fully processed by the department. The department must provide the refund to the applicant not later than the 30th day after the date the last official action is taken with respect to the application.

(d) The department shall develop a sliding scale fee schedule for applications that encourages increased participation by community housing development organizations in the low income housing tax credit program.

Sec. 2306.6717. PUBLIC INFORMATION AND HEARINGS. (a) Subject to Section 2306.67041, the department shall make the following items available on the department's website:

(1) as soon as practicable, any proposed application submitted through the preapplication process established by this subchapter;

(2) before the 30th day preceding the date of the relevant board allocation decision, except as provided by Subdivision (3), the entire application, including all supporting documents and exhibits, the application log, a scoring sheet providing details of the application score, and any other document relating to the processing of the application;

(3) not later than the third working day after the date of the relevant determination, the results of each stage of the application process, including the results of the application scoring and underwriting phases and the allocation phase;

(4) before the 15th day preceding the date of board action on the amendment, notice of an amendment under Section 2306.6712 and the recommendation of the director and monitor regarding the amendment; and

(5) an appeal filed with the department or board under Section 2306.6715 or 2306.6721 and any other document relating to the processing of the appeal.

(b) The department shall make available on the department's website information regarding the low income housing tax credit program, including notice regarding public hearings, meetings, the opening and closing dates for applications, submitted applications, and applications approved for underwriting and recommended to the board, and shall provide that information to:

(1) locally affected community groups;

(2) local and state elected officials;

(3) local housing departments;

(4) any appropriate newspapers of general or limited circulation that serve the

community in which the development is to be located;

(5) nonprofit and for-profit organizations;

(6) on-site property managers of occupied developments that are the subject of applications for posting in prominent locations in those developments; and

(7) any other interested persons and community groups that request the information.

(c) The department shall hold at least three public hearings in different regions of the state to receive public comments on applications and on other issues relating to the low income housing tax credit program.

(d) Notwithstanding any other provision of this section, the department may treat the financial statements of any applicant as confidential and may elect not to disclose those statements to the public.

Sec. 2306.67171. ELECTRONIC MAIL NOTIFICATION SERVICE. (a) The department shall maintain an electronic mail notification service to which any person in this state may electronically subscribe to receive information concerning the status of pre-applications and applications under this subchapter.

(b) The electronic mail notification service maintained under Subsection (a) must:

(1) allow a subscriber to request for a zip code notification of:

(A) the filing of any pre-application or application concerning a development that is or will be located in the zip code;

(B) the posting of the board materials for board approval of a list of approved applications or the issuance of final allocation commitments for applications described by Paragraph (A); and

(C) any public hearing to be held concerning an application or pre-application described by Paragraph (A); and

(2) respond to a subscriber via electronic mail not later than the later of:

(A) the 14th day after the date the department receives notice of an event described by Subdivision (1); or

(B) if applicable, the date or dates specified by Section 2306.6717(a).

(c) The department may include in an electronic mail notification sent to a subscriber any applicable information described by Section 2306.6717.

Sec. 2306.6718. ELECTED OFFICIALS. (a) The department shall provide written notice of the filing of an application to the following elected officials:

(1) members of the legislature who represent the community containing the development described in the application; and

(2) the chief executive officer of the political subdivision containing the development described in the application.

(b) The department shall provide the elected officials with an opportunity to comment on the application during the application evaluation process provided by Section 2306.6710 and shall consider those comments in evaluating applications under that section.

(c) A member of the legislature who represents the community containing the development may hold a community meeting at which the department shall provide appropriate representation.

(d) If the department receives written notice from the mayor or county judge of an affected municipality or county opposing an application, the department must contact the mayor or county judge and offer to conduct a physical inspection of the development site and consult with the mayor or county judge before the application is scored.

Sec. 2306.6719. MONITORING OF COMPLIANCE. (a) The department may contract with an independent third party to monitor a development during its construction or rehabilitation and during its operation for compliance with:

(1) any conditions imposed by the department in connection with the allocation of housing tax credits to the development; and

(2) appropriate state and federal laws, as required by other state law or by the board.

(b) The department may assign department staff other than housing tax credit division staff to perform the relevant monitoring functions required by this section in the construction or rehabilitation phase of a development.

Added by Acts 2001, 77th Leg., ch. 1367, Sec. 8.01, eff. Sept. 1, 2001.

Sec. 2306.6720. ENFORCEABILITY OF APPLICANT REPRESENTATIONS. Each representation made by an applicant to secure a housing tax credit allocation is enforceable by the department and the tenants of the development supported with the allocation.

Sec. 2306.6721. DEBARMENT FROM PROGRAM PARTICIPATION. (a) The board by rule shall adopt a policy providing for the debarment of a person from participation in the low income housing tax credit program as described by this section.

(b) The department may debar a person from participation in the program on the basis of the person's past failure to comply with any condition imposed by the department in connection with the allocation of housing tax credits.

(c) The department shall debar a person from participation in the program if the person:

(1) materially violates any condition imposed by the department in connection with the allocation of housing tax credits;

(2) is debarred from participation in federal housing programs by the United States Department of Housing and Urban Development; or

(3) is in material noncompliance with or has repeatedly violated a land use restriction agreement regarding a development supported with a housing tax credit allocation.

(d) A person debarred by the department from participation in the program may appeal the person's debarment to the board.

Sec. 2306.6722. DEVELOPMENT ACCESSIBILITY. Any development supported with a housing tax credit allocation shall comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C.

Sec. 2306.6723. COORDINATION WITH RURAL DEVELOPMENT AGENCY. (a) The department shall jointly administer with the rural development agency any set-aside for rural areas to:

(1) ensure the maximum use and optimum geographic distribution of housing tax credits in rural areas; and

(2) provide for information sharing, efficient procedures, and fulfillment of development compliance requirements in rural areas.

(b) The rural development agency shall assist in developing all threshold, scoring, and underwriting criteria applied to applications eligible for the rural area set-aside. The criteria must be approved by that agency.

(c) To ensure that the rural area set-aside receives a sufficient volume of eligible applications, the department shall fund and, with the rural development agency, shall jointly implement outreach, training, and rural area capacity building efforts as directed by the rural development agency.

(d) The department and the rural development agency shall jointly adjust the regional allocation of housing tax credits described by Section 2306.111 to offset the under-utilization and over-utilization of multifamily private activity bonds and other housing resources in the different regions of the state.

(e) From application fees collected under this subchapter, the department shall reimburse the rural development agency for any costs incurred by the agency in carrying out the functions required by this section.

Sec. 2306.6724. DEADLINES FOR ALLOCATION OF LOW INCOME HOUSING TAX CREDITS. (a) Not later than September 30 of each year, the department shall prepare and submit to the board for adoption the qualified allocation plan required by federal law for use by the department in setting criteria and priorities for the allocation of tax credits under the low income housing tax credit program.

(b) The board shall adopt and submit to the governor the qualified allocation plan not later than November 15.

(c) The governor shall approve, reject, or modify and approve the qualified allocation plan not later than December 1.

(d) An applicant for a low income housing tax credit to be issued a commitment during the initial allocation cycle in a calendar year must submit an application to the department not later than March 1.

(e) The board shall review the recommendations of department staff regarding applications and shall issue a list of approved applications each year in accordance with the qualified allocation plan not later than June 30.

(f) The board shall issue final commitments for allocations of housing tax credits each year in accordance with the qualified allocation plan not later than July 31.

Sec. 2306.6725. SCORING OF APPLICATIONS. (a) In allocating low income housing tax credits, the department shall score each application using a point system based on criteria adopted by the department that are consistent with the department's housing goals, including criteria addressing the ability of the proposed project to:

(1) provide quality social support services to residents;

(2) demonstrate community and neighborhood support as defined by the qualified allocation plan;

(3) consistent with sound underwriting practices and when economically feasible, serve individuals and families of extremely low income by leveraging private and state and federal resources, including federal HOPE VI grants received through the United States Department of Housing and Urban Development;

(4) serve traditionally underserved areas;

(5) remain affordable to qualified tenants for an extended, economically feasible period; and

(6) comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C.

(b) The department shall provide appropriate incentives as determined through the qualified allocation plan to reward applicants who agree to:

(1) equip the property that is the basis of the application with energy saving devices that meet the standards established by the state energy conservation office or to provide to a qualified nonprofit organization or tenant organization a right of first refusal to purchase the property at the minimum price provided in, and in accordance with the requirements of, Section 42(i)(7), Internal Revenue Code of 1986 (26 U.S.C. Section 42(i)(7)); and

(2) locate the development in a census tract in which there are no other existing developments supported by housing tax credits.

(c) On awarding tax credit allocations, the board shall document the reasons for each project's selection, including an explanation of:

(1) all discretionary factors used in making its determination; and

(2) the reasons for any decision that conflicts with the recommendations of department staff under Section 2306.6731.

(d) For each scoring criterion, the department shall use a range of points to evaluate the degree to which a proposed project satisfies the criterion. The department may not award a number of points for a scoring criterion that is disproportionate to the degree to which a proposed project complies with that criterion.

Sec. 2306.6726. SALE OF CERTAIN LOW INCOME HOUSING TAX CREDIT PROPERTY. (a) Not later than two years before the expiration of the compliance period, a recipient of a low income housing tax credit who agreed to provide a right of first refusal under Section 2306.6725 and who intends to sell the property shall notify the department of the recipient's intent to sell. The recipient shall notify qualified nonprofit organizations and tenant organizations of the opportunity to purchase the property.

(b) The recipient may:

(1) during the first six-month period after notifying the department, negotiate or enter into a purchase agreement only with a qualified nonprofit organization that is also a community housing development organization as defined by the federal home investment partnership program;

(2) during the second six-month period after notifying the department, negotiate or enter into a purchase agreement with any qualified nonprofit organization or tenant organization; and

(3) during the year before the expiration of the compliance period, negotiate or enter into a purchase agreement with the department or any qualified nonprofit organization or tenant organization approved by the department.

(c) Notwithstanding an agreement under Section 2306.6725, a recipient of a low income housing tax credit may sell property to which the tax credit applies to any purchaser after the expiration of the compliance period if a qualified nonprofit organization or tenant organization does not offer to purchase the property at the minimum price provided by Section 42(i)(7), Internal Revenue Code of 1986 (26 U.S.C. Section 42(i)(7)), and the department declines to purchase the property.

(d) In this section, "compliance period" has the meaning assigned by Section 42(i)(1), Internal Revenue Code of 1986 (26 U.S.C. Section 42(i)(1)).

Sec. 2306.6727. DEPARTMENT PURCHASE OF LOW INCOME HOUSING TAX CREDIT PROPERTY. The board by rule may develop and implement a program to purchase low income housing tax credit property that is not purchased by a qualified nonprofit organization or tenant organization. The department may not purchase low income housing tax credit property if the board finds that the purchase is not in the best interest of the state.

Sec. 2306.6728. DEPARTMENT POLICY AND PROCEDURES REGARDING RECIPIENTS OF CERTAIN FEDERAL HOUSING ASSISTANCE. (a) The department by rule shall adopt a policy regarding the admittance to low income housing tax credit properties of income-eligible individuals and families receiving assistance under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f).

(b) The policy must provide a reasonable minimum income standard that is not otherwise prohibited by this chapter and that is to be used by owners of low income housing tax credit properties and must place reasonable limits on the use of any other factors that impede the admittance of individuals and families described by Subsection (a) to those properties, including credit histories, security deposits, and employment histories.

(c) The department by rule shall establish procedures to monitor low income housing tax credit properties that refuse to admit individuals and families described by Subsection (a). The department by rule shall establish enforcement mechanisms with respect to those properties, including a range of sanctions to be imposed against the owners of those properties.

Sec. 2306.6729. QUALIFIED NONPROFIT ORGANIZATION. (a) A qualified nonprofit organization may compete in any low income housing tax credit allocation pool, including:

(1) the nonprofit allocation pool;

(2) the rural projects/prison communities allocation pool; and

(3) the general projects allocation pool.

(b) A qualified nonprofit organization submitting an application under this subchapter must have a controlling interest in a project proposed to be financed with a low income housing tax credit from the nonprofit allocation pool.

Added by Acts 2001, 77th Leg., ch. 1367, Sec. 1.30, eff. Sept. 1, 2001.

Sec. 2306.6730. ACCESSIBILITY REQUIRED. A project to which a low income housing tax credit is allocated under this subchapter shall comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), as amended, and specified under 24 C.F.R. Part 8, Subpart C.

Sec. 2306.6731. ALLOCATION DECISION; REEVALUATION. (a) Department staff shall provide written, documented recommendations to the board concerning the financial or programmatic viability of each application for a low income housing tax credit before the board makes a decision relating to the allocation of tax credits. The board may not make without good cause an allocation decision that conflicts with the recommendations of department staff.

(b) Regardless of project stage, the board must reevaluate a project that undergoes a substantial change between the time of initial board approval of the project and the time of issuance of a tax credit commitment for the project. The board may revoke any tax credit commitment issued for a project that has been unfavorably reevaluated by the board under this subsection.

Sec. 2306.6733. REPRESENTATION BY FORMER BOARD MEMBER OR OTHER PERSON. (a) A former board member or a former director, deputy director, director of housing programs, director of compliance, director of underwriting, or low income housing tax credit program manager employed by the department may not:

(1) for compensation, represent an applicant for an allocation of low income housing tax credits or a related party before the second anniversary of the date that the board member's, director's, or manager's service in office or employment with the department ceases;

(2) represent any applicant or related party or receive compensation for services rendered on behalf of any applicant or related party regarding the consideration of a housing tax credit application in which the former board member, director, or manager participated during the period of service in office or employment with the department, either through personal involvement or because the matter was within the scope of the board member's, director's, or manager's official responsibility; or

(3) for compensation, communicate directly with a member of the legislative branch to influence legislation on behalf of an applicant or related party before the second anniversary of the date that the board member's, director's, or manager's service in office or employment with the department ceases.

(b) A person commits an offense if the person violates this section. An offense under this section is a Class A misdemeanor.

Sec. 2306.6734. MINORITY-OWNED BUSINESSES. (a) The department shall require a person who receives an allocation of housing tax credits to attempt to ensure that at least 30 percent of the construction and management businesses with which the person contracts in connection with the development are minority-owned businesses.

(b) A person who receives an allocation of housing tax credits must report to the department not less than once in each 90-day period following the date of allocation regarding the percentage of businesses with which the person has contracted that qualify as minority-owned businesses.

(c) In this section:

(1) "Minority-owned business" means a business entity at least 51 percent of which is owned by members of a minority group or, in the case of a corporation, at least 51 percent of the shares of which are owned by members of a minority group, and that is managed and controlled by members of a minority group in its daily operations.

(2) "Minority group" includes:

(A) women;

(B) African Americans;

(C) American Indians;

(D) Asian Americans; and

(E) Mexican Americans and other Americans of Hispanic origin.

Sec. 2306.6735. REQUIRED LEASE AGREEMENT PROVISIONS. A lease agreement with a tenant in a development supported with a housing tax credit allocation must:

(1) include any applicable federal or state standards identified by department rule that relate to the termination or nonrenewal of the lease agreement; and

(2) be consistent with state and federal law.

Sec. 2306.6736. PROHIBITED PRACTICES. (a) Notwithstanding any other law, a development owner of a development supported with a housing tax credit allocation may not:

(1) lock out or threaten to lock out any person residing in the development except by judicial process unless the exclusion results from:

(A) a necessity to perform bona fide repairs or construction work; or

(B) an emergency; or

(2) seize or threaten to seize the personal property of any person residing in the development except by judicial process unless the resident has abandoned the premises.

(b) Each development owner shall:

(1) include a conspicuous provision in the lease agreement prohibiting the owner

(2) remove in the manner specified by department rule any provisions in the lease agreement that are contrary to Subsection (a).

Sec. 2306.6736. LOW INCOME HOUSING TAX CREDITS FINANCED UNDER AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009. (a) To the extent the department receives federal funds under the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) or any subsequent law (including any extension or renewal thereof) that requires the department to award the federal funds in the same manner and subject to the same limitations as awards of housing tax credits, the following provisions shall apply.

(b) Any reference in this chapter to the administration of the housing tax credit program shall apply equally to the administration of such federal funds, except:

(1) the department may establish a separate application procedure for such funds, outside of the uniform application cycle referred to in Section 2306.1111 and the deadlines established in Section 2306.6724, and any reference herein to the application period shall refer to the period beginning on the date the department begins accepting applications for such funds and continuing until all such available funds are awarded;

(2) unless reauthorized, this section is repealed on August 31, 2011.

Sec. 2306.6737. ASSISTANCE FROM AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009. If allowed by federal law, the department shall, under any federally funded program resulting from the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5), secure the interests of the state through bonds, an ownership interest in property, restrictive covenants filed in the real property records, and/or liens filed on a property for which the applicant has accepted funds until such a time as the department and the State of Texas do not have liability to repay or recapture such funds.

SUBCHAPTER FF. OWNER-BUILDER LOAN PROGRAM

Sec. 2306.751. DEFINITION. In this subchapter, "owner-builder" means a person, other than a person who owns or operates a construction business:

(1) who:

(A) owns or purchases a piece of real property through a warranty deed or a warranty deed and deed of trust; or

(B) is purchasing a piece of real property under a contract for deed entered into before January 1, 1999; and

(2) who undertakes to make improvements to that property.

Sec. 2306.752. OWNER-BUILDER LOAN PROGRAM. (a) To provide for the development of affordable housing in this state, the department, through the colonia self-help centers established under Subchapter Z or a nonprofit organization certified by the department as a nonprofit owner-builder housing program, shall make loans for owner-builders to enable them to:

(1) purchase or refinance real property on which to build new residential housing;

(2) build new residential housing; or

(3) improve existing residential housing.

(b) The department may adopt rules necessary to accomplish the purposes of this subchapter.

Sec. 2306.753. OWNER-BUILDER ELIGIBILITY. (a) Subject to this section, the department shall establish eligibility requirements for an owner-builder to receive a loan under this subchapter. The eligibility requirements must establish a priority for loans made under this subchapter to owner-builders with an annual income, as determined under Subsection (b)(1), of less than $17,500.

(b) To be eligible for a loan under this subchapter, an owner-builder:

(1) may not have an annual income that exceeds 60 percent, as determined by the

department, of the greater of the state or local median family income, when combined with the income of any person who resides with the owner-builder;

(2) must have resided in this state for the preceding six months;

(3) must have successfully completed an owner-builder education class under Section 2306.756; and

(4) must agree to:

(A) provide through personal labor at least 65 percent of the labor necessary to build or rehabilitate the proposed housing by working through a state-certified owner-builder housing program;

(B) provide an amount of personal labor equivalent to the amount required under Paragraph (A) in connection with building or rehabilitating housing for others through a state-certified owner-builder housing program;

(C) provide through the noncontract labor of friends, family, or volunteers and through personal labor at least 65 percent of the labor necessary to build or rehabilitate the proposed housing by working through a state-certified owner-builder housing program; or

(D) if due to documented disability or other limiting circumstances as defined by department rule the owner-builder cannot provide the amount of personal labor otherwise required by this subdivision, provide through the noncontract labor of friends, family, or volunteers at least 65 percent of the labor necessary to build or rehabilitate the proposed housing by working through a state-certified owner-builder housing program.

(c) The department may select nonprofit owner-builder housing programs to certify the eligibility of owner-builders to receive a loan under this subchapter. A nonprofit housing assistance organization selected by the department shall use the eligibility requirements established by the department to certify the eligibility of an owner-builder for the program.

(d) At least two-thirds of the dollar amount of loans made under this subchapter in each fiscal year must be made to borrowers whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code.

Sec. 2306.754. AMOUNT OF LOAN; LOAN TERMS. (a) The department may establish the minimum amount of a loan under this subchapter, but a loan made by the department may not exceed $45,000.

(b) If it is not possible for an owner-builder to purchase necessary real property and build or rehabilitate adequate housing for $45,000, the owner-builder must obtain the amount necessary that exceeds $45,000 from other sources of funds. The total amount of amortized, repayable loans made by the department and other entities to an owner-builder under this subchapter may not exceed $90,000.

(c) A loan made by the department under this subchapter:

(1) may not exceed a term of 30 years;

(2) may bear interest at a fixed rate of not more than three percent or bear interest in the following manner:

(A) no interest for the first two years of the loan;

(B) beginning with the second anniversary of the date the loan was made, interest at the rate of one percent a year;

(C) beginning on the third anniversary of the date the loan was made and ending on the sixth anniversary of the date the loan was made, interest at a rate that is one percent greater than the rate borne in the preceding year; and

(D) beginning on the sixth anniversary of the date the loan was made and continuing through the remainder of the loan term, interest at the rate of five percent; and

(3) shall be secured by:

(A) a first lien by the department on the real property if the loan is the largest amortized, repayable loan secured by the real property; or

(B) a co-first lien or subordinate lien as determined by department rule, if the loan is not the largest loan as described by Paragraph (A).

(d) If an owner-builder is purchasing real property under a contract for deed, the department may not disburse any portion of a loan made under this subchapter until the owner-builder:

(1) fully completes the owner-builder's obligation under the contract and receives a deed to the property; or

(2) refinances the owner-builder's obligation under the contract and converts the obligation to a note secured by a deed of trust.

Sec. 2306.755. NONPROFIT OWNER-BUILDER HOUSING PROGRAMS. (a) The department may certify nonprofit owner-builder housing programs operated by a tax-exempt organization listed under Section 501(c)(3), Internal Revenue Code of 1986, to:

(1) qualify potential owner-builders for loans under this subchapter;

(2) provide owner-builder education classes under Section 2306.756;

(3) assist owner-builders in building or rehabilitating housing; and

(4) originate or service loans made under this subchapter.

(b) The department by rule shall adopt procedures for the certification of nonprofit owner-builder housing programs under this section.

Sec. 2306.756. OWNER-BUILDER EDUCATION CLASSES. (a) A state-certified nonprofit owner-builder housing program shall offer owner-builder education classes to potential owner-builders. A class under this section must provide information on:

(1) the financial responsibilities of an owner-builder under this subchapter, including the consequences of an owner-builder's failure to meet those responsibilities;

(2) the building or rehabilitation of housing by owner-builders;

(3) resources for low-cost building materials available to owner-builders; and

(4) resources for building or rehabilitation assistance available to owner-builders.

(b) A nonprofit owner-builder housing program may charge a potential owner-builder who enrolls in a class under this section a reasonable fee not to exceed $50 to offset the program's costs in providing the class.

Sec. 2306.757. LOAN PRIORITY FOR WAIVER OF LOCAL GOVERNMENT FEES. In making loans under this subchapter, the department shall give priority to loans to owner-builders who will reside in counties or municipalities that agree in writing to waive capital recovery fees, building permit fees, inspection fees, or other fees related to the building or rehabilitation of the housing to be built or improved with the loan proceeds.

Sec. 2306.758. FUNDING. (a) The department shall solicit gifts and grants to make loans under this subchapter.

(b) The department may also make loans under this subchapter from:

(1) available funds in the housing trust fund established under Section 2306.201;

(2) federal block grants that may be used for the purposes of this subchapter; and

(3) the owner-builder revolving loan fund established under Section 2306.7581.

(c) In a state fiscal year, the department may use not more than 10 percent of the revenue available for purposes of this subchapter to enhance the ability of tax-exempt organizations described by Section 2306.755(a) to implement the purposes of this chapter and to enhance the number of such organizations that are able to implement those purposes. The department shall use that available revenue to provide financial assistance, technical training, and management support for the purposes of this subsection.

Sec. 2306.7581. OWNER-BUILDER REVOLVING LOAN FUND. (a) The department shall establish an owner-builder revolving loan fund in the department for the sole purpose of funding loans under this subchapter.

(a-1) Each state fiscal year the department shall transfer at least $3 million to the owner-builder revolving fund from money received under the federal HOME Investment Partnerships program established under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), from money in the housing trust fund, or from money appropriated by the legislature to the department. This subsection expires August 31, 2020.

(b) The department shall deposit money received in repayment of a loan under this subchapter to the owner-builder revolving loan fund.

Sec. 2306.759. REPORTING DUTIES. The department shall:

(1) prepare a report that evaluates the repayment history of owner-builders who receive loans under this subchapter, including for each owner-builder:

(A) the owner-builder's income;

(B) the date on which the owner-builder completed building or improving the residential housing for which the loan was made;

(C) the county in which the residential housing is located;

(D) the identity of the owner-builder housing program through which the housing was constructed; and

(E) a description of the type of construction or improvement made; and

(2) deliver a copy of the report to the governor, the lieutenant governor, and the speaker of the house of representatives not later than November 15, 2000.

SUBCHAPTER GG. COLONIA MODEL SUBDIVISION PROGRAM

Sec. 2306.781. DEFINITION. In this subchapter, "program" means the colonia model subdivision program established under this subchapter.

Sec. 2306.782. ESTABLISHMENT OF PROGRAM. The department shall establish the colonia model subdivision program to promote the development of new, high-quality, residential subdivisions that provide:

(1) alternatives to substandard colonias; and

(2) housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias.

Sec. 2306.783. COLONIA MODEL SUBDIVISION REVOLVING LOAN FUND. (a) The department shall establish a colonia model subdivision revolving loan fund in the department. Money in the fund may be used only for purposes of the program.

(a-1) The department may transfer money into the colonia model subdivision revolving fund using any available source of revenue.

(a-2) On application, the department may provide a loan under this subchapter through an eligible political subdivision using money from the portion of community development block grant that is set aside under federal law to provide financial assistance to colonias. In a state fiscal year, the department may not provide loans under this subchapter using more than $2 million from the set-aside for colonias.

(a-3) Subsections (a-1) and (a-2) and this subsection expire August 31, 2010.

(b) The department shall deposit money received in repayment of loans under this subchapter to the colonia model subdivision revolving loan fund.

Added by Acts 2001, 77th Leg., ch. 1367, Sec. 2.13, eff. Sept. 1, 2001.

Sec. 2306.784. SUBDIVISION COMPLIANCE. Any subdivision created with assistance from the colonia model subdivision revolving loan fund must fully comply with all state and local laws, including any process established under state or local law for subdividing real property.

Sec. 2306.785. PROGRAM LOANS. (a) The department may make loans under the program only to:

(1) colonia self-help centers established under Subchapter Z; and

(2) community housing development organizations certified by the department.

(b) A loan made under the program may be used only for the payment of:

(1) costs associated with the purchase of real property;

(2) costs of surveying, platting, and subdividing or resubdividing real property;

(3) fees, insurance costs, or recording costs associated with the development of the subdivision;

(4) costs of providing proper infrastructure necessary to support residential uses;

(5) real estate commissions and marketing fees; and

(6) any other costs as the department by rule determines to be reasonable and prudent to advance the purposes of this subchapter.

(c) A loan made by the department under the program may not bear interest and may not exceed a term of 36 months.

(d) The department may offer a borrower under the program one loan renewal for each subdivision.

Sec. 2306.786. ADMINISTRATION OF PROGRAM; RULES. (a) In administering the program, the department by rule shall adopt:

(1) any subdivision standards in excess of local standards the department considers necessary;

(2) loan application procedures;

(3) program guidelines; and

(4) contract award procedures.

(b) The department shall adopt rules to:

(1) ensure that a borrower under the program sells real property under the program only to an individual borrower, nonprofit housing developer, or for-profit housing developer for the purposes of constructing residential dwelling units; and

(2) require a borrower under the program to convey real property under the program at a cost that is affordable to:

(A) individuals and families of extremely low income; or

(B) individuals and families of very low income.

SUBCHAPTER HH. AFFORDABLE HOUSING PRESERVATION

Sec. 2306.801. DEFINITION. In this subchapter, "federally subsidized" means receiving financial assistance through a federal program administered by the Secretary of Housing and Urban Development or the Secretary of Agriculture under which housing assistance is provided on the basis of income, including a program under:

(1) Section 221(d), National Housing Act (12 U.S.C. Section 1715l(d));

(2) Section 236, National Housing Act (12 U.S.C. Section 1715z-1);

(3) Section 202, Housing Act of 1959 (12 U.S.C. Section 1701q);

(4) Section 101, Housing and Urban Development Act of 1965 (12 U.S.C. Section 1701s);

(5) Section 514, 515, or 516, Housing Act of 1949 (42 U.S.C. Section 1484, 1485, or 1486); or

(6) Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f).

Sec. 2306.802. MULTIFAMILY HOUSING PRESERVATION CLASSES. The department shall establish two classes of priorities of developments to preserve multifamily housing. The classes, in order of descending priority, are:

(1) Class A, which includes any federally subsidized multifamily housing development at risk because the contract granting a federal subsidy with a stipulation to maintain affordability is nearing expiration or because the government-insured mortgage on the property is eligible for prepayment or near the end of its mortgage term; and

(2) Class B, which includes any other multifamily housing development with low income use or rental affordability restrictions.

Sec. 2306.803. AT-RISK MULTIFAMILY HOUSING: IDENTIFICATION, PRIORITIZATION, AND PRESERVATION. (a) The department shall determine the name and location of and the number of units in each multifamily housing development that is at risk of losing its low income use restrictions and subsidies and that meets the requirements of a Class A priority described by Section 2306.802.

(b) The department shall maintain an accurate list of those developments on the department's website.

(c) The department shall develop cost estimates for the preservation and rehabilitation of the developments in priority Class A.

(d) The department shall contact owners of developments assigned a Class A priority under this section and shall attempt to negotiate with those owners to ensure continued affordability for individuals and families of low income under the federal housing assistance program for those developments.

Sec. 2306.804. USE OF HOUSING PRESERVATION RESOURCES. (a) To the extent possible, the department shall use available resources for the preservation and rehabilitation of the multifamily housing developments identified and listed under Section 2306.803.

(b) To the extent possible, the department shall allocate low income housing tax credits to applications involving the preservation of developments assigned a Class A priority under Section 2306.803 and in both urban and rural communities in approximate proportion to the housing needs of each uniform state service region.

(c) The department shall give priority to providing financing or funding to a buyer who is supported or approved by an association of residents of the multifamily housing development.

Sec. 2306.805. HOUSING PRESERVATION INCENTIVES PROGRAM. (a) The department shall establish and administer a housing preservation incentives program to provide incentives through loan guarantees, loans, and grants to political subdivisions, housing finance corporations, public housing authorities, for-profit organizations, and nonprofit organizations for the acquisition and rehabilitation of multifamily housing developments assigned a Class A or Class B priority under Section 2306.803.

(b) A loan issued by a lender participating in the program must be fully underwritten by the department.

(c) Consistent with the requirements of federal law, the department may guarantee loans issued under the program by obtaining a Section 108 loan guarantee from the United States Department of Housing and Urban Development under the Housing and Community Development Act of 1974 (42 U.S.C. Section 5308).

(d) Grants under this program may include direct subsidies offered as an equity contribution to enable an owner to acquire and rehabilitate a Class A or Class B priority property described by Section 2306.802. Grants may also be offered to provide consultation and technical assistance services to a nonprofit organization seeking to acquire and rehabilitate a Class A or Class B priority property.

(e) A housing development that benefits from the incentive program under this section is subject to the requirements concerning:

(1) long-term affordability and safety prescribed by Section 2306.185; and

(2) tenant and manager selection prescribed by Section 2306.269.

SUBCHAPTER II. MULTIFAMILY HOUSING DEVELOPMENTS: PRESERVATION OF AFFORDABILITY

Sec. 2306.851. APPLICATION. (a) This subchapter applies only to a property owner of a multifamily housing development that is insured or assisted under a program under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f), or that is:

(1) insured or assisted under a program under:

(A) Section 221(d)(3), National Housing Act (12 U.S.C. Section 1715l);

(B) Section 236, National Housing Act (12 U.S.C. Section 1715z-1); or

(C) Section 514, 515, or 516, Housing Act of 1949 (42 U.S.C. Section 1484, 1485, or 1486); and

(2) financed by a mortgage that is eligible for prepayment at the option of the property owner.

(b) This subchapter does not apply to the disposal of property because of:

(1) a governmental taking by eminent domain or negotiated purchase;

(2) a foreclosure action;

(3) a transfer by gift, devise, or operation of law; or

(4) a sale to a person who would be entitled to an interest in the property if the property owner died intestate.

(c) This subchapter does not apply to property included in a restructuring program with a participating administrative entity designated by the United States Department of Housing and Urban Development.

Sec. 2306.852. PROPERTY OWNER RESTRICTION. Except as provided by this subchapter, a property owner to whom this subchapter applies may not sell, lease, or otherwise dispose of a multifamily housing development described by Section 2306.851(a) or take any other action if that action will cause the disruption or discontinuance of:

(1) the development's federal insurance or assistance; or

(2) the provision of low income housing assistance to residents of the development.

Sec. 2306.853. NOTICE OF INTENT. (a) A property owner of a multifamily housing development may take an action, sell, lease, or otherwise dispose of the development subject to the restriction under Section 2306.852 if the property owner provides notice by mail of the owner's intent to the residents of the development and to the department.

(b) The notice required by Subsection (a) must indicate, as applicable, that the property owner intends to prepay a mortgage under a program described by Section 2306.851(a)(1) or that a contract formed under a program under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f), will expire.

(c) The property owner shall provide the notice required by Subsection (a) before the 90th day preceding the date of mortgage prepayment or contract expiration, as applicable, and as otherwise required by federal law.

(d) The notice required by this section is sufficient if the notice meets the requirements of Section 8(c)(8), United States Housing Act of 1937 (42 U.S.C. Section 1437f(c)(8)).

SUBCHAPTER KK. INTERAGENCY COUNCIL FOR THE HOMELESS

Sec. 2306.901. DEFINITION. In this subchapter, "council" means the Texas Interagency Council for the Homeless.

Sec. 2306.902. ADVISORY ROLE. (a) The Texas Interagency Council for the Homeless serves as an advisory committee to the department. The council may recommend policies to the board. The board must provide written justification for not accepting council recommendations and must consider council recommendations in preparing its low income housing plan under

Section 2306.0721.

(b) The council is not subject to Chapter 2110.

Sec. 2306.903. MEMBERSHIP. (a) The Texas Interagency Council for the Homeless is composed of:

(1) one representative from each of the following agencies, appointed by the administrative head of that agency:

(A) the Texas Department of Health;

(B) the Texas Department of Human Services;

(C) the Texas Department of Mental Health and Mental Retardation;

(D) the Texas Department of Criminal Justice;

(E) the Texas Department on Aging;

(F) the Texas Rehabilitation Commission;

(G) the Texas Education Agency;

(H) the Texas Commission on Alcohol and Drug Abuse;

(I) the Department of Protective and Regulatory Services;

(J) the Health and Human Services Commission;

(K) the Texas Workforce Commission;

(L) the Texas Youth Commission; and

(M) the Texas Veterans Commission;

(2) two representatives from the department, one each from the community affairs division and the housing finance division, appointed by the director; and

(3) three members representing service providers to the homeless, one each appointed by the governor, the lieutenant governor, and the speaker of the house of representatives.

(b) A member of the council serves at the pleasure of the appointing official or until termination of the member's employment with the entity the member represents.

(c) A member of the council must have:

(1) administrative responsibility for programs for the homeless or related services provided by the agency that the member represents; and

(2) authority to make decisions for and commit resources of the agency, subject to the approval of the administrative head of the agency.

Sec. 2306.904. OPERATION OF COUNCIL. (a) The members of the council shall annually elect one member to serve as presiding officer.

(b) The council shall meet at least quarterly.

(c) An action taken by the council must be approved by a majority vote of the members present.

(d) The council may select and use advisors.

(e) The department shall provide clerical and advisory support staff to the council.

Sec. 2306.905. DUTIES OF COUNCIL. The council shall:

(1) survey current resources for services for the homeless in this state;

(2) initiate an evaluation of the current and future needs for the services;

(3) assist in coordinating and providing statewide services for all homeless individuals in this state;

(4) increase the flow of information among separate providers and appropriate authorities;

(5) develop guidelines to monitor the provision of services for the homeless and the methods of delivering those services;

(6) provide technical assistance to the housing finance division of the department in assessing the need for housing for individuals with special needs in different localities;

(7) coordinate with the Texas Workforce Commission, local workforce development boards, homeless shelters, and public and private entities to provide homeless individuals information on services available to assist them in obtaining employment and job training;

(8) establish a central resource and information center for the homeless in this state; and

(9) ensure that local or statewide nonprofit organizations perform the duties under this section that the council is unable to perform.

Sec. 2306.906. DUTIES OF STATE AGENCY COUNCIL MEMBERS. (a) Each agency represented on the council shall report to the department a standard set of performance data, as determined by the department, on the agency's outcomes related to homelessness.

(b) Each agency shall contribute resources to the council.

Sec. 2306.907. PUBLIC HEARINGS. (a) The council may hold, throughout the state, public hearings on homelessness issues.

(b) The department shall provide to the secretary of state for publication in the Texas Register a notice of the hearings and shall provide for the notice to be given in other appropriate sources, which may include:

(1) a newsletter published by a nonprofit organization addressing the problem of homelessness; or

(2) a local newspaper.

Sec. 2306.908. REPORT. The council shall submit annually a progress report to the governing bodies of the agencies represented on the council.

Sec. 2306.909. GIFTS AND GRANTS. The council may accept gifts and grants from a public or private source for use in carrying out the council's duties under this subchapter.

SUBCHAPTER LL. MIGRANT LABOR HOUSING FACILITIES

Sec. 2306.921. DEFINITIONS. In this subchapter:

(1) "Facility" means a structure, trailer, or vehicle, or two or more contiguous or grouped structures, trailers, or vehicles, together with the land appurtenant.

(2) "Migrant agricultural worker" means an individual who:

(A) is working or available for work seasonally or temporarily in primarily an agricultural or agriculturally related industry; and

(B) moves one or more times from one place to another to perform seasonal or temporary employment or to be available for seasonal or temporary employment.

(3) "Migrant labor housing facility" means a facility that is established, operated, or used for more than three days as living quarters for two or more seasonal, temporary, or migrant families or three or more seasonal, temporary, or migrant workers, whether rent is paid or reserved in connection with the use of the facility.

(4) "Person" means an individual, association, partnership, corporation, or political

subdivision.

Sec. 2306.922. LICENSE REQUIRED. A person may not establish, maintain, or operate a migrant labor housing facility without obtaining a license from the department.

Sec. 2306.923. LICENSE APPLICATION; APPLICATION INSPECTION. (a) To receive a migrant labor housing facility license, a person must apply to the department according to rules adopted by the board and on a form prescribed by the board.

(b) The application must be made not later than the 45th day before the intended date of operation of the facility.

(c) The application must state:

(1) the location and ownership of the migrant labor housing facility;

(2) the approximate number of persons to be accommodated;

(3) the probable periods of use of the facility; and

(4) any other information required by the board.

(d) The application must be accompanied by the license fee.

Sec. 2306.924. INSPECTION. The department shall inspect the migrant labor housing facility not later than the 30th day after the date of receipt of a complete application and the fee.

Sec. 2306.925. FAILURE TO MEET STANDARDS; REINSPECTION. (a) If a migrant labor housing facility for which a license application is made does not meet the reasonable minimum standards of construction, sanitation, equipment, and operation required by rules adopted under this subchapter, the department at the time of inspection shall give the license applicant the reasons that the facility does not meet those standards. The applicant may request the department to reinspect the facility not later than the 60th day after the date on which the reasons are given.

(b) If a facility does not meet the standards on reinspection, the applicant must submit a new license application as provided by Section 2306.923.

Sec. 2306.926. LICENSE ISSUANCE; TERM; NOT TRANSFERABLE. (a) The department shall issue a license to establish, maintain, and operate a migrant labor housing facility if the facility meets the standards of construction, sanitation, equipment, and operation required by rules adopted under this subchapter.

(b) The license expires on the first anniversary of the date of issuance.

(c) The license issued under this subchapter is not transferable.

Sec. 2306.927. LICENSE POSTING. A person who holds a license issued under this subchapter shall post the license in the migrant labor housing facility at all times during the maintenance or operation of the facility.

Sec. 2306.928. INSPECTION OF FACILITIES. An authorized representative of the department, after giving or making a reasonable attempt to give notice to the operator of a migrant labor housing facility, may enter and inspect the facility during reasonable hours and investigate conditions, practices, or other matters as necessary or appropriate to determine whether a person has violated this subchapter or a rule adopted under this subchapter.

Sec. 2306.929. FEE. The board shall set the license fee in an amount not to exceed $250.

Sec. 2306.930. SUSPENSION OR REVOCATION OF LICENSE. (a) The department may suspend or revoke a license for a violation of this subchapter or a rule adopted under this subchapter.

(b) Chapter 2001 and department rules for holding a contested case hearing govern the procedures for the suspension or revocation of a license issued under this subchapter.

(c) A hearing conducted under this section must be held in the county in which the affected migrant labor housing facility is located.

Sec. 2306.931. ENFORCEMENT; ADOPTION OF RULES. (a) The department shall enforce this subchapter.

(b) The board shall adopt rules to protect the health and safety of persons living in migrant labor housing facilities.

(c) The board by rule shall adopt standards for living quarters at a migrant labor housing facility, including standards relating to:

(1) construction of the facility;

(2) sanitary conditions;

(3) water supply;

(4) toilets;

(5) sewage disposal;

(6) storage, collection, and disposal of refuse;

(7) light and air;

(8) safety requirements;

(9) fire protection;

(10) equipment;

(11) maintenance and operation of the facility; and

(12) any other matter appropriate or necessary for the protection of the health and safety of the occupants.

(d) An employee or occupant of a migrant labor housing facility who uses the sanitary or other facilities furnished for the convenience of employees or occupants shall comply with the rules adopted under Subsection (b) or (c).

(e) The board by rule shall adopt minimum standards for issuing, revoking, or suspending a license issued under this subchapter.

Sec. 2306.932. INJUNCTIVE RELIEF. (a) A district court for good cause shown in a hearing and on application by the department, a migrant agricultural worker, or the worker's representative may grant a temporary or permanent injunction to prohibit a person, including a person who owns or controls a migrant labor housing facility, from violating this subchapter or a rule adopted under this subchapter.

(b) A person subject to a temporary or permanent injunction under Subsection (a) may appeal to the supreme court as in other cases.

Sec. 2306.933. CIVIL PENALTY. (a) A person who violates this subchapter or a rule adopted under this subchapter is subject to a civil penalty of $200 for each day that the violation occurs.

(b) The county attorney for the county in which the violation occurred, or the attorney general, at the request of the department, shall bring an action in the name of the state to collect the penalty.

SUBCHAPTER MM. TEXAS FIRST-TIME HOMEBUYER PROGRAM

Sec. 2306.1071. DEFINITIONS. In this subchapter:

Text of subdivision as added by Acts 2007, 80th Leg., R.S., Ch. 1341, Sec. 2

(1) "First-time homebuyer" means a person who has not owned a home during the three years preceding the date on which an application under this subchapter is filed.

Text of subdivision as added by Acts 2007, 80th Leg., R.S., Ch. 1029, Sec. 1

(1) "First-time homebuyer" means a person who:

(A) resides in this state on the date on which an application is filed; and

(B) has not owned a home during the three years preceding the date on which an application under this subchapter is filed.

(2) "Home" means a dwelling in this state in which a first-time homebuyer intends to reside as the homebuyer's principal residence.

(3) "Mortgage lender" has the meaning assigned by Section 2306.004.

(4) "Program" means the Texas First-Time Homebuyer Program.

Sec. 2306.1072. TEXAS FIRST-TIME HOMEBUYER PROGRAM. (a) The Texas First-Time Homebuyer Program shall facilitate the origination of single-family mortgage loans for eligible first-time homebuyers.

(b) The program may include down payment and closing cost assistance.

Sec. 2306.1073. ADMINISTRATION OF PROGRAM; RULES. (a) The department shall administer the program.

(b) The board shall adopt rules governing:

(1) the administration of the program;

(2) the making of loans under the program;

(3) the criteria for approving participating mortgage lenders;

(4) the use of insurance on the loans and the homes financed under the program, as considered appropriate by the board to provide additional security for the loans;

(5) the verification of occupancy of the home by the homebuyer as the homebuyer's principal residence; and

(6) the terms of any contract made with any mortgage lender for processing, originating, servicing, or administering the loans.

Sec. 2306.1074. ELIGIBILITY. (a) To be eligible for a mortgage loan under this subchapter, a homebuyer must:

(1) qualify as a first-time homebuyer under this subchapter;

(2) have an income of not more than 115 percent of area median family income or 140 percent of area median family income in targeted areas; and

(3) meet any additional requirements or limitations prescribed by the department.

(b) To be eligible for a loan under this subchapter to assist a homebuyer with down payment and closing costs, a homebuyer must:

(1) qualify as a first-time homebuyer under this subchapter;

(2) have an income of not more than 80 percent of area median family income; and

(3) meet any additional requirements or limitations prescribed by the department.

(c) The department may contract with other agencies of the state or with private entities to determine whether applicants qualify as first-time homebuyers under this section or otherwise to administer all or part of this section.

Sec. 2306.1075. FEES. The board of directors of the department may set and collect from each applicant any fees the board considers reasonable and necessary to cover the expenses of administering the program.

Sec. 2306.1076. FUNDING. (a) The department shall ensure that a loan under this section is structured in a way that complies with any requirements associated with the source of the funds used for the loan.

Text of subdivision as added by Acts 2007, 80th Leg., R.S., Ch. 1341, Sec. 2

(b) In addition to funds set aside for the program under Section 1372.023, the department may solicit and accept gifts and grants for the purposes of this section.

Text of subsection as added by Acts 2007, 80th Leg., R.S., Ch. 1029, Sec. 1

(b) In addition to funds set aside for the program under Section 1372.023, the department may solicit and accept funding for the program from gifts and grants for the purposes of this section.

SUBCHAPTER NN. HOUSING AND HEALTH SERVICES COORDINATION COUNCIL

Sec. 2306.1091. DEFINITIONS. (a) In this subchapter, "council" means the housing and health services coordination council.

(b) With the advice and assistance of the council, the department by rule shall define "service-enriched housing" for the purposes of this subchapter.

Sec. 2306.1092. COMPOSITION. (a) The department shall establish a housing and health services coordination council.

(b) The council is composed of 16 members consisting of:

(1) the director;

(2) one representative from each of the following agencies, appointed by the head of that agency:

(A) the Office of Rural Community Affairs;

(B) the Texas State Affordable Housing Corporation;

(C) the Health and Human Services Commission;

(D) the Department of Assistive and Rehabilitative Services;

(E) the Department of Aging and Disability Services; and

(F) the Department of State Health Services;

(3) one representative from the Department of Agriculture who is:

(A) knowledgeable about the Texans Feeding Texans and Retire in Texas programs or similar programs; and

(B) appointed by the head of that agency;

(4) one member who is:

(A) a member of the Health and Human Services Commission Promoting Independence Advisory Committee; and

(B) appointed by the governor; and

(5) one representative from each of the following interest groups, appointed by the governor:

(A) financial institutions;

(B) multifamily housing developers;

(C) health services entities;

(D) nonprofit organizations that advocate for affordable housing and consumer-directed long-term services and support;

(E) consumers of service-enriched housing;

(F) advocates for minority issues; and

(G) rural communities.

(c) A member of the council appointed under Subsection (b)(2) must have, subject to the approval of the head of the agency, authority to make decisions for and commit resources of the agency that the member represents and must have:

(1) administrative responsibility for agency programs for older adults or persons with disabilities;

(2) knowledge or experience regarding the implementation of projects that coordinate integrated housing and health services; or

(3) knowledge or experience regarding services used by older adults or persons with disabilities.

(d) The director serves as the presiding officer of the council.

Sec. 2306.1093. TERMS. (a) A member of the council who represents a state agency serves at the pleasure of the head of that agency.

(b) Members of the council who are appointed by the governor serve staggered six-year terms, with the terms of two or three members expiring on September 1 of each odd-numbered year.

Sec. 2306.1094. OPERATION OF COUNCIL. (a) The council shall meet at least quarterly.

(b) The department shall provide clerical and advisory support staff to the council.

(c) Except as provided by Section 2306.1095, Chapter 2110 does not apply to the size, composition, or duration of the council.

Sec. 2306.1095. COMPENSATION AND REIMBURSEMENT. (a) A member of the council who is appointed by the governor may not receive compensation for service on the council. The member may receive reimbursement from the department for actual and necessary expenses incurred in performing council functions as provided by Section 2110.004.

(b) A member of the council who is not appointed by the governor may not receive compensation for service on the council or reimbursement for expenses incurred in performing council functions.

Sec. 2306.1096. DUTIES; BIENNIAL REPORT. (a) The council shall:

(1) develop and implement policies to coordinate and increase state efforts to offer service-enriched housing;

(2) identify barriers preventing or slowing service-enriched housing efforts, including barriers attributable to the following factors:

(A) regulatory requirements and limitations;

(B) administrative limitations;

(C) limitations on funding; and

(D) ineffective or limited coordination;

(3) develop a system to cross-educate selected staff in state housing and health services agencies to increase the number of staff with expertise in both areas and to coordinate relevant staff activities of those agencies;

(4) identify opportunities for state housing and health services agencies to provide technical assistance and training to local housing and health services entities about:

(A) the cross-education of staff;

(B) coordination among those entities; and

(C) opportunities to increase local efforts to create service-enriched housing; and

(5) develop suggested performance measures to track progress in:

(A) the reduction or elimination of barriers in creating service-enriched housing;

(B) increasing the coordination between state housing and health services agencies;

(C) increasing the number of state housing and health services staff who are cross-educated or who have expertise in both housing and health services programs; and

(D) the provision of technical assistance to local communities by state housing and health services staff to increase the number of service-enriched housing projects.

(b) The council shall develop a biennial plan to implement the goals described by Subsection (a).

(c) Not later than August 1 of each even-numbered year, the council shall deliver a report of the council's findings and recommendations to the governor and the Legislative Budget Board.

Sec. 2306.1097. GIFTS AND GRANTS. The council may solicit and accept gifts, grants, and donations for the purposes of this subchapter.

Sec. 2306.1098. DUTIES OF EMPLOYEES PROVIDING ADVISORY SUPPORT TO COUNCIL. Department employees assigned to provide advisory support to the council shall:

(1) identify sources of funding from this state and the federal government that may be used to provide integrated housing and health services;

(2) determine the requirements and application guidelines to obtain those funds;

(3) provide training materials that assist the development and financing of a service-enriched housing project;

(4) provide information regarding:

(A) effective methods to collaborate with governmental entities, service providers, and financial institutions; and

(B) the use of layered financing to provide and finance service-enriched housing;

(5) create a financial feasibility model that assists in making a preliminary determination of the financial viability of proposed service-enriched housing projects, including models that allow a person to analyze multiuse projects that facilitate the development of projects that will:

(A) address the needs of communities with different populations; and

(B) achieve economies of scale required to make the projects financially viable;

(6) facilitate communication between state agencies, sources of funding, service providers, and other entities to reduce or eliminate barriers to service-enriched housing projects;

(7) provide training about local, state, and federal funding sources and the requirements for those sources;

(8) develop a database to identify, describe, monitor, and track the progress of all service-enriched housing projects developed in this state with state or federal financial assistance;

(9) conduct a biennial evaluation and include in the council's report to the governor and the Legislative Budget Board under Section 2306.1096 information regarding:

(A) the capacity of statewide long-term care providers; and

(B) interest by housing developers in investing in service-enriched housing;

(10) to increase the consistency in housing regulations, recommend changes to home and community-based Medicaid waivers that are up for renewal;

(11) research best practices with respect to service-enriched housing projects subsidized by other states; and

(12) create and maintain a clearinghouse of information that contains tools and resources

for entities seeking to create or finance service-enriched housing projects.

NOTE: (a) As soon as possible after the effective date of this Act, the governor and the heads of the applicable state agencies shall appoint members to the housing and health services coordination council in accordance with Subchapter NN, Chapter 2306, Government Code, as added by this Act.

(b) In making initial appointments to the housing and health services coordination council, the governor shall appoint two members to serve a term expiring September 1, 2011, three members to serve a term expiring September 1, 2013, and three members to serve a term expiring September 1, 2015.

SECTION 3. Not later than September 1, 2010, the housing and health services coordination council shall submit the first report of the council's findings and recommendations as required by Subchapter NN, Chapter 2306, Government Code, as added by this Act.

ATTACHMENT 2

Relating to Key Functions, Powers, and Duties

2. A copy of each annual report published by the agency from FY 2004 – 2008.

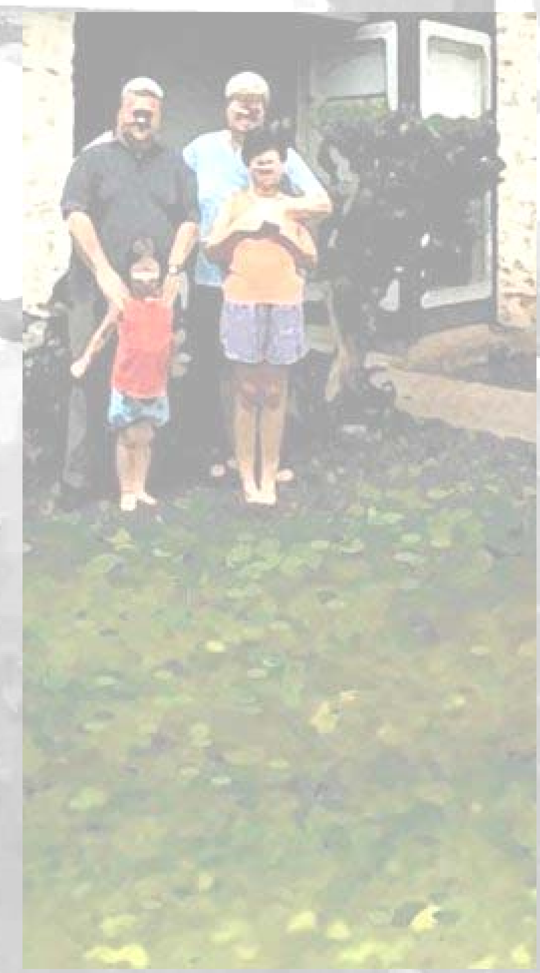
REPORT PAGE

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

2004 State of Texas Low Income Housing Plan and Annual Report

Texas Department of Housing and Community Affairs
Center for Housing Research, Planning, and Communications
PO Box 13941
Austin, TX 78711-3941
Phone: (512) 475-3976
Fax: (512) 475-3746
www.tdhca.state.tx.us

January 2004



2004 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

CONTENTS

INTRODUCTION

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

The Texas Department of Housing and Community Affairs (TDHCA, the Department, or the Agency) is the State's lead agency responsible for affordable housing, in addition to the administration of community and energy assistance programs and colonia activities.

AGENCY MISSION AND CHARGE

The Department's mission is to help Texans achieve an improved quality of life through the development of better communities. The Department accomplishes this mission through the administration of a variety of housing and community affairs programs. One function of the Department is to act as a conduit for federal grant funds for housing and community services. However, because several major housing programs require the participation of private investors and private lenders, the Agency also operates as a housing finance agency. As a consequence of these dual roles, the Department must balance public purpose with sound business principles.

The Department's charge is to serve the state's extremely low income to moderate income population. Funding priority is given to those populations most in need of services: extremely low, very low, and low income households and individuals.

The Department's services address a broad spectrum of housing and community affairs issues that include low-interest mortgage financing, emergency food and shelter, rental subsidy, and energy assistance. The Department is viewed as a valuable financial and educational resource by individuals and communities attempting to deal with problems of housing, poverty, and energy assistance.

It is important to note that TDHCA is only one organization in a network of housing and community service providers located throughout the state. This document outlines only those programs within the jurisdiction of TDHCA, which are intended to either work in cooperation or as complements to the services provided by other organizations. A brief overview of other available providers follows, though a more detailed listing that includes contact information is available in TDHCA's *Program Guide*. This publication is available on the Department's website (www.tdhca.state.tx.us) or can be ordered from the TDHCA Center for Housing Research, Planning, and Communications.

Participating jurisdictions (PJs) are state or local governments that have been designated by the US Department of Housing and Urban Development (HUD) to administer federal HOME Investment Partnerships Program funding in their respective areas. PJs are often urban areas and administer a variety of single family and multifamily housing programs. Many PJs also receive direct funding through the Community Development Block Grant Program and the Emergency Shelter Grants Program, which address community development and homelessness issues, respectively.

The Texas State Affordable Housing Corporation and local housing finance corporations use mortgage revenue bonds to finance the development of affordable multifamily housing or offer homebuyer assistance programs.

The US Department of Agriculture Rural Development Division addresses rural housing issues through the Rural Housing Service. Rural Development administers home purchase, home repair, rental assistance, rental housing development, and other community development programs in rural areas only.

Public housing authorities (PHAs) are governmental entities whose responsibilities range from rental assistance, which includes project-based and voucher assistance, to operating and/or developing public housing units. Housing authorities maintain a designated service area and operate in all metropolitan areas and larger rural cities. TDHCA uses its Section 8 rental voucher allocation to assist individuals in areas that are not served by an existing PHA.

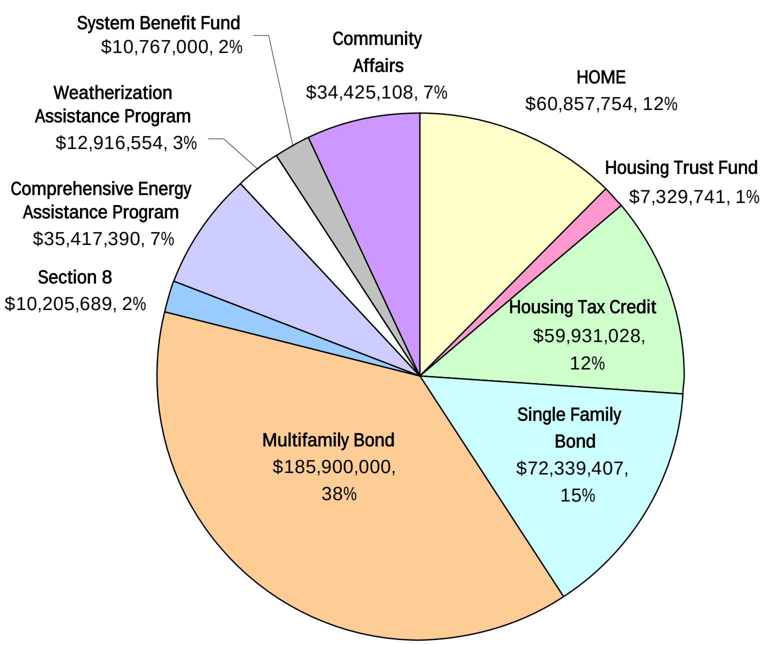
Community action agencies (CAAs) administer federal and state antipoverty programs and generally administer TDHCA's community affairs programs, which offer emergency assistance, utility assistance, and weatherization assistance. CAAs serve a designated multicounty area and together administer poverty-related programs statewide.

Various subpopulations are also served through designated entities. Individuals over the age of 60 may receive assistance through local area agencies on aging that are affiliated with the Texas Department on Aging. The Texas Department of Mental Health and Mental Retardation and the Texas Department of Human Services administer supported housing programs for persons with disabilities and seniors. The US Department of Veterans Affairs and the Texas General Land Office administer housing programs for eligible veterans.

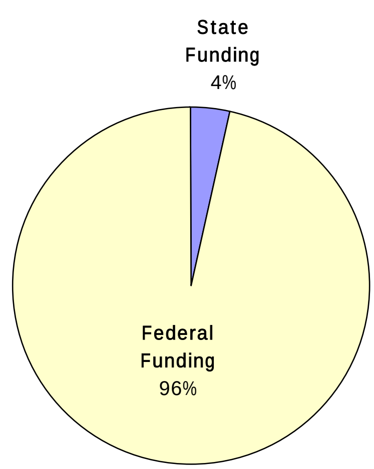
In fiscal year 2003, TDHCA received $464,096,192 in total funds and committed $492,389,672 to serving lower income Texans. Committed funds include allocations from previous years and deobligated funds. Most of the funding originated from federal sources, 96 percent of the total. Approximately 4 percent of the total was State funding.

FY 2003 Total Funding by Program

Total Funds Committed: $492,389,672



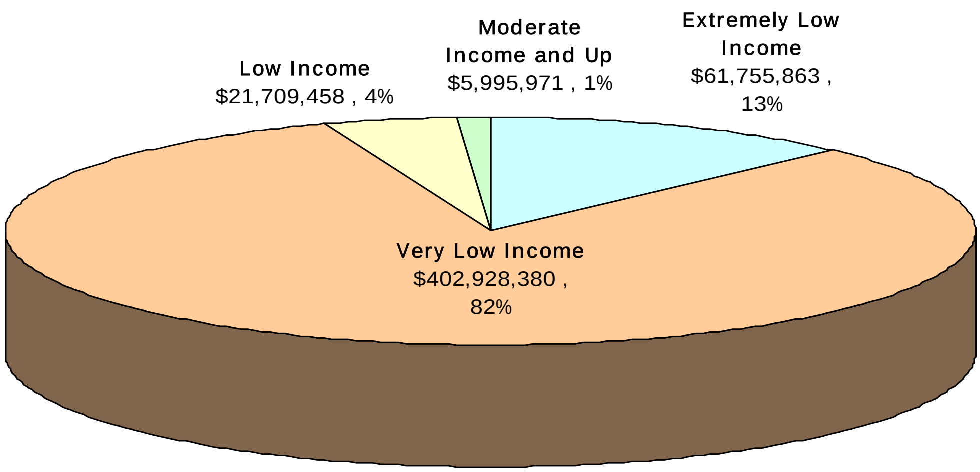
FY 2003 Funding Source



Total funds committed through all programs were delineated by extremely low income, very low income, low income, and moderate income groups.

FY 2003 Total Funding by Income Level

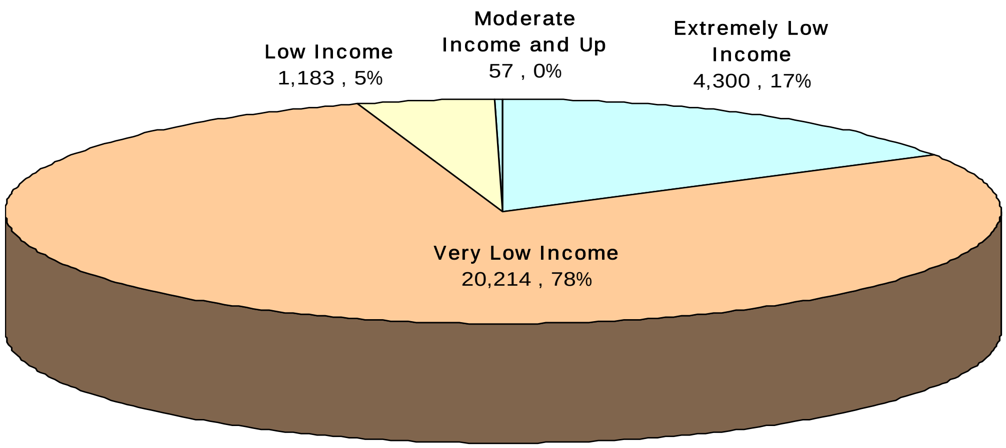
Total Funds Committed: $492,389,672



In 2003, TDHCA assisted 4,300 extremely low income, 20,214 very low income, 1,183 low income, and 57 moderate income households through housing programs. Community Affairs activities, which includes weatherization and utility assistance programs, assisted 542,868 very low income households and individuals.

FY 2003 Total Housing Assistance by Income Levels

Total Households Served: 25,754



Note: Extremely low income: 0% to 30%, very low income: 31% to 60%, low income: 61% to 80%, moderate income and up: >80%.

ADMINISTRATIVE STRUCTURE

Programs administered by TDHCA provide housing and housing-related services, including community services. Housing activities include housing finance, rehabilitation of single family and multifamily units, rental assistance, new construction of single family and multifamily housing, homebuyer assistance including down payment and closing costs, special needs housing, transitional housing, and emergency shelters. Housing-related and community services include energy assistance, weatherization assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and emergency assistance.

The administration of these services is currently grouped into three categories: Single Family Finance Production, Multifamily Finance Production, and Community Affairs. In addition, the Department includes the following divisions: Administrative Support; Bond Finance; Financial Administration; Governmental Affairs; Information Systems; Internal Audit; Legal Services; Portfolio Management and Compliance; Real Estate Analysis; the Center for Housing Research, Planning, and Communications; and the Office of Colonia Initiatives.

Federal funding sources for the services listed above include the US Department of Housing and Urban Development, the US Treasury Department, the US Department of Health and Human Services, and the US Department of Energy. The Housing Trust Fund receives general revenue funds from the State. Through these funding mechanisms, the Department strives to promote sound housing policies; ensure equity; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

AGENCY HISTORY

In 1991, the 72nd Texas Legislature created the Texas Department of Housing and Community Affairs. The Department’s enabling legislation combined programs from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant Program from the Texas Department of Commerce.

On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP). Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (ORCA). Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

2004 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

The *2004 State of Texas Low Income Housing Plan and Annual Report* (the Plan) is prepared in accordance with Sections 2306.072–2306.0723 of the Texas Government Code. This statute requires the Department to perform a comprehensive overview of statewide housing needs, provide a description of the Department's housing programs, and establish a resource allocation plan to meet the state's housing needs.

The *State of Texas Low Income Housing Plan and Annual Report* is one of three comprehensive planning documents, together with the *State of Texas Consolidated Plan: One-Year Action Plan* and *State of Texas Consolidated Plan: Annual Performance Report*, that TDHCA is required to submit annually. It offers policy makers, affordable housing providers, and local communities a comprehensive reference on statewide housing need, housing resources, and performance-based funding allocations. It serves in the following capacities:

- Provides an overview of statewide housing needs
- Updates progress on initiatives resulting from the 78th Texas Legislative session
- Reports on the programs administered by TDHCA
- Reports on the distribution of TDHCA's resources in the previous fiscal year
- Provides information on TDHCA's housing program funding levels and performance measures

The Plan is organized into five sections:

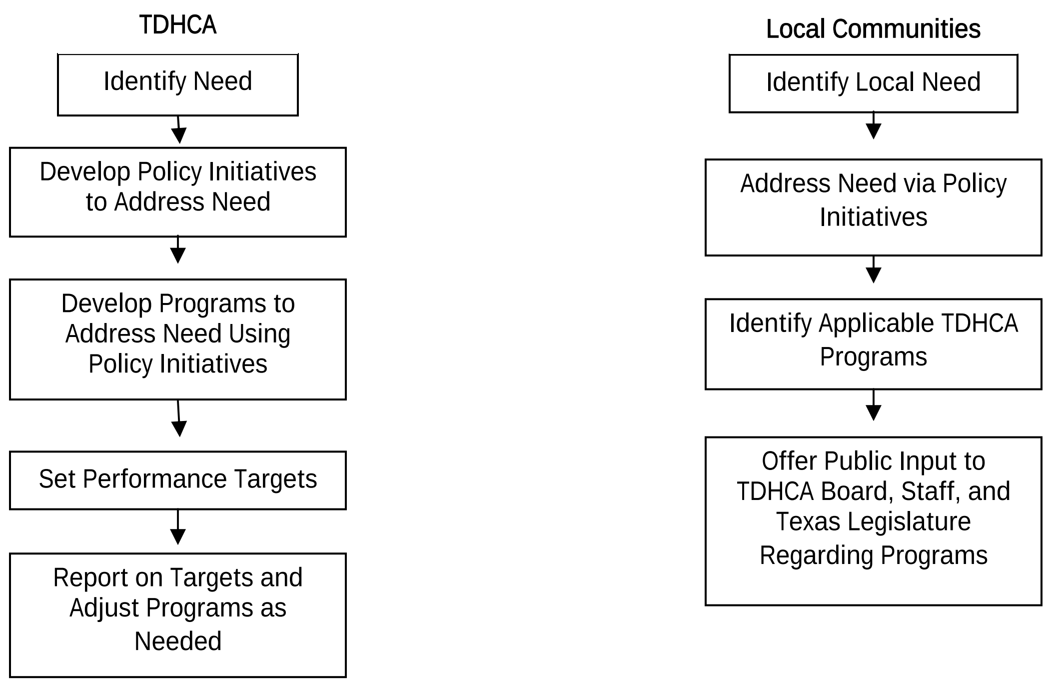
- *Introduction:* An introduction, a summary of the 2003 Department impact, an overview of the Department, and an overview of the Plan
- *Department Activities and Initiatives:* A summary of Department activities, overview of policy initiatives, discussion of the Department's Strategic Plan goals, and a legislative review
- *Housing Analysis and Action Plan:* An analysis of statewide and regional demographic information, housing characteristics, and housing needs; and an annual low income housing report including state and regional funding allocation, target numbers, and actual numbers served
- *Colonia Action Plan:* This biennial plan for 2004–2005 discusses housing and community development needs in the colonias, describes the Department's policy goals, summarizes the strategies and programs designed to meet these goals, and describes some of the projected outcomes to support the improvement of living conditions of colonia residents
- *Appendix:* Includes the Agency's enabling legislation, program descriptions, a glossary of selected terms, and a summary of public comment

It is important to note that this Plan is a working document that changes annually based on input received throughout the year. The format is intended to help providers and interested parties recognize statewide housing needs, understand general housing issues, formulate policies, and identify available resources.

As the information required by the legislation for the *State of Texas Low Income Housing Plan and Annual Report* is rather voluminous, it has been deemed appropriate to present the information as a collection of separate publications. This allows the consumer to receive specific information and has proven cost-effective for both TDHCA and its consumers through lower printing and distribution costs. TDHCA produces the following publications in compliance with Section 2306.071–2306.0723 of the Texas Government Code:

- *State of Texas Low Income Housing Plan and Annual Report*
- *TDHCA Program Guide:* A description of the Department's housing programs as well as other state and federal housing and housing-related programs
- *TDHCA Property Inventory and Guide to Services:* A comprehensive list of the Department's multifamily and single family housing activity in addition to HOME Program contracts and Community Services programs
- *TDHCA Housing Sponsor Report:* A report that provides property and occupant profiles of developments that have received assistance from TDHCA

Below are illustrations as to how (1) TDHCA uses this Plan to develop Department programs and (2) how the Plan may be used by communities to develop and implement local initiatives:



PREPARATION OF THE PLAN

Current legislation mandates that the Department meet with various organizations concerning the prioritization and allocation of the Department's housing resources prior to preparation of the Plan. As this is a working document, there is no such time at which the Plan is static. Rather, research is conducted throughout the year by the Department's Center for Housing Research, Planning, and Communications in order to analyze housing needs across the state. Furthermore, focus group meetings are held to discuss ways in which funds may be prioritized to meet specific needs. Public comment is also received at public hearings and Board of Directors meetings.

CITIZEN PARTICIPATION

Throughout the year, the Department accepts comments and suggestions from the public on all of its programs. Public comment may be received at, but not limited to, Board of Directors meetings, various Department-sponsored or attended informational workshops, legislative committee hearings, individual program and publication public comment periods and hearings, and application and implementation workshops.

The formal citizen participation process for the *2004 State of Texas Low Income Housing Plan and Annual Report* began on September 22, 2003, and ended October 24, 2003. Constituents were encouraged to give input regarding all Department programs in writing or at one of the 13 public hearings that were held across the state, one in each of the 13 Uniform State Service Regions.

Approximately 250 individuals attended the public hearings held in the following cities: Longview, Dallas, Wichita Falls, Lubbock, San Angelo, El Paso, Austin, San Antonio, Harlingen, Corpus Christi, Waco, Lufkin, and Houston. A summary of comment received during the public comment period is included in Appendix D. Transcripts of public hearings and complete copies of submitted comments are also available in the Housing Center Library, which is open to the public 8 am–5 pm, Monday through Friday. Please contact the Housing Center directly at (512) 475-3976 for further information.

DEPARTMENT ACTIVITIES AND INITIATIVES

This section provides the basis for the state and regional housing assessments through a discussion of Department activities and policy objectives. The final subsection provides an overview of legislation passed during the 78th Texas Legislative Session that directly impacts the Department.

AGENCY ACTIVITIES

TDHCA administers various programs that address the housing and community service needs of extremely low to moderate income populations, which can be categorized according to multifamily, single family, capacity building, and community affairs activities.

MULTIFAMILY ACTIVITIES

TDHCA's dedication to increasing affordable multifamily housing opportunities for needy residents across the state improves the quality of life for thousands of households. The Department utilizes a variety of methods to provide rental housing for lower income households and households with special needs. Programs finance multifamily construction, acquisition, and rehabilitation; offer capacity building for organizations involved in multifamily housing; and provide rental payment assistance to tenants. New construction of multifamily units supplies additional much-needed housing targeting lower income families, though the Department also recognizes the need to preserve and repair existing affordable units in order to maintain quality housing that is accessible and affordable. Direct rental payment assistance to very low and extremely low income households offers families and individuals the chance to improve their housing conditions.

Through the Housing Tax Credit (HTC) Program, the Department aids in building affordable housing through the allocation of federal tax credits used to fund new construction, acquisition, and rehabilitation of multifamily residential developments. Although a developer must set aside at least 20 percent of a project's units for qualified tenants, typically a developer will set aside 100 percent and, in doing so, claim the maximum amount of tax credits eligible for the development. The allocation of the tax credits allows these quality developments to be affordable to qualified very low and extremely low income families at below-market rents.

The Department issues taxable and tax-exempt mortgage revenue bonds used to fund loans to qualifying nonprofit or for-profit developers through the Multifamily Bond Program. The proceeds of the bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties. In return for favorable interest rates typically available through the tax-exempt bond transaction, property owners elect to restrict either 20 percent of the units for households earning 50 percent or less of area median income or 40 percent of the units to households earning 60 percent or less of area median income.

The HOME Program's Rental Housing Development Set-Aside funds are available to nonprofit and for-profit organizations for the acquisition, rehabilitation, reconstruction, or new construction of affordable rental housing units. The HOME Program also makes funding available for the preservation of existing multifamily developments through the Rental Housing Preservation Set-Aside. In all cases, owners are required to make the units available to low, very low, and extremely low income families, and must meet long-term rent restrictions. Housing Trust Fund (HTF) monies may also be used for the acquisition, rehabilitation, and new construction of affordable multifamily housing.

Community housing development organizations (CHDOs) may apply for funding for the new construction or rehabilitation of rental housing through the HOME Program CHDO Set-Aside. CHDO projects are owned, developed, or sponsored by the CHDO

Direct rental assistance to tenants, which includes rental subsidies and utility and/or security deposits, allows households to expand their housing opportunities. Such programs offered by the Section 8 Program and Tenant-Based Rental Assistance provided through the HOME Program are designed to help households in small cities and rural areas that are not served by similar local programs.

	Program	Targeted Households by Area Median Family Income				
		Extremely Low Income: < 30% AMFI	Very Low Income: < 50% AMFI	Very Low Income: < 60% AMFI	Low Income: < 80% AMFI	Moderate Income: < 115% AMFI
Multifamily Development Activities	HOME Program Rental Housing Set-Asides					
	Housing Trust Fund					
	Housing Tax Credit Program		20% of units	or 40% of units		
	Multifamily Bond Program		20% of units	or 40% of units	75% of 501(c)(3) units	
Rental Assistance	Section 8 Program					
	HOME Program Tenant-Based Rental Assistance					

SINGLE FAMILY ACTIVITIES

The range of TDHCA's single family activities includes home construction, home purchase assistance, and then assistance for homeowners. TDHCA supports affordable single family homeownership by providing loans to developers of affordable housing; promoting homebuyer education, offering mortgage financing and assistance, and by extending owner-occupied rehabilitation assistance to households.

Through HTF, the Department offers funding that may be used for the acquisition, rehabilitation, and new construction of affordable single family housing. Single family new construction is an eligible activity in the HTC program and is a CHDO-eligible activity in the HOME Program. In colonia areas, TDHCA supports single family development through the Colonia Model Subdivision Loan Program and the Bootstrap Loan Program, which provide loan funds to assist organizations build single family housing. Certain types of assistance may require considerable labor contribution on the part of the owner.

Homebuyer education and counseling are essential in order to ensure successful homeownership. Through the Texas Statewide Homebuyer Education Program (TSHEP), TDHCA offers training to local nonprofit organizations interested in offering homebuyer education, and also acts as a referral service for homebuyers seeking education. In addition, the Contract for Deed Consumer Education Program offers homebuyer education and assistance tailored specifically for the unique needs of colonia residents. Technical assistance on such topics as housing rehabilitation, new construction, surveying and platting, construction skills, housing finance, and credit and debt counseling is available.

The dream of homeownership is beyond the reach for many households because of the inability to acquire affordable financing, the lack of down payment funds, or a lack of education about the home purchase process. Through the First Time Homebuyer and Down Payment Assistance programs, the Department offers below-market mortgage loans and down payment assistance for very low to moderate income residents across the state. Similar to the Multifamily Bond Program, the single family bond structure allows favorable mortgage interest rates for eligible borrowers through participating lenders and other partners that originate and service the loans. In addition, the HOME Program funds local organizations to offer assistance to eligible first time homebuyers for down payment and closing costs ranging from $5,000 to $10,000 per homebuyer based on an area's median family income. The Mortgage Credit Certificate Program provides a tax credit for the annual interest paid on a mortgage loan.

Homeowners and potential homeowners in border areas may utilize the Texas Bootstrap Loan Program and the Contract for Deed Conversion Initiative for low-interest owner-builder mortgage loans or to convert contracts for deeds into traditional mortgages.

Through the HOME Program, the Department provides rehabilitation and reconstruction grants to homeowners for the repair of their existing structures, which may also be used for construction costs associated with architectural barrier removal for homebuyers with disabilities. There are also funds available to help with the acquisition and rehabilitation costs associated with the contract for deed conversion for colonia residents.

		Targeted Households by Area Median Family Income				
	Program	Extremely Low Income: < 30% AMFI	Very Low Income: < 50% AMFI	Very Low Income: < 60% AMFI	Low Income: < 80% AMFI	Moderate Income: < 115% AMFI
Single Family Development	HOME Program CHDO Set-Aside					
	Housing Trust Fund					
	Housing Tax Credit Program		20% of units	or 40% of units		
	Colonia Model Subdivision Loan Program					
Homebuyer Education	Contract for Deed Consumer Education Program					
	Texas Statewide Homebuyer Education Program					

	Program	Targeted Households by Area Median Family Income				
		Extremely Low Income: < 30% AMFI	Very Low Income: < 50% AMFI	Very Low Income: < 60% AMFI	Low Income: < 80% AMFI	Moderate Income: < 115% AMFI
Home Purchase Assistance and Home Repair Assistance	First Time Homebuyer Program					
	Down Payment Assistance Programs					
	Mortgage Credit Certificate Program					
	HOME Program Homebuyer Assistance					
	Texas Bootstrap Loan Program					
	Contract for Deed Conversion Initiative					
	HOME Program Owner-Occupied Housing Assistance					

COMMUNITY AFFAIRS AND ENERGY ASSISTANCE

The Department's community affairs and energy assistance programs exist to provide a safety net for those experiencing homelessness, those at risk of homelessness, and for those able to maintain some sort of housing, but with other unmet essential needs. The community affairs programs provide emergency relief in the form of shelter and social services for individuals and families experiencing crisis poverty. The energy assistance programs help very low income households manage their utility bills through payment assistance, the installation of energy efficient measures and appliances, and energy conservation education.

Basic needs such as shelter, food, child care, health and human services, transportation, job training, and substance-abuse prevention must be addressed in order for households or individuals to contemplate long-term solutions to poverty. The programs administered by TDHCA that address these needs are vital to the transition from poverty. The Emergency Shelter Grants Program (ESGP) addresses the immediate needs of homeless individuals and families through funding to nonprofit organizations and local governments that provide shelter and related services for homeless persons, as well as intervention services for persons threatened with homelessness. Eligible activities include renovation, major rehabilitation, and conservation of buildings for use as an emergency shelter, and may involve the provision of services including assistance in obtaining permanent housing, medical treatment and psychological counseling, nutritional counseling, substance-abuse treatment, child care, transportation, and job placement.

The Department also offers grants to organizations that provide essential services to persons living in poverty, such as access to child care; health and human services for children, families, and the elderly; nutrition; transportation; job training and employment services; housing; substance-abuse prevention;

and migrant assistance. Other Department activities include the coordination of statewide efforts to address hunger issues and expand anti-hunger programs such as child-feeding programs, the distribution of surplus commodities and game donated by hunters, and the creation of farmer's markets in lower income neighborhoods. The Department provides disaster-related emergency relief in the form of utility assistance, housing, food, clothing, medical services, and transportation to extremely low, very low, and low income persons. The Community Services Block Grant Program (CSBG) and HTF have funds available for agencies providing essential services and the Community Food and Nutrition Program (CFNP) addresses hunger-related issues.

Through the Department's energy assistance programs, eligible households can receive financial assistance with utility bills, energy-efficient appliances and measures, case management, and education assistance to ensure continued energy self-sufficiency. Priority for these programs is given to the elderly, persons with disabilities, and households with children under the age of six, with further priority given to households with the highest energy costs and the lowest incomes. The Comprehensive Energy Assistance Program (CEAP) funds local entities that offer utility bill assistance, while the Weatherization Assistance Program (WAP) provides grants to entities that fund energy conservation measures in housing.

More detailed programmatic information including funding levels, eligible applicants and beneficiaries, program activities, set-asides, and special initiatives is available in Appendix B.

		Targeted Households by Area Median Family Income				
	Program	Extremely Low Income: < 30% AMFI	Very Low Income: < 50% AMFI	Very Low Income: < 60% AMFI	Low Income: < 80% AMFI	Moderate Income: < 115% AMFI
Community Affairs Activities (Targeted households are based on federal poverty guidelines and estimated as percentage of AMFI.)	Community Services Block Grant Program					
	Emergency Shelter Grants Program	Homeless				
	Community Food and Nutrition Program					
	Comprehensive Energy Assistance Program					
	Weatherization Assistance Program					

CAPACITY BUILDING

The Housing Trust Fund (HTF) administers two programs specifically intended to increase a nonprofit organization's ability to access Department programs.

The Capacity Building Program has been used to fund classes that cover such topics as training in CHDO organizational development, the real estate development process, construction management, property management, and housing development finance. In addition, funds may be used to hire qualified persons who can provide technical assistance in developing safe, decent, and sanitary housing for low, very low, and extremely low income individuals and families, including persons with special needs. Funds may also be used to contract directly with qualified technical assistance providers.

The Predevelopment Loan Program provides opportunities for nonprofit organizations to develop affordable housing by assisting with the costs incurred while securing project financing.

In addition to the funding outlined above, the Department offers capacity building technical assistance to organizations interested in addressing the affordable housing needs in their communities. The Department aims to increase the capacity of organizations by providing access to information and trainings on topics such as strategic and business planning, financial and asset management, board development, outcome measures, coordination, collaboration, networking, and partnership development. The Department hopes to empower organizations to be more competitive in applying for not only TDHCA funding, but also other available federal, state, and local funds.

POLICY INITIATIVES AND STRATEGIES

Families at the very bottom of the income strata who have virtually no financial resources and a variety of other poverty-related issues (including employment, education, transportation, health care, and child care) require direct assistance, as do vulnerable populations with a fixed income. These groups are served most effectively through rental vouchers or access to housing developments that have received substantial subsidies, allowing for rents affordable to those making less than 30 percent of the area median family income. However, for those populations with higher incomes, consumer needs tend to change. Higher income households with housing affordability problems typically have some income, but cannot access market-rate housing without some assistance—either an affordable multifamily unit or homeowner assistance in the form of down payment assistance and low-interest loans.

Opinions regarding how to address these housing needs are as varied and diverse as Texas itself. On one side of the spectrum, there is the desire to allocate available resources in the form of direct assistance to the state's poorest populations, with an emphasis on utilizing community-based organizations in the allocation of housing funds. On the other side, there is the desire to make affordable housing a private-sector function subject to the demands of the market and with little government intervention.

The challenge therefore lies in serving the appropriate population with the appropriate funding mechanism. Both concepts can be incorporated into policy that encourages the participation of private-market resources and experience while still serving the state's most vulnerable populations. By striking this balance, the Department will be able to spend its resources wisely and for the greatest public good.

Below are examples of strategies that TDHCA has used to produce and promote affordable housing, in accordance with the goals and objectives established in the *2001–2004 Consolidated Plan; 2003–2007 Strategic Plan;* and TDHCA Performance Measures, as reported to the Legislative Budget Board.

1. Increase the supply of housing for extremely low, very low, low, and moderate income households through partnerships with local communities, local lenders, health and human services providers, community-based nonprofit organizations, and private developers
2. Preserve the supply of existing affordable housing units
3. Adopt strategies to serve rural populations
4. Develop housing policy based on a fair and open process driven by local communities
5. Increase outreach and marketing efforts
6. Adopt strategies to serve extremely low income populations
7. Provide long-term solutions to those living in poverty
8. Develop consumer-driven programs for the state's most vulnerable populations, such as the elderly, persons with disabilities, and other special needs populations
9. Implement self-help programs that combine public funds with volunteer efforts and local resources
10. Identify and address colonia needs
11. Provide homeownership opportunities to lower income populations and homeownership counseling services to individuals currently unable to access the Department's housing finance programs
12. Promote fair housing issues
13. Promote energy efficiency to increase housing affordability
14. Encourage local affordable housing initiatives

15. Address capacity building issues
16. Encourage communication and cooperation with local groups opposed to affordable housing in their communities
17. Ensure compliance with all applicable federal and State laws

It should be noted that the Department's programs operate under different sets of state and/or federal regulations that provide parameters that govern the use of funds. These parameters determine the extent to which the Department can enact its policy directives.

Public and Private Partnerships

Understanding that no single entity will be able to address the enormous needs of the state of Texas, TDHCA supports the formation of partnerships for the provision of housing and housing-related endeavors. The Department works with many housing and community-development partners, including consumer groups, community-based organizations, neighborhood associations, community development corporations, community housing development organizations, community action agencies, public housing authorities, real estate developers, social-service providers, local lenders, investor-owned electric utilities, local governments, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies. There are many benefits to these partnerships: risk and commitment are shared; the principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems, therefore prompting local communities to play an active role in tailoring the project to their needs; partners are able to concentrate specifically on their area of expertise; and a greater variety of resources insure a well-targeted, more-affordable product.

TDHCA has used the public/private partnership principle in many of its programs, including the partnership with Fannie Mae on an Expanded Approval loan product through the Department's First Time Homebuyer Program, a mortgage product targeting people with disabilities through the Home of Your Own Coalition (HOYO), and the training of homebuyer education providers in conjunction with the Neighborhood Reinvestment Corporation through the Texas Statewide Homebuyer Education Program (TSHEP). In addition, the Department's continued collaboration with USDA Rural Development and the Office of Rural Community Affairs (ORCA) has provided housing opportunities in rural areas across the state.

Combining ideas, information, and resources allows TDHCA to provide additional services to its consumers. Because the amount of funds available to address Texas's housing needs is limited, collaborations between public and private entities are the best way to stretch limited Department funds. Below are additional examples of coordination of resources with both public and private entities:

- *Expanded Approval Program:* Through a groundbreaking partnership between TDHCA and Fannie Mae, eligible households with slight credit blemishes may obtain a mortgage loan at a lower rate than they would receive under alternative financing arrangements. The Department is the first State housing finance agency in the country to employ Expanded Approval products to reach previously underserved and overcharged borrowers by offering mortgage rates that may be as much as two percentage points lower than alternative subprime mortgage financing.
- *Texas Statewide Homebuyer Education Program (TSHEP):* In 2003, TDHCA worked with the Neighborhood Reinvestment Corporation, Fannie Mae, Banc One, Countrywide, the Texas State

Affordable Housing Corporation (TSAHC), and the Texas Affiliation of Affordable Housing Providers (TAAHP) to provide “Train the Trainer” classes to organizations interested in providing homebuyer education services at the local level.

- *Olmstead v. L.C.:* TDHCA continues to work with the Texas Department of Human Services, Texas Department of Mental Health and Mental Retardation, Texas Council on Developmental Disabilities, and Texas Department of Health on initiatives that will serve the needs of persons with disabilities who desire housing options outside of institutional settings.
- *Project Access:* The Department in cooperation with the Texas Health and Human Services Commission, the Texas Department of Human Services, and local public housing authorities administer a housing voucher pilot program developed by the US Department of Housing and Urban Development (HUD), the US Department of Health and Human Services, and the Institute on Disability at the University of New Hampshire. The voucher program helps low income, non-elderly persons with disabilities transition from nursing facilities into the community by providing access to affordable housing and necessary supportive services.
- *Texas PHA Project:* TDHCA serves on the Project Advisory Committee with the Coalition of Texans with Disabilities, Texas Council on Developmental Disabilities, Advocacy Inc., and United Cerebral Palsy to oversee the three-year grant to provide training and technical assistance to public housing authorities. Activities of the grant are intended to result in a measurable increase in the number of integrated housing units available to persons with disabilities.
- *USDA Rural Development:* As a provider of services to rural Texas communities, TDHCA has an ongoing relationship with USDA Rural Development. Collaborations have been achieved through several TDHCA programs (HTC, HTF, HOME) in the form of multifamily developments and single family homeownership initiatives.
- *Public Housing Authorities:* Over the past few years, TDHCA has developed a strong relationship with the Texas Housing Association (THA) and Texas chapter of the National Association of Housing and Redevelopment Officials (TX NAHRO), which represent the public housing authorities of Texas. The two organizations have worked to promote programs that will repair substandard housing and develop additional affordable housing units.
- *Colonia Self-Help Centers:* TDHCA coordinates services with centers in counties selected by the Legislature (Cameron/Willacy, El Paso, Hidalgo, Maverick, Starr, and Webb) to provide housing and technical assistance to improve the quality of life for colonia residents beyond the provision of basic infrastructure. Contracts are executed directly with the county in which the center is located.
- *Texas Home of Your Own Coalition (HOYO):* HOYO is a partnership of state and local direct service providers, state agencies, disability advocacy groups, community groups, and statewide lending institutions that are committed to making homeownership a reality for Texans with disabilities.
- *Weatherization:* Partnerships between the Weatherization Assistance Program and Texas Utilities, Central Power & Light, West Texas Utilities, Southwestern Electric Power Company, Southwestern Public Service Company, Entergy, Reliant Energy-Houston Power and Light, Texas–New Mexico Power Company, El Paso Electric, and Brazos Electric Cooperative provide energy conservation measures to very low and extremely low income utility customers.

MULTIFAMILY PRESERVATION

Preservation of existing affordable and subsidized housing stock is a critical element in achieving the Department's mission of providing safe, decent, and affordable housing. From a supply-and-demand perspective, there is a shortage of affordable and subsidized multifamily housing, and any deterioration of the current supply further widens the gap. Given the demographic projections for Texas, the housing shortage will only continue to grow. In terms of meeting future demand for housing, stabilization of the existing stock is equally as important as new production.

Over the next few years, many units in the existing stock of affordable rental units are at risk of being lost. These include units in the Section 8 portfolio, the USDA Rural Development portfolio, and units associated with the Housing Tax Credit Program. Texas relies almost exclusively on federal funds for housing programs and any cuts to federal programs will have dramatic effects on the housing supply.

A 2002 study completed by the Department, *Assessment of the Need to Preserve Affordable Housing in Texas: The Section 8 Portfolio*, attempted to estimate the total preservation cost of the Texas Section 8 portfolio. As of the writing of the study in September of 2002, it was estimated that between 8,000 and 12,000 Section 8 units had been lost since contracts started to expire in 1996 (approximately 18 percent of the portfolio). By the end of 2002, 72 percent of the original contracts in the portfolio were up for expiration. It was projected that of the remaining approximately 54,000 units, 3 percent were likely to be lost to contract termination: a total of 1,800 units. According to the study, approximately 48 million dollars would be required in incentives over the next 20 years to maintain the affordability status of the properties most likely to be lost. The full study may be accessed on the Department's website at: http://www.tdhca.state.tx.us/mf_preserve.htm.

The loss of existing units places many of the poorest Texans at risk. Rental units that are disappearing the fastest and at risk of being lost are the units that serve the neediest populations. Aside from HUD-associated programs, properties awarded tax credits from 1987 to 1989 began reaching the end of their 15-year compliance periods in 2002.

The principal policy decision for the Department is the allocation of current resources between new production and preservation efforts. Aside from the resource allocation issue, policy decisions regarding which existing units should be salvaged or prioritized, given available funding, are also paramount. Concentrations of special tenant populations, the condition and location of the properties, availability of better replacement housing, and functional utility of the properties are factors that must be considered in preservation efforts. Focusing limited resources on those properties with high concentrations of elderly or disabled residents, groups that are most adversely affected by displacement, and strategically well-located properties and well-maintained properties will help stabilize the housing stock.

Typically, even with significant rehabilitation, preservation is generally less costly per unit than new construction. However, because some of the existing stock is functionally obsolete and therefore not conducive to rehabilitation, building a new development is often more cost efficient. Given the limited financial resources, TDHCA believes that an important role for the Department in the preservation effort is to provide direction and technical assistance to local organizations or units of government to facilitate local preservation initiatives. Because not all of the existing units can or will be preserved, the importance of salvaging specific properties and the strategies to preserve them are best determined on a local basis.

Among the programs that have dedicated funds toward preservation activities, the Housing Tax Credit Program has set aside 15 percent of the state housing credit ceiling for preserving “at risk” affordable housing developments. This is in addition to the 5 percent set-aside for USDA Rural Development projects, resulting in a total of 20 percent of the state housing credit ceiling available for the preservation of existing affordable housing. Additionally, the HOME Program allocates $2,000,000 annually for preservation activities.

In addition to fund provision, the Department strives to make information necessary to encourage preservation transactions available to the public. Data for federal portfolios of affordable housing has been made available on the Department’s website, with each property being given a priority ranking depending on the length of time before its affordable regulatory restrictions expire. The Department has undertaken in-depth studies of each affordable housing portfolio in the state, beginning with the federal Section 8 portfolio, in order to determine the factors influencing owners’ decisions to leave affordable housing programs, and the potential costs associated with retaining the housing as affordable. Other measures such as the Preservation Clearinghouse on the Department’s website and direct informational mailings to property owners have sought to facilitate communication among those parties critical in effecting transactions to preserve housing.

Rural and Non–Participating Jurisdictions

As the migration of populations and industries continues to urban and suburban areas, the less-populous areas of the state are left with a dilapidated housing stock and households with lower incomes than their urban or suburban counterparts. Currently, according to HUD, the median income for metropolitan areas is $54,600 compared to $41,200 for non-metropolitan areas.

The larger metropolitan cities and more populous counties, designated as participating jurisdictions (PJs), receive funding directly from the federal government to address their housing and homeless needs through the HOME and Emergency Shelter Grants programs. The funding TDHCA receives from the federal government for these programs is therefore intended for non-PJ areas that do not receive financial assistance directly from the federal government.

Due to the lower incomes and lack of access to resources (e.g., bonds, large tax base, and investment capital) in less-populous areas, TDHCA gives special consideration to lower income individuals and households residing in non–participating jurisdictions and rural areas. This focus is considered in the development of all Department programs and in the distribution of associated funds. In the event that funding cannot be limited to non-PJ and rural areas because of rule or financial feasibility reasons, scoring criteria or set-asides are added to the applications or program rules to encourage the participation of these areas.

TDHCA is dedicated to serving populations that traditionally have the highest need for assistance, yet tend to remain underserved. Within the non-PJ and rural areas, the populations that will receive priority consideration include extremely low income individuals and households (0–30 percent AMFI) and low income special needs populations including persons with alcohol and/or drug addictions, colonia residents, people with disabilities, victims of domestic violence, elderly populations, persons with HIV/AIDS, homeless populations, and migrant farmworkers.

The Department works closely with several rural-based affordable housing organizations, private lenders, nonprofits, and units of local government in order to give funding priority to non-PJ and rural areas. It requires more effort to spark affordable housing activity in rural areas as the number of organizations available to assist with these activities is significantly fewer. With this in mind, the Department has developed specific strategies to address the needs of the rural populations of the state, which include rural set-asides or special scoring criteria for housing program funds, prioritization of activities that are most needed in rural areas, increasing awareness of TDHCA programs in rural areas, and building the capacity of rural service providers.

TDHCA and the Office of Rural Community Affairs (ORCA) jointly administer the HTC rural regional allocation. ORCA assists in developing all thresholds, scoring, and underwriting criteria for rural regional allocation, and must approve the criteria. It is anticipated that joint-implementation outreach, training, and rural area capacity building efforts will increase participation in the rural set-aside. Additionally, 95 percent of HOME funds are expended exclusively in non-PJ and rural areas and the remaining 5 percent, which may be used in PJs, is used for projects that serve persons with disabilities. The Housing Trust Fund gives extra points to applicants who commit to serving rural areas.

REGIONAL INPUT INTO DEPARTMENT POLICIES

TDHCA continuously strives to improve the methods used to identify regional affordable housing needs.[1] Through this effort, TDHCA is better positioned to provide technical assistance and funding that addresses specific regional needs.

One component of this effort involved creating a statewide network of Regional Development Coordinators (RDCs). The RDCs' primary focus is the completion of an annual Regional Housing Need Report (RHNR), which will document the region's affordable housing needs and the resources that are available to meet those needs. More specifically, the RHNR will describe the RDC's efforts to

- help local communities identify and address affordable housing and community development needs;
- establish regional-planning and resource-sharing partnerships;
- facilitate the leveraging of available local, state, and federal funds by housing partners;
- gather and manage data related to the state service region's affordable housing and community development needs;
- analyze the region's affordable housing and community development needs based on the data gathered and regional input;
- establish a framework for sharing affordable housing data with regional partners;
- use collected data to facilitate the development of a regional plan and to encourage consensus amongst regional partners with regard to the plan;
- identify statewide and national housing partners for meeting the region's affordable housing and community development needs[2];

[1] TDHCA uses 13 state service regions whose geographical boundaries have been identified by the Comptroller's office for planning purposes.
[2] Including the US Department of Housing and Urban Development, US Department of Agriculture Rural Development Texas, Texas State Affordable Housing Corporation, statewide nonprofit entities, banking associations, developer associations, and foundations.

- provide a regional information clearinghouse that facilitates sharing of information on affordable housing issues.

Another significant portion of this planning effort involves helping coordinate the activities of Regional Advisory Committees (RACs). The RACs are comprised of the regional councils of governments (COGs) and other affordable housing organizations in each region, with the purpose of gathering information on the region's affordable housing needs and available resources. A primary task of the RACs is to prioritize the region's needs and report this information to TDHCA via an annual report that TDHCA will then consider in developing its policies and program rules. TDHCA works directly with the councils of governments to

- develop the format of the meetings;
- publicize the RAC meetings;
- share available information that assesses the need for affordable housing and related supportive services in Texas;
- identify opportunities to increase the supply and quality of affordable housing and supportive services in Texas;
- collect contact information for state, regional, and local partners that can assist persons interested in providing affordable housing and supportive services.

These meetings represented an invaluable opportunity for TDHCA staff to hear about local affordable housing needs directly from persons whose daily work revolves around addressing these issues.

In 2002–2003, TDHCA contracted with a regional COG in each state service region to serve as the RDC. Unfortunately, with the recent budgetary constraints faced by all state agencies, the funding required to continue the project is unavailable. TDHCA intends to maintain the level of interaction with the COGs that the RDC initiative has helped foster. To this end, a staff member from TDHCA's Center for Housing Research, Planning, and Communications will continue to work directly with the COGs to provide ongoing activity updates and technical assistance on affordable housing–related issues. TDHCA will also help the COGs satisfy the ongoing RAC reporting requirements contained in §2306.079 of the Texas Government Code. The designated TDHCA staff member will continue to help advertise the RAC meetings; develop the RAC meeting format and associated outline; and serve as a resource witness and observer at these meetings.

PUBLIC INPUT INTO DEPARTMENT POLICIES

Dialogue and communication with interested citizens at the community level, through program information workshops, public hearings, technical training sessions, and town hall meetings, enables the Department to act as a catalyst that draws community resources together. Increased dialogue establishes the groundwork for the formation of the aforementioned partnerships and community input. The State does not have the resources to meet the needs of all Texans in need, so it is only through increased participation and communication with the Department's consumers that services can be appropriately and efficiently directed to address need.

Citizen Participation

The Agency values and relies on community input to direct resources to meet its goals and objectives. The citizen participation process and information delivery system administered by the Department is constantly undergoing expansion and modification.

In an effort to provide the public with an opportunity to more effectively give input on the Department's policies, rules, planning documents, and programs, TDHCA has consolidated its public hearings. Each year there will be one hearing per Uniform State Service Region that will cover all Department programs. Staff is available at each hearing to answer questions and lend technical assistance to attendees.

TDHCA ensures that all programs follow the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times accessible to both working and non-working persons. A database has been developed that includes citizen and nonprofit organizations, local governments, state legislators, public housing authorities, and local public libraries so that, when a public hearing or public comment period is scheduled, all interested parties are notified. Additionally, pertinent information is posted in the *Texas Register*, in *Breaking Ground* (the TDHCA newsletter), on the Department’s website, and in several association newsletters. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, email, and, in some cases, directly at the TDHCA website.

Program Participation

The Department constantly seeks ways of increasing statewide participation in TDHCA programs. It is important to note that TDHCA is primarily a pass-through funding agency and funds developments through a formal competitive Request for Proposal (RFP)/Notice of Funding Availability (NOFA) process. Therefore, so that funds reach those in need at the local level, it is incumbent on the Department to increase the public’s awareness of what funds are available and how they may be accessed. Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year, Department staff participate in informational workshops and conferences across the state where information is shared with organizations that are unfamiliar with Agency programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact the Agency for further technical assistance in accessing TDHCA programs.
- The TDHCA *Program Guide* was developed to provide a comprehensive, statewide housing resource guide for both individuals and organizations across the state. The *Program Guide* provides a list of housing and housing-related programs operated by TDHCA, HUD, and other federal and state agencies.
- The Internet is also an invaluable tool for TDHCA. Through its provision of timely information to consumers, it has become one of TDHCA’s most successful marketing tools.
- A database, including public housing authorities (PHAs), community development housing organizations (CHDOs), community development corporations (CDCs), area agencies on aging (AAAs), homebuyer education providers, local governments, and other community-based organizations, streamlines departmental efforts to inform interested parties of available funding, public hearings, and other activities.

- Regional Advisory Committees, comprised of the regional councils of governments and other affordable housing organizations in each region, serve as valuable resources in gathering input from people working at the local level. These groups gather information on the region's affordable housing needs and available resources, prioritize the region's needs, and report this information to TDHCA.

SERVING EXTREMELY LOW AND VERY LOW INCOME POPULATIONS

TDHCA's purpose, as defined in the Texas Government Code, is to "provide for the housing needs of individuals and families of extremely low, very low, and low income and families of moderate income." Recognizing the formidable housing challenges of extremely low income populations, the Agency strives to develop programs that can adequately and appropriately serve these individuals and families. According to the *Housing Sponsor Report*, which is an annual snapshot of all affordable multifamily housing assisted with TDHCA funds, approximately 20 percent of all assisted units are occupied by extremely low income individuals and families.

TDHCA is dedicated to serving populations that traditionally have the highest need for assistance, yet tend to remain underserved. The following populations receive funding priority:

- Extremely low income individuals and households (0 to 30 percent AMFI)
- Low income, special needs populations, including persons with alcohol and/or drug addictions, persons with disabilities, victims of domestic violence, elderly populations, persons with HIV/AIDS, and migrant farmworkers
- Residents of the colonias
- The homeless

In addition to the Department's own efforts to address the affordable housing needs of extremely low income Texans, the 78th Texas Legislature passed a rider to TDHCA's appropriation that requires the housing finance division (which includes the HTC, HOME, HTF, Section 8, Multifamily Bond, and Single Family Bond programs) to adopt an annual goal to apply a minimum of $30 million of the Division's total housing funds toward housing assistance to individuals and families earning less than $13,000 for a one-person household, $16,000 for a two-person household, $17,000 for a three-person household, $19,000 for a four-person household, and $21,000 for a five-person household—for each additional person adding $1,500. The rider also mandates that no less than 20 percent of the division's funds be spent to serve very low income individuals and families: those at or below 60 percent of area median family income (AMFI).

Working with a focus group comprised of advocacy groups and industry associations, the Department determined that the following activities will be the basis for reaching the $30 million goal:

- Tenant-based rental assistance
- Owner-occupied rehabilitation
- Housing vouchers (rental/homeownership)
- Rental housing development with incentives to set aside units for 0 to 30 percent AMFI
- Point incentives to applicants to serve 0 to 30 percent AMFI
- Continued marketing and encouragement for organizations to serve 0 to 30 percent AMFI

TDHCA will continue to explore the use of funds outside the traditional housing programs allocation (e.g., de-obligated funds, bond fees) for activities that serve 0 to 30 percent of AMFI. The Department will also explore funding that will allow a cash flow subsidy grant to work with existing development programs.

Poverty Solutions

TDHCA has an important role in addressing Texas poverty. The Department seeks to reduce the number of Texans living in poverty, thereby providing a better future for all individuals. This means targeting resources at those with the greatest need and aiming to provide long-term solutions to the problems facing people in poverty. The Department provides low income persons with energy-related, emergency, and housing assistance to meet the basic necessities.

Homeless persons are considered a priority group for housing-related funding. The priorities also target households at 80 percent or less of median income, particularly those at 0–50 percent of AMFI; much of this population group can be considered “at risk” of homelessness.

For households or individuals to contemplate long-term solutions to poverty, basic needs such as shelter, food, energy costs, child care, health and human services, transportation, job training, and substance-abuse prevention must be addressed. Therefore, the programs administered by TDHCA that address these needs are vital to the transition from poverty.

Public assistance and social service programs have shifted their focus over the last decade. The new emphasis centers on reducing dependency and increasing self-sufficiency. Assisted housing can no longer have a pure income-maintenance orientation. In light of this new emphasis, housing and community development resources that address poverty should emphasize self-sufficiency. The self-sufficiency approach provides incentives for assisted housing residents who are willing to undertake a set of activities intended to lessen dependency. These activities should be tailored to meet the needs and capabilities of each individual household and can be provided through the housing deliverer or through human service providers.

Experience has shown that segregating low income persons in an insulated community perpetuates the cycle of poverty and often creates slums. A second anti-poverty theme centers on mobility—insuring that residents of assisted housing have access to jobs, schooling, public safety, and role models. Rental assistance combined with counseling and support services can be used to increase mobility. Scattered site production can also be used to encourage mixed-income housing. TDHCA provides tenant-based rental assistance options through several of its programs, specifically the HOME Program and Section 8.

An asset development approach to addressing poverty emphasizes the use of public assistance to facilitate long-term investments, rather than incremental increases in income. In housing, this can include the establishment of equity through homeownership. Several TDHCA programs introduce the option of homeownership to lower income populations: the HOME Program offers down payment and closing cost assistance, and the Single Family Bond Program offers below-market mortgage loans coupled with down payment assistance.

Comprehensive community development can be used to address the complex and interrelated problems of distressed neighborhoods. It involves recognizing the many levels of need in a community and addressing these needs with housing, community development, economic development, and social service resources. When these resources are used in conjunction, they can improve the quality of life in a community and engender long-term changes. These “changes of condition” may deal with alcohol and substance dependency, mental and physical health, nutrition, child care and parenting, life skills, general education and work skills, and criminal behavior. “Changes of condition” may also mean providing an influx of non-poor households to serve as role models and shift the nature of the environment. For those in housing and community development, the recognition that collaboration between and among private sector developers, builders and lenders, and non-development resources (such as local governments and social-services providers) is essential. For those in human services, the change may involve a subtle shift in focus away from crisis intervention and towards preventive measures; working with the family on a case-basis, rather than individual members of the family; and, most importantly, providing services within the context of community development.

Serving Special Needs Populations

Special needs populations include persons with alcohol and/or drug addictions, colonia residents, persons with physical and/or mental disabilities, victims of domestic violence, elderly populations, persons with HIV/AIDS, homeless populations, and migrant farmworkers. Because of the unique challenges associated with the housing needs of these varying populations, a considerable level of planning and consumer-need-based focus is required.

Advocates for the elderly and persons with disabilities continue to stress that the primary goal of these populations is to live independently and remain in their own homes. Access to rehabilitation funds for single family housing—to perform minor physical modifications such as extra handrails, grab bars, wheelchair-accessible bathrooms, and ramps, thus making existing units livable and providing a cost-effective and consumer-driven alternative to institutionalization—was considered as a priority. Likewise, the availability of rental vouchers that provide options beyond institutional settings was found to be a high priority.

Olmstead

In June of 1999, the Supreme Court of the United States affirmed a judgment in the *Olmstead v. L.C. and E.W.* lawsuit, which has had far-reaching effects with states regarding services for individuals with disabilities. The *Olmstead* decision upheld Title II of the Americans with Disabilities Act (ADA) and applied it to access to services in the most integrated setting for the plaintiffs in the case. Title II of the ADA proscribes discrimination in the provision of public services, which specifies, *inter alia*, that no qualified individual with a disability shall, “by reason of such disability,” be excluded from participation in, or be denied the benefits of, a public entity’s services, programs, or activities. Congress instructed the Attorney General to issue regulations implementing Title II’s discrimination proscriptions, and one such regulation, known as the “integration regulation,” requires a “public entity to administer programs in the most integrated setting appropriate to the needs of qualified individuals with disabilities.”

The Court went further in their opinion to state that it acknowledged that Congress found that discrimination against people with disabilities includes segregation, isolation, and institutionalization, and that under the ADA, an individual with disabilities has the legal right to be served in the most integrated setting. The court stated that the reasonable modifications standard for the ADA would be met if the state has a comprehensive, effectively working plan for persons and a waiting list that moved at a reasonable pace, not controlled by the state's endeavors to keep institutions fully populated. The Court stated, "Confinement in an institution severely diminishes the everyday life activities of individuals, including family relations, social contacts, work options, economic independence education advancement, and cultural enrichment."

With the advent of the *Olmstead* decision, the Health and Human Services Commission (HHSC) initiated the Promoting Independence Initiative and appointed the Promoting Independence Advisory Board, as directed by then-Governor George Bush's Executive Order GWB 99-2. The Promoting Independence Advisory Board (PIAB) met during FY 1999 and FY 2000 and assisted the HHSC in creating the state's response to the *Olmstead* decision. This was accomplished with the development and implementation of the Promoting Independence Plan. This plan highlights the State's efforts to assist those individuals desirous of community placement, appropriate for community placement as determined by the state's treatment professionals, and who do not constitute a fundamental alteration in the state's services, to live in the community.

During the 77th Session of the Texas Legislature, SB 367 was passed, which renamed the Promoting Independence Advisory Board as the "SB 367 Interagency Task Force on Appropriate Care Settings for Persons with Disabilities." The Commissioner of Health and Human Services appoints the SB 367 Task Force and its presiding officer, and determines the number of task force members, who include representatives of appropriate health and human service agencies, related work groups, consumer and family advocacy groups, and providers of services. A representative from TDHCA has been a voting member of the PIAB and SB 367 Task Force since their inception.

TDHCA has taken a strong leadership role in the provision of funding for rental assistance to address the housing needs of persons looking for community-based alternatives to institutionalization. The Department committed $4,000,000 in rental assistance from the HOME Program for the FY 2003-2004 biennium. Additionally, in FY 2002, TDHCA received 35 rental vouchers to administer to the *Olmstead* population as part of a national pilot program called "Project Access." To date, all 35 Project Access vouchers have been issued, and of the 35, 23 voucher recipients have made the transition from a nursing facility into their own homes.

Integrated Housing Rule

In 2002, an issue of particular concern for advocates for persons with disabilities involved the Department's policies related to integrated housing. Integrated housing, as defined by SB 367 and passed by the 77th Texas Legislature, is "housing in which a person with a disability resides or may reside that is found in the community but that is not exclusively occupied by persons with disabilities and their care providers." The Department, with the assistance of the TDHCA Disability Advisory Committee, developed an integrated housing rule to address this concern. On November 14, 2003, the TDHCA Board approved an Integrated Housing Rule that was to be utilized by all Department housing programs. Below is a synopsis of the draft rule:

- A housing development may not restrict occupancy solely to people with disabilities or people with disabilities in combination with other special needs populations.

- Large housing developments (50 units or more) shall provide no more than 18 percent of the units of the development set aside exclusively for people with disabilities. The units must be dispersed throughout the development.
- Small housing developments (less than 50 units) shall provide no more than 36 percent of the units of the development set aside exclusively for people with disabilities. These units must be dispersed throughout the development.

- Set-aside percentages outlined above refer only to the units that are to be solely restricted for persons with disabilities. This section does not prohibit a property from having a higher percentage of occupants that are disabled.
- Property owners may not market a housing development entirely, nor limit occupancy to, persons with disabilities.

Exceptions to the above rule:

- Scattered site development and tenant-based rental assistance is exempt from the requirements of this section.
- Transitional housing is exempt from the requirements of this section, but must be time-limited, with a clear and convincing plan for permanent integrated housing upon exit from the transitional situation.
- This section does not apply to housing developments designed exclusively for the elderly.
- This section does not apply to housing developments designed for other special needs populations.
- The Board may waive the requirements of this rule to further the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause.

SELF-HELP INITIATIVES

Community-based self-help is an age-old tradition that extends far beyond the implementation of the first government housing programs. Lower income households have used self-help and incremental construction techniques to house themselves throughout history. Within the administrative context of government, self-help techniques, such as volunteer labor and the use of innovative materials and technologies, become a resource that can be used to encourage people’s efforts and extend the reach of the government dollar.

Self-help relies almost exclusively on the participation of local communities and residents in addressing problems. It can be defined as any activity for which a community can undertake itself that it would otherwise pay outsiders to complete. When applied to housing and community development, the concept of self-help assumes that (1) the most valuable resources available are those in place within a community and (2) the key to increased production is reducing needs through innovation and volunteerism. Using the self-help approach, the State assumes the role of a facilitator that assists the community within the framework of its local resources and needs, rather than a provider that funds projects according to pre-determined program guidelines.

Self-help can result in significant cost savings through reduced overhead and reduced markups of intermediaries, the use of existing assets, and the substitution of volunteers for paid labor. Communities that use conventional grant programs typically hire outside experts to determine the amount of subsidy required to finance a project. Using the self-help approach, the amount of outside assistance requested for a project is determined locally after the community has established what can be completed independently. The Department currently funds these successful self-help initiatives: Colonia Self-Help Centers and the Texas Bootstrap Loan Program.

Colonia Issues

The Office of Colonia Initiatives (OCI) was created by the Department to administer and coordinate efforts for the enhancement of living conditions for colonias in Texas. OCI plays a vital role in addressing the problems of our state's colonias through partnerships with other state and federal agencies along the Texas-Mexico border region, as well as those in the for-profit and nonprofit sectors. The following are specific concentrated on-site technical activities currently underway:

- Increased affordable housing opportunities (i.e., low-interest-rate loans, new construction, reconstruction, rehabilitation, surveying and platting)
- Community development activities
- Conversion of contracts for deed to conventional mortgages with transfer of title and homeownership education
- Construction education and assistance
- Tool library access
- Access to adequate infrastructure

For more information related to activities and initiatives related to the colonias, please refer to the Colonia Action Plan section beginning on page 149.

Homeownership and Homeownership Counseling

Exploring innovative approaches to financing homeownership, such as individual development accounts (IDAs), the use of community development financial institutions (CDFIs), the creation of innovative lending products, as well as the proliferation of quality homebuyer education, will aid in the Department's efforts to increase homeownership. Ultimately, making homeownership a reality for lower income Texans is the underlying theme for several TDHCA programs. Every step toward self-sufficiency provided to consumers gets them closer to the realization of this goal.

Expanding homeownership opportunities for very low, low, and moderate income households is a major objective of the Department. Along with the Department, a growing number of lenders and affordable housing professionals recognize that it takes more than flexible underwriting in lending to expand homeownership for this traditionally under-represented population. For the past three decades, homeownership counseling has been an integral part of affordable lending in the United States. It has been demonstrated that counseling better-prepares borrowers to recognize and accept the responsibilities that come with owning a home. By assisting borrowers in obtaining a home they can truly afford to purchase and maintain, homeownership counseling has been credited with stabilizing families and neighborhoods while, at the same time, reducing the risk of default for lenders.

The Department believes that offering homebuyer education/counseling enhances the ability and confidence of lenders, borrowers, and policymakers to effectively make full use of the Department's lending programs. To improve access to local homebuyer education providers, TDHCA collaborates with several partners to implement the Texas Statewide Homebuyer Education Program (TSHEP). To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA contracted with the Neighborhood Reinvestment Corporation to teach local nonprofit organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education and to certify participants as providers. In 2003, 114 attendees were present at four training sessions held in Austin, Dallas, and Galveston.

FAIR HOUSING ISSUES

The Texas Fair Housing Act of 1989 enables the State to remedy discriminatory public policies affecting housing affordability and access. The act prohibits discrimination against individuals in their pursuit of homeownership or rental housing opportunities based on race, color, national origin, sex, religion, familial status, and physical or mental disabilities. Recent Department activities or current objectives relating to fair housing follow:

- Require compliance with the Texas Fair Housing Act in TDHCA-administered programs
- Provide fair housing training to TDHCA staff and governing board members
- Distribute fair housing brochures and information to recipients of housing program funds and make information available to the public upon request
- Coordinate fair housing efforts with the Texas Commission on Human Rights (TCHR), which was created under the Fair Housing Act to directly address public grievances related to fair housing.

  Complaints will be handled in two ways:
  - *TDHCA Housing Sponsor Report* (submitted annually and due by March 1): A list of all properties responding affirmatively that they have had a fair housing complaint will be submitted to TCHR.
  - Written complaints: All written complaints will be handled in a manner outlined in the Texas Government Code. If fair housing issues are involved, the complaint will be forwarded to TCHR.
- Enforcement of the Section 8 Admittance Policy. In June 2000, TDHCA appointed a Section 8 Task Force and charged it to develop a policy for expanding housing opportunities for Section 8 voucher and certificate holders in TDHCA-assisted properties. The policy adopted by the TDHCA Board is as follows:
  - Managers and owners of HTC properties are prohibited from having policies, practices, procedures, and/or screening criteria that have the effect of excluding applicants because they have a Section 8 voucher or certificate.
  - The verification of such an exclusionary practice by TDHCA on the part of the owner or manager will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
  - Any violation of program requirements relative to this policy will also impact the owner’s ability to participate in future TDHCA programs.

The Department has adopted rules that mirror this policy in accordance with §2306.269, Government Code, at 10 TAC §1.14.

In addition, through the monitoring of TDHCA-funded developments, the Department requires compliance of all applicable state and federal housing laws including Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, and the Texas Architectural Barriers Act (§2306.514, Texas Government Code).

ENERGY EFFICIENCY

Energy and water costs are often the largest single housing expense after food and shelter for lower income families. Utility costs typically represent 13 to 44 percent of lower income annual gross incomes and account for nearly one-fourth of total housing costs. Proper use of existing technologies and management practices can reduce these utility costs significantly at a relatively low initial cost, thereby greatly increasing housing affordability for low and moderate income families. Studies have shown that the cost of energy is a major contributing factor to housing abandonment and high mobility.

Through programs that encourage energy efficiency, help consumers control energy costs through education, and provide direct financial assistance for utilities or weatherization, TDHCA addresses an often overlooked expense of housing. In addition, applicants for Department programs are encouraged to consider energy efficiency in their developments.

ENCOURAGE LOCAL AFFORDABLE HOUSING INITIATIVES

The greatest understanding of housing needs is found at the local level. TDHCA concurs that localities should implement specific regulatory reforms related to affordable housing due to their greater awareness of local economic, demographic, and housing conditions; at the same time the State also believes that it should provide some form of guidance. As the “trustee” of funding for these local entities, it is incumbent upon the State to make information available to local governments regarding potential avenues for the provision of affordable housing. It is important to note that TDHCA does not have regulatory authority over the housing and building industry except for certain developments financed with TDHCA funds. Additionally, as a governmental entity, the Department cannot lobby or attempt to influence the policies related to the governing of the State of Texas. However, TDHCA can act as an information resource and will continue to engage in actions to assist localities in overcoming unnecessary regulatory barriers that may increase the cost of housing.

In 1997, the 75th Texas Legislature enacted Senate Bill 1852, which created the Texas Affordable Housing Task Force. The Task Force was comprised of eleven gubernatorial appointees representing the private sector, municipalities, code officials, public and community-based housing organizations, and the general public. The following information comes from the *Report of the Texas Affordable Housing Task Force* published in December 1998.

The Affordable Housing Task Force’s purpose was to evaluate and identify federal, state, and local government regulations and policies that unnecessarily increase the cost of constructing or rehabilitating housing, create barriers to affordable housing for low income Texans, and limit the availability of affordable housing. Specifically, the Task Force was asked to evaluate the following: zoning provisions, deed restrictions, impact fees and other development fees, permitting processes, restrictions on the use of affordable housing options, building codes, overlapping government authority over housing construction, environmental regulations, and practices that impede access to affordable housing and finance opportunities.

It was noted by the Task Force that while governments usually pass ordinances, regulations, and laws that are intended to have a positive effect on the community at large, the new regulations may have an adverse effect on the future of housing in their own community. While a single law or ordinance may only add $100 to the price of a home, layering or regulations may create a sharp increase in the final cost of a home or an actual shortage of housing for those low and moderate income consumers. Studies show that even small price increases can affect affordability. For example, the Real Estate Center at Texas A&M University estimates that a $1,000 increase in the cost of a median-priced home will prevent approximately 27,000 Texas households from qualifying to buy the home. Below is a brief synopsis of observations of the Task Force:

- *Zoning provisions*: Because municipalities have zoning authority, they are in the position to shape the type and direction of growth within their boundaries. Ordinances may be passed to encourage affordable housing through measures such as lowering minimum lot sizes, decreasing building set-back requirements, and lowering minimum square footages of homes. However, they can also pass ordinances that drive land and construction costs up to the point that affordable housing cannot be built. Unfortunately, the attitudes of municipalities can be influenced by attitudes of fear and distrust with regard to affordable housing. Testimony to the Task Force indicated that neighborhood groups often oppose affordable housing projects because of concerns that they will drive down property values, increase crime, and put a strain on local resources including schools and roads.
- *Deed restrictions*: Property owners may place a variety of deed restrictions on the development of property. Common deed restrictions include minimum square footage requirements, the type of construction and materials that must be used, and requirements for other amenities such as stone fences, landscaping, etc. They are primarily used to protect property values in a neighborhood by ensuring that certain minimum standards are met. Deed restrictions may be placed on properties through various means including neighborhood associations or property owners before the sale, subdivision, or development of an individual's own property.
- *Impact fees and development fees*: In the mid 1980s, many Texas cities experienced rapid growth. As a consequence, cities encountered difficulties in meeting the demand for city services and infrastructure. To address this problem, legislation authorizing impact fees was passed during the 1987 legislative session. As a condition of permit approval, the legislation authorized the assessment of fees to pay for infrastructure costs. The impact fee bill validated municipal impact fees, specified the type of projects for which the fees could be charged, required municipalities to account for impact fees that were collected, and allowed for public input into the process.
- *Restrictions on affordable housing options*: Construction options have increased over the last 10 years with the advent of new materials and new housing options such as manufactured housing. Many of these alternatives could have a positive impact on the availability of affordable housing. Currently many of these options are viewed with distrust or are not well known by the general public. With regard to alternative building materials, the effectiveness of these new materials may be able to lower the cost of construction without sacrificing quality, but many municipalities view them with suspicion. Ultimately, municipalities will have to review the appropriateness of allowing these less-expensive materials to be used in affordable housing. Manufactured homes represent

30 percent of the new homes built in Texas in 2000, according to the Texas Real Estate Research Center. While these homes are finding their way into the main stream of the housing market, many new owners find that they face code concerns and the fear of declining property values from their local governments.

- *Building codes*: The adoption of a single code, the Uniform Building Code (UBC), would have several advantages such as reducing costs for manufacturing, architectural plans, engineering, personnel, materials, and inspections. Currently, cities have the authority to adopt building codes and set minimum construction standards. In general, cities adopt one of several nationally-recognized codes, but they may also adopt code amendments to address specific local problems and conditions. In major metropolitan areas of the state, there are adjacent cities that have adopted different codes and amendments. Varying code interpretations can also cause problems; different inspectors often interpret the same code differently. Houses that are built to the same specifications could be passed by one inspector and failed by another. The differing codes and interpretations can be confusing, time-consuming, and costly to builders.
- *Overlapping government authority over housing construction*: In some cases, more than one government entity has authority over a specific part of the building and development process. There are times when this overlapping causes delays and adds to the costs of construction.
- *Environmental regulations*: There are several state and federal regulations that have been passed to protect the environment. At the federal level, such regulations include the Endangered Species Act, the National Pollutant Discharge Elimination System, and the Wetlands regulations. In Texas, rules to protect the environment are promulgated by the Texas Commission on Environmental Quality (TCEQ). These include rules for the installation of septic systems and for development over the Edwards Aquifer. The restrictions associated with the regulations can add to the cost of development.

Capacity Building

While the evidence of interest in producing affordable housing is easily documented, the actual capacity of organizations to produce such housing is not as clear. A lack of organizational capacity, especially in the harder-to-reach areas of the state, may explain the hesitancy of smaller communities to attempt to address affordable housing issues.

TDHCA offers capacity building technical assistance to organizations interested in addressing the affordable housing needs in their community. The Department aims to increase the capacity of organizations by providing access to information and trainings on topics such as strategic and business planning, financial and asset management, board development, outcome measures, coordination, collaboration, networking, and partnership development. The Department hopes to empower organizations to be more competitive in applying for not only TDHCA funding, but also other available federal, state, and local funds.

Local Opposition

Resistance by residents to new development in their neighborhoods is prevalent throughout Texas. It is difficult to dispel the common misperception that affordable housing equates to crime-ridden neighborhoods that will lower the surrounding property values. Even mixed-income properties, such as those funded by Housing Tax Credits, can experience significant opposition.

To address these issues, a workgroup consisting of TDHCA staff, developers, neighborhood groups, local governments/officials, and housing advocates has been convened to review policies and procedures regarding public input. In the short term the group will focus on rulemaking related specifically to the tax credit and bond programs, as well public input considered by the Board in relation to a proposed housing development. In the long term, the group will discuss and work through larger policy questions that will culminate into a public input policy that will be submitted to the Board for their consideration.

The Department, with the passage of Senate Bill 1664 by Averitt, will also have the resources to establish an affordable housing research and information program in which the Department shall contract for

- periodic market studies to determine the need for housing for families of extremely low, very low, and low income in census tracts throughout the state;
- research from qualified professionals to determine the effect of affordable housing developments on property values, social conditions, and quality of life in surrounding neighborhoods;
- independent research in affordable housing design and development approaches that enhance community acceptance of affordable housing and improve the quality of life for the residents of the housing;
- public education and outreach efforts to assist the public in understanding the nature and purpose of affordable housing and the process for public participation in the administration of affordable housing programs.

TDHCA believes that through education and outreach, the Department can help mitigate opposition to affordable housing.

COMPLIANCE MONITORING

It is the function of the Portfolio Management and Compliance Division to oversee the development and enforcement of procedures to ensure compliance with program requirements and contract representations. This is accomplished through program implementation, program development, contract administration, technical assistance (including workshops and other training opportunities), inspections, field visits, and on-going subrecipient monitoring, including long-term compliance.

The Compliance Monitoring Section monitors rental developments during construction and the long-term compliance phases of the various rental housing programs administered by TDHCA. The Compliance Monitoring Section is also responsible for the post-construction and post-rehabilitation monitoring of multifamily properties. Division responsibilities include tracking construction deadlines as well as processing construction extensions. Staff processes deed restriction documents and amendments. Staff is responsible for monitoring long-term occupancy requirements established in restrictive use agreements, program rules, and application representations. During the affordability period, compliance monitors verify that the income of tenants and the rent charged for housing is at or below limits established by programs such as the Affordable Housing Disposition Program (AHDP), Housing Tax Credit Program, HOME Program, Tax-Exempt Multifamily Bond Program, and Housing Trust Fund. Examples of monitoring activities include, but are not limited to, inspections of rental developments during construction and the affordability period, monitoring to determine compliance with program requirements to ensure developments remain affordable, and analysis of management activities. Compliance monitors review necessary records to assure adherence to program requirements and terms of the deed restrictions on single family or multifamily affordable rental housing developments. Monitors perform on-site and desk monitoring reviews and collect annual Fair Housing Sponsor Reports as required under 2306.0724.

POLICY SUMMARY

Table 1A summarizes key policy initiatives described in the previous section and indicates which programs within the Department meet the priority objectives.

Table 1A: Programs and Policy Initiatives

	Preservation of Affordable Housing	Home-ownership	Rural Markets	Extremely Low-Income Households	Special Needs	Colonias
HOME Program						
Owner-Occupied Housing Assistance	X	X	X	X	X	X
Homebuyer Assistance		X	X		X	X
Tenant-Based Rental Assistance				X	X	
Rental Housing Preservation	X		X			
CHDO Set-Aside	X	X	X			
Special Needs Set-Aside				X	X	
Housing Trust Fund	X	X	X	X	X	X
Housing Tax Credit Program	X				X	
Multifamily Bond Program	X				X	
Single Family Mortgage Revenue Bond Program						
First Time Homebuyer Program		X	X			
Down Payment Assistance		X	X			
Section 8 Program			X	X	X	
Office of Colonia Initiatives		X	X	X		X
Emergency Shelter Grants Program			X	X	X	
Community Services Block Grant Program			X	X	X	
Community Food and Nutrition Program				X		
Comprehensive Energy Assistance Program			X	X	X	
Weatherization Assistance Program			X	X	X	

78TH TEXAS LEGISLATIVE SESSION OVERVIEW

The following is a summary of legislation tracked during the 78th Legislature. Only bills that amend TDHCA's enabling statute, otherwise directly affect the Agency, or are of major interest are addressed.

SENATE BILLS

SB 264 by Lucio

This bill continues TDHCA in existence until September 1, 2011 and makes other changes. A section-by-section summary of the bill is as follows:

- *Section 1:* Corrects a bill drafting error made in the House.
- *Section 2:* Removes the community development division from TDHCA's organizational structure
- *Section 3:* Extends TDHCA's existence until September 1, 2011
- *Section 4:* Adds subsection (f) to Section 2306.0661 to require the board to adopt rules governing the topics to be covered at public hearings. The rules must require TDHCA to consider the following topics in relation to a proposed housing development: the developer's market study; the location; the compliance history of the developer; the anticipated impact on local school districts; the financial feasibility; the appropriateness of the development's size and configuration in relation to the housing needs of the community in which the development is located; the development's proximity to other low income housing developments; zoning and other land use considerations; the availability of adequate public facilities and services; and other appropriate topics.
- *Section 5:* Amends Section 2306.0721(c) to add the colonia biennial action plan to the SLIHP.
- *Section 6:* Amends Section 2306.0722(a) to require consultation with the members of the Colonia Residents Advisory Committee before adopting the SLIHP.
- *Section 7:* Adds Section 2306.082 relating to negotiated rulemaking and Alternative Dispute Resolution by which TDHCA is required to encourage the use of negotiated rulemaking procedures under Chapter 2008 as well as appropriate alternative dispute resolution procedures under Chapter 2009 to assist in the resolution of internal and external disputes. TDHCA is required to designate a trained person to act as the coordinator.
- *Section 8:* Amends Section 2306.111(c) to provide that nonprofit providers of affordable housing, including CHDOs, are eligible to apply for HOME funds as well as for profits and to prohibit TDHCA from giving preference to nonprofits except as required by federal law. In addition, the section is amended to exempt from the regional allocation process funds reserved for contract for deed conversions or for set-asides mandated by state or federal law as long as each such allocation does not exceed 10 percent of the total allocation (TDHCA request). The section is also amended to add subsection (i) to require TDHCA's executive director to designate an employee to act as the information officer and liaison with the public concerning each HOME, HTF, and HTC application.
- *Section 9:* Amends Section 2306.111(d) to require TDHCA to allocate HOME and HTF funds and low income housing tax credits to all "urban/exurban" and rural areas of each uniform state service region. Sections 2306.111(e) and (f) are similarly amended to add urban/exurban and rural areas to the SLIHP and report and to the funding priorities. Subsection (g) is amended to require TDHCA to establish funding priorities for all urban/exurban and rural areas of each uniform state service region to ensure that funds are awarded to project applicants who are best

able to meet recognized needs for affordable housing as determined by TDHCA rule. (Please note Section 30 of the bill with respect to the "urban/exurban" requirement.)

- *Section 10:* Section 2306.1113, "Ex Parte Communications," is amended to remove the members of EARAC from the general prohibition and to add Subsections (a-1) and (a-2) to permit any TDHCA employee to communicate, orally or in writing, about an application with the applicant or a related party, or a lobbyist employed by either, and any person who is active in the construction, rehabilitation, ownership, or control of the proposed project during the application cycle as long as the communication is restricted to technical or administrative matters, is received at TDHCA offices during business hours, and a specified record is maintained of the communication for board review.
- *Section 11:* Section 2306.1114, "Notice of Receipt of Application or Proposed Application," is added to require TDHCA not later than the 14th day after an application or proposed application for funds from the HOME or HTF programs or for tax credits under the HTC program to provide written notice, as specified in the section, of the filing of the application or proposed application to the US representative who represents the community containing the development, members of the Legislature, the presiding officer and affected member of the governing body, the superintendent and presiding officer of the school district board of trustees, and any neighborhood organizations on record with the state or county. Among other things, the written notice must include the name and contact information of the employee designated by the executive director of TDHCA to act as the public information officer and liaison concerning the application.
- *Section 12:* Section 2306.185 is amended to start the affordability period when construction is completed and to require the housing development to comply with the requirements of Section 2306.186.
- *Section 13:* Adds Section 2306.186 to establish reserve accounts for repairs. The bill adds Section 2306.186 to the Government Code to require each developer who receives TDHCA assistance (state or federal, including HTC) for a multifamily rental housing development that contains 25 or more units to deposit annually into a reserve account maintained by the first lien holder or bank trustee for the year 2004 not less than $150/unit per year for units one to five years old and not less than $200/unit per year for units six or more years old. For each year after 2004, at least $150 is required to be deposited annually. The bill provides that the LURA must address the deposit requirements, as specified in this section, and which may continue until the affordability period specified in the LURA ends. In addition, the bill provides that if the first lien holder has not required the establishment of a reserve account for multifamily housing, the development owner is required to set aside a repair reserve amount as a reserve for capital improvements.

  Beginning with the 11th year after the awarding of any financial assistance for the development by TDHCA, an owner is required to contract for a third party physical needs assessment at appropriate intervals that are consistent with lender requirements or as specified in the section. The owner is required to submit the third-party needs assessment to TDHCA as well as any response to the assessment, and repairs made in response, and information on any necessary changes to the required reserve based on the assessment. TDHCA is authorized to complete the necessary repairs if owner fails to do so and the owner has to pay for those repairs directly or through a reserve account. If TDHCA is notified of health and safely violations in the report, TDHCA may complete the repairs and pay for them through a reserve account.

The section ends the requirement for reserve accounts to be maintained when there is no longer a first lien lender and provides that the reserve account requirements do not apply to a development for which an owner is required to maintain a reserve account "under any other provision of federal or state law."

TDHCA is required to adopt specified rules not later than December 1, 2003, including those relating to the transfer of money in the reserve accounts to TDHCA to fund necessary repairs and that define the scope of TDHCA's oversight of reserve accounts and the repair process.

TDHCA is required to assess administrative penalties on owners who fail to conduct the inspection and the identified repairs in the same manner as in Sec. 2306.6023 (relating to manufactured housing) in an amount computed by multiplying $200 by the number of dwelling units. The penalty is paid to TDHCA and the Attorney General is required to assist in the collection of the penalty and the enforcement of the reserve account requirements.

- *Section 14:* Amends Section 2306.252 to make the technical, clean-up changes.
- *Section 15:* Adds Section 2306.359, "Issuance of Private Activity Bonds" to require TDHCA to evaluate an application for the issuance of private activity bonds using a point system based on criteria including those regarding the income level of tenants; the rent levels of the units; the level of community support for the application; the period of guaranteed affordability; the cost per unit; the size, quality, and amenities of the units; the services to be provided to tenants of the development; the commitment of development funding by local political subdivisions that enables additional units for individuals and families of very low income; and other criteria developed by the board; and imposing penalties on applicants who have requested extensions of deadlines relating to developments supported by private activity bonds in the application round preceding the current round. The section requires TDHCA to make the details of the scoring system used available on its website. The new section also requires TDHCA to underwrite applications by determining that the general contractor's profit, overhead, and general requirements are within the maximum limit published by TDHCA; that the developer fee does not exceed the maximum allowed by TDHCA; and, if applicable, the amount of tax credits available to the proposed development. TDHCA must attach the greatest weight to scoring and underwriting criteria that will result in an issuance of private activity bonds for developments serving the lowest income tenants and produce the greatest number of high quality units committed to remaining affordable to qualified tenants for extended periods*.* The new requirements described above apply only to applications for the allocation of the state ceiling set aside for TDHCA in a year beginning on or after January 1, 2004.
- *Section 16:* Amends Section 2306.589(c) to remove the requirement that TDHCA reimburse the Colonia Initiatives Advisory Committee.
- *Section 17:* Amends Section 2306.6702(a)(5), "At-risk development" to include a development that has received an equity incentive to the list of eligible developments and to include the HTC program to the list of eligible federal programs.

Amends Section 2306.6702(a)(10) to require the QAP to give preference to developments that, when practicable and feasible based on documented, committed, and available third-party funding sources, serve the lowest income tenants and produce the greatest number of high quality units committed to remaining affordable to any income eligible tenant under the HTC program, rather than giving a preference to developments that serve the lowest income tenants and remain affordable for the longest economically feasible period;

Amends Section 2306.6702(a)(16), "Unit" to remove the requirement that living and eating facilities be separate.

- *Section 18:* Amends Section 2306.6703, "Ineligibility for Consideration" by adding subsections (3) and (4) to expand the prohibition on submitting a HTC application to include an applicant that proposes to construct a new development that is located one linear mile or less from a development that serves the same type of household as the new development; has received an allocation of tax credits for new construction at any time during the preceding three-year period; and has not been withdrawn or terminated from the HTC program. An HTC application is also ineligible if the proposed development is located in a municipality, or if outside the municipality in a county that has more than twice the state average of units per capita supported by housing tax credits or private activity bonds, unless the applicant has obtained the prior written approval of the governing body and has included in the application a written statement of support from the governing body of the municipality or county authorizing the application. The prior municipal approval requirement does not apply to a development <u>in a municipality</u> that is using federal HOPE VI funds; locally approved funds received from a public improvement district or a tax increment financing district; HOME funds provided to the state; CDBG funds provided to the state and "participating jurisdictions; or that is located in a county with a population of less than one million.
- *Section 19:* Amends Section 2306.6704 to require a HTC applicant as part of the pre-application process to provide evidence that the applicant has provided notice of the filing of the application to any neighborhood organizations on record with the state or county, the superintendent and presiding officer of the board of trustees of the school district, the presiding officers of the governing bodies of the municipality and the county and all elected members; and the state senator and state representative of the district containing the development.
- *Section 20:* Amends Section 2306.6705 to require evidence in the HTC application of the notices sent to the same parties that were required to be notified in the pre-application process.
- *Section 21:* Adds Section 2306.67055, "Market Analysis" to require a HTC market analysis to be prepared by a market analyst approved by TDHCA and to include an assessment of other developments that are supported by tax credits within the market area. TDHCA is required to develop, through the QAP, a process for approving market analysts and a methodology for determining the market area.
- *Section 22:* Amends Section 2306.6710 to re-prioritize the allocation of tax credits. The point system is required to rank the following factors in the following descending order: financial feasibility of the development "based on the supporting financial data required in the application that will include a project underwriting pro-forma from the permanent or construction lender;" "quantifiable community participation" based on written statements from neighborhood organizations on record with the state or county; income levels of the tenants; the size and quality of the units; the commitment of development funding by local political subdivisions; the "level of

community support" evaluated on the basis of written statements from state elected officials (changed from written support from local and state elected officials); the rent levels of the units; the cost by square foot; and the services to be provided to the tenants of the development.

This section is also amended to add to the penalty on requesting extensions to include penalties on "a developer or principal of the applicant that has been removed by the lender, equity provider, or limited partners for its failure to perform its obligations under the loan documents or limited partnership agreement."

Section 2306.6710(d) is also amended to require TDHCA to underwrite tax credit applications to determine the financial feasibility of the development and an appropriate level of housing tax credits. In determining the appropriate level of credits, TDHCA is required to determine that the cost of the development does not exceed acceptable cost parameters as adjusted for inflation and as established by historical final cost certifications of all previous HTC allocations for the county in which a development is to be located; if certifications are unavailable for the county, the MSA in which the development is to be located; or if neither certifications are available, the uniform state service region.

Section 2306.6710(e) is amended to require the award of preference points to developments, that when practicable and feasible based on documented, committed, and available third-party funding, serve the lowest income tenants "per housing tax credit" if the development is to be located outside a qualified census tract and produce for the longest economically feasible period the greatest number of high quality units committed to remaining affordable to any tenants who are income-eligible under the HTC program.

Subsection (f) is added to Section 2306.6710 to govern TDHCA's evaluation of the level of community support under subsection 2306.6710(b), as amended. TDHCA is required to give positive points for positive written statements received; negative points for negative written statements received; and zero points for neutral statements received. TDHCA is also required to give equal weight to each written statement received.

- *Section 23:* Amends Section 2306.6711(b) to increase the amount of credits that the board may allocate to $2 million, instead of $1.6 million, in a single application round. Subsection (f) is added to only allow the board to allocate tax credits to more than one development in a single community in the same calendar year if the developments are or will be located more than one linear mile apart and only if the community is contained within a county with a population exceeding one million.
- *Section 24:* Amends Section 2306.6716(b) to remove the date on which TDHCA is required to publish an updated schedule of application fees.
- *Section 25:* Amends Section 2306.6717(b) to require TDHCA to also make available on its website submitted applications and applications approved for underwriting and recommended to the board and to provide information on all of the website information to locally affected community groups, local and state elected officials, newspapers, and for-profit organizations in addition to local housing departments, nonprofit organizations, and on-site property managers.

- *Section 26:* Section 2306.6725(b) is amended to require TDHCA to reward HTC applicants that locate the development in a census tract in which there are no other existing developments supported by housing tax credits.
- *Section 27:* Section 1372.0231(b) of the Government Code, relating to the 25 percent of the state ceiling available exclusively to TDHCA for qualified residential rental project bonds, is amended to require the Bond Review Board to grant reservations at the direction of TDHCA as provided by Section 2306.359 and in a manner to ensure the set-aside amount is used for proposed projects throughout the state and that not more than 50 percent of the set-aside is used for proposed projects in qualified census tracts, instead of requiring the BRB to determine the order by lot. Subsection (h) is added to make clear that such allocations are subject to review and approval by the BRB.
- *Section 28:* Section 1372.0321 is amended to reconcile the two amendments made to this section last session and to provide that for qualified residential rental project issues, BRB is required to give first priority to projects in which 50 percent of the residential units in the projects are under a 30 percent of 50 percent of the area median income rent restriction minus an allowance for utility costs and reserved for families and individuals earning not more than 50 percent of the area median income with the remaining 50 percent of the units having a rent restriction of 30 percent of 60 percent of the area median family income minus an allowance for utility costs and reserved for families and individuals earning not more than 60 percent of area median income OR projects in which 15 percent of units have a rent restriction of 30 percent of 30 percent of the AMFI minus the allowance and reserved for families earning not more than 30 percent of the area median income with the remaining 85 percent rent restricted to 30 percent of 60 percent AMFI and reserved for families and individuals earning not more than 60 percent of area median income; or projects in which 100 percent have a rent restriction of 30 percent of 60 percent of the AMFI minus the allowance and reserved for families and individuals earning not more than 60 percent of the area median income and which are located in a census tract in which the median income is higher than the median income of the county, MSA, or primary MSA in which the census tract is located.
- *Section 29:* The changes made only apply to awards made after the effective date of the bill; TDHCA is required to adopt the rules required by Section 2306.186 not later than December 1, 2003; Section 2306.186 only applies to multifamily rental developments that receive TDHCA assistance on or after January 1, 2004; and the changes made to Chapter 1372 only apply to applications for residential rental project bonds set-aside in a year beginning on or after January 1, 2004.
- *Section 30:* The Senate Intergovernmental Relations Committee and the House Urban Affairs Committee are required to jointly investigate whether subdividing uniform state service regions into urban/exurban areas and rural areas "would" impact the provision of state and federal financial assistance to meet the housing needs of rural areas and to report by January 1, 2005, on its findings to the Lieutenant Governor and the Speaker. The findings are required to include a proposed definition for "exurban" areas, an assessment of the housing needs of exurban areas, and recommended solutions to address those needs.
- *Section 31:* Repeals Sections 2306.072(d) relating to the Neighborhood Partnership Program, 2306.185(g), exempting 501(c)(3) bonds from the affordability requirements; 2306.590, relating to the CDBG-funded Colonia Initiatives Advisory Council; 2306.591, relating to the colonia biennial action plan, and 2306.6732, relating to HTC public information requirements.

- *Section 32:* The effective date is September 1, 2003.

Signed by the Governor June 18, 2003.

SB 284 by Lucio

This bill continues the existence of the Texas State Affordable Housing Corporation (TSAHC) until September 1, 2009, and makes other changes. A section-by-section summary of the bill is as follows:

- *Section 1:* Amends Section 1372.0221 to rename the Teachers Home Loan Program, the Professional Educators Home Loan Program and to provide that the allocation of the state ceiling to the program is only available until August 1.
- *Section 2*: Amends Section 1372.023(b) to reduce TDHCA's exclusive allocation of residential rental project bonds to one-fifth, instead of one-fourth.
- *Section 3:* Amends Section 1372.0231 to reduce the amount of the allocation of residential rental project bonds available exclusively to TDHCA to 20 percent, instead of 25 percent, decreases the allocation to housing finance corporations to 70 percent, and allocates the remaining 10 percent to TSAHC directly to be used in accordance with the new Section 2306.565. TSAHC's issuances are subject to review and approval by the BRB.
- *Section 4:* Adds subsection (d) to Section 2306.057 to require TDHCA's board to consider compliance information in TDHCA's database, including compliance information provided by TSAHC.
- *Section 5*: Adds subsections (g) and (h) to Section 2306.0721 to require TDHCA to include in the SLIHP's resource allocation plan TSAHC's plan developed under the new Section 2306.565 and to include the results of TSAHC's programs in the SLIHP's estimate and analysis of the housing supply in each uniform state service region.
- *Section 6:* Amends Section 2306.0722(b) to require TDHCA to provide to TSAHC the needs assessment information complied for the SLIHP and report.
- *Section 7:* Amends Section 2306.081 to require TDHCA to include project compliance information from TSAHC in its central database and to allow TSAHC timely access to the information.
- *Section 8:* Amends Section 2306.5521 to extend TSAHC's existence to September 1, 2009.
- *Section 9:* Amends Section 2306.553 to change the name of the teachers home loan program and to provide that one of TSAHC's primary purposes is the issuance of qualified 501(c)(3) and residential rental project bonds.
- *Section 10:* Section 2306.554 makes standard sunset amendments relating to TSAHC's board.
- *Section 11:* Sections 2306.5541-2306.5543 are added to govern the terms and removal of TSAHC's board members as well as their training requirements.
- *Section 12:* Amends Section 2306.5545 relating to TSAHC conflicts of interest.
- *Section 13:* Adds Sections 2306.5546-2306.5548 relating to standards of conduct, division of responsibility, and equal employment opportunity.
- *Sections 14 and 15:* Amend Section 2306.562 to change the name of the teachers home loan program throughout and to remove the five year residency requirement and three year teacher experience requirement. In addition, the definition of "professional educator" is changed to include classroom teachers, full time teacher aides, full time librarians, certified full time counselors, and full time nurses. Section 16: Section 2306.563 is added to require TSAHC to

implement a public benefit requirement for CHDOs that receive a 501(c)(3) bond issuance and Section 2306.564 is added to require TSAHC to review its 501(c)(3) policies annually.

Section 2306.565, “Issuance of Qualified Residential Rental Project Bonds; Allocation of Bond Funds,” is added to govern the issuance by TSAHC of residential rental project bonds. TSAHC is required to adopt guidelines governing the method by which target areas for allocation are identified, to research the state’s strategic housing needs by coordinating with TDHCA, to adopt specified scoring criteria, and to hold public hearings. TSAHC is required to inform the BRB of its final decision with respect to the allocation of bond funds. TSAHC is required to pay TDHCA a “reasonable” fee for underwriting a HTC application if the development will be supported by bonds issued by TSAHC.

Section 2306.566, “Coordination Regarding State Low Income Housing Plan,” is added to require TSAHC to review the needs assessment information provided by TDHCA, to develop a plan to meet the state’s most pressing housing needs based on the assessment, and to provide it to TDHCA for inclusion in the SLIHP. TSAHC’s plan must include specific proposals to help serve rural and other underserved areas of the state.

Section 2306.567, “Compliance Information,” is added to require TSAHC to provide electronic compliance information to TDHCA and to consider compliance information in TDHCA’s database before approving an application.

Section 2306.568 is added relating to TSAHC’s complaint system and Section 2306.569 is added related to the effective use of technology by TSAHC.

- *Sections 17-19:* Clean-up amendments and housekeeping directions to TSAHC relating to the appointment of its board members and other matters, including providing that the change in law related to residential rental project bonds only apply to applications in a year beginning on or after January 1, 2004.
- *Section 20*: The effective date is September 1, 2003.

SB 1326 by Carona

This bill relates to the regulation of industrialized housing by municipalities.

The bill adds Section 1202.253 to the Occupations Code to specify the ways in which municipalities may regulate single family and duplex industrialized housing, including requiring such housing to have a value equal to or greater than the median taxable value for each single family dwelling located within 500 feet of the lot on which the industrialized housing is proposed to be located; to have exterior siding, roofing, and roof pitch compatible with single family dwellings located within 500 feet; to comply with municipal aesthetic standards; and to be securely fixed to a permanent foundation.

Effective Date: June 18, 2003.

SB 1663 by Lindsay

This bill relates to private activity bonds.

In addition to making corrections and providing clarification, the bill amends Section 1372.028 of the Government Code to change the application date to October 5, from October 10. Section 1372.031 is also amended to add residential rental project bond issues to the categories in which if more than one issuer applies on or before October 20, the BRB is required to grant reservations in that category by lot.

In addition, the bill amends Section 1372.036 to authorize the BRB, beginning June 1, to offer partial reservations to issuers in each category described in Section 1372.022(a) until an applicant accepts the partial reservation or until additional volume is returned in an amount sufficient to grant a full reservation.

Finally, the bill requires the BRB to publish the available state ceiling at least weekly on its Internet site, rather than bi-weekly in the *Texas Register*.

Effective Date: September 1, 2003.

SB 1664 by Averitt

This bill relates to the state ceiling for private activity bonds.

The bill adds Section 2306.259 to TDHCA's statute to require TDHCA to establish an Affordable Housing Research and Information program to contract for periodic market studies to determine the need for affordable housing for families of extremely low, very low, and low income within census tracts throughout the state; for research to determine the effect of affordable housing developments on property values, social conditions, and quality of life in surrounding neighborhoods; and for independent research in affordable housing design and development approaches that enhance community acceptance of affordable housing and improve the quality of life for the residents of the housing; and for public education and outreach efforts to assist the public in understanding the purpose of affordable housing and the process for public participation.

The bill exempts state voted issuers from paying the closing fee to the BRB required by Sec. 1372.006(b) and further amends subsection (a) of Section 1372.006, "Fees" to provide that qualified residential rental project applications must pay a $5,000 fee, $1000 of which the BRB keeps and $4,000 of which is transferred to TDHCA for use in the affordable housing research and information program described above.

Among other things, the bill clarifies the conflicting amendments that were made to Section 1372.022 of the Government Code last session and makes amendments. The bill amends the section to provide that if the state ceiling is computed on the basis of $75 per capita or greater before August 15 of each year, 28 percent of the state ceiling is allocated exclusively for qualified mortgage revenue bonds (decreased from 29.5 percent) and 22 percent is available exclusively for residential rental project bonds (decreased from 23 percent). (Note: One-third of the state ceiling for qualified mortgage revenue bonds is available exclusively to TDHCA so its pool decreases under the bill. Also, 25 percent of the residential rental project bonds allocation is available exclusively to TDHCA so its allocation authority is decreased in this area also.) The bill further amends this section to provide that all applications for reservations share, in the order determined by the BRB by lot, in the portion of the state ceiling that becomes available after August 15 but before September 1, not only residential rental project issues.

Section 1372.0231(b) is amended to provide that after BRB review and approval, the BRB is required to grant reservations of qualified residential rental project bonds available exclusively to TDHCA at TDHCA's direction in accordance with Section 1372.0321 and criteria established by TDHCA. Subsequent allocations made by the BRB on behalf of TDHCA are subject to review and approval by the BRB. The subsection is further amended to require the grant of reservations for qualified residential rental project bonds by lot for reservations granted between August 15 and November 30. The bill amends subsection (e) and adds subsections (h) and (i) to provide, among other things, that until May 15, for each of the uniform state service regions containing Austin, Dallas, or Houston, the BRB is required to reserve $15 million of the state ceiling for residential rental projects bonds for local housing finance agencies for areas in the region that are outside of a metropolitan statistical area.

Section 1372.028 is amended to allow issuers that applied for qualified mortgage revenue bond reservations the previous year, but had not received a reservation at the time of application for the lottery, to file a statement of changes rather than a complete application. The same application fee applies.

Among other things, the bill also amends §1372.0321 to reconcile the two amendments made to this section last session and to provide that for qualified residential rental project issues. The BRB is required to give first priority to projects in which 50 percent of the residential units in the projects are under a 30 percent of 50 percent of the area median income rent restriction minus an allowance for utility costs, and reserved for families and individuals earning not more than 50 percent area median income with the remaining 50 percent of the units having a rent restriction of 30 percent of 60 percent of the AMFI minus an allowance for utility costs and reserved for families and individuals earning not more than 60 percent of AMFI or projects in which 15 percent of units have a rent restriction of 30 percent of 30 percent of the AMFI minus the allowance and reserved for families earning not more than 30 percent of the AMFI with the remaining 85 percent rent restricted to 30 percent of 60 percent AMFI and reserved for families and individuals earning not more than 60 percent of AMFI; or projects in which 100 percent have a rent restriction of 30 percent of 60 percent of the AMFI minus the allowance and reserved for families and individuals earning not more than 60 percent of AMFI and located in a census tract in which the median income is higher than the median income of the county, MSA, or primary MSA in which the census tract is located. (Note: SB 264 makes identical amendments to this section.)

The bill makes several of the same amendments that are made by SB 1663 and also amends Section 1372.042, "Deadline for Closing on Bonds by Issuer," to exempt issuers of residential rental project bonds and state-voted issues from the 120 days closing requirement (along with qualified mortgage revenue bond issuers). Issuers of residential rental bonds are given 150 days from the reservation date to close and if the issuer fails to close by then, the issuer is required to pay the full closing fee unless the application is withdrawn before the 120th day.

Signed by the Governor June 22, 2003.

Effective Date: September 1, 2003 (applying to reservations granted on or after January 1, 2004).

SCR 6 by Averitt
This bill relates to the volume cap on private activity bonds.

The Senate Concurrent Resolution asks the United States Congress to amend the Internal Revenue Code to remove the volume cap on private activity bonds for water and waste water facilities.

Signed by the Governor May 14, 2003.

HOUSE BILLS

HB 1 by Heflin
This bill relates to the General Appropriations Act for the 2004-2005 biennium.

HB 7 by Heflin
This bill reduces the general revenue appropriations for TDHCA and other state agencies for the current biennium.

The bill reduces TDHCA's general revenue appropriation in General Revenue Fund 0001 in the amount of $753,187. The bill requires each agency to which the reductions apply to identify the strategies and objectives out of which the indicated reductions in unencumbered amounts are made.

Effective Date: June 22, 2003.

HB 424 by Christian
This bill relates to the appointment of a tenant representative as a commissioner of a municipal housing authority and requires notice thereof to be sent to TDHCA.

The bill amends Section 392.0331(a) of the Local Government Code to limit the application of the tenant representative requirement to municipal housing authorities in which the total number of units is 300 or more. A housing authority is required to send annual notice to TDHCA as to whether a tenant representative serves as a commissioner of the housing authority and the name and mailing address of the resident.

The bill, among other things, also adds Section 392.0332 to the Local Government Code, "Tenant Commissioner Requirement for Small Municipal Housing Authorities," to require a housing authority that has fewer than 300 housing units under its jurisdiction or that has no units and only administers Section 8 assistance to have a tenant representative unless, after taking the actions specified, the housing authority does not receive positive tenant response. The bill also requires the small housing authorities to send the required notice to TDHCA.

This bill was vetoed.

HB 649 by Keefer
This bill expands an interagency work group on rural issues and creates another.

The bill amends Section 487.054(a) of the Government Code to expand the membership of the committee that was created last session to provide information to ORCA annually on rural issues. In addition to the executive director of TDHCA and the agency heads of eleven other state agencies, the bill adds thirteen additional state agencies to the committee including the executive director of ORCA.

The bill also adds Section 487.0541 to the Government Code to create an interagency work group to meet at the call of ORCA. The interagency work group is composed of a representative appointed by the executive head from each of the state agencies on the annual committee. The work group is charged with developing a process to allow agencies to work together on rural issues, discussing and coordinating programs and services offered to rural communities and residents of rural communities, and developing regulatory and legislative recommendations that would eliminate duplication and combine program services.

Effective Date: September 1, 2003.

HB 730 by Ritter

This bill regulates residential home construction.

The bill adds Title 16 to the Property Code, the "Texas Residential Construction Commission Act" to create a new state agency, the nine-member Texas Residential Construction Commission. The Commission is charged with overseeing dispute resolution and an inspection and resolution process between builders and homeowners for claims arising out of an alleged construction defect. A builder is required to register a new home with the Commission the month after the title is transferred. A registration fee of $125 is required to be submitted to the Commission by the builder. The bill provides that a person may not act as a builder or a residential construction arbitrator unless issued a certificate of registration by the Commission.

The Commission is also required to adopt limited statutory warranties and building standards for residential construction as specified in the bill. The bill provides that the only statutory warranty and building and performance standards that apply to residential construction in unincorporated areas of counties in economically distressed areas and located within 50 miles of the international border are the standards established for colonias for housing programs administered by TDHCA, unless the county has adopted other standards.

Effective Date: September 1, 2003.

HB 1197 by Krusee

This bill relates to the authorization for a development agreement between a developer and an owner of land in the municipality's ETJ.

The bill adds Subchapter G to Chapter 212 of the Local Government Code to authorize a municipality to enter into a written contract with the owner of land in its ETJ to guarantee the land owner immunity from annexation for 15 years in exchange for the municipality's extension of its planning authority over the land, the enforcement of municipal land use and development regulations and environmental regulations, and the provision of certain infrastructure. The agreement must be recorded in the real property records and it may be extended for a period not to exceed 45 years. A municipality in an economically disadvantaged county may not enter into an agreement that is inconsistent with the model rules.

The bill does not apply to land located in the ETJ of a municipality with a population of 1.9 million or more.

Effective Date: June 20, 2003.

HB 1207 by Kuempel

This bill relates to the application of certain municipal zoning regulations affecting the appearance of buildings and open spaces.

The bill adds Section 211.016 to the Local Government Code to provide that a municipal zoning regulation adopted after the approval of a residential plat that affects the exterior appearance of a single family house or the landscaping of a single family residential lot does not apply to that subdivision until the second anniversary of the date the plat was approved or the date the municipality accepts the subdivision improvements offered for public dedication.

Effective Date: June 20, 2003.

HB 1247 by Ritter

This bill relates to creation of a fire fighter and police officer home loan program at TSAHC.

The bill adds Section 2306.563 to the Government Code to require TSAHC to establish by September 1, 2004, a program to provide eligible fire fighters and police officers with low-interest home mortgage loans in accordance with the bill. The program expires September 1, 2014. The bill provides that if the Legislature finds before January 1, 2005 that TSAHC should be abolished under the sunset review process, the program must be administered by TDHCA.

The bill adds Section 1372.0222 to the Government Code to allocate $25 million each year to TSAHC out of the state ceiling that is available exclusively for issuers of qualified mortgage bonds under §1372.022 for the purpose of issuing such bonds for the home loan program established under Section 2306.563. The bill adds Section 2306.563(h) to authorize TSAHC, in addition to such funds, to accept funding from TDHCA's Housing Trust Fund and federal "block" grants.

Effective Date: June 20, 2003.

HB 1493 by Solomons

This bill relates to the foreclosure of property and the authority of a mortgage servicer to administer the foreclosure.

The bill amends Chapter 51 of the Property Code to authorize a mortgage servicer to administer the foreclosure of property on behalf of a mortgagee if they have entered into an agreement granting the mortgage servicer authority to service the mortgage and the mortgage servicer discloses this agreement in the required notices of the sale. The bill also provides that a purchaser at such a sale acquires the foreclosed property “as is.” In addition, the bill authorizes a trustee or substitute trustee to set reasonable conditions for conducting the public sale under specified conditions. Finally, the bill defines many of these terms including the “debtor’s last known address.”

Effective Date: January 1, 2004.

HB 2044 by McReynolds

This bill relates to the duties of the General Land Office and the disposition of state owned land.

Among other things, the bill amends Section 31.156 of the Natural Resources Code to revise the process by which substantially underused real property owned by the state is reviewed. As it relates to TDHCA, the bill only involves TDHCA in the process after the Commissioner of GLO makes a real estate transaction recommendation to the Governor. At that time, the bill requires GLO to notify TDHCA and the state agency that controls the real estate of the recommendation and give them 60 days to file with the Governor their comments on or objections to the recommendation. TDHCA is also required to evaluate as suitable for affordable housing real property that the Land Commissioner has recommended to the Governor and the “highest and best use” of which has been determined by GLO to be residential. TDHCA is required to submit comments concerning such property to the Governor not later than the 60th day after the date it receives the report from GLO.

The bill adds Section 31.158 to the Natural Resources Code, “Transfer of Real Property For Use as Affordable Housing,” to govern the process GLO must follow if the Legislature or the Governor approves the transfer of title to real property to an “entity” for use as affordable housing (the requirement that the housing be accessible is deleted). GLO is charged with monitoring and enforcing to ensure that the real property is used as affordable housing.

Effective Date: June 20, 2003.

HB 2308 by Jesse Jones

This bill relates to the concentration of HTC projects.

The bill amends Section 2306.6703 of the Government Code, “Ineligibility for Consideration” by adding subsection (3) to expand the prohibition on submitting an application to include an applicant that proposes to construct a new development that is located one linear mile or less from a development that serves the same type of household as the new development; has received an allocation of tax credits for new construction at any time during the preceding three-year period; and has not been withdrawn or terminated from the HTC program. The bill provides that the new subsection does not apply to a development that is using federal HOPE VI funds; locally approved funds received from a public improvement district or a tax increment financing district; HOME funds provided to the state; CDBG funds provided to the state or “participating jurisdictions;” that is located outside of a metropolitan statistical area; or that a local government where the project is located has by vote specifically allowed the construction of a new development located within one linear mile or less from a HTC development.

The bill also amends Section 2306.6711 by adding subsection (f) which prohibits TDHCA's board from allocating tax credits to more than one development in a single community, as defined by TDHCA rule, in a calendar year unless the developments are or will be located more than one linear mile apart.

Finally, the bill amends Section 2306.6725 to require TDHCA to provide appropriate incentives through the QAP to applicants who agree to locate the development in a census tract in which there are no other existing developments supported by housing tax credits.

Effective Date: September 1, 2003.

HB 2376 by Elkins

This bill repeals the surety bond requirement provisions in certain statutes, including TDHCA's.

Among other things, the bill repeals Section 2306.029 "Surety Bonds" of TDHCA's statute.

Effective Date: September 1, 2003.

HB 2425 by McCall

This bill relates to state fiscal affairs and amends the membership requirements of the Texas Interagency Council for the Homeless.

Among other things (many of which will be summarized in a separate memorandum), the bill removes the representative of the Office of the Comptroller from the composition of the Council.

Effective Date: June 20, 2003, except as otherwise noted.

HB 2801 by Giddings

This bill relates to urban land bank demonstration programs.

The bill adds Chapter 379C to the Local Government Code, "Urban Land Bank Demonstration Program," to authorize a home-rule municipality that has a population 1.18 million or more and is located in a county that has a total area of less than 1,000 square miles to adopt an urban land bank demonstration program in which certain eligible unimproved real property may be sold to be used for affordable housing. The bill requires an eligible municipality that wishes to implement the program to adopt a demonstration plan annually on which public hearings are held.

The bill authorizes certain property ordered sold pursuant to a foreclosure of a tax lien to be sold in a private sale to a "land bank." A land bank is an entity established by the municipality for the purpose of acquiring, holding, and transferring unimproved property for the purposes of the program. The bill requires the land bank to resell the property to a qualified participating developer within the three-year period following the date of acquisition for sale or rental to low income households (not greater than 80 percent of the area median income). Certain CHDOs have rights of first refusal in purchasing the property offered for re-sale. The bill provides for the enforcement of the program's requirements including mandatory deed restrictions.

Effective Date: September 1, 2003.

HB 3318 by Luna

This is this session's consolidation bill.

Among other things, the bill exempts the System Benefit Fund from being reduced and also expands the use of the Fund for purposes provided by other law.

Effective Date: June 21, 2003.

HB 3546 by Hamric

This bill relates to CHDO property tax exemptions and monitoring by TDHCA.

The bill provides that a CHDO may not receive an exemption under the current law for a tax year beginning on or after January 1, 2004, unless the organization received an exemption for any part of the 2003 tax year. The bill adds Section 11.1825 to the Tax Code, "Organizations Constructing or Rehabilitating Low-Income Housing; Property not Previously Exempt," to exempt from taxation real property owned by an organization that the organization constructs or rehabilitates and uses to provide housing to individuals or families meeting the eligibility requirements of the bill. The bill does not restrict the exemption to CHDOs and allows an organization that has had as one of its purposes, the provision of low income housing to receive the tax exemption, rather than only organizations whose sole purpose was the provision of low income housing. The bill specifies the requirements that the property must fulfill in order for it to be exempt, including a requirement that at least 50 percent of the units must be reserved for individuals and families renting housing whose median income is not more than 60 percent of the either the area median family income or the statewide median family income or for individuals and families buying a single family dwelling whose median income is not more than the greater of either the area median family income or the statewide area median family income. An organization is not eligible for the exemption if the construction of the housing project was not completed before January 1, 2004. Among other things, for rehabilitated property to receive an exemption the organization must maintain a reserve fund for replacements. The bill provides that the amount of the reserve in increased by a cost of living adjustment beginning with the 2005 taxable year.

The bill provides that, unless otherwise provided by the governing body of taxing unit any part of which is located in a county with a population of 1.4 million, the amount of the exemption does not exceed 50 percent of the appraised value of the property. An organization owning property in such a county must also receive the approval of the governing body of the taxing unit.

The bill requires adds Section 11.1826 to the Tax Code, "Monitoring of Compliance with Low-Income and Moderate-Income Housing Exemptions," to provide that in order for property to be exempted for a tax year the organization is required to submit a specified audit to TDHCA and the chief appraiser not later than 180 days after the end of the organization's fiscal year. If the property contains not more than 36 units, the organization may submit a detailed report and certification instead of an audit.

Finally, the bill adds Section 23.215 to the Tax Code to allow the income method of tax appraisal to be used for HTC financed real property rented to low or moderate income individuals or families (sic) that does not receive a property tax exemption.

Effective Date: January 1, 2004.

HOUSING ANALYSIS AND ACTION PLAN

This section of the *2004 State of Texas Low Income Housing and Annual Report* contains an overview of the affordable housing needs in the state, a report on the Department's activities during the last fiscal year, and the Department's plans for addressing housing needs over the next year.

The size and diversity of the Texas population necessitates tailored regional need assessments and plans. The regional plans following the statewide analysis provide local estimations of housing need and offer customized strategies for meeting the identified needs. The final section summarizes the information in the regional plans.

DATA SOURCES AND LIMITATIONS

The information provided in this section should be considered within the context of its limitations. The Department recognizes that an undistorted assessment of housing need can be found only at the local level based on the direct experience of local households. The following issues should be considered when reviewing the information contained in this report:

- Nuances of housing need are lost when data is aggregated into regional, county, and statewide totals. For example, housing needs in rural communities are often distorted when reported at the county level because housing needs are often very different in rural and urban areas. The large population of urban metropolitan areas can skew the data and mask the needs of the rural areas.
- 1990 Census data was collected in 1989 and fails to account for many years of demographic changes. Although population projections can be used to extrapolate growing need, the changes in disparities between income levels are lost. The information has been updated whenever possible with data from the 2000 US Census, HUD's housing reports, and from outside sources.
- Data available on the condition of the housing stock, the homeless population, and the housing needs of special needs populations is very limited.
- It is generally believed that the 1990 Census undercounted minority populations in Texas, particularly along the Texas-Mexico border and in large metropolitan areas where serious housing need is concentrated.

It should be noted that, unless otherwise stated, the majority of demographic information contained in this report is based on 1990 Census data. Where possible, the census information has been supplemented with more recent information from other sources.

The content and format of the Census-based tables, graphs, and maps provided in this section were derived, in part, from a methodology for housing needs assessment in the *National Analysis of Housing Affordability, Adequacy, and Availability: A Framework for Local Housing Strategies*. The Urban Institute prepared this document for the US Department of Housing and Urban Development (HUD). It provides a methodology with which to describe and analyze local housing markets in order to develop strategies for addressing housing problems and needs. The document served as a guide for the preparation of Comprehensive Housing Affordability Strategy (CHAS) reports. As such, it provides a systematic framework for housing market analysis. HUD collaborated with the Census Bureau to develop special tabulations of the 1990 Census data to support development of the 1993 CHAS by local jurisdictions. The figures presented here have been derived from that CHAS Database. It is estimated that the tabulations based on the 2000 Census data will be available for public use in late 2003 or early 2004.

The CHAS database classifies households into five relative income categories based on reported household income, the number of people in the household, and geographic location. These income categories are used to reflect income limits that define eligibility for HUD's major assistance programs, as well as for other housing programs, such as the Housing Tax Credit Program. Households are classified into income groups by comparing reported household income to HUD-Adjusted Median Family Income (HAMFI). The income limits are calculated by household size for each metropolitan area and non-metropolitan county in the United States and its territories. They are based on HUD estimates of median family income with several adjustments as required by statute. The income level definitions are as follows:

- Extremely Low Income: At or below 30 percent of HAMFI
- Very Low Income: Between 31 percent and 50 percent of HAMFI
- Low Income: Between 51 percent and 80 percent of HAMFI
- Moderate Income: Between 81 percent and 95 percent of HAMFI
- Above 95 percent of HAMFI

The income limits for metropolitan areas may not be less than limits based on the state non-metropolitan median family income level and must be adjusted accordingly. Income limits must be also adjusted for family size and may be adjusted for areas with unusually high or low family income or housing-cost-to-income relationships.

Unit affordability compares housing cost to local area HAMFI. Affordable units are defined as units for which a household would pay no more than 30 percent of its income for rent and no more than two and one-half times its annual income to purchase. Since HUD's adjusted median family incomes are estimated for a family of four, affordability levels are also adjusted to control for various-sized units based on the number of people that could occupy a unit without overcrowding. This adjustment is made by multiplying the threshold described above by 75 percent for a 0–1 bedroom unit, 90 percent for a two bedroom unit, and 104 percent for a 3+ bedroom unit.

The needs assessment data is augmented with additional information from the perspective of local officials, where available. In 2003 there was a series of Regional Advisory Committee (RAC) meetings held across the state to address regional planning issues. Each RAC meeting was advertised, coordinated, and facilitated by a Regional Development Coordinator (RDC). The statewide network of RDCs is part of a joint planning effort between 11 councils of governments and TDHCA. In March 2003, the Department conducted the 2003 State of Texas Community Needs Survey. This survey was designed to provide a better understanding of housing and community development needs, issues, and problems at the state, regional, and local levels. The survey gave local officials, who are most familiar with the unique characteristics of their communities, a voice in determining how Texas's affordable housing, supportive service, and community development needs can be most effectively addressed.

STATE OF TEXAS

The state level housing analysis includes information on demographics, special needs populations, and affordable housing need indicators. Department plans reflect this statewide information as well as the consideration of affordable housing assistance from various sources. This section also includes a report on the Department's statewide FY 2003 performance and targets for FY 2004.

DEMOGRAPHIC CHARACTERISTICS

Texas is one of the fastest growing states in the country. The 2000 Census data indicates that Texas experienced the second highest increase in population with 3.9 million more persons living in the state in 2000 than in 1990. The state's population grew by almost a quarter (22.8 percent) over the 10 year period. This was the eighth highest state percentage increase, far exceeding the national average increase of 13.2 percent.

Population Growth and Housing Demand

Long-term projections indicate that future population characteristics will create an even greater demand for affordable and subsidized housing than there exists currently. According to a report prepared for the Texas Legislature by the Center for Demographic and Socioeconomic Research and Education Department of Rural Sociology, Texas A&M University:

- Household growth, projected at 119.9 percent over the period 1990 to 2030, will increase at a faster rate than population growth: 99 percent during the same period. Consequently, the average size of households declines from 2.73 persons in 1990 to 2.47 persons in 2030.
- The population will become more ethnically diverse from 1990 to 2030 with 87.5 percent of the total net change coming from growth in minority populations. The Black population will increase 62 percent over the period while Hispanics will grow by 258 percent.
- The average age of the population will increase: by 2030: 17 percent of the population will be 65 years of age or older compared to 10 percent in 1990. Between now and 2010, the population group between 45 and 64 years of age will be the fastest growing segment, increasing from 17 percent in 1990 to over 25 percent by 2010. Overall, the median age will increase from 30.8 years in 1990 to 37.9 years in 2030.
- Projected households in poverty will increase from 16.2 percent in 1990 to 19.6 percent in 2030, with the number of households in poverty increasing by 165 percent over the same period.

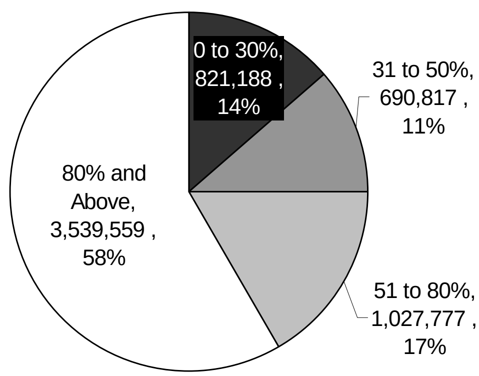
It is expected that the above population changes will impact the socioeconomic resources of the population. Ethnic differences in income were substantial in 1990, with whites accounting for 92 percent of all households with incomes of $100,000 or more, but were only 68 percent of all households. By 2030, although minorities will dominate in more income categories, whites will still account for the majority of households with incomes over $50,000 while only accounting for 42 percent of all households. Because of the current differences, households will become poorer unless the relationship between income and ethnicity changes. Forty-seven percent of households had incomes below $25,000 in 1990 while 53.7 percent is projected below that same level in 2030 (in 1990 dollars). Because household growth is faster than income growth, average household income is projected to decline from $35,667 in 1990 to $32,299 in 2030 (in 1990 dollars). Housing demand projections are directly linked to projected changes in the demographic makeup of the population. Projections show faster population and household growth in segments that generally create the largest demand on the supply of affordable and subsidized housing.

Poverty and Income

According to the 2000 Census, Texas has the eighth highest poverty rate in the nation, with a rate of 15.4 percent compared to the national rate of 13.1 percent. Poverty conditions along the Texas-Mexico border merit special consideration; fifteen counties along the border have a poverty rate of at least 25 percent, almost double the national average. Although the entire border region suffers from high poverty rates, conditions in the colonias, unincorporated areas lacking infrastructure and decent housing, are particularly acute. It is estimated that 43 percent of colonia residents live below the poverty level.

The poverty statistics give a general idea of the overall status of the state. This report will use the five income groups designated by HUD to provide a more detailed breakdown of the low income population.

Figure 1A: Households by Income Group, 1990



Source: 1990 CHAS Database

Figure 1A indicates the 1990 distribution of households by income group across Texas by number and percentage. It should be noted that a total of 42 percent of all households are in the low income range (0 to 80 percent of HAMFI).

SPECIAL NEEDS POPULATIONS

Various populations within the state of Texas have been identified by the US Department of Housing and Urban Development and the Agency as “special needs populations. It is recognized that the following groups have distinct housing needs and require individual attention with regard to housing assistance.

Alcohol and Drug Addiction

In 2001, the Texas Commission on Alcohol and Drug Abuse (TCADA) estimated that approximately 1.8 million, or 12 percent, of adults in Texas have an alcohol-related problem, another 227,000 have drug-related problems, and an additional 495,000 have both alcohol and drug-related problems.[3] Of the 40,793 total admissions to TCADA-funded treatment programs during 2002, admitted individuals were most likely to be single, white males with an average age of 35, an average 12th grade education, and an average annual income of $6,892.[4] The population of persons with alcohol or other drug addiction is diverse and often overlaps with the mentally disabled or homeless populations.

According to the *2000 Texas Survey of Substance Use Among Adults*, a survey of alcohol and drug usage among over 10,000 adults, it was found that urban and suburban residents were more likely to have substance-abuse problems than were individuals in rural areas.[5] Furthermore, respondents who had moved one or more times within the preceding 5 years were more likely to abuse alcohol or drugs than those who had not relocated.

Supportive housing programs needed for persons with alcohol and/or other drug addiction problems range from short-term, in-patient services to long-term, drug-free residential housing environments for recovering addicts. Better recovery results may be obtained by placing individuals in stable living environments.

For more information on alcohol and drug addiction, contact:

- TCADA Hotline: 1-800-832-9623

Colonias

According to Section 2306.581 of the Texas Government Code:

> "Colonia" means a geographic area located in a county some part of which is within 150 miles of the international border of this state and that
>
> - has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or
> - has the physical and economic characteristics of a colonia, as determined by the department.

It is estimated that the average median household income is between $7,000 and $11,000 for the 1,450 colonias that accommodate over 350,000 residents.[6] Colonia residents are generally unskilled, lack a formal education, and do not have stable employment. It is assumed that many residents work as day-to-day or farm laborers and the unemployment rate ranges from 20 to 60 percent.[7]

---

[3] Texas Commission on Alcohol and Drug Abuse, *2000 Texas Survey of Substance Use Among Adults*, by Lynn Wallisch (Austin, TX: Texas Commission on Alcohol and Drug Abuse, July 2001), 29, http://www.tcada.state.tx.us/research/AdultHousehold.pdf (accessed August 6, 2003).
[4] Texas Commission on Alcohol and Drug Abuse, "Texas Statewide Totals," http://www.tcada.state.tx.us/research/statistics/statetotals.shtml (accessed August 6, 2003).
[5] Texas Commission on Alcohol and Drug Abuse, *2000 Texas Survey of Substance Use Among Adults, 20.*
[6] Texas A&M University, Center for Housing and Urban Development, "Colonias in Texas," http://chud.tamu.edu/files/txcoln.html (accessed August 6, 2003).
[7] Ninfa Moncada, "A Colonias Primer" (A briefing presented to the US Department of Housing and Urban Development, 2001), http://www.nationalmortgagenews.com/nmn/plus93.htm (accessed August 6, 2003).

According to 2000 US Census data, colonias have a 75 percent homeownership rate. Despite this rate, however, colonia homes are inadequate; 4.9 percent of colonia dwellings lack kitchen facilities and 5.3 percent lack plumbing facilities. It is estimated that 50 percent of colonia residents lack basic water and sewage systems: 51 percent use septic tanks, 36 percent use cesspools, 7 percent use outhouses, and 6 percent use other wastewater systems.[8] Some of these properties may have been purchased with contracts for deed, which are seller-financed transactions that do not transfer the title and ownership of the property to the buyer until the purchase price is paid in full.

Colonia residents have several needs that include increased affordable housing opportunities, such as down payment assistance and low-interest-rate loans, homeowner education, construction education and assistance, owner-occupied home repair, access to adequate infrastructure, and the conversion of remaining contracts for deed to conventional mortgages.

For more information on colonias, contact Susana J. Garza, Office of Colonia Initiatives, at (512) 475-1592.

Persons with Disabilities

According to the US Department of Housing and Urban Development, 24 CFR 582.5:

> A person shall be considered to have a disability if such a person has a physical, mental, or emotional impairment that
>
> - is expected to be of long-continued and indefinite duration,
> - substantially impedes his or her ability to live independently,
> - is of such a nature that the ability could be improved by more suitable housing conditions.

According to the 2000 US Census, there are approximately 3,605,542 disabled, civilian, non-institutionalized persons over the age of five (or approximately 19 percent of total population) in Texas. Of this figure, 663,300 have a sensory disability (severe vision or hearing impairment), 1,428,580 have a physical disability (condition that substantially limits a physical activity such as walking or carrying), 816,185 have a mental disability (learning or remembering impairment), 487,120 have a self-care disability (dressing, bathing, or getting around inside the home), 1,359,848 have a "going outside the home disability," and 1,651,821 have an employment disability.

Housing opportunities for people with disabilities may be complicated by low incomes. The 2000 census estimates that 553,934 disabled individuals over 5 years of age live below the poverty level in Texas. Many people with disabilities may be unable to work, and receive Supplemental Security Income (SSI) disability benefits or Social Security Disability Insurance (SSDI) as their principle source of income. According to *Priced Out in 2002*, an SSI recipient would have to pay an average of 98.3 percent [or $536] of his or her $545 monthly payment to rent a one-bedroom apartment in Texas.[9] According to the HUD definition of affordability that estimates that a household should pay no more than 30 percent of its income on housing expenses, an SSI recipient can afford a monthly rent of no more than $164.

[8] Moncada, "A Colonias Primer."

[9] Technical Assistance Collaborative Inc. and Consortium for Citizens with Disabilities Housing Task Force, *Priced Out in 2002*, by Ann O'Hara and Emily Cooper (Boston, MA: Technical Assistance Collaborative Inc., May 2003), 37, http://www.c-c-d.org/PO2002.pdf (accessed August 6, 2003).

The *Olmstead* Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the American with Disabilities Act (ADA). Furthermore, the Fair Housing Act, Section 504 of the Rehabilitation Act, ADA, and Section 2306.514 of the Texas Government Code all provide mandates for accessible residential housing for persons with disabilities. A cost-effective and integrative approach is to promote "adaptive design" or "universal access" housing, which promotes basic, uniform standards in the design, construction, and alteration of structures that include accessibility or simple modification for disabled individuals. While an "adaptable" unit may not be fully accessible at time of occupancy, it can easily and inexpensively be modified to meet the needs of any resident. Another option is to equip homes with special features designed for persons with disabilities, including ramps, extra-wide doors and hallways, hand rails and grab bars, raised toilets, and special door levers.

There is a significant shortage of housing that is physically accessible to persons with disabilities and an even greater shortage of accessible housing that has multiple bedrooms. Many persons with disabilities require larger housing units because they live with family, roommates, or attendants. The lack of multi-bedroom housing furthers their segregation. Moreover, accessible housing is an urgent and present need for not only citizens who currently have disabilities, but for the aging population in the US, which will likely develop disabilities in the future. Accessible housing will become increasingly more important as the ability for self-care and mobility decreases with age.

For more information on People with Disabilities, contact:

- American Disabled for Attendant Programs Today (ADAPT): (512) 442-0252
- Texas Commission for the Blind: (512) 377-0500, 1-800-252-5204
- Texas Department of Human Services: (512) 438-3011, 1-888-834-7406
- Texas Department of Mental Health & Mental Retardation: (512) 206-5760, 1-800-252-8154
- Texas Home of Your Own Coalition: (512) 472-9195, 1-800-988-4696
- Texas Rehabilitation Commission: (512) 424-4000, 1-800-628-5115

Victims of Domestic Violence

According to the Texas Family Code, as quoted by the Texas Council on Family Violence, "family violence" may be defined as an act intended as a threat or to result in bodily harm by a member of a household towards another household member; abuse by a household member towards a child household member; or dating violence.[10] In 2002, there were 183,440 reported family violence incidents in Texas.[11] According to the Texas Department of Human Services, in fiscal year 2002, the Family Violence Program provided emergency shelter to 28,886 adults and children, and nonresidential services to 47,883 adults and children.[12]

The Texas Department of Human Services Family Violence Program funds approximately 70 shelters for domestic violence victims that offer various services including temporary emergency shelter, hotline

---

[10] Texas Council on Family Violence, "Definition of Family Violence," http://www.tcfv.org/info_definition.html (accessed August 6, 2003).
[11] Texas Council on Family Violence, "Statistics," http://www.tcfv.org/info_statistics_Texas.html (accessed August 6, 2003).
[12] Texas Department of Human Services, *2002 Annual Report* (Austin, TX: Texas Department of Human Services), 87, http://www.dhs.state.tx.us/publications/AnnualReport/2002/2002_AR_Stats.pdf (accessed August 6, 2003).

services, information and referral, counseling, assistance in obtaining medical care and employment, and transportation services. Some shelters have transitional living centers, which allow victims to stay for an extended period and offer additional services.

Because those entering shelters are generally unemployed, victims must secure employment and alternative housing within shelter time limits. This task is often complicated by a lack of resources for start-up costs, transportation, and affordable childcare options. These victims may be eligible for public housing and Temporary Assistance to Needy Families (TANF) assistance, but waiting lists and application reviews for such programs can be long and provide limited payments. If women are unable to secure housing within their 30-day stay, domestic violence shelters may assist in finding space in homeless shelters. Unfortunately, space and time are also limited in these shelters. The numerous obstacles faced by domestic violence victims often make it difficult to escape abusive situations and achieve self-sufficiency.

For more information on domestic violence contact:

- National Domestic Violence Hotline: 1-800-799-7233
- Texas Council on Family Violence: (512) 794-1133
- Texas Department of Human Services, Family Violence Program: (512) 438-4104

Elderly Populations

According to the 2000 US Census, 9.9 percent (approximately 2 million) of people in Texas are 65 years of age or older. The Texas Department on Aging (TDoA) estimates that by the year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas.[13] TDoA reports that females significantly outnumber males age 60 and over and, though the majority of elderly Texans live in urban areas, rural areas have a higher percentage of elderly relative to the local population.[14]

Nationwide, in 2001, the median income for individual elderly males was $19,688, individual females was $11,313, and families headed by individuals 65 and over was $33,938.[15] According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas live below the poverty level. Low incomes in addition to rising healthcare costs may make housing unaffordable. Approximately 30 percent of all elderly households pay more than 30 percent of their income on housing, while 14 percent pay more than 50 percent of their income on housing.[16]

[13] Texas Department on Aging, Office of Aging Policy and Information, *Texas Demographics: Older Adults in Texas* (Austin, TX: Texas Department on Aging, April 2003), x, http://www.tdoa.state.tx.us/Publications/ResearchReports/NewDemographicProfile4-03.pdf (accessed November 25, 2003).
[14] Texas Department on Aging, *Texas Demographics: Older Adults in Texas*, ix-x.
[15] US Department of Health and Human Services, Administration on Aging, *A Profile of Older Americans: 2002* (US Department of Health and Human Services), 10, http://www.aoa.dhhs.gov/prof/Statistics/profile/2002profile.pdf (accessed August 6, 2003).
[16] US Department of Housing and Urban Development, *Housing Our Elders* (HUD, November 1999), 29, http://www.hud.gov/library/bookshelf18/pressrel/elderlyfull.pdf (accessed August 6, 2003).

A 2000 American Association of Retired Persons study found that 90 percent of elderly persons expressed a desire to stay in their own homes as long as possible.[17] Of all elderly households, 80 percent own their own homes.[18] However, elderly homeowners generally live in older homes than the majority of the population; in 1999, the median year of construction for homes owned by elderly households was 1963.[19] Due to their age, homes owned by the elderly are often in need of repair, weatherization, and energy assistance.

Some elderly households may require in-house services such as medical treatment, meal preparation, or house cleaning. Community Care Services, a program administered by the Texas Department of Human Services to meet the needs of elderly and disabled Texans avoiding premature nursing home placement, proves to be more cost-effective than nursing home care. Department of Human Services statistics show that in fiscal year 2002, an average of 65,000 nursing facility clients were assisted each month and an annual cost of $1,803,381,667, and an average of 137,800 Community Care Services clients were assisted each month at an annual cost of $1,139,249,323.[20] Though Medicaid covers nursing home care as well as assisted-living services, such assisted-living services are limited and waiting lists can be lengthy, which can prematurely place low income seniors in nursing home facilities.

For more information on elderly issues, contact:

- Texas Department of Human Services: (512) 438-3011, 1-888-834-7406
- Texas Department on Aging: (512) 424-6840, 1-800-252-9240

Persons with HIV/AIDS

Human Immunodeficiency Virus, or HIV, is the virus that causes AIDS (Acquired Immunodeficiency Syndrome). HIV infects cells and attacks the immune system, which weakens the body and makes it especially susceptible to other infections and diseases. According to the Texas Department of Health (TDH), as of December 2002, there were 41,925 reported persons living with HIV/AIDS in Texas.[21] The majority of these cases were located in Bexar, Dallas, Harris, Tarrant, and Travis Counties. Because of increased medical costs or the loss of the ability to work, people with HIV/AIDS may be at risk of losing their housing arrangements.

TDH addresses the housing needs of AIDS patients through the Housing Opportunities for Persons with AIDS Program (HOPWA), which is a federal program funded by HUD. In Texas, HOPWA funds provide emergency housing assistance, which funds short-term rent, mortgage, and utility payments to prevent homelessness; and tenant-based rental assistance, which enables low income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing. In addition to the TDH statewide program, the cities of Austin, Dallas, Fort Worth, Houston, and San Antonio receive HOPWA funds directly from HUD.

---

[17] Texas Department on Aging, Office of Aging Policy and Information, *The State of Our State on Aging* (Austin, TX: Texas Department on Aging, December 2002), 19, http://www.tdoa.state.tx.us/Documents/SOSHighRez.pdf (accessed August 6, 2003).
[18] US Department of Health and Human Services, *A Profile on Older Americans: 2002*, 11.
[19] US Department of Health and Human Services, *A Profile on Older Americans*: 2002, 11.
[20] Texas Department of Human Services, *2002 Annual Report* (Austin, TX: Texas Department of Human Services), 104,107,108, http://www.dhs.state.tx.us/publications/AnnualReport/2002/2002_AR_Stats.pdf (accessed August 6, 2003).
[21]Texas Department of Health, HIV/STD Epidemiology Division, Surveillance Branch, *Texas HIV/STD Surveillance Report: 2002 Annual Report* (Austin, TX: Texas Department of Health, December 2002), 1, http://www.tdh.state.tx.us/hivstd/stats/pdf/qr20024.pdf (accessed August 6, 2003).

For more information on HIV/AIDS contact:

- Texas AIDS/STD InfoLine: 1-800-299-2437
- HUD Office of HIV/AIDS Housing: (202) 708-1934 or 1-800-877-8339
- Texas Department of Health, Bureau of HIV/STD Prevention: (512) 490-2505

Homeless Populations

The Stewart B. McKinney Homeless Assistance Act of 1987, the legislation that created a series of homeless assistance programs, defined the term "homeless." The following definition is used by the US Department of Housing and Urban Development (HUD) and all other federal agencies responsible for administering McKinney programs:

The term "homeless" or "homeless individual" includes

- an individual who lacks a fixed, regular, and adequate night time residence; or
- an individual who has a primary nighttime residency that is
  - a supervised publicly or privately-operated shelter designed to provide temporary living accommodations;
  - an institution that provides a temporary residence for individuals intended to be institutionalized; or
  - a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

The Texas Interagency Council for the Homeless estimates that approximately 200,000 people in Texas, or about 1 percent of the population, are homeless.[22] However, estimates of homeless populations vary widely; the migratory nature of the homeless population, the stigma associated with homelessness, and the fact that many homeless individuals lack basic documentation all contribute to the difficulty of making an accurate count. Furthermore, the homeless population is generally classified into three categories: (1) literally homeless, which describes those who have no permanent residence and stay in shelters or public places; (2) marginally homeless, which includes those who live temporarily with other people and have no prospects for housing; and (3) people at risk of homelessness. People at risk of homelessness generally have incomes below the poverty level, rely on utility and rental assistance, and may be unable to absorb unexpected events such as the loss of a job or serious illness. Most homeless counts are "point in time" estimates, which do not capture the revolving-door phenomenon of persons moving in and out of shelters over time.

Various homeless subpopulations have been identified: youth, elderly, persons with mental illness and/or disabilities, persons with HIV/AIDS, persons with alcohol and/or drug addiction, rural households, migrant farmworkers, unemployed persons, families with children, victims of domestic violence, ex-offenders, and veterans. Though these subpopulations may have different characteristics, the two main trends significant in the rise of homelessness can be connected to the increase in poverty (characterized by the decline in employment opportunities and public assistance programs) and a shortage of affordable housing.[23]

[22] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed August 6, 2003).
[23] National Coalition for the Homeless, *Why are People Homeless?* NCH Fact Sheet #1 (Washington, DC: National Coalition for the Homeless, September 2002), 1, http://www.nationalhomeless.org/causes.html (accessed August 6, 2003).

The "continuum of care" approach to fighting homelessness is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying unmet physical, economic, and social needs. A comprehensive system of services as well as permanent housing is needed to help homeless individuals and families reach independence using a combination of emergency shelters, transitional housing, social services, and permanent housing. The continuum of care system begins with outreach, intake, and assessment. It is followed by safe emergency shelter and/or transitional housing that provides a variety of services including job training, educational services, substance abuse services, mental health services, and family support. Ultimately, the goal is to assist the family or individual achieve permanent housing.

For more information on homeless issues, contact Dyna C. Lang, Community Services Section, at (512) 475-3905.

For information on Homeless Populations, contact one of the following:

- National Coalition for Homeless Veterans: 1-800-838-4357
- National Resource Center on Homelessness and Mental Illness: 1-800-444-7415
- Texas Homeless Network: (512) 482-8270, 1-800-531-0828
- University of Texas, Texas Homeless Education Center: (512) 475-9702, 1-800-446-3142.

Migrant Farmworkers

According to the US Department of Health and Human Services *Migrant and Seasonal Farmworker Enumeration Profiles Study* through the Migrant Health Program, a seasonal farmworker describes an individual whose principal employment (at least 51 percent of time) is in agriculture on a seasonal basis and who has been so employed within the preceding twenty-four months. A migrant farmworker meets the same definition, but establishes temporary housing for purposes of employment.[24] The US Department of Health and Human Services estimates that there are 362,724 migrant and seasonal farm workers and families residing in Texas.[25] Of this population, 26 percent reside in Cameron, Hidalgo, and Starr Counties.

The National Agricultural Workers Survey, a national survey of 4,199 farmworkers conducted between 1997 and 1998, found that 61 percent lived below the poverty level.[26] The median annual income for individual workers was less than $7,500 and migrant families earned less than $10,000. Sixty percent of workers held only one farm job, which lasted only 24 weeks out of the year. Despite the short employment duration and low incomes, only 20 percent of workers received unemployment benefits and 10 percent received Medicaid or food stamps.

[24] US Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health Care, *Migrant and Seasonal Farmworker Enumeration Profiles Study: Texas*, by Alice Larson, Larson Assistance Services (Vashon Island, WA: Larson Assistance Services, September 2000), 2, http://bphc.hrsa.gov/migrant/Enumeration/final-tx.pdf (accessed August 6, 2003).
[25] US Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study,* 13–18.
[26] US Department of Labor, Office of the Assistance Secretary for Policy, and Aguirre International, *Findings from the National Agricultural Workers Survey (NAWS) 1997-1998: A Demographic and Employment Profile of United States Farmworkers,* by Kala Mehta et al. (Washington, DC: US Department of Labor, March 2000), vii, http://www.dol.gov/asp/programs/agworker/report_8.pdf (accessed August 6, 2003).

Farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and mobility. Many of the small, rural communities where migrant workers may seek employment do not have the rental units available for the seasonal influx. Overcrowding and substandard housing are significant housing problems for farmworkers.[27] In addition, migrant workers may not be able to afford security deposits, pass credit checks, or commit to long-term leases.

For more information on migrant farmworkers, contact:

- Housing Assistance Council: (202) 842-8600
- National Agriculture Workers Survey: (202) 693-5077
- National Center for Farmworker Health, Inc.: (512) 312-2700, 1-800-531-5120
- Texas USDA Rural Development State Office: (254) 742-9700

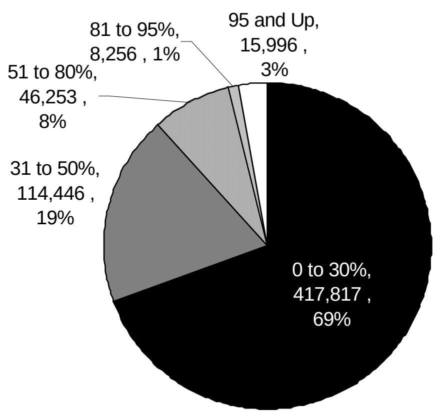
AFFORDABLE HOUSING NEED INDICATORS

When analyzing local housing markets and developing strategies for meeting housing problems, HUD suggests the consideration of several factors. These factors include how much a household spends on housing costs, the physical condition of the housing, and whether or not the household is overcrowded. Data on poverty and income levels and the extent to which the housing is available for the appropriate income level is essential supplementary information.

Severe Housing Cost Burden

A severe cost burden is identified when a household pays more than 50 percent of its gross income for housing costs. The following figure indicates the most critical housing problems in the state—the lowest income households with the most severe housing difficulties. It is important to note that lower income categories make up the majority of the population experiencing severe housing cost burden, with extremely low incomes suffering the most.

Figure 2A: Severe Housing Cost Burden by Income Group, 1990



Source: 1990 CHAS Database

[27] Christopher Holden. “Monograph no. 8: Housing” in *Migrant Health Issues* (Buda, TX: National Center for Farmworker Health Inc., October 2001), 40, <http://www.ncfh.org/docs/08%20-%20housing.pdf> (accessed August 6, 2003).

Physical Inadequacy-Lack of Kitchen and Plumbing Facilities

The methods used to determine housing conditions used by the Census are rudimentary and make it difficult to measure the physical condition of housing. The only measure of physical inadequacy available from the CHAS database tabulation of the 1990 Census is the number of units lacking complete kitchen and/or plumbing facilities. While this is not a complete measure of physical inadequacy, the lack of plumbing and/or kitchen facilities can serve as a strong indication of one type of housing inadequacy. Table 3A demonstrates that among the physically inadequate housing units, almost half are affordable to extremely low income households.

Table 3A: Units Lacking Kitchen and/or Plumbing Facilities by Affordability Category, 1990

	Number	Percent
0% to 30%	35,692	46%
31% to 50%	19,997	26%
51% to 80%	14,463	19%
80% and Above	7,977	10%
Total	78,129	100%

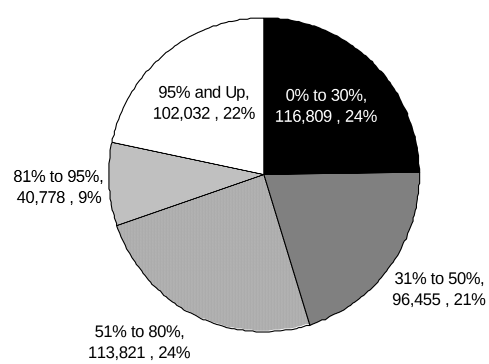
Source: 1990 CHAS Database

Housing experts agree that the number of units lacking kitchen and plumbing facilities has been underreported. For instance, according to CHAS data, a total of only approximately 17,500 houses along the Texas-Mexico border are considered physically inadequate. However, most studies reveal a higher number of houses lacking adequate kitchen and/or plumbing facilities in this area.

Overcrowding

Overcrowded housing conditions occur when a residence accommodates more than one and one-half persons per room. Overcrowding can be indicative of a general lack of affordable housing in a community where households have been forced to “double up,” either because other housing units are not available or because the units available are too expensive. The 1990 US Census showed 469,895 households in Texas live in overcrowded conditions. Figure 4A shows the distribution of overcrowded households by income category.

Figure 4A: Overcrowded Households by Income Group, 1990



Source: 1990 CHAS Database

Housing Availability and Affordability

Table 5A compares the number of housing units throughout Texas by affordability category with the number of households by income group. On the surface, there appears to be a sufficient supply of affordable housing to meet the demand for most of the income groups. However, the comparison of supply and demand for each income category assumes that households are matched to units in their affordability range; this is seldom the case. Furthermore, because of the formula used to calculate housing affordability categories, estimates of affordable housing supply by income category are actually somewhat inflated. This is because affordability is computed for households at the top of each income range, meaning that households in the lower part of the income range would have to pay more than 30 percent of their income for some of the units that are considered affordable to them. Only a small percentage of units are affordable to the lowest income households. Therefore, estimates of housing shortfalls should be treated as lower-bound estimates, and estimates of housing surplus are undoubtedly overstated.

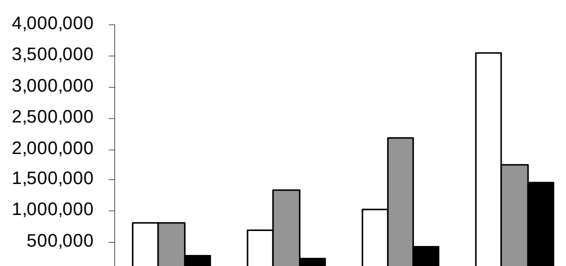
Table 5A: Households and Housing Units
by Income Group, 1990

	0% to 30%	31% to 50%	51% to 80%	80% and Above
Households	821,188	690,817	1,027,777	3,539,559
Housing Units	903,387	1,558,182	2,289,440	1,796,862

Source: 1990 CHAS Database

This seeming availability of affordable housing does not translate into an affordable housing surplus. For a variety of reasons, affordable housing is not available to many low income families. The majority of affordable housing is often occupied by persons in higher income levels. Figure 5A illustrates the problem of housing mismatch by affordability category. Each affordability category has three associated figures: the first bar shows the number of households in that income category, the second bar shows the number of units affordable to households in that income category, and the third bar displays the number of units in that income category actually inhabited by households of that category.

Figure 5A: Housing Mismatch
by Affordability Category, 1990



	0% to 30%	31% to 50%	51% to 80%	80% and Up
No. of Households	821,188	690,817	1,027,777	3,539,559
No. of Affordable Units	817,840	1,339,957	2,167,797	1,745,343
Occupied by Inc. Group	275,480	251,405	422,911	1,464,296

Source: 1990 CHAS Database

Local Perception

Table 6A provides an estimate of the need for housing assistance by income group and by type of household in 2000. If the estimate is accurate, then a little over a quarter of the 7.4 million households in Texas could use some type of housing assistance.

Table 6A: Estimated Households in Need of Housing Assistance

	Elderly Households		Related Households		Other		Total		
Income Group	Renter	Owner	Renter	Owner	Renter	Owner	Renter	Owner	Total
0% to 30%	71,883	121,937	261,211	118,013	137,070	33,278	470,164	273,228	743,392
31% to 50%	39,317	60,516	198,158	111,341	104,748	19,050	342,223	190,907	533,130
51% to 80%	20,721	30,034	164,863	171,219	75,520	26,963	261,104	228,216	489,320
81% to 95%	3,854	6,897	35,595	74,574	10,994	12,924	50,443	94,395	144,838
Total	135,776	219,383	659,828	475,148	328,332	92,216	1,123,936	786,747	1,910,683

Source: Projections based on 1990 Census data

Regional Development Coordinators and Advisory Committees

In 2003 there was a series of Regional Advisory Committee (RAC) meetings held across the state to address regional planning issues. Each RAC meeting was advertised, coordinated, and facilitated by a Regional Development Coordinator (RDC). The statewide network of RDCs is part of a joint planning effort between 11 councils of governments and TDHCA. TDHCA works with an RDC in each service region to facilitate the RAC meetings, provide technical assistance, gather data on regional housing needs and resources, and help build the region's network of housing organizations.

A primary purpose of the RACs was to bring together persons with a wide variety of housing expertise to find ways to more effectively utilize their region's existing resources. Therefore, it is encouraging to note that some of the most significant housing issues and corresponding solutions identified by the RACs relate to activities that allow the region's residents to address their housing issues directly. These types of activities include such things as capacity building, educational initiatives, and program marketing. Other topics addressed by the RAC participants include TDHCA administrative issues, development costs and other obstacles to development, and serving special needs populations. Comments from each regional RAC meeting are incorporated into the regional plans. A copy of the *Report on the 2003 Regional Advisory Committee Meetings on Affordable Housing and Community Service Issues* can be obtained from the Center for Housing Research, Planning, and Communications at TDHCA.

State of Texas Community Needs Survey

In March 2003, TDHCA distributed over 2,000 copies of the Community Needs Survey (CNS) to cities, counties, local housing departments, public housing authorities, and US Department of Agriculture Rural Development field offices. Local community action agencies were also contacted for their expertise on homeless issues and other community development topics. For TDHCA, the survey represents the opportunity to gather local input on housing needs, preferences, and regional characteristics. Information from the survey is also used as a primary component of the Affordable Housing Needs Score (AHNS), the location score in several housing program funding applications.

Approximately 78 percent of Community Needs Survey respondents feel that there is a severe or significant affordable housing problem in their area.[28] There is a slight preference statewide for owner-occupied housing assistance over rental assistance. Among the owner-occupied assistance activities, renovation is ranked highest in importance, followed by purchase assistance and new housing development. New rental housing development and the renovation of existing multifamily housing are more important than rental payment assistance. The regional results from the CNS are incorporated into the regional plans. A final report on the survey, *Report on the 2003 State of Texas Community Needs Survey*, is available from the Center for Housing Research, Planning, and Communications.

STATE HOUSING SUPPLY

The 2000 US Census reported 8.2 million housing units in Texas, of which 90.6 percent are occupied. The number of housing units increased 16 percent from 7.0 million units that were on the ground in 1990. The breakdown of occupied units by type is 4.7 million owner occupied (a 28 percent increase over 1990) and 2.8 million renter occupied (a 13 percent increase over 1990). The average household size for owner-occupied units increased to 2.87 persons per unit in 2000 as compared to 2.85 units in 1990. The average household size for renter units decreased slightly to 2.53 persons per unit in 2000 as compared to 2.55 units in 1990.

Almost 67 percent of the housing units are single family units, 14 percent are multifamily up to 19 units, and 10 percent are within multifamily structures with 20 units or more. An additional 9.4 percent are mobile homes, RVs, or boats.

Table 7A: Housing Type, 2000

	Total	Percent
Housing Units	8,157,575	
One Unit	5,420,910	66.50%
2 to 19 Units	1,151,599	14.10%
Over 20 Units	819,101	10.00%
Mobile Homes	731,652	9.00%
Boats, RVs	34,313	0.40%

Source: 2000 US Census

Assisted Housing Inventory

The Department has assisted approximately 179,600 multifamily units since 1992. Over the same time period, there have been 28,700 families assisted with single family programs. These totals do not include approximately 2,200 Section 8 tenant-based rental vouchers that are administered by the Department.

Table 7B provides a summary of the current public housing authority inventory in Texas. Included in this list are households that receive tenant-based rental assistance.

[28] The response rate for the 2003 CNS was 37 percent.

Table 7B: Public Housing Authority Units

	Total	Percent
Public Housing/Indian Housing	63,358	31.3%
Section 8 Vouchers	121,095	59.8%
Section 8 New Construction	6,025	3.0%
Section 8 Moderate Rehabilitation	3,714	1.8%
FmHA Farm Labor Housing	918	0.5%
FmHA Rural Rental	948	0.5%
FmHA/Section 8 Assisted	477	0.2%
Tax Credit Program	5,088	2.5%
Homeownership	864	0.4%
Total Public Housing Authority Units	202,487	

Source: Texas Housing Association

There have been 60,784 multifamily units produced by the Texas State Affordable Housing Corporation and local housing finance corporations in Texas, according to HFC responses to the 2003 Housing Finance Corporation Report by TDHCA. There have been 13,052 single family mortgages produced by the HFCs, or a total of $908,051,286.

Department Performance

This section reports on agency performance for the past fiscal year and includes a description of funding allocations, amounts committed, target numbers, numbers served for each program in Fiscal Year 2003; and projected funding and target numbers for Fiscal Year 2004. This section also reports on the Strategic Plan Goals for FY 2003.

The Department received $462,096,192 in funding allocations during FY 2003 and committed $492,389,672 to housing and community affairs programs that predominantly benefit extremely low, very low, and low income families and individuals (see Tables 8A and 8B). The target performance number was 71,723 households and 420,000 individuals; the actual number served was 117,895 households and 453,380 individuals. Multifamily development accounted for 50 percent of the total dollar amount committed during the past year; the next largest activity was community affairs activities with 19 percent of the total dollar amount committed. The single family financing and homebuyer assistance group was the third largest with almost 16 percent of the total committed amount. More than 93 percent of the total funds committed went to assist extremely low, very low, and low income families and individuals.

The activity categories in the tables below describe the broad range of Department activities and provide general groupings for analysis. The multifamily development category includes activities that support multifamily development, such as the funding of projects, capacity building, and predevelopment funding. All activities related to the acquisition, rehabilitation, and preservation of multifamily units are classified in the multifamily rehabilitation category. Rental payment assistance is tenant based, direct payment assistance. The single family development category includes all funding for housing developers, nonprofits, or other housing organizations to support activities associated with the development of single family housing. The single family financing, homebuyer assistance, and education category includes activities related to the process of buying a home, such as mortgage financing, down payment assistance, and homebuyer education. Single family owner-occupied assistance assists current homeowners requiring home rehabilitation and reconstruction. The community affairs category is comprised of all activities surrounding community services and energy assistance; this category includes the Colonia Self-Help Centers.

The program groupings are largely self-explanatory; only a few comments are necessary. The Single Family Bond Program includes the First Time Homebuyer Program and the Down Payment Assistance Program. The Office of Colonia Initiatives receives much of its funding from internal sources; for this reason, the totals for most of the OCI activities are not included in the grand total. The only exception is the funding for the Self-Help Centers, which is external and included in the grand total.

Table 8A: Total Department Funding and Performance for FY 2003

State Total	All Programs[1]	HOME	HTF[2]	HTC[3]	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI[4]
All Activities								
Total Funding	$ 464,096,192	$ 60,857,754	$ 9,587,219	$ 59,931,028	$ 40,000,000	$ 185,900,000	$ 10,205,690	$ 6,652,000
Actual Dollar Amount Committed	$ 492,389,672	$ 60,857,754	$ 7,329,741	$ 59,931,028	$ 72,339,407	$ 185,900,000	$ 10,205,690	$ 6,652,000
Target Number	491,723	2,160	1,390	6,100	1,860	1,100		3,408
Actual Number Served	571,275	2,867	1,735	14,055	1,275	3,560	2,262	$ 2,802
2004 Projected Funding	$ 483,832,401	$ 45,000,000	$ 3,247,460	$ 38,000,000	$ 161,000,000	$ 150,000,000	$ 11,119,039	$ 8,000,000
2004 Target Number	538,038	2,300	1,686	10,763	1,770	1,999	2,200	3,850
Multifamily Development								
Actual Dollar Amount Committed	$ 244,897,203	$ 1,764,859	$ 4,212,998	$ 53,019,346		$ 185,900,000		
Actual Number Served	16,941	30	1,616	11,735		3,560		
Multifamily Rehabilitiation								
Actual Dollar Amount Committed	$ 8,643,425	$ 1,615,000	$ 116,743	$ 6,911,682				
Actual Number Served	2,599	257	22	2,320				
Rental Payment Assistance								
Actual Dollar Amount Committed	$ 15,558,278	$ 5,352,588					$ 10,205,690	
Actual Number Served	2,826	564					2,262	
Single Family Development								
Actual Dollar Amount Committed	$ 8,888,300	$ 5,888,300	$ 3,000,000					
Actual Number Served	562	465	97					
Single Family Financing and Homebuyer Assistance								
Actual Dollar Amount Committed	$ 77,637,779	$ 5,298,372			$ 72,339,407			$ 4,352,000
Actual Number Served	2,001	726			1,275			149
Single Family Owner-Occupied Assistance								
Actual Dollar Amount Committed	$ 40,938,635	$ 40,938,635						
Actual Number Served	825	825						
Community Affairs/Self-Help Centers								
Actual Dollar Amount Committed	$ 95,826,052							$ 2,300,000
Actual Number Served	545,521							2,653
Extremely Low Income								
Actual Dollar Amount Committed	$ 61,755,863	$ 45,703,546	$ 842,208	$ 3,830,759	$ 3,214,799		$ 8,164,551	
Actual Number Served	4,300	1,400	155	839	96		1,810	
Very Low Income								
Actual Dollar Amount Committed	$ 402,928,380	$ 6,562,399	$ 6,487,533	$ 56,100,269	$ 50,010,988	$ 185,900,000	$ 2,041,139	$ 6,652,000
Actual Number Served	565,884	430	1,580	13,216	976	3,560	452	2,802
Low Income								
Actual Dollar Amount Committed	$ 21,709,458	$ 8,591,809			$ 13,117,649			
Actual Number Served	1,183	1,037			146			
Moderate Income and Up								
Actual Dollar Amount Committed	$ 5,995,971				$ 5,995,971			
Actual Number Served	57				57			

[1] All Programs total includes 440,000 individuals in the target number and the rest are households. The number served and very low income totals include 453,380 individuals.
[2] HTF funding includes capacity building and predevelopment funds for organizations; the final number served and geographic benefit is not known.
[3] HTC funding includes $643,316 National Pool Credits, $38,786,240 of the nine percent tax credits, and $21,144,788 four percent tax credits.The total includes 7,358 four percent units.
[4] Most of OCI funding is internal, except for the Self-Help Centers. OCI activities funded internally are not included in the grand totals.

Table 8B: Total Department Funding and Performance for FY 2003, Community Affairs

State Total	ESGP[5]	CSBG[5]	EN TERP[5]	CFNP	CEAP	WAP	SBF
All Activities							
Total Funding	$ 4,687,000	$ 30,947,421	$ 276,889	$ 302,246	$ 35,417,390	$ 12,916,554	$ 10,767,000
Actual Dollar Amount Committed	$ 4,475,534	$ 29,400,049	$ 247,279	$ 302,246	$ 35,417,390	$ 12,916,554	$ 10,767,000
Target Number		420,000		No Direct	47,241	5,319	3,145
Actual Number Served	138,756	313,798	826	Service	82,442	4,864	2,182
2004 Projected Funding	$ 4,703,000	$ 30,947,421	$ -	$ 346,017	$ 28,320,465	$ 11,148,999	$ -
2004 Target Number		440,000			69,736	3,734	0
Multifamily Development							
Actual Dollar Amount Committed							
Actual Number Served							
Multifamily Rehabilitiation							
Actual Dollar Amount Committed							
Actual Number Served							
Rental Payment Assistance							
Actual Dollar Amount Committed							
Actual Number Served							
Single Family Development							
Actual Dollar Amount Committed							
Actual Number Served							
Single Family Financing and Homebuyer Assistance							
Actual Dollar Amount Committed							
Actual Number Served							
Single Family Owner-Occupied Assistance							
Actual Dollar Amount Committed							
Actual Number Served							
Community Affairs/Self-Help Centers							
Actual Dollar Amount Committed	$ 4,475,534	$ 29,400,049	$ 247,279	$ 302,246	$ 35,417,390	$ 12,916,554	$ 10,767,000
Actual Number Served	138,756	313,798	826		82,442	4,864	2,182
Extremely Low Income							
Actual Dollar Amount Committed							
Actual Number Served							
Very Low Income							
Actual Dollar Amount Committed	$ 4,475,534	$ 29,400,049	$ 247,279	$ 302,246	$ 35,417,390	$ 12,916,554	$ 10,767,000
Actual Number Served	138,756	313,798	826		82,442	4,864	2,182
Low Income							
Actual Dollar Amount Committed							
Actual Number Served							
Moderate Income and Up							
Actual Dollar Amount Committed							
Actual Number Served							

[5] Target numbers and numbers served is individuals, not households.

Assistance to the Neediest Individuals and Families

The distribution of the Department's resources in fiscal year 2003 showed a clear prioritization of assistance to individuals and households with the most need; see Table 9A. The vast majority of households served by the Department were classified as extremely low, very low, and low income. These three income categories account for over 99.4 percent of households assisted by the Department in FY 2002.

Table 9A: Housing Assistance by Income Category

	Total Committed FY2003		Extremely Low-Income (0% to 30% AMFI)		Very Low-Income (31% to 60% AMFI)		Low-Income (61% to 80% AMFI)		Moderate-Income (Greater than 80% AMFI)	
	Amount	Households	Amount	Households	Amount	Households	Amount	Households	Amount	Households
HOME Program	$ 60,857,754	2,867	$ 45,703,546	1,400	$ 6,562,399	430	$ 8,591,809	1,037		
Housing Trust Fund	$ 7,329,741	1,735	$ 842,208	155	$ 6,487,533	1,580				
Housing Tax Credit	$ 59,931,028	14,055	$ 3,830,759	839	$ 56,100,269	13,216				
Single Family Bond	$ 72,339,407	1,275	$ 3,214,799	96	$ 50,010,988	976	$ 13,117,649	146	$ 5,995,971	57
Multifamily Bond	$ 185,900,000	3,560			$ 185,900,000	3,560				
Section 8	$ 10,205,690	2,262	$ 8,164,551	1,810	$ 2,041,139	452				
Total	$ 396,563,620	25,754	$ 61,755,863	4,300	$ 307,102,328	20,214	$ 21,709,458	1,183	$ 5,995,971	57
Percent of Total			15.6%	16.7%	77.4%	78.5%	5.5%	4.6%	1.5%	0.2%

The vast majority of households and individuals served through CEAP, WAP, ENTERP, ESGP, and CFNP earn less than 30 percent area median family income. However, federal tracking of assistance from these programs is based on poverty guidelines, which do not translate easily to an AMFI equivalent. For conservative reporting purposes, assistance in these programs is reported in the 30 to 60 percent AMFI category.

Strategic Plan Goals

The following goals demonstrate TDHCA's commitment to serving households with the greatest need. These goals are reflective of the performance measures, as outlined in the Legislative Appropriations Act for Fiscal Year 2004, the TDHCA *Strategic Plan*, and the *State of Texas Consolidated Plan*.

Goal 1: TDHCA will increase and preserve the availability of safe, decent, affordable, and integrated housing for very low, low, and moderate income persons and families

Housing Trust Fund. The target number of extremely low, very low and low income households benefiting from HTF loans and grants was 1,390 and the number served was 1,735; representing 125 percent of the target number. Almost 12 percent of the total funding went to extremely low income families and almost 89 percent went to very low income families.

Home Program. The target number of extremely low, very low, and low income households benefiting from HOME Investment Partnerships Program loans and grants was 2,106. The actual number served was 2,876, or 137 percent of the goal. In total, 75 percent of HOME Program funds were directed to extremely low income households and 11 percent were directed to very low income households. The remaining funds were directed to low income households.

Section 8 Program. The target number of rental assistance through Section 8 certificates and vouchers for extremely low and very low income households and individuals was 2,200. The actual number of households served was 2,262, representing 103 percent of the goal. Extremely low income families comprised 80 percent of the households served and 20 percent were very low income.

Housing Tax Credit Program. The target number units funded through federal tax incentives for extremely low, very low, and low income households in FY 2003 was 6,100. The actual number of units developed was 14,055. Of this total, 7,000 units are through federal tax funds and 7,385 are from the Tax-Exempt Bond Program. There were 839 units set aside for extremely low income households, and the remainder were for very low income households.

Single Family Mortgage Revenue Bond Program. The target number of extremely low, very low, and low income households and individuals receiving loans through the Single Family MRB Program was 1,260. The actual number served was 1,218, or 97 percent of the goal. The target number of moderate-income families was 600; the actual number served was 57. Of the 1,275 households served through the SF MRB Program, 4.4 percent were extremely low income, about 69 percent were very low income, 18 percent were low income, and the remaining 8.3 percent were moderate income.

Multifamily Mortgage Revenue Bond Program. The target number of federal mortgage loans through the Multifamily MRB Program for the acquisition, rehabilitation, construction, and preservation of multifamily rental units for very low, low, and moderate-income families was 1,100. The actual number of loans was 3,560. All of the units in FY 2002 were for very low income families.

Goal 2: TDHCA will target its housing finance programs resources for assistance to extremely low income households

The annual target is $30,000,000 of the division's total housing funds towards assistance for extremely low income families and individuals. The housing finance division exceeded this goal and provided $61,755,863 in funding for extremely low income households in FY 2003.

Goal 3: TDHCA will target its housing finance resources for assistance to very low income households

The annual target is 20 percent of the division's total housing funding applied towards assistance for families and individuals earning between 31 percent and 60 percent of the area median family income. The division exceeded this goal and committed 77 percent of its funding for very low income households.

Goal 4: TDHCA will provide contract for deed conversions for families who reside in a colonia and earn 60 percent or less of the applicable area median family income

The target is to spend no less than $4,000,000 for the 2002–2003 biennium for the sole purpose of contract for deed conversions. There was a total of $3,433,134 of funds allocated through the contract for deed program in FY 2002–2003. The funding from these awards came from the HOME Program and Junior Lien Mortgage Revenue Bonds. There were a total of 60 loans converted and there are 30 loan conversions in progress.

Goal 5: TDHCA will assist extremely low and very low income households or individuals with costs associated with energy-related improvements, expenses, or emergencies that may lead to homelessness

Comprehensive Energy Assistance Program. The target number of households assisted through the Comprehensive Energy Assistance Program for FY 2003 was 47,241. The actual number of households served was 82,442, 175 percent of the target number.

Weatherization Assistance Program. The target number of units weatherized was 5,319; the total number weatherized was 4,864. This represents 91 percent of the target number.

Goal 6: TDHCA will ensure that affordable housing programs are in compliance with federal and state program mandates

Portfolio Management and Compliance Division. The target number of on-site reviews conducted by the Portfolio Management and Compliance Division for FY 2003 was 628; the actual number conducted was 731, a variance of 116. The target number of financial reviews was 664; the actual number conducted was 328, 51 percent of the target amount. The target number of single audit reviews was 250; the actual number completed was 101 percent of the total, or 253 reviews.

Goal 7: TDHCA will commit funding resources to address the housing needs and increase the availability of affordable, accessible, and integrated housing for persons with special needs

HOME Program. The Goal for FY 2003 was to award 20 percent of the total HOME project allocation to applicants that target persons with special needs. The HOME Program awarded $16,825,144 to applicants that target persons with special needs, or 31 percent of the total project allocation. The number of units produced is 770, 29 percent of the total HOME units.

Housing Trust Fund. The goal for FY 2003 was to dedicate no less than 10 percent of the HTF project allocation for applicants that target specific persons with special needs. The HTF funded 306 units for persons with special needs, or 19 percent of the total units for FY 2003.

Multifamily Mortgage Revenue Bond Program. The goal was to dedicate no less than 5 percent of Multifamily MRB Program units for persons with special needs. The Multifamily MRB Program funded 368 units for persons with special needs, 10 percent of the total 3,560 units.

Goal 8: TDHCA will compile information and accurately assess the housing needs and the housing resources available to persons with special needs

In 2003, TDHCA completed and analyzed data from the Community Needs Survey, which, among other housing needs–related questions, requested local governments to indicate the housing needs of various special needs populations. This information will be used in conjunction with Census data in the formulation of Department policies and scoring for its housing programs.

In addition, in 2002, the Department made its property inventory available on its website. The easy-to-use database is searchable by city and county and includes basic property information, the number of adapted units, rent amounts, and property contact information. The Department is working on a system that will allow property owners to voluntarily update information related to the availability of accessible units on a real-time basis. This information will also be available on the Department’s website.

<u>Goal 9</u>: TDHCA will increase collaboration between organizations that provide services to special needs populations and organizations that provide housing

Persons with Disabilities.

- TDHCA Disability Advisory Committee: In 2002, the Department established a Disability Advisory Committee (DAC) to advise the Department's Board on issues related to persons with disabilities. The members of the DAC represent organizations with experience providing services to persons with disabilities.
- Promoting Independence Advisory Board (PIAB): TDHCA staff serves on the Health and Human Service Commission's PIAB, along with representatives from other State agencies and consumer groups. The Board coordinates services to promote the integration into the community of persons residing in institutions.
- Project Access: TDHCA actively promotes the coordination of disabled consumers with housing providers through Project Access vouchers. Consumers and their advocates work directly with local service and housing providers to address their needs as they integrate into the community.
- PHA Project: Department staff serves on the oversight committee of this grant funded in part by the Texas Council on Developmental Disabilities. Activities include the provision of training and technical assistance to public housing authorities to increase the number of integrated housing units available to persons with disabilities.

Elderly. TDHCA is a member of the Texas Department on Aging's (TDoA's) Agency Policy Advisory Committee. This Committee is comprised of various state agencies that serve the elderly, as well as industry experts that provide services to the elderly.

Homeless. TDHCA is the lead agency in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas; assisting in the coordination and provision of services for homeless person throughout the state; increasing the flow of information among service providers and appropriate authorities; developing guidelines to monitor services for the homeless; providing technical assistance to the housing finance divisions of TDHCA in assessing housing needs for persons with special needs; establishing a central resource and information center for the state's homeless, and developing a strategic plan to address the needs of the homeless in cooperation with TDHCA and the Health and Human Services Commission. Through the Texas Homeless Network, TDHCA also supports other activities that address homelessness, including providing technical assistance to develop and strengthen homeless coalitions throughout Texas; distributing a statewide bi-monthly newsletter on homelessness; maintaining an information resource center; conducting Continuum of Care Technical Assistance and Training workshops; and sponsoring an annual statewide conference on homeless issues.

Colonias. In 2001, the 77th Texas Legislative amended the Texas Government Code, Chapter 2306, Subchapter Z, which required the Department's Board of Directors to appoint members to the Colonia Resident Advisory Committee (C-RAC), which is to include two representatives from each county. The C-RAC members meet 30 days prior to making an award to a Colonia Self-Help Center. The C-RAC has been instrumental in voicing the concerns of the targeted populations and has helped both the Department and the Colonia Self-Help Centers develop useful tools and programs to address the needs of colonia residents.

Goal 10: TDHCA will discourage the segregation of persons with special needs from the general public

In 2002, the Department, with the assistance of the TDHCA Disability Advisory Committee, developed an integrated housing policy. In 2003, the Department adopted the policy as a rule for all Department housing programs.

Goal 11: TDHCA will improve the living conditions for the poor and homeless

Community Affairs. The target number of persons assisted through the homeless and poverty–related funds administered by the Department was 420,000. The total number of persons assisted through the Emergency Shelter Grants Program was 138,756, the total number served by the Community Services Block Grant Program was 313,798, and the total number served by the Emergency Nutrition and Temporary Emergency Relief Program was 826. The total number assisted through the Department's homeless and poverty–related funds for FY 2003 was 453,380.

The target number of persons assisted that achieve incomes above poverty level was 650. The total number of people that transitioned out of poverty with the assistance of community action agencies working with the Department was 1,602.

Emergency Shelter Grant Program. The target number of homeless shelters assisted for FY 2002 was 60; the actual number assisted was 72, 120 percent of the target number.

Other Funding

It is important to note that TDHCA is one organization in a network of housing and community service providers located throughout the state. Other agencies and departments, such as USDA Rural Development, local participating jurisdictions, the Texas State Affordable Housing Corporation, and local housing finance corporations, receive housing-related funds that work in conjunction with the Department's accomplishments. Table 8C shows housing funds available through non-TDHCA sources that were distributed across the state in 2003. These funds are also considered in the Regional Allocation Formula.

Table 8C: Non-TDHCA Sources of Housing Funding, 2003

Funding Source	Owner-Occupied Assistance	Rental Assistance	Owner-Occupied or Rental Assistance	Grand Total
Mortgage Revenue Bonds	$ 110,704,367	$ 104,057,164		$ 214,761,531
Emergency Shelter Grants		$ 9,877,494		$ 9,877,494
HOME Program			$ 78,094,792	$ 78,094,792
HOPWA Program		$ 11,752,000		$ 11,752,000
USDA Multifamily or Single Family Programs	$ 3,635,281	$ 5,676,464		$ 9,311,745
Tenant-Based Rental Assistance		$ 681,779,548		$ 681,779,548
Grand Total	$ 114,339,648	$ 813,142,670	$ 78,094,792	$ 1,005,577,110

Source: Texas Bond Review Board, HUD, and USDA

TDHCA Funding Distribution

The need for affordable housing far outweighs the funding available to address the problem. The Department distributes much of its funding to the 13 Uniform State Service Regions based on calculations of need. In an attempt to ensure an equitable distribution of all federal and state housing funds, the Department also takes into account other funding recently utilized in the region.

2004 TDHCA Regional Allocation Formula

Section 2306.111(d) of the Government Code requires TDHCA to use a Regional Allocation Formula (RAF) to allocate its HOME Program, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) Program funding. The resulting RAF, which is based on objective measures of affordable housing need and available resources, determines how this program funding is distributed among the 13 Uniform State Service Regions TDHCA uses for planning purposes. While the methodology and formula data are similar, modified versions of the RAF are used for the HOME and HTF/HTC programs because the programs

- serve different types of households in terms of owner and renter status,
- allow for different eligible activities,
- have unique geographical eligibility requirements (i.e., 95 percent of HOME funds must serve non–participating jurisdictions).

As a dynamic measure of need, the formula is updated annually to reflect more up-to-date demographic and available funding information; respond to public comment on the formula; and include other factors as required to better assess regional affordable housing needs.

Funding Distribution under the 2004 RAF

Please note that funding distribution percentages are final, but final dollar amounts may change based on actual funding received by the Department.

Housing Tax Credit Regional Allocation Formula

Region	Reference City	Funding Available	Funding Distribution	Urban/ Exurban Areas	Rural Areas	Percent to Urban/ Exurban Areas	Percent to Rural Areas
1	Lubbock	$1,620,753	4.3%	$855,004	$765,749	52.8%	47.2%
2	Abilene	$1,067,631	2.8%	$581,108	$486,523	54.4%	45.6%
3	Dallas/Fort Worth	$7,001,362	18.4%	$6,544,854	$456,508	93.5%	6.5%
4	Tyler	$1,851,816	4.9%	$709,081	$1,142,735	38.3%	61.7%
5	Beaumont	$1,485,785	3.9%	$682,095	$803,690	45.9%	54.1%
6	Houston	$9,309,000	24.5%	$8,458,598	$850,402	90.9%	9.1%
7	Austin/Round Rock	$1,936,878	5.1%	$1,687,375	$249,503	87.1%	12.9%
8	Waco	$2,073,169	5.5%	$1,637,657	$435,512	79.0%	21.0%
9	San Antonio	$2,613,520	6.9%	$2,159,101	$454,419	82.6%	17.4%
10	Corpus Christi	$1,644,334	4.3%	$956,659	$687,675	58.2%	41.8%
11	Brownsville/Harlingen	$4,494,121	11.8%	$2,668,907	$1,825,214	59.4%	40.6%
12	San Angelo	$1,065,240	2.8%	$705,898	$359,342	66.3%	33.7%
13	El Paso	$1,836,391	4.8%	$1,562,049	$274,342	85.1%	14.9%
	Total	$38,000,000	100%	$29,208,385	$8,791,615	76.9%	23.1%

HOME Regional Allocation Formula

Region	Reference City	Funding Available	Funding Distribution	Urban/ Exurban Areas	Rural Areas	Percent to Urban/ Exurban Areas	Percent to Rural Areas
1	Plainview	$1,350,462	6.1%	$0	$1,350,462	0.0%	100.0%
2	Brownwood	$1,099,989	5.0%	$15,706	$1,084,283	1.4%	98.6%
3	Carrolton	$3,863,801	17.4%	$2,757,243	$1,106,558	71.4%	28.6%
4	Texarkana	$2,774,549	12.5%	$598,939	$2,175,610	21.6%	78.4%
5	Lufkin	$1,497,124	6.8%	$145,081	$1,352,043	9.7%	90.3%
6	League City	$1,586,233	7.2%	$686,441	$899,792	43.3%	56.7%
7	Round Rock	$1,443,461	6.5%	$764,150	$679,311	52.9%	47.1%
8	Temple	$1,114,795	5.0%	$513,617	$601,178	46.1%	53.9%
9	New Braunfels	$1,255,071	5.7%	$30,833	$1,224,238	2.5%	97.5%
10	Victoria	$1,779,084	8.0%	$394,470	$1,384,614	22.2%	77.8%
11	Del Rio	$2,451,189	11.1%	$360,711	$2,090,478	14.7%	85.3%
12	Midland	$1,222,856	5.5%	$568,719	$654,137	46.5%	53.5%
13	Socorro	$723,886	3.3%	$299,332	$424,554	41.4%	58.6%
	Total	$22,162,500	100%	$7,135,240	$15,027,260	32.2%	67.8%

Due to the relatively small funding amount available regionally, the decision has been made to allocate the HTF money regionally, but without a specified urban/exurban and rural distribution of funds within each region. The overall statewide urban/exurban and rural distribution of funds will be maintained in awarding the funds.

Housing Trust Fund Regional Allocation Formula

Region	Reference City	Funding Available	Funding Distribution	Urban/ Exurban Areas	Rural Areas	Percent to Urban/ Exurban Areas	Percent to Rural Areas
1	Lubbock	$85,302	4.3%				
2	Abilene	$56,191	2.8%				
3	Dallas/Fort Worth	$368,493	18.4%				
4	Tyler	$97,464	4.9%				
5	Beaumont	$78,199	3.9%				
6	Houston	$489,947	24.5%				
7	Austin/Round Rock	$101,941	5.1%				
8	Waco	$109,114	5.5%				
9	San Antonio	$137,554	6.9%				
10	Corpus Christi	$86,544	4.3%				
11	Brownsville/Harlingen	$236,533	11.8%				
12	San Angelo	$56,066	2.8%				
13	El Paso	$96,652	4.8%				
	Total	$2,000,000	100%	$1,537,284	$462,716	76.9%	23.1%

RAF Methodology

Affordable Housing Need (AHN). The following US Census data measures each region's share of the state's affordable housing need:

- Poverty: Number of persons in the region who live in poverty
- Cost burden: Housing units with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent
- Overcrowding: Housing units with more than one person per room
- Incomplete kitchen: Housing units that do not have all of the following: a sink with piped water; a range, or cook top and oven; and a refrigerator
- Incomplete plumbing: Housing units that do not have all of the following: hot and cold piped water, a flush toilet, and a bathtub or shower

The table below shows whether owner and/or renter data is included in each program formula.

	HTC & HTF		HOME	
	Renter	Owner	Renter	Owner
Poverty	√	√	√	√
Cost Burden	√		√	√
Overcrowding	√		√	√
Incomplete Plumbing	√		√	√
Incomplete Kitchen	√		√	√

The RAF uses the following steps to assess each region's share of the state's affordable housing need:

- For each of the above listed AHN factors, the region's total is divided by the state total to determine the region's portion of the state's total need.
- The resulting regional AHN factor percentages are then weighted to reflect each factor's relative size and representation of affordable housing need. The factor weights are: poverty = 50 percent, cost burden = 35 percent, overcrowding = 5 percent, incomplete kitchen = 5 percent, and incomplete plumbing = 5 percent.
- The weighted AHN factors are combined to create a single AHN percentage that represents the region's share of the state's affordable housing need.

Other Funding Sources. Section 2306.111(d) of the Government Code requires that the RAF consider other available housing resources in the region. The following funding sources are considered by the RAF.

Funding Type	HTC & HTF	HOME[29]
Emergency Shelter Grant Funds (TDHCA & PJ)	√	√
HOME Funds (Non-TDHCA)	√	
Housing for Persons with AIDS (HOPWA) Funding	√	
Multifamily Housing Tax Credits with Tax-Exempt Bond Financing	√	√
Multifamily Tax-Exempt Bond Financing (Texas Bond Review Board)[30]	√	√
PHA Operating and Capital Funding from HUD	√	√
Section 8 Tenant-Based Rental Assistance (TDHCA & PHA)	√	√
Single Family Bond Financing (TDHCA and Housing Finance Corporation)		√
US Dept. of Agriculture (USDA) Multifamily Development Funding	√	√
USDA Single Family 502 and 504 loans and grants		√
USDA Tenant-Based Rental Assistance	√	√

The following steps adjust the RAF to consider other available housing resources:

1) The percentage of Texas's other available funding that was distributed to each region is calculated.
2) The difference between each region's AHN percentage and other available funding percentage is calculated.
3) Each region's AHN percentage is adjusted based on the resulting size and sign (positive or negative) of the AHN need and other available funding difference relative to the other regions. For example, if a region has 5 percent of the state's AHN and received only 2 percent of the other available funding, then that region's AHN percentage will be slightly adjusted upwards. This adjusted AHN percentage determines how much HOME, HTC, or HTF funding the region will receive.

Rural and Exurban/Urban Need. Section 2306.111(d) of the Government Code requires that the RAF consider rural and urban/exurban areas in its distribution of program funding. The following steps are used to make this RAF adjustment.

1) Each place is identified as being urban/exurban or rural based a slightly modified version of the Housing Tax Credit definition which reflects terms used by the US Census.
    a) Rural Area - An area that is
        i) within the boundaries of a place as identified by the US Census Bureau and outside the boundaries of a metropolitan statistical area; or
        ii) within the boundaries of a metropolitan statistical area (MSA), if the place has a population of 20,000 or less and does not share a boundary with a place that has a population of 20,000 or more.

[29] Only funds in non–participating jurisdictions are considered for the HOME RAF.

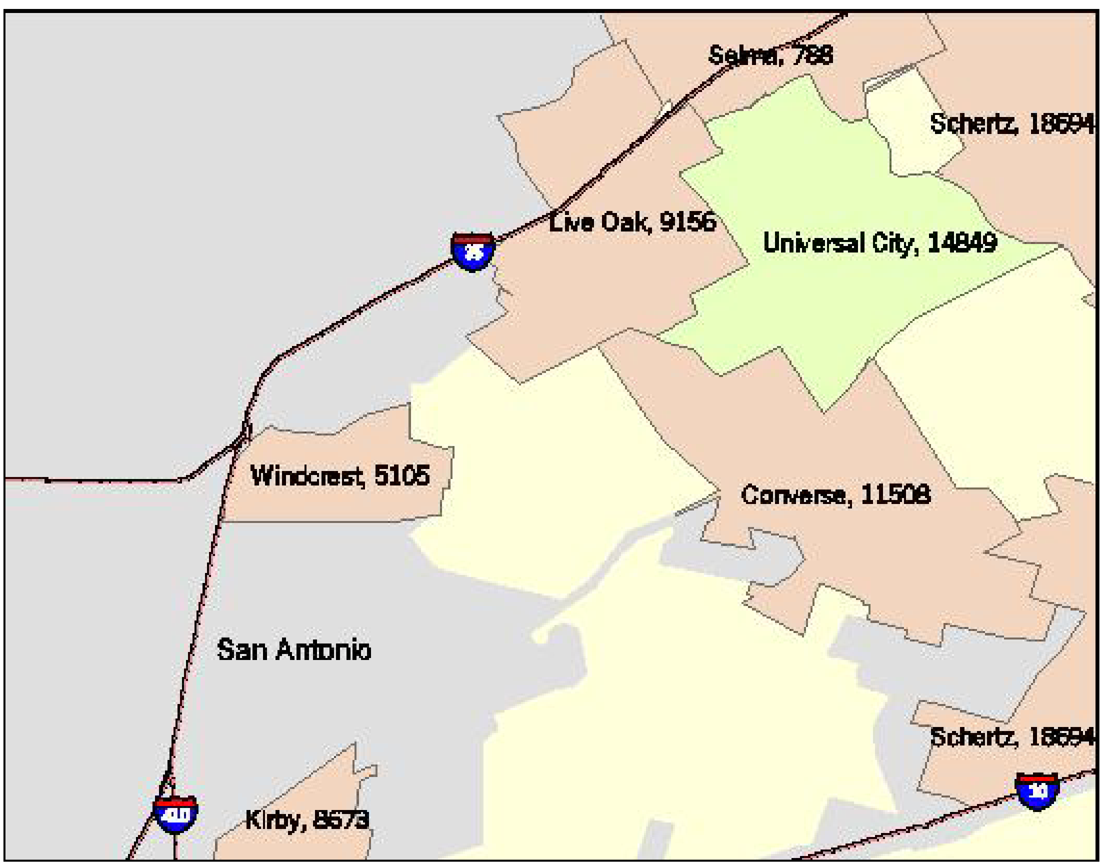
[30] The value of the bonds has been reduced to 20 percent of the total bond amount. This 20 percent adjustment is an estimate of the value of the bonds over an equivalent market-rate loan that was developed by the TDHCA Real Estate Analysis Division and the TDHCA Center for Housing Research, Planning, and Communications. The HTCs associated with these bonds are valued at their full estimated syndicated value.

   b) Urban/Exurban Areas - All US Census Bureau places that do not meet the "Rural Area" criteria.
2) The AHN data is totaled by urban/exurban and rural places for each region to determine how much of the region's affordable housing need is in urban/exurban and rural places.
3) The percentage of other available state and federal funding that went to urban/exurban and rural places within each region is calculated.
4) The difference between the region's distribution of urban/exurban and rural affordable housing need and the region's distribution of other available funding is calculated. Each region's urban/exurban and rural funding distribution is adjusted based on the resulting size and sign (positive or negative) of this difference. This adjusted urban/exurban and rural funding distribution determines the portion of the region's funds that will be available to urban/exurban and rural areas within the region.

The figure below shows how part 1) a) ii) of the Rural Area definition is used to determine if places within MSAs are rural or urban/exurban.

- San Antonio is considered urban/exurban because it is located within an MSA and its population is greater than 20,000.
- Live Oak is considered urban/exurban as its population is less than 20,000, but its boundaries touch San Antonio which has a population greater than 20,000.
- Universal City is considered rural since its population is greater than 20,000 and its boundaries do not touch the boundaries of a place with a population greater than 20,000.

Rural and Urban/Exurban Areas



2004 TDHCA Affordable Housing Needs Score

While not legislatively required, the scoring criteria used to evaluate HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) applications include an Affordable Housing Needs Score (AHNS). The AHNS provides a comparative assessment of each county and place's[31] level of need relative to other areas within the 13 Uniform State Service Regions TDHCA uses for planning purposes. Through the AHNS, applicants are encouraged to request funding to serve communities that have a high proportion of the region's affordable housing need.

Measures of Need

The AHNS calculation uses the same Affordable Housing Need (AHN) indicators, weighting factors, rural and urban/exurban area definitions, and program activity considerations as the Regional Allocation Formula (RAF) discussed in the previous section.

US Census Affordable Housing Need (AHN) Factors. Each US Census AHN factor (poverty, cost burden, overcrowding, incomplete plumbing, and incomplete kitchen) is used to quantify the area's level of affordable housing need by calculating the

- ratio of the county's AHN population to the region's total AHN population. This calculation measures the overall <u>distribution</u> of AHN populations within the region.
- ratio of the place's AHN population to the place's total population associated with that factor (i.e., rental cost burden/total renters). This calculation provides a measure of the <u>concentration</u> of the area's AHN populations relative to the area's total population.

For each of the above ratios, the resulting AHN factor percentages are weighted based on their relative population size and representation of affordable housing need. The weighted factor percentages are then combined to create a single AHN percentage. AHN points are assigned to each place based on a sliding scale that compares the place's AHN percentage to the other places in the region.

TDHCA 2003 Community Needs Survey (CNS). Responses to 2003 CNS questions that relate to the application activity are averaged by county. The resulting averages provide a quantifiable measure of the county's need for affordable housing as perceived by local officials. The county average is used because the CNS results are more subjective than US Census data and not all places return the survey. A scoring weight is assigned to each question based on its representation of the need for affordable housing. CNS points are then assigned to each county based on the average of the question responses.

Prior TDHCA Funding Awards in the Area. Areas where TDHCA HTC, HOME, and HTF funding awards have not been made during the preceding two program allocation cycles receive a five point scoring bonus. Only awards for activities that are similar to those for which an application will be made are considered in making this adjustment. Therefore, only rental development funding is considered in the HTC, HTF, and HOME rental development AHNS. Other TDHCA rental development awards are excluded from the HOME non–rental development activity score calculations.

[31] County scores are not generated for rental development activities. Development sites located outside the boundaries of a place (as designated by the US Census) will utilize the score of the place whose boundary is closest to the development site. County scores reflect the average score of all the places within the county.

In order to provide an equitable set of scores for all communities in a region, the AHNS point adjustment for previous TDHCA funding is subject to change until the application is submitted. This includes scoring revisions for both returned TDHCA funding as well as additional TDHCA awards that occur after the Board approves the AHNS methodology.

Calculation of the AHNS

A point value is assigned to each measure based on its representation of affordable housing need and its level of subjectivity (i.e., US Census data is less subjective than CNS data). A 20 point maximum score is divided into the following components:

- The county AHN population divided by region's AHN population is worth 6.25 points (31 percent of the total score).
- The place AHN population divided by the place total population is worth 6.25 points (31 percent of the total score).
- The Community Needs Survey factor is worth 2.5 points (13 percent of the score).
- Areas without a TDHCA HTC, HOME, and HTF funding award during the preceding two program allocation cycles receive a 5 point scoring bonus (25 percent of the score).

Rural and Exurban/Urban Need Area Designations

As required by §2306.111(d) of the Government Code, the RAF used by TDHCA to allocate HOME, HTF, and HTC funding provides a "rural and urban/exurban" area funding distribution. Each place is identified as urban/exurban or rural based on a slightly modified version of the HTC definition, which reflects terms used by the US Census.

Emergency Shelter Grants Program (ESGP) Allocation Formula

ESGP funds are reserved according to the percentage of poverty population identified in each of the 13 state service regions (i.e., 3.95 percent of the available ESGP funds were reserved for Region 1 with 3.95 percent of the state's poverty population). The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region. Any application that receives a score below 70 percent of the highest raw score from the region is not considered for funding.

Community Services Block Grant Program (CSBG) Allocation Formula

Allocations to the 49 CSBG–eligible entities are based primarily on two factors: (1) the number of persons living in poverty within the designated service delivery area for each organization and (2) a calculation of population density. Poverty population is given 98 percent weight, and the ratio of inverse population density is given 2 percent weight. The formula also includes a base award of $30,000 for each organization before the factors are applied, as well as a floor, or minimum award.

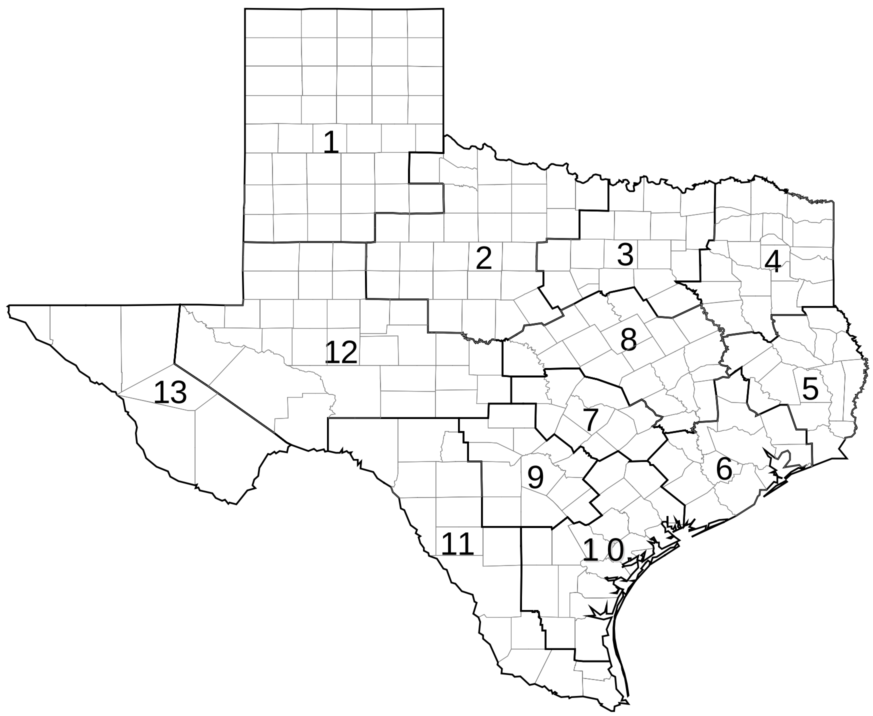
Comprehensive Energy Assistance Program and Weatherization Assistance Program Allocation Formula

The allocation formula for the Comprehensive Energy Assistance and Weatherization Assistance programs uses the following five factors and corresponding weights to distribute its funds by county: county non-elderly poverty household factor (40 percent); county elderly poverty household factor (40 percent); county inverse poverty household density factor (5 percent); county variance factor (5 percent); and county weather factor (10 percent).

UNIFORM STATE SERVICE REGIONS

The Department uses 13 Uniform State Service Regions for research and planning purposes. These regions follow the Texas Comptroller of Public Accounts' grouping that creates 13 regions to better identify the unique characteristics of the border counties and to treat larger metropolitan areas as distinct regions. The Uniform State Service Regions are shown below.

Uniform State Service Regions

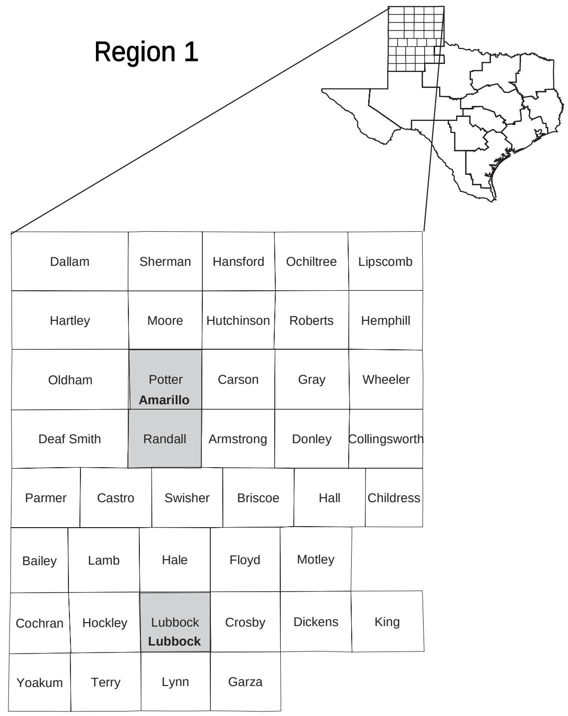


The size and diversity of the state of Texas necessitates tailored regional plans. Each of the following Uniform State Service Region plans includes a general demographic description, a needs assessment, an estimate of the existing housing supply, and the Department's funding distribution plans for the next year.

The first part of each plan describes regional characteristics including demographic information, general housing attributes, and public opinion on regional housing need. Following the introduction is a needs assessment analyzing multifamily and single family housing need and regional need for community service activities. The rental factors examined include poverty, housing cost burden, and the number of physically inadequate and overcrowded housing units. The owner-occupied factors considered are housing cost burden and physically inadequate and overcrowded housing. In order to gain a complete picture of the regional housing supply, the plan includes housing data from the US Census, total TDHCA assistance in the region, and consideration of other sources of assisted housing. The last section of the regional plan also describes the Department's allocation plan for the area.

REGION 1

This 41-county region in the northwest corner of Texas encompasses over 39,500 square miles of the Panhandle. According to the Census, the total population in Region 1 is 780,733, representing a 6.3 percent increase from 1990. Slightly less than 48 percent of the population lives in the urban areas, including Amarillo and Lubbock, and the rest live in rural areas of the region. The figure to the side shows Region 1 with the metropolitan statistical areas shaded.



According to the Texas Comptroller, the region will experience a 1.7 percent annual employment growth rate. The areas that have experienced the highest annual employment growth over the past 20 years are services to business, healthcare, and tourism and entertainment. The region specializes in specific economic areas including the ordnance and ammunition industry as demonstrated by the nuclear weapons operations near Amarillo. The oil and gas industry, as well as the agriculture and cattle industry, are other regional specializations.[32]

Of the 288,175 housing units in the region, 66.3 percent are owner occupied and 33.7 percent are occupied by renters, according to 2000 Census data. Approximately 3.7 percent of the state's population lives in Region 1, but regional housing permits for 2002 represent only 1.7 percent of the state's total housing starts.[33]

Almost three-quarters of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. Most prefer rental housing assistance to owner-occupied housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting reports from Region 1 identified several areas of concern that could be addressed by the Department. Focus groups prioritized funding for emergency homeless shelters and energy assistance and weatherization activities. The lack of homebuyer education was also mentioned. The scarcity of affordable rental housing and the need to address the substandard housing problems in the area ranked as high concerns for the region. Finally, the lack of effective communication—including program marketing and public education on affordable housing—was identified as an issue requiring attention.

---

[32] Texas Comptroller of Public Accounts, "Texas Regional Outlook," http://www.window.state.tx.us/ecodata/regional/ (accessed August 25, 2003).
[33] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/databp.html (accessed August 25, 2003).

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The most recent Census data shows that 122,991 people in the region live in poverty, representing a 16.4 percent poverty rate. Almost 79 percent of the 15,677 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 17.5 percent of the households with severe housing cost burden. Only 2.8 percent of the households with severe cost burden are low income and 0.9 percent are moderate income and above.

In Region 1 there are 1,407 renter households that lack kitchen and/or plumbing facilities. Almost one-quarter of them (383 households) earn under 30 percent of the area median income, 193 households earn between 31 and 50 percent, and 594 households earn between 51 and 80 percent. The remaining 19 percent of the households that live in physically inadequate housing earn above 80 percent of the area median income (272 households). Of the 8,817 overcrowded renter households, almost 28 percent are extremely low income, 26 percent are very low income, another 26 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a lack of a strong expressed preference among the various rental assistance activities. For the respondents the renovation of existing rental housing and new housing development rank only slightly higher than rental payment assistance.

Single Family Housing Need

Region 1 has 4.2 percent of the state's owner households (10,184 households) with severe housing cost burden. Almost 60 percent of that total is extremely low income households. Twenty-one percent, or 2,184 households, are very low income; 13 percent are low income; and the rest are moderate income and above.

There are 936 owner households in Region 1 that lack kitchen and/or plumbing facilities; many of these households are extremely low income (44 percent). Twenty seven percent of the households lacking kitchen and/or plumbing are very low income and almost 18 percent are low income. The remaining 100 households are moderate income and above. Region 1 has 4.1 percent of the state's overcrowded owner households. Of the 7,890 overcrowded households, almost 14 percent are extremely low income. Seventeen percent are very low income, 27 percent are low income, and the remaining 42 percent are moderate income and above.

In the two metropolitan areas of the region, over 61 percent of the households have sufficient income to afford the median-priced home; this is higher than the state average of 58 percent and the national average of 53 percent.[34]

According to the Community Needs Survey respondents from Region 1, home purchase assistance is more important than the renovation of existing owner-occupied housing and the development of new owner-occupied housing.

Community Services Need

Region 1 has 4.5 percent of the state's poverty households; 8,897 households are elderly and 37,710 households are headed by individuals under 65 years of age. Fourteen percent of the Community Needs Survey respondents report a severe or significant homeless problem in their area; this is lower than the state average of 23 percent. There is a strong preference for specific TDHCA weatherization and energy activities. Utility payment assistance is more important than measures to increase energy efficiency and activities that repair and replace existing HVAC equipment. Energy-related education activities rank the lowest among energy assistance and weatherization activities for the region.

Housing Supply

According to the most recent US Census, there are 322,045 housing units in Region 1 and 288,175 are occupied. Of the total housing stock, almost 75 percent are one unit; 15.9 percent are over two units; and the rest are mobile homes, boats, and RVs.

The Department has assisted approximately 3,700 multifamily and 886 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 7,319 units. Almost all of these units are multifamily; there have been 25 homeownership units. The housing finance corporations in the region have produced 1,101 multifamily units and assisted 1,644 single family households.

Housing and Community Services Assistance for 2003 and 2004

The Department allocated $4,975,745 in Region 1 in 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Multifamily development accounted for 35 percent of the total dollar amount committed during the past year; the next largest activity was single family owner-occupied assistance activities with 31 percent of the total dollar amount committed. The single family financing and homebuyer assistance group was the third largest with almost 16 percent of the total committed amount. More than 98 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

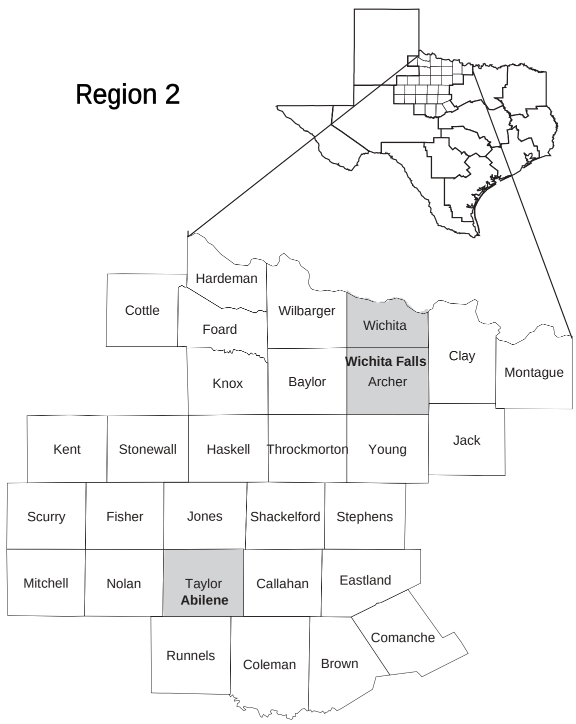
[34] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 25, 2003).

Region 1 Funding and Performance 2003

Region 1	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 4,975,745	$ 2,905,568		$ 1,425,570	$ 440,425				$ 204,182
Number Served	2,450	149		320	7				1,974
Multifamily Development									
Dollar Amount Committed	$ 1,730,080	$ 570,000		$ 1,160,080					
Number Served	230	10		220					
Multifamily Rehabilitation									
Dollar Amount Committed	$ 265,490			$ 265,490					
Number Served	100			100					
Rental Payment Assistance									
Dollar Amount Committed	$ 402,315	$ 402,315							
Number Served	40	40							
Single-Family Development									
Dollar Amount Committed									
Number Served									
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed	$ 818,190	$ 377,765			$ 440,425				
Number Served	77	70			7				
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 1,555,488	$ 1,555,488							
Number Served	29	29							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 204,182								$ 204,182
Number Served	1,974								1,974
Extremely Low-Income									
Dollar Amount Committed	$ 2,045,650	$ 1,956,552		$ 89,098					
Number Served	100	80		20					
Very Low-Income									
Dollar Amount Committed	$ 2,613,701	$ 810,018		$ 1,336,472	$ 263,029				$ 204,182
Number Served	2,333	54		300	5				1,974
Low-Income									
Dollar Amount Committed	$ 223,330	$ 138,998			$ 84,332				
Number Served	16	15			1				
Moderate-Income and Up									
Dollar Amount Committed	$ 93,064				$ 93,064				
Number Served	1				1				

Other sources of housing assistance arrived in the region in 2003. Region 1 received almost $300,000 worth of single family assistance in bond funds and various USDA homeownership loan programs. Almost $29.8 million was spent in the region for a range of multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $2.3 million worth of HOME funds dedicated to either single family or multifamily activities. The housing finance corporations in Region 1 produced 8 multifamily units and assisted 3 single family households in 2003.

The Department's Regional Allocation Formula distributes 6.1 percent of the state's 2004 HOME funds to the region. Of that funding, 100 percent will go to rural areas, approximately $1,350,462. Region 1 also receives 4.3 percent of the state's Housing Tax Credit and Housing Trust Fund allocations, or $1,620,753 and $85,302 respectively. Of the tax credit allocation 47.2 percent will go to rural areas and 52.8 percent will go to urban areas.



REGION 2

Region 2 surrounds the metropolitan areas of Wichita Falls and Abilene, shaded in the figure to the left. The region has a majority rural population at 59 percent. A total of 549,267 people live in the area, or 2.6 percent of the state's population. Estimated population figures through 2002 display no projected change.[35]

The region's employment is expected to grow at the same rate that it has experienced since 1995, about 1 percent annual growth. According to the Texas Comptroller, delivering a high-tech educated workforce is one of the economic challenges of the region. Region 2 plays a smaller role in the state's economy than it did 30 years ago; other regions have experienced much higher rates of population and employment growth. The areas of economic specialization for the region include the oil and gas industries and the manufactured housing industry. Employment in the oil and gas industries has declined nationwide over the past decades, while the manufactured housing industry has experienced growth during the 1990s.[36]

There are 206,388 occupied housing units in the region: 69.1 percent are owner occupied and 30.9 percent are occupied by renters, according to 2000 Census data. Approximately 2.6 percent of the state's population lives in the area, but regional housing permits for 2002 represent only 0.4 percent of the state's total housing starts.[37]

Almost three-quarters of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. Most prefer rental housing assistance to owner-occupied housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 2 suggest that the department direct the limited housing assistance funding in the area towards existing housing stock rather than new construction. Also, duplicating housing assistance across state and federal funding types is inefficient and should be minimized. The focus group specified some areas in the TDHCA application process that could be improved. One suggestion was a renewal form for previous successful applicants rather than a full application. Another suggested that the application process for state funding is too complex and involves a lot of paperwork, and more training is required.

35 Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program," http://txsdc.tamu.edu/tpepp/txpopest.php (accessed on August 24, 2003).
36 Texas Comptroller of Public Accounts, "Texas Regional Outlook."
37 Real Estate Center at Texas A&M University, "Building Permit Activity."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate for Region 2 is 15 percent, representing 77,647 people. Slightly more than 73 percent of the 8,147 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 21.2 percent of the households with severe housing cost burden. Approximately 4.7 percent of the households are low income and 0.7 percent are moderate income and above.

In Region 2, 611 renter households lack kitchen and/or plumbing facilities. More than half of them earn under 30 percent of the area median income, 20 percent of the households earn between 31 and 50 percent, and 17.5 percent earn between 51 and 80 percent. The remaining 12 percent of the households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 3,897 overcrowded renter households, almost one-quarter are extremely low income, 26.1 percent are very low income, another 24.3 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

Single Family Housing Need

Region 2 has 3.5 percent of the state's owner households with severe housing cost burden, or 8,463 households. The region's share of owner households with severe housing cost burden is higher than the region's share of the state's population at 2.6 percent. Slightly more than 60 percent of the owner households with severe cost burden are extremely low income households. Twenty-two percent are very low income, 11.3 percent are low income, and the rest are moderate income and above.

There are 873 owner households in the region that lack kitchen and/or plumbing facilities; many of these households are extremely low income (47 percent). Sixteen percent of the households lacking kitchen and/or plumbing are very low income and almost 15 percent are low income. The remaining 186 households are moderate income and above. Region 2 has 2 percent of the state's overcrowded owner households. Of the 3,851 overcrowded households, 12 percent are extremely low income. Seventeen and one-half percent are very low income, 21 percent are low income, and the remaining households are moderate income and above.

In Abilene, one of the major metropolitan areas of the region, 76 percent of the households can afford the median-priced home. For Wichita Falls, the percentage is 68; both of these rates are higher than the state average of 58 percent and the national average of 53 percent.[38]

According to the Community Needs Survey respondents from Region 2, the renovation of existing owner-occupied housing is much more important than home purchase assistance and the development of new owner-occupied housing.

Community Services Need

Region 2 has 3.2 percent of the state's poverty households; 8,100 households are elderly (4.2 percent of the state's total) and 23,414 households are headed by individuals under 65 years of age (2.8 percent of the state's total).

Twelve percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region; this is lower than the state average of 23 percent. Among the different types of homeless assistance, short-term homeless shelters rank higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 2 has a strong preference for utility payment assistance. Measures to increase energy efficiency and assistance with HVAC systems rank next in importance. Energy-related educational activities are the least preferred of the energy-related activities.

Housing Supply

According to the most recent US Census, there are 243,506 housing units in the region and 84 percent are occupied. Of the total housing stock, almost 77 percent are one unit; 12 percent are over two units; and the rest are mobile homes, boats, and RVs.

The Department has assisted approximately 3,390 multifamily and 584 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 7,786 units; all of this assistance has been multifamily. The housing finance corporations have produced 280 multifamily units and assisted 616 single family households.

Housing and Community Services Assistance for 2003 and 2004

The Department allocated $3,375,207 in Region 2 in FY 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Single family owner-occupied assistance accounted for 42 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 40 percent of the total dollar amount committed. All of the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

[38] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

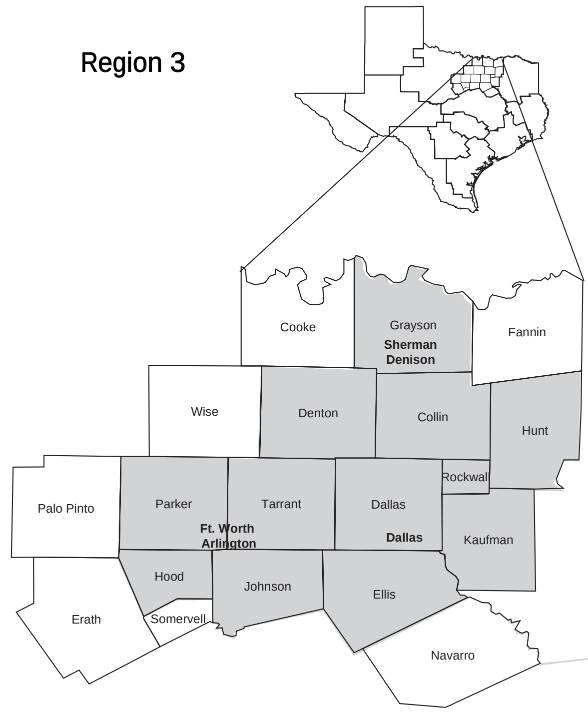
Region 2 Funding and Performance 2003

Region 2	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 3,375,207	$ 1,621,608	$ 375,000	$ 1,033,853			$ 212,666		$ 132,080
Number Served	2,526	50	64	141			47		2,224
Multifamily Development									
Dollar Amount Committed	$ 1,338,507		$ 375,000	$ 963,507					
Number Served	181		64	117					
Multifamily Rehabilitation									
Dollar Amount Committed	$ 290,346	$ 220,000		$ 70,346					
Number Served	48	24		24					
Rental Payment Assistance									
Dollar Amount Committed	$ 212,666						$ 212,666		
Number Served	47						47		
Single-Family Development									
Dollar Amount Committed									
Number Served									
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed									
Number Served									
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 1,401,608	$ 1,401,608							
Number Served	26	26							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 132,080								$ 132,080
Number Served	2,224								2,224
Extremely Low-Income									
Dollar Amount Committed	$ 1,503,788	$ 1,141,608	$ 52,734	$ 139,314			$ 170,132		
Number Served	94	28	9	19			38		
Very Low-Income									
Dollar Amount Committed	$ 1,871,418	$ 480,000	$ 322,266	$ 894,539			$ 42,533		$ 132,080
Number Served	2,432	22	55	122			9		2,224
Low-Income									
Dollar Amount Committed									
Number Served									
Moderate-Income and Up									
Dollar Amount Committed									
Number Served									

Other sources of housing assistance arrived in the region in 2003. Region 2 received over $2.5 million worth of single family assistance in bond funds and various USDA homeownership loan programs. More than $21.2million was spent in the region for a range of multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $1.2 million worth of HOME funds dedicated to either single family or multifamily activities. In 2003, the area housing finance corporations assisted 49 single family households with mortgages.

The Department's Regional Allocation Formula distributes 5 percent of the state's 2004 HOME funds to the region. Of that funding, 98.6 percent will go to rural areas, or approximately $1,084,283. Region 2 also receives 2.8 percent of the state's Housing Tax Credit and Housing Trust Fund allocations, $1,067,631 and 56,191 respectively. Forty-six percent of the Housing Tax Credit funding will go to rural areas, about $486,523; and 54 percent will go to urban areas, approximately $581,108.

REGION 3



Region 3, including the metropolitan areas of Dallas, Fort Worth, Arlington, Sherman, and Denison, is the state's most populous region. Population estimates for 2002 report 5,739,731 people in the region.[39] That is a 4.6 percent change from Census 2000 figures, higher than the state increase of 3.2 percent.

The region's employment is expected to grow by 1.7 percent per year through 2005, slightly higher than the state's projected annual growth rate. The growth in Region 3 will be slower than it has been in the past; this may cause some challenges for the region while adjusting to this slower pace of economic growth. The annual increase of gross regional product over the past 30 years has been a remarkable 4.7 percent. The industry with the highest growth rate over the past 20 years is the business services industry. This reflects a growing trend towards outsourcing and an increasing number of specially trained contract workers. The healthcare industry is the sector with the second highest growth rate, reflecting national trends. Future growth will be concentrated in some areas that are well-suited to the region, computer services and health care.[40]

There are 2,004,826 occupied housing units in the region: 60.9 percent are owner-occupied and 39.1 percent are occupied by renters, according to 2000 Census data. Region 3 has the second highest rate of renter-occupied housing. Approximately 26.3 percent of the state's population lives in the area, and regional housing permits for 2002 represent 33.9 percent of the state's total housing starts.[41]

Almost three-quarters of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 3 identified several areas of concern including the lack of rental housing for very low income families and the related landlord reluctance to accept Section 8 vouchers. One suggestion is that TDHCA require all tax credit units to accept Section 8 vouchers. Another area of concern is the lack of state support for mixed-income and mixed-use developments; this could be addressed by changing the scoring criterion to encourage mixed-use. According to meeting attendees, TDHCA takes an excessive length of time to process grant applications. Other obstacles to affordable housing include a shortage of qualified buyers with bad credit and public

[39] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[40] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[41] Real Estate Center at Texas A&M University, "Building Permit Activity."

opposition to affordable housing developments. More down payment assistance programs and increased education on affordable housing would address these issues.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 10.9 percent, representing 588,688 people. Almost 78 percent of the 90,349 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 18 percent of the households with severe housing cost burden. Approximately 3.5 percent of the households are low income and 0.9 percent are moderate income and above.

In Region 3, 6,161 renter households lack kitchen and/or plumbing facilities, which is 17.3 percent of the state's total. Approximately 21 percent earn less than 30 percent of the area median income, almost 35 percent of the households earn between 31 and 50 percent, and 32 percent earn between 51 and 80 percent. The remaining 12 percent of the households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 65,312 overcrowded renter households, more than 28 percent are extremely low income, 24.3 percent are very low income, another 26 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

Single Family Housing Need

Region 3 has 23.1 percent of the state's owner households with severe housing cost burden, or 55,481 households. Slightly more than 51 percent of the owner households with severe cost burden are extremely low income households. Twenty-one percent are very low income, 16 percent are low income, and the rest are moderate income and above.

There are 4,256 owner households in the region that lack kitchen and/or plumbing facilities; almost 32 percent of these households are extremely low income. Almost 24 percent of the households lacking kitchen and/or plumbing are very low income and 23.4 percent are low income. The remaining 904 households are moderate income and above. Region 3 has 15.8 percent of the state's overcrowded owner households. Of the 30,544 overcrowded households, 11 percent are extremely low income. Fifteen percent are very low income, 27 percent are low income, and the remaining households are moderate income and above.

The areas with the highest percentage of households that can afford the median-priced home are Collin County, Denton County, Irving, and Sherman-Denison. Dallas has the lowest percentage at 59 percent.[42]

According to the Community Needs Survey respondents from Region 3, the renovation of existing owner-occupied housing is slightly more important than the development of new owner-occupied housing and home purchase assistance.

Community Services Need

Region 3 has 19.1 percent of the state's poverty households; 32,129 households are elderly (16.6 percent of the state's total) and 165,495 households are headed by individuals under 65 years of age (19.7 percent of the state's total).

Twenty-three percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 3 has a strong preference for utility payment assistance, reflecting the state trend. The repair and replacement of HVAC equipment ranks next in importance, followed by weatherization measures to increase energy efficiency. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 2,140,641 housing units in the region and 93.7 percent are occupied; this is the highest occupancy rate among all of the regions. Of the total housing stock, 64 percent are one unit; 30 percent are over two units; and the rest are mobile homes and boats.

The Department has assisted approximately 61,679 multifamily and 5,741 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 49,308 units; all but 82 have been multifamily. The housing finance corporations have assisted 13,207 multifamily units and 4,501 single family households in the region.

Housing and Community Services Assistance for 2003 and 2004

The Department allocated $161,836,699 in Region 3 in FY 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Multifamily development accounted for 88 percent of the total dollar amount committed during the past year. Almost 99 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

[42] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Region 3 Funding and Performance 2003

Region 3	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 161,836,699	$ 7,102,427	$ 2,177,998	$ 16,187,409	$ 7,165,638	$ 125,500,000	$ 2,045,781	$ 904,800	$ 752,646
Number Served	46,274	283	107	4,243	93	2,172	454	29	38,893
Multifamily Development									
Dollar Amount Committed	$ 141,675,204		$ 1,397,998	$ 14,777,206		$ 125,500,000			
Number Served	6,273		82	4,019		2,172			
Multifamily Rehabilitation									
Dollar Amount Committed	$ 1,410,203			$ 1,410,203					
Number Served	224			224					
Rental Payment Assistance									
Dollar Amount Committed	$ 2,125,317	$ 79,536					$ 2,045,781		
Number Served	474	20					454		
Single-Family Development									
Dollar Amount Committed	$ 1,631,000	$ 851,000	$ 780,000						
Number Served	119	94	25						
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed	$ 8,366,592	$ 296,154			$ 7,165,638			$ 904,800	
Number Served	181	59			93			29	
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 5,875,737	$ 5,875,737							
Number Served	110	110							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 752,646								$ 752,646
Number Served	38,893								38,893
Extremely Low-Income									
Dollar Amount Committed	$ 8,657,421	$ 5,955,273	$ 407,102	$ 526,482	$ 131,939		$ 1,636,625		
Number Served	653	130	20	138	2		363		
Very Low-Income									
Dollar Amount Committed	$ 149,564,730	$ 158,441	$ 1,770,896	$ 15,660,927	$ 4,407,864	$ 125,500,000	$ 409,156	$ 904,800	$ 752,646
Number Served	45,460	17	87	4,105	66	2,172	91	29	38,893
Low-Income									
Dollar Amount Committed	$ 1,669,153	$ 988,713			$ 680,440				
Number Served	144	136			8				
Moderate-Income and Up									
Dollar Amount Committed	$ 1,945,395				$ 1,945,395				
Number Served	17				17				

Other sources of housing assistance arrived in the region in 2003. Region 3 received over $33.3 million worth of single family assistance in bond funds and various USDA homeownership loan programs. More than $328.6 million was spent in the region for a range of multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $19.8 million worth of HOME funds dedicated to either single family or multifamily activities. In 2003, the housing finance corporations assisted 302 multifamily units with 9 other developments under construction. There were 350 single family households assisted by HFCs in 2003.

The Department's Regional Allocation Formula distributes 17.4 percent of the state's 2004 HOME funds to the region. Of that funding, 28.6 percent will go to rural areas, approximately $1,106,558. The other $3,383,959 will go to urban areas. Region 3 also receives 18.4 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Approximately $456,508 of Housing Tax Credit funding, or 6.5 percent will go to rural areas and $6,544,854 will go to urban areas. The total Housing Trust Fund funding for the region is $368,493.

REGION 4

Region 4, located in the northeast corner of the state, surrounds the urban areas of Texarkana, Longview-Marshall, and Tyler. According to the 2000 Census, 4.9 percent of the state's population lives in Region 4, or 1,015,648 people. As indicated by population estimates through 2002, the region has experienced 1.6 percent growth; this is lower than the state increase of 3.2 percent.[43] Region 4 has the highest percentage of rural population in the state at 77.5 percent.

Similar to population trends, employment in the region over the next 5 years will increase at a slightly lower rate compared to the state. Region 4 is projected to grow at 1.3 percent each year and the state will grow by 1.6 percent. The region's share of the state's employment and gross regional product has declined between 1970 and 2000, partially due to extremely high growth rates in other regions. The industry with the highest growth rate over the past 20 years is the business services industry. This is a result of a growing trend towards outsourcing and an increasing number of specially trained contract workers. The healthcare industry is the sector with the second highest growth rate, reflecting national trends. Regional economic specialties include oil and gas and forest-related industries; both of these areas have experienced declining employment.[44]

There are 380,468 occupied housing units in the region; 73.8 percent are owner occupied and 26.2 percent are occupied by renters, according to 2000 Census data. Region 4 has the highest rate of owner-occupied housing among the Uniform State Service Regions. Approximately 4.9 percent of the state's population lives in the area, and regional housing permits for 2002 represent 1.01 percent of the state's total housing starts.[45]

Approximately 73 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee attendees from Region 4 represented several sectors of the housing industry including private developers, nonprofits, housing authorities, and grant consultants. Some of the identified housing problems include the poor quality of affordable housing and existing obstacles to development such as prohibitive land costs, onerous lead-based paint restrictions, and building codes. Other identified housing problems include a lack of mortgage products for buyers of affordable housing

[43] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[44] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[45] Real Estate Center at Texas A&M University, "Building Permit Activity."

and a scarcity of housing development in downtown areas. Homebuyer and consumer education were mentioned as priorities for the region.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 15.7 percent, representing 152,036 people. Almost 77 percent of the 14,617 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 19.5 percent of the households with severe housing cost burden. Approximately 3.4 percent of the households are low income and 0.6 percent are moderate income and above.

In the region, 2,031 renter households lack kitchen and/or plumbing facilities; this is 5.7 percent of the state's total. Approximately 58.5 percent earn less than 30 percent of the area median income, almost 20 percent of the households earn between 31 and 50 percent, and 18 percent earn between 51 and 80 percent. The remaining 3 percent of the households that live in physically inadequate housing earn over 80 percent of the area median income. Of the 7,505 overcrowded renter households, 30 percent are extremely low income, 22 percent are very low income, another 21 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a slight preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

Single Family Housing Need

Region 4 has 7.1 percent of the state's owner households with severe housing cost burden, or 17,074 households. Slightly less than 61 percent of the owner households with severe cost burden are extremely low income households. Twenty-one percent are very low income, 12 percent are low income, and the rest are moderate income and above.

There are 3,716 owner households in the region that lack kitchen and/or plumbing facilities; almost 61 percent of these households are extremely low income. Almost 15 percent of the households lacking kitchen and/or plumbing are very low income and 12 percent are low income. The remaining 404 households are moderate income and above. Region 4 has 3.6 percent of the state's overcrowded owner households. Of the 7,047 overcrowded households, 14 percent are extremely low income. Sixteen percent are very low income, 22 percent are low income, and the remaining households are moderate income and above.

In the urban area of Longview-Marshall, approximately 65 percent of the households can afford the median-priced home. For Tyler the figure is 60 percent.[46]

The Community Needs Survey respondents from Region 4 do not express any preference for the different types of owner-occupied housing assistance. The renovation of existing housing, purchase assistance, and new housing development all rank about the same in importance.

Community Services Need

Region 4 has 5.7 percent of the state's poverty households; 15,592 households are elderly (8.1 percent of the state's total) and 43,499 households are headed by individuals under 65 years of age (5.2 percent of the state's total).

Twenty percent of the Community Needs Survey respondents report a severe or significant homeless problem in their area. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 4 has a strong preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 434,792 housing units in the region and 87.5 percent are occupied. Of the total housing stock, 71 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs.

The Department has assisted approximately 6,880 multifamily and 1,176 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 9,296 multifamily units in Region 4. The housing finance corporations in the region have created 706 multifamily units and assisted 680 single family households.

Housing and Community Services Assistance for 2003 and 2004

The Department allocated $6,899,628 in Region 4 in FY 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Single family owner-occupied assistance accounted for 43 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 38 percent of the total dollar amount committed. Single family financing and homebuyer assistance was the third largest activity with 14 percent of the total dollar amount committed. All the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

[46] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Region 4 Funding and Performance 2003

Region 4	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 6,899,628	$ 3,673,180	$ 506,000	$ 2,258,060	$ 222,884				$ 239,504
Number Served	22,237	149	165	315	7				21,601
Multifamily Development									
Dollar Amount Committed	$ 2,608,060		$ 350,000	$ 2,258,060					
Number Served	475		160	315					
Multifamily Rehabilitation									
Dollar Amount Committed									
Number Served									
Rental Payment Assistance									
Dollar Amount Committed									
Number Served									
Single-Family Development									
Dollar Amount Committed	$ 156,000		$ 156,000						
Number Served	5		5						
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed	$ 940,637	$ 717,753			$ 222,884				
Number Served	100	93			7				
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 2,955,427	$ 2,955,427							
Number Served	56	56							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 239,504								$ 239,504
Number Served	21,601								21,601
Extremely Low-Income									
Dollar Amount Committed	$ 3,369,334	$ 2,962,927	$ 98,164	$ 308,243					
Number Served	132	57	32	43					
Very Low-Income									
Dollar Amount Committed	$ 2,784,441	$ 22,500	$ 407,836	$ 1,949,817	$ 164,784				$ 239,504
Number Served	22,015	3	133	272	6				21,601
Low-Income									
Dollar Amount Committed	$ 745,853	$ 687,753			$ 58,100				
Number Served	90	89			1				
Moderate-Income and Up									
Dollar Amount Committed									
Number Served									

Other sources of housing assistance arrived in the region in 2003. Region 4 received over $530,000 worth of single family assistance in the form of various USDA homeownership loan programs. Approximately $36.1 million was spent in the region for a range of multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $1 million worth of HOME funds dedicated to either single family or multifamily activities. There is one housing finance corporation–assisted multifamily development under construction in the region.

The Department's Regional Allocation Formula distributes 12.5 percent of the state's 2004 HOME funds to the region. Of the approximate $2,774,549 total, 78.4 percent will go to rural areas. Region 4 also receives 4.9 percent of the state's Housing Tax Credit and Housing Trust Fund allocations, about $1,851,816 and $97,464 respectively. Of the Housing Tax Credit funding, 61.7 percent will go to rural areas and 38.3 percent will go to urban areas.

REGION 5

Region 5 encompasses a 15-county area in east Texas including the urban areas of Beaumont and Port Arthur. According to the 2000 Census, 740,952 people live in the region. Most of the population lives in rural areas, over 70 percent. Population estimates through 2002 show a 0.8 percent growth rate for the area, compared to the 3.2 percent growth for the state as a whole.[47]

Over the next few years to 2005, the employment in the area is expected to grow at the same rate it did for the period of 1995 to 2000, 1.5 percent. The region's share of the state's employment, population, and gross regional product has declined between 1970 and 2000. The industry with the highest growth rate over the past 20 years is the business services industry. This reflects a growing trend towards outsourcing and an increasing number of specially trained contract workers. The healthcare industry is the sector with the second highest growth rate, same as national trends. The regional economic specialties include the oil and gas industries and the forest-related industries, both of these areas have experienced declining employment numbers.[48]

There are 275,122 occupied housing units in the region, 73.4 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 3.6 percent of the state's population lives in the area, and regional housing permits for 2002 represent 0.95 percent of the state's total housing starts.[49]

Approximately 80 percent of the respondents to the 2003 Community Needs Survey report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meetings in Region 5 were very well attended: over 67 people met at two locations to discuss affordable housing problems and solutions. The groups expressed concern with the existing obstacles to homeownership such as a lack of down payment and closing costs, need for education, and predatory lenders. Another problem with affordable housing in the region is the proliferation of substandard and dilapidated homes, including manufactured homes. There is also a scarcity of funding to rehabilitate existing housing. Meeting attendees would like to see more information sharing, perhaps a clearinghouse of available housing resources. There is a lack of technical and administrative support at the local government level in the region.

[47] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[48] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[49] Real Estate Center at Texas A&M University, "Building Permit Activity."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is approximately 17.1 percent, higher than the state rate of 15.4 percent. More than 81 percent of the 13,186 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 15 percent of the households with severe housing cost burden. Approximately 3.7 percent of the households are low income and 0.1 percent are moderate income and above.

In the region, 1,383 renter households lack kitchen and/or plumbing facilities; this is 3.9 percent of the state's total. Approximately 47 percent earn less than 30 percent of the area median income, more than 27 percent of the households earn between 31 and 50 percent, and 23 percent earn between 51 and 80 percent. The remaining 3 percent of the households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 5,398 overcrowded renter households, 35 percent are extremely low income, 21 percent are very low income, another 19 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over other rental housing activities. The renovation of existing housing is more important than rental payment assistance in the region.

Single Family Housing Need

Region 5 has 5.2 percent of the state's owner households with severe housing cost burden, or 12,536 households. Slightly less than 67 percent of the owner households with severe cost burden are extremely low income households. Twenty percent are very low income, 9 percent are low income, and the rest are moderate income and above.

There are 2,444 owner households in the region that lack kitchen and/or plumbing facilities; almost 59 percent of these households are extremely low income. Almost 18 percent of the households lacking kitchen and/or plumbing are very low income; 14 percent are low income. The remaining 235 households are moderate income and above. Region 5 has 3.3 percent of the state's overcrowded owner households. Of the 6,368 overcrowded households, 12 percent are extremely low income. Thirteen percent are very low income, 23 percent are low income, and the remaining households are moderate income and above.

In the Port Arthur area, approximately 62 percent of the households can afford the median-priced home. For Lufkin the figure is 71 percent.[50]

[50] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

The Community Needs Survey respondents from Region 5 express a slight preference for new housing development; the renovation of existing housing and purchase assistance ranked next in importance.

Community Services Need

Region 5 has 4.6 percent of the state's poverty households; 11,148 households are elderly (5.8 percent of the state's total) and 36,076 households are headed by individuals under 65 years of age (4.3 percent of the state's total).

Twenty-one percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 5 has a strong preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 325,047 housing units in the region and 84.7 percent are occupied. Of the total housing stock, 69.3 percent are one unit, 11 percent are over two units, and 18.6 percent are mobile homes. Boats and RVs make up the rest of the housing stock.

The Department has assisted approximately 4,610 multifamily and 890 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 10,444 units, most have been multifamily units. The housing finance corporations in the region have assisted 860 multifamily units and 151 single family households.

Housing and Community Services Assistance for 2003 and 2004

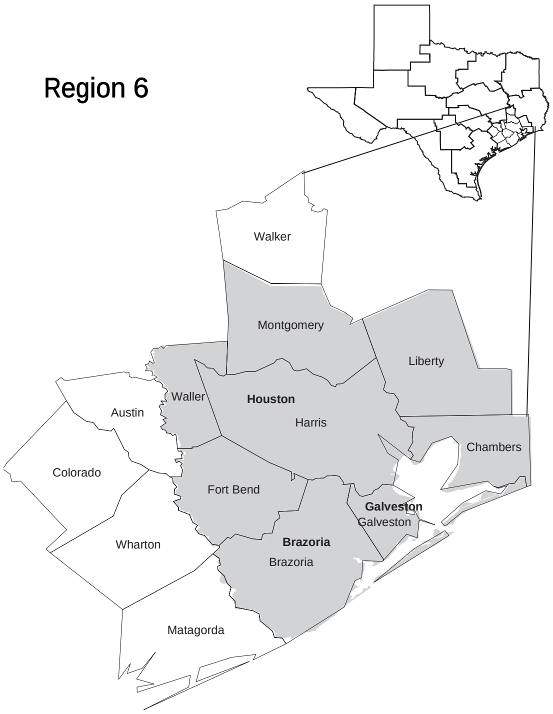
The Department allocated $9,157,798 in Region 5 in FY 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Single family owner-occupied assistance accounted for 40 percent of the total dollar amount committed during the past year; the next largest activity was multifamily rehabilitation with 21 percent of the total dollar amount committed. Multifamily development was the third largest activity with 18 percent of the total dollar amount committed. Approximately 99 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 5 Funding and Performance 2003

Region 5	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 9,157,498	$ 5,052,925	$ 50,000	$ 3,522,696	$ 341,242				$ 190,635
Number Served	3,634	223	64	1,200	7				2,140
Multifamily Development									
Dollar Amount Committed	$ 1,651,457		$ 50,000	$ 1,601,457					
Number Served	398		64	334					
Multifamily Rehabilitation									
Dollar Amount Committed	$ 1,921,239			$ 1,921,239					
Number Served	866			866					
Rental Payment Assistance									
Dollar Amount Committed	$ 961,450	$ 961,450							
Number Served	102	102							
Single-Family Development									
Dollar Amount Committed	$ 300,000	$ 300,000							
Number Served	35	35							
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed	$ 491,242	$ 150,000			$ 341,242				
Number Served	22	15			7				
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 3,641,475	$ 3,641,475							
Number Served	71	71							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 190,635								$ 190,635
Number Served	2,140								2,140
Extremely Low-Income									
Dollar Amount Committed	$ 4,928,563	$ 4,602,925	$ 8,595	$ 317,043					
Number Served	292	173	11	108					
Very Low-Income									
Dollar Amount Committed	$ 3,564,247		$ 41,405	$ 3,205,653	$ 126,554				$ 190,635
Number Served	3,289		53	1,092	4				2,140
Low-Income									
Dollar Amount Committed	$ 599,795	$ 450,000			$ 149,795				
Number Served	52	50			2				
Moderate-Income and Up									
Dollar Amount Committed	$ 64,893				$ 64,893				
Number Served	1				1				

Other sources of housing assistance arrived in the region in 2003. Region 5 received over $1.7 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $40.7 million was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $1.3 million worth of HOME funds dedicated to either single family or multifamily activities. The area housing finance corporations assisted 23 single family households in the region and there are 2 HFC-assisted multifamily developments under construction.

The Department's Regional Allocation Formula distributes 6.8 percent of the state's 2004 HOME funds to the region, about $1,497,124. Of that funding, 90.3 percent will go to rural areas. Region 5 also receives 3.9 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the total Housing Tax Credit funding, $803,690, or 54.1 percent will go to rural areas and 45.9 percent will go to urban areas. The total Housing Trust Fund allocation for the region is $78,199.



REGION 6

Region 6 includes the urban areas of Houston, Brazoria, and Galveston. According to the US Census, 4,854,454 people live in the region. Over 66 percent of the population lives in urban areas. Population estimates through January 2002 show a 3.3 percent increase, about the same as the state as a whole.[51]

Employment in the region is projected to grow at 1.6 percent, the same annual growth rate as the state. Region 6 was one of the fastest growing areas in the state over the past 30 years. There have been three distinct economic eras in the region's history. From 1970 to 1982, employment grew at a 5.7 percent annual rate. From 1982 to 1988, there was no change in the rate, and from 1988 to 2000, the region has seen a 2.8 percent growth rate. These eras reflect the region's history with the oil and gas industry and the real estate business. The industry with the highest employment growth since 1980 is services to business. The healthcare industry is the sector with the second highest growth rate, reflecting national trends. The main regional economic specialty is oil and gas.[52]

There are 1,702,792 occupied housing units in the region, 60.9 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 23.3 percent of the state's population lives in the area, and regional housing permits for 2002 represent 27.8 percent of the state's total housing starts.[53]

Approximately 77 percent of the respondents to the 2003 Community Needs Survey report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee attendees from Region 6 identified three main areas of concern. There is a lack of communication among the affordable housing community and there is little sharing of knowledge. One solution to this problem is a regional or statewide repository of information. Another issue that requires attention is the public perception of "affordable housing." The group recommends using other terms to describe affordable housing such as "work force housing" or "providing a continuum of housing choice." There is also a shortage of support for the nonprofit sector, both in terms of funding and technical assistance.

---

[51] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[52] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[53] Real Estate Center at Texas A&M University, "Building Permit Activity."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 13.8 percent. Approximately 81 percent of the 87,155 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 15 percent of the households with severe housing cost burden. Approximately 3.2 percent of the households are low income and 0.7 percent are moderate income and above.

In the region, 7,514 renter households lack kitchen and/or plumbing facilities; this is 21.1 percent of the state's total. Approximately 30 percent earn less than 30 percent of the area median income, more than 40 percent of the households earn between 31 and 50 percent, and 24 percent earn between 51 and 80 percent. The remaining 6.4 percent of the households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 80,090 overcrowded renter households, 30 percent are extremely low income, 24 percent are very low income, another 25 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over other rental housing activities. The renovation of existing housing is more important than rental payment assistance in the region.

Single Family Housing Need

Region 6 has 21 percent of the state's owner households with severe housing cost burden, or 50,776 households. Slightly less than 57 percent of the owner households with severe cost burden are extremely low income households. Twenty-one percent are very low income, 12.5 percent are low income, and the rest are moderate income and above.

There are 6,160 owner households in the region that lack kitchen and/or plumbing facilities; almost 48 percent of these households are extremely low income. Almost 24 percent of the households lacking kitchen and/or plumbing are very low income and 16 percent are low income. The remaining 796 households are moderate income and above. Region 6 has 19.7 percent of the state's overcrowded owner households. Of the 38,123 overcrowded households, 12 percent are extremely low income. Fourteen percent are very low income, 26 percent are low income, and the remaining households are moderate income and above.

In the Houston area, approximately 60 percent of the households can afford the median-priced home. For Fort Bend and Montgomery County the figure is 65 percent.[54]

[54] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

The Community Needs Survey respondents from Region 6 express a slight preference for new housing development; the renovation of existing housing and purchase assistance rank next in importance.

Community Services Need

Region 6 has 20.5 percent of the state's poverty households; 32,192 households are elderly (16.7 percent of the state's total) and 179,586 households are headed by individuals under 65 years of age (21.4 percent of the state's total).

Thirty-two percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 6 has a strong preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 1,853,854 housing units in the region and 91.9 percent are occupied. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; and the rest are mobile homes, RVs, and boats.

The Department has assisted approximately 44,750 multifamily and 3,790 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 27,503 units, most have been multifamily units. The housing finance corporations in the region have assisted 30,074 multifamily units and 1,206 single family households.

Housing and Community Services Assistance for 2003 and 2004

The Department allocated $79,301,369 in Region 6 in FY 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Multifamily development accounted for 77 percent of the total dollar amount committed during the past year. Approximately 99 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

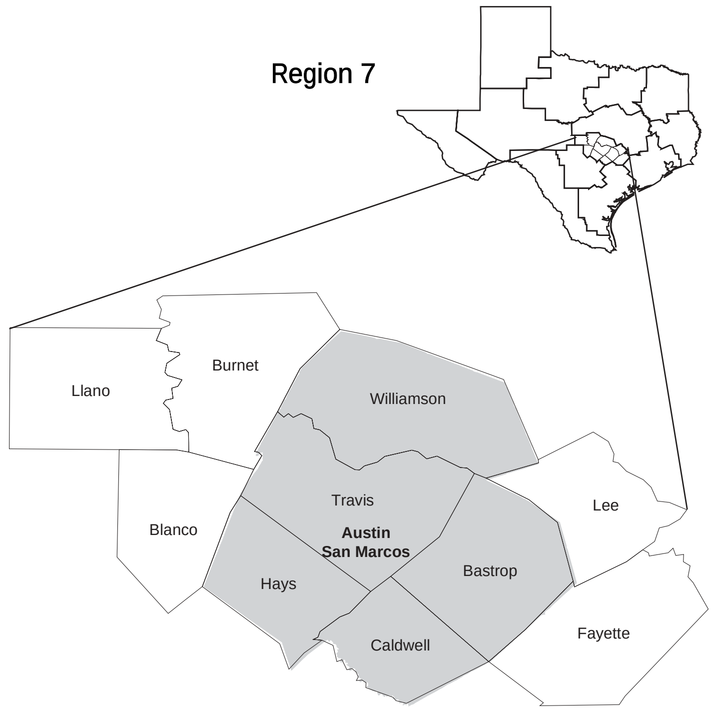
Region 6 Funding and Performance 2003

Region 6	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 79,301,369	$ 7,386,421	$ 875,000	$ 9,905,797	$ 2,839,528	$ 51,300,000	$ 6,146,673		$ 847,950
Number Served	29,246	489	682	2,930	41	1,228	1,362		22,514
Multifamily Development									
Dollar Amount Committed	$ 60,911,863		$ 875,000	$ 8,736,863		$ 51,300,000			
Number Served	4,386		682	2,476		1,228			
Multifamily Rehabilitation									
Dollar Amount Committed	$ 2,048,934	$ 880,000		$ 1,168,934					
Number Served	667	213		454					
Rental Payment Assistance									
Dollar Amount Committed	$ 6,697,393	$ 550,720					$ 6,146,673		
Number Served	1,404	42					1,362		
Single-Family Development									
Dollar Amount Committed	$ 110,000	$ 110,000							
Number Served	18	18							
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed	$ 3,677,028	$ 837,500			$ 2,839,528				
Number Served	166	125			41				
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 5,008,201	$ 5,008,201							
Number Served	91	91							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 847,950								$ 847,950
Number Served	22,514								22,514
Extremely Low-Income									
Dollar Amount Committed	$ 11,004,068	$ 5,533,221	$ 8,981	$ 480,076	$ 64,452		$ 4,917,338		
Number Served	1,371	131	7	142	1		1,090		
Very Low-Income									
Dollar Amount Committed	$ 66,036,051	$ 261,816	$ 866,019	$ 9,425,721	$ 2,105,210	$ 51,300,000	$ 1,229,335		$ 847,950
Number Served	27,564	54	675	2,788	33	1,228	272		22,514
Low-Income									
Dollar Amount Committed	$ 1,868,662	$ 1,591,384			$ 277,278				
Number Served	307	304			3				
Moderate-Income and Up									
Dollar Amount Committed	$ 392,588				$ 392,588				
Number Served	4				4				

Other sources of housing assistance arrived in the region in 2003. Region 6 received over $25.8 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $162.8 million was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $21.9 million worth of HOME funds dedicated to either single family or multifamily activities. In 2003, the area Housing finance corporations produced 360 multifamily units with 4 other developments under construction. There were 305 single family households assisted by HFCs in 2003.

The Department's Regional Allocation Formula distributes 7.2 percent of the state's 2004 HOME funds to the region. Of that funding, 56.7 percent, approximately $899,792 will go to rural areas; the other 43.3 percent will go to urban areas. Region 6 also receives 24.5 percent of the state's Housing Tax Credit and Housing Trust Fund allocations, about $9,309,000 and $489,947 respectively. Of the Housing Tax Credit funding, 9.1 percent will go to rural areas and 90.9 percent will go to urban areas.

REGION 7



The urban area of Austin-San Marcos is at the center of Region 7. According to the US Census, 1,346,833 people live in the region. Over 68 percent of the population lives in urban areas. Population estimates through January 2002 show a 6.1 percent increase, the highest growth in the state.[55]

Employment in the region is projected to grow at 1.2 percent between 2000 and 2005. The rate will pick up during the latter part of the period. Region 7 was the fastest growing area in the state over the past 30 years; the region's share of the state's growth has increased as well. The areas with the highest employment growth since 1980 are services to business and high tech, communications, aviation, and electronics. The high tech growth that occurred during the late 1980s and 1990s is due to Region 7 companies such as Dell, IBM, Motorola, Samsung, MCC, and AMD. The region has experienced a recent economic decline in the high tech areas and will require time to rebound.[56]

There are 510,555 occupied housing units in the region, 60 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 6.5 percent of the state's population lives in the area, and regional housing permits for 2002 represent 10.6 percent of the state's total housing starts.[57]

Approximately 91 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem; this is the highest percentage in the state. There is a preference for rental housing assistance over owner-occupied housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee attendees from Region 7 identified several areas of concern. A major issue for the region is education, including consumer education about housing options and responsibilities as well as public education about the benefits of affordable housing. The government should create incentives for affordable housing development. Development costs in the area are increasing, and there is a lack of financing for development. One solution to the problem is more public/private partnerships.

[55] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[56] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[57] Real Estate Center at Texas A&M University, "Building Permit Activity."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 11.1 percent. Approximately 78 percent of the 31,118 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 18 percent of the households with severe housing cost burden. Approximately 3.4 percent of the households are low income and 0.5 percent are moderate income and above.

In the region, 1,939 renter households lack kitchen and/or plumbing facilities; this is 5.4 percent of the state's total. Approximately 32 percent earn less than 30 percent of the area median income, more than 33 percent of the households earn between 31 and 50 percent, and 24 percent earn between 51 and 80 percent. The remaining 11.2 percent of the households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 13,035 overcrowded renter households, 33 percent are extremely low income, 23 percent are very low income, another 24 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a slight preference for renovation of existing housing over other rental housing activities. Rental payment assistance is more important than in the region new housing development.

Single Family Housing Need

Region 7 has 5.4 percent of the state's owner households with severe housing cost burden, or 13,037 households. Slightly more than 43 percent of the owner households with severe cost burden are extremely low income households. Twenty-four percent are very low income, 19.5 percent are low income, and the rest are moderate income and above.

There are 1,834 owner households in the region that lack kitchen and/or plumbing facilities; almost 39 percent of these households are extremely low income. More than 19 percent of the households lacking kitchen and/or plumbing are very low income and 18 percent are low income. The remaining 449 households are moderate income and above. Region 7 has 3.6 percent of the state's overcrowded owner households. Of the 6,955 overcrowded households, 13 percent are extremely low income. Fifteen percent are very low income, 27 percent are low income, and the remaining households are moderate income and above.

In the Austin area, approximately 64 percent of the households can afford the median-priced home.[58]

[58] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

The Community Needs Survey respondents from Region 7 express a slight preference for the renovation of existing housing; purchase assistance and new housing development rank next in importance.

Community Services Need

Region 7 has 5.1 percent of the state's poverty households; 6,601 households are elderly (3.5 percent of the state's total) and 46,549 households are headed by individuals under 65 years of age (5.5 percent of the state's total).

Twenty-nine percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 7 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 545,761 housing units in the region and 93.5 percent are occupied. Of the total housing stock, 62 percent are one unit, 30 percent are over two units, and the rest are mobile homes, boats.

The Department has assisted approximately 16,770 multifamily and 3,883 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 7,955 units; all but 30 units have been multifamily. The housing finance corporations have produced 6,334 multifamily units; and assisted 947 single family households.

Housing and Community Services Assistance for 2003 and 2004

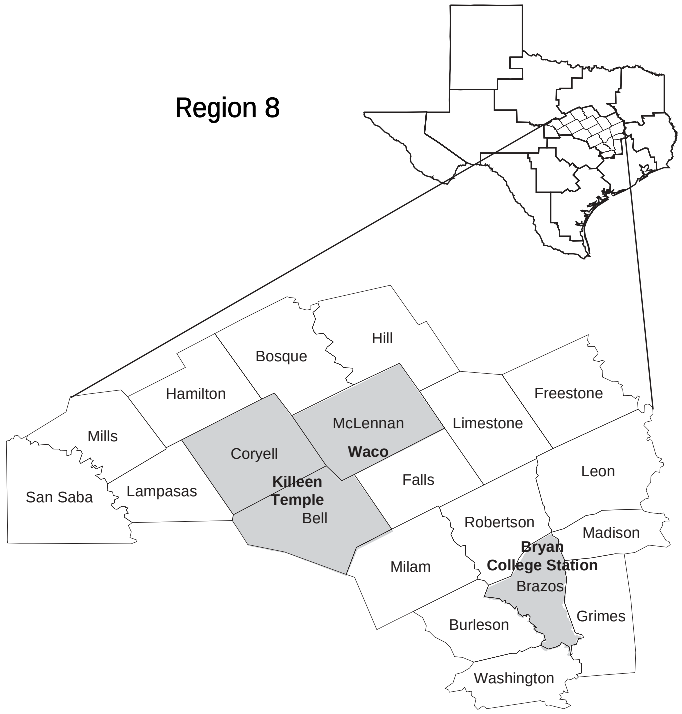
The Department allocated $9,157,798 in Region 7 in FY 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Single family financing and homebuyer assistance accounted for 61 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 29 percent of the total dollar amount committed. Approximately 95 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 7 Funding and Performance 2003

Region 7	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 44,813,763	$ 3,719,903	$ 116,743	$ 4,074,477	$ 26,888,166	$ 9,100,000	$ 550,373		$ 364,101
Number Served	5,011	249	22	1,191	278	160	122		2,989
Multifamily Development									
Dollar Amount Committed	$ 12,790,559			$ 3,690,559		$ 9,100,000			
Number Served	1,154			994		160			
Multifamily Rehabilitation									
Dollar Amount Committed	$ 500,661		$ 116,743	$ 383,918					
Number Served	219		22	197					
Rental Payment Assistance									
Dollar Amount Committed	$ 1,450,373	$ 900,000					$ 550,373		
Number Served	212	90					122		
Single-Family Development									
Dollar Amount Committed	$ 1,000,000	$ 1,000,000							
Number Served	40	40							
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed	$ 27,341,484	$ 453,318			$ 26,888,166				
Number Served	368	90			278				
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 1,366,585	$ 1,366,585							
Number Served	29	29							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 364,101								$ 364,101
Number Served	2,989								2,989
Extremely Low-Income									
Dollar Amount Committed	$ 3,227,194	$ 2,223,783	$ 58,372	$ 218,948	$ 285,793		$ 440,298		
Number Served	296	118	11	64	5		98		
Very Low-Income									
Dollar Amount Committed	$ 30,396,454		$ 58,371	$ 3,855,529	$ 16,908,378	$ 9,100,000	$ 110,075		$ 364,101
Number Served	4,504		11	1,127	193	160	24		2,989
Low-Income									
Dollar Amount Committed	$ 8,972,577	$ 1,496,120			$ 7,476,457				
Number Served	193	131			62				
Moderate-Income and Up									
Dollar Amount Committed	$ 2,217,538				$ 2,217,538				
Number Served	18				18				

Other sources of housing assistance arrived in the region in 2003. Region 7 received over $8.7 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $70.2 million was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $4.7 million worth of HOME funds dedicated to either single family or multifamily activities. The area housing finance corporations have assisted 2 multifamily developments currently under construction. There were 75 single family households assisted in 2003.

The Department's Regional Allocation Formula distributes 6.5 percent of the state's 2004 HOME funds to the region. Of that funding, 47.1 percent will go to rural areas, approximately $679,311. The remaining $937,840 will go to urban areas. Region 7 also receives 5.1 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the Housing Tax Credit funding, 12.9 percent, or $249,503, will go to rural areas and 87.1 percent, or $1,687,375 will go to urban areas. The total amount of Housing Trust Fund allocation is $101,941.



REGION 8

Region 8, located in the center of the state, surrounds the urban areas of Waco, Bryan, College Station, Killeen, and Temple. According to the US Census, 963,139 people live in the region. Over 55 percent of the population lives in urban areas. Population estimates through January 2002 show a 2.2 percent increase.[59]

Employment in the region is projected to grow at 1.3 percent between 2000 and 2005. The region, one of the fastest growing areas in the state in the past, will not continue to experience such high rates of growth. The areas with the highest employment growth since 1980 are services to business, tourism, and personal services. The growth in tourism and personal services is a reflection of the wealth effect of growing per-capita personal income. The industries that are projected to add the most jobs through 2005 include state and local government, eating and drinking places, and health services.[60]

There are 344,575 occupied housing units in the region, 61 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 4.6 percent of the state's population lives in the area, and regional housing permits for 2002 represent 3.53 percent of the state's total housing starts.[61]

Approximately 76 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee attendees from Region 8 identified several areas of concern.[62] A major issue is for the region is education, including consumer education about housing options and responsibilities and public education about the benefits of affordable housing. The government should create incentives for affordable housing development. Development costs in the area are increasing, and there is a lack of financing for development. One solution to the problem is more public/private partnerships.

59 Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
60 Texas Comptroller of Public Accounts, "Texas Regional Outlook."
61 Real Estate Center at Texas A&M University, "Building Permit Activity."
62 The Regional Advisory Committees are organized based on the old Uniform State Service Regions. Old Region 7 equals new regions 7 and 8.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 16.7 percent. Approximately 75 percent of the 23,277 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 21 percent of the households with severe housing cost burden. Approximately 3.4 percent of the households are low income and 0.5 percent are moderate income and above.

In the region, 1,580 renter households lack kitchen and/or plumbing facilities; this is 4.4 percent of the state's total. Approximately 50 percent earn less than 30 percent of the area median income, more than 22 percent of the households earn between 31 and 50 percent, and 27 percent earn between 51 and 80 percent. The remaining 1.5 percent of the households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 9,428 overcrowded renter households, 26 percent are extremely low income, 21 percent are very low income, another 26 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a slight preference for renovation of existing housing over other rental housing activities. Rental payment assistance is more important than in the region new housing development.

Single Family Housing Need

Region 8 has 5 percent of the state's owner households with severe housing cost burden, or 11,897 households. Slightly more than 57 percent of the owner households with severe cost burden are extremely low income households. Twenty-one percent are very low income, 16 percent are low income, and the rest are moderate income and above.

There are 2,368 owner households in the region that lack kitchen and/or plumbing facilities; almost 53 percent of these households are extremely low income. Almost 17 percent of the households lacking kitchen and/or plumbing are very low income and 15 percent are low income. The remaining 360 households are moderate income and above. Region 8 has 2.8 percent of the state's overcrowded owner households. Of the 5,479 overcrowded households, 10 percent are extremely low income. Fourteen percent are very low income, 25 percent are low income, and the remaining households are moderate income and above.

In the Bryan-College Station area only approximately 44 percent of the households can afford the median-priced home. For Killeen-Fort Hood, 75 percent can afford the median-priced home.[63]

---

[63] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

The Community Needs Survey respondents from Region 8 express a slight preference for the renovation of existing housing; purchase assistance and new housing development rank next in importance.

Community Services Need

Region 8 has 5.6 percent of the state's poverty households; 10,531 households are elderly (5.4 percent of the state's total) and 47,640 households are headed by individuals under 65 years of age (5.7 percent of the state's total).

Twenty-seven percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 8 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 387,627 housing units in the region and 88.9 percent are occupied. Of the total housing stock, 67 percent are one unit, 20 percent are over two units, 12 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 8,340 multifamily and 1,715 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 12,599 units; all but 246 units have been multifamily. The housing finance corporations in Region 8 have assisted 104 multifamily households and 774 single family households.

Housing and Community Services Assistance for 2003 and 2004

The Department allocated $9,428,716 in Region 8 in FY 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Single family owner-occupied assistance accounted for 43 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 29 percent of the total dollar amount committed. Rental payment assistance in the region represented 12 percent of the total committed. All of the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

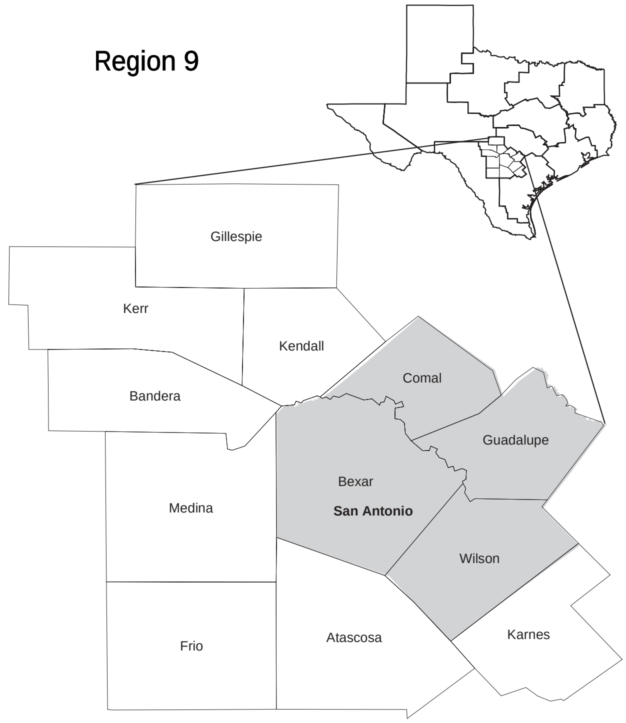
Region 8 Funding and Performance 2003

Region 8	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 9,428,716	$ 5,654,806	$ 136,000	$ 2,607,618	$ 378,767		$ 497,925	$ 31,200	$ 122,400
Number Served	3,570	232	152	445	7		110	1	2,623
Multifamily Development									
Dollar Amount Committed	$ 2,597,768		$ 136,000	$ 2,461,768					
Number Served	549		152	397					
Multifamily Rehabilitation									
Dollar Amount Committed	$ 660,850	$ 515,000		$ 145,850					
Number Served	68	20		48					
Rental Payment Assistance									
Dollar Amount Committed	$ 1,151,342	$ 653,417					$ 497,925		
Number Served	185	75					110		
Single-Family Development									
Dollar Amount Committed									
Number Served									
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed	$ 822,467	$ 412,500			$ 378,767			$ 31,200	
Number Served	63	55			7			1	
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 4,073,889	$ 4,073,889							
Number Served	82	82							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 122,400								$ 122,400
Number Served	2,623								2,623
Extremely Low-Income									
Dollar Amount Committed	$ 5,538,665	$ 4,782,070	$ 12,526	$ 345,729			$ 398,340		
Number Served	311	150	14	59			88		
Very Low-Income									
Dollar Amount Committed	$ 2,947,924	$ 77,250	$ 123,474	$ 2,261,889	$ 263,326		$ 99,585		$ 122,400
Number Served	3,177	3	138	386	5		22		2,623
Low-Income									
Dollar Amount Committed	$ 942,127	$ 795,486			$ 115,441			$ 31,200	
Number Served	82	79			2			1	
Moderate-Income and Up									
Dollar Amount Committed									
Number Served									

Other sources of housing assistance arrived in the region in 2003. Region 8 received over $6 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $40.7 million was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $3.4 million worth of HOME funds dedicated to either single family or multifamily activities. The housing finance corporations assisted 84 single family households in 2003.

The Department's Regional Allocation Formula distributes 5 percent of the state's 2004 HOME funds to the region. Of that funding, 53.9 percent will go to rural areas, approximately $601,178. The other 46.1 percent will go to urban areas. Region 8 also receives 5.5 percent of the state's Housing Tax Credit and Housing Trust Fund allocations, about $2,073,169 and $109,114 respectively. Of the Housing Tax Credit funding, 21 percent will go to rural areas and 79 percent will go to urban areas.

REGION 9



San Antonio is the main metropolitan area in Region 9. According to the US Census, 1,807,868 people live in the region, 73 percent in urban areas. Population estimates through January 2002 show a 2.7 percent increase.[64]

Employment in the region is projected to grow at the same rate as the state, 1.6 percent annual increase between 2000 and 2005. The region experienced high growth rates in the 1990s, while the growth will continue; it will not be as dramatic as before. The region's growth has remained strong over the past few decades partially because the region is not dependent on the oil and gas industries. The areas with the highest employment growth since 1980 are services to business, high tech, communications, tourism, and personal services. The growth in the high tech, communications, aviation, and electronics industry reflects the siting of Southwestern Bell in the region. The industries that are projected to add the most jobs through 2005 include retail, local government, construction, and eating and drinking places.[65]

There are 636,796 occupied housing units in the region, 65 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 8.7 percent of the state's population lives in the area, and regional housing permits for 2002 represent 7.9 percent of the state's total housing starts.[66]

Approximately 79 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is no clear preference for owner-occupied housing assistance or rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee attendees from Region 9 identified several areas of concern.[67] One area of concern is education and cooperation. There is a need for more homeowner education as well as cooperation among existing housing and regional organizations. The group also highlighted the underserved populations in the region that require housing assistance. The special needs groups include the elderly, persons with disabilities, and young adults.

---

[64] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[65] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[66] Real Estate Center at Texas A&M University, "Building Permit Activity."
[67] The Regional Advisory Committees are organized based on the old Uniform State Service Regions. Old Region 8A equals new regions 9 and 10.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 267,118 people that live in poverty in the region, a poverty rate of 15.2 percent. Approximately 74 percent of the 31,145 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 19 percent of the households with severe housing cost burden. Approximately 5 percent of the households are low income and 1.7 percent are moderate income and above.

In the region, 3,090 renter households lack kitchen and/or plumbing facilities; this is 8.7 percent of the state's total. Approximately 39 percent earn less than 30 percent of the area median income, more than 28 percent of the households earn between 31 and 50 percent, and 24 percent earn between 51 and 80 percent. The remaining 8.7 percent of the households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 24,750 overcrowded renter households, 37 percent are extremely low income, 21 percent are very low income, another 22 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a slight preference for new housing development over other rental housing activities. Rental payment assistance is more important in the region than the renovation of existing housing.

Single Family Housing Need

Region 9 has 8.9 percent of the state's owner households with severe housing cost burden, or 21,398 households. Slightly less than 53 percent of the owner households with severe cost burden are extremely low income households. Twenty percent are very low income; 16 percent are low income; and the rest are moderate income and above.

There are 3,709 owner households in the region that lack kitchen and/or plumbing facilities; approximately 48 percent of these households are extremely low income. Almost 25 percent of the households lacking kitchen and/or plumbing are very low income and 13 percent are low income. The remaining 526 households are moderate income and above. Region 9 has 10.4 percent of the state's overcrowded owner households. Of the 20,215 overcrowded households, 13 percent are extremely low income. Seventeen percent are very low income, 16 percent are low income, and the remaining households are moderate income and above.

In the San Antonio area approximately 64 percent of the households can afford the median-priced home.[68]

[68] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

The Community Needs Survey respondents from Region 9 do not express a preference for the renovation of existing housing, purchase assistance, or new housing development.

Community Services Need

Region 9 has 8.5 percent of the state's poverty households; 17,887 households are elderly (9.34 percent of the state's total) and 70,207 households are headed by individuals under 65 years of age (8.4 percent of the state's total).

Twenty percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 9 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 689,862 housing units in the region and 92.3 percent are occupied. Of the total housing stock, 69 percent are one unit, 22 percent are over two units, 8 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 11,580 multifamily and 1,033 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 24,300 units; all but 83 units have been multifamily. The housing finance corporations in the region have produced 6,966 multifamily units and assisted 103 single family households.

Housing and Community Services Assistance for 2003 and 2004

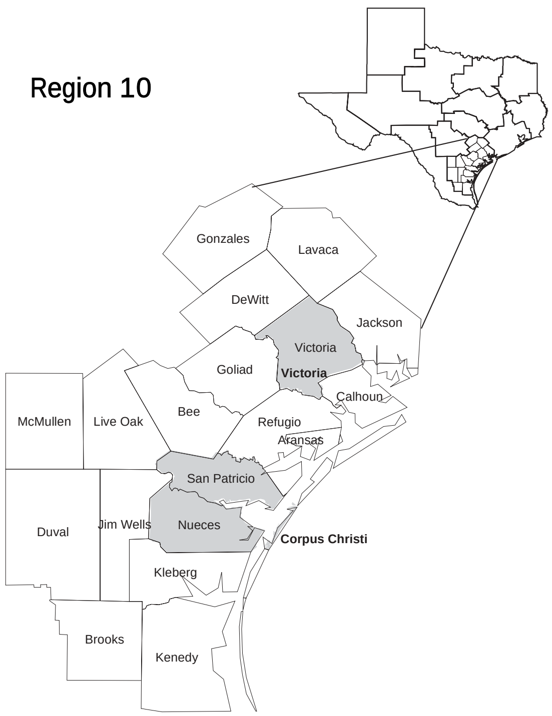
The Department allocated $15,741,953 in Region 9 in FY 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Multifamily development accounted for 47 percent of the total dollar amount committed during the past year; the next largest activity was single family owner-occupied assistance with 19 percent of the total dollar amount committed. Single family financing and homebuyer assistance in the region represented 17 percent of the total committed. Approximately 99 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 9 Funding and Performance 2003

Region 9	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 15,741,953	$ 4,045,692	$ 854,000	$ 7,356,592	$ 2,616,533		$ 397,612		$ 471,524
Number Served	6,644	168	284	1,460	62		88		4,582
Multifamily Development									
Dollar Amount Committed	$ 7,391,505		$ 854,000	$ 6,537,505					
Number Served	1,511		284	1,227					
Multifamily Rehabilitation									
Dollar Amount Committed	$ 819,087			$ 819,087					
Number Served	233			233					
Rental Payment Assistance									
Dollar Amount Committed	$ 1,347,612	$ 950,000					$ 397,612		
Number Served	186	98					88		
Single-Family Development									
Dollar Amount Committed									
Number Served									
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed	$ 2,729,033	$ 112,500			$ 2,616,533				
Number Served	77	15			62				
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 2,983,192	$ 2,983,192							
Number Served	55	55							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 471,524								$ 471,524
Number Served	4,582								4,582
Extremely Low-Income									
Dollar Amount Committed	$ 4,847,709	$ 3,791,683	$ 138,324	$ 599,613			$ 318,089		
Number Served	373	138	46	119			70		
Very Low-Income									
Dollar Amount Committed	$ 9,862,049	$ 254,009	$ 715,676	$ 6,756,979	$ 1,584,338		$ 79,523		$ 471,524
Number Served	6,257	30	238	1,341	48		18		4,582
Low-Income									
Dollar Amount Committed	$ 848,085				$ 848,085				
Number Served	12				12				
Moderate-Income and Up									
Dollar Amount Committed	$ 184,110				$ 184,110				
Number Served	2				2				

Other sources of housing assistance arrived in the region in 2003. Region 9 received over $17.3 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $103.9 million was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $8 million worth of HOME funds dedicated to either single family or multifamily activities. In 2003, the housing finance corporations assisted 333 multifamily units with 2 other developments under construction. There were 199 single family households assisted by HFCs.

The Department's Regional Allocation Formula distributes 5.7 percent of the state's 2004 HOME funds to Region 9. Of the total $1,255,071 approximate funding, 97.5 percent will go to rural areas and 2.5 will go to urban areas. Region 9 also receives 6.9 percent of the state's Housing Tax Credit and Housing Trust Fund allocations, approximately $2,613,520 and $137,554 respectively. Of the Housing Tax Credit Funding, 17.4 percent will go to rural areas and 82.6 percent will go to urban areas.



REGION 10

Region 10, including the urban areas of Corpus Christi and Victoria, is located in the south eastern part of the state on the Gulf of Mexico. Half of the total population of 732,917 people lives in urban areas. Population estimates through January 2002 show a 0.8 percent increase.[69]

Employment in the region between 2000 and 2005 is projected continue to grow at the same rate as the past 30 years, 1.7 percent annual increase. Since 1970, the region has experienced less growth than the state in terms of employment, population, and gross regional product. The areas with the highest employment growth since 1980 are health care, reflecting national trends, and services to business, as a result of the outsourcing trend in business. The regional specialties include the oil and gas industries and health care. The industries that are projected to add the most employment between 2000 and 2005 are health services, construction, and retail trade.[70]

There are 256,428 occupied housing units in the region, 66.8 percent are owner occupied and the rest are occupied by renters according to 2000 Census data. Approximately 3.5 percent of the state's population lives in the area, and regional housing permits for 2002 represent 1.4 percent of the state's total housing starts.[71]

Approximately 87 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee attendees from Region 10 identified several areas of concern.[72] One area of concern is education and cooperation. There is a need for more homeowner education as well as cooperation among existing housing and regional organizations. The group also highlighted the underserved populations in the region that require housing assistance. The special needs groups include the elderly, persons with disabilities, and young adults.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the

[69] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[70] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[71] Real Estate Center at Texas A&M University, "Building Permit Activity."
[72] The Regional Advisory Committees are organized based on the old Uniform State Service Regions. Old Region 8A equals new regions 9 and 10.

following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 132,214 people that live in poverty in the region, a rate of 18.7 percent. Approximately 79 percent of the 12,250 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 16.5 percent of the households with severe housing cost burden. Approximately 3.6 percent of the households are low income and 1.3 percent are moderate income and above.

In the region, 1,657 renter households lack kitchen and/or plumbing facilities; this is 4.7 percent of the state's total. Approximately 48 percent earn less than 30 percent of the area median income, less than 26 percent of the households earn between 31 and 50 percent, and 22 percent earn between 51 and 80 percent. The remaining 4.6 percent of the households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 10,273 overcrowded renter households, 37percent are extremely low income, 20 percent are very low income, another 20 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show no significant preference between new housing development and the renovation of existing housing. Rental payment assistance is the least important of the three rental housing assistance activities.

Single Family Housing Need

Region 10 has 4.4 percent of the state's owner households with severe housing cost burden, or 10,557 households. Slightly more than 58 percent of the owner households with severe cost burden are extremely low income households. Twenty-two percent are very low income, 13 percent are low income, and the rest are moderate income and above.

There are 2,706 owner households in the region that lack kitchen and/or plumbing facilities; approximately 56 percent of these households are extremely low income. Almost 18 percent of the households lacking kitchen and/or plumbing are very low income and 15 percent are low income. The remaining 302 households are moderate income and above. Region 10 has 5.2 percent of the state's overcrowded owner households. Of the 10,062 overcrowded households, 16 percent are extremely low income. Fourteen percent are very low income, 24 percent are low income, and the remaining households are moderate income and above.

In the Corpus Christi area approximately 60 percent of the households can afford the median-priced home; for Victoria the figure is 68 percent.[73]

The Community Needs Survey respondents from Region 10 prefer home purchase assistance over the renovation of existing housing. New housing development is the least important owner-occupied housing assistance.

[73] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Community Services Need

Region 10 has 4.4 percent of the state's poverty households; 10,783 households are elderly (5.6 percent of the state's total) and 34,422 households are headed by individuals under 65 years of age (4.1 percent of the state's total).

Twenty-seven percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 10 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 298,494 housing units in the region and 86 percent are occupied. Of the total housing stock, 71 percent are one unit, 18 percent are over two units, 10 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 4,114 multifamily and 1,180 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 8,323 units; all have been multifamily. The housing finance corporations have assisted 750 multifamily units and 1,390 single family households.

Housing and Community Services Assistance for 2003 and 2004

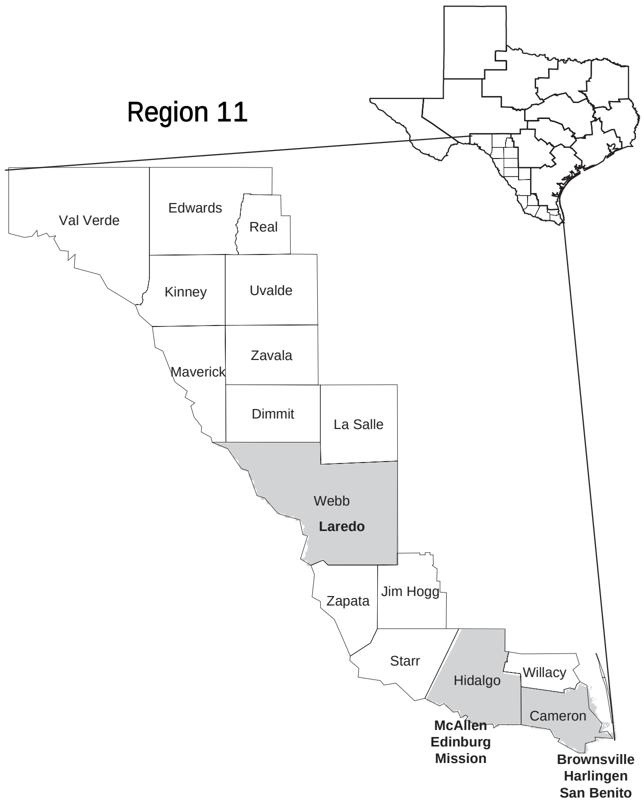
The Department allocated $9,795,237 in Region 10 in FY 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Single family financing and homebuyer assistance accounted for 33 percent of the total dollar amount committed during the past year; the next largest activity was single family owner-occupied assistance with 31 percent of the total dollar amount committed. Multifamily development in the region represented 27 percent of the total committed. Approximately 99 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 10 Funding and Performance 2003

Region 10	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 9,795,237	$ 3,437,260		$ 2,709,152	$ 3,184,114		$ 139,711		$ 325,000
Number Served	8,030	100		446	114		31		7,339
Multifamily Development									
Dollar Amount Committed	$ 2,668,146			$ 2,668,146					
Number Served	422			422					
Multifamily Rehabilitation									
Dollar Amount Committed	$ 41,006			$ 41,006					
Number Served	24			24					
Rental Payment Assistance									
Dollar Amount Committed	$ 419,711	$ 280,000					$ 139,711		
Number Served	63	32					31		
Single-Family Development									
Dollar Amount Committed	$ 100,700	$ 100,700							
Number Served	10	10							
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed	$ 3,184,114				$ 3,184,114				
Number Served	114				114				
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 3,056,560	$ 3,056,560							
Number Served	58	58							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 325,000								$ 325,000
Number Served	7,339								7,339
Extremely Low-Income									
Dollar Amount Committed	$ 3,576,955	$ 2,775,040		$ 328,014	$ 362,132		$ 111,769		
Number Served	168	73		54	16		25		
Very Low-Income									
Dollar Amount Committed	$ 5,984,873	$ 615,380		$ 2,381,138	$ 2,635,413		$ 27,942		$ 325,000
Number Served	7,852	22		392	93		6		7,339
Low-Income									
Dollar Amount Committed	$ 163,983	$ 46,840			$ 117,143				
Number Served	9	5			4				
Moderate-Income and Up									
Dollar Amount Committed	$ 69,426				$ 69,426				
Number Served	1				1				

Other sources of housing assistance arrived in the region in 2003. Region 10 received over $6.5 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $25.5 million was spent in the region for a range of multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $1.8 million worth of HOME funds dedicated to either single family or multifamily activities. In 2003, there were 30 multifamily units produced by housing finance corporations and 91 single family households received assistance.

The Department's Regional Allocation Formula distributes 8 percent of the state's 2004 HOME funds to Region 10. Of that funding, 77.8 percent will go to rural areas, approximately $1,384,614. The remaining 22.2 percent, or $484,132, will go to urban areas. Region 10 also receives 4.3 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the Housing Tax Credit funding, 41.8 percent will go to rural areas, about $687,675, and 58.2 percent will go to urban areas, approximately $956,659. The total allocation from the Housing Trust Fund for the region is $86,544.



REGION 11

Region 11 is a 16-county area along the border of Mexico. The main urban areas in the region are Brownsville-Harlingen, McAllen-Edinburg, Del Rio, and Laredo. Almost 59 percent of the population lives in urban areas. Population estimates through January 2002 show a 4.4 percent increase, from 1,343,330 to 1,402,662.[74]

Region 11 is projected to be the fastest growing region in the state, a 2.8 percent annual growth rate. This growth will continue the trend experienced in the region since 1970. The areas with the highest employment growth since 1980 are health care, reflecting national trends and regional population growth, and services to business, as a result of the outsourcing trend in business. The regional specialties include transportation, apparel, and health services. The region's proximity to Mexico leads to the specialization of the transportation functions related to international trade. The industries that are projected to add the most employment between 2000 and 2005 are local government, retail trade, health services, and construction.[75]

There are 378,275 occupied housing units in the region: 71 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 6.4 percent of the state's population lives in the area, and regional housing permits for 2002 represent 8.1 percent of the state's total housing starts.[76]

Approximately 90 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area, the second highest percentage among the regions. There is a strong preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee attendees from Region 11 identified several areas of concern.[77] There is a need for more housing for the elderly and the homeless in the region. There is a lack of multifamily housing, and rental housing funds in general. In order to increase the effective marketing of the available housing programs, the attendees suggest a centralized area for the dissemination of information.

[74] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[75] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[76] Real Estate Center at Texas A&M University, "Building Permit Activity."
[77] The Regional Advisory Committees are organized based on the old Uniform state service regions. Old region 8B equals new region 11.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 455,366 people that live in poverty in the region; this is the highest poverty rate in the state. Approximately 83 percent of the 15,785 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 14 percent of the households with severe housing cost burden. Approximately 2.4 percent of the households are low income and 0.6 percent are moderate income and above.

In the region, 5,440 renter households lack kitchen and/or plumbing facilities; this is 15.3 percent of the state's total. Approximately 57 percent earn less than 30 percent of the area median income, less than 28 percent of the households earn between 31 and 50 percent, and 13 percent earn between 51 and 80 percent. The remaining 2.2 percent of the households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 27,040 overcrowded renter households, 43 percent are extremely low income, 23 percent are very low income, another 18 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over the renovation of existing housing and rental payment assistance.

Single Family Housing Need

Region 11 has 5.8 percent of the state's owner households with severe housing cost burden, or 13,905 households. Slightly less than 69 percent of the owner households with severe cost burden are extremely low income households. Seventeen percent are very low income, 10 percent are low income, and the rest are moderate income and above.

There are 10,475 owner households in the region that lack kitchen and/or plumbing facilities; approximately 63 percent of these households are extremely low income. More than 22 percent of the households lacking kitchen and/or plumbing are very low income and 9 percent are low income. The remaining 590 households are moderate income and above. Region 11 has 19.7 percent of the state's overcrowded owner households. Of the 38,184 overcrowded households, 23 percent are extremely low income. Twenty-one percent are very low income, 24 percent are low income, and the remaining households are moderate income and above.

The Community Needs Survey respondents from Region 11 prefer home purchase assistance over new housing development. The renovation of existing housing is the least important owner-occupied housing assistance.

Community Services Need

Region 11 has 11.3 percent of the state's poverty households; 23,614 households are elderly (12.2 percent of the state's total) and 93,382 households are headed by individuals under 65 years of age (11.1 percent of the state's total).

Forty-three percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region; this is the highest percentage in the state. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 11 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 457,406 housing units in the region and 82.7 percent are occupied. Of the total housing stock, 66 percent are one unit, 14 percent are over two units, 18 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 6,900 multifamily and 5,250 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 19,854 units; all but 59 have been multifamily. The housing finance corporations have assisted 662 single family households in the region.

Housing and Community Services Assistance for 2003 and 2004

The Department allocated $42,067,484 in Region 11 in FY 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Single family financing and homebuyer assistance accounted for 51 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 16 percent of the total dollar amount committed. Single family owner-occupied assistance in the region represented 14 percent of the total committed. Approximately 98 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 11 Funding and Performance 2003

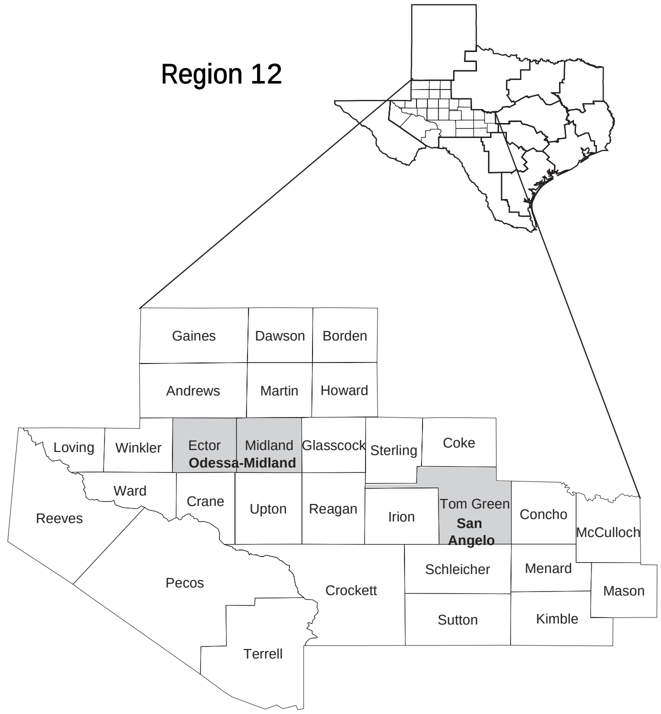
Region 11	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 42,067,484	$ 11,634,459	$ 2,239,000	$ 5,365,000	$ 17,133,252		$ 57,732	$ 5,196,000	$ 442,041
Number Served	30,442	606	195	870	382		13	2,752	25,624
Multifamily Development									
Dollar Amount Committed	$ 6,734,859	$ 1,194,859	$ 175,000	$ 5,365,000					
Number Served	1,018	20	128	870					
Multifamily Rehabilitation									
Dollar Amount Committed									
Number Served									
Rental Payment Assistance									
Dollar Amount Committed	$ 557,732	$ 500,000					$ 57,732		
Number Served	73	60					13		
Single-Family Development									
Dollar Amount Committed	$ 4,833,600	$ 2,769,600	$ 2,064,000						
Number Served	281	214	67						
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed	$ 21,516,252	$ 1,487,000			$ 17,133,252			$ 2,896,000	
Number Served	641	160			382			99	
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 5,683,000	$ 5,683,000							
Number Served	152	152							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 2,742,041							$ 2,300,000	$ 442,041
Number Served	28,277							2,653	25,624
Extremely Low-Income									
Dollar Amount Committed	$ 8,282,200	$ 6,711,405	$ 57,410	$ 228,167	$ 1,239,032		$ 46,186		
Number Served	340	252	5	37	36		10		
Very Low-Income									
Dollar Amount Committed	$ 28,337,076	$ 3,003,568	$ 2,181,590	$ 5,136,833	$ 12,365,498		$ 11,546	$ 5,196,000	$ 442,041
Number Served	29,876	179	190	833	295		3	2,752	25,624
Low-Income									
Dollar Amount Committed	$ 4,563,414	$ 1,919,486			$ 2,643,928				
Number Served	215	175			40				
Moderate-Income and Up									
Dollar Amount Committed	$ 884,794				$ 884,794				
Number Served	11				11				

Other sources of housing assistance arrived in the region in 2003. Region 11 received over $4.4 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $61.2 million was spent in the region for a range of multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $7 million worth of HOME funds dedicated to either single family or multifamily activities. Housing finance corporations assisted 53 single family households in 2003.

The Department's Regional Allocation Formula distributes 11.1 percent of the state's 2004 HOME funds to Region 11. Of the total $2,451,189 approximate funding, 85.3 percent will go to rural areas and 14.7 to urban areas. Region 11 also receives 11.8 percent of the state's Housing Tax Credit and Housing Trust Fund allocations, about $4,494,121 and $236,533 respectively. Of the Housing Tax Credit funding, 40.6 percent will go to rural areas and 59.4 percent will go to urban areas.

REGION 12

Region 12 in west Texas surrounds the urban areas of Odessa-Midland and San Angelo. Census 2000 population for the region is 524,884 and 56 percent live in urban areas. Population estimates through 2002 show a slight decline of 0.3 percent.[78]



Employment in Region 12 is expected to grow at an annual rate of 1.7 percent for the period between 2000 and 2005. This is higher than the 1.1 percent growth experienced between 1995 and 2000. Compared with the rest of the state since 1970, the region's share of employment, population, and gross regional product has declined. The areas with the highest employment growth since 1980 are health care, reflecting national trends and regional population growth, and services to business, and local government. The area's economic specialties include industries related to the oil and gas business. The industries that are projected to add the most employment between 2000 and 2005 are retail trade, local government, oil and gas services, and wholesale trade.[79]

There are 189,582 occupied housing units in the region, 70 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 2.5 percent of the state's population lives in the area, and regional housing permits for 2002 represent 0.5 percent of the state's total housing starts.[80]

Approximately 81 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee attendees from Region 12 identified several areas of concern.[81] There is a lack of marketing of state and federal housing programs. Increased communication and cooperation among the agencies providing the services is needed. In the region there is also the lack of capacity within smaller communities. Small communities must work with consultants when preparing an application. The attendees pointed out that there is a scarcity of rental housing assistance in the region.

---

[78] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[79] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[80] Real Estate Center at Texas A&M University, "Building Permit Activity."
[81] The Regional Advisory Committees are organized based on the old Uniform State Service Regions. Old region 9 equals new region 12.

There is a need for more rental vouchers, tax breaks for rental rehabilitation projects, and lower housing construction costs.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 85,063 people that live in poverty in the region. Approximately 81 percent of the 7,971 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 16 percent of the households with severe housing cost burden. Approximately 2.3 percent of the households are low income and 0.9 percent are moderate income and above.

In the region, 714 renter households lack kitchen and/or plumbing facilities; this is 2 percent of the state's total. Approximately 34 percent earn less than 30 percent of the area median income, more than 38 percent of the households earn between 31 and 50 percent, and 14 percent earn between 51 and 80 percent. The remaining 14 percent of the households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 5,875 overcrowded renter households, 34 percent are extremely low income, 23 percent are very low income, another 21 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over the renovation of existing housing and rental payment assistance.

Single Family Housing Need

Region 12 has 3.1 percent of the state's owner households with severe housing cost burden, or 7,347 households. Slightly less than 64 percent of the owner households with severe cost burden are extremely low income households. Twenty percent are very low income, 11 percent are low income, and the rest are moderate income and above.

There are 955 owner households in the region that lack kitchen and/or plumbing facilities; approximately 62 percent of these households are extremely low income. More than 15 percent of the households lacking kitchen and/or plumbing are very low income and 11 percent are low income. The remaining 120 households are moderate income and above. Region 12 has 3.7 percent of the state's overcrowded owner households. Of the 7,229 overcrowded households, 16 percent are extremely low income. Nineteen percent are very low income, 29 percent are low income, and the remaining households are moderate income and above.

In the Odessa-Midland area, 73 percent of households can afford the median-priced home. In San Angelo, 70 percent can afford the median-priced home.[82]

In terms of owner-occupied housing assistance, Community Needs Survey respondents from Region 12 prefer the renovation of existing housing over new housing development. Home purchase assistance is the least important owner-occupied housing assistance.

Community Services Need

Region 12 has 3 percent of the state's poverty households; 6,744 households are elderly (3.5 percent of the state's total) and 24,271 households are headed by individuals under 65 years of age (2.9 percent of the state's total).

Eighteen percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank about equal in importance with transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 12 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 221,968 housing units in the region and 85.4 percent are occupied. Of the total housing stock, 72 percent are one unit, 16 percent are over two units, 12 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 3,350 multifamily and 1,070 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 5,250 units; all have been multifamily. Housing finance corporations have assisted 24 multifamily units and 90 single family households in the region.

Housing and Community Services Assistance for 2003 and 2004

The Department allocated $4,303,643 in Region 12 in FY 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Single family owner-occupied assistance accounted for 59 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 20 percent of the total dollar amount committed. All of the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

[82] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Region 12 Funding and Performance 2003

Region 12	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 4,303,643	$ 3,156,879		$ 845,579			$ 157,218		$ 143,967
Number Served	2,323	123		114			35		2,051
Multifamily Development									
Dollar Amount Committed	$ 845,579			$ 845,579					
Number Served	114			114					
Multifamily Rehabilitation									
Dollar Amount Committed									
Number Served									
Rental Payment Assistance									
Dollar Amount Committed	$ 232,368	$ 75,150					$ 157,218		
Number Served	40	5					35		
Single-Family Development									
Dollar Amount Committed	$ 257,000	$ 257,000							
Number Served	41	41							
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed	$ 265,000	$ 265,000							
Number Served	25	25							
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 2,559,729	$ 2,559,729							
Number Served	52	52							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 143,967								$ 143,967
Number Served	2,051								2,051
Extremely Low-Income									
Dollar Amount Committed	$ 2,555,442	$ 2,429,668					$ 125,774		
Number Served	78	50					28		
Very Low-Income									
Dollar Amount Committed	$ 1,350,701	$ 329,711		$ 845,579			$ 31,444		$ 143,967
Number Served	2,200	28		114			7		2,051
Low-Income									
Dollar Amount Committed	$ 397,500	$ 397,500							
Number Served	45	45							
Moderate-Income and Up									
Dollar Amount Committed									
Number Served									

Other sources of housing assistance arrived in the region in 2003. Region 12 received over $1.4 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $17.4 was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $1 million worth of HOME funds dedicated to either single family or multifamily activities. Housing finance corporations assisted 24 multifamily units, and 27 single family households received assistance.

The Department's Regional Allocation Formula distributes 5.5 percent of the state's 2004 HOME funds to Region 12. Of that funding, 53.5 percent will go to rural areas, approximately $654,137. The other 46.5 percent will go to urban areas. Region 12 also receives 2.8 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the Housing Tax Credit funding, 33.7 percent, or $359,342, will go to rural areas and 66.3 percent, or $705,898. The total Housing Trust Fund allocation for the region is $56,066.

REGION 13

El Paso is the main urban area in Region 13. The region spreads along the Texas-Mexico border in the southwestern tip of the state. The population for the region according to the 2000 US Census is 704,318. Slightly less than 89 percent live in urban areas; this is the highest urban percentage in the state. Population estimates through 2002 show an increase of 1.8 percent to 717,261.[83]

Employment in Region 13 is expected to grow at an annual rate of 1.6 percent for the period between 2000 and 2005. The region experienced high levels of growth in the period between 1970 and 2000, an annual growth rate in gross regional product of 3.5 percent. The region's share of the state's economy has grown as well. The areas with the highest employment growth since 1980 are services to business, health care, and tourism and entertainment. The industries that are projected to add the most employment between 2000 and 2005 are local government, retail trade, and eating and drinking places.[84]

There are 219,261 occupied housing units in the region, 64 percent are owner occupied and the rest are rentals, according to 2000 Census data. Approximately 3.4 percent of the state's population lives in the area, and regional housing permits for 2002 represent 2.2 percent of the state's total housing starts.[85]

Approximately 78 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee attendees from Region 13 identified several areas of concern.[86] TDHCA's Regional Allocation Formula does not meet the needs of the region, according to attendees. Very rural counties, or frontier counties, have needs that extend beyond those of rural counties. Transportation barriers present extra challenges to these areas. There is a lack of technical assistance and outreach for the communities in Region 13.

---

83 Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
84 Texas Comptroller of Public Accounts, "Texas Regional Outlook."
85 Real Estate Center at Texas A&M University, "Building Permit Activity."
86 The Regional Advisory Committees are organized based on the old Uniform State Service Regions. Old Region 10 equals new region 13.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 165,122 people that live in poverty in the region; representing the second highest poverty rate in the state at 23.9 percent. Approximately 70 percent of the 11,760 renter households with severe housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 22 percent of the households with severe housing cost burden. Approximately 7.3 percent of the households are low income and 0.8 percent are moderate income and above.

In the region, 2,091 renter households lack kitchen and/or plumbing facilities; this is 5.9 percent of the state's total. Approximately 42 percent earn less than 30 percent of the area median income, less than 21 percent of the households earn between 31 and 50 percent, and 21 percent earn between 51 and 80 percent. The remaining 6 percent of the households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 14,603 overcrowded renter households, 32 percent are extremely low income, 26 percent are very low income, another 23 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over the renovation of existing housing and rental payment assistance.

Single Family Housing Need

Region 13 has 3.2 percent of the state's owner households with severe housing cost burden, or 7,676 households. Slightly more than 47 percent of the owner households with severe cost burden are extremely low income households. Twenty-five percent are very low income, 16 percent are low income, and the rest are moderate income and above.

There are 2,079 owner households in the region that lack kitchen and/or plumbing facilities; approximately 35 percent of these households are extremely low income. Less than 26 percent of the households lacking kitchen and/or plumbing are very low income and 22 percent are low income. The remaining 371 households are moderate income and above. Region 13 has 6.2 percent of the state's overcrowded owner households. Of the 11,924 overcrowded households, 14 percent are extremely low income. Fifteen percent are very low income, 23 percent are low income, and the remaining households are moderate income and above.

In the El Paso area, 60 percent of households can afford the median-priced home.[87]

[87] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

In terms of owner-occupied housing assistance, Community Needs Survey respondents from Region 13 prefer new housing development over the renovation of existing housing. Home purchase assistance is the least important owner-occupied housing assistance.

Community Services Need

Region 13 has 4.6 percent of the state's poverty households; 9,083 households are elderly (4.7 percent of the state's total) and 38,561 households are headed by individuals under 65 years of age (4.6 percent of the state's total).

Forty-one percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region; this is the second highest rate in the state. Among the different types of homeless assistance, short-term homeless shelters rank higher in importance with transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 13 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 236,572 housing units in the region and 92.7 percent are occupied. Of the total housing stock, 68 percent are one unit, 23 percent are over two units, 8 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 3,520 multifamily and 1,500 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 12,590 units; all but 218 have been multifamily. Housing finance corporations have produced 378 multifamily units and assisted 288 single family households in the region.

Housing and Community Services Assistance for 2003 and 2004

The Department allocated $18,994,213 in Region 13 in FY 2003. Note that this regional total does not include several of the Community Affairs programs; totals for the CSBG, ENTERP, CFNP, CEAP, WAP and SBF programs are not available at the regional level. Single family financing and homebuyer assistance accounted for 74 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 12 percent of the total dollar amount committed. Approximately 99 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 13 Funding and Performance 2003

Region 13	All Programs	HOME	HTF	HTC	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI	ESGP
All Activities									
Dollar Amount Committed	$ 15,994,213	$ 1,466,626		$ 2,639,225	$ 11,128,858			$ 520,000	$ 239,504
Number Served	4,925	46		380	277			20	4,202
Multifamily Development									
Dollar Amount Committed	$ 1,953,616			$ 1,953,616					
Number Served	230			230					
Multifamily Rehabilitation									
Dollar Amount Committed	$ 685,609			$ 685,609					
Number Served	150			150					
Rental Payment Assistance									
Dollar Amount Committed									
Number Served									
Single-Family Development									
Dollar Amount Committed	$ 500,000	$ 500,000							
Number Served	13	13							
Single Family Financing and Homebuyer Assistance									
Dollar Amount Committed	$ 11,837,740	$ 188,882			$ 11,128,858			$ 520,000	
Number Served	316	19			277			20	
Single Family Owner Occupied Assistance									
Dollar Amount Committed	$ 777,744	$ 777,744							
Number Served	14	14							
Community Affairs and Self-Help Centers									
Dollar Amount Committed	$ 239,504								$ 239,504
Number Served	4,202								4,202
Extremely Low-Income									
Dollar Amount Committed	$ 2,218,874	$ 837,391		$ 250,032	$ 1,131,451				
Number Served	92	20		36	36				
Very Low-Income									
Dollar Amount Committed	$ 12,884,997	$ 549,706		$ 2,389,193	$ 9,186,594			$ 520,000	$ 239,504
Number Served	4,812	18		344	228			20	4,202
Low-Income									
Dollar Amount Committed	$ 746,179	$ 79,529			$ 666,650				
Number Served	19	8			11				
Moderate-Income and Up									
Dollar Amount Committed	$ 144,163				$ 144,163				
Number Served	2				2				

Other sources of housing assistance arrived in the region in 2003. Region 13 received over $5.5 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $37.5 was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $4.1 million worth of HOME funds dedicated to either single family or multifamily activities. Housing finance corporations assisted 83 single family households in 2003.

The Department’s Regional Allocation Formula distributes 3.3 percent of the state’s 2004 HOME funds to Region 13. Of that funding, 58.6 percent will go to rural areas, approximately $424,554. The remaining 41.4 percent will go to urban areas. Region 13 also receives 4.8 percent of the state’s Housing Tax Credit and Housing Trust Fund allocations, approximately $1,836,391 and $96,652 respectively. Of the Housing Tax Credit funding, 14.9 percent will go to rural areas and 85.1 percent will go to urban areas.

REGIONAL PLANS SUMMARY

The housing and community service needs of the different regions of Texas are as varied as the regions themselves. The Department strives to identify these regional needs and offer activities and programs that fit the characteristics of each area of the state. This section summarizes the information from the regional plans in the previous section. This summary contains the tables referenced in the regional plans and describes the sources and limitations of the data utilized in the needs assessments.

GENERAL INFORMATION ON POPULATION AND HOUSING

The most populous regions of the state according to the 2000 Census are Regions 3 and 6, together representing almost 50 percent of the state. Regions 3, 7, and 11 are the fastest growing areas as indicated by population estimates.

Table 1: Population by Region

Service Region	Population 2000 Census	Percent of State's Population	Population Estimate Jan 1, 2002	Percent Change 2000 to 2002
1	780,733	3.7%	785,039	0.6%
2	549,267	2.6%	549,027	0.0%
3	5,487,477	26.3%	5,739,731	4.6%
4	1,015,648	4.9%	1,031,596	1.6%
5	740,952	3.6%	747,203	0.8%
6	4,854,454	23.3%	5,013,590	3.3%
7	1,346,833	6.5%	1,428,551	6.1%
8	963,139	4.6%	984,769	2.2%
9	1,807,868	8.7%	1,857,448	2.7%
10	732,917	3.5%	738,523	0.8%
11	1,343,330	6.4%	1,402,662	4.4%
12	524,884	2.5%	523,155	-0.3%
13	704,318	3.4%	717,261	1.8%
State	20,851,820	100%	21,518,555	3.2%

Source: 2000 US Census and Texas State Data Center

The regions with the highest number of persons in poverty are Regions 6, 3, and 11, see Table 2. The state poverty rate is 15.4 percent. The regions with the highest rate of poverty are along the border, Regions 13 and 11 with poverty rates of 23.9 percent and 34.4 percent respectively.

Table 2: Population and Poverty, 2000

Service Region	Persons in Poverty	Percent of State Poverty Total	Population for whom Poverty Status is Determined	Percent of Regional Population in Poverty
1	122,991	3.9%	748,227	16.4%
2	77,647	2.5%	514,399	15.1%
3	588,688	18.9%	5,389,443	10.9%
4	152,036	4.9%	971,222	15.7%
5	120,585	3.9%	705,774	17.1%
6	656,239	21.0%	4,763,150	13.8%
7	145,060	4.7%	1,310,221	11.1%
8	149,480	4.8%	897,160	16.7%
9	267,118	8.6%	1,759,653	15.2%
10	132,214	4.2%	708,646	18.7%
11	455,366	14.6%	1,324,854	34.4%
12	85,063	2.7%	503,813	16.9%
13	165,122	5.3%	690,738	23.9%
State	3,117,609	100.0%	20,287,300	15.4%

Source: 2000 US Census

The homeownership rate for the State is 63.8 percent. The region with the lowest percentage of homeowners is Region 7 with 59.8 percent. The region with the highest percentage of homeowners is Region 4 with 73.8 percent.

Table 3: Housing Units by Occupancy, 2000

		Owner Occupied		Renter Occupied	
Service Region	Total Tenure	Number	Percent	Number	Percent
1	288,175	191,161	66.3%	97,014	33.7%
2	206,388	142,603	69.1%	63,785	30.9%
3	2,004,826	1,220,939	60.9%	783,887	39.1%
4	380,468	280,896	73.8%	99,572	26.2%
5	275,233	201,971	73.4%	73,262	26.6%
6	1,702,792	1,037,371	60.9%	665,421	39.1%
7	510,555	305,294	59.8%	205,261	40.2%
8	344,575	210,882	61.2%	133,693	38.8%
9	636,796	414,009	65.0%	222,787	35.0%
10	256,428	171,319	66.8%	85,109	33.2%
11	378,275	267,716	70.8%	110,559	29.2%
12	189,582	132,956	70.1%	56,626	29.9%
13	219,261	139,842	63.8%	79,419	36.2%
State	7,393,354	4,716,959	63.8%	2,676,395	36.2%

Source: 2000 US Census

Information on the number of housing permits provides information on the regional housing industry. The regions with the highest share of the state's housing permits are also the most populous regions: 3 and 6, see Table 4. Across the state, there were three times as many single family permits as multifamily permits in 2002. Region 4 had eight and one-half times as many single family permits as multifamily, and Region 13 had fourteen times as many single family permits.

Table 4: Housing Permits, 2002

Service Region	Multifamily Housing Permits	Percent of State	Single Family Housing Permits	Percent of State	Total Housing Permits	Percent of State
1	718	1.7%	2,181	1.7%	2,899	1.70%
2	270	0.6%	469	0.4%	739	0.43%
3	13,490	31.8%	44,343	34.5%	57,833	33.87%
4	182	0.4%	1,551	1.2%	1,733	1.01%
5	336	0.8%	1,278	1.0%	1,614	0.95%
6	12,515	29.5%	34,903	27.2%	47,418	27.77%
7	6,274	14.8%	11,826	9.2%	18,100	10.60%
8	2,462	5.8%	3,571	2.8%	6,033	3.53%
9	2,820	6.6%	10,693	8.3%	13,513	7.91%
10	605	1.4%	1,856	1.4%	2,461	1.44%
11	2,278	5.4%	11,481	8.9%	13,759	8.06%
12	208	0.5%	651	0.5%	859	0.50%
13	251	0.6%	3,552	2.8%	3,803	2.23%
State	42,409	100.0%	128,355	100.0%	170,764	100.00%

Source: Real Estate Center at Texas A&M University

NEED INDICATORS

Table 5 shows the number of renter households with cost burden greater than 50 percent by income group. The highest numbers of very low income households with severe cost burden are found in Region 3 with a total of 86,426 households and Region 6 with 83,798 households.

Table 5: Number of Renter Households with Severe Cost Burden by Income Group, 1990

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	15,677	12,361	2,736	443	78	59
2	8,147	5,978	1,725	384	11	49
3	90,349	70,190	16,236	3,124	433	366
4	14,617	11,188	2,849	490	58	32
5	13,186	10,705	1,974	488	11	8
6	87,155	70,492	13,306	2,784	303	270
7	31,118	24,190	5,709	1,071	74	74
8	23,277	17,433	4,955	780	40	69
9	31,145	23,117	5,977	1,535	206	310
10	12,250	9,633	2,023	436	67	91
11	15,785	13,032	2,278	382	31	62
12	7,971	6,445	1,274	183	37	32
13	11,760	8,209	2,602	857	36	56
State	362,437	282,973	63,644	12,957	1,385	1,478

Source: CHAS Database

The number of rental units lacking complete plumbing and/or kitchen facilities is one of the indicators of housing need that does not follow the pattern of population, see Table 6. Regions 6 and 3 have the first and third ranked number of units lacking facilities and are also the regions with the highest number of renter households. Region 11, however, is ranked sixth in terms of renter population and second in number of renter units lacking kitchen and/or plumbing facilities.

Table 6: Number of Renter Units Lacking Kitchen and/or Plumbing by Affordability Category, 1990

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,407	348	193	594	272
2	611	309	122	107	73
3	6,161	1,294	2,139	1,964	764
4	2,031	1,188	405	372	66
5	1,383	646	377	313	47
6	7,514	2,221	3,016	1,798	479
7	1,939	618	643	460	218
8	1,580	782	356	419	23
9	3,090	1,218	864	739	269
10	1,657	795	424	362	76
11	5,440	3,113	1,507	701	119
12	714	243	272	98	101
13	2,091	871	662	431	127
State	35,618	13,646	10,980	8,358	2,634

Source: CHAS Database

Table 7 shows the number of overcrowded owner households by income group. Regions 3 and 6, the most populous regions in the state, have the highest number of overcrowded households. Region 11, sixth in population, ranks third in number of overcrowded renter households.

Table 7: Number of Overcrowded Renter Households by Income Group, 1990

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	8,817	2,439	2,287	2,273	675	1,143
2	3,897	971	1,016	947	336	627
3	65,312	18,384	15,859	16,653	5,024	9,392
4	7,505	2,255	1,661	1,597	666	1,326
5	5,398	1,908	1,113	1,002	450	925
6	80,090	24,297	19,061	19,918	5,761	11,053
7	13,035	4,309	3,017	3,115	942	1,652
8	9,429	2,476	2,015	2,462	702	1,774
9	24,750	9,238	5,298	5,333	1,475	3,406
10	10,273	3,844	2,026	2,001	792	1,610
11	27,040	11,681	6,322	4,942	1,315	2,780
12	5,875	1,979	1,352	1,216	425	903
13	14,603	4,614	3,733	3,377	924	1,955
State	276,024	88,395	64,760	64,836	19,487	38,546

Source: CHAS Database

Table 8 shows the number of owner households with housing cost burden of over 50 percent of income. Regions 3 and 6, the most populous regions, have the highest number of very low income households with severe cost burden.

Table 8: Number of Owner Households
with Severe Housing Cost Burden by Income Group, 1990

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	10,184	6,068	2,184	1,319	255	358
2	8,463	5,099	1,874	957	170	363
3	55,481	28,435	11,720	8,923	2,057	4,346
4	17,074	10,374	3,579	2,016	359	746
5	12,536	8,363	2,540	1,108	176	349
6	50,776	28,772	10,853	6,358	1,421	3,372
7	13,037	5,643	3,139	2,547	551	1,157
8	11,897	6,807	2,473	1,871	219	527
9	21,398	11,267	4,322	3,427	705	1,677
10	10,557	6,142	2,322	1,346	269	478
11	13,905	9,570	2,397	1,368	196	374
12	7,347	4,679	1,449	802	172	245
13	7,676	3,625	1,950	1,254	321	526
State	240,331	134,844	50,802	33,296	6,871	14,518

Source: CHAS Database

Table 9 shows the number of owner units that are lacking kitchen and/or plumbing facilities. Region 11, with the fourth highest population, has the highest number of physically inadequate owner housing units. Region 6, the second most populous region, has the second highest number of units lacking kitchen and/or plumbing facilities.

Table 9: Number of Owner Units
Lacking Kitchen and/or Plumbing, 1990

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	936	415	255	166	100
2	873	414	143	130	186
3	4,256	1,355	1,003	994	904
4	3,716	2,300	561	451	404
5	2,444	1,440	435	334	235
6	6,160	2,940	1,452	972	796
7	1,834	713	351	321	449
8	2,368	1,264	397	347	360
9	3,709	1,785	930	468	526
10	2,706	1,515	495	394	302
11	10,475	6,592	2,321	972	590
12	955	594	141	100	120
13	2,079	719	533	456	371
State	42,511	22,046	9,017	6,105	5,343

Source: CHAS Database

Table 10 shows that Region 11 has the highest number of overcrowded owner households.

Table 10: Number of Overcrowded Owner Households by Income Group, 1990

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	7,890	1,081	1,349	2,156	905	2,399
2	3,851	476	673	822	367	1,513
3	30,544	3,403	4,611	8,225	3,839	10,466
4	7,047	1,009	1,141	1,569	736	2,592
5	6,368	775	837	1,466	683	2,607
6	38,123	4,601	5,403	9,920	4,840	13,359
7	6,955	890	1,068	1,841	823	2,333
8	5,479	567	754	1,353	584	2,221
9	20,215	2,539	3,366	5,187	2,265	6,858
10	10,062	1,652	1,441	2,393	1,069	3,507
11	38,184	8,622	7,947	9,200	3,127	9,288
12	7,229	1,188	1,338	2,067	591	2,045
13	11,924	1,611	1,767	2,786	1,462	4,298
State	193,871	28,414	31,695	48,985	21,291	63,486

Source: CHAS Database

The total number of households in poverty, elderly and non-elderly, is one of the need indicators for some of the Department's community service activities. Regions 3, 6, and 11 have the highest numbers of poverty households.

Table 11: Number of Households in Poverty, 2000

Service Region	Number of Elderly Poverty Households	Percent of State's Elderly Poverty Households	Number of Non-Elderly Poverty Households	Percent of State's Non-Elderly Poverty Households	Total Number of Poverty Households	Percent of State's Poverty Households
1	8,897	4.6%	37,710	4.5%	46,607	4.5%
2	8,100	4.2%	23,414	2.8%	31,514	3.0%
3	32,129	16.6%	165,495	19.7%	197,624	19.1%
4	15,592	8.1%	43,499	5.2%	59,091	5.7%
5	11,148	5.8%	36,076	4.3%	47,224	4.6%
6	32,192	16.7%	179,586	21.4%	211,778	20.5%
7	6,601	3.4%	46,549	5.5%	53,150	5.1%
8	10,531	5.4%	47,640	5.7%	58,171	5.6%
9	17,887	9.3%	70,207	8.4%	88,094	8.5%
10	10,783	5.6%	34,422	4.1%	45,205	4.4%
11	23,614	12.2%	93,382	11.1%	116,996	11.3%
12	6,744	3.5%	24,217	2.9%	30,961	3.0%
13	9,083	4.7%	38,561	4.6%	47,644	4.6%
State	193,301	100.0%	840,758	100.0%	1,034,059	100.0%

Source: 2000 Census

HOUSING SUPPLY

Table 12 provides information on the state's housing stock by region. Regions 1 and 2 have the highest percentage of one-unit housing; Regions 3, 6, and 7 have the highest levels of multifamily housing.

Table 12: Housing Stock by Region, 2000

Service Region	Housing Units	One Unit	2 to 19 Units	Over 20 Units	Mobile Homes	Boats, RVs
1	322,045	240,418	30,163	20,997	29,683	784
		74.7%	9.4%	6.5%	9.2%	0.2%
2	243,506	186,932	21,599	7,974	25,365	1,636
		76.8%	8.9%	3.3%	10.4%	0.7%
3	2,140,641	1,373,780	385,269	259,402	118,078	4,112
		64.2%	18.0%	12.1%	5.5%	0.2%
4	434,792	307,802	32,153	13,754	78,312	2,771
		70.8%	7.4%	3.2%	18.0%	0.6%
5	325,047	225,213	23,868	12,709	60,328	2,929
		69.3%	7.3%	3.9%	18.6%	0.9%
6	1,853,854	1,175,460	265,188	293,889	115,535	3,782
		63.4%	14.3%	15.9%	6.2%	0.2%
7	545,761	339,272	96,402	66,390	41,991	1,706
		62.2%	17.7%	12.2%	7.7%	0.3%
8	387,627	259,909	58,646	19,960	47,492	1,620
		67.1%	15.1%	5.1%	12.3%	0.4%
9	689,862	476,751	101,504	52,139	57,339	2,129
		69.1%	14.7%	7.6%	8.3%	0.3%
10	298,494	212,067	36,198	17,165	30,936	2,128
		71.0%	12.1%	5.8%	10.4%	0.7%
11	457,406	303,046	45,937	18,112	80,947	9,364
		66.3%	10.0%	4.0%	17.7%	2.0%
12	221,968	159,092	21,931	13,796	26,240	909
		71.7%	9.9%	6.2%	11.8%	0.4%
13	236,572	161,168	32,741	22,814	19,406	443
		68.1%	13.8%	9.6%	8.2%	0.2%
State	8,157,575	5,420,910	1,151,599	819,101	731,652	34,313
		66.5%	14.1%	10.0%	9.0%	0.4%

Source: 2000 US Census

Table 13 provides an estimate of the number of households that have been assisted by TDHCA housing programs since 1992. Not included in this number are the approximately 2,100 Section 8 tenant-based rental vouchers administered by the Department annually.

Table 13: Approximate Number of Households Assisted by TDHCA Since 1992

Service Region	Multifamily	Single Family	Total
1	3,709	886	4,595
2	3,389	584	3,973
3	61,679	5,741	67,420
4	6,883	1,176	8,059
5	4,614	890	5,504
6	44,747	3,791	48,538
7	16,770	3,883	20,653
8	8,342	1,715	10,057
9	11,581	1,033	12,614
10	4,114	1,180	5,294
11	6,904	5,250	12,154
12	3,358	1,071	4,429
13	3,521	1,506	5,027
State	179,611	28,706	208,317

Source: TDHCA

Table 14 summarizes the current public housing authority Inventory.

Table 14: Public Housing Authorities Inventory

Service Region	Single family	Multifamily	Total
1	25	7,294	7,319
2	0	7,786	7,786
3	82	49,226	49,308
4	0	9,296	9,296
5	18	10,426	10,444
6	103	27,400	27,503
7	30	7,925	7,955
8	246	12,313	12,559
9	83	24,217	24,300
10	0	8,323	8,323
11	59	19,795	19,854
12	0	5,250	5,250
13	218	12,372	12,590
State	864	201,623	202,487

Source: Texas Housing Association

Tables 15 and 16 show the housing finance corporation inventory, including units and loans funded through the Texas State Affordable Housing Corporation, according to responses to TDHCA's 2003 Housing Finance Corporation Annual Report.

Table 15: Housing Finance Corporation Multifamily Units

Region	Units
1	1,101
2	280
3	13,207
4	706
5	860
6	30,074
7	6,334
8	104
9	6,966
10	750
11	-
12	24
13	378
State	60,784

Source: TDHCA

Table 16: Housing Finance Corporation Single Family Mortgages

Region	Number of Loans	Total Dollar Amount of Loans
1	1,644	$86,101,257
2	616	$29,804,226
3	4,501	$356,632,683
4	680	$34,949,010
5	151	$7,137,009
6	1,206	$96,974,135
7	947	$89,505,199
8	774	$52,868,834
9	103	$8,832,735
10	1,390	$84,959,323
11	662	$35,495,310
12	90	$4,336,177
13	288	$20,455,388
State	13,052	$908,0516,286

Source: TDHCA

Table 17 summarizes non-TDHCA funding arriving in the region including USDA money and HUD funds going directly to participating jurisdictions.

Table 17: Non-TDHCA Housing Funding, 2003

Service Region	Owner Assistance	Rental Assistance	Owner or Rental Assistance	Total
1	298,525	29,799,177	2,368,704	32,466,406
2	2,552,611	21,220,504	1,226,615	24,999,730
3	33,353,361	328,637,933	19,832,113	381,823,407
4	531,692	36,126,724	1,009,265	37,667,681
5	1,709,243	40,709,322	1,350,383	43,768,948
6	25,852,491	162,859,115	21,980,449	210,692,055
7	8,703,308	70,278,371	4,700,178	83,681,857
8	6,044,938	40,732,817	3,442,369	50,220,124
9	17,350,739	103,916,933	8,052,991	129,320,663
10	6,577,751	25,526,347	1,862,562	33,966,660
11	4,400,683	61,257,781	7,080,957	72,739,421
12	1,459,050	17,460,676	1,003,227	19,922,953
13	5,505,256	37,586,031	4,184,979	47,276,266
State	114,339,648	976,111,731	78,094,792	1,168,546,171

Source: Texas Bond Review Board, HUD, and USDA

Tables 18 and 19 show the housing finance corporation 2003 production of multifamily units and single family mortgage loans for each region.

Table 18: Housing Finance Corporation Multifamily Production, 2003

Region	Constructed Units	Developments Under Construction
1	8	-
2	-	-
3	302	9
4	-	1
5	-	2
6	360	4
7	-	2
8	-	-
9	333	2
10	30	-
11	-	-
12	24	-
13	-	-
State	1,057	20

Source: TDHCA

Table 19: Housing Finance Corporation Single Family Assistance, 2003

Region	Number of Loans	Total Dollar Amount of Loans
1	3	$197,344
2	49	$2,291,036
3	350	$33,211,244
5	23	$1,314,823
6	305	$25,696,004
7	75	$8,419,465
8	84	$5,962,887
9	199	$17,319,521
10	91	$6,243,193
11	53	$3,516,178
12	27	$1,320,896
13	83	$5,416,642
State	1,342	$110,909,233

Source: TDHCA

COLONIA ACTION PLAN

OVERVIEW

The Texas Department of Housing and Community Affairs Colonia Action Plan for 2004–2005 discusses housing and community development needs in the colonias, describes the Department's policy goals, summarizes the strategies and programs designed to meet these goals, and describes some of the projected outcomes to support the improvement of living conditions of colonia residents along the Texas-Mexico border region. While this plan focuses on colonias as defined by state statute, it should be noted that colonia-type conditions (i.e., lack of basic services such as potable water; adequate sewage systems; drainage; streets; utilities; and safe, sanitary, and sound housing) exist throughout the state.

The overall goal of the Department with respect to colonias is to improve the living conditions and lives of border residents in Texas. As a result, TDHCA provides planning, housing, and housing-related assistance.

Performance measures for colonia activities, as reported to the Legislative Budget Board, focus on outreach and technical assistance efforts of the Department—specifically the number of on-site technical assistance visits conducted annually from the Border Field Offices. The targeted performance number for the 2004–2005 biennium is 747 technical assistance visits a year.

It should be noted that there is no single or dedicated source of funds for colonia-focused programs and services administered by the Department. In the past, funding has been provided from the Housing Trust Fund, the HOME Program, Single Family Bond proceeds, and the Community Development Block Grant (CDBG) Program.

COLONIA NEEDS

In today's world, Texas colonias are considered an observable fact. Their beginnings date back to the 1950s. As a response to the reconstruction era, Texans adopted a state constitution to minimize the powers of government. By making counties subdivisions of the state with no home rule powers, Texans guaranteed that no county could take an action or adopt a rule until it is first voted on by the state. As a result all regulatory powers originate with cities and the state. Areas outside city limits are "regulation free zones" until problems become so serious that the entire state is ready to empower a county to address them.[88]

These regulatory free zones enabled colonia developers to purchase tracts of land with a marginal agricultural value. Some of these tracts were flood prone and drained poorly; some were too hilly to irrigate; some were land with a declining value due to changes in agricultural economics. These developers platted their tracts, bulldozed roads, and sold the undeveloped lots on 10- to 20-year contracts for deed starting anywhere from $8,000 to $20,000 at an interest rate of 10 percent to 17 percent annually.[89] A contract for deed is an instrument used to sell land. Title to the property is not transferred until the balance is paid in full.

---

[88] Madeline Pepin, "Texas Colonias: An Environmental Justice Case Study" (November 5, 1998), http://itc.ollusa.edu/faculty/pepim/philosophy/cur/colonias.htm (accessed December 2, 2003).
[89] Pepin, "Texas Colonias."

WHAT IS A COLONIA?

A "colonia," Spanish for "neighborhood" or "community," is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing. This includes a lack of basic services such as potable water, adequate sewage systems, drainage, streets, utilities, paved roads, and plumbing. With living conditions often compared to Third World countries, the colonias present one of the most critical housing needs in the state. Housing in the colonias is primarily constructed with scarce materials, and professional builders are rarely used. Residents frequently start with makeshift structures of wood, cardboard, or other materials, and as finances allow, continue to improve their homes.

Colonia residents tend to be young, predominately Hispanic, low to very low income, and employed in low-paying employment sectors. According to the most recent data available, 36.6 percent of colonia residents are children (compared to 29 percent statewide). Nearly all are Hispanic and 27.4 percent speak Spanish as their primary language. However, contrary to common perception, more than 75 percent of colonia residents were born in the US and 85 percent are US citizens.

The workforce tends to be young and unskilled; consequently, wages are low. Primary occupations are seasonal in nature; agriculture service providers and construction-related jobs account for more than 50 percent of the workforce.[90] A study by the Texas A&M University Center for Housing and Urban Development indicated that unemployment levels in five Rio Grande Valley colonias ranged from 20 percent to as high as 70 percent, compared with the overall state unemployment rate of only 7 percent.

According to a survey by the Texas Department of Health of residents in 96 colonias in 6 border counties, almost half of the colonia households make less than $834 a month. Nearly 70 percent of the residents never graduated from high school.[91]

As indicated in a Status Report by the Center for Housing and Urban Development at Texas A&M University, there are approximately 1,450 colonias in the Texas, which are home to over 350,000 Texans. Future projections indicate the population may reach as high as 700,000 residents by the year 2010.[92]

LIVING CONDITIONS

As previously noted, the lack of even the most basic infrastructure including potable water and adequate sewage systems has contributed to the proliferation of disease. Compounded with a lack of adequate medical insurance and a shortage of healthcare facilities, reported cases of viral disease in the colonias far exceed statewide levels.

According to a study by the University of Texas System Texas-Mexico Border Health Coordination Office, diseases such as Hepatitis A, Salmonellosis, Shigellosis, and Tuberculosis occurred at a much higher rate

---

[90] G. Rogers, J. Glaser, P. Johnston, T. Black, A. Kamath, and R. Gonzalez, *Cinco Colonia Areas: Baseline Conditions in the Lower Rio Grande Valley* (College Station, TX: Center for Housing and Urban Development, College of Architecture, Texas A&M University, 1993).
[91] The Border Economy, Federal Reserve Bank of Dallas, http://www.dallasfed.org/research/border/tbe_issue.pdf, June 2001
[92] LBJ School of Public Affairs, University of Texas at Austin, January 1996; and Texas Department of Housing and Community Affairs.

in the colonias than the rest of the state.[93] The rate of reported Hepatitis A, for example, was more than double the statewide rate. Other health problems included high rates of gastroenteritis and other water-quality-related problems.[94] Lack of medical services is rarely available and compounds health problems in the colonias. Due to these stumbling blocks, children in the colonias experience slower growth and lower educational development rates.

The scarcity of potable water is another daily hardship for colonia residents. According to data from the Texas Department of Human Services, the use of untreated water for drinking, washing, bathing, and cooking ranged from 4 percent to 13 percent in colonia households.[95] Many residents rely on large plastic drums for the storage of water. More often, water is transferred to the house by bucket or plastic containers. Reports of water used for bathing, washing, and even cooking drawn from ditches where sewage and agricultural chemicals gather are not uncommon.

In addition to a lack of adequate wastewater infrastructure, most roadways located in colonias are unpaved or continue to be of very poor quality. A survey of residents of the El Cenizo colonia conducted by TDHCA indicated that 50 percent of the roads within the colonia were classified as "deteriorated" or "poor."[96] Water from heavy rains tends to collect, and when combined with inadequate waste removal systems, forms into pools of raw sewage, which again causes health problems for colonia residents.

Plumbing facilities are also a problem in the colonias. Approximately 50 percent of houses in rural colonias and 20 percent in urban colonias have incomplete plumbing facilities. Additionally, 40 percent in rural colonias and 15 percent in urban colonias lack a complete kitchen. For more information on the housing needs of border counties, see the Housing Analysis and Action Plan section of this report, Regions 11 and 13.

While each colonia is different and may have needs unique to that area, most share the same general characteristics. Unfortunately, these and other concerns are all part of the day-to-day life for most colonia residents 365 days a year. A bad situation is made even worse due to a profound lack of the most basic of necessities: safe, sanitary, and decent housing.

HOUSING AND HOUSING-RELATED NEEDS[97]

An increasing amount of attention has been placed on colonias over the past several years. This attention has been focused on eliminating their presence rather than addressing the reason for their existence. One key to improving the conditions of colonias is the availability of affordable housing programs. While it is important to eradicate the conditions that exist in colonias; it is equally important to address the circumstances that enable such an environment to develop.

---

[93] University of Texas System Texas-Mexico Border Health Coordination Office, University of Texas-Pan American

[94] Robert K. Holz and Christopher Shane Davies, Third World Colonias: Lower Rio Grande Valley, Texas (Working Paper number 72, Lyndon B. Johnson School of Public Affairs, University of Texas, 1993).

[95] US Census, Texas Department of Human Services, 1990

[96] Texas Department of Housing and Community Affairs, Office of Colonia Initiatives, *A Study of the People of El Cenizo, Texas* (Austin, TX: Texas Department of Housing and Community Affairs, April 1997).

[97] A portion of the information in this Action Plan is derived from the six Colonia Self-Help Centers' Needs Assessments.

While colonia residents have been resourceful and creative in providing for themselves, they continue to have several needs, including:

- Increased affordable housing opportunities such as down payment assistance, low interest loans, flexible underwriting guidelines, etc.
- Conversion of contracts for deed to conventional mortgages, with transfer of title and homeowner education
- Construction and rehabilitation education and assistance
- Access to information regarding available resources
- Access to adequate infrastructure

Typically colonia residents do not have access to traditional financing or professional assistance when they purchase a home. They have limited credit or even nonexistent credit histories, and, for some, it is difficult to save for the down payment required to qualify for a conventional mortgage. Credit and debt counseling, including money management and financial literacy training, is lacking in colonia areas. There is also a need for flexible housing assistance such as low-interest-rate loans with underwriting guidelines appropriate for nontraditional borrowers.

The contract for deed has been the most common method of financing the purchase of colonia properties, due to the lack of underwriting guidelines by developers. Often, developers charge outrageous interest rates—as high as 14 to 18 percent—including higher late fees. Traditionally, developers would not record the contract for deed, making it easy to reclaim the property without legal process, while retaining any physical improvements made on the property.

Home construction, improvement, and maintenance require access to resources and skills. Many colonia residents do not have the resources to contract for home improvement, and choose to undertake the work on their own. Within the colonias, there is a need for education on several topics related to construction and rehabilitation such as surveying, platting, and general construction skills. There is also a scarcity of construction tools available for use by colonia residents.

Occasionally there is funding available to communities and organizations in the colonias to support local programs. Training is needed on how to locate funding and, once the funding is identified, how to write a successful grant proposal.

Interagency coordination and financial backing at the state and federal level needs to continue to address colonia issues. While many housing professionals recognize that the level of coordination and dialogue has increased in recent years, and that many communities in the border region acknowledge an increase in funding for infrastructure development, much work remains. In the context of affordable housing (construction and financing mechanisms) and infrastructure development (potable water, wastewater treatment, paved streets, etc.), TDHCA is committed to interagency cooperation.

POLICY GOALS

In 1995, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all TDHCA and legislative initiatives involving border issues and managing a portion of TDHCA's existing programs targeted for colonias. The fundamental goal of the division is to improve the living conditions and lives of border residents, and to educate the public regarding the services that TDHCA has to offer.

The OCI Division was created to

- expand housing opportunities to colonia residents living along the Texas-Mexico border;
- increase knowledge and awareness of programs and services available through TDHCA;
- implement initiatives that promote improving the quality of life of colonia residents and border communities;
- empower and enhance organizations building capacity to better serve the targeted population;
- provide comprehensive education to colonia residents;
- develop cooperative working relationships between other state, federal, and local organizations to leverage resources and exchange information;
- promote comprehensive planning of communities along the Texas-Mexico border to better understand community and resident needs;
- serve as a catalyst for colonia residents by allowing input into major funding decisions that will affect border communities.

The OCI Division assists TDHCA program divisions by coordinating activities in the colonias and border communities. Currently, the OCI Division headquarters and Border Field Offices (in Edinburg, Laredo, and El Paso) employ eight employees that provide consumer education, housing and financial assistance, and community services along the Texas-Mexico border region to colonia residents and state, federal, and local organizations.

ACTION PLAN

The Colonia Action Plan includes a strategic vision for housing, community development, and community services. This two-year Action Plan outlines how various initiatives will be implemented in 2004–2005. The activities focus on the needs identified in the Housing and Housing-Related Needs section above.

The initiatives described within the Action Plan have been divided into two categories: (1) Increase Affordable Housing Opportunities and (2) Housing Construction and Rehabilitation, Access to Infrastructure, and Information Regarding Resources. Each category contains the following information:

- Legislative mandate: directive by the legislature
- Purpose: intent of the program
- Funding: financial support
- Activities to date: actions and success
- Strategic approach: plan to further ongoing activities

INCREASE AFFORDABLE HOUSING OPPORTUNITIES

The following TDHCA initiatives focus on increasing affordable housing opportunities in the colonias.

Texas Bootstrap Loan Program

Chapter 2306, Subchapter FF of the Texas Government Code establishes a loan program, working through certified nonprofit organizations, to enable owner-builders to purchase real estate, construct a home, or renovate a home.

The intent of the Bootstrap Program is to promote and enhance homeownership for very low income Texans by providing loan funds to purchase or refinance real property on which to construct new residential housing or improve existing residential housing.

The self-help component of the Bootstrap Program is designed to allow very low income residents an opportunity to help themselves through the form of sweat equity. The borrowers are required to provide at least 60 percent of labor that is necessary to construct or rehabilitate the home under this program. TDHCA loan funds can not exceed $30,000 per home. Nonprofit organizations can combine program lending funds with other sources such as private lending institutions, local governments, private grants, or any other sources; however, all combined sources can not exceed $60,000 per home.

TDHCA will to make available $6 million to implement this initiative for the FY 2004-2005 biennium. In accordance with Section 2306.753(d) of the Texas Government Code, TDHCA shall set aside at least two-thirds of the available funds for owner-builders whose property is located in an Economically Distressed Area Program (EDAP) county, as defined under Subchapter K, Chapter 17, Water Code. The remainder of the funding will be available to TDHCA-funded Colonia Self-Help Centers and TDHCA-certified nonprofit owner-builder housing programs in the State of Texas. The maximum amount of funding per organization is $600,000. TDHCA may, at its discretion, award funds above the maximum award limit to an organization that has demonstrated successful implementation of this initiative. Projects needing additional non-TDHCA resources will be required to provide additional documentation identifying the source(s) of these additional funds and provide information about their rates and terms. Compliance with Housing Trust Fund rules and regulations is also required.

For the 2003 fiscal year, the Bootstrap Program was funded with $1.2 million Housing Trust Fund money and $1.8 million Single Family Mortgage Revenue Bond proceeds. The total dollars awarded through the program was $3 million. There were a total of 6 recipients and 97 families benefiting.

In the next biennium, the goal for the Bootstrap program is to develop a successful model of a self-help owner-builder program that can be replicated throughout the state. Specifically, the objective is to expand affordable housing through self-help construction. OCI will market the program to certified nonprofit organizations and Colonia Self-Help Centers. The measurable output will be the number of certified nonprofit organizations applying for this program. This will enhance the development of affordable housing through self-help construction statewide.

Contract for Deed Conversion Initiative

The 78th Legislature passed Appropriations Rider 10, a legislative directive requiring the Department to spend no less than $4 million on contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income (AMFI), and convert no less than 400 contracts for deeds into traditional notes and deeds of trust by August 31, 2005.

The intent of the program is to help colonia residents become property owners by converting their contracts for deeds into traditional mortgages. Participants in this program must be permanent legal residents of this country and must not earn more than 60 percent of AMFI. The properties proposed for this initiative must be located in a colonia as identified by the Texas Water Development Board colonia list or meet TDHCA's definition of a colonia.

After residents convert their contracts for deeds to traditional loans, the program provides colonia residents with the opportunity to seek funding for construction, rehabilitation, and other benefits that come with owning property.

For 2004 and 2005, TDHCA will set aside $4 million through the HOME Investment Partnerships Program. As stipulated in the legislation, the Department must do no less than 400 contract for deed conversions and spend no less then $4 million for the biennium. In reality, each conversion costs approximately $20,000, which only allows for 200 conversions with the allotted $4 million, not allowing the Department to meet its goal of 400.

There was a total of $3,433,134 of funds allocated through the program in FY 2002-2003. The funding from these awards came from the HOME Program and Junior Lien Mortgage Revenue Bonds. There were a total of 60 loans converted and there are 30 loan conversions in progress.

In order to meet the goal under Appropriations Rider 10 for Fiscal Years 2004 and 2005, the Department will have to identify additional funding sources that can be used to make these conversions.

Housing Construction and Rehabilitation, Access to Adequate Infrastructure, and Information Regarding Resources

The following TDHCA initiatives focus on constructing and rehabilitating housing and infrastructure in the colonias, and providing information to colonia organizations and residents.

Colonia Self-Help Centers (CSHCs) Program

Chapter 2306, Subchapter Z, of the Texas Government Code established the Colonia Self-Help Centers (CSHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties. The legislative directive also allows the TDHCA to establish a CSHC in any other county if the county is designated as an economically distressed area. The Department opened its sixth CSHC in Maverick County and is in the final stages of opening an additional center in Val Verde County.

Five colonias in each county are identified to receive concentrated attention from the appropriate CSHC. Operation of CSHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to perform the functions of a CSHC. The law also requires the establishment of a Colonia Resident Advisory Committee (C-RAC) to advise the Department on the needs of colonia residents, activities to be provided, and programs to be undertaken in the selected colonias. Each county selects two residents to serve on this committee; one of the two residents must reside in a colonia serviced by the CSHC. In addition, the law requires TDHCA's Board to appoint members to the C-RAC, made up of a primary and secondary representative from each county. The C-RAC members meet 30 days prior to making an award to a CSHC. The C-RAC has been instrumental in voicing the concerns of the targeted populations, and has helped both TDHCA and the CSHCs develop useful tools and programs to address the needs of colonia residents.

CSHCs provide concentrated onsite technical assistance to low and very low income individuals and families, including housing and community development activities, infrastructure improvements, and outreach and education. Some of the activities that are offered to the colonia residents are rehabilitation, new construction, surveying and platting, construction skills training, tool library access for self-help construction, housing finance, credit and debt counseling, grant writing, infrastructure constructions and access, contract for deed conversions, and capital access for mortgages, to improve the quality of life for colonia residents in ways that go beyond the provision of basic infrastructure.

The program serves 28 designated colonias in the six counties with approximately 10,000 colonia residents as beneficiaries of these services. Beneficiaries must be at or below 80 percent of the area median family income. CSHCs subcontract with their respective county governments for the provision of housing and infrastructure services, and provide technical assistance to oversee their implementation of contractual responsibilities.

Operation of CSHCs is funded from the US Department of Housing and Urban Development's Texas Community Development Block Program (CDBG) 2.5 percent colonia set-aside. CDBG funds can only be provided to eligible units of general local governments; therefore, TDHCA must enter into a contract with each affected county government. TDHCA provides administrative and general oversight to ensure programmatic and contract compliance to meet legislative intent. The Department maintains a relationship with the unit of general local government and CSHC operator(s) to ensure that the housing and community development activities within each respective contract are achieved. In addition, CSHCs are encouraged to seek funding from other sources to help them achieve their goals and performance measures.

CSHC funds are awarded every two years. In FY 2002, the total dollars allocated through the program was $1,374,663. Of that funding, $227,713 went to the CSHC in Hidalgo County and $1,146,950 went to the CSHC serving Cameron and Willacy counties. A total of $972,287 was awarded to the CSHC in Hidalgo County in FY 2003.

One goal for the CSHCs over the next biennium is to increase the level of funding available. The Department will strive to expand the number of beneficiaries receiving assistance through the CSHCs. By limiting salary and operating expenses to 25 to 30 percent of the total award, at least 70 to 75 percent of the allocated funds can be utilized to assist additional beneficiaries. Another way to expand the number of beneficiaries is to identify funding from other TDHCA and external (i.e., USDA Rural Development, HUD, the Housing Assistance Council, Fannie Mae, etc.) sources that can be added to the annual allocation for the CSHCs. The Department will encourage CSHCs to apply for affordable housing programs.

Another goal of the CSHCs is to expand the program to other communities along the Texas-Mexico border. The Department will target potential counties and colonias that can benefit from CSHC activities, and work with units of local government to identify and determine potential sites for other CSHCs.

Colonia Model Subdivision Loan (CMSL) Program

During the 77th Legislative Session, under Senate Bill 322, Subchapter GG creates the Colonia Model Subdivision Loan Program. The intent of this program is to provide low-interest-rate or interest-free loans through a competitive scoring criteria to promote the development of new, high-quality residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income that would otherwise move into substandard colonias.

Any subdivision created under this program must fully comply with all state and local laws, including any process established by state or locality for subdividing real property.

TDHCA will only make loans through the program to CSHCs that are also community housing development organizations (CHDOs) certified by TDHCA. The loans made under this initiative may be used only for the payment of

- costs associated with the purchase of real property;
- costs of surveying, platting, and subdividing or re-subdividing real property;
- fees, insurance costs, or recording costs associated with the development of the subdivision;
- costs of providing proper infrastructure necessary to support residential uses;
- real estate commissions and marketing fees;
- any other cost that TDHCA, by rule, determines to be reasonable and prudent to advance the purposes of this subchapter.

The residential lots developed under this program can be sold to an individual borrower, nonprofit housing developer, or for-profit housing developer for the purposes of constructing single family residential dwelling units affordable to individuals and families of extremely low income or individuals and families of very low income.

For the 2003-2004 biennium, $2 million from the HOME Program Community Housing Development Organization (CHDO) set-aside will be used to implement this initiative.

Border Field Offices

TDHCA operates three Border Field Offices (BFOs) located in El Paso, Laredo, and Edinburg. These offices are partially funded through various sources including general revenue funds, the HOME Program, bond proceeds, and CDBG 1 percent Technical Assistance.

Currently, BFOs provide technical assistance to units of local government, nonprofits and for-profits, colonia residents, and the general public on TDHCA's programs and services. In addition, BFOs conduct onsite loan packaging and processing, homebuyer counseling, inspections, and administration of the CSHCs.

Over the next biennium, the BFOs' goal is to establish a network of communication with units of general local government, nonprofits, and community-based organizations within 150 miles of the Texas-Mexico border. To increase the availability of services to border communities, BFOs will conduct onsite visits to communities requesting technical assistance on accessing TDHCA programs. A database of contacts by county will advise communities of current and future funding opportunities available through TDHCA. BFOs will coordinate a minimum of four colonia public forums per year, which will provide information on various funding sources.

Additionally, BFOs will educate units of local government, nonprofits, and community-based organizations on the process of applying for funding and help identify opportunities for accessing various funding sources. They will coordinate capacity building seminars for units of general local government, nonprofits, and community-based organizations, and will assist with grant writing seminars to be conducted along the Texas-Mexico border. BFOs will also help units of general local government develop nonprofit organizations that can, in turn, provide services to colonia residents. A minimum of three workshops on the development of nonprofits will be coordinated by each BFO within their respective service region, and each BFO will coordinate a minimum of three tours of successful programs currently being administered along the border region.

Contract for Deed Consumer Education Program

OCI continues the consumer education program and has expanded its educational goals, although OCI is no longer required by legislation to provide education for contract for deed participants. With the statewide expansion of the Contract for Deed Conversion initiative, OCI recognized the need for additional education topics, including homebuyer education and instruction in other aspects of homeownership. Education services are available through the Colonia Self-Help Centers and OCI Border Field Offices.

Consumer Information Resources

The Office of Colonia Initiatives operates a toll-free hotline (1-800-462-4251), which enables colonia residents to voice their concerns and/or request information. In addition, this hotline is available to colonia residents who may be having trouble making their monthly mortgage payment.

Funding for this activity is part of the OCI administration budget.

Consumer Information Resources has been developed to promote the availability of housing and community development along the Texas-Mexico border through marketing and forums meant to increase public awareness. It is important to encourage the attendance of border residents at public hearings, conferences, and forums.

COMMENT ON THE COLONIA ACTION PLAN

In an effort to solicit public comment on the Colona Action Plan, the Office of Colonia Initiatives mailed the plan to members of the Colonia Resident Advisory Committee. Representatives from the Border Field Offices also contacted the committee members to encourage comment. The comment received by the Department is summarized below.

Comment

Mr. Jose Luis Almazan, Cameron County Secondary C-RAC member, stated that education in the colonias is very important because it will educate the future residents of the area—so the same mistakes will not be done again.

- Department Response
  No response necessary.

Check the areas so there won't be flood conditions; one of the major problems. And the existing projects continue to work.

- Department Response
  Current legislation prevents properties from being developed in flood zones. The Department verifies conformity to the statute.

Have more trees in the new colonias along with new homes and maintain the area. Contractors with property should continue warranty deeds with vendor's lien. More programs for the youth.

- Department Response
  This type of activity is considered eligible.

Contractors with property should continue warranty deeds with vendor's lien.

- Department Response
  The Department concurs and does encourage this.

More programs for the youth.

- Department Response
  The focus of TDHCA is the provision of safe, decent, and affordable housing. While the Department does not have any statutory authority to focus on youth related programs, OCI will attempt to disseminate information related to youth programs.

Comment

Mr. Dewitt Jones, Starr County C-RAC member, stated that he was for the plan and especially interested in the education part of it.

- Department Response
  No response necessary.

Comment

Mr. Guillermo Garcia, El Paso County C-RAC member, agreed with the plan, but would like to see more self-help construction initiatives.

- **Department Response**

  TDHCA currently funds several self-help construction initiatives. At this time, the Department feels the administrative capacity of nonprofit organizations currently able to undertake these initiatives are fully extended. The Department will consider future initiatives as organizational capacity increases.

The NOFA cycles should be open year round to allow better project planning.

- **Department Response**

  In November 2003, the TDHCA Board approved open cycles for several colonia-related activities.

APPENDIX A

LEGISLATIVE REQUIREMENTS FOR THE STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

SEC. 2306.072. ANNUAL LOW INCOME HOUSING REPORT

(a) Not later than December 18 of each year, the director shall prepare and submit to the board an annual report of the department's housing activities for the preceding year.

(b) Not later than the 30th day after the date the board receives the report, the board shall submit the report to the governor, lieutenant governor, speaker of the house of representatives, and members of any legislative oversight committee.

(c) The report must include

- (1) a complete operating and financial statement of the department;
- (2) a comprehensive statement of the activities of the department during the preceding year to address the needs identified in the state low income housing plan prepared as required by Section 2306.0721, including:
  - (A) a statistical and narrative analysis of the department's performance in addressing the housing needs of individuals and families of low and very low income;
  - (B) the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by the department; and
  - (C) the department's progress in meeting the goals established in the previous housing plan;
- (3) an explanation of the efforts made by the Department to ensure the participation of persons of low income and their community-based institutions in department programs that affect them;
- (4) a statement of the evidence that the Department has made an affirmative effort to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process;
- (5) a statistical analysis, delineated according to each ethnic and racial group served by the department, that indicates the progress made by the department in implementing the state low income housing plan in each of the uniform state service regions; and
- (6) an analysis, based on information provided by the fair housing sponsor reports required under Section 2306.0724 and other available data, of fair housing opportunities in each housing development that receives financial assistance from the department that includes the following information for each housing development that contains twenty or more living units:
  - (A) the street address and municipality or county where the property is located;
  - (B) the telephone number of the property management of leasing agent;
  - (C) the total number of units reported by bedroom size;
  - (D) the total number of units, reported by bedroom size, designed for individuals who are physically challenged or who have special needs and the number of these individuals served annually as reported by each housing sponsor;
  - (E) the rent for each type of rental unit, reported by bedroom size;
  - (F) the race or ethnic makeup of each project;
  - (G) the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;

(H) the number of units occupied by individuals and families of extremely low income, very low income, low income, moderate income, and other levels of income;

(I) a statement as to whether the department has been notified of a violation of the fair housing law that has been filed with the United States Department of Housing and Urban Development, the Commission on Human Rights, or the United State Department of Justice; and

(J) a statement as to whether the development has any instances of material noncompliance with bond indentures or deed restrictions discovered though the normal monitoring activities and procedures that include meeting occupancy requirements or rent restrictions imposed by deed restrictions or financing agreements.

(7) a report on the geographic distribution of low income housing tax credits, the amount of unused low income housing tax credits, and the amount of low income housing tax credits received from the federal pool of unused funds from other states.

(8) A statistical analysis, based on information provided by the fair housing sponsor reports required by Section 2306.0724 and other available data, of average rents reported by county.

(d) The annual report submitted in each even-numbered year must:

(1) include recommendations designed to strengthen and support the Neighborhood Partnership Program in providing home ownership opportunities to individuals and families of low and very low income; and

(2) describe in detail actions the department has taken to assist small municipalities and rural areas in obtaining matching funds from public and private sources for participation in the Neighborhood Partnership Program.

SEC. 2306.0721. LOW INCOME HOUSING PLAN

(a) Not later than December 18 of each year, the director shall prepare and submit to the board an integrated state low income housing plan for the next year.

(b) Not later than the 30th day after the date the board receives the plan, the board shall submit the plan to the governor, lieutenant governor, and the speaker of the house of representatives.

(c) The plan must include:

(1) an estimate and analysis of the housing needs of the following populations in each uniform state service region:

(A) individuals and families of moderate, low, very low income, and extremely low income;

(B) individuals with special needs; and

(C) homeless individuals;

(2) a proposal to use all available housing resources to address the housing needs of the populations described by Subdivision (1) by establishing funding levels for all housing-related programs;

(3) an estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(4) a description of state programs that govern the use of all available housing resources;

(5) a resource allocation plan that targets all available housing resources to individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(6) a description of the department's efforts to monitor and analyze the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and the department's recommendations to endorse the full use by the state of all available federal resources for those services in each uniform state service region;
(7) strategies to provide housing for individuals and families with special needs each uniform state service region;
(8) a description of the department's efforts in each uniform state service region to encourage the construction of housing units that incorporate energy efficient construction and appliances;
(9) an estimate and analysis of the housing supply in each uniform state service region;
(10) an inventory of all publicly and, where possible, privately funded housing resources, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies;
(11) strategies for meeting rural housing needs;
(12) information on the demand for contract-for-deed conversions, services from self-help centers, consumer education, and other colonia resident services in counties some part of which is within 150 miles of the international border of this state;
(13) a summary of public comments received at a hearing under this chapter or from another source that concern the demand for colonia resident services described by Subdivision (12); and
(14) any other housing-related information that the state is required to include in the one-year action plan of the consolidated plan submitted annually to the United States Department of Housing and Urban Development.

(d) The priorities and policies in another plan adopted by the department must be consistent to the extent practical with the priorities and policies established in the state low income housing plan.
(e) To the extent consistent with federal law, the preparation and publication of the state low income housing plan shall be consistent with the filing and publication deadlines required of the department for the consolidated plan; and
(f) The director may subdivide the uniform state service regions as necessary for the purposes of the state low income housing plan.

SEC. 2306.0722. PREPARATION OF PLAN AND REPORT

(a) Before preparing the annual low income housing report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the department shall meet with regional planning commissions created under Chapter 391, Local Government Code, representatives of groups with an interest in low income housing, nonprofit housing organizations, managers, owners, and developers of affordable housing, local government officials, and residents of low income housing. The department shall obtain the comments and suggestions of the representatives, officials, and residents about the prioritization and allocation of the department's resources in regard to housing.
(b) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:

(1) coordinate local, state, and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;
(2) set priorities for the available housing resources to help the neediest individuals;
(3) evaluate the success of publicly supported housing programs;
(4) survey and identify the unmet housing needs of persons the department is required to assist;

(5) ensure that housing programs benefit a person regardless of the persons' race, ethnicity, sex, or national origin;
(6) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;
(7) develop housing programs through an open, fair, and public process;
(8) set priorities for assistance in a manner that is appropriate and consistent with the housing needs of the populations described by Section 2306.0721(c)(1);
(9) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;
(10) identify the organizations and individuals consulted by the department in preparing the annual report and state low income housing plan and summarize and incorporate comments and suggestions provided under Subsection (a) as the board determines to be appropriate;
(11) develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;
(12) use the following standardized categories to describe the income of program applicants and beneficiaries:
  (A) to 30 percent of area median income adjusted for family size;
  (B) more than 30 to 60 percent of area median income adjusted for family size;
  (C) more than 60 to 80 percent of area median income adjusted for family size;
  (D) more than 80 to 115 percent of area median income adjusted for family size; or
  (E) more than 115 percent of area median income adjusted for family size; and

(13) use the most recent census data combined with existing data from local housing and community service providers in the state, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies.

SEC. 2306.0723. PUBLIC PARTICIPATION REQUIREMENTS

(a) The department shall hold public hearings on the annual state low income housing plan and report before the director submits the report and the plan to the board. The department shall provide notice of the public hearings as required by Section 2306.0661. The department shall accept comments on the report and plan at the public hearings and for at least 30 days after the date of the publication of the notice of the hearings.
(b) In addition to any other necessary topics relating to the report and the plan, each public hearing required by Subsection (a) must address:
  (1) infrastructure needs;
  (2) home ownership programs;
  (3) rental housing programs;
  (4) housing repair programs; and
  (5) the concerns of individuals with special needs, as defined by Section 2306.511.
(c) The board shall hold a public hearing on the state low income housing report and plan before the board submits the report and the plan to the governor, lieutenant governor, speaker of the house of representatives, members of the legislature.
(d) The board shall include with the report and the plan the board submits to the governor, lieutenant governor, speaker of the house of representatives, members of the legislature, and members of the advisory board formed by the department to advise on the consolidated plan a written summary of public comments on the report and the plan.

APPENDIX B

TDHCA PROGRAM DESCRIPTIONS

The following program descriptions provide information on the various TDHCA programs including funding source, type of assistance, recipients, targeted beneficiaries, program activities, set-asides, and special initiatives.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The HOME Investment Partnerships (HOME) Program receives funding from the US Department of Housing and Urban Development (HUD) and provides loans and grants to units of local government, public housing authorities (PHAs), community housing development organizations (CHDOs), nonprofit organizations, and for-profit entities, with targeted beneficiaries being low, very low, and extremely low income households. The purpose of the HOME Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local governments and private and nonprofit organizations in order to strengthen their capacity to meet the housing needs of lower income Texans.

The State of Texas receives an annual allocation of HOME funds from HUD. TDHCA provides technical assistance to all recipients of the HOME Program to ensure that all participants meet and follow state implementation guidelines and federal regulations. In 2003, the Texas Legislature passed Senate Bill 264, which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the HOME, Housing Trust Fund, and Housing Tax Credit programs to each Uniform State Service Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance. Please see the Regional Allocation Formula section of this document, beginning on page 78, for further explanation.

Note: It is anticipated that the CHDO, Olmstead Populations, Contract for Deed Conversions, Rental Housing Preservation, and Rental Housing Development activities will be awarded through an open funding cycle.

Homebuyer Assistance

Down payment and closing cost assistance is provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for construction costs associated with architectural barrier removal in a home purchased with HOME assistance to meet the accessibility needs of homebuyers with disabilities; acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents; and construction costs associated with the rehabilitation of a home purchased with HOME assistance. For PY 2004 funds, this activity will comprise 35 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $7,756,875.

Owner-Occupied Housing Assistance

Rehabilitation or reconstruction cost assistance in the form of grants is provided to homeowners for the repair or reconstruction of their existing homes. The homes must be the principal residence of the homeowner. This activity will comprise 45 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $9,973,125.

Tenant-Based Rental Assistance (TBRA)

Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed two years. TBRA allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance with the condition that assisted family participate in a Self-Sufficiency Program. This activity will comprise 20 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $4,432,500.

Set-Asides

Rental Housing Development Set-Aside

Awards for eligible applicants are to be used for the development of affordable multifamily rental housing. Owners are required to make the units available to extremely low, very low, and low income families and must meet long-term rent restrictions. Three million dollars will be allocated toward this activity for FY 2004. These funds will not be subject to the Regional Allocation Formula.

Rental Housing Preservation Set-Aside

Awards for eligible applicants are to be used for the acquisition and/or rehabilitation for the preservation of existing affordable or subsidized rental housing. Owners are required to make the units available to extremely low, very low, and low income families and must meet long-term rent restrictions. Two million dollars will be allocated toward this activity for FY 2004. These funds will not be subject to the Regional Allocation Formula.

CHDO Set-Aside

A minimum of 15 percent, approximately $6,750,000 (plus $337,500 in operating expenses) of the annual HOME allocation is reserved for community housing development organizations (CHDOs). CHDO Set-Aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units.

Set-Aside for Persons with Disabilities

A minimum of 5 percent, approximately $2,250,000, of the annual HOME allocation is reserved for applicants serving persons with disabilities and will not be subject to the Regional Allocation Formula. Eligible activities include homebuyer assistance, owner-occupied housing assistance, and tenant-based rental assistance. A minimum of $500,000 will be reserved under this set-aside for the Texas Home of Your Own (HOYO) Program for homebuyer assistance. The HOYO program coordinates existing homeownership services, which streamlines the process homebuyers must follow, including homebuyer counseling, down payment assistance, and architectural barrier removal.

Set-Aside for Olmstead Population

In an effort to address SB 367 from the 77th Legislative Session, enacted in response to the Supreme Court *Olmstead* decision (related to the de-institutionalization of persons with disabilities), for PY 2004, TDHCA will allocate $2,000,000 towards those populations (as outlined in SB 367).[98] These funds will be used for tenant-based rental assistance, including security deposits. These funds will not be subject to the Regional Allocation Formula.

Set-Aside for Contract for Deed Conversions

The intent of this program is to help colonia residents become property owners by converting their contracts for deed into traditional mortgages. To assist the Department in meeting this mandate, $2,000,000 in HOME Program funds will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

Set-Aside for Colonia Model Subdivision Loan Program

Per Subchapter GG of Chapter 2306, Texas Government Code, the intent of this program is to provide low-interest-rate or possible interest-free loans to promote the development of new, high-quality residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. The Department will only make loans to CHDOs certified by the Department and for the types of activities and costs described under the previous section regarding CHDO Set-Aside. Two million dollars will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

Special Needs Populations

TDHCA has a goal of allocating 20 percent of the annual HOME allocation to applicants serving persons with special needs. Eligible activities include homebuyer assistance, owner-occupied housing assistance, and tenant-based rental assistance. Additional scoring criteria has been established under each of the eligible activities to assist the Department in reaching its goal.

Projected HOME Program funding for FY 2004: $45,000,000.

For more information regarding single family activities, contact Skip Beaird, Single family Finance Production Division, at (512) 475-0908. For multifamily activity information, contact the Multifamily Finance Production Division at (512) 475-3340

[98]Institutional housing meaning: (1) an ICF-MR, as defined by Section 531.002, Health and Safety Code, (2) a nursing facility; (3) a state hospital, state school, or state center maintained and managed by the Texas Department of Mental Health and Mental Retardation; or (4) an institution for the mentally retarded licensed or operated by the Department of Protective and Regulatory Services. Note that SB 367 expanded the state's definition of the Olmstead Population to include not only those individuals who had been served in a state mental health facility for twelve months, but also those individuals who had three inpatient hospitalizations within a 180-day period to a TDMHMR facility (State hospital) to be presumed at imminent risk of institutionalization.

HOUSING TRUST FUND

The Housing Trust Fund (HTF) receives funding from the State of Texas, multifamily bond issuance fees, and loan repayments, and is the only State-authorized program for affordable housing, as created by the 72nd Legislature in Senate Bill 546. HTF offers loans and grants to nonprofits, units of local government, PHAs, CHDOs, for-profit entities, and, as an eligible activity, income-eligible individuals and families. The targeted beneficiaries of the program are low, very low, and extremely low income households. HTF funds may be used for the acquisition, rehabilitation, and new development of affordable housing, and may provide pre-development loans and capacity building grants to nonprofits and CHDOs engaged in the development of affordable housing. HTF strives for a broad geographic distribution of projects with a focus on rural areas.

Housing units assisted with HTF funds must remain affordable for a period of at least 30 years.[99] Funds are not available to projects that will permanently and involuntarily displace persons of low income. Projects will be funded based on ranking criteria including leveraging of funds, cost effectiveness, and the extent to which persons of low income are served. Funds are awarded on a competitive basis through periodic application cycles. Applications are evaluated against a number of criteria, including (1) the extent to which the project will leverage state funds with other resources, including federal resources and private sector funds; (2) the cost-effectiveness of a proposed development; and (3) the extent to which individuals and families of very low income and extremely low income are served by the development. Funding for the development is subject to the TDHCA Regional Allocation Formula.

Capacity Building and Technical Assistance

Up to 10 percent of Housing Trust Fund money may be set aside for capacity building activities. In 2003, the Housing Trust Fund provided $567,729 in grant funding to 14 nonprofits so they could hire staff or contract with technical assistance providers to increase the organization's capacity to develop affordable housing. Up to $350,000 may be made available for capacity building activities in 2004.

Predevelopment Loan Fund Demonstration Program

Up to 10 percent of Housing Trust Fund money may be set aside for predevelopment activities. The purpose of the Predevelopment Loan Fund Demonstration Program is to provide opportunities for nonprofits and CHDOs to develop affordable housing by helping eliminate the barriers predevelopment expenses may pose. In FY 2003, administration of this program was awarded to Texas Community Capital. A total of $1,088,068 in funding will be made available to eligible entities for predevelopment activities. These funds will continue to be administered by subgrantees through FY 2004.

Special Initiatives and Partnerships

Special Needs Populations

Ten percent of the total number of project units assisted with HTF funds must be set aside for special needs populations. Five percent must be fully wheelchair accessible and 2 percent must be for sight- or hearing-impaired individuals. HTF provides scoring incentives for developments that choose to set aside additional units for special needs populations.

[99] See §2306.185

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program, as administered by the TDHCA Office of Colonia Initiatives, receives substantial funding from the Housing Trust Fund.

Projected Housing Trust Fund Funding for FY 2004: $3,247,460.

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

HOUSING TAX CREDIT PROGRAM

The Housing Tax Credit (HTC) Program receives funding from the US Treasury Department and provides tax credits to nonprofits, for-profit developers, and syndicators or investors. The targeted beneficiaries of the program are very low and extremely low income families at or below 60 percent AMFI. The program's purpose is to encourage the development and preservation of rental housing for low income families, provide for the participation of for-profit and nonprofit organizations in the program, maximize the number of units added to the state's housing supply, and prevent losses in the state's supply of affordable housing.

The HTC program was created by the Tax Reform Act of 1986 and is governed by the Internal Revenue Code of 1986 (the Code), as amended, 26 USC Section 42. It authorizes tax credits in the amount of $1.75 per capita of the state population. Tax credits are also awarded to developments with tax-exempt bond financing and are made independent of the $1.75 state volume cap. TDHCA is the only entity in the state with the authority to allocate tax credits under this program. The state's distribution of the credits is administered by the Department's *Qualified Allocation Plan and Rules* (QAP) as required by the Code. In 2003, the Texas Legislature passed Senate Bill 264, which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the Housing Tax Credit Program to each Uniform State Planning Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance.

To qualify for tax credits, the proposed development must involve new construction or undergo substantial rehabilitation of residential units. The credit amount for which a development may be eligible depends on the total amount of depreciable capital improvements, the percentage of units set aside for qualified tenants, and the funding sources available to finance the total development cost. Pursuant to the Code, a low income housing project qualifies for residential rental occupancy if it meets one of the following two criteria: (1) 20 percent or more of the residential units in the project are both rent-restricted and occupied by individuals whose income is 50 percent or less of AMFI; or (2) 40 percent or more of the residential units in the project are both rent-restricted and occupied by individuals whose income is 60 percent or less of AMFI. Typically, 60 to 100 percent of a development's units will be set aside for qualified tenants in order to maximize the amount of tax credits the development may claim.

Credits from the state volume cap are awarded through a competitive application process. Each application must satisfy a set of threshold criteria and is then scored based on selection criteria. The board considers the recommendations of the Department and determines a final award list. Credits to developments with tax-exempt bond financing are awarded through a similar application review process, but because these credits are not awarded from a limited credit pool, the process is noncompetitive and the selection criteria are not part of the application.

The selection criteria encourages the provision of units for persons with special needs by awarding points for projects that include units designed for large families; that set aside units for families with income at or below 50 percent, 40 percent, and/or 30 percent of the area median income; that are designed and equipped for the elderly; that serve low income tenants for the longest period of time; that provide design amenities and include supportive services for tenants; that set aside units designed and built to Section 504 standards and equipped for persons with physical or mental disabilities; and that provide transitional housing units for the homeless.

The Department requires recipients of tax credits to document the participation of historically underutilized businesses (HUBs) in the development, construction, and management of tax credit projects, and has established a minimum goal of 30 percent participation of HUBs. The selection criteria awards extra points to projects owned by HUBs and also areas located in colonias. Efforts are made in the planning process and allocation of funds to ensure the involvement of housing advocates, community-based institutions, developers, and local municipalities. The Department also encourages the participation of community development corporations and other neighborhood-based groups.

Projected Housing Tax Credit Program Funding for FY 2004:$38,000,000.

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

MULTIFAMILY BOND PROGRAM

The Multifamily Bond Program issues taxable and tax-exempt mortgage revenue bonds (MRBs) to fund loans to nonprofit and for-profit developers. The proceeds of the bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties with the targeted beneficiaries being very low, low, and moderate income households. Owners elect to set aside 20 percent of the units in each project for households earning 50 percent or less of area median income, or 40 percent of the units for households earning 60 percent or less of area median income. Persons with special needs must occupy 5 percent of the units. Property owners are also required to offer a variety of services to benefit the residents of the development. Specific tenant programs must be designed to meet the needs of the current tenant profile and must be approved annually by TDHCA.

TDHCA issues tax-exempt, multifamily MRBs through two different authorities defined by the Internal Revenue Code. Under one authority, tax-exempt bonds used to create housing projects are subject to the State's private activity volume cap. Beginning in 2003, the State will allocate 23 percent of the annual private activity volume cap for multifamily projects. Approximately $367 million in issuance authority will be made available to various issuers to finance multifamily projects, of which 20 percent, or approximately $73.3 million, will be made available exclusively to TDHCA. Issuance authority per individual projects is allocated through a lottery administered by the Texas Bond Review Board. TDHCA, local housing authorities, and other eligible bond issuers enter the lottery with applications for specific projects on behalf of project owners. Applications submitted to TDHCA for the private activity bond 2004 program year will be scored and ranked. Lottery numbers will then be assigned from the lowest to highest ranked application. Projects that receive 50 percent or more of their funding from the proceeds of tax-exempt bonds under the private activity volume cap are also eligible to apply for housing tax credits.

Under the second authority, TDHCA may issue tax-exempt MRBs to finance properties that are owned entirely by nonprofit organizations. Bonds issued under this authority are exempt from the private activity volume cap. This is a noncompetitive application process and applications may be received at any time throughout the year. In addition to the set-asides above, 75 percent of project units financed under the 501(c)(3) authority must be occupied by households earning 80 percent or less of the area median income.

Projected Multifamily Bond Program Funding for FY 2004: $150,000,000.

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

First Time Homebuyer Program

The First Time Homebuyer Program receives funding from tax-exempt and taxable mortgage revenue bonds. The program offers 30-year fixed-rate mortgage financing at below-market rates for very low, low, and moderate income residents purchasing their first home or residents who have not owned a home within the preceding three years. Qualified applicants access First Time Homebuyer Program funds by contacting any participating lender, which is then responsible for the loan application process and subsequent loan approval. After closing, the lender transfers the mortgage loan to a Master Servicer designated by TDHCA.

The First Time Homebuyer Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI (area median family income) limitations, based on IRS adjusted income limits. Recipients must have adequate income stability and credit history sufficient to qualify for an industry-standard mortgage loan, and the purchase price of the home must not exceed stipulated maximum purchase price limits. Program funds will be allocated on a regional basis based on population percentage per Uniform State Service Region. A minimum of 30 percent of program funds will be set aside to assist Texans earning 60 percent or less of bond income limits.

TDHCA currently offers Assisted Mortgage Loans and Non-Assisted Mortgage Loans. The Assisted Mortgage Loans have a slightly higher interest rate than the Non-Assisted Loans and include down payment and closing cost assistance through the Down Payment Assistance Program (DPAP) or the Grant Assistance Program (GAP); the availability and amount of assistance varies by bond issuance. Assisted Mortgage Loans are available exclusively to low income homebuyers earning 60 percent or less of bond income limits. Non-Assisted Mortgage Loans have a slightly lower interest rate than the Assisted Loans and do not offer down payment or closing cost assistance.

Income limits for the program are set by the IRS Tax Code (1986) based on income figures determined by the US Department of Housing and Urban Development. The first time homebuyer restriction is established by federal Internal Revenue Service regulations, which also require that program recipients may be subject to a recapture tax on any capital gain realized from a sale of the home during the first nine years of ownership. Certain exceptions to the first time homebuyer restriction, income ceiling, and maximum purchase price limitation apply in targeted areas. Such targeted areas are qualified census tracts, as designated by the Secretary of Commerce, in which 70 percent or more of the families have an income of 80 percent or less of the statewide median income and/or are areas of chronic economic distress as designated by the state and approved by the Secretaries of Treasury and Housing and Urban Development, respectively.

Projected Single Family Bond Program funding for FY 2004: $165,000,000.

For more information, contact Sue Cavazos, Single Family Finance Production Division, at (512) 475-3962. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

EXPANDED APPROVAL PROGRAM

Through an innovative partnership with Fannie Mae, TDHCA has launched the Expanded Approval Program, which enables households with slight blemishes on their credit report qualify for a homebuyer loan with interest rates lower than that of alternative financing arrangements. The Department has allocated $10 million of single family bond proceeds to this program. Unlike the standard assisted homebuyer funds, assisted loans made through the Expanded Approval Program are available to qualifying households earning up to 115 percent of the area median family income.

Projected Expanded Approval Program funding for FY 2004: $10,000,000.

For more information, contact Sue Cavazos, Single Family Finance Production Division, at (512) 475-3962. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

DOWN PAYMENT ASSISTANCE PROGRAM

Funding for the Down Payment Assistance Program (DPAP) is derived from available TDHCA funds. The program offers subordinate lien financing to qualified residents of Texas that participate in the First Time Homebuyer Program, with targeted beneficiaries including households at or below 60 percent AMFI. Eligible home purchasers participating in select bond programs with limited liquid assets who qualify for a mortgage loan through the TDHCA First Time Homebuyer Program may apply for DPAP assistance. This program provides up to $5,000, $7,500, or $10,000 (depending upon property location) to be used for home purchase–associated down payment and closing costs.

The assistance is a non-interest-bearing second lien mortgage, the term of which runs concurrently with the first lien loan, and can be used only in conjunction with the First Time Homebuyer Program. Monthly payments are not required. Repayment of the principal of the second lien loan is required upon the sale, lease, or refinance of the home, or payoff of the first lien obligation.

Projected Down Payment Assistance Program funding for FY 2004: Varies by bond issuance.
For more information, contact Sue Cavazos, Single Family Finance Production Division, at (512) 475-3962. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

GRANT ASSISTANCE PROGRAM

The Texas Department of Housing and Community Affairs also offers grant funds for down payment and closing cost assistance on a first-come, first-served basis for mortgage loans originated through the First Time Homebuyer Program. The Grant Assistance Program (GAP) provides up to 4 percent of the amount of the mortgage loan. Assistance is available to eligible borrowers whose incomes do not exceed 60 percent AMFI.

Projected Down Payment Assistance Program funding for FY 2004: Varies by bond issuance.

For more information, contact Sue Cavazos, Single Family Finance Production Division, at (512) 475-3962. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

MORTGAGE CREDIT CERTIFICATE PROGRAM

A mortgage credit certificate (MCC) provides a tax credit that will reduce the federal income taxes, dollar-for-dollar, of qualified buyers purchasing a qualified residence. As a result, the MCC effectively reduces the monthly mortgage payment and increases the buyer's disposable income by reducing his or her federal income tax obligation. This tax savings provides a family with more available income to qualify for a loan and meet mortgage payment requirements.

The amount of the annual tax credit will equal 40 percent of the annual interest paid on a mortgage loan; however, the maximum amount of the credit cannot exceed $2,000 per year. The credit cannot be greater than the annual federal income tax liability, after all other credits and deductions have been taken into account. MCC tax credits in excess of a borrower's current year tax liability may, however, be carried forward for use during the subsequent three years.

The MCC Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI limitations, based on IRS adjusted income limits. In order to participate in the MCC Program, homebuyers must meet certain eligibility requirements and obtain a qualified mortgage loan through a participating lender. The mortgage loan must be financed from sources other than tax-exempt revenue bonds. The mortgage may be a conventional, FHA, VA, or RHS loan at prevailing market rates, but may not be used in connection with the refinancing of an existing loan

Projected Mortgage Credit Certificate Program funding for FY 2004: $15,000,000.

For more information, contact Sue Cavazos, Single Family Finance Production Division, at (512) 475-3962.

TEXAS STATEWIDE HOMEBUYER EDUCATION PROGRAM

The Texas Statewide Homebuyer Education Program (TSHEP) offers provider certification training to nonprofit organizations including Texas Agriculture Extension Agents, units of local government, faith-based organizations, CHDOs, community development corporations (CDCs), community-based organizations (CBOs), and other organizations with a proven interest in community building. In addition, a referral service for individuals interested in taking a homebuyer education class is available through a toll-free hotline at TDHCA. The targeted beneficiaries of the program include extremely low, very low, low, and moderate income individuals; minority populations; and persons with disabilities.

To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA contracts with training professionals to teach local nonprofit organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education. The training professionals and TDHCA also certify the participants as homebuyer education providers.

Projected Texas Statewide Homebuyer Education Program funding for FY 2004: $65,000.

For more information, contact JoAnn DePenning, Center for Housing Research, Planning, and Communications, at (512) 475-4779. To access the TSHEP referral network, obtain a list of TSHEP-certified providers, or for more information regarding TSHEP, call 1-877-895-1093.

Office of Colonia Initiatives

The Office of Colonia Initiatives (OCI) was established within the Department in June 1996. OCI coordinates Department and legislative initiatives involving border issues and manages a portion of the Department's existing programs targeted at colonias. These programs include housing finance and mortgage revenue bond set-asides, community development block grants, self-help centers, and the implementation of legislation affecting colonias.

Colonias are generally described as subdivisions in unincorporated areas, typically within 150 miles of the Texas-Mexico border, that lack adequate water and wastewater services. Most colonias are located in Hidalgo, Cameron, Maverick, Willacy, Webb, Starr, and El Paso counties.

Border Field Offices

OCI oversees three Border Field Offices (BFOs) located in Edinburg, El Paso, and Laredo, which serve a 75-county area with a primary purpose to provide technical assistance to colonia residents. Each BFO is responsible for marketing Department programs and services to colonia residents and networking with local governments, state and federal agencies, nonprofits, and private organizations. This collaboration of efforts serves as a mechanism for community improvements that is responsive to the needs of colonia residents.

Colonia Self-Help Centers

Legislative action in 1995 directed the establishment of Colonia Self-Help Centers (SHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties, and any other county if designated as an economically distressed area. Operation of SHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to perform the functions of a Colonia Self-Help Center. SHCs provide concentrated on-site technical assistance to low and very low income individuals and families regarding housing and community development activities, infrastructure improvements, and outreach and education. The program serves 28 designated colonias in the six counties and benefits approximately 10,000 colonia residents. Beneficiaries of services must be at or below 80 percent of the area median family income. The Department opened its sixth SHC in Maverick County and is in the final stages of opening an additional center in Val Verde County.

Colonia Resident Advisory Committee

The Colonia Resident Advisory Committee (C-RAC) advises the Department on the needs of colonia residents and potential activities and programs. The Department's Board of Directors is required by the Texas Government Code to appoint two colonia resident representatives from each county to the C-RAC. C-RAC members meet 30 days prior to making an award to a Colonia Self-Help Center. The C-RAC has been instrumental in voicing the concerns of the targeted populations and assisting in the development of useful tools and programs to address the needs of colonia residents.

Contract for Deed Conversion Initiative

The intent of this program is to facilitate colonia-resident property ownership by converting contracts for deed into traditional mortgages. The Department is required through legislative directive to spend no less than $4 million on contract for deed conversions for colonia families earning less than 60 percent of AMFI. The Department must convert at least 400 of these contracts for deed into traditional notes and deeds of trust by August 31, 2005. Participants of this program must live in a colonia and must be citizens or permanent residents of the United States. Pre- and post-conversion counseling is available, as well as funding for housing construction and rehabilitation.

Contract for Deed Consumer Education Program

OCI continues the consumer education program and has expanded its educational goals, although OCI is no longer required by legislation to provide education for contract for deed participants. With the statewide expansion of the Contract for Deed Conversion initiative, OCI recognized the need for additional education topics, including homebuyer education and instruction in other aspects of homeownership. Education services are available through the Colonia Self-Help Centers and OCI Border Field Offices.

Texas Bootstrap Loan Program

This program provides loan funds to purchase or refinance real property on which to improve existing or construct new residential housing. Eligible applicants for this program are Colonia Self-Help Centers and state-certified nonprofit organizations. This program requires that the owner-builder (the borrower) provide at least 60 percent of the labor necessary to build the proposed housing, or provide an equivalent amount of labor by working through a state-certified owner-builder housing program. A minimum of two-thirds of the available funding is set aside for owner-builders whose property is located in an Economically Distressed Area Program county. The remainder of the funding will be available to other Department-certified nonprofit owner-builder housing programs.

Colonia Model Subdivision Loan Program

The intent of this program, created in 2001 by the 77th Legislature, is to provide low-interest or interest-free loans to Colonia Self-Help Centers or certified CHDOs through a competitive scoring process. These loans are intended for the development of new, high-quality residential subdivisions that provide alternatives to substandard colonias. The Department has allocated $1 million from the HOME Program to implement this initiative in FY 2003.

Builder Incentive Partnership Program

The purpose of this program is to assist working families purchase a new home. This initiative was created to entice builders to build homes at or below $70,000 with the guarantee that the home will be purchased if it is not sold to a conventional buyer within 30 days of completion. The Department, Fannie Mae, and other local for-profit and nonprofit entities have partnered to implement this one-time pilot initiative.

Border Affairs

The Office of the Texas Secretary of State is taking the lead on the State Agency Advisory Roundtable on the Texas Border and Mexican Affairs (Advisory Roundtable), which meets on a quarterly basis with the purpose of identifying common interagency border concerns. This forum is expected to facilitate in the creation of a common agenda that will best advance the quality of life and standard of living in our border communities.

Consumer Information Resources

OCI manages a toll-free hotline (1-800-462-4251) in both English and Spanish that allows colonia residents to voice concerns and/or request information.

Projected Office of Colonia Initiatives funding for FY 2003: OCI will receive 2.5 percent from the State Community Development Block Grant Program (CDBG) annual allocation to fund the operations of the Colonia Self-Help Centers; approximately $3 million from the Housing Trust Fund for the implementation of the FY 2004 Texas Bootstrap Loan Program; and $2 million from the HOME Investment Partnerships Program for the implementation of the Contract For Deed Conversion Program.

For additional information, contact Homero V. Cabello or Susana J. Garza, Office of Colonia Initiatives, at 1-800-462-4251.

Comprehensive Energy Assistance Program

The Comprehensive Energy Assistance Program (CEAP) receives funding from the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) and offers grants to community action agencies, nonprofits, and local units of government. The targeted beneficiaries of the program in Texas are households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly, disabled, families with young children, and households with the highest energy costs or needs in relation to income (highest home energy burden). Local providers must implement special outreach efforts for these special needs populations.

CEAP combines case management, education, and financial assistance to help very low and extremely low income consumers reduce utility bills to an affordable level. By statute, 10 percent of total funding is allocated for administration and 5 percent is allocated to case-management activities. The remaining 85 percent of the funding is used for direct client services.

There are four basic components to meet consumers' needs:

- The co-payment component assists households achieve energy self-sufficiency by helping households set goals for reducing utility bills, giving advice on improving household budgets, and assisting with utility bills for six to twelve months.
- The heating and cooling systems component repairs or replaces heating and cooling appliances to increase energy efficiency.

- The energy crisis component provides assistance during an energy crisis caused by extreme weather conditions or an energy supply shortage.
- The elderly and persons with disabilities component protects vulnerable households from fluctuations in energy costs by paying up to four of the highest bills during the year.

CEAP providers are expected to create partnerships with programs within and outside their agencies and with private entities. The program also requires that providers refer CEAP clients to the Department's Weatherization Assistance Program. Because CEAP is designed to help clients achieve energy self-sufficiency, it encourages the consumer to control future energy costs without having to rely on other government programs for energy assistance.

Projected Comprehensive Energy Assistance Program funding for FY 2004: $28,320,465.

For more information, contact Peggy Colvin, Energy Assistance Section, at (512) 475-3864.

WEATHERIZATION ASSISTANCE PROGRAM

The Weatherization Assistance Program (WAP) is funded through the US Department of Energy Weatherization Assistance Program for Low Income Persons grant and the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) grant. WAP offers grants to community action agencies, nonprofits, and local units of government with targeted beneficiaries being households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly, disabled, families with young children, and households with the highest energy costs or needs in relation to income (highest home energy burden). Local providers must implement special outreach efforts to reach these priority populations. Applicants who have special needs receive additional points in the application process. To help consumers control energy costs, WAP funds the installation of weatherization measures and provides energy conservation education. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.

The Department of Energy allows up to 15 percent of the funds for administration. The Department of Health and Human Services LIHEAP grant allows 10 percent for administration. The remaining funds are used for direct client services.

Partnerships between the Weatherization Assistance Program and the Southwestern Electric Power Company, the Southwestern Public Service Company, Entergy, El Paso Electric, and the Brazos Electric Cooperative provide energy conservation measures to very low and extremely low income utility customers. These partnerships increase the total number of low income households receiving weatherization services and provide consumers the opportunity to receive more comprehensive energy-efficiency measures.

Projected Weatherization Assistance Program funding for FY 2004: $11,148,999.

For more information, contact Peggy Colvin, Energy Assistance Section, at (512) 475-3864.

Section 8 Program

The Section 8 Program receives funding from HUD and offers rental assistance subsidies to families and individuals, including the elderly and persons with disabilities, earning 50 percent or less of area median income. No less than 75 percent of new admissions to the tenant-based voucher assistance program must have incomes at or below 30 percent of the area median income. Qualified households are afforded the opportunity to select the best available housing through direct negotiations with landlords to ensure accommodations that meet their needs. The statewide program is designed specifically for needy families in small cities and rural communities not served by similar local or regional programs.
TDHCA contracts with community action agencies, public housing authorities, and local governments to administer the program in their jurisdictions. This partnership has increased program efficiency.

Projected Section 8 Program funding for FY 2004: $11,119,039.

For more information, contact Willie Faye Hurd, Community Services Section, at (512) 475-3892.

Emergency Shelter Grants Program

The Emergency Shelter Grants Program (ESGP) receives funding from the US Department of Housing and Urban Development and awards grants to units of local government and private nonprofit entities that provide shelter and related services to homeless persons and/or intervention services to persons threatened with homelessness. Activities eligible for ESGP funding include the rehabilitation or conversion of buildings for use as emergency shelters for the homeless and the provision of essential services, including benefits paid on behalf of clients to prevent homelessness. General operating expenses and certain administrative salaries are also eligible uses of ESGP funds. ESGP funds are awarded statewide through a competitive application basis.

TDHCA also participates in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas; assisting in the coordination and provision of services for homeless persons throughout the state; increasing the flow of information among separate service providers and appropriate authorities; developing guidelines to monitor services for the homeless; providing technical assistance to the housing finance divisions of TDHCA in order to assess housing needs for persons with special needs; establishing a central resource and information center for the state's homeless; and developing, in cooperation with the Department and the Health and Human Services Commission, a strategic plan to address the needs of the homeless.

The Department provided funds to the Texas Homeless Network (THN) to provide in-depth technical assistance on refining a collaborative network of local service providers, assessing the needs of the homeless population, and developing priorities for addressing those needs.

Projected Emergency Shelter Grants Program funding for FY 2004: $4,703,000.

For more information, contact Dyna C. Lang, Community Services Section, at (512) 475-3905.

COMMUNITY SERVICES BLOCK GRANT PROGRAM

The Community Services Block Grant Program (CSBG) receives funding from the US Department of Health and Human Services and offers grants to eligible entities. The targeted beneficiaries of the program are persons at or below federal poverty guidelines according to income level and household size. CSBG provides administrative support to a network of 49 local Community Action Agencies (CAAs) and other eligible entities that provide services to very low income persons. The funding assists in providing essential services including access to child care; health and human services for children, families, and the elderly; nutrition; transportation; job training and employment services; housing; substance abuse prevention; assistance to migrant workers; and other related services.

Five percent of the State's CSBG allocation may be used to fund activities that support the intent of the Community Services Block Grant Act, which may include providing training or technical assistance to eligible entities or short-term financial support for innovative projects that address the causes of poverty, promote client self-sufficiency, or promote community revitalization. These funds may also be used to support nonprofit organizations that assist low income Native Americans and migrant or seasonal farm workers. In addition, local contractors may use CSBG funds to assist homeless persons and other special needs populations. The Department also uses CSBG funds to support the activities of the Community Resource Coordination Groups (CRCG), which encourages multiagency involvement and resource coordination among local service providers.

Community Services Block Grant Program funding for FY 2004: $30,947,421.

For more information, contact Dyna C. Lang, Community Services Section, at (512) 475-3905.

COMMUNITY FOOD AND NUTRITION PROGRAM

The Community Food and Nutrition Program (CFNP) receives funding from the US Department of Health and Human Services and supports efforts to address hunger issues in low income neighborhoods on a statewide basis.

CFNP coordinates statewide efforts to address hunger and related issues by distributing surplus commodities and game donated by hunters. CFNP funds are also used to support the expansion of child-feeding programs and the creation of farmers markets designed to serve low income neighborhoods.

A total of 1.6 million pounds of food were donated through Share Our Surplus Service and Hunters for the Hungry in FY 2002. Donations through the Share Our Surplus program decreased dramatically in 2002 due to economic decline and drought experienced by produce growers in Texas.

Community Food and Nutrition Program funding for FY 2004: $346,017.

For more information, contact Dyna C. Lang, Community Services Section, at (512) 475-3905.

APPENDIX C

TSAHC PROGRAM DESCRIPTIONS

The following descriptions provide information on the programs offered through the Texas State Affordable Housing Corporation (TSAHC, the Corporation). For more information about TSAHC programs, please call (512) 477-3555 or 1-888-638-3555.

TEXAS PROFESSIONAL EDUCATORS HOME LOAN PROGRAM

The Texas Professional Educators Home Loan Program was established under Senate Bill 284 and allocates $25 million of the State's Ceiling for Private Activity Bond Cap for the exclusive purpose of making single family mortgage loans to Texas professional educators (individuals and families) that are first time homebuyers.

To be eligible for a mortgage loan through this program, a borrower must

- not have had an ownership interest in any principal residence during the last three years;
- be a professional educator as defined by Subchapter B, Chapter 21, of the Texas Education Code;
- reside in the state of Texas;
- meet the income and purchase price eligibility limits for the program;
- meet standard mortgage underwriting requirements that demonstrate credit worthiness;
- occupy the purchased home as his or her primary residence

The program will be available statewide on a first-come, first-served basis to first time homebuyers who wish to purchase a newly constructed or existing home. Eligible borrowers are able to apply for a 30-year fixed-rate mortgage loan, which will offer down payment and closing cost assistance. Interested individuals will need to contact a participating lender regarding the application process.

Funding for this program will be available on the first business day of January 2004, with an anticipated program release in early spring 2004. The interest rate and assistance percentage will be determined by current market rates at the time the program is made available.

TEXAS FIRE FIGHTER AND POLICE OFFICER HOME LOAN PROGRAM

The Texas Fire Fighter and Police Officer Home Loan Program was established under House Bill 1247 and allocates $25 million of the State's Ceiling for Private Activity Bond Cap for the exclusive purpose of making single family mortgage loans to Texas fire fighters & police officers (individuals and families) that are first time homebuyers.

To be eligible for a mortgage loan through this program, a borrower must

- not have had an ownership interest in any principal residence during the last three years;
- be a fire fighter or a police officer as defined by Section 143.003 of the Local Government Code;
- reside in the state of Texas;
- meet the income and purchase price eligibility limits for the program;
- meet standard mortgage underwriting requirements that demonstrate credit worthiness;
- must occupy the purchased home as his or her primary residence

The program will be available statewide on a first-come, first-served basis to first time homebuyers who wish to purchase a newly constructed or existing home. Eligible borrowers are able to apply for a 30-year fixed-rate mortgage loan, which will offer down payment and closing cost assistance. Interested individuals will need to contact a participating lender regarding the application process.

Funding for this program will be available on the first business day of January 2004, with an anticipated program release in early spring 2004. The interest rate and assistance percentage will be determined by current market rates at the time the program is made available.

Multifamily Direct Lending Program

The Corporation's Multifamily Direct Lending Program provides permanent financing for the purpose of increasing and preserving the stock of affordable multifamily housing units throughout the state of Texas.

The Corporation's ability to offer permanent financing is facilitated through existing relationships with real estate investment companies that invest in affordable multifamily housing. The Community Development Trust in New York and the Federal Home Loan Bank of Dallas are the Corporation's principal partners in this program.

To date, the Corporation has provided permanent financing for developments in Wichita Falls, Big Spring, Brady, and Stephenville. The Corporation will continue to focus this program on serving rural and under-served markets.

501(c)(3) Multifamily Bond Program

The Corporation's 501(c)(3) Multifamily Bond Program is utilized for the acquisition/rehabilitation or new construction of affordable multifamily housing units. In 2001 and 2002, the Corporation provided $487 million in financing for the preservation or creation of 7,700 units of affordable housing in the state of Texas. These affordable units are targeted primarily at moderately low income individuals.

TSAHC will continue to focus this program on serving the "moderate income" housing need.

2004 Multifamily Private Activity Bond Program

The State of Texas has made approximately $35 million in Private Activity Bond (PAB) financing available to the Corporation, effective January 2004. PAB financing will be utilized for the acquisition/rehabilitation or new construction of affordable multifamily housing units in underserved areas of the state.

The Corporation's Board of Directors will designate certain geographic areas (e.g., cities, metropolitan statistical areas, counties, etc.) as targeted areas within the state. The Board will attempt to give priority for target area designation to regions where PAB financing has traditionally not been awarded (underserved areas).

APPENDIX D

GLOSSARY OF SELECTED TERMS

Accessible: A definition used by HUD in Section 504 with respect to the design, construction, or alteration of an individual dwelling unit. It means that the unit is located on an accessible route and when designed, constructed, altered, or adapted, it can be approached, entered, and used by individuals with physical disabilities. A unit that is on an accessible route and is adaptable and otherwise in compliance with the standards set forth in the Uniform Federal Accessibility Standards (UFAS, 23 CFR Subpart 40 for residential structures) is considered accessible. When a unit in an existing facility that is being made accessible as a result of alterations intended for use by a specific qualified person with a disability, the unit will be deemed accessible if it meets the requirements of applicable standards that address the particular disability or impairment of such person.

Accessible route: Unobstructed path that connects accessible elements and spaces in a building or facility and complies with the space and reach requirements prescribed by the Uniform Federal Accessibility Standards (UFAS). An accessible route that serves only accessible units occupied by persons with hearing or vision impairments need not comply with those requirements intended to affect accessibility for persons with mobility requirements.

Acquisition: Acquisition of standard housing (at a minimum, meeting HUD Section 8 Housing Quality Standards) only with no expectation of other activities being carried out in conjunction with the acquisition.

Adaptability: A definition used by HUD in Section 504 meaning the ability of certain elements of a dwelling unit (such as kitchen counters, sinks, and grab bars) to be added to, raised, lowered, or otherwise altered, to accommodate the needs of persons with or without disability or to accommodate the needs of persons with different degrees of disability.

Administrative Costs Reasonable and necessary costs, as described in OMB Circular A-87, incurred by the participating jurisdiction in carrying out its eligible program activities in accordance with prescribed regulations. Administrative costs include any project delivery costs, such as new construction and rehabilitation counseling, preparing work specifications, loan processing, inspections, and other entities applying for or receiving HOME funds. Administrative costs do not include eligible project-related costs that are incurred by and charged to project owners.

Affordable Housing: Housing where the occupant is paying no more than 30 percent of his/her gross monthly income for gross housing costs, including utility costs. Housing that is for purchase (with or without rehabilitation) qualifies as affordable housing if it (1) is purchased by a low income, first-time home buyer who will make the housing his or her principal residence; and (2) has a sale price that does not exceed the mortgage limit for type of single family housing for the area under HUD's single family insuring authority under the National Housing Act.

Area Median Family Income (AMFI): Income limits for MSAs and counties that are based on HUD's estimates of the area's median income adjusted for family size. Calculated yearly by HUD and used to determine an applicant's eligibility with regard to HUD programs.

Assisted Household or Person:	For the purpose of identification of goals, an assisted household or person is one in which, during the periods covered by the annual plan, will receive benefits through the investment of federal funds, either alone or in conjunction with the investment of other public or private funds. A renter is benefited if the household or person takes occupancy of affordable housing that is newly acquired (standard housing) or new rehabilitation is completed. A first-time home buyer is benefited if a home is purchased during the year. A homeless person is benefited if the person becomes an occupant of transitional or permanent housing. A non-homeless person with special needs is considered as being benefited if the provision of supportive services is linked to the acquisition, rehabilitation, or new construction of a housing unit and/or the provision of rental assistance during the year.
Capacity Building:	Educational and organizational support assistance to promote the ability of an organizations to maintain, rehabilitate, and construct housing for low and very low income persons and families. This activity may include, but is not limited to: 1) Organizational support to cover expenses for training, technical, and other assistance to the board of directors, staff, and members of the organization, 2) Program support including technical assistance and training related to housing development, housing management, or other subjects related to the provision of housing or housing services, and 3) Studies and analyses of housing needs.
Community Housing Development Organization (CHDO):	A nonprofit organization, certified by a city or the state, that provides decent, affordable housing to low income individuals within a designated geographic area.
Colonia:	An identifiable unincorporated area located within 150 miles of the Texas-Mexico border that lacks infrastructure and decent housing.
Consolidated Plan:	A document submitted to the US Department of Housing and Urban Development (HUD) containing housing needs assessments and strategic plans for the state. It is required of the State of Texas by HUD in order to receive federal CDBG, HOME, ESGP, and HOPWA program funds.
Contract for Deed:	A financing arrangement for the sale of property whereby land ownership remains with the seller until the total purchase price is paid.
Disability:	According to the US Department of Housing and Urban Development, a person shall be considered to have a disability if the person is determined to have a physical, mental, or emotional impairment that: (1) is expected to be of long-continued and indefinite duration, (2) substantially impeded his or her ability to live independently, and (3) is of such a nature that the ability could be improved by more suitable housing conditions. A person shall also be considered to have a disability or he or she has a developmental disability as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 USC. 6001-6006). The term also includes the surviving member(s) or any household described in the first sentence of this paragraph who is (were) living in an assisted unit with the disabled member of the household at the time of his or her death. Disabilities reflect the consequences of a bodily impairment in terms of functional performance. Also see “Person with Disability.”
Disabled Household:	A household composed of one or more persons at least one of whom is an adult (a person of at least 18 years of age) who has a disability.

Economic Independence and Self-Sufficiency Programs: Programs undertaken by public housing agencies (PHAs) to promote economic independence and self-sufficiency for participating families. Such programs may include Project Self-sufficiency and Operation Bootstrap programs that originated under earlier Section 8 initiatives, as well as the Family Self-Sufficiency program. In addition, PHAs may operate locally developed programs or special projects designed to promote economic independence and self-sufficiency.

Elderly Household: According to HUD, a family in which the head of the household or a spouse is at least 62 years of age, by HUD's definition. This definition may change according to specific program.

Extremely Low Income: Individual of family with a household income less than or equal to 30 percent of the area median family income (AMFI)

Fair Housing Act Prohibits discrimination in housing because of race, national origin, religion, sex, familial status, or disability.

Federal Preference for Admission: The preference given to otherwise eligible applicants under HUD's rental assistance programs who, at the time they seek housing assistance, are involuntarily displaced, living in substandard housing, or paying more than 50 percent of family income for rent.

First Time Home Buyer: An individual or family who has not owned a home during the three-year period preceding the HUD-assisted purchase of a home that must be used as the principal residence of the homebuyer.

Frail Elderly Persons: Includes elderly persons who are unable to perform one or more Activities of Daily Living (ADL) without help.

Household: One or more persons occupying a housing unit (US Census definition).

Housing Development Costs: The total of all costs incurred in financing, creating, or purchasing any housing development, which are approved by the department as reasonable and necessary. The costs may include, but are not limited to, the value of land and any buildings on the land, cost of land acquisition, options, deposits, or contracts to purchase; cost of site preparation demolition and development; fee paid or payable in connection with the planning, execution, and financing of the development, such as those to architects, engineers, attorneys, accountants; cost of necessary studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs, and other operating and carrying costs during construction; cost of construction, rehabilitation, reconstruction, fixtures, furnishings, equipment, machines, and apparatus related to the real property; cost of land improvements, including without limitation, landscaping and off-site improvements; necessary expenses in connection with initial occupancy of the housing development; an allowance established by the Department for contingency reserves; and the cost of the other items, including tenant relocation, if tenant relocation costs are not otherwise being provided for, as determined by the department to be reasonable and necessary for the development of the housing development, less any and all net rents and other net revenues received from the operation of the real and personal property on the development site during construction.

Housing Development or Housing Project: Any real or personal property, project, building structure, or facilities work or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards consistent with those prescribed in the federal HOME Program for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, use, or purchase by persons and families of low and very low income and persons with special needs. This term may include buildings, structure, land, equipment, facilities, or other real or personal properties that are necessary, convenient, or desirable appurtenances, such as but not limited to streets, water, sewers, utilities, parks, site preparation, landscaping, stores, offices, and other non-housing facilities, such as administrative, community, and recreational facilities the Department determines to be necessary, convenient, or desirable appurtenances.

Housing Problems: Households with housing problems include those that: (1) occupy units with physical defects; (2) meet the definition of overcrowded; or (3) meet the definition of cost burdened (>30 percent of income spent on housing).

Jurisdiction: A unit of state or local government

Local Government: A county; an incorporated municipality; a special district; any other legally constituted political subdivision of the State; a public, nonprofit housing finance corporation created under Chapter 394, Local Government code Texas revised Civil Statues; or a combination of any of the entities described here.

Low Income Neighborhood: A neighborhood that has at least 51 percent of its households at or below 80 percent of AMFI.

Low Income: Household with an annual income that does not exceed 80 percent of the area median family income for the area. HUD may establish income ceilings higher or lower than the 80 percent figure on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents or unusually high or low family incomes.

Metropolitan Statistical Area (MSA): US Census term used to identify a metropolitan area, which is a large population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Also described as an "urbanized area" of at least 50,000 inhabitants and/or a total metropolitan population of 100,000.

Migrant Farmworkers: Persons who travel from place to place in order to take advantage of work opportunities provided by various agricultural seasons across the country.

Moderate Income: Households whose incomes are between 81 percent and 115 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families, except that HUD may establish income ceilings higher or lower than 95 percent of the prevailing levels of construction costs or fair market rents, or unusually high of low family incomes. May differ by program.

Neighborhood: A geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government. If the general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.

Nonprofit Organization:	A nonprofit corporation is created by filing articles of incorporation with the Secretary of State in accordance with the Texas Non-Profit Corporation Act. "Non-profit corporation" means a corporation in which no part of the earned income is distributable to members, directors, or officers. A nonprofit corporation may be created for any lawful purposes and are entitled to exemption from state or federal taxes.
***Olmstead*:**	The US Supreme Court in *Olmstead v. L. C.* held that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the ADA.
Overcrowded:	A housing unit containing more than one person per room. (US Census definition)
Participating Jurisdiction (PJ):	Term for any state or local government that has been designated by HUD to receive HOME Program funds.
Person with Disability:	(1) A person is considered to have a disability if the person has a physical, mental, or emotional impairment that (i) is expected to be of long-continued and indefinite duration; (ii) substantially impedes his or her ability to live independently; and (iii) is of such a nature that such ability could be improved by more suitable housing conditions. (2) A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that (i) is attributable to a mental or physical impairment or combination of mental and physical impairments; (ii) is manifested before the person attains age twenty-two; (iii) is likely to continue indefinitely; (iv) results in substantial functional limitations in three or more of the following areas of major life activity; self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency, and (v) reflects the person's need for a combination and sequence of special interdisciplinary, or generic care, treatment, or other services that are lifelong or extended duration and are individually planned and coordinated.
Physical Defects:	A housing unit lacking complete kitchen or bathroom facilities (US Census definition).
Poverty:	Term to describe the poor. The Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is poor. If a family's total income is less than that family's threshold, then that family, and every individual in it, is considered poor or in poverty. Varies by year.
Predevelopment Costs:	Costs related to a specific eligible housing project including: a) expenses necessary to determine project feasibility (including costs of an initial feasibility study), consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance; and b) reconstruction housing project costs that the board determines to be customary and reasonable, including but not limited to the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies, and legal fees. Predevelopment costs <u>does not</u> include general operational or administrative costs.
Primary Housing Activity:	A means of providing or producing affordable housing - such as rental assistance, production, rehabilitation, or acquisition - that will be allocated significant resources and/or pursued intensively for addressing a particular housing need. (See also, "Secondary Housing Activity.")

Project: A site or an entire building, including a manufactured housing unit or two or more buildings together with the site or sites on which the building or buildings is located, that are under common ownership, management, and financing (i.e., a project assisted with HOME funds, under a commitment by the owner, as a single undertaking). Project includes all the activities associated with the site and building. If there is more than one site associated with a project, the sites must be within a four-block area.

Project Completion: All necessary title transfer requirements and construction work have been performed and the project, in HUD's judgment, complies with specified requirements (including the property standards adopted under HOME 92.251); the final drawdown has been disbursed for the project; and a project completion report has been submitted and processed in the Cash and Management Information System (92.501) as prescribed by HUD. For tenant-based rental assistance, the final drawdown has been disbursed for the project and the final payment certification has been submitted and processed in the Cash and Management Information System (92.502) as prescribed by HUD.

Project-Based Rental Assistance: Rental Assistance provided for a project, not for a specific tenant. Tenants receiving project-based rental assistance give up the right to that assistance upon moving from the project.

Public Housing: Any state, county, municipality, or other government entity or public body (or its agency or instrumentality) that is authorized to engage in or assist in the development or operation of low income housing. The term includes any Indian Housing Authority.

Qualified Allocation Plan: The Qualified Allocation Plan is utilized by the Low Income Housing Tax Credit Program in setting threshold and selection criteria points for the allocation of tax credits.

Real Property: All land, including improvements and fixtures and property of any nature appurtenant, or used in connection therewith, and every estate, interest, and right legal or equitable therein, including leasehold interests, terms for years, and liens by way of judgment, mortgage or otherwise.

Reconstruction: HUD guidelines regarding reconstruction are as follows: *The regulation defines reconstruction as the rebuilding of housing on the same foundation. Therefore, the foundation must be used, if possible. If the building has no foundation or if it is not possible to rebuild on the foundation, then the "foundation" will be the same location as the building that is being reconstructed. Construction of housing on a different portion of the land parcel would be new construction. The reconstructed housing must be substantially similar to the structure that is being replaced, regardless of whether an existing foundation is used (i.e. a single family house must be replaced with a structure containing the same number of units). Rooms may be added to a building outside of the foundation or footprint of the original housing if needed to meet local codes. However, additional units cannot be constructed as part of a reconstruction project. A structure must be present prior to reconstruction. This structure should be documented by pictures and an explanation of why rehabilitation of the existing structure is not feasible.*

Rental Assistance: Rental assistance payments provided as either project-based rental assistance or tenant-based rental assistance.

Rental Housing (Affordable):	A rental housing unit is considered to be an affordable housing unit if it is occupied by a low income family or individual and bears a rent that is the lesser of (1) the Existing Section 8 Fair Market Rent (FMR) for comparable units in the area; or (2) 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area, except that HUD may establish income ceilings higher or lower than 65 percent of the median because of prevailing levels of construction costs or fair market rents, or usually high or low family incomes.
Rural Area:	Rural areas are considered areas outside of Metropolitan Statistical Areas. Definition may differ according to program.
Service Needs:	The particular services identified for special needs populations, which may include transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response, and other services to prevent premature institutionalization and assist individuals to continue living independently.
Severe Cost Burden:	Refers to households and individuals who spend more than 50 percent of their gross income on housing costs.
Sheltered:	Families and persons whose primary nighttime residence is a supervised, publicly or privately operated shelter, including emergency shelters, transitional housing for the homeless, domestic violence shelters, residential shelters for runaway and homeless youth, and any hotel/motel/apartment voucher arrangement paid because the person is homeless. This term does not include persons living in overcrowded or substandard conventional housing. Any facility offering permanent housing is not a shelter, nor are its residents homeless.
Special Needs Populations	Populations with special needs, as defined by HUD, include persons with alcohol and/ or drug addictions, colonia residents, persons with disabilities, victims of domestic violence, elderly persons, persons with HIV/AIDS, homeless populations, and migrant farmworkers.
State Recipient:	A unit of local government designated by a state to receive HOME funds from the state in which to carry out HOME Program activities.
Subrecipient:	A public agency or nonprofit organization selected by the participating jurisdiction's HOME program. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of housing is not a sub-recipient. The participating jurisdiction's selection of a sub-recipient is not subject to the procurement procedures and requirements.
Substandard Condition but Suitable for Rehabilitation:	By local definition, dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction or minor livability problems, or maintenance work. The jurisdiction must define this term (i.e., standard condition, financially and structurally feasible for rehab) and include this definition in the Appendix (Glossary of Terms) portion of its CHAS submission.
Substantial Rehabilitation:	Rehabilitation of residential property at an average cost for the project in excess of $25,000 per dwelling unit.
Supportive Housing:	Housing, including housing units and group quarters, that has a supportive environment and includes a planned service component.

Supportive Services: Services provided to residents of supportive housing for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.

Tenant-Based Rental Assistance: A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. The assistance is provided for the tenant, not for the project.

Threshold Criteria: To be considered for funding, a housing project must first demonstrate that it meets all the threshold criteria set forth as follows: a) the project is consistent with the requirements established in this rule; b) the applicant provides evidence of their ability to carry out the project in the areas of financing, acquiring, rehabilitating, developing, or managing affordable housing developments; and c) the project addresses an identified housing need. This assessment will be based on statistical data, surveys, or other indicators of needs as appropriate.

Total Bonded Indebtedness: All single family mortgage revenue bonds (including collateralized mortgage obligations), multifamily mortgage revenue bonds, and other debt obligations issued or assumed by the Department and outstanding as of August thirty-one of the year of calculation, excluding; all such bonds rated AAA by Moody's Investors Service or AAA by Standard & Poors Corporation for which the Department has no direct or indirect financial liability form the Department's unencumbered fund balances, and all other such bonds, whether rated or unrated, for which the Department has no direct or indirect financial liability from the Departments unencumbered fund balances, unless Moody's' or Standard & Poors has advised the Department in writing that all or portion of the bonds excluded by this clause should be included in a determination of total bonded indebtedness.

Unencumbered Fund Balances: A) The sum of the balances resulting at the end of each Department fiscal year form deducting the sum of bond indenture and credit rating restrictions and liabilities for the sum of amounts on deposit in indenture funds and other tangible and intangible assets of each department housing bond program, and b) uncommitted amounts of deposit in each independent or separate unrestricted fund established by the housing finance division or its administrative component units.

Very Low Income: Households whose incomes do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families and for areas with unusually high or low incomes or where needed because of prevailing levels of construction costs or fair market rents. Definition may differ according to program; the State of Texas designates very-low income as 60 percent or less AMFI.

Work Disability: A condition that prevents a person from working or limits a person's ability to work.

APPENDIX E

SUMMARY OF PUBLIC COMMENT

The comments summarized below were received during the 13 consolidated public hearings or submitted in writing directly to the Department. They cover general programmatic issues that are directly related to the Plan. Please refer to the November 14, 2003, Board book, available from TDHCA's website at http://www.tdhca.state.tx.us/au_boardcenter.htm, for comments received regarding program-specific rules.

COMMENTS REGARDING THE HOME PROGRAM

Comment: Development Funds

Establish scoring criteria and appropriate set-asides of funds within existing programs in order to partner with the other governmental entities who have the primary responsibility of providing this type of housing (migrant farmworker). Request for grants for smaller communities to build garden homes for the elderly. If the need is there, and in cities where you could only do three to five homes anyway because of the small amount they're asking for, such as 250, I think there needs to be another look at this.

- Department Response

  The Department believes that funding for smaller multifamily new construction should be made available to the rural areas. In response to public comment, the Department will allocate $3 million for new construction multifamily activities through the HOME Program.

Comment: Set-Aside Descriptions

Should include 15 percent as reserved for CHDOs that are acting in the role of owner, developer, or sponsor—and not as stated reserved for CHDOs for the development of housing-sponsored or owned by the organization.

- Department Response

  The Department will use the following wording to be consistent with HOME rules: *CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units.*

Comment: Set-Aside Descriptions

The Plan fails to specify anywhere the process of applying "through direct funding or loan guarantees," nor are these listed as part of the Description of Activities section. The Plan seems to indicate this is in addition to a CHDO being able to apply for Homebuyer Assistance.

- Department Response

  Per HOME rules, neither direct funding nor loan guarantees are eligible activities, therefore are not addressed in the Plan. No change proposed.

Comment: CHDO Operating Expenses

That 75 percent of the funds available (75 percent of $337,500) be available exclusively to CHDOs that are awarded HOME funds under the CHDO Set-Aside.

- **Department Response**
  Currently all CHDO Operating Funds are available exclusively to CHDOs that are awarded HOME funds under the CHDO Set-Aside. No change proposed.

Comment: CHDO Operating Expenses

Fifteen percent of the funding is set aside for CHDOs, as is required by federal law. However, the Department sets aside an additional $337,500 for CHDO Operating Expenses…not mandated by law. If the Department elected, it could include the CHDO operating expenses funds as part of the mandated 15 percent CHDO Set-Aside. The $337,500 could then be allocated to the preservation and rehabilitation of multifamily housing.

- **Department Response**
  The Department believes that unique needs of CHDOs justify the additional operating expenses. No change proposed.

Comment: CHDO Funds

Comments were received requesting that applicants be allowed to receive CHDO Operating Funds even if the applicant has not been awarded HOME awards for Development Activities.

- **Department Response**
  The Department does not currently have the procedures in place to allocate CHDO Operating Funds for those applicants that do not receive HOME awards for specific activities. The Department will do further research over the next year to determine requirements for such a program. No change proposed.

Comment: CHDO Administrative Expenses

Would suggest the CHDOs receiving funds under the Set-Aside as owner, sponsor, or developer, be automatically awarded not only the 4 percent for administrative costs, but also be allowed to apply for CHDO Operating Funds in a separate category from those CHDOs strictly applying for operating funds. In this way, you help pay for CHDOs that are already performing services.

- **Department Response**
  Currently, the Department awards 5 percent for administrative costs to CHDOs. The proposed Action Plan does not allocate CHDO Operating Funds for those applicants that do not receive HOME awards for specific activities. No change proposed.

Comment: CHDO General

The $500,000 per applicant cap for Homebuyer Assistance under the CHDO Set-Aside be raised to $1,000,000.

- **Department Response**
  CHDOs are eligible to receive up to a total of $1.5 million per award and are not subject to the $500,000 cap. No change proposed.

Comment: CHDO General

Allow a CHDO receiving an award above the $500,000 level an additional year to expend the funds.

- **Department Response**

The Department believes that 24 months is sufficient time to expend CHDO funds. No change proposed.

Comment: CHDO General

Allow a CHDO that has been certified and received HOME funds in the last three years to certify that "no material changes" have taken place that would affect the organization's CHDO qualifications, in lieu of having to resubmit all of the organization documents time after time.

- **Department Response**

  In an effort to fulfill HUD's on-going requirements related to the qualifications of CHDOs, the Department believes that it is appropriate to require full certification for each new application/award received for CHDO funds. No change proposed.

Comment: CHDO Funds

It is our view that HOME Program requirements that restrict the release of CHDO Operating Funds to certified CHDOs upon their certification creates a negative development environment for newly established organizations.

- **Department Response**

  HUD rules require that all organizations that receive CHDO funds be organized as a CHDO. No change proposed.

Comment: Capacity Building

Comment was received suggesting that the Department consider using HOME funds to establish a capacity building program. Comment encourages the Department to structure this program to target organizations that might reasonably be expected to develop as successful applicants for HOME Investment Partnerships Program funds.

- **Department Response**

  The Department realizes the need for capacity building assistance, especially for those nonprofits beginning efforts to supply affordable housing in their respective communities. Although no funding will be awarded for such a program in the proposed 2004 State of Texas Consolidated Plan: One-Year Action Plan, the Department is working diligently to establish the possibility of such a program in future funding years.

Comment: Administrative Funds

Comment urges the Department to closely observe the Set-Aside of Tenant-Based Rental Assistance for individuals affected by the *Olmstead* decision and other set-asides that benefit people with disabilities. It asked that the Department seek innovative processes that will broaden the scope of people with disabilities who will request access to assistance. It has been expressed that the funding involves a meager administrative fee, coupled with a reimbursement process. As a result, many community-based organizations cannot compete for contracts.

- Department Response

  It is the Department's desire to serve all citizens of Texas, including those of the disability population. The Department is awarding applications for Tenant-Based Rental Assistance for those persons affected by the *Olmstead* decision for the first time. Staff has worked closely with advocates of this population to ensure proper execution of this set-aside. Realizing the higher expenses incurred by taking on a program of this nature, the amount of administrative funds awarded was increased from 4 percent of the project request, to 6 percent of the project request. Staff will continue to carefully review and monitor this set-aside, however, and look for inadequacies and areas of possible improvement.

Comment: Rehabilitation Funds

The Department acknowledges that rehabilitation must be the primary eligible activity. However, in reviewing the Plan, it does not appear that rehabilitation constitutes a required component of 50 percent or more of the required funding.

It appears that only rental housing preservation and owner-occupied housing assistance have a required rehabilitation component. It is recommended that special needs housing and homebuyer assistance be revised to include a requirement that the funds be used for rehabilitation.

- Department Response

  The Department currently allocates (less set-asides) 45 percent of HOME funding towards Owner-Occupied Rehabilitation. In addition, $2 million is allocated specifically towards multifamily preservation, and preservation/rehabilitation activities may be undertaken through the CHDO set-aside—making rehabilitation the primary HOME-funded activity.

  The consolidated planning process is designed to give participating jurisdictions the flexibility to serve the specific needs of its constituency. Through an extensive citizen participation process, and taking into account various legislative requirements, the Department believes that the activity allocations are consistent with the needs of Texas's most vulnerable populations. No change proposed.

Comment: Tenant-Based Rental Assistance

The Department certifies that "the use of HOME funds for tenant-based assistance is an essential element of the State's Consolidated Plan." However, Section 21(a)(3) of the Cranston-Gonzalez National Affordable Housing Act states as follows:

> A participating jurisdiction may use funds provided under this subtitle for tenant-based rental assistance <u>only if</u>
> 1) the jurisdiction certifies that the use of funds under this subtitle for tenant-based rental assistance is an essential element of the jurisdiction's annual housing strategy for expanding the supply, affordability, and availability of decent, safe, sanitary, and affordable housing, and <u>specifies the local market conditions that lead to the choice of this option.</u>

...in 2003, the Department conducted a Community Needs Survey in the 13 service regions of the state requesting the local need to choose between the type of multifamily assistance needed....in 10 of the regions, the need for multifamily rental assistance program was the lowest priority. Without discarding the

Community Needs Surveys, the Department would appear to be without support for having a TBRA program.

- **Department Response**

  Per §91.305 (b)(1) of the statute governing the consolidated planning process, the Department outlined the specific need for rental assistance in the 2001–2004 Consolidated Plan—refer to the Housing and Homeless Needs Assessment. Pages 12–36 outline the specific Census demographic support for the activities undertaken by the Department. Pages 37–57 outline the specific needs of special needs populations that further support the need for rental assistance.

  With regard to the Community Needs Survey, it is important to note that the surveys are one of many avenues utilized by the Department to gather data/information to be used towards making HOME allocation decisions. The survey is representative of local desires and does not necessarily give an accurate assessment of need. With this in mind, the Department also analyzes Census data, as well as data from other State agencies and research institutions in determining need. No change proposed.

  Note that at 20 percent, rental assistance is the lowest percentage allocated to the major HOME activities (45 percent for Owner Occupied and 35 percent for Homebuyer Assistance).

Comment: 5 Percent Disability Set-Aside

Under State law, at least 95 percent of the HOME funding must be set aside for non–participating jurisdictions, which are basically rural areas of the state. State law then states that if the funds are not allocated to non–participating jurisdictions, then the funds may be used on housing for persons with disabilities. It is recommended that the Department set aside 100 percent of its funds for non–participating jurisdictions…be available for rural disability housing as a matter of first priority. In the event that sufficient applications for the housing for persons with disabilities in rural areas were submitted, then the funding would shift to rental housing preservation.

- **Department Response**

  §2306.111(c) of the Texas Government Code reads:

  > the department shall expend at least 95 percent of these funds for the benefit of non-participating small cities and rural areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. **All funds not set aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than small cities and rural areas.**

  It specifically states that all funds not set aside under this section shall be used for the benefit of persons with disabilities who live in areas other than nonparticipating areas. The Department believes that it is currently in compliance with the language of the statute. Additionally, it has been shown that much of the disabled population and those services necessary to aid this population are located in the areas with participating jurisdiction status. No change proposed.

Comment: Contract for Deed Conversions

The Department has set aside $2 million for Contract for Deed conversions. It appears that the Office of Rural Community Affairs and/or the Office of Colonia Initiatives has primary responsibility for colonias. It is recommended that the $2 million be funded from the CDBG program. While the Department's appropriation bill does direct that funds for the CFD program and Colonia Model Subdivision program be spent by the Department, the funds for these programs would be more properly funded by CDBG funds.

- Department Response

  As stated by the commenter, the Department is legislatively required to fund both the Contract for Deed Conversion and Colonia Model Subdivision programs. No change proposed.

Comment: HOME Program Funding

It is further recommended that the Homebuyer Assistance and Owner-Occupied Housing Assistance programs be combined into one program that requires a rehabilitation component and excludes down payment and closing cost assistance as an eligible activity.

- Department Response

  The Department believes that Census data and public comment support the need for both activities. No change proposed.

Comment: Rental Housing Preservation

The funding of Rental Housing Preservation should be increased from $2 million to $10 million per year.

- Department Response

  Preservation funds are currently available through other Department housing programs including the Junior Lien Bond Proceeds, Multifamily Bond, Housing Tax Credit, and Housing Trust Fund. The Department believes it is important to support additional avenues of affordable housing available through HOME Program funds. No change proposed.

Comment: Definition

In reviewing the Plan, we note that the definition of "persons with disabilities" is different from definitions found in other TDHCA documents.

- Department Response

  The Department will review and make changes as appropriate.

Comment: Integrated Housing Policy

There should be a requirement that all applicants follow the Department's Integrated Housing Policy.

- Department Response

  The Department's Integrated Housing Policy was adopted by the TDHCA Board as a rule in November of 2003. All Department housing programs must adhere to the new rule.

Comment: Compliance Monitoring

There is no mention of inspectors assuring that accessibility requirements are met and that the Department's Integrated Housing Policy is followed.

- Department Response

  Per TDHCA policy, monitoring will ensure that all applicants comply with Department rules.

Comment: Housing Costs

Unfortunately, with the HOME Program, there are differences in the cost of housing and how those projects are funded in a rural county because you have—in a larger community, you have more economy for scale. And what we get in HOME funds, unfortunately, does not go as far as that money might go in a larger community because it just costs more to do business. We don't have contractors that specialize in doing a lot of new construction.

- Department Response
  No response necessary.

Comment: Olmstead Funding

We appreciate the $4 million and the tenant-based rental assistance for the same kind of initiative that's for the next biennium.

- Department Response
  No response necessary.

Comment: Competitive Review

Support of an open CHDO funding cycle.

- Department Response
  No response necessary.

Comments Regarding the Emergency Shelter Grants Program

The Texas Department of Housing and Community Affairs sponsored a series of public hearings as a forum to receive public comment on the Department's proposed administration for several federally funded programs, including ESGP. Responses to ESGP administration have been summarized below.

Comment

Please consider stopping the double-dipping allowed by entitlement cities still being able to compete at the regional level. Two chances or two sources of funding is unfair to non-entitlement locations and lowers the amount of available funds in under-served areas.

- Department Response
  Statistics indicate concentrations of homeless individuals in large urban areas; therefore, the Department does not prohibit entitlement cities or private nonprofit organizations in those areas from applying for available ESGP funds. This does not reduce the funds reserved for each of the thirteen planning regions as per the ESGP formula. In addition, the Department awards bonus points to successful applications received from non-entitlement areas.

Comment

I feel that the need for housing for the homeless/needy people in America is great and need action on a continual basis. I feel that the grant application should be short and to the point and new programs should be highly considered for funding up on request because of the over-flowing need for shelter. There are too many laws within laws that zero out the main purpose of reviving the homeless as intended. Staff people are the key to making this program work to meet the clients needed as well as just having shelter.

- **Department Response**

  ESGP is a competitive grant and the Department is required to develop and consistently apply criteria by which to award funds. Each year the Department revises the ESGP application and sponsors a pre-application workshop in an attempt to clarify requirements and to assist eligible organizations (particularly new applicants) to submit responsive applications. The Department reviews and scores each application according to criteria based on the content of the application packet. In order to maintain a fair and equitable selection process, neither new applicants nor repeat applicants are favored.

Comment

More temporary shelter, rent assistance, and utility assistance are needed. Electricity has almost doubled in the last two years.

- **Department Response**

  ESGP funds are one of several funding sources that may be used for these purposes.

Comment

The program should continue as it is currently operated. More funds should be made available for the project awards.

- **Department Response**

  The Department awards to eligible applicants 95 percent of the annual ESGP funds awarded to the State of Texas. The remaining 5 percent is used to pay costs the State incurs to effectively administer ESGP.

Comment

The language used under the "Special Initiative" section sounds like TDHCA is trying to restrict the competition for providing statewide Technical Assistance to a pre-selected bidder, and hence eliminate competition. There are several well-qualified persons and organizations that could provide the service, including for-profit organizations and individuals. Why award only one Technical Assistance contract? Why only nonprofit providers?

- **Department Response**

  Eligible applicants for ESGP funds include units of general local government and private nonprofit organizations. Any entity that applies for the Special Initiative funding must be eligible to apply for ESGP funds. Individuals and for-profit organizations are not eligible to apply for or administer ESGP funds. Through the Special Initiative Project, the Department encourages the development of applications for other HUD funds targeted to assist homeless individuals, an effort that requires establishing effective local service coalitions. Stated requirements in the application parallel this narrow focus.

COMMENTS REGARDING THE REGIONAL ALLOCATION FORMULA

Comment

It was stated that the 2003 RAF is serving its intended purpose and it should not be changed other than to update the US Census data used in the formula as it becomes available.

- Department Response

  The part of the RAF that allocates available funding among the state service regions remains unchanged except for adding 2000 US Census data and updating the other available funding for 2003. (Additional HUD funding for public housing authorities was added to the other available funding data set. This addition of previously unavailable data is consistent with the intent of the RAF to consider as many sources of other affordable housing funding as possible.)

  The change to the formula, which divides the region's available funding into urban/exurban and rural funding pools, is in response to Senate Bill 264 of the 78th Legislature. The methodology used to distribute the funds to the urban/exurban and rural populations within the region is consistent with the method used to distribute the funds from the state level to the regional level. No change proposed.

Comment

Concern was voiced that rural areas are adversely impacted by the Regional Allocation Formula because much of the need is located in larger metropolitan areas. For example, it was stated that, "El Paso gets the bulk of the money, the way the allocation formula criteria are, because the formula is very heavily weighted on numbers of people…Well, unfortunately, in the rural communities or the frontier communities, we don't have big numbers. And so we automatically receive less funding consideration because we don't have…numbers to compete with larger communities."

- Department Response

  The current formula attempts to split the available funds between urban/exurban and rural areas based on quantifiable measures of need. In past allocation rounds, the determination of how much funding would be available to rural areas was either not specifically defined or was based on a statewide set aside of funds. The new formula provides rural areas in each region with a specifically designated pool of money for their use. This distribution is based on an estimate of what portion of the region's affordable housing need is located in "rural" areas.

  Under the Housing Trust Fund and Housing Tax Credit RAF formula, six regions have over 40 percent of the region's available funds earmarked for rural areas. Statewide, the distribution of funding is 77 percent urban/exurban and 23 percent rural (8 percent higher than the previous 15 percent rural set-aside). The HOME Program, which distributes 95 percent of its funds to non–participating jurisdictions, shows a 32 percent urban/exurban and 68 percent rural statewide distribution pattern. No change proposed.

Comment

A comment asked why some of the regions with larger metropolitan areas showed such substantial variances in the distribution of affordable housing need, other available funding, and the resulting distribution of funds between urban/exurban and rural areas. Specifically, the proposed RAF showed an 11 percent difference between the rural funding allocation for Region 3 (Dallas) and Region 6 (Houston).

- **Department Response**

  To address this concern the Department reevaluated the way the RAF calculates affordable housing need for the urban/exurban and rural areas. The 2004 methodology proposed for public comment assumed that all need outside of urban place boundaries (urban city boundaries) was rural. This assumption was problematic and contributed to an inaccurate distribution of urban/exurban and rural need.

  The most conspicuous example of the inaccurate distribution lies in the funding results for Uniform State Service Region 6, where the city of Houston is located. In Harris County over 680,000 people live in unincorporated areas just outside of the Houston city limits. Most of this unincorporated population lives in an area located northwest of the Houston city limits near the Sam Houston Tollway. This population should not be considered rural given the proximity to the city of Houston and a population density similar to that of Houston. In the 2004 methodology proposed for public comment, this population was considered rural, thereby inflating the region's rural funding distribution.

  To compound this issue, 93 percent of the other available funding the Housing Tax Credit and Housing Trust Fund RAF considers is place-specific. Because the estimate of urban/exurban and rural affordable housing need was not place-specific in the 2004 methodology proposed for public comment, even more of the urban/exurban allocation was adjusted to rural areas.

  With the desire to remain as consistent and accurate as possible, the Department modified the affordable housing need calculation in the Regional Allocation Formula to reflect place-level (city or town) information. This revised 2004 methodology utilizes the urban/exurban and rural place designations based on the Regional Allocation Formula's definition of urban/exurban and rural.

Comment:

It was stated that the RAF needs to consider other HUD tenant-based rental assistance funding available to PHAs if it is going to consider similar funding from USDA. If such data is not considered, then the funding available to urban/exurban and rural areas would be distorted.

- **Department Response**

  The Department agrees that including more sources of funds will provide a more accurate RAF model. TDHCA worked directly with HUD to obtain this information and it is included in the model.

Comment

It was suggested that USDA multifamily property transfer payments should not be included in the formula as they do not represent actual new available funding.

- **Department Response**

  The Department concurs. USDA multifamily transfer payment transactions were identified and were removed from the RAF.

Comment

It was recommended that the HOME RAF methodology should be refined to separate the other available sources of funding between homeownership/owner-occupied and multifamily activities. With the need for multifamily and single family activities being closely equal and over 80 percent of the other available funding being available for owner-occupied housing, it seems misdirected for TDHCA to use 80 percent of its HOME funds for owner-occupied housing.

- Department Response

  The RAF does not determine the percentage of HOME funds that will be used for a specific activity. As such, considering the single family funds separately from multifamily funds would have no impact on this issue. The Regional Allocation Formula distributes funds to regions with a consideration of how much money is available to the region from other sources for affordable housing activities. As the HOME Program serves both single family and multifamily activities, the Department will continue to consider single family and multifamily funds together. No change proposed.

Comment

It is recommended that the sources and uses of the other available funds be provided with the release of the Regional Allocation Formula so the public may provide a more informed response to the request for comment.

- Department Response

  The Department concurs. While this information is included in the Plan in which the RAF is published, this information will be provided in future write-ups describing the Regional Allocation Formula.

Comments Regarding the Affordable Housing Needs Score

Comment

A few comments suggested that more weight should be assigned to the poverty-related component of the AHNS—as the score does not give sufficient weight to factors that would provide housing assistance to those households with the "greatest housing need." The AHNS should give greater priority to geographic areas having families living at or below the poverty level and where there is either an insufficient supply of housing affordable to such families or the housing stock is unaffordable, inadequate, or substandard.

- Department Response

  Sixty-two percent of the total AHNS is based on US Census data. Persons living at or below the poverty level already represent half of these points. Persons experiencing housing cost burden and the combined measures of housing quality (overcrowding, incomplete plumbing, and incomplete kitchen facilities) each represent a third of the US Census data related points. It is thought that the weights assigned to each of the components in the proposed AHNS results in a balanced scoring model. No change is proposed.

Comment

Concern was voiced that the difference between the high and low scores in the proposed AHNS was too great for some areas to even bother applying. For example, it was stated that, "the affordable housing needs score is 20 points for Dallas, and the rest of the points going down to three and four points. It's just too dramatic a difference there. Also we found that there's no way to compensate for that point score differential, because the exurban proposal in the QAP limits the developer to 100 units. I found that extremely difficult to make work on expensive tracts, or more expensive tracts in the suburbs." This concern of the scoring differential between places was voiced for both urban and rural areas.

- Department Response
  The Department agrees that the originally proposed AHNS did not have a range of scores that allowed for equitable competition between a variety of places within each region. It had been intended that scoring items within the program rules would offset this potential scoring gap in the AHNS. However, from a practical standpoint, the originally proposed AHNS made it much harder to determine what places in a region would score competitively. The AHNS methodology was revised to provide a set of scores that allows competitive applications to be submitted for more places in a region.

Comment

Concern was voiced that cities with the highest scores were also the ones that have repeatedly received funding.

- Department Response
  The Department agreed with this suggestion and reinstated the five-point AHNS scoring bonus for cities that have not received an award of HOME, HTC, or HTF funding within the past two program allocations.

Comment

It was suggested that the type of population served by previous TDHCA funding awards should be considered when this data is used to adjust the AHNS. For example, while a community may have received prior funding commitments, these awards may not have specifically addressed the elderly or persons with disabilities.

- Department Response
  The previous-TDHCA-award scoring adjustment in the AHNS is designed to ensure that TDHCA's limited funds are distributed across a wide geographical area. For the purpose of the AHNS, it is the fact that a particular community received funds for affordable housing that another community did not have the opportunity to receive. The AHNS is not designed to determine what activities the funds should be used for or what demographic groups should be served. No change is proposed.

Comment

A suggestion was made that the AHNS should make a distinction between the need for elderly developments as opposed to family, or other categories.

- Department Response
  The AHNS is designed to encourage developers to submit applications that will serve parts of the region that show the highest level of affordable housing need. As such, it is a macro-level analysis of need. Due to the complexity of analyzing local markets, it is thought that the determination of what type of housing is needed locally is best left to market studies and input from the members of the community. No change is proposed.

Comment

It was suggested that overcrowding should not be considered in the AHNS scoring model for applicants applying in the HOME special needs set-aside. Special needs funding that serves the elderly will help households who are normally one or two persons. These households will typically not be affected by overcrowding. More emphasis could be placed on the need associated with incomplete kitchens and incomplete plumbing.

- Department Response

  The AHNS serves as a measure of the general need for affordable housing in an area. The factors used in the formula represent a broad segment of the population with affordable housing need as opposed to data that relates to specific population groups. The current formula places more emphasis on the measures that affect a larger portion of the population. Income and housing cost issues (as represented by poverty and housing cost burden data) are weighted much higher than the factors related to much smaller population groups (overcrowding, incomplete plumbing, and incomplete kitchen). No change is proposed.

Comment

It was suggested that TDHCA should consider including 2000 Census information on persons with disabilities in the Affordable Housing Need Score.

- Department Response

  The AHNS serves as a general assessment of affordable housing need which helps distribute funds within the state's service regions. Currently, the AHNS does not include data that could result in funding distribution preferences based on the demographic characteristics of specific subgroups of the population. The proposed AHNS methodology, which considers the region's income, cost of housing, and condition of housing, provides an accurate measure of the region's overall housing need. No change is proposed.

  Note that TDHCA is working in conjunction with Texas Council for Developmental Disabilities on a report to identify the housing needs of persons with disabilities in Texas. The 2000 US Census data on persons with disabilities will be a significant part of this report. It is possible that the AHNS may be modified for future funding allocations based on the findings of this report.

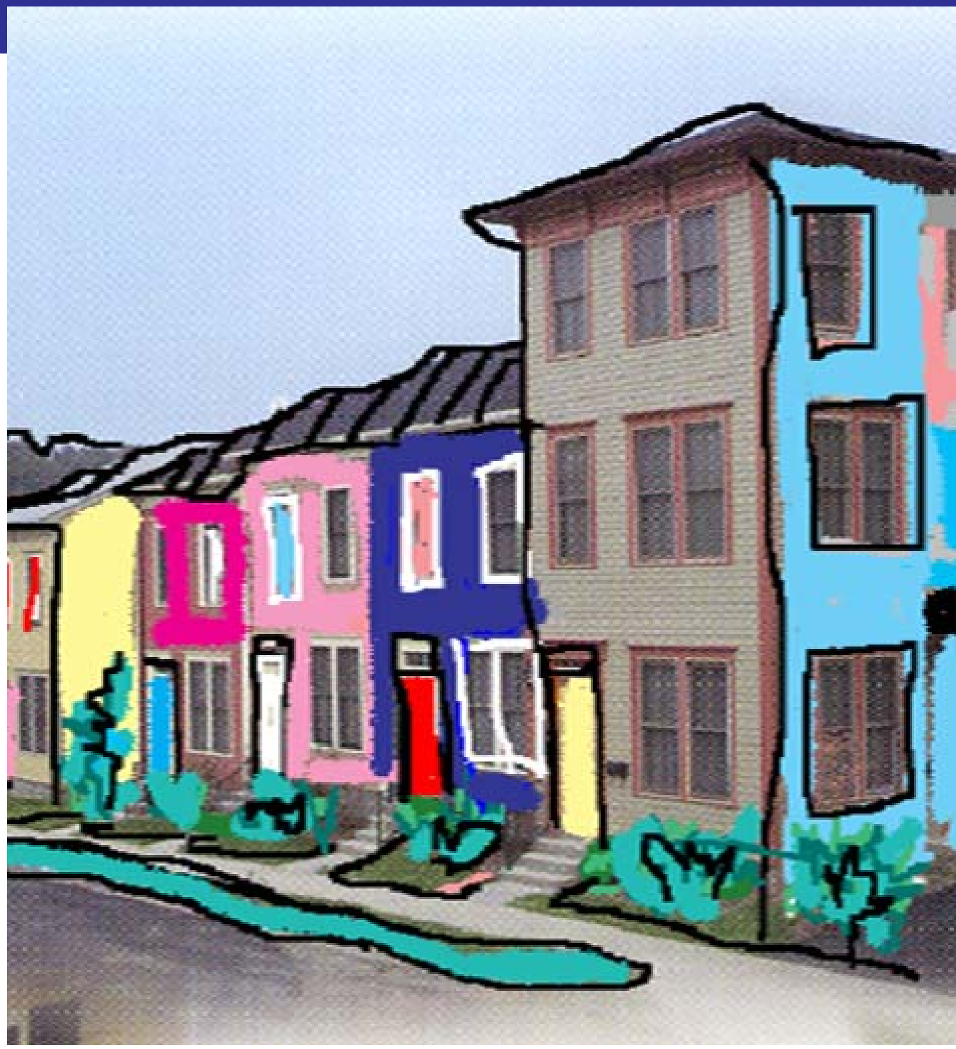
Comment

A number of comments stated that additional weight in the AHNS should be associated with an area's level of affordable housing need relative to the area's overall population. The proposed AHNS formula provides a scoring advantage to all places located in counties that have a higher percentage of the region's population. In the proposed AHNS, all communities in counties with larger metropolitan areas receive an insurmountable scoring edge over similarly sized communities in lower-population counties. One comment suggested that this problem could be addressed by having "factors that gave equal scoring consideration to the absolute number of households that appear within a particular needs category, as well as using a percentage of how those people make up the community as a whole."

- Department Response

  The Department concurs with this recommendation. The formula has been revised to provide a greater scoring variation for places throughout the region's counties. To accomplish this, the part of the score which compares an area's affordable housing need indicator (AHNI) data to the area's total population was changed to use place level data instead of county level data. Also, the relative weights associated with this factor and the factor that compares the county AHNI need to the region's AHNI need were equalized. The remaining points associated with the Community Need Survey responses were not changed.

January 2005



2005 State of Texas Low Income Housing Plan & Annual Report

Texas Department of Housing and Community Affairs

www.tdhca.state.tx.us

2005 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

TABLE OF CONTENTS

INTRODUCTION

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

The Texas Department of Housing and Community Affairs (TDHCA, the Department, or the Agency) is the State's lead agency responsible for affordable housing, in addition to its responsibility for the administration of community affairs and energy assistance programs and colonia activities.

AGENCY MISSION AND CHARGE

The Department's mission is to help Texans achieve an improved quality of life through the development of better communities. The Department accomplishes this mission through the administration of a variety of housing and community affairs programs. One function of the Department is to act as a conduit for federal grant funds for housing and community services. However, because several major housing programs require the participation of private investors and private lenders, the Agency also operates as a housing finance agency. As a consequence of these dual roles, the Department must balance public purpose with sound business principles.

The Department's charge is to serve the state's extremely low income to moderate income population. Funding priority is given to those populations most in need of services: extremely low, very low, and low income households and individuals.

The Department's services address a broad spectrum of housing and community affairs issues that include multifamily and single family development, low-interest mortgage financing, emergency food and shelter, rental subsidy, and energy assistance. The Department is viewed as a valuable financial and educational resource by individuals and communities attempting to deal with problems of housing, poverty, and energy assistance.

It is important to note that TDHCA is only one organization in a network of housing and community services providers located throughout the state. This document outlines only those programs within the jurisdiction of TDHCA, which are intended to either work in cooperation or as complements to the services provided by other organizations. A brief overview of other available providers follows, though a more detailed listing that includes contact information is available in TDHCA's *Program Guide*. The *Program Guide* is available on the Department's website (www.tdhca.state.tx.us) or can be ordered from the TDHCA Center for Housing Research, Planning, and Communications.

Participating jurisdictions (PJs) are state or local governments that have been designated by the US Department of Housing and Urban Development (HUD) to administer federal HOME Investment Partnerships Program funding in their respective areas. PJs are often urban areas and administer a variety of single family and multifamily housing programs. Many PJs also receive direct funding through the Community Development Block Grant Program and the Emergency Shelter Grants Program, which address community development and homelessness issues, respectively.

The Texas State Affordable Housing Corporation (TSAHC) and local housing finance corporations use mortgage revenue bonds to finance the development of affordable multifamily housing or offer homebuyer assistance programs.

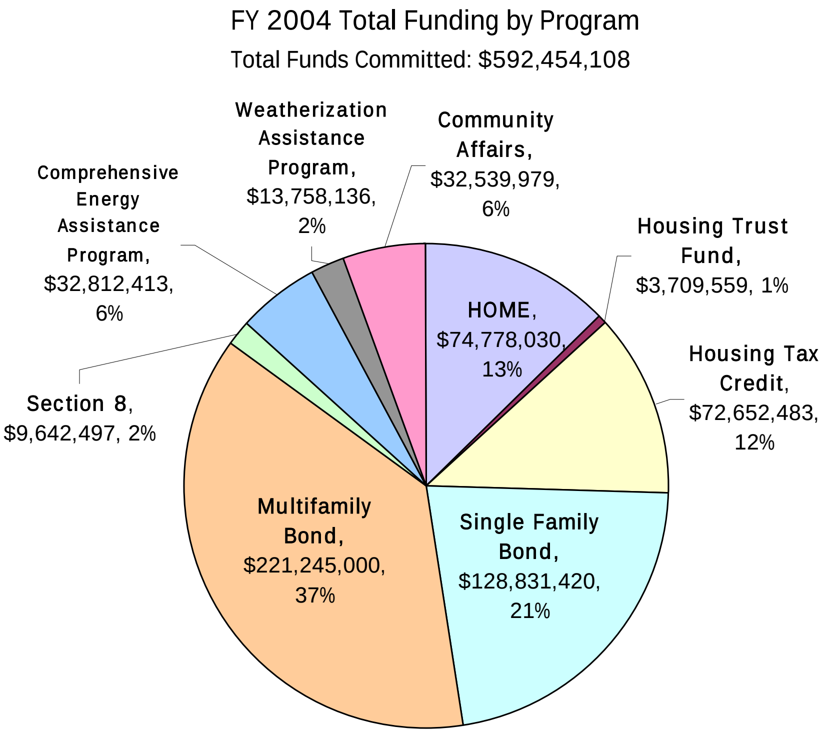
The US Department of Agriculture Rural Development Division addresses rural housing issues through the Rural Housing Service. Rural Development administers home purchase, home repair, rental assistance, rental housing development, and other community development programs in rural areas only.

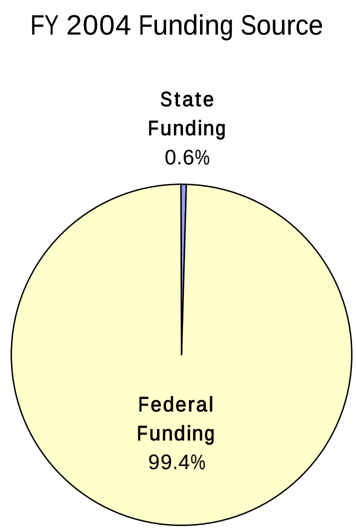
Public housing authorities (PHAs) are governmental entities whose responsibilities range from rental assistance, which includes project-based and portable voucher assistance, to operating and developing public housing units. Housing authorities maintain a designated service area and operate in all metropolitan areas and larger rural cities. TDHCA uses its Section 8 rental voucher allocation to assist individuals in areas that are not served by an existing PHA.

Community action agencies (CAAs) administer federal and state antipoverty programs and generally administer TDHCA's community affairs programs, which offer emergency assistance, utility assistance, and weatherization assistance. CAAs serve a designated multicounty area and together administer poverty-related programs statewide.

Various subpopulations are also served through designated entities. Individuals over the age of 60 may receive assistance through local area agencies on aging that are affiliated with the Texas Department of Aging and Disability Services. The Texas Department of Aging and Disability Services and the Texas Department of State Health Services administer supported housing and community care programs for persons with mental and physical disabilities and seniors. The US Department of Veterans Affairs and the Texas General Land Office administer housing programs for eligible veterans.

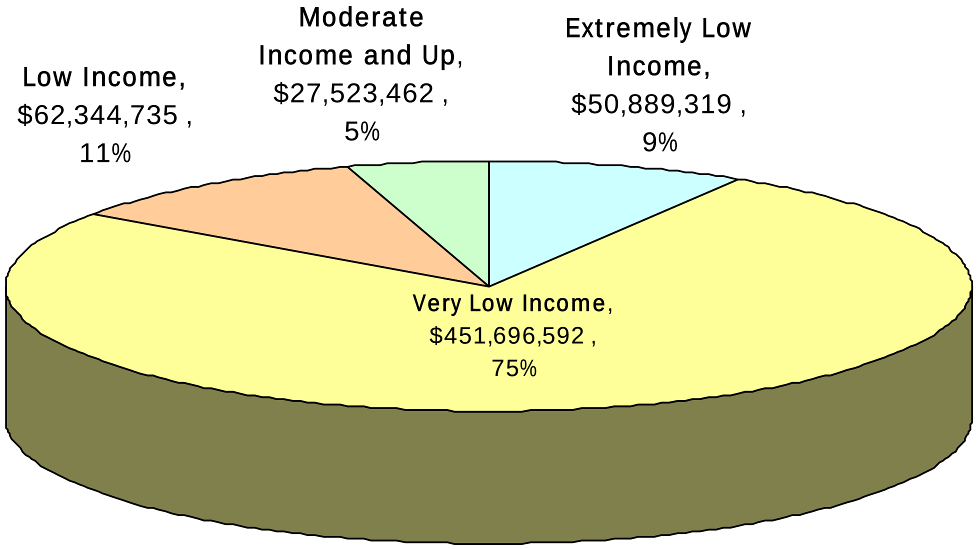
In fiscal year 2004, TDHCA received $597,280,636 in total funds and committed $592,454,108 to serving lower income Texans. Most of the funding originated from federal sources, 99.4 percent of the total. Approximately 0.6 percent of the total was State funding.





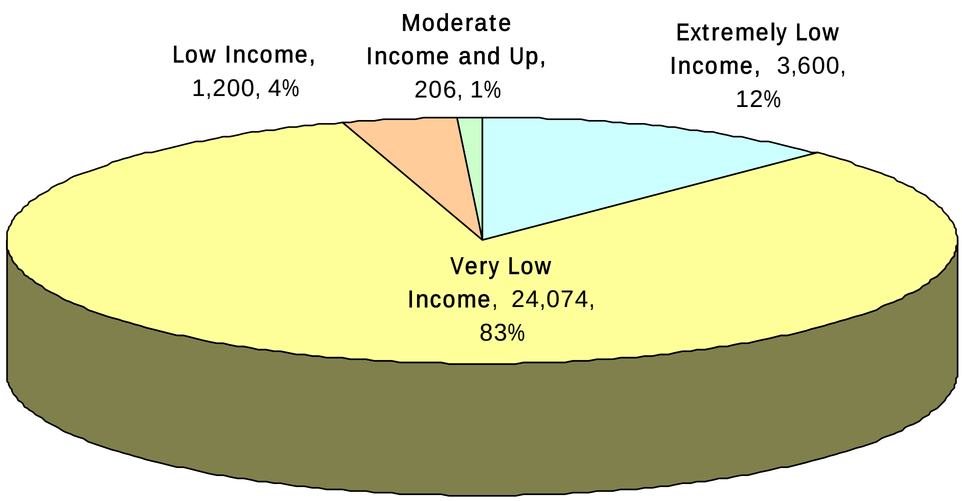
Total funds committed through all programs were delineated by extremely low income, very low income, low income, and moderate income groups.

FY 2004 Total Funding by Income Level
Total Funds Committed: $592,454,108



In 2004, TDHCA assisted 3,600 extremely low income, 20,074 very low income, 1,200 low income, and 206 moderate income households through housing programs. Community Affairs activities, which includes weatherization and utility assistance programs, assisted 498,670 very low income households and individuals.

FY 2004 Total Housing Assistance by Income Levels
Total Households Served: 29,080



Note: Extremely low income: 0% to 30%, very low income: 31% to 60%, low income: 61% to 80%, moderate income and up: >80%.

ADMINISTRATIVE STRUCTURE

Programs administered by TDHCA provide housing and housing-related services, including community services. Housing activities consist of homebuyer assistance which includes down payment and closing costs, the rehabilitation of single family and multifamily units, rental assistance, the new construction of single family and multifamily housing, special needs housing, transitional housing, and emergency shelters. Housing-related and community services include energy assistance, weatherization assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and emergency assistance.

Funding of agency programs is currently grouped into three categories: Single Family Finance Production, Multifamily Finance Production, and Community Affairs. In addition, the Department includes the following divisions: Administrative Support; Bond Finance; Financial Administration; Governmental Affairs; Information Systems; Internal Audit; Legal Services; Portfolio Management and Compliance; Real Estate Analysis; the Center for Housing Research, Planning, and Communications; and the Office of Colonia Initiatives. The Office of Colonia Initiatives administers programs related to the Texas-Mexico border and oversees Border Field Offices and Colonia Self-Help Centers.

Federal funding sources for the services listed above include the US Department of Housing and Urban Development, US Treasury Department, US Department of Health and Human Services, and US Department of Energy. The Housing Trust Fund receives general revenue funds from the State. Through these funding mechanisms, the Department strives to promote sound housing policies; ensure equity; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

AGENCY HISTORY

In 1991, the 72nd Texas Legislature created the Texas Department of Housing and Community Affairs. The Department's enabling legislation combined programs from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant Program from the Texas Department of Commerce.

On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP). Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant (CDBG) and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (ORCA). However TDHCA, through an interagency contract with ORCA, administers 2.5 percent of the CDBG funds used for the Self-Help Centers along the Texas-Mexico border. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

2005 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

The *2005 State of Texas Low Income Housing Plan and Annual Report* (the Plan) is prepared in accordance with Sections 2306.072–2306.0723 of the Texas Government Code. This statute requires the Department to perform a comprehensive overview of statewide housing needs, provide a description of the Department's housing programs, and establish a resource allocation plan to meet the state's housing needs.

The *State of Texas Low Income Housing Plan and Annual Report* is one of three comprehensive planning documents, together with the *State of Texas Consolidated Plan: One-Year Action Plan* and *State of Texas Consolidated Plan: Annual Performance Report*, that TDHCA is required to submit annually. It offers policy makers, affordable housing providers, and local communities a comprehensive reference on statewide housing need, housing resources, and performance-based funding allocations. It serves in the following capacities:

- Provides an overview of statewide housing needs
- Reports on the programs administered by TDHCA
- Reports on the distribution of TDHCA's resources in the previous fiscal year
- Provides information on TDHCA's housing program funding levels and performance measures

The Plan is organized into six sections:

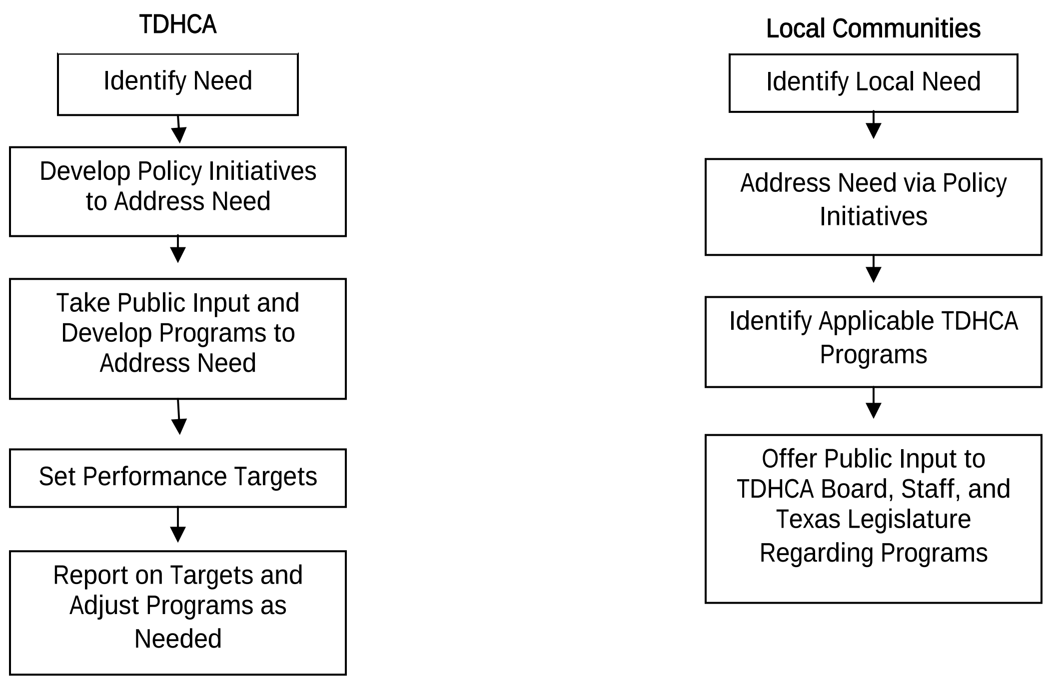
- *Introduction:* An introduction, a summary of the 2004 Department impact, an overview of the Department, and an overview of the Plan
- *Department Activities and Initiatives:* A summary of Department activities and an overview of policy initiatives
- *Housing Analysis and Action Plan:* An analysis of statewide and regional demographic information, housing characteristics, and housing needs; and an annual low income housing report including state and regional funding allocation, target numbers, actual numbers served, and discussion of the Department's Strategic Plan goals
- *Colonia Action Plan:* This biennial plan for 2004–2005 discusses housing and community development needs in the colonias, describes the Department's policy goals, summarizes the strategies and programs designed to meet these goals, and describes some of the projected outcomes to support the improvement of living conditions of colonia residents
- *Texas State Affordable Housing Corporation Plan:* This plan, prepared by the Texas State Affordable Housing Corporation (TSAHC) and included in this document in accordance with legislative requirements, outlines TSAHCs programs for the upcoming year.
- *Appendix:* Includes the Agency's enabling legislation, program descriptions, a glossary of selected terms, and a summary of public comment

It is important to note that this Plan is a working document that changes annually based on input received throughout the year. The format is intended to help providers and interested parties recognize statewide housing needs, understand general housing issues, formulate policies, and identify available resources.

As the information required by the legislation for the *State of Texas Low Income Housing Plan and Annual Report* is rather voluminous, it has been deemed appropriate to present the information as a collection of separate publications. This allows the consumer to receive specific information and has proven cost-effective for both TDHCA and its consumers through lower printing and distribution costs. TDHCA produces the following publications in compliance with Section 2306.071–2306.0723 of the Texas Government Code:

- *State of Texas Low Income Housing Plan and Annual Report*
- *TDHCA Program Guide:* A description of the Department's housing programs as well as other state and federal housing and housing-related programs
- *TDHCA Property Inventory and Guide to Services:* A comprehensive list of the Department's multifamily and single family housing activity in addition to HOME Program contracts and Community Services programs
- *TDHCA Housing Sponsor Report:* A report that provides property and occupant profiles of developments that have received assistance from TDHCA

Below are illustrations as to how TDHCA uses this Plan to develop Department programs and how the Plan may be used by communities to develop and implement local initiatives:



PREPARATION OF THE PLAN

Current legislation mandates that the Department meet with various organizations concerning the prioritization and allocation of the Department's housing resources prior to preparation of the Plan. As this is a working document, there is no such time at which the Plan is static. Rather, research is conducted throughout the year by the Department's Center for Housing Research, Planning, and Communications in order to analyze housing needs across the state. Furthermore, focus group meetings are held to discuss ways in which funds may be prioritized to meet specific needs. Public comment is also received at public hearings and TDHCA Board meetings.

CITIZEN PARTICIPATION

Throughout the year, the Department accepts comments and suggestions from the public on all of its programs. Public comment may be received at, but not limited to, Board of Directors meetings, various Department-sponsored or attended informational workshops, legislative committee hearings, individual program and publication public comment periods and hearings, and application and implementation workshops.

The formal citizen participation process for the *2005 State of Texas Low Income Housing Plan and Annual Report* began on September 24, 2004, and ended October 25, 2004. Constituents were encouraged to give input regarding all Department programs in writing or at one of the 13 public hearings to be held across the state, one in each of the 13 Uniform State Service Regions.

Approximately 196 individuals attended the public hearings held in the following cities: Houston, El Paso, Dallas, San Antonio, Victoria, Waco, Tyler, Lufkin, Wichita Falls, Amarillo, Harlingen, San Angelo, and Austin. A summary of comment received during the public comment period will be included in Appendix E. Transcripts of public hearings and complete copies of submitted comments are also available in the Housing Center Library, which is open to the public 8 am to 5 pm, Monday through Friday. Please contact the Housing Center at (512) 475-3975 for more information.

DEPARTMENT ACTIVITIES AND INITIATIVES

This section provides the basis for the state and regional housing assessments through a discussion of Department activities and policy objectives.

AGENCY ACTIVITIES

TDHCA administers various programs that address the housing and community service needs of extremely low to moderate income populations, which can be categorized according to multifamily, single family, capacity building, and community affairs activities.

MULTIFAMILY ACTIVITIES

TDHCA's dedication to increasing affordable multifamily housing opportunities for needy residents across the state improves the quality of life for thousands of households. The Department utilizes a variety of methods to provide rental housing for lower income households and households with special needs. Programs finance multifamily construction, acquisition, and rehabilitation; and offer capacity building for organizations involved in multifamily housing. New construction of multifamily units supplies additional much-needed housing targeting lower income families, though the Department also recognizes the need to preserve and repair existing affordable units in order to maintain quality housing that is accessible and affordable.

Through the Housing Tax Credit (HTC) Program, the Department aids in building affordable housing through the allocation of federal tax credits used to fund new construction, acquisition, and rehabilitation of multifamily residential developments. Although a developer must set aside at least 20 percent of a project's units for qualified tenants, typically a developer will set aside 100 percent and, in doing so, claim the maximum amount of tax credits eligible for the development. The allocation of the tax credits allows these quality developments to be affordable to qualified very low and extremely low income families at below-market rents.

The Department issues taxable and tax-exempt mortgage revenue bonds to fund loans to qualifying nonprofit or for-profit developers through the Multifamily Bond Program. The proceeds of the bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties. In return for favorable interest rates typically available through the tax-exempt bond transaction, property owners elect to restrict either 20 percent of the units for households earning 50 percent or less of area median income or 40 percent of the units to households earning 60 percent or less of area median income.

The HOME Program's Rental Housing Development and Rental Housing Preservation funds are available to nonprofit and for-profit organizations for the acquisition, rehabilitation, reconstruction, or new construction of affordable rental housing units. In all cases, owners are required to make the units available to low, very low, and extremely low income families, and must meet long-term rent restrictions. Housing Trust Fund (HTF) monies may also be used for the acquisition, rehabilitation, and new construction of affordable multifamily housing.

Community housing development organizations (CHDOs) may apply for funding for the new construction or rehabilitation of rental housing through the HOME Program CHDO Set-Aside. CHDO projects are owned, developed, or sponsored by the CHDO.

	Program	Targeted Households by Area Median Family Income				
		Extremely Low Income: < 30% AMFI	Very Low Income: < 50% AMFI	Very Low Income: < 60% AMFI	Low Income: < 80% AMFI	Moderate Income: < 115% AMFI
Multifamily Development Activities	HOME Program Rental Housing Set-Asides					
	Housing Trust Fund					
	Housing Tax Credit Program		20% of units	or 40% of units		
	Multifamily Bond Program		20% of units	or 40% of units	75% of 501(c)(3) units	

SINGLE FAMILY ACTIVITIES

The range of TDHCA's single family activities includes home construction, rental assistance, home purchase assistance, and assistance for homeowners. TDHCA supports affordable single family homeownership by providing loans to developers of affordable housing; promoting homebuyer education, offering mortgage financing and assistance, and by extending owner-occupied rehabilitation assistance to households.

Through HTF, the Department offers funding that may be used for the acquisition, rehabilitation, and new construction of affordable single family housing. Single family new construction is an eligible activity in the HTC program and is a CHDO-eligible activity in the HOME Program. In colonia areas, TDHCA supports single family development through the Colonia Model Subdivision Loan Program and the Bootstrap Loan Program, which provide loan funds to assist organizations build single family housing. Certain types of assistance may require considerable labor contribution on the part of the owner.

Direct rental assistance to tenants, which includes rental subsidies and utility and/or security deposits, allows households to expand their housing opportunities. Such programs offered by the Section 8 Program and Tenant-Based Rental Assistance provided through the HOME Program are designed to help households in small cities and rural areas that are not served by similar local programs.

Homebuyer education and counseling are essential in order to ensure successful homeownership. Through the Texas Statewide Homebuyer Education Program (TSHEP), TDHCA offers training to local nonprofit organizations interested in offering homebuyer education, and also acts as a referral service for homebuyers seeking education. In addition, the Contract for Deed Consumer Education Program offers homebuyer education and assistance tailored specifically for the unique needs of colonia residents. Technical assistance on such topics as housing rehabilitation, new construction, surveying and platting, construction skills, housing finance, and credit and debt counseling is available.

The dream of homeownership is beyond the reach for many households because of the inability to acquire affordable financing, the lack of down payment funds, or a lack of education about the home purchase process. Through the First Time Homebuyer Program and Grant Assistance Program, the Department offers below-market mortgage loans and down payment assistance for very low to moderate income residents across the state. Similar to the Multifamily Bond Program, the single family bond structure allows favorable mortgage interest rates for eligible borrowers through participating lenders and other partners that originate and service the loans. In addition, the HOME Program funds local organizations to offer assistance to eligible first time homebuyers for down payment and closing costs. The Mortgage Credit Certificate Program provides a tax credit for the annual interest paid on a mortgage loan.

Homeowners and potential homeowners in border areas may utilize the Texas Bootstrap Loan Program and the Contract for Deed Conversion Initiative for low-interest owner-builder mortgage loans or to convert contracts for deeds into traditional mortgages.

Through the HOME Program, the Department provides rehabilitation and reconstruction grants to homeowners for the repair of their existing structures, which may also be used for construction costs associated with architectural barrier removal for homebuyers with disabilities. There are also funds available to help with the acquisition and rehabilitation costs associated with the contract for deed conversion for colonia residents.

		Targeted Households by Area Median Family Income				
	Program	Extremely Low Income: < 30% AMFI	Very Low Income: < 50% AMFI	Very Low Income: < 60% AMFI	Low Income: < 80% AMFI	Moderate Income: < 115% AMFI
Single Family Development	HOME Program CHDO Set-Aside					
	Housing Trust Fund					
	Housing Tax Credit Program		20% of units	or 40% of units		
	Colonia Model Subdivision Loan Program					
Rental Assistance	Section 8 Program					
	HOME Program Tenant-Based Rental Assistance					
Homebuyer Education	Contract for Deed Consumer Education Program					
	Texas Statewide Homebuyer Education Program					

	Program	Targeted Households by Area Median Family Income				
		Extremely Low Income: < 30% AMFI	Very Low Income: < 50% AMFI	Very Low Income: < 60% AMFI	Low Income: < 80% AMFI	Moderate Income: < 115% AMFI
Home Purchase Assistance and Home Repair Assistance	First Time Homebuyer Program					
	Grant Assistance Program					
	Mortgage Credit Certificate Program					
	HOME Program Homebuyer Assistance					
	Texas Bootstrap Loan Program					
	Contract for Deed Conversion Initiative					
	HOME Program Owner-Occupied Housing Assistance					

Community Affairs and Energy Assistance

The Department's community affairs and energy assistance programs exist to provide a safety net for those experiencing homelessness, those at risk of homelessness, and for those able to maintain some sort of housing, but with other unmet essential needs. The community affairs programs provide emergency relief in the form of shelter and social services for individuals and families experiencing crisis poverty. The energy assistance programs help very low income households manage their utility bills through payment assistance, the installation of energy efficient measures and appliances, and energy conservation education.

Basic needs such as shelter, food, child care, health and human services, transportation, job training, and substance-abuse prevention must be addressed in order for households or individuals to contemplate long-term solutions to poverty. The programs administered by TDHCA that address these needs are vital to the transition from poverty. The Emergency Shelter Grants Program (ESGP) addresses the immediate needs of homeless individuals and families through funding to nonprofit organizations and local governments that provide shelter and related services for homeless persons, as well as intervention services for persons threatened with homelessness. Eligible activities include renovation, major rehabilitation, and conservation of buildings for use as an emergency shelter, and may involve the provision of services including assistance in obtaining permanent housing, medical treatment and psychological counseling, nutritional counseling, substance-abuse treatment, child care, transportation, and job placement.

The Department also offers grants to organizations that provide essential services to persons living in poverty, such as access to child care; health and human services for children, families, and the elderly; nutrition; transportation; job training and employment services; housing; substance-abuse prevention;

and migrant assistance. Other Department activities include the coordination of statewide efforts to address hunger issues and expand anti-hunger programs such as child-feeding programs, the distribution of surplus commodities and game donated by hunters, and the creation of farmer's markets in lower income neighborhoods. The Department provides disaster-related emergency relief in the form of utility assistance, housing, food, clothing, medical services, and transportation to extremely low, very low, and low income persons. The Community Services Block Grant Program (CSBG) and HTF have funds available for agencies providing essential services and the Community Food and Nutrition Program (CFNP) addresses hunger-related issues.

Through the Department's energy assistance programs, eligible households can receive financial assistance with utility bills, energy-efficient appliances and measures, case management, and education assistance to ensure continued energy self-sufficiency. Priority for these programs is given to the elderly, persons with disabilities, and households with children under the age of six, with further priority given to households with the highest energy costs and the lowest incomes. The Comprehensive Energy Assistance Program (CEAP) funds local entities that offer utility bill assistance, while the Weatherization Assistance Program (WAP) provides grants to entities that fund energy conservation measures in housing.

More detailed programmatic information including funding levels, eligible applicants and beneficiaries, program activities, set-asides, and special initiatives is available in Appendix B.

		Targeted Households by Area Median Family Income				
	Program	Extremely Low Income: < 30% AMFI	Very Low Income: < 50% AMFI	Very Low Income: < 60% AMFI	Low Income: < 80% AMFI	Moderate Income: < 115% AMFI
Community Affairs Activities (Targeted households are based on federal poverty guidelines and estimated as percentage of AMFI.)	Community Services Block Grant Program					
	Emergency Shelter Grants Program	Homeless				
	Community Food and Nutrition Program					
	Comprehensive Energy Assistance Program					
	Weatherization Assistance Program					

Capacity Building

The Housing Trust Fund (HTF) administers two programs specifically intended to increase a nonprofit organization's ability to access Department programs.

The Capacity Building Program has been used to fund classes that cover such topics as training in CHDO organizational development, the real estate development process, construction management, property management, and housing development finance. In addition, funds may be used to hire qualified persons who can provide technical assistance in developing safe, decent, and sanitary housing for low, very low, and extremely low income individuals and families, including persons with special needs. Funds may also be used to contract directly with qualified technical assistance providers.

The Predevelopment Loan Program provides opportunities for nonprofit organizations to develop affordable housing by assisting with the costs incurred while securing project financing.

In addition to the funding outlined above, the Department offers technical assistance to organizations interested in addressing the affordable housing needs in their communities. Trainings are conducted throughout the year by TDHCA staff on how to apply for and administer Department funds. Additionally, the Department makes information available to the public on trainings being held throughout the state on topics such as strategic and business planning, financial and asset management, board development, outcome measures, coordination, collaboration, networking, and partnership development

The Department hopes to empower organizations to be more competitive in applying for not only TDHCA funding, but also other available federal, state, and local funds.

POLICY INITIATIVES AND STRATEGIES

Families at the very bottom of the income strata who have virtually no financial resources and a variety of other poverty-related issues (including employment, education, transportation, health care, and child care) require direct assistance, as do vulnerable populations with a fixed income. These groups are served most effectively through rental vouchers or access to housing developments that have received substantial subsidies, allowing for rents affordable to those making less than 30 percent of the area median family income. However, for those populations with higher incomes, consumer needs tend to change. Higher income households with housing affordability problems typically have some income, but cannot access market-rate housing without some assistance—either an affordable multifamily unit or homeowner assistance in the form of down payment assistance and low-interest loans.

Opinions regarding how to address these housing needs are as varied and diverse as Texas itself. On one side of the spectrum, there is the desire to allocate available resources in the form of direct assistance to the state’s poorest populations, with an emphasis on utilizing community-based organizations in the allocation of housing funds. On the other side, there is the desire to make affordable housing a private-sector function subject to the demands of the market and with little government intervention.

The challenge therefore lies in serving the appropriate population with the appropriate funding mechanism. Both concepts can be incorporated into policy that encourages the participation of private-market resources and experience while still serving the state’s most vulnerable populations. By striking this balance, the Department will be able to spend its resources wisely and for the greatest public good.

Below are examples of strategies that TDHCA has used to produce and promote affordable housing, in accordance with the goals and objectives established in the *2005–2009 Consolidated Plan; 2005–2009 Strategic Plan;* and TDHCA Performance Measures, as reported to the Legislative Budget Board.

1. Increase the supply of housing for extremely low, very low, low, and moderate income households through partnerships with local communities, local lenders, health and human services providers, community-based nonprofit organizations, and private developers
2. Preserve the supply of existing affordable housing units
3. Adopt strategies to serve rural populations
4. Develop housing policy based on a fair and open process driven by local communities
5. Increase outreach and marketing efforts
6. Adopt strategies to serve extremely low income populations
7. Provide long-term solutions to those living in poverty
8. Develop consumer-driven programs for the state’s most vulnerable populations, such as the elderly, persons with disabilities, and other special needs populations
9. Implement self-help programs that combine public funds with volunteer efforts and local resources
10. Identify and address colonia needs
11. Provide homeownership opportunities to lower income populations and homeownership counseling services to individuals currently unable to access the Department’s housing finance programs
12. Promote fair housing issues
13. Promote energy efficiency to increase housing affordability
14. Encourage local affordable housing initiatives

15. Address capacity building issues
16. Encourage communication and cooperation with local groups opposed to affordable housing in their communities
17. Ensure compliance with all applicable federal and State laws

It should be noted that the Department's programs operate under different sets of state and/or federal regulations that provide parameters that govern the use of funds. These parameters determine the extent to which the Department can enact its policy directives.

PUBLIC AND PRIVATE PARTNERSHIPS

Understanding that no single entity will be able to address the enormous needs of the state of Texas, TDHCA supports the formation of partnerships for the provision of housing and housing-related endeavors. The Department works with many housing and community-development partners, including consumer groups, community-based organizations, neighborhood associations, community development corporations, community housing development organizations, community action agencies, public housing authorities, real estate developers, social-service providers, local lenders, investor-owned electric utilities, local governments, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies. There are many benefits to these partnerships: risk and commitment are shared; the principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems, therefore prompting local communities to play an active role in tailoring the project to their needs; partners are able to concentrate specifically on their area of expertise; and a greater variety of resources insure a well-targeted, more-affordable product.

TDHCA has used the public/private partnership principle in many of its programs, including the training of homebuyer education providers in conjunction with the Neighborhood Reinvestment Corporation through the Texas Statewide Homebuyer Education Program (TSHEP); and the Department's continued collaboration with USDA Rural Development and the Office of Rural Community Affairs (ORCA) has provided housing opportunities in rural areas across the state.

Combining ideas, information, and resources allows TDHCA to provide additional services to its consumers. Because the amount of funds available to address Texas's housing needs is limited, collaborations between public and private entities are the best way to stretch limited Department funds. Below are additional examples of coordination of resources with both public and private entities.

- *First Time Homebuyer Program*: In an effort to assist borrowers with impaired credit histories, the First Time Homebuyer Program may be used in conjunction with Fannie Mae's My Community Mortgage, which offers flexibility on credit histories and the acceptance of nontraditional credit histories. These loans may be used with all TDHCA mortgage revenue bond programs, thus giving households with slight credit blemishes the opportunity to qualify for a homebuyer loan with interest rates lower than that of alternative financing arrangements.
- *Texas Statewide Homebuyer Education Program (TSHEP):* In 2004, TDHCA worked with the Neighborhood Reinvestment Corporation, Fannie Mae, Banc One, Countrywide, the Texas State Affordable Housing Corporation (TSAHC), and the Texas Affiliation of Affordable Housing Providers

(TAAHP) to provide "Train the Trainer" classes to organizations interested in providing homebuyer education services at the local level.

- *Olmstead v. L. C.:* TDHCA continues to work with the Texas Department of Aging and Disability Services, Texas Council for Developmental Disabilities, and Texas Department of State Health Services on initiatives that will serve the needs of persons with disabilities who desire housing options outside of institutional settings.
- *Project Access:* The Department in cooperation with the Texas Health and Human Services Commission, the Texas Department of Aging and Disability Services, and local public housing authorities administer a housing voucher pilot program developed by the US Department of Housing and Urban Development (HUD), the US Department of Health and Human Services, and the Institute on Disability at the University of New Hampshire. The voucher program helps low income, non-elderly persons with disabilities transition from nursing facilities into the community by providing access to affordable housing and necessary supportive services.
- *Texas PHA Project:* TDHCA serves on the Project Advisory Committee with the Coalition of Texans with Disabilities, Texas Council for Developmental Disabilities, Advocacy Inc., and United Cerebral Palsy to oversee the three-year grant to provide training and technical assistance to public housing authorities. Activities of the grant are intended to result in a measurable increase in the number of integrated housing units available to persons with disabilities.
- *USDA Rural Development*: As a provider of services to rural Texas communities, TDHCA has an ongoing relationship with USDA Rural Development. Collaborations have been achieved through several TDHCA programs (HTC, HTF, HOME) in the form of multifamily developments and single family homeownership initiatives.
- *Public Housing Authorities*: Over the past few years, TDHCA has developed a strong relationship with the Texas Housing Association (THA) and Texas chapter of the National Association of Housing and Redevelopment Officials (TX NAHRO), which represent the public housing authorities of Texas. The two organizations have worked to promote programs that will repair substandard housing and develop additional affordable housing units.
- *Colonia Self-Help Centers*: TDHCA coordinates services with centers in counties selected by the Legislature to provide housing and technical assistance to improve the quality of life for colonia residents beyond the provision of basic infrastructure. Centers are currently established in Cameron/Willacy, El Paso, Hidalgo, Maverick, Starr, Val Verde, and Webb counties. Contracts are executed directly with the county in which the center is located.
- *Texas Home of Your Own Coalition (HOYO):* HOYO is a partnership of state and local direct service providers, state agencies, disability advocacy groups, community groups, and statewide lending institutions that are committed to making homeownership a reality for Texans with disabilities.
- *Weatherization:* Partnerships between the Weatherization Assistance Program and Southwestern Electric Power Company, Southwestern Public Service Company, Entergy, and El Paso Electric provide energy conservation measures to very low and extremely low income utility customers.

MULTIFAMILY PRESERVATION

Preservation of existing affordable and subsidized housing stock is a critical element in achieving the Department's mission of providing safe, decent, and affordable housing. From a supply-and-demand perspective, there is a shortage of affordable and subsidized multifamily housing, and any deterioration of the current supply further widens the gap. Given the demographic projections for Texas, the housing shortage will only continue to grow. In terms of meeting future demand for housing, stabilization of the existing stock is equally as important as new production.

Over the next few years, many units in the existing stock of affordable rental units are at risk of being lost. These include units in the Section 8 portfolio, the USDA Rural Development portfolio, and units associated with the Housing Tax Credit Program. Texas relies almost exclusively on federal funds for housing programs and any cuts to federal programs will have dramatic effects on the housing supply.

A 2002 study completed by the Department, *Assessment of the Need to Preserve Affordable Housing in Texas: The Section 8 Portfolio*, attempted to estimate the total preservation cost of the Texas Section 8 portfolio. As of the writing of the study in September of 2002, it was estimated that between 8,000 and 12,000 Section 8 units had been lost since contracts started to expire in 1996 (approximately 18 percent of the portfolio). By the end of 2002, 72 percent of the original contracts in the portfolio were up for expiration. It was projected that of the remaining approximately 54,000 units, 3 percent were likely to be lost to contract termination: a total of 1,800 units. According to the study, approximately 48 million dollars would be required in incentives over the next 20 years to maintain the affordability status of the properties most likely to be lost. The full study may be accessed on the Department's website at: http://www.tdhca.state.tx.us/mf_preserve.htm.

The loss of existing units places many of the poorest Texans at risk. Rental units that are disappearing the fastest and at risk of being lost are the units that serve the neediest populations. Aside from HUD-associated programs, properties awarded tax credits from 1987 to 1989 began reaching the end of their 15-year affordability periods in 2002.

The principal policy decision for the Department is the allocation of current resources between new production and preservation efforts. Aside from the resource allocation issue, policy decisions regarding which existing units should be salvaged or prioritized, given available funding, are also paramount. Concentrations of special tenant populations, the condition and location of the properties, availability of better replacement housing, and functional utility of the properties are factors that must be considered in preservation efforts. Focusing limited resources on those properties with high concentrations of elderly or disabled residents, groups that are most adversely affected by displacement, and strategically well-located properties and well-maintained properties will help stabilize the housing stock.

Typically, even with significant rehabilitation, preservation is generally less costly per unit than new construction. However, because some of the existing stock is functionally obsolete and therefore not conducive to rehabilitation, building a new development may be more cost efficient. Given the limited financial resources, TDHCA believes that an important role for the Department in the preservation effort is to provide direction and technical assistance to local organizations or units of government to facilitate local preservation initiatives. Because not all of the existing units can or will be preserved, the importance of salvaging specific properties and the strategies to preserve them are best determined on a local basis.

Among the programs that have dedicated funds toward preservation activities, the Housing Tax Credit Program has set aside 15 percent of the state housing credit ceiling for preserving "at risk" affordable housing developments. This is in addition to the 5 percent set-aside for USDA Rural Development projects, resulting in a total of 20 percent of the state housing credit ceiling available for the preservation of existing affordable housing. Additionally, the HOME Program allocates $2,000,000 annually for preservation activities.

In addition to funding preservation activities, the Department strives to make information necessary to encourage preservation transactions available to the public. Data for federal portfolios of affordable housing has been made available on the Department's website, with each property being given a priority ranking depending on the length of time before its affordable regulatory restrictions expire. The Department has undertaken in-depth studies of each affordable housing portfolio in the state, beginning with the federal Section 8 portfolio, in order to determine the factors influencing owners' decisions to leave affordable housing programs, and the potential costs associated with retaining the housing as affordable. Other measures such as the Preservation Clearinghouse on the Department's website and direct informational mailings to property owners have sought to facilitate communication among those parties critical in effecting transactions to preserve housing.

RURAL AND NON–PARTICIPATING JURISDICTIONS

As the migration of populations and industries continues to urban and suburban areas, the less-populous areas of the state are left with a dilapidated housing stock and households with lower incomes than their urban or suburban counterparts. Currently, according to HUD, the median income for metropolitan areas is $55,500 compared to $42,400 for non-metropolitan areas.

The larger metropolitan cities and more populous counties, designated as participating jurisdictions (PJs), receive funding directly from the federal government to address their housing and homeless needs through the HOME and Emergency Shelter Grants programs. The funding TDHCA receives from the federal government for these programs is therefore intended for non-PJ areas that do not receive financial assistance directly from the federal government.

Due to the lower incomes and lack of access to resources (e.g., bonds, large tax base, and investment capital) in less-populous areas, TDHCA gives special consideration to lower income individuals and households residing in non–participating jurisdictions and rural areas. This focus is considered in the development of Department programs and in the distribution of associated funds. In the event that funding cannot be limited to non-PJ and rural areas because of rule or financial feasibility reasons, scoring criteria or set-asides are added to the applications or program rules to encourage the participation of these areas.

TDHCA is dedicated to serving populations that traditionally have the highest need for assistance, yet tend to remain underserved. Within the non-PJ and rural areas, the populations that will receive priority consideration include extremely low income individuals and households (0–30 percent AMFI) and low income special needs populations including persons with alcohol and/or drug addictions, colonia residents, people with disabilities, victims of domestic violence, elderly populations, persons with HIV/AIDS, homeless populations, and migrant farmworkers.

The Department works closely with several rural-based affordable housing organizations, private lenders, nonprofits, and units of local government in order to give funding priority to non-PJ and rural areas. It requires more effort to spark affordable housing activity in rural areas as the number of organizations available to assist with these activities is significantly fewer. With this in mind, the Department has developed specific strategies to address the needs of the rural populations of the state, which include rural set-asides or special scoring criteria for housing program funds, prioritization of activities that are most needed in rural areas, increasing awareness of TDHCA programs in rural areas, and building the capacity of rural service providers.

TDHCA and the Office of Rural Community Affairs (ORCA) jointly administer the HTC rural regional allocation. ORCA assists in developing all thresholds, scoring, and underwriting criteria for rural regional allocation, and must approve the criteria. It is anticipated that joint-implementation outreach, training, and rural area capacity building efforts will increase participation in the rural set-aside. Additionally, 95 percent of HOME funds are expended exclusively in non-PJ and rural areas and the remaining 5 percent, which may be used in PJs, is used for projects that serve persons with disabilities.

Regional Input into Department Policies

TDHCA continuously strives to improve the methods used to identify regional affordable housing needs.[1] Through this effort, TDHCA is better positioned to provide technical assistance and funding that addresses specific regional needs.

One component of this effort involves helping coordinate the activities of Regional Advisory Committees (RACs). The RACs are comprised of the regional councils of governments (COGs) and other affordable housing organizations in each region, with the purpose of gathering information on the region's affordable housing needs and available resources. A primary task of the RACs is to prioritize the region's needs and report this information to TDHCA via an annual report that TDHCA will then consider in developing its policies and program rules. TDHCA works directly with the COGs to

- develop the format of the meetings;
- publicize the RAC meetings;
- share available information that assesses the need for affordable housing and related supportive services in Texas;
- identify opportunities to increase the supply and quality of affordable housing and supportive services in Texas;
- collect contact information for state, regional, and local partners that can assist persons interested in providing affordable housing and supportive services.

These meetings represented an invaluable opportunity for TDHCA staff to hear about local affordable housing needs directly from persons whose daily work revolves around addressing these issues.

[1] TDHCA uses 13 state service regions whose geographical boundaries have been identified by the Comptroller's office for planning purposes.

PUBLIC INPUT INTO DEPARTMENT POLICIES

Dialogue and communication with interested citizens at the community level, through program information workshops, public hearings, technical training sessions, and town hall meetings, enables the Department to act as a catalyst that draws community resources together. Increased dialogue establishes the groundwork for the formation of the aforementioned partnerships and community input. The State does not have the resources to meet the needs of all Texans in need, so it is only through increased participation and communication with the Department's consumers that services can be appropriately and efficiently directed to address need.

Citizen Participation

The Department values and relies on community input to direct resources to meet its goals and objectives. The citizen participation process and information delivery system administered by the Department is constantly undergoing expansion and modification.

In an effort to provide the public with an opportunity to more effectively give input on the Department's policies, rules, planning documents, and programs, TDHCA has consolidated its public hearings. Each year there will be one hearing per Uniform State Service Region that will cover all Department programs. Staff is available at each hearing to answer questions and lend technical assistance to attendees.

TDHCA ensures that all programs follow the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times accessible to both working and non-working persons. A database has been developed that includes citizen and nonprofit organizations, local governments, state legislators, public housing authorities, and local public libraries so that, when a public hearing or public comment period is scheduled, all interested parties are notified. Additionally, pertinent information is posted in the *Texas Register*, in *Breaking Ground* (the TDHCA newsletter), on the Department's website, in several association newsletters, and in the newspapers that are local to the hearing location. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, email, and, in some cases, directly at the TDHCA website.

Program Participation

The Department constantly seeks ways of increasing statewide participation in TDHCA programs. It is important to note that TDHCA is primarily a pass-through funding agency and funds developments through a formal competitive Request for Proposals (RFP)/Notice of Funding Availability (NOFA) process. Therefore, so that funds reach those in need at the local level, it is incumbent upon the Department to increase the public's awareness of what funds are available and how they may be accessed. Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year, Department staff participate in informational workshops and conferences across the state where information is shared with organizations that are unfamiliar with Agency programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact the Agency for further technical assistance in accessing TDHCA programs.
- The TDHCA *Program Guide* was developed to provide a comprehensive, statewide housing resource guide for both individuals and organizations across the state. The *Program Guide*

provides a list of housing and housing-related programs operated by TDHCA, HUD, and other federal and state agencies.

- The Internet is also an invaluable tool for TDHCA. Through its provision of timely information to consumers, it has become one of TDHCA's most successful marketing tools.
- A database, including public housing authorities (PHAs), community development housing organizations (CHDOs), community development corporations (CDCs), area agencies on aging (AAAs), homebuyer education providers, local governments, and other community-based organizations, streamlines departmental efforts to inform interested parties of available funding, public hearings, and other activities.
- Regional Advisory Committees, comprised of the regional councils of governments and other affordable housing organizations in each region, serve as valuable resources in gathering input from people working at the local level. These groups gather information on the region's affordable housing needs and available resources, prioritize the region's needs, and report this information to TDHCA.

SERVING EXTREMELY LOW AND VERY LOW INCOME POPULATIONS

TDHCA's purpose, as defined in the Texas Government Code, is to "provide for the housing needs of individuals and families of extremely low, very low, and low income and families of moderate income." Recognizing the formidable housing challenges of extremely low income populations, the Agency strives to develop programs that can adequately and appropriately serve these individuals and families. According to the most recent *Housing Sponsor Report*, which is an annual snapshot of all affordable multifamily housing assisted with TDHCA funds, approximately 20 percent of all assisted units are occupied by extremely low income individuals and families.

TDHCA is dedicated to serving populations that traditionally have the highest need for assistance, yet tend to remain underserved. The following populations receive funding priority:

- Extremely low income individuals and households (0 to 30 percent AMFI)
- Low income, special needs populations, including persons with alcohol and/or drug addictions, persons with disabilities, victims of domestic violence, elderly populations, persons with HIV/AIDS, and migrant farmworkers
- Residents of the colonias
- The homeless

In addition to the Department's own efforts to address the affordable housing needs of extremely low income Texans, the 78th Texas Legislature passed a rider to TDHCA's appropriation that requires the housing finance division (which includes the HTC, HOME, HTF, Section 8, Multifamily Bond, and Single Family Bond programs) to adopt an annual goal to apply a minimum of $30 million of the Division's total housing funds toward housing assistance to individuals and families earning less than $13,000 for a one-person household, $16,000 for a two-person household, $17,000 for a three-person household, $19,000 for a four-person household, and $21,000 for a five-person household—for each additional person adding $1,500. The rider also mandates that no less than 20 percent of the division's funds be spent to serve very low income individuals and families, which are those at or below 60 percent of area median family income (AMFI).

Working with a focus group comprised of advocacy groups and industry associations, the Department determined that the following activities will be the basis for reaching the $30 million goal:

- Tenant-based rental assistance
- Owner-occupied housing rehabilitation
- Housing vouchers (rental/homeownership)
- Rental housing development with incentives to set aside units for 0 to 30 percent AMFI
- Point incentives to applicants to serve 0 to 30 percent AMFI
- Continued marketing and encouragement for organizations to serve 0 to 30 percent AMFI

TDHCA will continue to explore the use of funds outside the traditional housing programs allocation (e.g., de-obligated funds, bond fees) for activities that serve 0 to 30 percent of AMFI. The Department will also explore funding that will allow a cash flow subsidy grant to work with existing development programs.

POVERTY SOLUTIONS

TDHCA has an important role in addressing Texas poverty. The Department seeks to reduce the number of Texans living in poverty, thereby providing a better future for all individuals. This means targeting resources at those with the greatest need and aiming to provide long-term solutions to the problems facing people in poverty. The Department provides low income persons with energy, emergency, and housing assistance to meet the basic necessities.

Homeless persons are considered a priority group for housing-related funding. The priorities also target households at 80 percent or less of median income, particularly those at 0–50 percent of AMFI; much of this population group can be considered "at risk" of homelessness.

For households or individuals to contemplate long-term solutions to poverty, basic needs such as shelter, food, energy costs, child care, health and human services, transportation, job training, and substance-abuse prevention must be addressed. Therefore, the programs administered by TDHCA that address these needs are vital to the transition from poverty.

Public assistance and social service programs have shifted their focus over the last decade. The new emphasis centers on reducing dependency and increasing self-sufficiency. Assisted housing can no longer have a pure income-maintenance orientation. In light of this new emphasis, housing and community development resources that address poverty should emphasize self-sufficiency. The self-sufficiency approach provides incentives for assisted housing residents who are willing to undertake a set of activities intended to lessen dependency. These activities should be tailored to meet the needs and capabilities of each individual household and can be provided through the housing deliverer or through human service providers.

Experience has shown that segregating low income persons in an insulated community perpetuates the cycle of poverty and often creates slums. A second anti-poverty theme centers on mobility—insuring that residents of assisted housing have access to jobs, schooling, public safety, and role models. Rental assistance combined with counseling and support services can be used to increase mobility. Scattered site production can also be used to encourage mixed-income housing. TDHCA provides tenant-based rental assistance options through several of its programs, specifically the HOME Program and Section 8.

An asset development approach to addressing poverty emphasizes the use of public assistance to facilitate long-term investments, rather than incremental increases in income. In housing, this can include the establishment of equity through homeownership. Several TDHCA programs introduce the option of homeownership to lower income populations: the HOME Program offers down payment and closing cost assistance, and the Single Family Bond Program offers below-market mortgage loans coupled with down payment assistance.

Comprehensive community development can be used to address the complex and interrelated problems of distressed neighborhoods. It involves recognizing the many levels of need in a community and addressing these needs with housing, community development, economic development, and social service resources. When these resources are used in conjunction, they can improve the quality of life in a community and engender long-term changes. These “changes of condition” may deal with alcohol and substance dependency, mental and physical health, nutrition, child care and parenting, life skills, general education and work skills, and criminal behavior. “Changes of condition” may also mean providing an influx of non-poor households to serve as role models and shift the nature of the environment. For those in housing and community development, the recognition that collaboration between and among private sector developers, builders and lenders, and non-development resources (such as local governments and social-services providers) is essential. For those in human services, the change may involve a subtle shift in focus away from crisis intervention and towards preventive measures; working with the family on a case-basis, rather than individual members of the family; and, most importantly, providing services within the context of community development.

Serving Special Needs Populations

Special needs populations include persons with alcohol and/or drug addictions, colonia residents, persons with physical and/or mental disabilities, victims of domestic violence, elderly populations, persons with HIV/AIDS, homeless populations, and migrant farmworkers. Because of the unique challenges associated with the housing needs of these varying populations, a considerable level of planning and consumer-need-based focus is required.

Advocates for the elderly and persons with disabilities continue to stress that the primary goal of these populations is to live independently and remain in their own homes. Access to rehabilitation funds for single family housing—to perform minor physical modifications such as extra handrails, grab bars, wheelchair-accessible bathrooms, and ramps, thus making existing units livable and providing a cost-effective and consumer-driven alternative to institutionalization—was considered as a priority. Likewise, the availability of rental vouchers that provide options beyond institutional settings was found to be a high priority.

Olmstead

In June of 1999, the Supreme Court of the United States affirmed a judgment in the *Olmstead v. L. C. and E. W.* lawsuit, which has had far-reaching effects with states regarding services for individuals with disabilities. The *Olmstead* decision upheld Title II of the Americans with Disabilities Act (ADA) and applied it to access to services in the most integrated setting for the plaintiffs in the case. Title II of the ADA proscribes discrimination in the provision of public services, which specifies, *inter alia*, that no qualified individual with a disability shall, “by reason of such disability,” be excluded from participation in, or be denied the benefits of, a public entity's services, programs, or activities. Congress instructed the Attorney General to issue regulations implementing Title II's discrimination proscriptions, and one such regulation, known as the "integration regulation," requires a "public entity to administer programs in the most integrated setting appropriate to the needs of qualified individuals with disabilities."

The Court went further in their opinion to state that it acknowledged that Congress found that discrimination against people with disabilities includes segregation, isolation, and institutionalization, and that under the ADA, an individual with disabilities has the legal right to be served in the most integrated setting. The court stated that the reasonable modifications standard for the ADA would be met if the state has a comprehensive, effectively working plan for persons and a waiting list that moved at a reasonable pace, not controlled by the state's endeavors to keep institutions fully populated. The Court stated, "Confinement in an institution severely diminishes the everyday life activities of individuals, including family relations, social contacts, work options, economic independence education advancement, and cultural enrichment."

With the advent of the *Olmstead* decision, the Health and Human Services Commission (HHSC) initiated the Promoting Independence Initiative and appointed the Promoting Independence Advisory Board, as directed by then-Governor George Bush's Executive Order GWB 99-2. The Promoting Independence Advisory Board (PIAB) met during FY 1999 and FY 2000 and assisted the HHSC in creating the State's response to the *Olmstead* decision. This was accomplished with the development and implementation of the Promoting Independence Plan. This plan highlights the State's efforts to assist those individuals desirous of community placement, appropriate for community placement as determined by the state's treatment professionals, and who do not constitute a fundamental alteration in the state's services, to live in the community.

During the 77th Session of the Texas Legislature, SB 367 was passed, which renamed the Promoting Independence Advisory Board as the "SB 367 Interagency Task Force on Appropriate Care Settings for Persons with Disabilities." The Commissioner of Health and Human Services appoints the SB 367 Task Force and its presiding officer, and determines the number of task force members, who include representatives of appropriate health and human service agencies, related work groups, consumer and family advocacy groups, and providers of services. A representative from TDHCA has been a voting member of the PIAB and SB 367 Task Force since their inception.

TDHCA has taken a strong leadership role in the provision of funding for rental assistance to address the housing needs of persons looking for community-based alternatives to institutionalization. In FY 2002, TDHCA received 35 rental vouchers to administer to the *Olmstead* population as part of a national pilot program called "Project Access." To date, all Project Access vouchers have been issued, and 40 voucher recipients, through voucher recycling, have made the transition from a nursing facility into their own homes.

Integrated Housing Rule

An issue of particular concern for advocates for persons with disabilities involved the Department's policies related to integrated housing. Integrated housing, as defined by SB 367 and passed by the 77th Texas Legislature, is "housing in which a person with a disability resides or may reside that is found in the community but that is not exclusively occupied by persons with disabilities and their care providers." The

Department, with the assistance of the TDHCA Disability Advisory Committee, developed an integrated housing rule to address this concern. In November 2003, the TDHCA Board approved an Integrated Housing Rule for use by all Department housing programs. Below is a synopsis of the rule:

- A housing development may not restrict occupancy solely to people with disabilities or people with disabilities in combination with other special needs populations.
    - Large housing developments (50 units or more) shall provide no more than 18 percent of the units of the development set aside exclusively for people with disabilities. The units must be dispersed throughout the development.
    - Small housing developments (less than 50 units) shall provide no more than 36 percent of the units of the development set aside exclusively for people with disabilities. These units must be dispersed throughout the development.
- Set-aside percentages outlined above refer only to the units that are to be solely restricted for persons with disabilities. This section does not prohibit a property from having a higher percentage of occupants that are disabled.
- Property owners may not market a housing development entirely, nor limit occupancy to, persons with disabilities.

Exceptions to the above rule include the following:

- Scattered site development and tenant-based rental assistance is exempt from the requirements of this section.
- Transitional housing is exempt from the requirements of this section, but must be time-limited, with a clear and convincing plan for permanent integrated housing upon exit from the transitional situation.
- This section does not apply to housing developments designed exclusively for the elderly.
- This section does not apply to housing developments designed for other special needs populations.
- The Board may waive the requirements of this rule to further the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause.

SELF-HELP INITIATIVES

Community-based self-help is an age-old tradition that extends far beyond the implementation of the first government housing programs. Lower income households have used self-help and incremental construction techniques to house themselves throughout history. Within the administrative context of government, self-help techniques, such as volunteer labor and the use of innovative materials and technologies, become a resource that can be used to encourage people's efforts and extend the reach of the government dollar.

Self-help relies almost exclusively on the participation of local communities and residents in addressing problems. It can be defined as any activity for which a community can undertake itself that it would otherwise pay outsiders to complete. When applied to housing and community development, the concept of self-help assumes that (1) the most valuable resources available are those in place within a community and (2) the key to increased production is reducing needs through innovation and volunteerism. Using the self-help approach, the State assumes the role of a facilitator that assists the community within the framework of its local resources and needs, rather than a provider that funds projects according to pre-determined program guidelines.

Self-help can result in significant cost savings through reduced overhead and reduced markups of intermediaries, the use of existing assets, and the substitution of volunteers for paid labor. Communities that use conventional grant programs typically hire outside experts to determine the amount of subsidy required to finance a project. Using the self-help approach, the amount of outside assistance requested for a project is determined locally after the community has established what can be completed independently. The Department currently funds these successful self-help initiatives: Colonia Self-Help Centers and the Texas Bootstrap Loan Program.

COLONIA ISSUES

The Office of Colonia Initiatives (OCI) was created by the Department to administer and coordinate efforts for the enhancement of living conditions for colonias in Texas. OCI plays a vital role in addressing the problems of our state's colonias through partnerships with other state and federal agencies along the Texas-Mexico border region, as well as those in the for-profit and nonprofit sectors. The following are specific concentrated on-site technical activities currently underway:

- Increased affordable housing opportunities (i.e., low-interest-rate loans, new construction, reconstruction, rehabilitation, surveying and platting)
- Community development activities
- Conversion of contracts for deed to conventional mortgages with transfer of title and homeownership education
- Construction education and assistance
- Tool library access
- Access to adequate infrastructure

For more information related to activities and initiatives related to the colonias, please refer to the Colonia Action Plan section beginning on page 136.

HOMEOWNERSHIP AND HOMEOWNERSHIP COUNSELING

Exploring innovative approaches to financing homeownership, such as individual development accounts (IDAs), the use of community development financial institutions (CDFIs), the creation of innovative lending products, as well as the proliferation of quality homebuyer education, will aid in the Department's efforts to increase homeownership. Ultimately, making homeownership a reality for lower income Texans is the underlying theme for several TDHCA programs. Every step toward self-sufficiency provided to consumers gets them closer to the realization of this goal.

Expanding homeownership opportunities for very low, low, and moderate income households is a major objective of the Department. Along with the Department, a growing number of lenders and affordable housing professionals recognize that it takes more than flexible underwriting in lending to expand homeownership for this traditionally under-represented population. For the past three decades, homeownership counseling has been an integral part of affordable lending in the United States. It has been demonstrated that counseling better-prepares borrowers to recognize and accept the responsibilities that come with owning a home. By assisting borrowers in obtaining a home they can truly afford to purchase and maintain, homeownership counseling has been credited with stabilizing families and neighborhoods while, at the same time, reducing the risk of default for lenders.

The Department believes that offering homebuyer education/counseling enhances the ability and confidence of lenders, borrowers, and policymakers to effectively make full use of the Department's lending programs. To improve access to local homebuyer education providers, TDHCA collaborates with several partners to implement the Texas Statewide Homebuyer Education Program (TSHEP). To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA contracted with the Neighborhood Reinvestment Corporation to teach local nonprofit organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education and to certify participants as providers. In 2004, a total of 75 attendees were present at two "Train the Trainer Homebuyer Education Provider" workshops held in San Antonio and Austin. In addition, two new continuing education courses were offered in Austin, at which 30 and 29 attendees were present. These new courses were offered to previously certified homebuyer education providers and were titled "Financial Fitness: Teaching Money Management Skills" and "Beginner to Intermediate Foreclosure Prevention."

FAIR HOUSING ISSUES

The Texas Fair Housing Act of 1989 enables the State to remedy discriminatory public policies affecting housing affordability and access. The act prohibits discrimination against individuals in their pursuit of homeownership or rental housing opportunities based on race, color, national origin, sex, religion, familial status, and physical or mental disabilities. Recent Department activities or current objectives relating to fair housing follow:

- Require compliance with the Texas Fair Housing Act in TDHCA-administered programs
- Provide fair housing training to TDHCA staff and governing board members
- Distribute fair housing brochures and information to recipients of housing program funds and make information available to the public upon request
- Coordinate fair housing efforts with the Texas Workforce Commission (TWC) Civil Rights Division, which was created under the Texas Fair Housing Act to directly address public grievances related to fair housing. Complaints will be handled in two ways:
  - *TDHCA Housing Sponsor Report* (submitted annually and due by March 1): A list of all properties responding affirmatively that they have had a fair housing complaint will be submitted to the TWC Civil Rights Division.
  - Written complaints: All written complaints will be handled in a manner outlined in the Texas Government Code. If fair housing issues are involved, the complaint will be forwarded to the TWC Civil Rights Division.
- Enforcement of the Section 8 Admittance Policy. In June 2000, TDHCA appointed a Section 8 Task Force and charged it to develop a policy for expanding housing opportunities for Section 8 voucher and certificate holders in TDHCA-assisted properties. The policy adopted by the TDHCA Board is as follows:
  - Managers and owners of HTC properties are prohibited from having policies, practices, procedures, and/or screening criteria that have the effect of excluding applicants because they have a Section 8 voucher or certificate.

- The verification of such an exclusionary practice by TDHCA on the part of the owner or manager will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
- Any violation of program requirements relative to this policy will also impact the owner's ability to participate in future TDHCA programs.

The Department has adopted rules that mirror this policy in accordance with §2306.269, Government Code, at 10 TAC §1.14.

In addition, through the monitoring of TDHCA-funded developments, the Department requires compliance of all applicable state and federal housing laws including Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, and the Texas Architectural Barriers Act (§2306.514, Texas Government Code).

ENERGY EFFICIENCY

Energy and water costs are often the largest single housing expense after food and shelter for lower income families. Utility costs typically represent 13 to 44 percent of lower income annual gross incomes and account for nearly one-fourth of total housing costs. Proper use of existing technologies and management practices can reduce these utility costs significantly at a relatively low initial cost, thereby greatly increasing housing affordability for low and moderate income families. Studies have shown that the cost of energy is a major contributing factor to housing abandonment and high mobility.

Through programs that encourage energy efficiency, help consumers control energy costs through education, and provide direct financial assistance for utilities or weatherization, TDHCA addresses an often overlooked expense of housing. In addition, applicants for Department programs are encouraged to consider energy efficiency in their developments.

ENCOURAGE LOCAL AFFORDABLE HOUSING INITIATIVES

The greatest understanding of housing needs is found at the local level. TDHCA concurs that localities should implement specific regulatory reforms related to affordable housing due to their greater awareness of local economic, demographic, and housing conditions; at the same time, the State also believes that it should provide some form of guidance. As the "trustee" of funding for these local entities, it is incumbent upon the State to make information available to local governments regarding potential avenues for the provision of affordable housing. It is important to note that TDHCA does not have regulatory authority over the housing and building industry except for certain developments financed with TDHCA funds. Additionally, as a governmental entity, the Department cannot lobby or attempt to influence the policies related to the governing of the State of Texas. However, TDHCA can act as an information resource and will continue to engage in actions to assist localities in overcoming unnecessary regulatory barriers that may increase the cost of housing.

The Texas Legislature created the Texas Affordable Housing Task Force, comprised of eleven gubernatorial appointees representing the private sector, municipalities, code officials, public and community-based housing organizations, and the general public. The following information comes from the *Report of the Texas Affordable Housing Task Force*.

The Affordable Housing Task Force's purpose was to evaluate and identify federal, state, and local government regulations and policies that unnecessarily increase the cost of constructing or rehabilitating housing, create barriers to affordable housing for low income Texans, and limit the availability of affordable housing. Specifically, the Task Force was asked to evaluate the following: zoning provisions, deed restrictions, impact fees and other development fees, permitting processes, restrictions on the use of affordable housing options, building codes, overlapping government authority over housing construction, environmental regulations, and practices that impede access to affordable housing and finance opportunities.

It was noted by the Task Force that while governments usually pass ordinances, regulations, and laws that are intended to have a positive effect on the community at large, the new regulations may have an adverse effect on the future of housing in their own community. While a single law or ordinance may only add $100 to the price of a home, layering or regulations may create a sharp increase in the final cost of a home or an actual shortage of housing for those low and moderate income consumers. Studies show that even small price increases can affect affordability. For example, the Real Estate Center at Texas A&M University estimates that a $1,000 increase in the cost of a median-priced home will prevent approximately 27,000 Texas households from qualifying to buy the home. Below is a brief synopsis of observations of the Task Force:

- *Zoning provisions*: Because municipalities have zoning authority, they are in the position to shape the type and direction of growth within their boundaries. Ordinances may be passed to encourage affordable housing through measures such as lowering minimum lot sizes, decreasing building set-back requirements, and lowering minimum square footages of homes. However, they can also pass ordinances that drive land and construction costs up to the point that affordable housing cannot be built. Unfortunately, the attitudes of municipalities can be influenced by attitudes of fear and distrust with regard to affordable housing. Testimony to the Task Force indicated that neighborhood groups often oppose affordable housing projects because of concerns that they will drive down property values, increase crime, and put a strain on local resources including schools and roads.
- *Deed restrictions*: Property owners may place a variety of deed restrictions on the development of property. Common deed restrictions include minimum square footage requirements, the type of construction and materials that must be used, and requirements for other amenities such as stone fences, landscaping, etc. They are primarily used to protect property values in a neighborhood by ensuring that certain minimum standards are met. Deed restrictions may be placed on properties through various means including neighborhood associations or property owners before the sale, subdivision, or development of an individual's own property.
- *Impact fees and development fees*: In the mid 1980s, many Texas cities experienced rapid growth. As a consequence, cities encountered difficulties in meeting the demand for city services and infrastructure. To address this problem, legislation authorizing impact fees was passed during the 1987 legislative session. As a condition of permit approval, the legislation authorized the assessment of fees to pay for infrastructure costs. The impact fee bill validated municipal impact fees, specified the type of projects for which the fees could be charged, required municipalities to account for impact fees that were collected, and allowed for public input into the process.
- *Restrictions on affordable housing options*: Construction options have increased over the last 10 years with the advent of new materials and new housing options such as manufactured housing.

Many of these alternatives could have a positive impact on the availability of affordable housing. Currently many of these options are viewed with distrust or are not well known by the general public. With regard to alternative building materials, the effectiveness of these new materials may be able to lower the cost of construction without sacrificing quality, but many municipalities view them with suspicion. Ultimately, municipalities will have to review the appropriateness of allowing these less-expensive materials to be used in affordable housing. Manufactured homes represent 30 percent of the new homes built in Texas in 2000, according to the Texas Real Estate Research Center. While these homes are finding their way into the main stream of the housing market, many new owners find that they face code concerns and the fear of declining property values from their local governments.

- *Building codes*: The adoption of a single code, the Uniform Building Code (UBC), would have several advantages such as reducing costs for manufacturing, architectural plans, engineering, personnel, materials, and inspections. Currently, cities have the authority to adopt building codes and set minimum construction standards. In general, cities adopt one of several nationally-recognized codes, but they may also adopt code amendments to address specific local problems and conditions. In major metropolitan areas of the state, there are adjacent cities that have adopted different codes and amendments. Varying code interpretations can also cause problems; different inspectors often interpret the same code differently. Houses that are built to the same specifications could be passed by one inspector and failed by another. The differing codes and interpretations can be confusing, time-consuming, and costly to builders.
- *Overlapping government authority over housing construction*: In some cases, more than one government entity has authority over a specific part of the building and development process. There are times when this overlapping causes delays and adds to the costs of construction.
- *Environmental regulations*: There are several state and federal regulations that have been passed to protect the environment. At the federal level, such regulations include the Endangered Species Act, the National Pollutant Discharge Elimination System, and the Wetlands regulations. In Texas, rules to protect the environment are promulgated by the Texas Commission on Environmental Quality (TCEQ). These include rules for the installation of septic systems and for development over the Edwards Aquifer. The restrictions associated with the regulations can add to the cost of development.

CAPACITY BUILDING

While the evidence of interest in producing affordable housing is easily documented, the actual capacity of organizations to produce such housing is not as clear. A lack of organizational capacity, especially in the harder-to-reach areas of the state, may explain the hesitancy of smaller communities to attempt to address affordable housing issues.

TDHCA offers technical assistance to organizations interested in addressing the affordable housing needs in their community. Trainings are conducted throughout the year by TDHCA staff on how to apply for and administer Department funds. Additionally, the Department makes information available to the public on trainings being held throughout the state on topics such as strategic and business planning, financial and asset management, board development, outcome measures, coordination, collaboration, networking, and partnership development. The Department hopes to empower organizations to be more competitive in applying for not only TDHCA funding, but also other available federal, state, and local funds.

LOCAL OPPOSITION

Resistance by residents to new development in their neighborhoods is prevalent throughout Texas. It is difficult to dispel the common misperception that affordable housing equates to crime-ridden neighborhoods that will lower the surrounding property values. Even mixed-income properties, such as those funded by Housing Tax Credits, can experience significant opposition.

To address these issues, a workgroup consisting of TDHCA staff, developers, neighborhood groups, local governments/officials, and housing advocates was convened to review policies and procedures regarding public input. In the short term the group focused on rulemaking related specifically to the tax credit and bond programs, as well as public input considered by the Board in relation to a proposed housing development. In the long term, the group will discuss and work through larger policy questions.

The 78th Texas Legislature created a funding mechanism for the Department to have the resources to establish an affordable housing research and information program in which the Department shall contract for

- periodic market studies to determine the need for housing for families of extremely low, very low, and low income in census tracts throughout the state;
- research from qualified professionals to determine the effect of affordable housing developments on property values, social conditions, and quality of life in surrounding neighborhoods;
- independent research in affordable housing design and development approaches that enhance community acceptance of affordable housing and improve the quality of life for the residents of the housing;
- public education and outreach efforts to assist the public in understanding the nature and purpose of affordable housing and the process for public participation in the administration of affordable housing programs.

TDHCA believes that through education and outreach, the Department can help mitigate opposition to affordable housing.

COMPLIANCE MONITORING

It is the function of the Portfolio Management and Compliance Division to oversee the development and enforcement of procedures to ensure compliance with program requirements and contract representations. This is accomplished through program implementation, program development, contract administration, technical assistance (including workshops and other training opportunities), inspections, field visits, and on-going subrecipient monitoring, including long-term compliance.

The Compliance Monitoring Section monitors rental developments during construction and the long-term compliance phases of the various rental housing programs administered by TDHCA. The Compliance Monitoring Section is also responsible for the post-construction and post-rehabilitation monitoring of multifamily properties. Division responsibilities include tracking construction deadlines as well as processing construction extensions. Staff processes deed restriction documents and amendments. Staff is responsible for monitoring long-term occupancy requirements established in restrictive use agreements, program rules, and application representations. During the affordability period, compliance monitors verify that the income of tenants and the rent charged for housing is at or below limits established by programs such as the Affordable Housing Disposition Program (AHDP), Housing Tax Credit Program, HOME Program, Private Activity Multifamily Bond Program, and Housing Trust Fund. Examples of monitoring activities include, but are not limited to, inspections of rental developments during construction and the affordability period, monitoring to determine compliance with program requirements to ensure developments remain affordable, and analysis of management activities. Compliance monitors review necessary records to assure adherence to program requirements and terms of the deed restrictions on single family or multifamily affordable rental housing developments. Monitors perform on-site and desk monitoring reviews and collect annual Fair Housing Sponsor Reports as required under Section 2306.0724 of the Texas Government Code.

POLICY SUMMARY

Table 1A summarizes key policy initiatives described in the previous section and indicates which programs within the Department meet the priority objectives.

Table 1A: Programs and Policy Initiatives

	Preservation of Affordable Housing	Home-ownership	Rural Markets	Extremely Low Income Households	Special Needs	Colonias
HOME Program						
Owner-Occupied Housing Assistance	X	X	X	X	X	X
Homebuyer Assistance		X	X		X	X
Tenant-Based Rental Assistance				X	X	
Rental Housing Preservation	X		X			
CHDO Set-Aside	X	X	X			
Special Needs Set-Aside				X	X	
Housing Trust Fund	X	X	X	X	X	X
Housing Tax Credit Program	X		X		X	
Multifamily Bond Program	X				X	
Single Family Mortgage Revenue Bond Program						
First Time Homebuyer Program		X	X			
Down Payment Assistance		X	X			
Section 8 Program			X	X	X	
Office of Colonia Initiatives		X	X	X		X
Emergency Shelter Grants Program			X	X	X	
Community Services Block Grant Program			X	X	X	
Community Food and Nutrition Program				X		
Comprehensive Energy Assistance Program			X	X	X	
Weatherization Assistance Program			X	X	X	

HOUSING ANALYSIS AND ACTION PLAN

This section of the *2005 State of Texas Low Income Housing and Annual Report* contains an overview of the affordable housing needs in the state, a report on the Department's activities during the last fiscal year, and the Department's plans for addressing housing needs over the next year.

The size and diversity of the Texas population necessitates tailored regional needs assessments and plans. The regional plans following the statewide analysis provide local estimations of housing need and offer customized strategies for meeting the identified needs. The final section summarizes the information in the regional plans.

DATA SOURCES AND LIMITATIONS

The information provided in this section should be considered within the context of its limitations. The Department recognizes that an undistorted assessment of housing need can be found only at the local level based on the direct experience of local households. The following issues should be considered when reviewing the information contained in this report:

- Nuances of housing need are lost when data is aggregated into regional, county, and statewide totals. For example, housing needs in rural communities are often distorted when reported at the county level because housing needs are often very different in rural and urban areas. The large population of urban metropolitan areas can skew the data and mask the needs of the rural areas.
- Data available on the condition of the housing stock, the homeless population, and the housing needs of special needs populations is very limited.

The content and format of the Census-based tables, graphs, and maps provided in this section were derived, in part, from a methodology for housing needs assessment in the *National Analysis of Housing Affordability, Adequacy, and Availability: A Framework for Local Housing Strategies*. The Urban Institute prepared this document for the US Department of Housing and Urban Development (HUD). It provides a methodology with which to describe and analyze local housing markets in order to develop strategies for addressing housing problems and needs. The document served as a guide for the preparation of Comprehensive Housing Affordability Strategy (CHAS) reports. As such, it provides a systematic framework for housing market analysis. HUD collaborated with the Census Bureau to develop special tabulations of the 2000 Census data.

The CHAS database classifies households into five relative income categories based on reported household income, the number of people in the household, and geographic location. These income categories are used to reflect income limits that define eligibility for HUD's major assistance programs, as well as for other housing programs, such as the Housing Tax Credit Program. Households are classified into income groups by comparing reported household income to HUD-Adjusted Median Family Income (HAMFI). The income limits are calculated by household size for each metropolitan area and non-metropolitan county in the United States and its territories. They are based on HUD estimates of median family income with several adjustments as required by statute. The income classifications are extremely low income, very low income, low income, moderate income, and above 95% of HAMFI.

The income limits for metropolitan areas may not be less than limits based on the state non-metropolitan median family income level and must be adjusted accordingly. Income limits must be also adjusted for family size and may be adjusted for areas with unusually high or low family income or housing-cost-to-income relationships.

Unit affordability compares housing cost to local area HAMFI. Affordable units are defined as units for which a household would pay no more than 30 percent of its income for rent and no more than two and one-half times its annual income to purchase. Since HUD's adjusted median family incomes are estimated for a family of four, affordability levels are also adjusted to control for various-sized units based on the number of people that could occupy a unit without overcrowding. This adjustment is made by multiplying the threshold described above by 75 percent for a 0–1 bedroom unit, 90 percent for a two bedroom unit, and 104 percent for a 3+ bedroom unit.

The needs assessment data is augmented with additional information from the perspective of local officials, where available. In 2004 there was a series of Regional Advisory Committee (RAC) meetings held across the state to address regional planning issues. In March 2003, the Department conducted the 2003 State of Texas Community Needs Survey. This survey was designed to provide a better understanding of housing and community development needs, issues, and problems at the state, regional, and local levels. The survey gave local officials, who are most familiar with the unique characteristics of their communities, a voice in determining how Texas's affordable housing, supportive service, and community development needs can be most effectively addressed.

STATE OF TEXAS

The state level housing analysis includes information on demographics, special needs populations, and affordable housing need indicators. Department plans reflect this statewide information as well as the consideration of affordable housing assistance from various sources. This section also includes a report on the Department's statewide FY 2004 performance and targets for FY 2005.

DEMOGRAPHIC CHARACTERISTICS

Texas is one of the fastest growing states in the nation. According to recent Census data, Texas population expanded by nearly a quarter (22.8 percent) between 1990 and 2000, far exceeding the national growth average of 13.2 percent for the same decade. The increase in state population by 3,865,310 persons was the largest of any decade in Texas history. More than one of every nine persons added to the population of the United States in the 1990s was added in Texas.[2]

Projected Population Change and Implications for Housing Need

Looking at long-term demographic projections, it is clear that the demand for affordable and subsidized housing will increase in the coming years.

- The present state population of 20.9 million is expected to surge to 50.4 million by 2040.
- The Anglo population will account for only 3.9 percent of net population growth from 2000 to 2040, meaning that more than 96 percent of the total net increase in Texas population between 2000 and 2040 will be due to the non-Anglo population.
- Anglo population is expected to grow by 10.4 percent between 2000 and 2040, while blacks are expected to increase by 65.0 percent and Hispanics by 348.7 percent.
- The population is becoming older: the median age will increase from 32.3 in 2000 to 38.3 in 2040. The percentage of the population that was 65 or older was 9.9 percent in 2000 but will increase to 20 percent by 2040.
- Growth in the number of households, projected at 162.1 percent over the period 2000-2040, will outstrip population growth: 142.6 percent during the same period.

Expected housing demand is directly linked to projected changes in population characteristics. The current ethnic shift is significant because of the substantial differences between the races in terms of income level. The absolute difference in median household income between Anglos and Blacks was $13,602 in 1989, but $17,857 in 1999; and the Anglo-Hispanic difference was $12,242 in 1989, but $17,289 in 1999. Similarly, the poverty rates of 23.4 percent for Blacks and 25.4 percent for Hispanics were still roughly three times as high as the 7.8 percent of persons in poverty among Anglos. Because of these disparities, households in Texas will become poorer over the coming decades unless the relationship between ethnicity and income somehow changes.[3]

A correlation also exists between income and age. According to the 2000 Census, 13.1 percent of Texans age 65 and older live below the poverty level. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing. Approximately 30 percent of all elderly households spend

[2] Information for the Housing Analysis comes from the 2000 US Census except where noted otherwise.
[3] Texas A&M University, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of the Population Change for the Future of Texas,* by Steve H. Murdock, Steve White, Md. Nazrul Hoque, Beverly Pecotte, Xiuhong You, and Jennifer Balkan (College Station, TX: Department of Rural Sociology, December 2002).

more than 30 percent of their income on housing, while 14 percent spend more than 50 percent of their income on housing. These statistics take on new urgency when considered alongside the anticipated upsurge in the state's elderly population.

Not only will the demographics of the population be changing, but so will its needs. The faster growth in number of households than in total population is a reflection of the large number of non-Anglos who will enter household-formation ages during this time period. More young families mean an increased demand for housing.[4]

Poverty and Income

According to the 2000 Census, Texas has the eighth highest overall poverty rate in the nation, with a rate of 15.4 percent compared to the national rate of 12.4 percent. Poverty conditions along the Texas-Mexico border warrant special attention. Parts of the region, like McAllen-Edinburg-Mission, suffer from an unemployment rate double that of the state's (12 percent vs. 6.1 percent) and less than half of state's per capita income average. Fifteen counties along the border have a poverty rate of at least 25 percent, almost double the national average. Conditions are particularly acute in the colonias, unincorporated areas along the Texas-Mexico border lacking infrastructure and decent housing. It is estimated that 43 percent of colonia residents live below the poverty level.

The poverty rate for all family households in Texas, different from the overall poverty rate, is expected to increase from the 2000 figure of 11.4 percent to 15.4 percent by 2040.[5] The primary reasons for this are the rapid growth of present minority populations and the dominance in the economy of low-paying, particularly service-industry, jobs.[6] While manufacturing and mining continue to decline, Texas ranked third in the nation in 2003 for service industry job creation. In 2002 the top two most common jobs in Texas were retail salesperson and cashier. Of course, these occupations are not high-paying. According to US Bureau of Labor Statistics data, eight of the top ten most common jobs in Texas earn incomes that fall at least $10,000 below the state median income of $33,770. Considering this fact, the existing income imbalance is clear.

Many families who rely on these low-wage occupations for a living find it difficult to cover all essential expenses. According to a study by the Center for Public Policy Priorities, "a significant proportion of families throughout the state struggle paycheck-to-paycheck to make ends meet." The study examined a typical family's fundamental expenses, such as housing, food, child care, medical costs, transportation, taxes, etc., and compared the total bill to typical wages earned in the 27 Texas Metropolitan Statistical Areas. The study asserts that a family of four in Texas requires a household hourly income of $18 to $22 per hour (depending on the metro area in which the family lives) to simply meet its most basic needs. In a majority of Texas metro areas, however, half of the total employment is in occupations with a median wage under $10 per hour.[7]

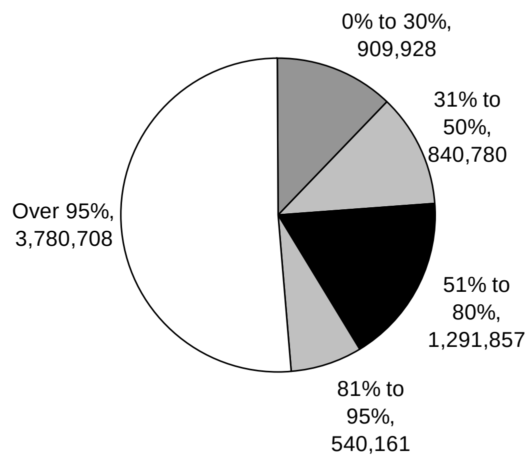
[4] Ibid.
[5] Ibid.
[6] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas* (Austin, TX: Center for Public Policy Priorities, September 2002).
[7] Ibid.

Furthermore, expected economic growth will not necessarily lift the lowest income groups. The Texas Comptroller's Economic Update predicts that the fastest growing sector of the state economy over the next decade will be largely in industries requiring specialized education and skills. These industries include high tech communications, engineering, and research. While this progress may buoy state growth figures, it is unlikely to raise many low income families, who may not have the necessary education or training, from their current positions.

To provide a more detailed breakdown of the population by income level, this report will use the five income groups designated by HUD. Households are classified into these groups by comparing reported household incomes to HUD-adjusted median family incomes (HAMFI). The income level definitions are as follows:

- Extremely Low Income: At or below 30 percent of HAMFI
- Very Low Income: Between 31 percent and 50 percent of HAMFI
- Low Income: Between 51 percent and 80 percent of HAMFI
- Moderate Income: Between 81 percent and 95 percent of HAMFI
- Above 95 percent of HAMFI

Figure 1A: Households by Income Group in Texas, 2000



Source: 2000 CHAS data

Figure 1A indicates the 2000 distribution of households by income group across Texas by number and percentage. It should be noted that a total of 48 percent of all households are in the low income range (0 to 80 percent of HAMFI).

SPECIAL NEEDS POPULATIONS

Various populations within the state of Texas have been identified by the US Department of Housing and Urban Development and the Agency as "special needs populations." It is recognized that the following groups have distinct housing needs and require individual attention with regard to housing assistance.

Alcohol and Drug Addiction

In 2001, the Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services, estimated that approximately 1.8 million, or 12 percent, of adults in Texas have an alcohol-related problem, another 227,000 have drug-related problems, and an additional 495,000 have both alcohol and drug-related problems.[8] Of the 46,474 total admissions to TCADA-funded treatment programs during 2003, admitted individuals were most likely to be single males with an average age of 35, an average 12th grade education, and an average annual income of $6,041.[9] The population of persons with alcohol or other drug addiction is diverse and often overlaps with the mentally disabled or homeless populations.

According to the *2000 Texas Survey of Substance Use Among Adults*, a survey of alcohol and drug usage among over 10,000 adults, it was found that urban and suburban residents were more likely to have substance-abuse problems than were individuals in rural areas.[10] Furthermore, respondents who had moved one or more times within the preceding five years were more likely to abuse alcohol or drugs than those who had not relocated.

Supportive housing programs needed for persons with alcohol and/or other drug addiction problems range from short-term, in-patient services to long-term, drug-free residential housing environments for recovering addicts. Better recovery results may be obtained by placing individuals in stable living environments.

For more information on alcohol and drug addiction, contact:

- Texas Department of State Health Services Substance Abuse Services: 1-800-832-9623.

Colonias

According to Section 2306.581 of the Texas Government Code:

> "Colonia" means a geographic area located in a county some part of which is within 150 miles of the international border of this state and that
>
> - has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or
> - has the physical and economic characteristics of a colonia, as determined by the department.

---

[8] Texas Commission on Alcohol and Drug Abuse, *2000 Texas Survey of Substance Use Among Adults*, by Lynn Wallisch *(*Austin, TX: Texas Commission on Alcohol and Drug Abuse, July 2001), 29, http://www.tcada.state.tx.us/research/AdultHousehold.pdf (accessed August 3, 2004).
[9] Texas Commission on Alcohol and Drug Abuse, "Texas Statewide Totals," http://www.tcada.state.tx.us/research/statistics/statetotals.shtml (accessed August 3, 2004).
[10] Texas Commission on Alcohol and Drug Abuse, *2000 Texas Survey of Substance Use Among Adults, 20.*

It is estimated that the average median household income is between $7,000 and $11,000 for the 1,450 colonias that accommodate over 350,000 residents.[11] Colonia residents are generally unskilled, lack a formal education, and do not have stable employment. It is assumed that many residents work as day-to-day or farm laborers and the unemployment rate ranges from 20 to 60 percent.[12]

According to 2000 US Census data, colonias have a 75 percent homeownership rate. Despite this rate, however, colonia homes are inadequate; 4.9 percent of colonia dwellings lack kitchen facilities and 5.3 percent lack plumbing facilities. It is estimated that 50 percent of colonia residents lack basic water and sewage systems: 51 percent use septic tanks, 36 percent use cesspools, 7 percent use outhouses, and 6 percent use other wastewater systems.[13] Some of these properties may have been purchased with contracts for deed, which are seller-financed transactions that do not transfer the title and ownership of the property to the buyer until the purchase price is paid in full.

Colonia residents have several needs that include increased affordable housing opportunities, such as down payment assistance and low-interest-rate loans, homeowner education, construction education and assistance, owner-occupied home repair, access to adequate infrastructure, and the conversion of remaining contracts for deed to conventional mortgages.

For more information on colonias, contact Susana Garza, Office of Colonia Initiatives, at (512) 475-1592.

Persons with Disabilities

According to the US Department of Housing and Urban Development, 24 CFR 582.5:

> A person shall be considered to have a disability if such a person has a physical, mental, or emotional impairment that
>
> - is expected to be of long-continued and indefinite duration,
> - substantially impedes his or her ability to live independently,
> - is of such a nature that the ability could be improved by more suitable housing conditions.

According to the 2000 US Census, there are approximately 3,605,542 disabled, civilian, non-institutionalized persons over the age of five (or approximately 19 percent of total population) in Texas. Of this figure, 663,300 have a sensory disability (severe vision or hearing impairment), 1,428,580 have a physical disability (condition that substantially limits a physical activity such as walking or carrying), 816,185 have a mental disability (learning or remembering impairment), 487,120 have a self-care disability (dressing, bathing, or getting around inside the home), 1,359,848 have a "going outside the home disability," and 1,651,821 have an employment disability.

Housing opportunities for people with disabilities may be complicated by low incomes. The 2000 census estimates that 553,934 disabled individuals over 5 years of age live below the poverty level in Texas. Many people with disabilities may be unable to work, and receive Supplemental Security Income (SSI) or

[11] Texas A&M University, Center for Housing and Urban Development, "Colonias in Texas," http://chud.tamu.edu/files/txcoln.html (accessed August 3, 2004).
[12] Ninfa Moncada, "A Colonias Primer" (A briefing presented to the US Department of Housing and Urban Development, 2001), http://www.nationalmortgagenews.com/nmn/plus93.htm (accessed August 3, 2004).
[13] Moncada, "A Colonias Primer."

Social Security Disability Insurance (SSDI) benefits as their principal source of income. According to *Priced Out in 2002*, an SSI recipient would have to pay an average of 98.3 percent [or $536] of his or her $545 monthly payment to rent a one-bedroom apartment in Texas.[14] According to the HUD definition of affordability that estimates that a household should pay no more than 30 percent of its income on housing expenses, an SSI recipient can afford a monthly rent of no more than $164.

The *Olmstead* Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the American with Disabilities Act (ADA). Furthermore, the Fair Housing Act, Section 504 of the Rehabilitation Act, ADA, and Section 2306.514 of the Texas Government Code all provide mandates for accessible residential housing for persons with disabilities. A cost-effective and integrative approach is to promote "adaptive design" or "universal access" housing, which promotes basic, uniform standards in the design, construction, and alteration of structures that include accessibility or simple modification for disabled individuals. While an "adaptable" unit may not be fully accessible at time of occupancy, it can easily and inexpensively be modified to meet the needs of any resident. Another option is to equip homes with special features designed for persons with disabilities, including ramps, extra-wide doors and hallways, hand rails and grab bars, raised toilets, and special door levers.

There is a significant shortage of housing that is physically accessible to persons with disabilities and an even greater shortage of accessible housing that has multiple bedrooms. Many persons with disabilities require larger housing units because they live with family, roommates, or attendants. The lack of multi-bedroom housing furthers their segregation. Moreover, accessible housing is an urgent and present need for not only citizens who currently have disabilities, but for the aging population in the US, which will likely develop disabilities in the future. Accessible housing will become increasingly more important as the ability for self-care and mobility decreases with age.

For more information on People with Disabilities, contact:

- American Disabled for Attendant Programs Today (ADAPT): (512) 442-0252
- Texas Department of Assistive and Rehabilitative Services: (512) 377-0500
- Texas Department of Aging and Disability Services: (512) 438-3011
- Texas Department of State Health Services: 1-888-963-7111
- Texas Home of Your Own Coalition: (512) 472-9195, 1-800-988-4696

Victims of Domestic Violence

According to the Texas Family Code, as quoted by the Texas Council on Family Violence (TCFV), "family violence" may be defined as an act intended as a threat or to result in bodily harm by a member of a household towards another household member; abuse by a household member towards a child household member; or dating violence.[15] In 2003, there were 185,299 reported family violence incidents

[14] Technical Assistance Collaborative Inc. and Consortium for Citizens with Disabilities Housing Task Force, *Priced Out in 2002*, by Ann O'Hara and Emily Cooper (Boston, MA: Technical Assistance Collaborative Inc., May 2003), 37, http://www.c-c-d.org/PO2002.pdf (accessed August 6, 2003).
[15] Texas Council on Family Violence, "Know the facts," http://www.tcfv.org/know_the_facts.htm (accessed August 3, 2004).

in Texas.[16] Furthermore, according to a TCFV statewide poll, 47 percent of all Texans report having experienced some form of domestic violence. In fiscal year 2003, the Family Violence Program provided emergency shelter to 29,733 adults and children and nonresidential services to 49,153 adults and children.[17]

The Texas Health and Human Services Commission Family Violence Program funds over 70 shelters for domestic violence victims that offer various services including temporary emergency shelter, hotline services, information and referral, counseling, assistance in obtaining medical care and employment, and transportation services. Some shelters have transitional living centers, which allow victims to stay for an extended period and offer additional services.

Because those entering shelters are generally unemployed, victims must secure employment and alternative housing within shelter time limits. This task is often complicated by a lack of resources for start-up costs, transportation, and affordable childcare options. These victims may be eligible for public housing and Temporary Assistance to Needy Families (TANF) assistance, but waiting lists and application reviews for such programs can be long and provide limited payments. If women are unable to secure housing within their 30-day stay, domestic violence shelters may assist in finding space in homeless shelters. Unfortunately, space and time are also limited in these shelters. The numerous obstacles faced by domestic violence victims often make it difficult to escape abusive situations and achieve self-sufficiency.

For more information on domestic violence contact:

- National Domestic Violence Hotline: 1-800-799-7233
- Texas Council on Family Violence: (512) 794-1133

Elderly Population

According to the 2000 US Census, 9.9 percent (approximately 2 million) of people in Texas are 65 years of age or older. The Texas Department on Aging (TDoA), now part of the Texas Department of Aging and Disability Services, estimates that by the year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas.[18] TDoA reports that females significantly outnumber males age 60 and over and, though the majority of elderly Texans live in urban areas, rural areas have a higher percentage of elderly relative to the local population.[19]

Nationwide, in 2002, the median income for individual elderly males was $19,436, individual females was $11,406, and families headed by individuals 65 and over was $33,802.[20] According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas live below the poverty level. Low incomes in

---

[16] Texas Council on Family Violence, "Abuse in Texas," http://www.tcfv.org/abuse_in_texas.htm (accessed August 3, 2004).
[17] Texas Department of Human Services, *2003 Annual Report* (Austin, TX: Texas Department of Human Services), 31, http://www.dhs.state.tx.us/publications/AnnualReport/2003/AR2003.pdf (accessed August 3, 2004).
[18] Texas Department on Aging, Office of Aging Policy and Information, *Texas Demographics: Older Adults in Texas* (Austin, TX: Texas Department on Aging, April 2003), x, http://www.tdoa.state.tx.us/Publications/ResearchReports/NewDemographicProfile4-03.pdf (accessed August 5, 2004).
[19] Texas Department on Aging, *Texas Demographics: Older Adults in Texas*, ix-x.
[20] US Department of Health and Human Services, Administration on Aging, *A Profile of Older Americans: 2003* (US Department of Health and Human Services), 10, http://www.aoa.dhhs.gov/prof/Statistics/profile/2003/2003profile.pdf (accessed August 5, 2004).

addition to rising healthcare costs may make housing unaffordable. Approximately 30 percent of all elderly households pay more than 30 percent of their income on housing, while 14 percent pay more than 50 percent of their income on housing.[21]

A 2000 American Association of Retired Persons study found that 90 percent of elderly persons expressed a desire to stay in their own homes as long as possible.[22] Of all elderly households, 80 percent own their own homes.[23] However, elderly homeowners generally live in older homes than the majority of the population; in 2001, the median year of construction for homes owned by elderly households was 1963.[24] Due to their age, homes owned by the elderly are often in need of repair, weatherization, and energy assistance.

Some elderly households may require in-house services such as medical treatment, meal preparation, or house cleaning. Community Care Services, administered by the Texas Department of Aging and Disability Services, provides services to meet the needs of elderly and disabled Texans avoiding premature nursing home placement, and proves to be more cost-effective than nursing home care. Statistics show that in fiscal year 2003, 65,202 nursing facility clients were assisted at an annual cost of $1,814,420,111, and 150,696 Community Care Services clients were at an annual cost of $1,332,477,707.[25] Though Medicaid covers nursing home care as well as assisted-living services, such assisted-living services are limited and waiting lists can be lengthy, which can prematurely place low income seniors in nursing home facilities.

For more information on elderly issues, contact:

- Texas Department of Aging and Disability Services: (512) 438-3011

Persons with HIV/AIDS

Human Immunodeficiency Virus, or HIV, is the virus that causes AIDS (Acquired Immunodeficiency Syndrome). HIV infects cells and attacks the immune system, which weakens the body and makes it especially susceptible to other infections and diseases. According to the Texas Department of Health, now the Texas Department of State Health Services (DSHS), as of December 2003, there were 48,368 reported persons living with HIV/AIDS in Texas.[26] The majority of these cases were located in Bexar, Dallas, Harris, Tarrant, and Travis Counties. Because of increased medical costs or the loss of the ability to work, people with HIV/AIDS may be at risk of losing their housing arrangements.

DSHS addresses the housing needs of AIDS patients through the Housing Opportunities for Persons with AIDS Program (HOPWA), which is a federal program funded by HUD. In Texas, HOPWA funds provide emergency housing assistance, which funds short-term rent, mortgage, and utility payments to prevent homelessness; and tenant-based rental assistance, which enables low income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing. In addition to the

---

[21] US Department of Housing and Urban Development, *Housing Our Elders* (HUD, November 1999), 29, http://www.hud.gov/library/bookshelf18/pressrel/elderlyfull.pdf (accessed August 5, 2004).
[22] Texas Department on Aging, Office of Aging Policy and Information, *The State of Our State on Aging* (Austin, TX: Texas Department on Aging, December 2002), 19, http://www.tdoa.state.tx.us/Publications/ResearchReports/SOS-2003.pdf (accessed August 5, 2004).
[23] US Department of Health and Human Services, *A Profile on Older Americans: 2003*, 11.
[24] US Department of Health and Human Services, *A Profile on Older Americans*: 2003, 11.
[25] Texas Department of Human Services, *2003 Annual Report*, 103.
[26] Texas Department of Health, HIV/STD Epidemiology Division, Surveillance Branch, *Texas HIV/STD Surveillance Report: 2003 Annual Report* (Austin, TX: Texas Department of Health, December 2003), 1, http://www.tdh.state.tx.us/hivstd/stats/pdf/qr20034.pdf (accessed August 5, 2004).

TDH statewide program, the cities of Austin, Dallas, Fort Worth, Houston, and San Antonio receive HOPWA funds directly from HUD.

For more information on HIV/AIDS contact:

- Texas AIDS/STD InfoLine: 1-800-299-2437
- HUD Office of HIV/AIDS Housing: (202) 708-1934
- Texas Department of State Health Services, Bureau of HIV/STD Prevention: (512) 490-2505

Homeless Populations

The Stewart B. McKinney Homeless Assistance Act of 1987, the legislation that created a series of homeless assistance programs, defined the term "homeless." The following definition is used by the US Department of Housing and Urban Development (HUD) and all other federal agencies responsible for administering McKinney programs:

The term "homeless" or "homeless individual" includes

- an individual who lacks a fixed, regular, and adequate night time residence; or
- an individual who has a primary nighttime residency that is
  - a supervised publicly or privately-operated shelter designed to provide temporary living accommodations;
  - an institution that provides a temporary residence for individuals intended to be institutionalized; or
  - a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

The Texas Interagency Council for the Homeless estimates that approximately 200,000 people in Texas, or about 1 percent of the population, are homeless.[27] However, estimates of homeless populations vary widely; the migratory nature of the homeless population, the stigma associated with homelessness, and the fact that many homeless individuals lack basic documentation all contribute to the difficulty of making an accurate count. Most homeless counts are "point in time" estimates, which do not capture the revolving-door phenomenon of persons moving in and out of shelters over time. Furthermore, the homeless population can be classified into three categories: literally homeless, which describes those who have no permanent residence and stay in shelters or public places; marginally homeless, which includes those who live temporarily with other people and have no prospects for housing; and people at risk of homelessness. People at risk of homelessness generally have incomes below the poverty level, rely on utility and rental assistance, and may be unable to absorb unexpected events such as the loss of a job or serious illness.

The following homeless subpopulations have special characteristics. Though these subpopulations may have different characteristics, the two main trends significant in the rise of homelessness can be connected to the increase in poverty (characterized by the decline in employment opportunities and public assistance programs) and a shortage of affordable housing.[28]

[27] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed August 5, 2004).
[28] National Coalition for the Homeless, *Why are People Homeless?* NCH Fact Sheet #1 (Washington, DC: National Coalition for the Homeless, September 2002), 1, http://www.nationalhomeless.org/causes.html (accessed August 5, 2004).

Homeless Families with Children

The number of homeless families with children has increased significantly over the past decade. A 2003 US Conference of Mayors survey of 25 American cities found that homeless families comprised 40 percent of the homeless population.[29] Approximately 90 percent of homeless families are homeless due to a crisis.[30] Many parents with young children cannot work because of a lack of affordable childcare, which hinders their ability to earn an income to pay for suitable housing.

Homeless Youth

An estimated 12 percent of the homeless population is aged 13 to 24.[31] Of this age group, approximately 40 percent has a history of sexual abuse, 46 percent report mental illness, 25 percent have problems with alcohol abuse, and 33 percent spent time in juvenile detention. Furthermore, 28 percent have been in foster care at least once. Due to the specific challenges faced by homeless youth, they may particularly benefit from the provision of essential services, including job training, education, and employment services.

Homeless Minorities

A 2003 US Conference of Mayors survey of 25 American cities found that 49 percent of the homeless population was African American, 35 percent was white, 13 percent was Hispanic, 2 percent was Native American, and 1 percent was Asian.[32] However, the ethnic makeup of the homeless population will vary by geographic area.

Homeless in Rural Areas

TDHCA estimates that 1 percent of the rural population is homeless, or 32,000. Rural areas typically have fewer jobs and shelters than urban areas, which makes it especially difficult for homeless persons. The NCH reports that homeless persons in rural areas are more likely to be white, and homeless farmworkers and Native Americans are also generally found in rural areas.[33] Migrant farmworkers, because of their mobile lifestyle, extremely low incomes, and lack of affordable housing, are at a high risk for homelessness.

Homeless Victims of Domestic Violence

Battered women who live in poverty are often forced to choose between staying in abusive relationships and homelessness. According to the NCH, half of women with children experiencing homelessness left their last place of residence because of domestic violence.[34]

Homeless Persons with Mental Illnesses and Disabilities

According to the Texas Interagency Council for the Homeless, approximately 25 percent of homeless individuals suffer from a serious mental illness, and more than 65,000 persons with disabilities did not

---

[29] National Coalition for the Homeless, *Who is Homeless?* NCH Fact Sheet #3 (Washington DC: National Coalition for the Homeless, May 2004) http://www.nationalhomeless.org/who.html (accessed August 20, 2004).
[30] Texas Homeless Network, "Finding the Way Home: Preventing and Reducing Homelessness in Texas," http://www.utdanacenter.org/theo/pdffiles/RP2_FindWayHome_Sept03.pdf (accessed August 21, 2004).
[31] Texas Homeless Network, "Finding the Way Home."
[32] National Coalition for the Homeless, *Who is Homeless?*
[33] National Coalition for the Homeless, *Who is Homeless?*
[34] National Coalition for the Homeless, *Who is Homeless?*

have a predictable means of shelter in 1999.[35] The general lack of affordable housing and the poverty of this population make it difficult for homeless persons with mental illness to access social service programs and leaves them highly susceptible to homelessness.

Elderly Persons

According to 2000 Census data, of those below the poverty level in Texas, an estimated 13.1 are age 65 and over. Proportionately, this makes the elderly the poorest of all Texans and leaves them with a higher risk of becoming homeless.

Homeless Veterans

According to the Department of Veteran's Affairs[36] approximately, on any given day, as many as 250,000 veterans are living in shelters or on the street. Of the veterans who are homeless, approximately 56 percent are African American or Hispanic, 45 percent suffer from mental illness, and 70 percent suffer from alcohol or drug abuse problems.

Chronically Homeless Persons

According to the Texas Homeless Network, 27 percent of single homeless adults are chronically homeless, meaning that these persons have been homeless for an average of four years.[37] Furthermore, these persons have high rates of alcohol or drug abuse and mental illness.

Homeless Persons with HIV/AIDS

The NCH estimates that 3 to 20 percent homeless people are HIV positive.[38] People with HIV/AIDS may lose their jobs because of discrimination or have high health care costs, leading to homelessness. This population may require supportive health services or community care programs in addition to housing assistance.

Homeless Persons with Chronic Substance Abuse

The US Conference of Mayors survey reports that 30 percent of homeless persons has an addiction disorder.[39] TCADA, now part of the Texas Department of State Health Services, reports that, of adult clients admitted to TCADA-funded programs in 2003, 12 percent were homeless.[40] Homeless persons with substance abuse problems may require supportive services.

The "continuum of care" approach to fighting homelessness is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying unmet physical, economic, and social needs. A comprehensive system of services as well as permanent housing is needed to help homeless individuals and families reach independence using a combination of emergency shelters, transitional housing, social services, and permanent housing. The continuum of care

---

[35] Texas Interagency Council for the Homeless, "Key Facts" (2000) http://www.sunset.state.tx.us/sunset/homelessdecisions.htm (accessed August 20, 2004).
[36] US Department of Veterans Affairs, "Overview of Homelessness," (May 2004) http://www1.va.gov/homeless/page.cfm?pg=1 (accessed August 20, 3004).
[37] Texas Homeless Network, "Finding the Way Home."
[38] Coalition for the Homeless, *HIV/AIDS and Homelessness* NCH Fact Sheet #9 (Washington DC: National Coalition for the Homeless, April 1999) http://www.nationalhomeless.org/hivaids.html (accessed August 21, 2004).
[39] National Coalition for the Homeless, *Who is Homeless?*
[40] Texas Commission on Alcohol and Drug Abuse, "Texas Statewide Totals," http://www.tcada.state.tx.us/research/statistics/statetotals.shtml (accessed August 21, 2004).

system begins with outreach, intake, and assessment. It is followed by safe emergency shelter and/or transitional housing that provides a variety of services including job training, educational services, substance abuse services, mental health services, and family support. Ultimately, the goal is to assist the family or individual achieve permanent housing.

For information on Homeless Populations, contact:

- National Resource Center on Homelessness and Mental Illness: 1-800-444-7415
- Texas Homeless Network: (512) 482-8270, 1-800-531-0828
- University of Texas, Texas Homeless Education Center: 1-800-446-3142.

Migrant Farmworkers

According to the US Department of Health and Human Services *Migrant and Seasonal Farmworker Enumeration Profiles Study*, a seasonal farmworker describes an individual whose principal employment (at least 51 percent of time) is in agriculture on a seasonal basis and who has been so employed within the preceding twenty-four months; a migrant farmworker meets the same definition, but establishes temporary housing for purposes of employment.[41] The US Department of Health and Human Services estimates that there are 362,724 migrant and seasonal farm workers and families residing in Texas.[42] Of this population, 26 percent reside in Cameron, Hidalgo, and Starr Counties.

The National Agricultural Workers Survey, a national survey of 4,199 farmworkers conducted between 1997 and 1998, found that 61 percent lived below the poverty level.[43] The median annual income for individual workers was less than $7,500 and migrant families earned less than $10,000. Sixty percent of workers held only one farm job, which lasted only 24 weeks out of the year. Despite the short employment duration and low incomes, only 20 percent of workers received unemployment benefits and 10 percent received Medicaid or food stamps.

Farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and mobility. Many of the small, rural communities where migrant workers may seek employment do not have the rental units available for the seasonal influx. Overcrowding and substandard housing are significant housing problems for farmworkers.[44] In addition, migrant workers may not be able to afford security deposits, pass credit checks, or commit to long-term leases.

For more information on migrant farmworkers, contact:

- Housing Assistance Council: (202) 842-8600
- National Center for Farmworker Health: (512) 312-2700, 1-800-531-5120
- Texas USDA Rural Development State Office: (254) 742-9700

[41] US Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health Care, *Migrant and Seasonal Farmworker Enumeration Profiles Study: Texas*, by Alice Larson, Larson Assistance Services (Vashon Island, WA: Larson Assistance Services, September 2000), 2, http://bphc.hrsa.gov/migrant/Enumeration/final-tx.pdf (accessed August 5, 2004).
[42] US Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study,* 13–18.
[43]US Department of Labor, Office of the Assistance Secretary for Policy, and Aguirre International, *Findings from the National Agricultural Workers Survey (NAWS) 1997-1998: A Demographic and Employment Profile of United States Farmworkers,* by Kala Mehta et al. (Washington, DC: US Department of Labor, March 2000), vii, http://www.dol.gov/asp/programs/agworker/report_8.pdf (accessed August 5, 2004).
[44] Christopher Holden. “Monograph no. 8: Housing” in *Migrant Health Issues* (Buda, TX: National Center for Farmworker Health Inc., October 2001), 40, http://www.ncfh.org/docs/08%20-%20housing.pdf (accessed August 5 2004).

AFFORDABLE HOUSING NEED

When analyzing local housing markets and developing strategies for meeting housing problems, HUD suggests the consideration of several factors. These factors include how much a household spends on housing costs, the physical condition of the housing, and whether or not the household is overcrowded. The following table reveals the number and percentage of households with at least one housing need by income category and household type.

Figure 2A: Households with Housing Need by Income Group

		Renter Households			Owner Households		
		At Least One Problem	Total Households	Percent with At Least One Problem	At Least One Problem	Total Households	Percent with At Least One Problem
0-30% AMFI	Elderly Households	59,065	95,130	62.1%	100,876	151,597	66.5%
	Small Related	162,308	204,534	79.4%	76,492	102,443	74.7%
	Large Related	63,879	69,467	92.0%	39,256	44,325	88.6%
	Other Households	133,429	183,124	72.9%	39,368	59,120	66.6%
	Total Households	**418,681**	**552,255**	**75.8%**	**255,992**	**357,485**	**71.6%**
31-50% AMFI	Elderly Households	36,578	61,305	59.7%	62,920	168,088	37.4%
	Small Related	133,605	180,725	73.9%	79,006	240,138	32.9%
	Large Related	58,132	67,274	86.4%	53,907	104,329	51.7%
	Other Households	102,090	127,074	80.3%	24,401	68,290	35.7%
	Total Households	**330,405**	**436,378**	**75.7%**	**220,234**	**406,282**	**54.2%**
51-80% AMFI	Elderly Households	19,934	47,527	41.9%	41,173	210,720	19.5%
	Small Related	98,014	250,309	39.2%	121,204	282,336	42.9%
	Large Related	57,987	81,881	70.8%	81,842	132,264	61.9%
	Other Households	79,147	210,629	37.6%	35,978	79,867	45.0%
	Total Households	**255,082**	**590,346**	**43.2%**	**280,197**	**705,187**	**39.7%**
81-95% AMFI	Elderly Households	3,638	13,761	26.4%	9,883	78,918	12.5%
	Small Related	18,310	91,694	20.0%	40,150	147,881	27.2%
	Large Related	14,142	24,917	56.8%	25,542	53,828	47.5%
	Other Households	11,784	90,223	13.1%	14,049	40,543	34.7%
	Total Households	**47,874**	**220,595**	**21.7%**	**89,624**	**321,170**	**27.9%**
More Than 95% AMFI	Elderly Households	8,169	54,143	15.1%	23,454	497,428	4.7%
	Small Related	43,853	400,026	11.0%	131,939	1,749,473	7.5%
	Large Related	35,490	74,662	47.5%	92,229	360,855	25.6%
	Other Households	17,060	338,469	5.0%	34,919	303,446	11.5%
	Total Households	**104,572**	**867,300**	**12.1%**	**282,541**	**2,911,202**	**9.7%**
Total Households	Elderly Households	127,384	399,250	31.9%	238,306	1,345,057	17.7%
	Small Related	456,090	1,583,378	28.8%	448,791	2,971,062	15.1%
	Large Related	229,630	547,831	41.9%	292,776	988,377	29.6%
	Other Households	343,510	1,293,029	26.6%	148,715	699,981	21.2%
	Total Households	**1,156,614**	**3,823,488**	**30.3%**	**1,128,588**	**5,829,914**	**19.4%**

Source: 2000 CHAS data

Physical Inadequacy (Lack of Kitchen and Plumbing Facilities)

The measure of physical inadequacy available from the CHAS database tabulation of the 2000 Census is the number of units lacking complete kitchen and/or plumbing facilities. While this is not a complete measure of physical inadequacy, the lack of plumbing and/or kitchen facilities can serve as a strong indication of one type of housing inadequacy. Table 3A demonstrates that among the physically inadequate housing units for households under 80 percent of HAMFI, 44 percent are affordable to extremely low income households.

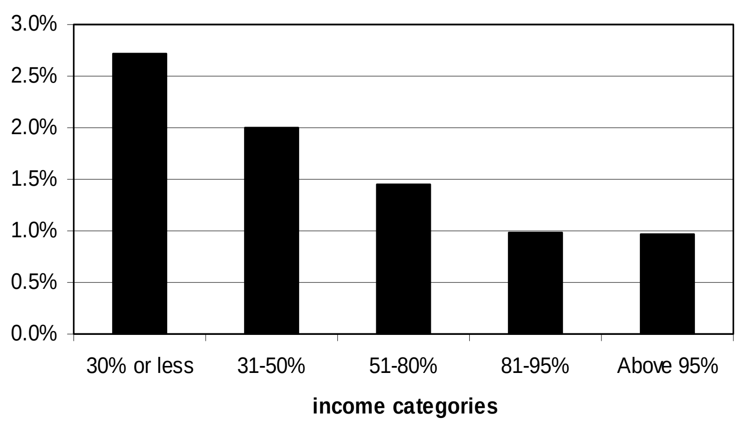
Table 3A: Units Lacking Kitchen and/or Plumbing Facilities by Affordability Category, 2000

	Number	Percent
0% to 30%	25,817	44%
31% to 50%	15,907	27%
51% to 80%	16,341	28%
Total	58,065	100%

Source: 2000 CHAS Database

Slightly more than 1 percent of all renter households in Texas lack complete kitchen or plumbing facilities. The following table shows the distribution of this problem by income group. Households in the lowest income group, less than 30 percent HAMFI, have the highest incidence of physically inadequate housing.

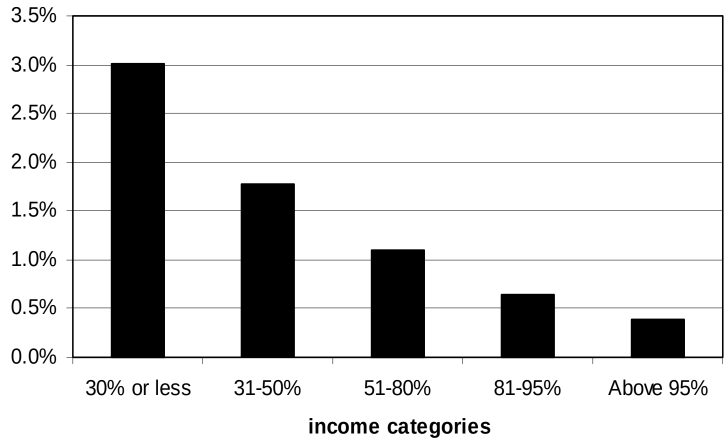
Figure 3B: Renter-Occupied Units Lacking Complete Kitchen/Plumbing, by percent



Source: 2000 CHAS data

As is the case with renter households, inadequate kitchen and plumbing is a greater problem for the lowest income categories of owner households. A full 3 percent of owner households earning below 30 percent HAMFI lack full kitchen or plumbing facilities.

Figure 3C: Owner-Occupied Units Lacking Complete Plumbing/Kitchen, by percent

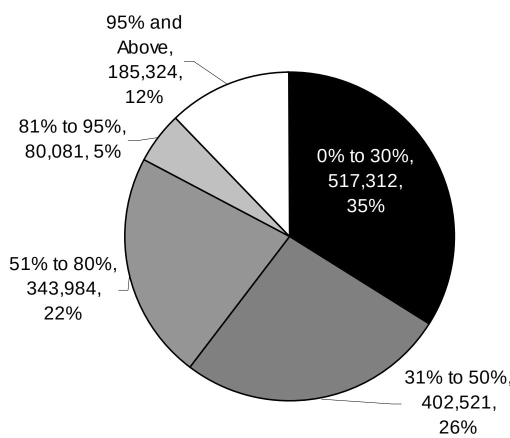


Source: 2000 CHAS data

Excess Housing Cost Burden

An excess cost burden is identified when a household pays more than 30 percent of its gross income for housing costs. When so much is spent on housing, other basic household needs may suffer. Figure 4A shows the number and percentage of households with excess housing cost burden by income group.

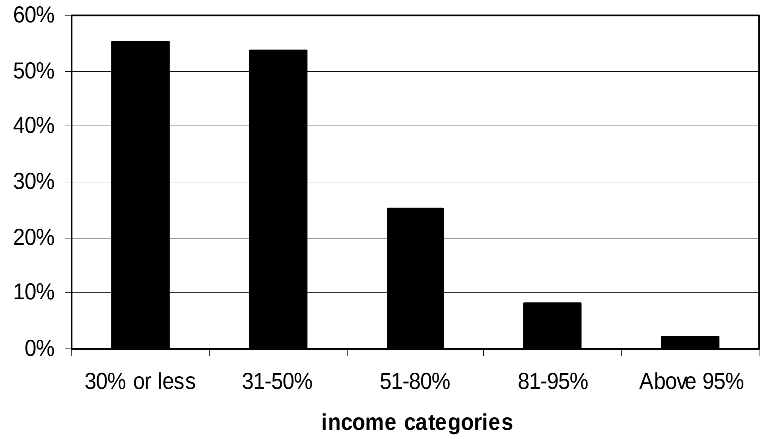
Figure 4A: Excess Housing Cost Burden by Income Group, 2000



Source: 2000 CHAS Database

As the following graph shows, a majority of renter households in the lowest two income categories, totaling more than 540,000 households, is burdened by paying an excess portion of income toward housing. This is much greater than in the highest income category, above 95 percent HAMFI, where only 2.2 percent of households experience the problem.

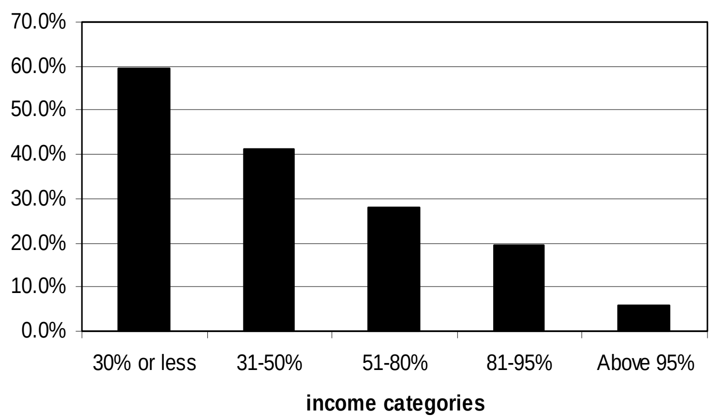
Figure 4B: Renter Households with Excess Housing Cost Burden (>30% of Income), by percent



Source: 2000 CHAS data

As shown in the following graph, excess housing cost burden affects 59.3 percent of owner households in the lowest income category. This figure, representing a majority, is much higher than the 5.7 percent of households affected in the highest income category. The graph illustrates the direct correlation between income category and a household's likelihood of experiencing this problem.

Figure 4C: Owner Households with Excess Housing Cost Burden (>30% of Income), by percent

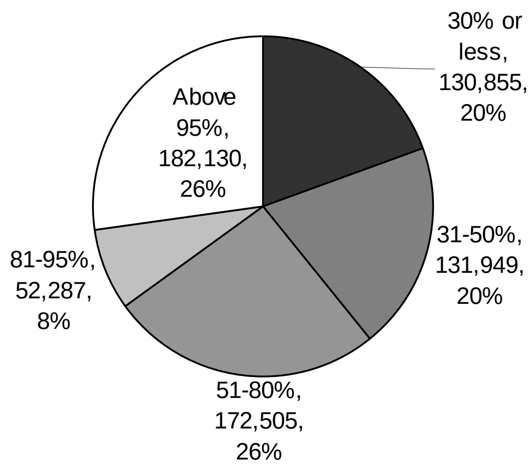


Source: 2000 CHAS data

Overcrowding

Overcrowded housing conditions occur when a residence accommodates more than one person per room. Overcrowding may indicate a general lack of affordable housing in a community where households have been forced to share space, either because other housing units are not available or because the units available are too expensive. Figure 5A shows the incidence of overcrowded households by income group.

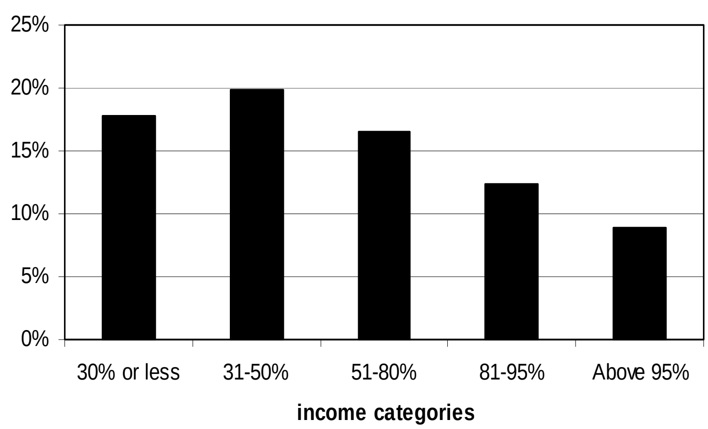
Figure 5A: Overcrowded Households by Income Group, 2000



Source: 2000 CHAS Database

Lower income renter households experience overcrowded conditions more frequently than higher income households. Almost 18 percent of renter households in the extremely low income category and 19.9 percent of renter households in the low income category are afflicted by overcrowding.

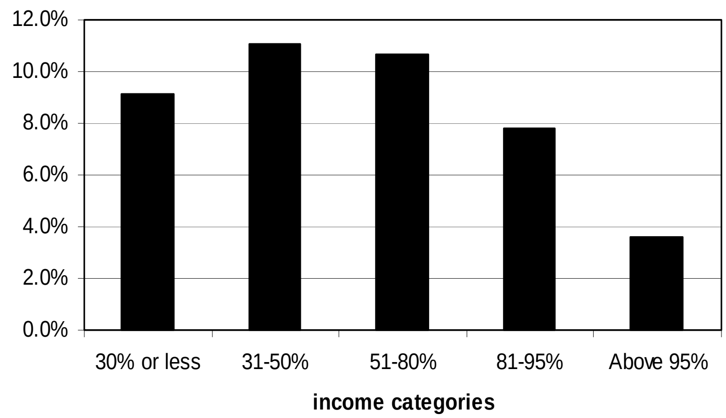
Figure 5B: Renter Households with Incidence of Overcrowding, by percent



Source: 2000 CHAS data

Lower income owner households also experience overcrowded conditions more frequently than higher income owner households. More than 21 percent of owner households earning less than 50 percent HAMFI live in overcrowded conditions compared to 11.4 percent of owner households over 80 percent HAMFI.

Figure 5C: Owner Households with Incidence of Overcrowding, by percent



Source: 2000 CHAS data

Housing Availability and Affordability

The following figures compare demand and supply of affordable housing by looking at the number of households and housing units in different affordability categories. For each income category, it has been assumed that households are matched to units in their affordability range. In actuality, however, higher income households often reside in units that could be affordable to the lowest income households. For example, households that have incomes greater than 80 percent of the median income greatly outnumber the housing units in this specific affordability category. Households in this category can afford units in any of the defined affordability categories. Non-low-income households often limit the supply of affordable housing units available to low-income households. Therefore, estimates of housing shortfalls should be treated as lower-bound estimates, and estimates of housing 'surplus' are undoubtedly overstated.

Table 6A describes the housing market interaction of various income groups and housing costs. The table shows the income classifications of the occupants of housing units. The table also illustrates the housing market mismatch between housing units and income groups. For example, very low income households (0-50 percent of HAMFI) account for only about one-third of all the occupants of housing that is affordable to them. All low income households (0-80 percent of HAMFI) make up only 48 percent of all households occupying housing affordable to them. This table illustrates housing market mismatches as well as an implicit excessive cost burden for those households that are residing in units beyond their affordability category.

Table 6A
Occupied Affordable Housing Units by Income Group of Occupant, 2000
by percentage of HAMFI

Number of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	1,112,083	588,198	246,476	277,409
Affordable to 51-80% HAMFI	1,245,842	346,703	301,491	597,648
Affordable to >80% HAMFI	305,135	52,391	41,485	211,259

Percent of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	52.9%	22.2%	24.9%
Affordable to 51-80% HAMFI	100.0%	27.8%	24.2%	48.0%
Affordable to >80% HAMFI	100.0%	17.2%	13.6%	69.2%

Number of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	2,099,253	549,469	458,002	1,091,782
Affordable to 51-80% HAMFI	1,331,792	136,016	165,496	1,030,280
Affordable to >80% HAMFI	1,266,738	78,725	81,390	1,106,623

Percent of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	26.2%	21.8%	52.0%
Affordable to 51-80% HAMFI	100.0%	10.2%	12.4%	77.4%
Affordable to >80% HAMFI	100.0%	6.2%	6.4%	87.4%

Number of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	3,211,336	1,137,667	704,478	1,369,191
Affordable to 51-80% HAMFI	2,577,634	482,719	466,987	1,627,928
Affordable to >80% HAMFI	1,571,873	131,116	122,875	1,317,882

Percent of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	35.4%	21.9%	42.6%
Affordable to 51-80% HAMFI	100.0%	18.7%	18.1%	63.2%
Affordable to >80% HAMFI	100.0%	8.3%	7.8%	83.8%

Source: 2000 CHAS data

Local Perception

TDHCA acknowledges that the greatest understanding of housing needs is found at the local level. TDHCA continuously strives to improve the methods used to identify regional affordable housing needs.

Regional Advisory Committees

In 2004 there was a series of Regional Advisory Committee (RAC) meetings held across the state to address regional planning issues. Each RAC meeting was advertised, coordinated, and facilitated by a Regional Development Coordinator (RDC). The statewide network of RDCs is part of a joint planning effort between 11 councils of governments and TDHCA. TDHCA works with an RDC in each service region to facilitate the RAC meetings, provide technical assistance, gather data on regional housing needs and resources, and help build the region's network of housing organizations.

Rather than trying to identify and address all regional housing issues, this year's RAC meetings focused on gathering additional information on the most prevalent issues identified last year. Additionally, slightly more emphasis was placed on discussing issues over which TDHCA and the COGs have some control. The following four topics were recommended by TDHCA for discussion at the meetings: communication, populations with special needs, funding distribution, and education. The regional plans discuss the RAC meetings in greater detail.

State of Texas Community Needs Survey

In March 2003, TDHCA distributed over 2,000 copies of the Community Needs Survey (CNS) to cities, counties, local housing departments, public housing authorities, and US Department of Agriculture Rural Development field offices. Local community action agencies were also contacted for their expertise on homeless issues and other community development topics. For TDHCA, the survey represents the opportunity to gather local input on housing needs, preferences, and regional characteristics. Information from the survey is also used as a primary component of the Affordable Housing Needs Score (AHNS), the location score in several housing program funding applications.

Approximately 78 percent of Community Needs Survey respondents feel that there is a severe or significant affordable housing problem in their area.[45] There is a slight preference statewide for owner-occupied housing assistance over rental assistance. Among the owner-occupied assistance activities, renovation is ranked highest in importance, followed by purchase assistance and new housing development. New rental housing development and the renovation of existing multifamily housing are more important than rental payment assistance. The regional results from the CNS are incorporated into the regional plans. A final report on the survey, *Report on the 2003 State of Texas Community Needs Survey*, is available from the Center for Housing Research, Planning, and Communications.

STATE HOUSING SUPPLY

The 2000 US Census reported 8.2 million housing units in Texas, of which 90.6 percent are occupied. The number of housing units increased 16 percent from 7.0 million units that were on the ground in 1990. The breakdown of occupied units by type is 4.7 million owner occupied (a 28 percent increase over 1990) and 2.8 million renter occupied (a 13 percent increase over 1990). The average household size for owner-occupied units increased to 2.87 persons per unit in 2000 as compared to 2.85 units in 1990. The average household size for renter units decreased slightly to 2.53 persons per unit in 2000 as compared to 2.55 units in 1990.

There is a shortage of affordable housing in the extremely low, very low, low, and moderate income brackets. This is primarily caused by the private sector's concentration of development, both single family and multifamily development, in larger metropolitan areas and targeting higher income individuals and families. The explosive growth of the metropolitan areas as well as the lack of new construction during the late 1980s and early 1990s created a huge demand for housing at all income levels. Due to higher

[45] The response rate for the 2003 CNS was 37 percent.

margins associated with housing product targeted for the higher income population, developers focused production to fill the demand at the upper-end of the income spectrum.

A significant portion of Texas's affordable housing portfolio consists of HUD-financed or HUD-subsidized properties—many of which are at risk of becoming market rate properties. The most serious of the "at-risk" portfolios is the project-based Section 8 portfolio. The critical nature of this portfolio stems from the number of units in the portfolio and the income segment served. This portfolio contains approximately 49,000 units of deeply subsidized units. Roughly 21,000 of these units (44 percent of the portfolio) are classified as "opt-out" eligible. Another 10,000 units are "marginal" opt-out candidates based on rents fairly close to market rents. The remaining units are classified as restructuring candidates that may or may not enter HUD's Mark-to-Market Program.

Almost 67 percent of the housing units in Texas are single family units, 14 percent are multifamily up to 19 units, and 10 percent are within multifamily structures with 20 units or more. An additional 9.4 percent are mobile homes, RVs, or boats.

Table 7A: Housing Type, 2000

	Total	Percent
Housing Units	8,157,575	
One Unit	5,420,910	66.50%
2 to 19 Units	1,151,599	14.10%
Over 20 Units	819,101	10.00%
Mobile Homes	731,652	9.00%
Boats, RVs	34,313	0.40%

Source: 2000 US Census

Assisted Housing Inventory

The Department has assisted approximately 179,600 multifamily units since 1992. Over the same time period, there have been 28,700 families assisted with single family programs. These totals do not include approximately 2,200 Section 8 tenant-based rental vouchers that are administered annually by the Department.

Table 7B provides a summary of the current public housing authority inventory in Texas. Included in this list are households that receive tenant-based rental assistance.

Table 7B: Public Housing Authority Units, 2004

	Total	Percent
Public Housing/Indian Housing	63,344	29.3%
Section 8 Vouchers	134,845	62.4%
Section 8 New Construction	5,641	2.6%
Section 8 Moderate Rehabilitation	2,915	1.3%
FmHA Farm Labor Housing	1,018	0.5%
FmHA Rural Rental	970	0.4%
FmHA/Section 8 Assisted	653	0.3%
Other	5,824	2.7%
Homeownership	738	0.3%
Total Public Housing Authority Units	215,948	

Source: Texas Housing Association

There have been 62,408 multifamily units produced by the Texas State Affordable Housing Corporation and local housing finance corporations in Texas, according to HFC responses to the 2004 Housing Finance Corporation Report by TDHCA. There have been 14,545 single family mortgages produced by the HFCs, or a total of $1.032 billion.

Department Performance

This section reports on agency performance for fiscal year 2004 and includes a description of funding allocations, amounts committed, target numbers, numbers served for each program in fiscal year 2004; and projected funding and target numbers for fiscal year 2005. This section also reports on the Strategic Plan Goals for FY 2004.

The Department committed $592,454,108 to housing and community affairs programs that predominantly benefit extremely low, very low, and low income families and individuals (see Tables 8A and 8B). The target performance number was 97,545 households and 440,000 individuals; the actual number served was 107,621 households and 422,331 individuals. Multifamily development accounted for 49 percent of the total dollar amount committed during the past year; the next largest activity was single family financing and homebuyer assistance with 23 percent of the total dollar amount committed. Community affairs was the third largest with almost 14 percent of the total committed amount. More than 95 percent of the total funds committed went to assist extremely low, very low, and low income families and individuals.

The activity categories in the tables below describe the broad range of Department activities and provide general groupings for analysis. The multifamily development category includes activities that support multifamily development, such as the funding of projects, capacity building, and predevelopment funding. All activities related to the acquisition, rehabilitation, and preservation of multifamily units are classified in the multifamily rehabilitation category. Rental payment assistance is tenant based, direct payment assistance. The single family development category includes all funding for housing developers, nonprofits, or other housing organizations to support activities associated with the development of single family housing. The single family financing and homebuyer assistance category includes activities related to the process of buying a home, such as mortgage financing, and down payment assistance. Single family owner-occupied assistance assists current homeowners requiring home rehabilitation and reconstruction. The community affairs category is comprised of all activities surrounding community services and energy assistance; this category includes the Colonia Self-Help Centers.

The program groupings are largely self-explanatory; only a few comments are necessary. The Single Family Bond Program includes the First Time Homebuyer Program and the Down Payment Assistance Program. The Office of Colonia Initiatives receives much of its funding from internal sources; for this reason, the totals for most of the OCI activities are not included in the grand total. The only exception is the funding for the Self-Help Centers, which is external and included in the grand total.

Table 8A: Total Department Funding and Performance for FY 2004

State Total	All Programs[1]	HOME	Housing Trust Fund	Housing Tax Credit Program[2]	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives[3]
All Activities								
Total Funding	$ 597,280,636	$ 74,778,030	$ 5,400,000	$ 72,652,483	$ 128,831,420	$ 221,245,000	$ 9,642,497	$ 5,347,665
Actual Dollar Amount Committed	$ 592,108,091	$ 74,778,030	$ 3,709,559	$ 72,652,483	$ 128,831,420	$ 221,245,000	$ 9,642,497	$ 5,484,591
Target Number	537,545	2,300	1,686	10,763	1,560	1,999	2,300	3,467
Actual Number Served	529,952	2,818	325	18,399	1,695	3,808	2,035	2,313
2005 Projected Funding	$ 684,353,799	$ 47,000,000	$ 2,800,000	$ 40,000,000	$ 325,000,000	$ 175,000,000	$ 10,049,239	$ 8,000,000
2005 Target Number	537,625	2,300	1,686	10,763	1,560	1,999	2,200	3,647
Multifamily Development								
Actual Dollar Amount Committed	$ 291,152,590	$ 8,709,661	$ 709,559	$ 60,488,370		$ 221,245,000		
Actual Number Served	19,128	501	214	14,605		3,808		
Multifamily Rehabilitiation								
Actual Dollar Amount Committed	$ 12,164,113			$ 12,164,113				
Actual Number Served	3,794			3,794				
Rental Payment Assistance								
Actual Dollar Amount Committed	$ 14,558,494	$ 4,915,997					$ 9,642,497	
Actual Number Served	2,541	506					2,035	
Single Family Financing and Homebuyer Assistance								
Actual Dollar Amount Committed	$ 137,563,463	$ 5,732,043	$ 3,000,000		$ 128,831,420			$ 3,000,000
Actual Number Served	2,446	640	111		1,695			111
Single Family Owner Occupied Assistance								
Actual Dollar Amount Committed	$ 55,420,329	$ 55,420,329						
Actual Number Served	1,171	1,171						
Community Affairs and Self-Help Centers/Border Field Offices								
Actual Dollar Amount Committed	$ 81,595,119							$ 2,484,591
Actual Number Served	500,872							2,202

Extremely Low Income								
Actual Dollar Amount Committed	$ 50,889,319	$ 36,009,996	$ 32,328	$ 2,763,344	$ 3,421,241		$ 8,662,409	
Actual Number Served	3,600	1,295	12	481	111		1,701	
Very Low Income								
Actual Dollar Amount Committed	$ 451,696,592	$ 13,903,535	$ 3,677,231	$ 69,889,139	$ 60,406,481	$ 221,245,000	$ 980,088	$ 5,484,591
Actual Number Served	524,946	647	313	17,918	1,054	3,808	334	2,313
Low Income								
Actual Dollar Amount Committed	$ 62,344,735	$ 24,864,499			$ 37,480,236			
Actual Number Served	1,200	876			324			
Moderate Income and Up								
Actual Dollar Amount Committed	$ 27,523,462				$ 27,523,462			
Actual Number Served	206				206			

[1] All Programs total includes 440,000 individuals in the target number and the rest are households. The number served and very low income totals include 422,331 individuals.
[2] HTC funding includes $41,186,736 the nine percent tax credits, and $31,465,747 four percent tax credits.The total number served includes 11,421 four percent units.
[3] Most of OCI funding is internal except for the self-help centers. OCI activities funded internally are not included in the grand totals. The total number served includes 1,135 households statewide served by technical assistance.

Table 8B: Total Department Funding and Performance for FY 2004

State Total	Emergency Shelter Grant Program[4]	Community Services Block Grant[4]	Community Food and Nutrition Program	Comprehensive Energy Assistance Program	Weatherization Assistance Program
All Activities					
Total Funding	$ 4,703,000	$ 30,763,975	$ 346,017	$ 32,812,413	$ 13,758,136
Actual Dollar Amount Committed	$ 4,506,383	$ 27,687,579	$ -	$ 32,812,413	$ 13,758,136
Target Number	132,000	308,000	No Direct	69,736	3,734
Actual Number Served	125,766	296,565	Service	70,887	5,452
2005 Projected Funding	$ 4,977,909	$ 30,763,975	$ 380,170	$ 31,505,813	$ 11,876,693
2005 Target Number	132,000	308,000	N/A	69,736	3,734
Multifamily Development					
Actual Dollar Amount Committed					
Actual Number Served					
Multifamily Rehabilitiation					
Actual Dollar Amount Committed					
Actual Number Served					
Rental Payment Assistance					
Actual Dollar Amount Committed					
Actual Number Served					
Single Family Financing and Homebuyer Assistance					
Actual Dollar Amount Committed					
Actual Number Served					
Single Family Owner Occupied Assistance					
Actual Dollar Amount Committed					
Actual Number Served					
Community Affairs and Self-Help Centers/Border Field Offices					
Actual Dollar Amount Committed	$ 4,506,383	$ 27,687,579	$ 346,017	$ 32,812,413	$ 13,758,136
Actual Number Served	125,766	296,565		70,887	5,452

Extremely Low Income					
Actual Dollar Amount Committed					
Actual Number Served					
Very Low Income					
Actual Dollar Amount Committed	$ 4,506,383	$ 27,687,579	$ 346,017	$ 32,812,413	$ 13,758,136
Actual Number Served	125,766	296,565	N/A	70,887	5,452
Low Income					
Actual Dollar Amount Committed					
Actual Number Served					
Moderate Income and Up					
Actual Dollar Amount Committed					
Actual Number Served					

[4] Target numbers and numbers served is individuals, not households.

Assistance to the Neediest Individuals and Families

The distribution of the Department's housing resources in fiscal year 2004 showed a clear prioritization of assistance to individuals and households with the most need; see Table 9A. The vast majority of households served by the Department were classified as extremely low, very low, and low income. These three income categories account for over 99.3 percent of households assisted by the Department in fiscal year 2004.

Table 9A: Housing Assistance by Income Category

	Total Committed FY2004		Extremely Low-Income (0% to 30% AMFI)		Very Low-Income (31% to 60% AMFI)		Low-Income (61% to 80% AMFI)		Moderate-Income (Greater than 80% AMFI)	
	Amount	Households	Amount	Households	Amount	Households	Amount	Households	Amount	Households
HOME Program	$ 74,778,030	2,818	$ 36,009,996	1,295	$ 13,903,535	647	$ 24,864,499	876		
Housing Trust Fund	$ 3,709,559	325	$ 32,328	12	$ 3,677,231	313				
Housing Tax Credit	$ 72,652,483	18,399	$ 2,763,344	481	$ 69,889,139	17,918				
Single Family Bond	$ 128,831,420	1,695	$ 3,421,241	111	$ 60,406,481	1,054	$ 37,480,236	324	$ 27,523,462	206
Multifamily Bond	$ 221,245,000	3,808			$ 221,245,000	3,808				
Section 8	$ 9,642,497	2,035	$ 8,662,409	1,701	$ 980,088	334				
Total	$ 510,858,989	29,080	$ 50,889,319	3,600	$ 370,101,474	24,074	$ 62,344,735	1,200	$ 27,523,462	206
Percent of Total			10.0%	12.4%	72.4%	82.8%	12.2%	4.1%	5.4%	0.7%

The vast majority of households and individuals served through CEAP, WAP, ESGP, and CFNP earn less than 30 percent area median family income. However, federal tracking of assistance from these programs is based on poverty guidelines, which do not translate easily to an AMFI equivalent. For conservative reporting purposes, assistance in these programs is reported in the very low income category.

Strategic Plan Goals

The following goals demonstrate TDHCA's commitment to serving households with the greatest need. These goals are reflective of the performance measures, as outlined in the Legislative Appropriations Act, the TDHCA *Strategic Plan*, and the *State of Texas Consolidated Plan*.

Goal 1: TDHCA will increase and preserve the availability of safe, decent, affordable, and integrated housing for very low, low, and moderate income persons and families

Housing Trust Fund. The target number of extremely low, very low and low income households benefiting from HTF loans and grants was 1,686 and the number served was 325. Almost 99 percent of the total funding went to very low income families and the rest went to extremely low income families.

Home Program. The target number of extremely low, very low, and low income households benefiting from HOME Investment Partnerships Program loans and grants was 2,300. The actual number served was 2,812, or 122 percent of the goal. In total, 48 percent of HOME Program funds were directed to extremely low income households and 19 percent were directed to very low income households. The remaining funds were directed to low income households.

Section 8 Program. The target number of rental assistance through Section 8 certificates and vouchers for extremely low and very low income households and individuals was 2,200. The actual number of households served was 2,035, representing 88 percent of the goal. Extremely low income families comprised 84 percent of the households served and 16 percent were very low income.

Housing Tax Credit Program. The target number units funded through federal tax incentives for extremely low, very low, and low income households in FY 2004 was 10,763. The actual number of units developed was 18,399. Of this total, 6,978 units are through federal tax funds and 11,421 are from the Tax-Exempt Bond Program. There were 481 units set aside for extremely low income households, and the remainder were for very low income households.

Single Family Mortgage Revenue Bond Program. The target number of extremely low, very low, and low income households and individuals receiving loans through the Single Family MRB Program was 1,560. The actual number served was 1,422, or 91 percent of the goal. The target number of moderate-income families was 210; the actual number served was 273. Of the 1,695 households served through the SF MRB Program, 21 percent were extremely low income, about 47 percent were very low income, 26 percent were low income, and the remaining 21 percent were moderate income.

Multifamily Mortgage Revenue Bond Program. The target number of federal mortgage loans through the Multifamily MRB Program for the acquisition, rehabilitation, construction, and preservation of multifamily rental units for very low, low, and moderate-income families was 1,999. The actual number of loans was 3,808. All of the units in FY 2004 were for very low income families.

Goal 2: TDHCA will target its housing finance programs resources for assistance to extremely low income households

The annual target is $30,000,000 of the division's total housing funds towards assistance for extremely low income families and individuals. The housing finance divisions exceeded this goal and provided $50,889,319 in funding for extremely low income households in FY 2004.

Goal 3: TDHCA will target its housing finance resources for assistance to very low income households

The annual target is 20 percent of the division's total housing funding applied towards assistance for families and individuals earning between 31 percent and 60 percent of the area median family income. The division exceeded this goal and committed 72 percent of its funding for very low income households.

Goal 4: TDHCA will provide contract for deed conversions for families who reside in a colonia and earn 60 percent or less of the applicable area median family income

The target is to spend no less than $4,000,000 for the 2004–2005 biennium for the sole purpose of contract for deed conversions. A total of $4,000,000 of HOME funds will be allocated in FY 2004-2005. The Department released a $2,000,000 NOFA in the fall of 2003 of which $1,300,000 was awarded to three organizations. The Department will release another NOFA in FY 2005 in the amount of $2,700,000 to fulfill the $4,000,000 requirement.

Goal 5: TDHCA will assist extremely low and very low income households or individuals with costs associated with energy-related improvements, expenses, or emergencies that may lead to homelessness

Comprehensive Energy Assistance Program. The target number of households assisted through the Comprehensive Energy Assistance Program for FY 2004 was 69,736. The actual number of households served was 70,887; this is 102 percent of the target number.

Weatherization Assistance Program. The target number of units weatherized was 3,734; the total number weatherized was 5,452. This represents 146 percent of the target number.

Goal 6: TDHCA will ensure that affordable housing programs are in compliance with federal and state program mandates

Portfolio Management and Compliance Division. The target number of on-site reviews conducted by the Portfolio Management and Compliance Division for FY 2004 was 659; the actual number conducted was 888, or 135 percent of the total. The target number of financial reviews was 644; the actual number conducted was 231, 36 percent of the target amount. The target number of single audit reviews was 332; the actual number completed was 66 percent of the total, or 218 reviews.

Goal 7: TDHCA will commit funding resources to address the housing needs and increase the availability of affordable, accessible, and integrated housing for persons with special needs

HOME Program. The Goal for FY 2004 was to award 20 percent of the total HOME project allocation to applicants that target persons with special needs. The HOME Program awarded $32,622,456 to applicants that target persons with special needs, or 46 percent of the total project allocation. The number of units produced is 943, 33 percent of the total HOME units.

Housing Trust Fund. The goal for FY 2004 was to dedicate no less than 10 percent of the HTF project allocation for applicants that target specific persons with special needs. The HTF funded 100 units for persons with special needs, or 31 percent of the total units for FY 2004.

Multifamily Mortgage Revenue Bond Program. The goal was to dedicate no less than 5 percent of Multifamily MRB Program units for persons with special needs. The Multifamily MRB Program funded 600 units for persons with special needs, 16 percent of the total 3,808 units.

Goal 8: TDHCA will compile information and accurately assess the housing needs and the housing resources available to persons with special needs

TDHCA completed and analyzed data from the 2003 Community Needs Survey, which, among other housing needs–related questions, requested local governments to indicate the housing needs of various special needs populations. This information is used in conjunction with Census data in the formulation of Department policies and scoring for its housing programs.

In addition, the Department made its property inventory available on its website in 2002. The easy-to-use database is searchable by city and county and includes basic property information, the number of adapted units, rent amounts, and property contact information. The Department is working on a system that will allow property owners to voluntarily update information related to the availability of accessible units on a real-time basis. This information will also be available on the Department's website.

Goal 9: TDHCA will increase collaboration between organizations that provide services to special needs populations and organizations that provide housing

Persons with Disabilities.

- TDHCA Disability Advisory Committee: The Department established a Disability Advisory Committee (DAC) in 2002 to advise the Department's Board on issues related to persons with disabilities. The members of the DAC represent organizations with experience providing services to persons with disabilities.

- Promoting Independence Advisory Board (PIAB): TDHCA staff serves on the Health and Human Service Commission's PIAB, along with representatives from other State agencies and consumer groups. The Board coordinates services to promote the integration into the community of persons residing in institutions.
- Project Access: TDHCA actively promotes the coordination of disabled consumers with housing providers through Project Access vouchers. Consumers and their advocates work directly with local service and housing providers to address their needs as they integrate into the community.
- PHA Project: Department staff served on the oversight committee of this grant funded in part by the Texas Council for Developmental Disabilities. Activities include the provision of training and technical assistance to public housing authorities to increase the number of integrated housing units available to persons with disabilities.

Elderly. TDHCA is a member of the Texas Department on Aging and Disability Services (DADS) Agency Policy Advisory Committee. This Committee is comprised of various state agencies that serve the elderly, as well as industry experts that provide services to the elderly.

Homeless. TDHCA is the lead agency in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas; assisting in the coordination and provision of services for homeless person throughout the state; increasing the flow of information among service providers and appropriate authorities; developing guidelines to monitor services for the homeless; providing technical assistance to the housing finance divisions of TDHCA in assessing housing needs for persons with special needs; establishing a central resource and information center for the state's homeless, and developing a strategic plan to address the needs of the homeless in cooperation with TDHCA and the Health and Human Services Commission. Through the Texas Homeless Network, TDHCA also supports other activities that address homelessness, including providing technical assistance to develop and strengthen homeless coalitions throughout Texas; distributing a statewide bi-monthly newsletter on homelessness; maintaining an information resource center; conducting Continuum of Care Technical Assistance and Training workshops; and sponsoring an annual statewide conference on homeless issues.

Colonias. In 2001, the 77th Texas Legislative amended the Texas Government Code, Chapter 2306, Subchapter Z, which requires the Department's Board of Directors to appoint members to the Colonia Resident Advisory Committee (C-RAC), which is to include two representatives from each county. The C-RAC members meet 30 days prior to making an award to a Colonia Self-Help Center. The C-RAC has been instrumental in voicing the concerns of the targeted populations and has helped both the Department and the Colonia Self-Help Centers develop useful tools and programs to address the needs of colonia residents.

Goal 10: TDHCA will discourage the segregation of persons with special needs from the general public

The Department, with the assistance of the TDHCA Disability Advisory Committee, developed an integrated housing policy. The Department adopted the policy as a rule for all Department housing programs in 2003.

Goal 11: TDHCA will improve the living conditions for the poor and homeless

Community Affairs. The target number of persons assisted through the homeless and poverty–related funds administered by the Department was 440,000. The total number of persons assisted through the Emergency Shelter Grants Program was 125,766 and the total number served by the Community Services Block Grant Program was 296,565. The total number assisted through the Department's homeless and poverty–related funds for FY 2004 was 422,331.

The target number of persons assisted that achieve incomes above poverty level was 1,314. The total number of people that transitioned out of poverty with the assistance of community action agencies working with the Department was 2,068.

Emergency Shelter Grant Program. The target number of homeless shelters assisted for FY 2004 was 70; the actual number assisted was 77, 110 percent of the target number.

Other Funding

It is important to note that TDHCA is only one of many housing and community service providers that distribute housing and community services funding across the state. These other agencies and departments include the US Department of Housing and Urban Development, USDA Rural Development, Texas Bond Review Board, Texas State Affordable Housing Corporation, Public Housing Authorities, local participating jurisdictions, and local housing finance corporations. Table 8C shows the housing funding available through these agencies over the course of a typical year.

Table 8C: Non-TDHCA Sources of Housing Funding, 2004

Funding Source	Owner Assistance	Renter Assistance	Owner or Renter Assistance
HUD American Dream Down Payment Initiative[1]	$ 7,536,736		
HUD Emergency Shelter Grants[1]		$ 6,037,876	
HUD HOME Investment Partnerships Program[1]			$ 78,496,761
HUD Housing Choice Vouchers (Section 8) [2]		$ 780,230,515	
HUD Housing Opportunities for Persons w/ AIDS[1]		$ 13,951,748	
HUD PHA Capital Funds[2]		$ 49,300,950	
TXBRB Multifamily Tax Exempt Bond[3]		$ 325,042,848	
TXBRB Single Family Bond[4]	$ 144,985,141		
USDA Multifamily Development[5]		$ 9,881,757	
USDA Owner Occupied[5]	$ 97,694,430		
USDA Rental Assistance[5]		$ 30,721,021	
Total by Activity	**$ 250,216,307**	**$ 1,215,166,716**	**$ 78,496,761**

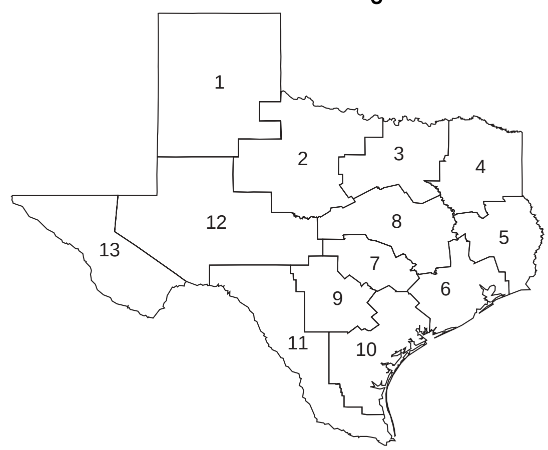
[1]HUD 2004 Community Development Funding Budget at www.hud.gov/offices/cpd/about/budget/budget04/states/tx.xls
[2]HUD Fort Worth Headquarters 2003 Funding Disbursement Amounts
[3]TDHCA Multifamily Finance Production Division Data on 2004 FYE Activity
[4]2004 Housing Finance Corporation Annual Reports
[5]USDA Texas Rural Development Office Reports on 2004 Fiscal Year Activity

TDHCA FUNDING DISTRIBUTION

The State's affordable housing need far outweighs the resources available to address the problem. To ensure an equitable funding distribution throughout the state, much of the Department's funding is regionally allocated based on measures of affordable housing need and available housing resources.

2005 TDHCA Regional Allocation Formula

Uniform State Service Regions



Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) program funding. This RAF objectively measures the affordable housing need and available resources in the 13 Uniform State Service Regions the Department uses for planning purposes, shown in the figure to the right. The RAF also allocates funding to rural and urban/exurban areas within each region. A dynamic measure of need, the formula is revised annually to reflect updated demographic and resource data; public comment; and better assess regional affordable housing needs. Because of the programs' different eligible activities, households, and geographical areas[46], slightly modified formulas are used for the HOME and HTF/HTC programs.

Funding Distribution under the 2005 RAF

While the allocation percentages shown in the tables below are final, the funding amounts may change to reflect the final amount the Department receives from the funding source to actually allocate.

Housing Tax Credit Regional Allocation Formula

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding Percentage	Rural Funding Amount	Urban/Exurb Funding Amount	Rural Funding Percentage	Urban/Exurb Funding Percentage
1	Lubbock	1,722,258	4.3%	549,109	31.9%	1,173,149	68.1%
2	Abilene	1,116,011	2.8%	506,070	45.3%	609,941	54.7%
3	Dallas/Fort Worth	7,363,515	18.4%	627,932	8.5%	6,735,583	91.5%
4	Tyler	1,986,653	5.0%	915,414	46.1%	1,071,240	53.9%
5	Beaumont	1,195,713	3.0%	715,677	59.9%	480,036	40.1%
6	Houston	7,780,711	19.5%	589,249	7.6%	7,191,463	92.4%
7	Austin/Round Rock	2,815,135	7.0%	211,087	7.5%	2,604,048	92.5%
8	Waco	2,390,317	6.0%	525,268	22.0%	1,865,049	78.0%
9	San Antonio	3,232,645	8.1%	335,493	10.4%	2,897,152	89.6%
10	Corpus Christi	1,989,518	5.0%	623,807	31.4%	1,365,711	68.6%
11	Brownsville/Harlingen	5,161,538	12.9%	1,436,390	27.8%	3,725,148	72.2%
12	San Angelo	1,180,594	3.0%	337,227	28.6%	843,367	71.4%
13	El Paso	2,065,391	5.2%	264,937	12.8%	1,800,454	87.2%
	Total	40,000,000	100.0%	7,637,660	19.1%	32,362,340	80.9%

[46] Under State law, at least 95 percent of the HOME funding must be set aside for non–participating jurisdictions.

HOME Regional Allocation Formula

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding Percentage	Rural Funding Amount	Urban/Exurb Funding Amount	Rural Funding Percentage	Urban/Exurb Funding Percentage
1	Lubbock	1,403,135	5.4%	1,403,135	100.0%	-	0.0%
2	Abilene	1,111,915	4.3%	1,083,904	97.5%	28,010	2.5%
3	Dallas/Fort Worth	4,862,039	18.7%	1,146,126	23.6%	3,715,913	76.4%
4	Tyler	3,021,376	11.6%	2,370,452	78.5%	650,923	21.5%
5	Beaumont	1,620,998	6.2%	1,392,359	85.9%	228,638	14.1%
6	Houston	2,687,490	10.3%	873,299	32.5%	1,814,191	67.5%
7	Austin/Round Rock	1,084,004	4.2%	554,654	51.2%	529,350	48.8%
8	Waco	1,073,074	4.1%	748,314	69.7%	324,760	30.3%
9	San Antonio	1,198,520	4.6%	779,277	65.0%	419,243	35.0%
10	Corpus Christi	1,712,010	6.6%	1,129,898	66.0%	582,112	34.0%
11	Brownsville/Harlingen	4,383,924	16.9%	2,778,440	63.4%	1,605,484	36.6%
12	San Angelo	1,357,016	5.2%	540,459	39.8%	816,557	60.2%
13	El Paso	484,502	1.9%	313,031	64.6%	171,471	35.4%
	Total	26,000,000	100.0%	15,113,348	58.1%	10,886,652	41.9%

Housing Trust Fund Regional Allocation Formula[47]

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding Percentage	Rural Funding Amount	Urban/Exurb Funding Amount	Rural Funding Percentage	Urban/Exurb Funding Percentage
1	Lubbock	172,226	4.3%				
2	Abilene	111,601	2.8%				
3	Dallas/Fort Worth	736,351	18.4%				
4	Tyler	198,665	5.0%				
5	Beaumont	119,571	3.0%				
6	Houston	778,071	19.5%				
7	Austin/Round Rock	281,514	7.0%				
8	Waco	239,032	6.0%				
9	San Antonio	323,265	8.1%				
10	Corpus Christi	198,952	5.0%				
11	Brownsville/Harlingen	516,154	12.9%				
12	San Angelo	118,059	3.0%				
13	El Paso	206,539	5.2%				
	Total	4,000,000	100.0%		19.1%		80.9%

[47] Due to the relatively small regional funding amounts, the HTF funds will be allocated regionally, but without specified rural and urban/exurban allocations. The overall statewide rural and urban/exurban distribution of funds will be maintained in awarding the funds.

RAF Methodology

Measuring Affordable Housing Need

The first part of the RAF determines the funding allocation based solely on objective measures of each region's share of the State's affordable housing need. The RAF uses the following four 2000 US Census need measures to calculate this regional need distribution.

- *Poverty*: Number of persons in the region who live in poverty
- *Cost Burden*: Units with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent
- *Overcrowded Units*: Units with more than one person per room
- *Units with Incomplete Kitchen or Plumbing*: Units that do not have all of the following: a sink with piped water; a range or cook top and oven; refrigerator, hot and cold piped water, a flush toilet, and a bathtub or shower

Because the need measures used in the RAF reflect the three programs' eligible households and activities, the following data characteristics apply.

- Except for the poverty data, the data relates to households at or below 80 percent of the Area Median Family Income (AMFI).
- Since HTC and HTF programs are primarily sources of renter assistance, the HTC and HTF formula primarily uses renter data. Poverty data is the exception as separate renter and owner poverty data is not available. Since HOME activities serve both renters and owners, renter and owner data is used.

Each need measure is weighted to reflect its perceived relevance in assessing affordable housing need. Because of the significant number of persons in poverty and its value as an overall measure of need, half the formula weight is associated with this measure. The other half of the measure weight is proportionately allocated based on the relative size of the remaining measures. As the relative size of the measure populations does not vary significantly between the renter only and the renter and owner data, the renter and owner data is used to assign the weight percentages. The population size of each measure is provided in the table below: Size of the Measure Populations. The resulting measure weights are as follows: poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent, and substandard housing = 2 percent.

Size of the Measure Populations

Poverty	Renter Cost Burden	Renter Overcrowding	Incomplete Kitchen or Plumbing
3,117,609	1,263,817	435,309	58,065

The following steps calculate each region's share of the State's affordable housing need:

1. The total RAF funding is multiplied by each measure weight. This product is the portion of the need based funding distribution that is associated with that measure.
2. Each measure's associated funding amount is regionally distributed based on the regional dispersion of its affected persons or households

3. The regional funding distributions of the four measures are summed. This total is the region's need based funding amount. If the RAF only considered affordable housing need, this is the funding each region would receive.
4. Each region's need based funding amount is divided by the total RAF funding. This quotient is the region's need based percentage, which indicates the region's share of the State's affordable housing need.

Measuring Available Housing Resources

Section 2306.111(d) of the Government Code requires the RAF to consider available housing resources in the region. In theory, if the methodology used to measure regional need is accurate, then the regional resource distribution should reflect the observed need distribution. A region with a negative resource and need difference is considered to be "under allocated." This region should have received a larger portion of the available resources to address their need. Similarly, a region with a positive difference is considered "over allocated." Conversely, it should have received a smaller portion of the available resources. To address differences between the regional need and resource distributions, the RAF uses a resource funding adjustment to shift a portion of the need based funding distribution from over allocated to under allocated regions.

Because the resources used in the RAF reflect the three programs' eligible households and activities, the following data characteristics apply.

- HTC and HTF formula only uses sources of rental funding
- HOME formula uses sources of rental and owner funding
- HOME formula only considers resources in non–participating jurisdictions

The following resources are used in the HOME and HTC/HTF RAFs.

- HUD Emergency Shelter Grant Funds (ESG) (TDHCA and Participating Jurisdiction)
- HUD HOME Funds (TDHCA & Participating Jurisdiction)
- HUD Housing for Persons with AIDS (HOPWA) Funding
- HUD Section 8 Tenant-Based Rental Assistance (TDHCA and Public Housing Authorities)
- HUD PHA Capital Funding
- United States Department of Agriculture (USDA) Multifamily Development Funding
- USDA Rental Assistance
- Housing Tax Credits (9% and 4% associated with tax-exempt bond financing)[48]
- Multifamily Tax-Exempt Bond Financing (Texas Bond Review Board)[49]

The HOME RAF also includes the following sources of owner funding.

- USDA 502 and 504 Loans and Grants
- Single Family Bond Financing (TDHCA and Housing Finance Corporations)

[48] The value of the HTCs is an estimate of the capital raised through the sale of the credits.

[49] The value of the bonds has been reduced to 20 percent of the total bond amount. This 20 percent adjustment is an estimate of the value of the bonds over an equivalent market-rate loan that was developed by the TDHCA Real Estate Analysis Division and the TDHCA Center for Housing Research, Planning, and Communications. The HTCs associated with these bonds are valued at their full estimated syndicated value.

The following steps calculate the regional distribution of available housing resources.

1. The available resources are summed by region and for the state.
2. The resulting regional resource totals are divided by the state resource total. This quotient is the region's resource percentage, which indicates the region's share of the State's resources.

The following steps calculate the resource funding adjustments and resulting regional funding amounts.

1. The difference between each region's resource percentage and need percentage is calculated.
2. The over allocated (positive) differences are summed to calculate the State's over allocated resource difference. Each over allocated region's corresponding share of this percentage is also calculated.
3. The State's over allocated resource difference is multiplied by the total RAF funding amount. This product is the State resource funding adjustment.
4. Each over allocated region's share of the State resource funding adjustment is calculated. The resulting base resource funding adjustment is subject to an adjustment limit[50]. The resulting resource funding adjustment is then subtracted from the region's need based funding amount.
5. Each under allocated region's share of the State's under allocated resource difference is calculated. The resulting percentage is multiplied by the total amount of over allocated resource funding adjustments to calculate the region's resource funding adjustment. The region's need based funding amount is then increased by this amount.

Rural and Exurban/Urban Need

Section 2306.111(d) of the Government Code requires the RAF to consider rural and urban/exurban areas in its distribution of program funding. To ensure an equitable distribution of funding to these areas, the regional distribution of rural and urban/exurban need and resources is compared. As was done with the regional funding distribution part of the formula, resource funding adjustments are made to address differences between the resource and need distributions to these geographical areas.

The rural and urban/exurban definitions used in the RAF are the following:

Rural - A place that is

1. outside the boundaries of a metropolitan statistical area (MSA); or
2. within the boundaries of a MSA, if the place has a population of 20,000 or less and does not share a boundary with a place that has a population greater than 20,000.

Urban/Exurban

1. Any place that does not satisfy the Rural place definition; or
2. an area located outside the boundaries of a place and in a census tract that has a population density greater than 1,200[51] people per square mile.

The following steps calculate the rural and urban/exurban resource funding adjustments and resulting area funding amounts.

---

[50] It has been determined that the primary source of the resource and need mismatches is multifamily bond funding. Because of the source's non-competitive funding distribution method and an inability to serve smaller metropolitan places, it is thought that region's that receive high levels of multifamily bonds, should not be overly penalized. Therefore, a region's over allocated resource adjustment cannot exceed an amount equal to the percentage of the state's non-regionally dispersed resources multiplied by the region's need based funding amount.

[51] 1,200 persons per square mile is approximately equal to the average population density of urban categorized places with a population less than 100,000.

1. The percentage of need in rural and urban/exurban places is calculated for each region.
2. The region's funding amount is multiplied by these rural and urban/exurban area percentages. This product provides each area's need based funding amount.
3. Each region's percentage of resources in rural and urban/exurban places is calculated
4. The difference between each region's rural and urban/exurban percentage of need and percentage of resources is calculated. This provides each area's resource and need difference.
5. Each positive (over allocated) resource and need difference is multiplied by the region's funding amount. This product is the region's resource funding adjustment.
6. The resource funding adjustment is subtracted from the over allocated area's need based funding amount and is added to the under allocated area's need based funding amount.

Each year as part of the public comment process for the SLIHP, the Department prepares a detailed write up of the Regional Allocation Formula (RAF) Distribution and Methodology. This write up is available upon request and is published on the Department's website.

2005 TDHCA Affordable Housing Needs Score

The scoring criteria used to evaluate HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) applications include an Affordable Housing Needs Score (AHNS). While not legislatively required, the AHNS is extension of the Regional Allocation Formula (RAF) concept in that it provides a comparative assessment of each county and place's[52] level of need relative to other areas within the 13 Uniform State Service Regions. Through the AHNS, applicants are encouraged to request funding to serve communities that have a high proportion of the region's affordable housing need.

Measures of Need

The AHNS calculation uses the same affordable housing need measures (poverty, cost burden, overcrowding, incomplete kitchen or plumbing), weighting factors, rural and urban/exurban area definitions, and program activity considerations as the RAF.

The following steps calculate the AHNS.

1. For each measure, the data is used to quantify the area's level of affordable housing need in two ways.
   a. The ratio of the county's level of need to the region's level of need is calculated. This ratio shows the distribution of the measure across the region.
   b. The ratio of the area's measure population to the area's total related population (i.e., for rental cost burden it would be total renters) is calculated. This ratio shows the concentration of the measure within an area.
2. The corresponding measure weights are assigned to the distribution of the measure and concentration of the measure ratios.
3. The area's weighted measure ratios are summed to calculate the area's overall distribution of need percentage and concentration of need percentage.

52 County scores are not generated for rental development activities. Development sites located outside the boundaries of a place (as designated by the US Census) will utilize the score of the place whose boundary is closest to the development site. County scores reflect the average score of all the places within the county.

4. Up to three points are separately assigned to the area's distribution of need and concentration of need percentages. This assignment is made using a sliding scale that compares the area's need with that of the other places in the region. The scale is set up to group a fairly equal number of the region's areas within each range of the sliding point scale.
5. Each area's resulting distribution of need points and concentration of need points are combined to generate a score of up to six points for the area's AHNS.

To assist with the rural and urban/exurban distribution of funds required under the RAF, each area and corresponding AHNS is classified according to the RAF's geographic area definitions.

Each year as part of the public comment process for the SLIHP, the Department prepares a detailed write up of the Affordable Housing Need Score Methodology. This write up and the corresponding scores are available upon request and is published on the Department's website.

Questions and Comments

For questions and comments on the RAF, contact Stephen Schottman at the TDHCA Center for Housing Research, Planning, and Communications at sschottm@tdhca.state.tx.us or (512) 305-9038.

Emergency Shelter Grants Program (ESGP) Allocation Formula

ESGP funds are reserved according to the percentage of poverty population identified in each of the 13 state service regions (i.e., 3.95 percent of the available ESGP funds were reserved for Region 1 with 3.95 percent of the state's poverty population). The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region. Any application that receives a score below 70 percent of the highest raw score from the region is not considered for funding.

Community Services Block Grant Program (CSBG) Allocation Formula

Allocations to the 48 CSBG–eligible entities are based primarily on two factors: (1) the number of persons living in poverty within the designated service delivery area for each organization and (2) a calculation of population density. Poverty population is given 98 percent weight, and the ratio of inverse population density is given 2 percent weight. The formula also includes a base award of $50,000 for each organization before the factors are applied, as well as a floor, or minimum award. In FY 2005, the base will be $150,000.

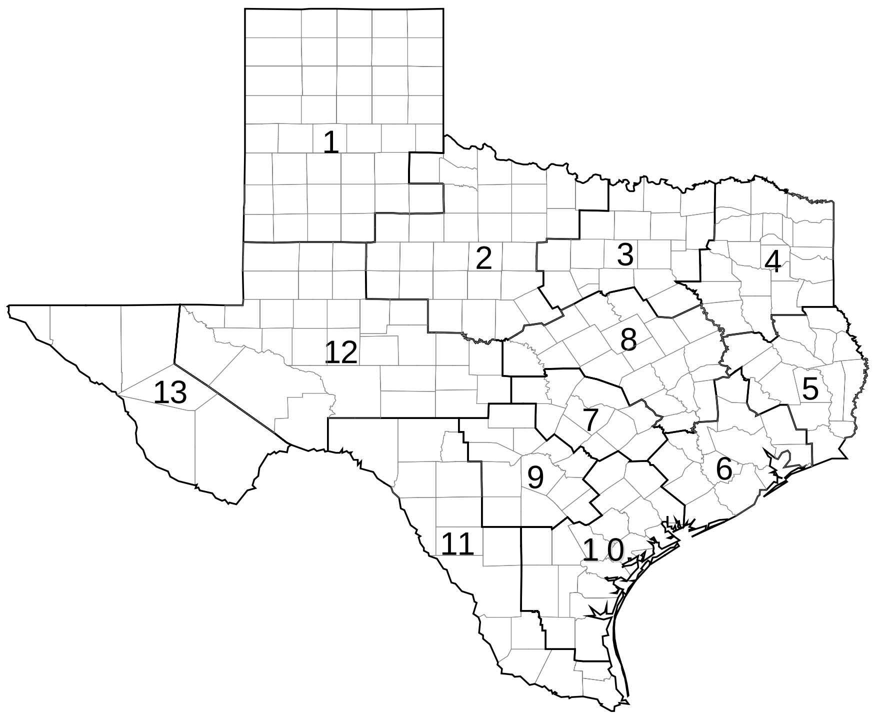
Comprehensive Energy Assistance Program and Weatherization Assistance Program Allocation Formula

The allocation formula for the Comprehensive Energy Assistance and Weatherization Assistance programs uses the following five factors and corresponding weights to distribute its funds by county: county non-elderly poverty household factor (40 percent); county elderly poverty household factor (40 percent); county inverse poverty household density factor (5 percent); county median income variance factor (5 percent); and county weather factor (10 percent).

UNIFORM STATE SERVICE REGIONS

The Department uses 13 Uniform State Service Regions for research and planning purposes. These regions follow the Texas Comptroller of Public Accounts' grouping that creates 13 regions to better identify the unique characteristics of the border counties and to treat larger metropolitan areas as distinct regions. The Uniform State Service Regions are shown below.

Uniform State Service Regions

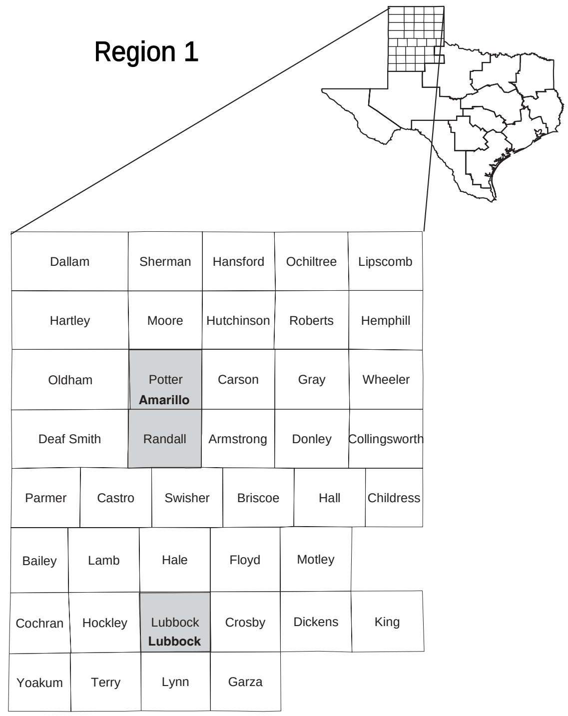


The size and diversity of the state of Texas necessitates tailored regional plans. Each of the following Uniform State Service Region plans includes a general demographic description, a needs assessment, an estimate of the existing housing supply, and the Department's funding distribution plans for the next year.

The first part of each plan describes regional characteristics including demographic information, general housing attributes, and public opinion on regional housing need. Following the introduction is a needs assessment analyzing multifamily and single family housing need and regional need for community service activities. The rental factors examined include poverty, housing cost burden, and the number of physically inadequate and overcrowded housing units. The owner-occupied factors considered are housing cost burden and physically inadequate and overcrowded housing. In order to gain a complete picture of the regional housing supply, the plan includes housing data from the US Census, total TDHCA assistance in the region, and consideration of other sources of assisted housing. The last section of the regional plan also describes the Department's allocation plan for the area.

REGION 1

This 41-county region in the northwest corner of Texas encompasses over 39,500 square miles of the Panhandle. According to the Census, the total population in Region 1 is 780,733, representing a 6.3 percent increase from 1990. Slightly less than 48 percent of the population lives in the urban areas, including Amarillo and Lubbock, and the rest live in rural areas of the region. The figure to the side shows Region 1 with the metropolitan statistical areas shaded.



According to the Texas Comptroller, the region will experience a 1.7 percent annual employment growth rate. The areas that have experienced the highest annual employment growth over the past 20 years are services to business, healthcare, and tourism and entertainment. The region specializes in specific economic areas including the ordnance and ammunition industry as demonstrated by the nuclear weapons operations near Amarillo. The oil and gas industry, as well as the agriculture and cattle industry, are other regional specializations.[53]

Of the 288,175 housing units in the region, 66.3 percent are owner occupied and 33.7 percent are occupied by renters, according to 2000 Census data. Approximately 3.7 percent of the state's population lives in Region 1, but regional housing permits for 2003 represent only 2.3 percent of the state's total housing starts.[54]

Almost three-quarters of the respondents to the most recent Community Needs Survey in the region report a severe or significant affordable housing problem in their area. Most prefer rental housing assistance to owner-occupied housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Recent Regional Advisory Committee meeting reports in Region 1 identified several areas of concern that could be addressed by the Department. Focus groups prioritized funding for emergency homeless shelters and energy assistance and weatherization activities. The lack of homebuyer education was also mentioned. The scarcity of affordable rental housing and the need to address the substandard housing problems in the area ranked as high concerns for the region. Finally, the lack of effective communication—including program marketing and public education on affordable housing—was identified as an issue requiring attention.

---

[53] Texas Comptroller of Public Accounts, "Texas Regional Outlook," http://www.window.state.tx.us/ecodata/regional/ (accessed July 19, 2004).

[54] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/databp.html (accessed August 8, 2004).

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The most recent Census data shows that 122,991 people in the region live in poverty, representing a 16.4 percent poverty rate. Almost 48 percent of the 29,555 renter households with extreme housing cost burden (paying more than 30 percent of income towards housing costs) earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 31 percent of the households with extreme housing cost burden. Only 17 percent of the households with extreme cost burden are low income and 4 percent are moderate income and above.

In Region 1 there are 1,638 renter households that lack kitchen and/or plumbing facilities. Almost one-third of them (553 households) earn under 30 percent of the area median income, 322 households earn between 31 and 50 percent, and 301 households earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 9,294 overcrowded renter households, almost 22 percent are extremely low income, 22 percent are very low income, another 28 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a lack of a strong expressed preference among the various rental assistance activities. For the respondents the renovation of existing rental housing and new housing development rank only slightly higher than rental payment assistance.

Single Family Housing Need

Region 1 has 3.7 percent of the state's owner households (28,912 households) with extreme housing cost burden. Almost 30 percent of that total is extremely low income households. 24 percent, or 7,021 households, are very low income; 24 percent are low income; and the rest are moderate income and above.

There are 1,154 owner households in Region 1 that lack kitchen and/or plumbing facilities; a significant number of these households are extremely low income (20 percent). Fourteen percent of the households lacking kitchen and/or plumbing are very low income and 19 percent are low income. Region 1 has 3.3 percent of the state's overcrowded owner households. Of the 9,245 overcrowded households, almost 10 percent are extremely low income. Thirteen percent are very low income, 26 percent are low income, and the remaining households are moderate income and above.

In the two metropolitan areas of the region, over 56 percent of the households have sufficient income to afford the median-priced home; this is slightly higher than the state average of 55 percent and lower than the national average of 52 percent.[55]

According to the Community Needs Survey respondents from Region 1, home purchase assistance is more important than the renovation of existing owner-occupied housing and the development of new owner-occupied housing.

Community Services Need

Region 1 has 4.5 percent of the state's poverty households; 8,897 households are elderly and 37,710 households are headed by individuals under 65 years of age. Fourteen percent of the Community Needs Survey respondents report a severe or significant homeless problem in their area; this is lower than the state average of 23 percent. There is a strong preference for specific TDHCA weatherization and energy activities. Utility payment assistance is more important than measures to increase energy efficiency and activities that repair and replace existing HVAC equipment. Energy-related education activities rank the lowest among energy assistance and weatherization activities for the region.

Housing Supply

According to the most recent US Census, there are 322,045 housing units in Region 1 and 288,175 are occupied. Of the total housing stock, almost 75 percent are one unit; 15.9 percent are over two units; and the rest are mobile homes, boats, and RVs.

The Department has assisted approximately 4,240 multifamily and 949 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 9,389 units. Almost all of these units are multifamily; there have been 25 homeownership units. The housing finance corporations in the region have produced 1,252 multifamily units and assisted 1,683 single family households.

Housing and Community Services Assistance for 2004 and 2005

The Department allocated $6,354,759 in Region 1 in 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Multifamily development accounted for 32 percent of the total dollar amount committed during the past year; the next largest activity was single family owner-occupied assistance activities with 27 percent of the total dollar amount committed. Multifamily rehabilitation was the third largest activity with 12 percent of the total committed amount. All of the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

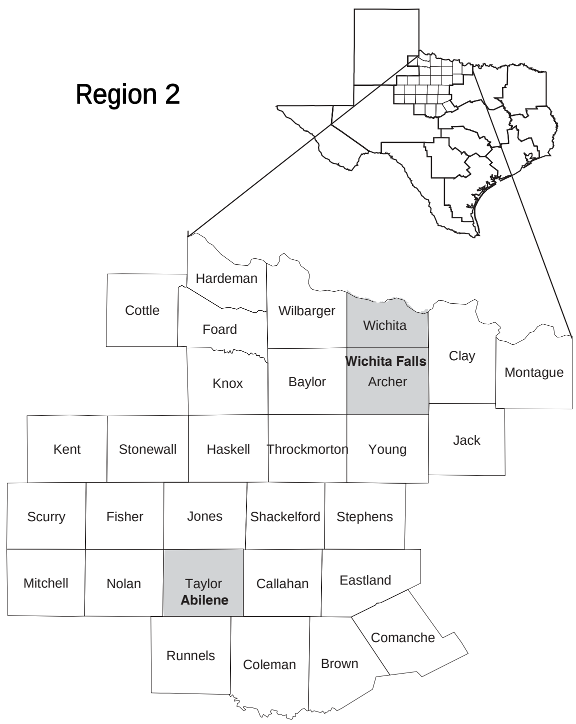
[55] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed July 19, 2004).

Region 1	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 6,354,759	$ 2,488,959		$ 2,296,343					$ 173,953	$ 1,395,504
Number Served	41,425	110		494					2,016	38,805
Multifamily Development										
Dollar Amount Committed	$ 2,014,277	$ 500,000		$ 1,514,277						
Number Served	219	47		172						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 782,066			$ 782,066						
Number Served	322			322						
Rental Payment Assistance										
Dollar Amount Committed	$ 199,680	$ 199,680								
Number Served	20	20								
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 100,000	$ 100,000								
Number Served	10	10								
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 1,689,279	$ 1,689,279								
Number Served	33	33								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,569,457								$ 173,953	$ 1,395,504
Number Served	40,821								2,016	38,805
Extremely Low Income										
Dollar Amount Committed	$ 1,030,820	$ 928,305		$ 102,514						
Number Served	63	45		18						
Very Low Income										
Dollar Amount Committed	$ 4,984,234	$ 1,220,949		$ 2,193,829					$ 173,953	$ 1,395,504
Number Served	41,345	48		476					2,016	38,805
Low Income										
Dollar Amount Committed	$ 339,705	$ 339,705								
Number Served	17	17								
Moderate Income and Up										
Dollar Amount Committed										
Number Served										

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 1 received approximately $3.4 million worth of single family assistance. Almost $38.3 million was spent in the region for a range of multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $2.3 million worth of HOME funds dedicated to either single family or multifamily activities. The housing finance corporations in Region 1 produced 151 multifamily units and assisted 39 single family households in 2004.

The Department's Regional Allocation Formula distributes 5.4 percent of the state's 2005 HOME funds to the region. Of that funding, 100 percent will go to rural areas, approximately $1,403,135. Region 1 also receives 4.3 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the tax credit allocation 31.9 percent will go to rural areas and 68.1 percent will go to urban areas.



REGION 2

Region 2 surrounds the metropolitan areas of Wichita Falls and Abilene, shaded in the figure to the left. The region has a majority rural population at 59 percent. A total of 549,267 people live in the area, or 2.6 percent of the state's population. Estimated population figures through 2003 show a slight decrease.[56]

The region's employment is expected to grow at the same rate that it has experienced since 1995, about 1 percent annual growth. According to the Texas Comptroller, delivering a high-tech educated workforce is one of the economic challenges of the region. Region 2 plays a smaller role in the state's economy than it did 30 years ago; other regions have experienced much higher rates of population and employment growth. The areas of economic specialization for the region include the oil and gas industries and the manufactured housing industry. Employment in the oil and gas industries has declined nationwide over the past decades, while the manufactured housing industry has experienced growth during the 1990s.[57]

There are 206,388 occupied housing units in the region: 69.1 percent are owner occupied and 30.9 percent are occupied by renters, according to 2000 Census data. Approximately 2.6 percent of the state's population lives in the area, but regional housing permits for 2003 represent only 0.5 percent of the state's total housing starts.[58]

Almost three-quarters of the respondents to the most recent Community Needs Survey in the region report a severe or significant affordable housing problem in their area. Most prefer rental housing assistance to owner-occupied housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Recent Regional Advisory Committee meeting attendees from Region 2 suggest that the department direct the limited housing assistance funding in the area towards existing housing stock rather than new construction. Also, duplicating housing assistance across state and federal funding types is inefficient and should be minimized. The focus group specified some areas in the TDHCA application process that could be improved. One suggestion was a renewal form for previous successful applicants rather than a full application. Another suggested that the application process for state funding is too complex and involves a lot of paperwork, and more training is required.

---

56 Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program," http://txsdc.tamu.edu/tpepp/ (accessed July 19, 2004).
57 Texas Comptroller of Public Accounts, "Texas Regional Outlook."
58 Real Estate Center at Texas A&M University, "Building Permit Activity."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate for Region 2 is 15 percent, representing 77,647 people. More than 45 percent of the 16,557 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent almost 35 percent of the households with extreme housing cost burden. Approximately 16.3 percent of the households are low income and 3.4 percent are moderate income and above.

In Region 2, 968 renter households lack kitchen and/or plumbing facilities. More than one-third of them earn under 30 percent of the area median income, 17 percent of the households earn between 31 and 50 percent, and 24.5 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 3,906 overcrowded renter households, more than 22 percent are extremely low income, 18 percent are very low income, another 30 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

Single Family Housing Need

Region 2 has 2.8 percent of the state's owner households with extreme housing cost burden, or 22,471 households. The region's share of owner households with extreme housing cost burden is higher than the region's share of the state's population at 2.6 percent. Slightly more than 30 percent of the owner households with extreme cost burden are extremely low income households. Twenty-six percent are very low income, 22 percent are low income, and the rest are moderate income and above.

There are 919 owner households in the region that lack kitchen and/or plumbing facilities; many of these households are extremely low income (27.5 percent). Seventeen percent of the households lacking kitchen and/or plumbing are very low income and 18.5 percent are low income. The remaining households are moderate income and above. Region 2 has 1.5 percent of the state's overcrowded owner households. Of the 4,325 overcrowded households, 9.5 percent are extremely low income. Almost 13 percent are very low income, 27 percent are low income, and the remaining households are moderate income and above.

In Abilene, one of the major metropolitan areas of the region, 75 percent of the households can afford the median-priced home. For Wichita Falls the percentage is 69; both of these rates are higher than the state average of 55 percent and the national average of 52 percent.[59]

According to the Community Needs Survey respondents from Region 2, the renovation of existing owner-occupied housing is much more important than home purchase assistance and the development of new owner-occupied housing.

Community Services Need

Region 2 has 3.2 percent of the state's poverty households; 8,100 households are elderly (4.2 percent of the state's total) and 23,414 households are headed by individuals under 65 years of age (2.8 percent of the state's total).

Twelve percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region; this is lower than the state average of 23 percent. Among the different types of homeless assistance, short-term homeless shelters rank higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 2 has a strong preference for utility payment assistance. Measures to increase energy efficiency and assistance with HVAC systems rank next in importance. Energy-related educational activities are the least preferred of the energy-related activities.

Housing Supply

According to the most recent US Census, there are 243,506 housing units in the region and 84 percent are occupied. Of the total housing stock, almost 77 percent are one unit; 12 percent are over two units; and the rest are mobile homes, boats, and RVs.

The Department has assisted approximately 3,530 multifamily and 700 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 7,503 units; all of this assistance has been multifamily. The housing finance corporations have produced 280 multifamily units and assisted 772 single family households.

Housing and Community Services Assistance

The Department allocated $4,342,563 in Region 2 in FY 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Single family owner-occupied assistance accounted for 40 percent of the total dollar amount committed during the past year; community affairs activities were the next largest activity group with 25 percent of the total dollar amount committed. All of the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

[59] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

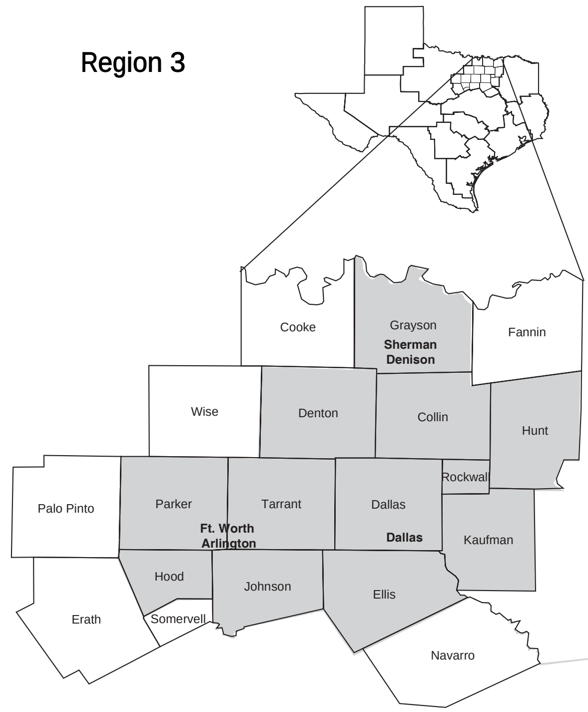
Region 2	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 4,342,563	$ 1,966,623		$ 1,093,653			$ 200,637		$ 108,910	$ 972,740
Number Served	13,048	52		139			70		2,600	10,187
Multifamily Development										
Dollar Amount Committed	$ 1,093,653			$ 1,093,653						
Number Served	139			139						
Multifamily Rehabilitation										
Dollar Amount Committed										
Number Served										
Rental Payment Assistance										
Dollar Amount Committed	$ 440,637	$ 240,000					$ 200,637			
Number Served	90	20					70			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed										
Number Served										
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 1,726,623	$ 1,726,623								
Number Served	32	32								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,081,650								$ 108,910	$ 972,740
Number Served	12,787								2,600	10,187
Extremely Low Income										
Dollar Amount Committed	$ 1,127,169	$ 920,903		$ 39,340			$ 166,926			
Number Served	84	27		5			52			
Very Low Income										
Dollar Amount Committed	$ 2,715,394	$ 545,720		$ 1,054,313			$ 33,711		$ 108,910	$ 972,740
Number Served	12,955	16		134			18		2,600	10,187
Low Income										
Dollar Amount Committed	$ 500,000	$ 500,000								
Number Served	9	9								
Moderate Income and Up										
Dollar Amount Committed										
Number Served										

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 2 received over $10.8 million worth of single family assistance in bond funds and various USDA homeownership loan programs. More than $17.3 million was spent in the region for a range of multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $1.2 million worth of HOME funds dedicated to either single family or multifamily activities. In 2004, the area housing finance corporations assisted 156 single family households with mortgages.

The Department's Regional Allocation Formula distributes 4.3 percent of the state's 2005 HOME funds to the region. Of that funding, 97.5 percent will go to rural areas, or approximately $1,083,904. Region 2 also receives 2.8 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Forty-five percent of the Housing Tax Credit funding will go to rural areas, about $506,070; and 55 percent will go to urban areas, approximately $609,941.

REGION 3



Region 3, including the metropolitan areas of Dallas, Fort Worth, Arlington, Sherman, and Denison, is the state's most populous region. Population estimates for 2003 report 5,898,978 people in the region.[60] That is a 7.5 percent change from Census 2000 figures, higher than the state increase of 5.6 percent.

The region's employment is expected to grow by 1.7 percent per year through 2005, slightly higher than the state's projected annual growth rate. The growth in Region 3 will be slower than it has been in the past; this may cause some challenges for the region while adjusting to this slower pace of economic growth. The annual increase of gross regional product over the past 30 years has been a remarkable 4.7 percent. The industry with the highest growth rate over the past 20 years is the business services industry. This reflects a growing trend towards outsourcing and an increasing number of specially trained contract workers. The healthcare industry is the sector with the second highest growth rate, reflecting national trends. Future growth will be concentrated in some areas that are well-suited to the region, computer services and health care.[61]

There are 2,004,826 occupied housing units in the region: 60.9 percent are owner-occupied and 39.1 percent are occupied by renters, according to 2000 Census data. Region 3 has the second highest rate of renter-occupied housing. Approximately 26.3 percent of the state's population lives in the area, and regional housing permits for 2003 represent 30.1 percent of the state's total housing starts.[62]

Almost three-quarters of the respondents to the most recent Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 3 identified problems, successes, and recommendations related to the suggested topics: communication, special needs, funding distribution, and education. Communication and education issues are basically very minor in Region 3. Overall, TDHCA has done a very good job of notifying potential applicants of funding and training opportunities and has disseminated appropriate information in a timely manner. A separation of rural and urban programs is strongly recommended. Special needs populations appear to be adequately served under the various programs and funding streams currently available. Some program regulations should be reviewed to

---

[60] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[61] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[62] Real Estate Center at Texas A&M University, "Building Permit Activity."

better serve this population. Funding distribution issues can be summarized by the fact that there is simply never enough money to adequately address all the needs in a state this large.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 10.9 percent, representing 588,688 people. More than 38 percent of the 206,011 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 33 percent of the households with extreme housing cost burden. Approximately 24 percent of the households are low income and the rest are moderate income and above.

In Region 3, 10,144 renter households lack kitchen and/or plumbing facilities, which is 23.6 percent of the state's total. Approximately 29 percent earn less than 30 percent of the area median income, almost 21 percent of the households earn between 31 and 50 percent, and 22 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 114,914 overcrowded renter households, almost 23 percent are extremely low income, 22.4 percent are very low income, another 26.5 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

Single Family Housing Need

Region 3 has 26.8 percent of the state's owner households with extreme housing cost burden, or 216,038 households. Slightly more than 23 percent of the owner households with extreme cost burden are extremely low income households. Nineteen percent are very low income, 26 percent are low income, and the rest are moderate income and above.

There are 6,044 owner households in the region that lack kitchen and/or plumbing facilities; almost 23 percent of these households are extremely low income. More than 14 percent of the households lacking kitchen and/or plumbing are very low income and 20 percent are low income. The remaining households are moderate income and above. Region 3 has 20.3 percent of the state's overcrowded owner households. Of the 57,504 overcrowded households, 10 percent are extremely low income. Sixteen percent are very low income, 29 percent are low income, and the remaining households are moderate income and above.

The areas with the highest percentage of households that can afford the median-priced home are Collin County, Denton County, Irving, and Sherman-Denison, all over 61 percent. Dallas has the lowest percentage at 57 percent.[63]

According to the Community Needs Survey respondents from Region 3, the renovation of existing owner-occupied housing is slightly more important than the development of new owner-occupied housing and home purchase assistance.

Community Services Need

Region 3 has 19.1 percent of the state's poverty households; 32,129 households are elderly (16.6 percent of the state's total) and 165,495 households are headed by individuals under 65 years of age (19.7 percent of the state's total).

Twenty-three percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 3 has a strong preference for utility payment assistance, reflecting the state trend. The repair and replacement of HVAC equipment ranks next in importance, followed by weatherization measures to increase energy efficiency. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 2,140,641 housing units in the region and 93.7 percent are occupied; this is the highest occupancy rate among all of the regions. Of the total housing stock, 64 percent are one unit; 30 percent are over two units; and the rest are mobile homes and boats.

The Department has assisted approximately 67,890 multifamily and 6,570 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 53,835 units; all but 54 have been multifamily. The housing finance corporations have assisted 13,221 multifamily units and 4,676 single family households in the region.

Housing and Community Services Assistance for 2004 and 2005

The Department allocated $150,842,908 in Region 3 in FY 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Multifamily development accounted for 83 percent of the total dollar amount committed during the past year. Almost 98 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

[63] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Region 3	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 150,842,908	$ 8,031,998	$ 249,600	$ 17,084,804	$ 9,640,091	$ 108,000,000	$ 2,320,078	$ 249,600	$ 838,834	$ 4,427,903
Number Served	71,059	344	8	4,332	93	1,796	454	8	24,124	39,900
Multifamily Development										
Dollar Amount Committed	$ 124,759,253	$ 1,607,226		$ 15,152,027		$ 108,000,000				
Number Served	5,828	80		3,952		1,796				
Multifamily Rehabilitation										
Dollar Amount Committed	$ 1,932,777			$ 1,932,777						
Number Served	380			380						
Rental Payment Assistance										
Dollar Amount Committed	$ 2,943,454	$ 623,376					$ 2,320,078			
Number Served	531	77					454			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 10,989,291	$ 850,000	$ 249,600		$ 9,640,091			$ 249,600		
Number Served	189	80	8		93			8		
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 4,951,396	$ 4,951,396								
Number Served	107	107								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 5,266,737								$ 838,834	$ 4,427,903
Number Served	64,024								24,124	39,900

Extremely Low Income										
Dollar Amount Committed	$ 6,501,222	$ 4,010,604		$ 496,548	$ 30,000		$ 1,964,070			
Number Served	617	179		80	1		357			
Very Low Income										
Dollar Amount Committed	$ 135,402,254	$ 1,798,723	$ 249,600	$ 16,588,256	$ 2,893,330	$ 108,000,000	$ 356,008	$ 249,600	$ 838,834	$ 4,427,903
Number Served	70,305	85	8	4,252	35	1,796	97	8	24,124	39,900
Low Income										
Dollar Amount Committed	$ 5,978,513	$ 2,222,670			$ 3,755,843					
Number Served	113	80			33					
Moderate Income and Up										
Dollar Amount Committed	$ 2,960,918				$ 2,960,918					
Number Served	24				24					

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 3 received over $32.6 million worth of single family assistance in bond funds and various USDA homeownership loan programs. More than $376.1 million was spent in the region for a range of multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $19.8 million worth of HOME funds dedicated to either single family or multifamily activities. In 2004, the housing finance corporations assisted 14 multifamily units with 7 other developments under construction. There were 175 single family households assisted by HFCs in 2004.

The Department's Regional Allocation Formula distributes 18.7 percent of the state's 2005 HOME funds to the region. Of that funding, 23.6 percent will go to rural areas, approximately $1,146,126. The other $3,715,913 will go to urban areas. Region 3 also receives 18.4 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Approximately 8.5 percent of the HTC allocation will go to rural areas and 91.5 percent will go to urban areas.

REGION 4

Region 4, located in the northeast corner of the state, surrounds the urban areas of Texarkana, Longview-Marshall, and Tyler. According to the 2000 Census, 4.9 percent of the state's population lives in Region 4, or 1,015,648 people. As indicated by population estimates through 2003, the region has experienced 2.8 percent growth; this is lower than the state increase of 5.6 percent.[64] Region 4 has the highest percentage of rural population in the state at 77.5 percent.

Similar to population trends, employment in the region over the next 5 years will increase at a slightly lower rate compared to the state. Region 4 is projected to grow at 1.3 percent each year and the state will grow by 1.6 percent. The region's share of the state's employment and gross regional product has declined between 1970 and 2000, partially due to extremely high growth rates in other regions. The industry with the highest growth rate over the past 20 years is the business services industry. This is a result of a growing trend towards outsourcing and an increasing number of specially trained contract workers. The healthcare industry is the sector with the second highest growth rate, reflecting national trends. Regional economic specialties include oil and gas and forest-related industries; both of these areas have experienced declining employment.[65]

There are 380,468 occupied housing units in the region; 73.8 percent are owner occupied and 26.2 percent are occupied by renters, according to 2000 Census data. Region 4 has the highest rate of owner-occupied housing among the Uniform State Service Regions. Approximately 4.9 percent of the state's population lives in the area, and regional housing permits for 2003 represent 1.25 percent of the state's total housing starts.[66]

Approximately 73 percent of the respondents to the most recent Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee attendees from Region 4 represented several sectors of the housing industry including private developers, nonprofits, housing authorities, and grant consultants. Some of the identified housing problems include the poor quality of affordable housing and existing obstacles to development such as prohibitive land costs, onerous lead-based paint restrictions, and building codes. Other identified housing problems include a lack of mortgage products for buyers of affordable housing

[64] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[65] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[66] Real Estate Center at Texas A&M University, "Building Permit Activity."

and a scarcity of housing development in downtown areas. Homebuyer and consumer education were mentioned as priorities for the region.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 15.7 percent, representing 152,036 people. Forty six percent of the 27,100 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 33.7 percent of the households with extreme housing cost burden. Approximately 16 percent of the households are low income and the remainder are moderate income and above.

In the region, 2,108 renter households lack kitchen and/or plumbing facilities; this is 5 percent of the state's total. Approximately 34 percent earn less than 30 percent of the area median income, 20 percent of the households earn between 31 and 50 percent, and 17 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn over 80 percent of the area median income. Of the 8,851 overcrowded renter households, 22 percent are extremely low income, 19 percent are very low income, another 25 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a slight preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

Single Family Housing Need

Region 4 has 6.1 percent of the state's owner households with extreme housing cost burden, or 49,419 households. Thirty-one percent of the owner households with extreme cost burden are extremely low income households. Twenty-three percent are very low income, 23 percent are low income, and the rest are moderate income and above.

There are 2,742 owner households in the region that lack kitchen and/or plumbing facilities; about 28 percent of these households are extremely low income. Sixteen percent of the households lacking kitchen and/or plumbing are very low income and 19 percent are low income. The remaining households are moderate income and above. Region 4 has 3.6 percent of the state's overcrowded owner households. Of the 10,259 overcrowded households, 12 percent are extremely low income. Fourteen percent are very low income, 24 percent are low income, and the remaining households are moderate income and above.

In the urban area of Longview-Marshall, approximately 65 percent of the households can afford the median-priced home. For Tyler the figure is 58 percent.[67]

The Community Needs Survey respondents from Region 4 do not express any preference for the different types of owner-occupied housing assistance. The renovation of existing housing, purchase assistance, and new housing development all rank about the same in importance.

Community Services Need

Region 4 has 5.7 percent of the state's poverty households; 15,592 households are elderly (8.1 percent of the state's total) and 43,499 households are headed by individuals under 65 years of age (5.2 percent of the state's total).

Twenty percent of the Community Needs Survey respondents report a severe or significant homeless problem in their area. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 4 has a strong preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 434,792 housing units in the region and 87.5 percent are occupied. Of the total housing stock, 71 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs.

The Department has assisted approximately 7,050 multifamily and 1,371 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 9,826 multifamily units in Region 4. The housing finance corporations in the region have created 706 multifamily units and assisted 689 single family households.

Housing and Community Services Assistance

The Department allocated $14,410,952 in Region 4 in FY 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Single family owner-occupied assistance accounted for 56 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 18 percent of the total dollar amount committed. All the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

[67] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Region 4	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 14,410,952	$ 10,736,491		$ 1,821,979	$ 102,645				$ 215,835	$ 1,534,002
Number Served	26,930	304		326	3				12,178	14,119
Multifamily Development										
Dollar Amount Committed	$ 2,552,336	$ 1,500,000		$ 1,052,336						
Number Served	171	29		142						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 769,643			$ 769,643						
Number Served	184			184						
Rental Payment Assistance										
Dollar Amount Committed	$ 733,311	$ 733,311								
Number Served	83	83								
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 522,392	$ 419,747			$ 102,645					
Number Served	45	42			3					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 8,083,433	$ 8,083,433								
Number Served	150	150								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,749,837								$ 215,835	$ 1,534,002
Number Served	26,297								12,178	14,119

Extremely Low Income										
Dollar Amount Committed	$ 6,105,392	$ 6,105,392								
Number Served	159	159								
Very Low Income										
Dollar Amount Committed	$ 5,767,579	$ 2,093,118		$ 1,821,979	$ 102,645				$ 215,835	$ 1,534,002
Number Served	26,705	79		326	3				12,178	14,119
Low Income										
Dollar Amount Committed	$ 2,537,982	$ 2,537,982								
Number Served	66	66								
Moderate Income and Up										
Dollar Amount Committed										
Number Served										

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 4 received over $5.7 million worth of single family assistance in the form of various USDA homeownership loan programs. Approximately $32.6 million was spent in the region for a range of multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $1 million worth of HOME funds dedicated to either single family or multifamily activities. There is one housing finance corporation–assisted multifamily development under construction in the region.

The Department's Regional Allocation Formula distributes 11.6 percent of the state's 2005 HOME funds to the region. Of the approximate $3,021,376 total, 78.5 percent will go to rural areas. Region 4 also receives 5 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the Housing Tax Credit funding, 46.1 percent will go to rural areas and 53.9 percent will go to urban areas.

REGION 5

Region 5 encompasses a 15-county area in east Texas including the urban areas of Beaumont and Port Arthur. According to the 2000 Census, 740,952 people live in the region. Most of the population lives in rural areas, over 70 percent. Population estimates through 2003 show a 1.3 percent growth rate for the area, compared to the 5.6 percent growth for the state as a whole.[68]

Over the next few years to 2005, the employment in the area is expected to grow at the same rate it did for the period of 1995 to 2000, 1.5 percent. The region's share of the state's employment, population, and gross regional product has declined between 1970 and 2000. The industry with the highest growth rate over the past 20 years is the business services industry. This reflects a growing trend towards outsourcing and an increasing number of specially trained contract workers. The healthcare industry is the sector with the second highest growth rate, same as national trends. The regional economic specialties include the oil and gas industries and the forest-related industries, both of these areas have experienced declining employment numbers.[69]

There are 275,122 occupied housing units in the region, 73.4 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 3.6 percent of the state's population lives in the area, and regional housing permits for 2003 represent 1.07 percent of the state's total housing starts.[70]

Approximately 80 percent of the respondents to the most recent Community Needs Survey report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

The Regional Advisory Committee meeting attendees agreed that there has been no progress made in addressing the housing crisis since the RAC last year. If anything, the region's needs are greater and the resources are more limited. A local organization reported that a recent homeless count in the region indicates that homelessness has risen significantly since last year. It was observed that until mayors, county judges, commissioners, and council members attend the RAC, very little will be accomplished. The group felt that there is not the social awareness, nor the political will, to address the housing issue.

[68] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[69] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[70] Real Estate Center at Texas A&M University, "Building Permit Activity."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is approximately 17.1 percent, higher than the state rate of 15.4 percent. More than 50 percent of the 21,116 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 33 percent of the households with extreme housing cost burden. Approximately 14 percent of the households are low income and remainder are moderate income and above.

In the region, 1,460 renter households lack kitchen and/or plumbing facilities; this is 3.4 percent of the state's total. Approximately 38 percent earn less than 30 percent of the area median income, more than 20 percent of the households earn between 31 and 50 percent, and 19 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 6,868 overcrowded renter households, 29 percent are extremely low income, 18 percent are very low income, another 22 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over other rental housing activities. The renovation of existing housing is more important than rental payment assistance in the region.

Single Family Housing Need

Region 5 has 4.1 percent of the state's owner households with extreme housing cost burden, or 32,849 households. Slightly more than 36 percent of the owner households with extreme cost burden are extremely low income households. Twenty-three percent are very low income, 21.4 percent are low income, and the rest are moderate income and above.

There are 1,876 owner households in the region that lack kitchen and/or plumbing facilities; almost 30 percent of these households are extremely low income. Approximately 13 percent of the households lacking kitchen and/or plumbing are very low income; 20 percent are low income. The remaining households are moderate income and above. Region 5 has 3 percent of the state's overcrowded owner households. Of the 8,491 overcrowded households, 11 percent are extremely low income. Approximately 11 percent are very low income, 23 percent are low income, and the remaining households are moderate income and above.

In the Port Arthur area, 68 percent of the households can afford the median-priced home. For Lufkin the figure is 66 percent.[71]

[71] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

The Community Needs Survey respondents from Region 5 express a slight preference for new housing development; the renovation of existing housing and purchase assistance ranked next in importance.

Community Services Need

Region 5 has 4.6 percent of the state's poverty households; 11,148 households are elderly (5.8 percent of the state's total) and 36,076 households are headed by individuals under 65 years of age (4.3 percent of the state's total).

Twenty-one percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 5 has a strong preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 325,047 housing units in the region and 84.7 percent are occupied. Of the total housing stock, 69.3 percent are one unit, 11 percent are over two units, and 18.6 percent are mobile homes. Boats and RVs make up the rest of the housing stock.

The Department has assisted approximately 5,260 multifamily and 1,050 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 10,897 units, most have been multifamily units. The housing finance corporations in the region have assisted 860 multifamily units and 214 single family households.

Housing and Community Services Assistance for 2004 and 2005

The Department allocated $8,427,014 in Region 5 in FY 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Single family owner-occupied assistance accounted for 31 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 30 percent of the total dollar amount committed. All of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

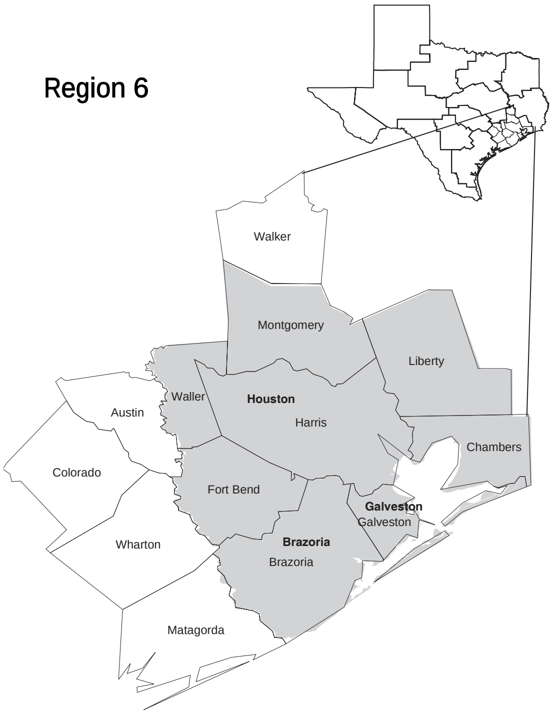
Region 5	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 8,427,014	$ 4,658,960		$ 2,318,324	$ 58,212				$ 199,841	$ 1,191,677
Number Served	15,460	191		609	2				1,674	12,984
Multifamily Development										
Dollar Amount Committed	$ 2,499,926	$ 1,009,999		$ 1,489,927						
Number Served	189	36		153						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 828,397			$ 828,397						
Number Served	456			456						
Rental Payment Assistance										
Dollar Amount Committed	$ 562,621	$ 562,621								
Number Served	69	69								
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 483,212	$ 425,000			$ 58,212					
Number Served	41	39			2					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 2,661,340	$ 2,661,340								
Number Served	47	47								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,391,518								$ 199,841	$ 1,191,677
Number Served	14,658								1,674	12,984

Region 5	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
Extremely Low Income										
Dollar Amount Committed	$ 2,968,298	$ 2,968,298								
Number Served	107	107								
Very Low Income										
Dollar Amount Committed	$ 4,719,686	$ 951,632		$ 2,318,324	$ 58,212				$ 199,841	$ 1,191,677
Number Served	15,310	41		609	2				1,674	12,984
Low Income										
Dollar Amount Committed	$ 739,030	$ 739,030								
Number Served	43	43								
Moderate Income and Up										
Dollar Amount Committed										
Number Served										

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 5 received over $6.9 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $46.9 million was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $2.1million worth of HOME funds dedicated to either single family or multifamily activities. The area housing finance corporations assisted 63 single family households in the region.

The Department's Regional Allocation Formula distributes 6.2 percent of the state's 2005 HOME funds to the region, about $1,620,998. Of that funding, 85.9 percent will go to rural areas. Region 5 also receives 3 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the total Housing Tax Credit funding 59.9 percent will go to rural areas and 40.1 percent will go to urban areas.



REGION 6

Region 6 includes the urban areas of Houston, Brazoria, and Galveston. According to the US Census, 4,854,454 people live in the region. Over 66 percent of the population lives in urban areas. Population estimates through January 2003 show a 6.8 percent increase, higher than the state as a whole.[72]

Employment in the region is projected to grow at 1.6 percent, the same annual growth rate as the state. Region 6 was one of the fastest growing areas in the state over the past 30 years. There have been three distinct economic eras in the region's history. From 1970 to 1982, employment grew at a 5.7 percent annual rate. From 1982 to 1988, there was no change in the rate, and from 1988 to 2000, the region has seen a 2.8 percent growth rate. These eras reflect the region's history with the oil and gas industry and the real estate business. The industry with the highest employment growth since 1980 is services to business. The healthcare industry is the sector with the second highest growth rate, reflecting national trends. The main regional economic specialty is oil and gas.[73]

There are 1,702,792 occupied housing units in the region, 60.9 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 23.3 percent of the state's population lives in the area, and regional housing permits for 2003 represent 32.4 percent of the state's total housing starts.[74]

Approximately 77 percent of the respondents to the most recent Community Needs Survey report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 6 identified problems, successes, and recommendations related to the suggested topics: communication, special needs, funding distribution, and education. Some of the successes of communication include a local clearinghouse of housing related information, and the TDHCA website. The meeting attendees agreed that TDHCA could improve the use of local media outlets. Special needs as a category is not adequately nor consistently defined. TDHCA has improved its funding distribution to rural areas, although there is room for improvement. It was noted that there are not funds for educational programs.

[72] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[73] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[74] Real Estate Center at Texas A&M University, "Building Permit Activity."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 13.8 percent. Approximately 43 percent of the 168,355 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 33 percent of the households with extreme housing cost burden. Approximately 19 percent of the households are low income and the remainder percent are moderate income and above.

In the region, 9,614 renter households lack kitchen and/or plumbing facilities; this is 22 percent of the state's total. Approximately 34 percent earn less than 30 percent of the area median income, almost 20 percent of the households earn between 31 and 50 percent, and 21 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 117,586 overcrowded renter households, 25 percent are extremely low income, approximately 24 percent are very low income, another 25.6 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over other rental housing activities. The renovation of existing housing is more important than rental payment assistance in the region.

Single Family Housing Need

Region 6 has 21 percent of the state's owner households with extreme housing cost burden, or 173,411 households. Approximately 26 percent of the owner households with extreme cost burden are extremely low income households. Twenty percent are very low income, 24.2 percent are low income, and the rest are moderate income and above.

There are 6,691 owner households in the region that lack kitchen and/or plumbing facilities; almost 25 percent of these households are extremely low income. Almost 15 percent of the households lacking kitchen and/or plumbing are very low income and 19 percent are low income. The remaining households are moderate income and above. Region 6 has 23.3 percent of the state's overcrowded owner households. Of the 66,212 overcrowded households, 11 percent are extremely low income. Sixteen percent are very low income, 27.6 percent are low income, and the remaining households are moderate income and above.

In the Houston area, approximately 56 percent of the households can afford the median-priced home. For Fort Bend and Montgomery County the figure is 68 and 65 percent, respectively.[75]

[75] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

The Community Needs Survey respondents from Region 6 express a slight preference for new housing development; the renovation of existing housing and purchase assistance rank next in importance.

Community Services Need

Region 6 has 20.5 percent of the state's poverty households; 32,192 households are elderly (16.7 percent of the state's total) and 179,586 households are headed by individuals under 65 years of age (21.4 percent of the state's total).

Thirty-two percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 6 has a strong preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 1,853,854 housing units in the region and 91.9 percent are occupied. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; and the rest are mobile homes, RVs, and boats.

The Department has assisted approximately 54,680 multifamily and 5,300 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 28,052 units, most have been multifamily units. The housing finance corporations in the region have assisted 31,530 multifamily units and 1,561 single family households.

Housing and Community Services Assistance for 2004 and 2005

The Department allocated $155,213,823 in Region 6 in FY 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Multifamily development accounted for 82 percent of the total dollar amount committed during the past year. Approximately 98 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

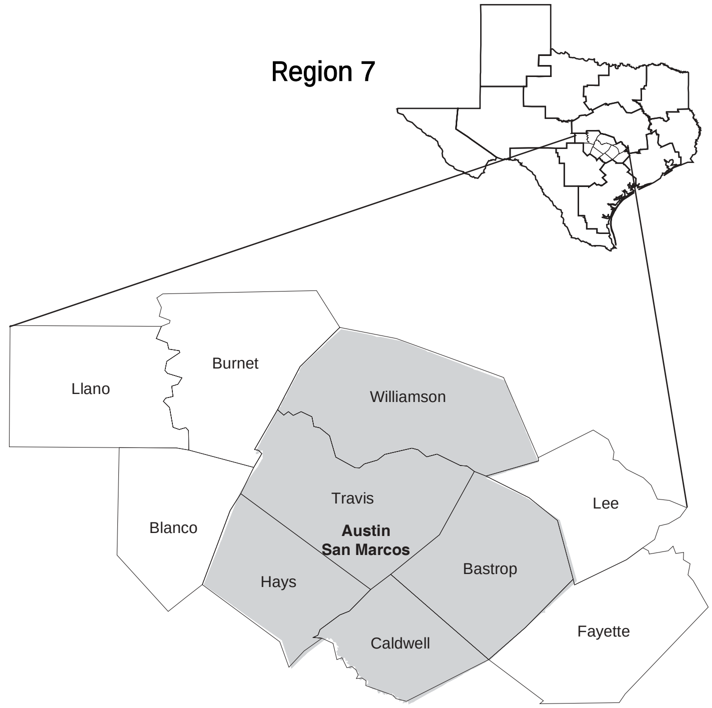
Region 6	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 155,213,823	$ 7,411,526	$ 200,000	$ 26,504,306	$ 8,786,278	$ 100,245,000	$ 6,101,168		$ 915,969	$ 5,049,576
Number Served	56,714	409	90	7,846	90	1,772	1,242		23,320	21,945
Multifamily Development										
Dollar Amount Committed	$ 126,514,796	$ 3,122,436	$ 200,000	$ 22,947,360		$ 100,245,000				
Number Served	8,662	225	90	6,575		1,772				
Multifamily Rehabilitation										
Dollar Amount Committed	$ 3,556,946			$ 3,556,946						
Number Served	1,271			1,271						
Rental Payment Assistance										
Dollar Amount Committed	$ 6,334,916	$ 233,748					$ 6,101,168			
Number Served	1,267	25					1,242			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 9,316,278	$ 530,000			$ 8,786,278					
Number Served	178	88			90					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 3,525,342	$ 3,525,342								
Number Served	71	71								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 5,965,545								$ 915,969	$ 5,049,576
Number Served	45,265								23,320	21,945
Extremely Low Income										
Dollar Amount Committed	$ 10,738,947	$ 3,896,417	$ 20,000	$ 1,221,429			$ 5,601,101			
Number Served	1,507	201	9	228			1,069			
Very Low Income										
Dollar Amount Committed	$ 136,657,209	$ 2,069,614	$ 180,000	$ 25,282,877	$ 2,414,105	$ 100,245,000	$ 500,067		$ 915,969	$ 5,049,576
Number Served	55,067	124	81	7,618	34	1,772	173		23,320	21,945
Low Income										
Dollar Amount Committed	$ 5,033,894	$ 1,445,494			$ 3,588,400					
Number Served	117	84			33					
Moderate Income and Up										
Dollar Amount Committed	$ 2,783,773				$ 2,783,773					
Number Served	23				23					

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 6 received over $41.9 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $333.5 million was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $21.9 million worth of HOME funds dedicated to either single family or multifamily activities. In 2004, the area Housing finance corporations produced 1456 multifamily units. There were 355 single family households assisted by HFCs in 2004.

The Department's Regional Allocation Formula distributes 10.3 percent of the state's 2005 HOME funds to the region. Of that funding, 32.5 percent, approximately $873,299 will go to rural areas; the other 67.5 percent will go to urban areas. Region 6 also receives 19.5 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the Housing Tax Credit funding, 7.6 percent will go to rural areas and 92.4 percent will go to urban areas.

REGION 7



The urban area of Austin-San Marcos is at the center of Region 7. According to the US Census, 1,346,833 people live in the region. Over 68 percent of the population lives in urban areas. Population estimates through January 2003 show a 7.5 percent increase, the second highest growth in the state.[76]

Employment in the region is projected to grow at 1.2 percent between 2000 and 2005. The rate will pick up during the latter part of the period. Region 7 was the fastest growing area in the state over the past 30 years; the region's share of the state's growth has increased as well. The areas with the highest employment growth since 1980 are services to business and high tech, communications, aviation, and electronics. The high tech growth that occurred during the late 1980s and 1990s is due to Region 7 companies such as Dell, IBM, Motorola, Samsung, MCC, and AMD. The region has experienced a recent economic decline in the high tech areas and will require time to rebound.[77]

There are 510,555 occupied housing units in the region, 60 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 6.5 percent of the state's population lives in the area, and regional housing permits for 2003 represent 9.1 percent of the state's total housing starts.[78]

Approximately 91 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem; this is the highest percentage in the state. There is a preference for rental housing assistance over owner-occupied housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 7 discussed three issues: the definition of affordable housing; the trends and issues for the region; and which programs are working towards the goal of increasing the supply of affordable housing. Meeting attendees identified two segments of population in need of affordable housing: the working poor and very low income households. These two segments require unique solutions. Affordable housing is a regional problem that lacks regional attention. As the region's population continues to increase and wages remain stable, there will be a lack of affordable homes for workers near their jobs. The group identified specific programs that work well, including the City of Austin's Neighborhood Planning Program, Section 8 housing voucher program, and the Texas Jump Start financial literacy program.

[76] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[77] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[78] Real Estate Center at Texas A&M University, "Building Permit Activity."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 11.1 percent. Approximately 41 percent of the 68,118 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent about 32 percent of the households with extreme housing cost burden. Twenty-three percent of the households are low income and the remainder are moderate income and above.

In the region, 2,869 renter households lack kitchen and/or plumbing facilities; this is 6.7 percent of the state's total. Approximately 41 percent earn less than 30 percent of the area median income, almost 20 percent of the households earn between 31 and 50 percent, and another 20 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 22,581 overcrowded renter households, 24 percent are extremely low income, 23 percent are very low income, another 25 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a slight preference for renovation of existing housing over other rental housing activities. Rental payment assistance is more important than in the region new housing development.

Single Family Housing Need

Region 7 has seven percent of the state's owner households with extreme housing cost burden, or 56,638 households. Slightly more than 20 percent of the owner households with extreme cost burden are extremely low income households. Almost 18 percent are very low income, 28.7 percent are low income, and the rest are moderate income and above.

There are 2,013 owner households in the region that lack kitchen and/or plumbing facilities; almost 26 percent of these households are extremely low income. More than 14 percent of the households lacking kitchen and/or plumbing are very low income and 21 percent are low income. The remaining households are moderate income and above. Region 7 has 4.3 percent of the state's overcrowded owner households. Of the 12,315 overcrowded households, 8.4 percent are extremely low income. Almost 17 percent are very low income, 28.4 percent are low income, and the remaining households are moderate income and above.

In the Austin area, approximately 64 percent of the households can afford the median-priced home.[79]

[79] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

The Community Needs Survey respondents from Region 7 express a slight preference for the renovation of existing housing; purchase assistance and new housing development rank next in importance.

Community Services Need

Region 7 has 5.1 percent of the state's poverty households; 6,601 households are elderly (3.5 percent of the state's total) and 46,549 households are headed by individuals under 65 years of age (5.5 percent of the state's total).

Twenty-nine percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 7 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 545,761 housing units in the region and 93.5 percent are occupied. Of the total housing stock, 62 percent are one unit, 30 percent are over two units, and the rest are mobile homes, boats.

The Department has assisted approximately 18,125 multifamily and 4,450 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 10,454 units; all but 30 units have been multifamily. The housing finance corporations have produced 6,334 multifamily units; and assisted 1,082 single family households.

Housing and Community Services Assistance for 2004 and 2005

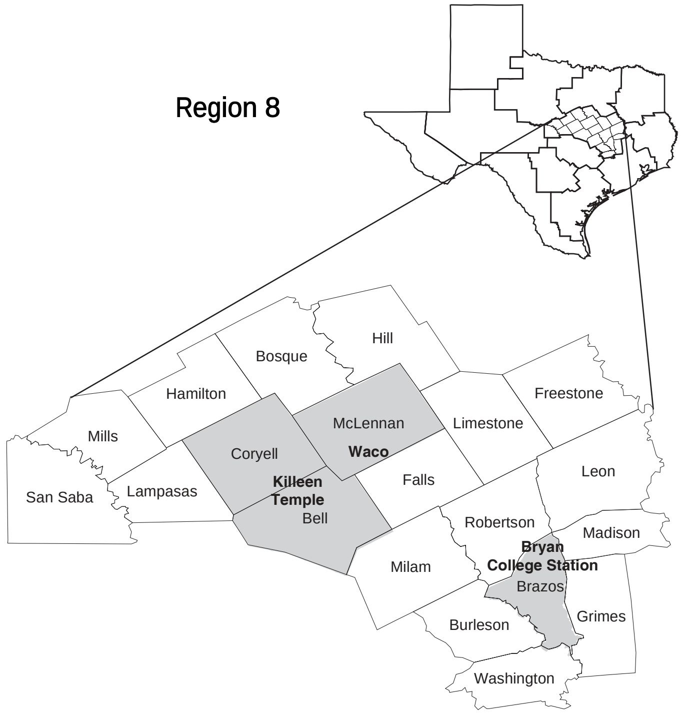
The Department allocated $91,222,656 in Region 7 in FY 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Single family financing and homebuyer assistance accounted for 75 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 19 percent of the total dollar amount committed. Approximately 79 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 7	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 91,222,656	$ 3,513,305	$ 509,559	$ 3,831,220	$ 68,353,577	$ 13,000,000	$ 436,092		$ 250,579	$ 1,328,324
Number Served	33,719	140	124	990	535	240	88		3,050	28,552
Multifamily Development										
Dollar Amount Committed	$ 17,340,779		$ 509,559	$ 3,831,220		$ 13,000,000				
Number Served	1,354		124	990		240				
Multifamily Rehabilitation										
Dollar Amount Committed										
Number Served										
Rental Payment Assistance										
Dollar Amount Committed	$ 619,286	$ 183,194					$ 436,092			
Number Served	104	16					88			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 68,675,259	$ 321,682			$ 68,353,577					
Number Served	600	65			535					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 3,008,429	$ 3,008,429								
Number Served	59	59								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,578,903								$ 250,579	$ 1,328,324
Number Served	31,602								3,050	28,552
Extremely Low Income										
Dollar Amount Committed	$ 2,869,534	$ 1,721,038	$ 12,328		$ 729,561		$ 406,607			
Number Served	149	64	3		8		74			
Very Low Income										
Dollar Amount Committed	$ 43,192,125	$ 174,765	$ 497,231	$ 3,831,220	$ 24,080,521	$ 13,000,000	$ 29,485		$ 250,579	$ 1,328,324
Number Served	33,185	6	121	990	212	240	14		3,050	28,552
Low Income										
Dollar Amount Committed	$ 25,698,062	$ 1,617,501			$ 24,080,561					
Number Served	248	70			178					
Moderate Income and Up										
Dollar Amount Committed	$ 19,462,934				$ 19,462,934					
Number Served	137				137					

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 7 received over $28.7 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $82.8 million was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $4.7 million worth of HOME funds dedicated to either single family or multifamily activities. There were 135 single family households assisted by the area housing finance corporations in 2004.

The Department's Regional Allocation Formula distributes 4.2 percent of the state's 2005 HOME funds to the region. Of that funding, 51.2 percent will go to rural areas, approximately $554,654. The remaining $529,350 will go to urban areas. Region 7 also receives 7 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the Housing Tax Credit funding, 7.5 percent, or $211,087, will go to rural areas and 92.5 percent, or $2,604,048 will go to urban areas.



REGION 8

Region 8, located in the center of the state, surrounds the urban areas of Waco, Bryan, College Station, Killeen, and Temple. According to the US Census, 963,139 people live in the region. Over 55 percent of the population lives in urban areas. Population estimates through January 2003 show a 3.7 percent increase.[80]

Employment in the region is projected to grow at 1.3 percent between 2000 and 2005. The region, one of the fastest growing areas in the state in the past, will not continue to experience such high rates of growth. The areas with the highest employment growth since 1980 are services to business, tourism, and personal services. The growth in tourism and personal services is a reflection of the wealth effect of growing per-capita personal income. The industries that are projected to add the most jobs through 2005 include state and local government, eating and drinking places, and health services.[81]

There are 344,575 occupied housing units in the region, 61 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 4.6 percent of the state's population lives in the area, and regional housing permits for 2003 represent 3.14 percent of the state's total housing starts.[82]

Approximately 76 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 8 identified problems, successes, and recommendations related to the suggested topics: communication, special needs, funding distribution, and education. The group discussed the definition of affordable housing versus subsidized housing and the need for elected officials to possess a complete understanding of the affordable housing programs available. The meeting attendees identified a need for homeless shelters to address the problem of persons living in abandoned or condemned housing in the region. There is a need for solid demographic information on the special needs populations in the area. With regard to the current funding distribution, the group identified a need for rental and owner housing in rural areas. The application process for housing funds is complex and daunting. There is a problem with overcrowded housing and a need for

[80] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[81] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[82] Real Estate Center at Texas A&M University, "Building Permit Activity"

housing infill programs. The group identified a desire for additional homebuyer education counseling and improved communication regarding funding opportunities.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 16.7 percent. Approximately 47 percent of the 42,797 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent almost 30 percent of the households with extreme housing cost burden. Approximately 19 percent of the households are low income and the remainder are moderate income and above.

In the region, 1,831 renter households lack kitchen and/or plumbing facilities; this is 4.3 percent of the state's total. Approximately 33 percent earn less than 30 percent of the area median income, more than 19 percent of the households earn between 31 and 50 percent, and 19.4 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 12,409 overcrowded renter households, 23 percent are extremely low income, 18 percent are very low income, another 28 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a slight preference for renovation of existing housing over other rental housing activities. Rental payment assistance is more important than in the region new housing development.

Single Family Housing Need

Region 8 has 4.5 percent of the state's owner households with extreme housing cost burden, or 36,129 households. Twenty-seven percent of the owner households with extreme cost burden are extremely low income households. Twenty-one percent are very low income, 25 percent are low income, and the rest are moderate income and above.

There are 1,798 owner households in the region that lack kitchen and/or plumbing facilities; 26.5 percent of these households are extremely low income. Just over 19 percent of the households lacking kitchen and/or plumbing are very low income and 18.4 percent are low income. The remaining households are moderate income and above. Region 8 has 3.1 percent of the state's overcrowded owner households. Of the 8,900 overcrowded households, 8.3 percent are extremely low income. Almost 12 percent are very low income, 26 percent are low income, and the remaining households are moderate income and above.

In the Bryan-College Station area only approximately 41 percent of the households can afford the median-priced home. For Killeen-Fort Hood, 75 percent can afford the median-priced home.[83]

The Community Needs Survey respondents from Region 8 express a slight preference for the renovation of existing housing; purchase assistance and new housing development rank next in importance.

Community Services Need

Region 8 has 5.6 percent of the state's poverty households; 10,531 households are elderly (5.4 percent of the state's total) and 47,640 households are headed by individuals under 65 years of age (5.7 percent of the state's total).

Twenty-seven percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 8 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 387,627 housing units in the region and 88.9 percent are occupied. Of the total housing stock, 67 percent are one unit, 20 percent are over two units, 12 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 8,630 multifamily and 1,873 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 12,769 units; all but 280 units have been multifamily. The housing finance corporations in Region 8 have assisted 104 multifamily households and 848 single family households.

Housing and Community Services Assistance for 2004 and 2005

The Department allocated $8,088,769in Region 8 in FY 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Single family owner-occupied assistance accounted for 31 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 26 percent of the total dollar amount committed. All of the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

[83] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

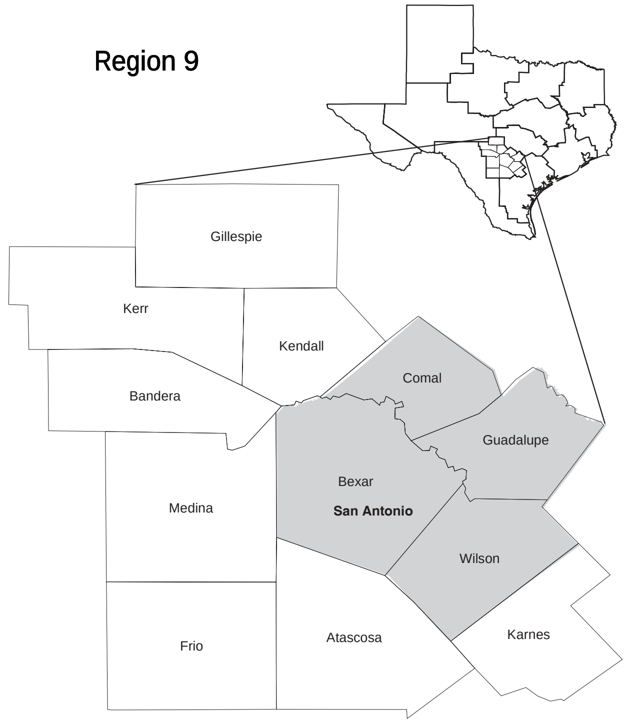
Region 8	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 8,088,769	$ 3,245,991		$ 2,114,171	$ 1,070,280		$ 53,928		$ 214,209	$ 1,390,190
Number Served	16,566	124		289	16		18		3,620	12,499
Multifamily Development										
Dollar Amount Committed	$ 2,114,171			$ 2,114,171						
Number Served	289			289						
Multifamily Rehabilitation										
Dollar Amount Committed										
Number Served										
Rental Payment Assistance										
Dollar Amount Committed	$ 310,356	$ 256,428					$ 53,928			
Number Served	38	20					18			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 1,528,920	$ 458,640			$ 1,070,280					
Number Served	71	55			16					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 2,530,923	$ 2,530,923								
Number Served	49	49								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,604,399								$ 214,209	$ 1,390,190
Number Served	16,119								3,620	12,499
Extremely Low Income										
Dollar Amount Committed	$ 1,497,415	$ 1,368,745		$ 80,470			$ 48,200			
Number Served	56	30		11			15			
Very Low Income										
Dollar Amount Committed	$ 4,552,756	$ 517,632		$ 2,033,701	$ 391,297		$ 5,728		$ 214,209	$ 1,390,190
Number Served	16,439	30		278	9		3		3,620	12,499
Low Income										
Dollar Amount Committed	$ 1,712,342	$ 1,359,615			$ 352,727					
Number Served	68	64			4					
Moderate Income and Up										
Dollar Amount Committed					$ 326,256					
Number Served					3					

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 8 received over $8.2 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $43.7 million was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $3.4 million worth of HOME funds dedicated to either single family or multifamily activities. The housing finance corporations assisted 74 single family households in 2004.

The Department's Regional Allocation Formula distributes 4.1 percent of the state's 2005 HOME funds to the region. Of that funding, 69.7 percent will go to rural areas, approximately $748,314. The other 30.3 percent will go to urban areas. Region 8 also receives 6 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the Housing Tax Credit funding, 22 percent will go to rural areas and 78 percent will go to urban areas.

REGION 9



San Antonio is the main metropolitan area in Region 9. According to the US Census, 1,807,868 people live in the region, 73 percent in urban areas. Population estimates through January 2003 show a 5.2 percent increase.[84]

Employment in the region is projected to grow at the same rate as the state, 1.6 percent annual increase between 2000 and 2005. The region experienced high growth rates in the 1990s, while the growth will continue; it will not be as dramatic as before. The region's growth has remained strong over the past few decades partially because the region is not dependent on the oil and gas industries. The areas with the highest employment growth since 1980 are services to business, high tech, communications, tourism, and personal services. The growth in the high tech, communications, aviation, and electronics industry reflects the siting of Southwestern Bell in the region. The industries that are projected to add the most jobs through 2005 include retail, local government, construction, and eating and drinking places.[85]

There are 636,796 occupied housing units in the region, 65 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 8.7 percent of the state's population lives in the area, and regional housing permits for 2003 represent 7.6 percent of the state's total housing starts.[86]

Approximately 79 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is no clear preference for owner-occupied housing assistance or rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 9 identified problems, successes, and recommendations related to the suggested topics related to affordable housing: communication, special needs, funding distribution, and education. The group concluded that although more funding would close the gap between the need for affordable housing and the supply, funding alone is not the answer. The process needs to be improved for both private and public entities. The group expressed a desire to receive feedback from TDHCA on the points and issues raised in the RAC meetings.

[84] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[85] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[86] Real Estate Center at Texas A&M University, "Building Permit Activity."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 267,118 people that live in poverty in the region, a poverty rate of 15.2 percent. Approximately 39 percent of the 62,012 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 31.4 percent of the households with extreme housing cost burden. Approximately 23 percent of the households are low income and the remainder are moderate income and above.

In the region, 3,284 renter households lack kitchen and/or plumbing facilities; this is 7.6 percent of the state's total. Approximately 35 percent earn less than 30 percent of the area median income, more than 14 percent of the households earn between 31 and 50 percent, and 23 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 28,877 overcrowded renter households, 25 percent are extremely low income, 21 percent are very low income, another 25.5 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a slight preference for new housing development over other rental housing activities. Rental payment assistance is more important in the region than the renovation of existing housing.

Single Family Housing Need

Region 9 has 8.9 percent of the state's owner households with extreme housing cost burden, or 71,630 households. Slightly more than 24 percent of the owner households with extreme cost burden are extremely low income households. Twenty percent are very low income; 24 percent are low income; and the rest are moderate income and above.

There are 3,270 owner households in the region that lack kitchen and/or plumbing facilities; approximately 22 percent of these households are extremely low income. Just over 20 percent of the households lacking kitchen and/or plumbing are very low income and 19 percent are low income. The remaining households are moderate income and above. Region 9 has 9 percent of the state's overcrowded owner households. Of the 25,439 overcrowded households, 10 percent are extremely low income. Sixteen percent are very low income, 26 percent are low income, and the remaining households are moderate income and above.

In the San Antonio area approximately 63 percent of the households can afford the median-priced home.[87]

[87] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

The Community Needs Survey respondents from Region 9 do not express a preference for the renovation of existing housing, purchase assistance, or new housing development.

Community Services Need

Region 9 has 8.5 percent of the state's poverty households; 17,887 households are elderly (9.34 percent of the state's total) and 70,207 households are headed by individuals under 65 years of age (8.4 percent of the state's total).

Twenty percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 9 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 689,862 housing units in the region and 92.3 percent are occupied. Of the total housing stock, 69 percent are one unit, 22 percent are over two units, 8 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 13,390 multifamily and 1,362 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 24,967 units; all but 95 units have been multifamily. The housing finance corporations in the region have produced 6,966 multifamily units and assisted 490 single family households.

Housing and Community Services Assistance for 2004 and 2005

The Department allocated $20,549,784 in Region 9 in FY 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Single family owner-occupied assistance accounted for 29 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 28 percent of the total dollar amount committed. Approximately 96 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

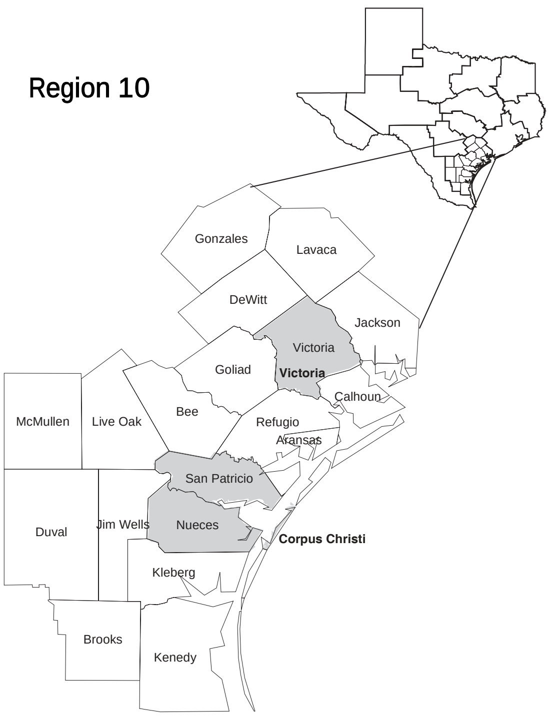
Region 9	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 20,549,784	$ 6,460,629		$ 6,694,931	$ 4,145,404		$ 360,372		$ 379,037	$ 2,509,411
Number Served	46,203	167		1,809	57		105		7,768	36,297
Multifamily Development										
Dollar Amount Committed	$ 5,675,111			$ 5,675,111						
Number Served	1,393			1,393						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 1,019,820			$ 1,019,820						
Number Served	416			416						
Rental Payment Assistance										
Dollar Amount Committed	$ 694,762	$ 334,390					$ 360,372			
Number Served	139	34					105			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 4,257,904	$ 112,500			$ 4,145,404					
Number Served	72	15			57					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 6,013,739	$ 6,013,739								
Number Served	118	118								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 2,888,448								$ 379,037	$ 2,509,411
Number Served	44,065								7,768	36,297

Extremely Low Income										
Dollar Amount Committed	$ 5,012,919	$ 4,313,612		$ 248,276	$ 125,279		$ 325,751			
Number Served	233	106		37	4		86			
Very Low Income										
Dollar Amount Committed	$ 11,488,738	$ 447,734		$ 6,446,655	$ 1,671,280		$ 34,621		$ 379,037	$ 2,509,411
Number Served	45,898	13		1,772	29		19		7,768	36,297
Low Income										
Dollar Amount Committed	$ 3,218,594	$ 1,699,282			$ 1,519,312					
Number Served	65	48			17					
Moderate Income and Up										
Dollar Amount Committed	$ 829,533				$ 829,533					
Number Served	7				7					

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 9 received over $37.4 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $114.9 million was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received approximately $8 million worth of HOME funds dedicated to either single family or multifamily activities. In 2004, the housing finance corporations assisted 387 single family households.

The Department's Regional Allocation Formula distributes 4.6 percent of the state's 2005 HOME funds to Region 9. Of the total $1,198,520 approximate funding, 65 percent will go to rural areas and 35 will go to urban areas. Region 9 also receives 8.1 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the Housing Tax Credit Funding, 10.4 percent will go to rural areas and 89.6 percent will go to urban areas.



REGION 10

Region 10, including the urban areas of Corpus Christi and Victoria, is located in the south eastern part of the state on the Gulf of Mexico. Half of the total population of 732,917 people lives in urban areas. Population estimates through January 2003 show a 1.0 percent increase.[88]

Employment in the region between 2000 and 2005 is projected continue to grow at the same rate as the past 30 years, 1.7 percent annual increase. Since 1970, the region has experienced less growth than the state in terms of employment, population, and gross regional product. The areas with the highest employment growth since 1980 are health care, reflecting national trends, and services to business, as a result of the outsourcing trend in business. The regional specialties include the oil and gas industries and health care. The industries that are projected to add the most employment between 2000 and 2005 are health services, construction, and retail trade.[89]

There are 256,428 occupied housing units in the region, 66.8 percent are owner occupied and the rest are occupied by renters according to 2000 Census data. Approximately 3.5 percent of the state's population lives in the area, and regional housing permits for 2003 represent 1.4 percent of the state's total housing starts.[90]

Approximately 87 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 10 identified problems, successes, and recommendations related to the suggested affordable housing topics: communication, special needs, funding distribution, and education. The group recommended improved communication in the form of an email distribution list and a consumer website with housing resources. Communicating with unincorporated communities and colonias require additional effort. Persons with disabilities face difficulties in locating affordable housing; the group suggested funding set asides for specific programs. The region is unique in its high poverty rate, number of non-English speakers, and high unemployment rate and therefore there is a greater need for rental housing rather than homeownership opportunities. There is a need for a common definition of affordable housing.

88 Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
89 Texas Comptroller of Public Accounts, "Texas Regional Outlook."
90 Real Estate Center at Texas A&M University, "Building Permit Activity."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 132,214 people that live in poverty in the region, a rate of 18.7 percent. Approximately 40 percent of the 23,006 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 32 percent of the households with extreme housing cost burden. Approximately 21 percent of the households are low income and the remainder are moderate income and above.

In the region, 1,497 renter households lack kitchen and/or plumbing facilities; this is 3.4 percent of the state's total. Approximately 34 percent earn less than 30 percent of the area median income, less than 16 percent of the households earn between 31 and 50 percent, and 24 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 10,429 overcrowded renter households, almost 30 percent are extremely low income, 20 percent are very low income, another 22 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show no significant preference between new housing development and the renovation of existing housing. Rental payment assistance is the least important of the three rental housing assistance activities.

Single Family Housing Need

Region 10 has 3.5 percent of the state's owner households with extreme housing cost burden, or 28,552 households. Slightly more than 30 percent of the owner households with extreme cost burden are extremely low income households. Twenty-two percent are very low income, 21.6 percent are low income, and the rest are moderate income and above.

There are 1,783 owner households in the region that lack kitchen and/or plumbing facilities; 33 percent of these households are extremely low income. Almost 23 percent of the households lacking kitchen and/or plumbing are very low income and 18 percent are low income. The remaining households are moderate income and above. Region 10 has 3.9 percent of the state's overcrowded owner households. Of the 10,929 overcrowded households, 11 percent are extremely low income. A little more than 14 percent are very low income, 22 percent are low income, and the remaining households are moderate income and above.

In the Corpus Christi area approximately 56 percent of the households can afford the median-priced home; for Victoria the figure is 68 percent.[91]

[91] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

The Community Needs Survey respondents from Region 10 prefer home purchase assistance over the renovation of existing housing. New housing development is the least important owner-occupied housing assistance.

Community Services Need

Region 10 has 4.4 percent of the state's poverty households; 10,783 households are elderly (5.6 percent of the state's total) and 34,422 households are headed by individuals under 65 years of age (4.1 percent of the state's total).

Twenty-seven percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 10 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 298,494 housing units in the region and 86 percent are occupied. Of the total housing stock, 71 percent are one unit, 18 percent are over two units, 10 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 4,421 multifamily and 1,708 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 8,452 units; all have been multifamily. The housing finance corporations have assisted 750 multifamily units and 1,446 single family households.

Housing and Community Services Assistance for 2004 and 2005

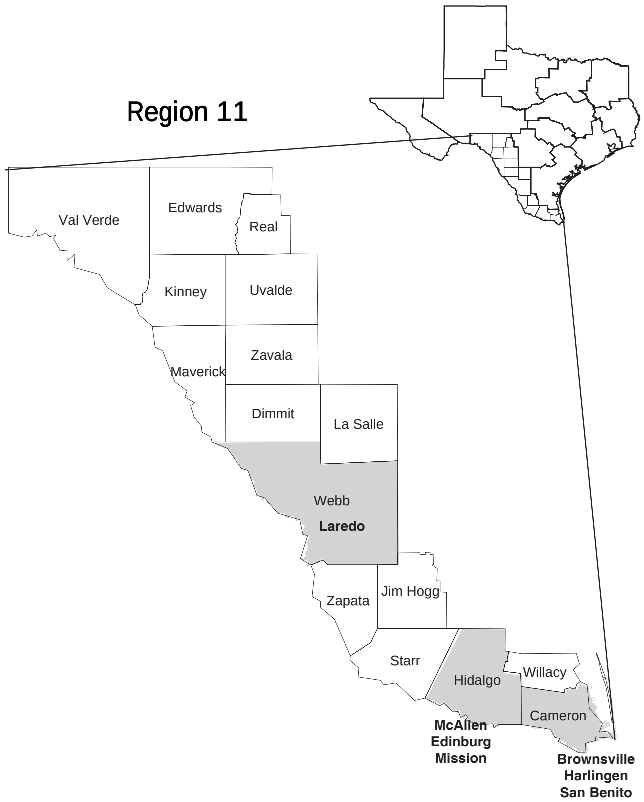
The Department allocated $22,514,714 in Region 10 in FY 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Single family owner-occupied assistance accounted for 63 percent of the total dollar amount committed during the past year; the next largest activity was single family financing and homebuyer assistance with 20 percent of the total dollar amount committed. Approximately 99 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 10	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 22,514,714	$ 15,175,359		$ 1,523,985	$ 3,949,417		$ 53,144		$ 350,609	$ 1,462,200
Number Served	28,636	397		307	116		15		13,298	14,503
Multifamily Development										
Dollar Amount Committed	$ 529,338			$ 529,338						
Number Served	100			100						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 994,647			$ 994,647						
Number Served	207			207						
Rental Payment Assistance										
Dollar Amount Committed	$ 353,144	$ 300,000					$ 53,144			
Number Served	45	30					15			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 4,599,417	$ 650,000			$ 3,949,417					
Number Served	181	65			116					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 14,225,359	$ 14,225,359								
Number Served	302	302								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,812,809								$ 350,609	$ 1,462,200
Number Served	27,801								13,298	14,503
Extremely Low Income										
Dollar Amount Committed	$ 6,302,439	$ 5,686,126			$ 573,446		$ 42,867			
Number Served	179	146			22		11			
Very Low Income										
Dollar Amount Committed	$ 7,864,635	$ 1,612,307		$ 1,523,985	$ 2,905,257		$ 10,277		$ 350,609	$ 1,462,200
Number Served	28,252	53		307	87		4		13,298	14,503
Low Income										
Dollar Amount Committed	$ 8,295,226	$ 7,876,926			$ 418,300					
Number Served	204	198			6					
Moderate Income and Up										
Dollar Amount Committed	$ 52,414				$ 52,414					
Number Served	1				1					

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 10 received over $6.7 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $18.9 million was spent in the region for a range of multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $1.8 million worth of HOME funds dedicated to either single family or multifamily activities. In 2004, 56 single family households received assistance.

The Department's Regional Allocation Formula distributes 6.6 percent of the state's 2005 HOME funds to Region 10. Of that funding, 66 percent will go to rural areas, approximately $1,129,898. The remaining 34 percent, or $582,112, will go to urban areas. Region 10 also receives 5 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the Housing Tax Credit funding, 31.4 percent will go to rural areas and 68.6 percent will go to urban areas.



REGION 11

Region 11 is a 16-county area along the border of Mexico. The main urban areas in the region are Brownsville-Harlingen, McAllen-Edinburg, Del Rio, and Laredo. Almost 59 percent of the population lives in urban areas. Population estimates through January 2003 show a 8.4 percent increase, from 1,343,330 to 1,455,917.[92]

Region 11 is projected to be the fastest growing region in the state, a 2.8 percent annual growth rate. This growth will continue the trend experienced in the region since 1970. The areas with the highest employment growth since 1980 are health care, reflecting national trends and regional population growth, and services to business, as a result of the outsourcing trend in business. The regional specialties include transportation, apparel, and health services. The region's proximity to Mexico leads to the specialization of the transportation functions related to international trade. The industries that are projected to add the most employment between 2000 and 2005 are local government, retail trade, health services, and construction.[93]

There are 378,275 occupied housing units in the region: 71 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 6.4 percent of the state's population lives in the area, and regional housing permits for 2003 represent 7.6 percent of the state's total housing starts.[94]

Approximately 90 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area, the second highest percentage among the regions. There is a strong preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 11 identified problems, successes, and recommendations related to the suggested affordable housing topics: communication, special needs, funding distribution, and education. The group suggested that more meetings and public hearings would improve communication in the region. The existing special needs programs could be enhanced by more coordination among the service providers. Meeting attendees agreed with the process of evaluating a

[92] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[93] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[94] Real Estate Center at Texas A&M University, "Building Permit Activity."

region's need when distributing funds. Homebuyer education should be mandatory prior to the purchase of a home.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 455,366 people that live in poverty in the region; this is the highest poverty rate in the state. Approximately 53.5 percent of the 25,023 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 29 percent of the households with extreme housing cost burden. Approximately 13 percent of the households are low income and the remainder are moderate income and above.

In the region, 4,751 renter households lack kitchen and/or plumbing facilities; this is 11 percent of the state's total. Approximately 52 percent earn less than 30 percent of the area median income, just over 23 percent of the households earn between 31 and 50 percent, and 13.4 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 31,457 overcrowded renter households, 37 percent are extremely low income, 23 percent are very low income, another 20 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over the renovation of existing housing and rental payment assistance.

Single Family Housing Need

Region 11 has 5.4 percent of the state's owner households with extreme housing cost burden, or 43,599 households. Slightly less than 36 percent of the owner households with extreme cost burden are extremely low income households. About 25 percent are very low income, 20.6 percent are low income, and the rest are moderate income and above.

There are 8,043 owner households in the region that lack kitchen and/or plumbing facilities; approximately 38 percent of these households are extremely low income. More than 25 percent of the households lacking kitchen and/or plumbing are very low income and 20 percent are low income. The remaining households are moderate income and above. Region 11 has 17.2 percent of the state's overcrowded owner households. Of the 48,736 overcrowded households, 17 percent are extremely low income. Almost 20 percent are very low income, 25 percent are low income, and the remaining households are moderate income and above.

The Community Needs Survey respondents from Region 11 prefer home purchase assistance over new housing development. The renovation of existing housing is the least important owner-occupied housing assistance.

Community Services Need

Region 11 has 11.3 percent of the state's poverty households; 23,614 households are elderly (12.2 percent of the state's total) and 93,382 households are headed by individuals under 65 years of age (11.1 percent of the state's total).

Forty-three percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region; this is the highest percentage in the state. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 11 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 457,406 housing units in the region and 82.7 percent are occupied. Of the total housing stock, 66 percent are one unit, 14 percent are over two units, 18 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 7,348 multifamily and 6,059 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 22,049 units; all but 83 have been multifamily. The housing finance corporations have assisted 703 single family households in the region.

Housing and Community Services Assistance for 2004 and 2005

The Department allocated $38,162,687 in Region 11 in FY 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Single family financing and homebuyer assistance accounted for 54 percent of the total dollar amount committed during the past year; multifamily development and single family owner-occupied assistance each represent 10 percent of the total dollar amount committed. Approximately 98 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

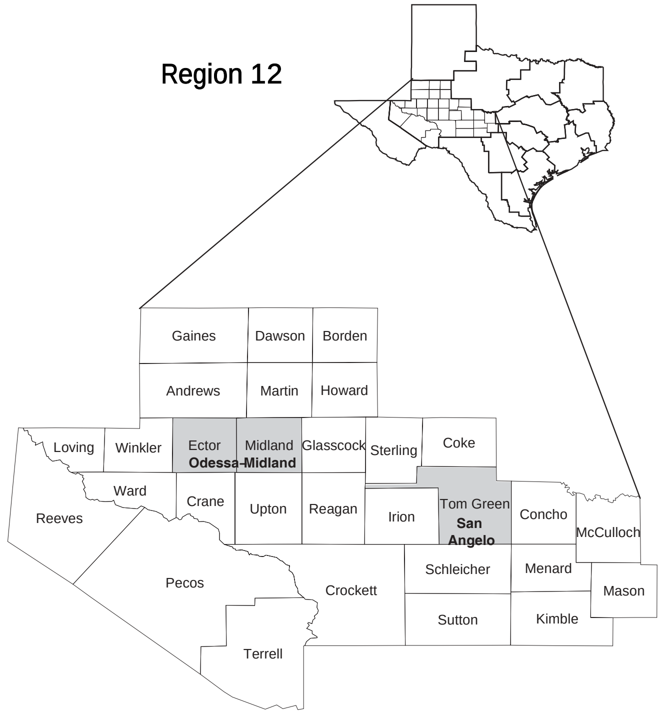
Region 11	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 38,162,687	$ 6,841,775	$ 2,184,000	$ 4,980,894	$ 15,250,660		$ 40,698	$ 4,668,591	$ 487,142	$ 3,708,927
Number Served	63,608	409	70	888	333		11	813	25,975	35,109
Multifamily Development										
Dollar Amount Committed	$ 3,882,551	$ 970,000		$ 2,912,551						
Number Served	448	84		364						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 2,068,343			$ 2,068,343						
Number Served	524			524						
Rental Payment Assistance										
Dollar Amount Committed	$ 807,751	$ 767,053					$ 40,698			
Number Served	83	72					11			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 20,758,226	$ 1,139,566	$ 2,184,000		$ 15,250,660			$ 2,184,000		
Number Served	588	115	70		333			70		
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 3,965,156	$ 3,965,156								
Number Served	138	138								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 6,680,660							$ 2,484,591	$ 487,142	$ 3,708,927
Number Served	61,827							743	25,975	35,109
Extremely Low Income										
Dollar Amount Committed	$ 3,078,284	$ 1,898,306		$ 471,166	$ 670,441		$ 38,371			
Number Served	262	140		84	28		10			
Very Low Income										
Dollar Amount Committed	$ 28,378,946	$ 1,544,755	$ 2,184,000	$ 4,509,728	$ 11,273,476		$ 2,327	$ 4,668,591	$ 487,142	$ 3,708,927
Number Served	63,152	118	70	804	262		1	813	25,975	35,109
Low Income										
Dollar Amount Committed	$ 5,841,159	$ 3,398,714			$ 2,442,445					
Number Served	186	151			35					
Moderate Income and Up										
Dollar Amount Committed	$ 864,298				$ 864,298					
Number Served	8				8					

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 11 received over $25.9 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $62 million was spent in the region for a range of multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $7 million worth of HOME funds dedicated to either single family or multifamily activities. Housing finance corporations assisted 41 single family households in 2004.

The Department's Regional Allocation Formula distributes 16.9 percent of the state's 2005 HOME funds to Region 11. Of the total $4,383,924 approximate funding, 63.4 percent will go to rural areas and 36.6 to urban areas. Region 11 also receives 12.9 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the Housing Tax Credit funding, 27.8 percent will go to rural areas and 72.2 percent will go to urban areas.

REGION 12



Region 12 in west Texas surrounds the urban areas of Odessa-Midland and San Angelo. Census 2000 population for the region is 524,884 and 56 percent live in urban areas. Population estimates through 2003 show a slight increase of 0.5 percent.[95]

Employment in Region 12 is expected to grow at an annual rate of 1.7 percent for the period between 2000 and 2005. This is higher than the 1.1 percent growth experienced between 1995 and 2000. Compared with the rest of the state since 1970, the region's share of employment, population, and gross regional product has declined. The areas with the highest employment growth since 1980 are health care, reflecting national trends and regional population growth, and services to business, and local government. The area's economic specialties include industries related to the oil and gas business. The industries that are projected to add the most employment between 2000 and 2005 are retail trade, local government, oil and gas services, and wholesale trade.[96]

There are 189,582 occupied housing units in the region, 70 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data. Approximately 2.5 percent of the state's population lives in the area, and regional housing permits for 2003 represent 0.4 percent of the state's total housing starts.[97]

Approximately 81 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 12 identified problems, successes, and recommendations related to the suggested affordable housing topics: communication, special needs, funding distribution, and education. There is a need for improved communication between federal, state, and local agencies. Meeting attendees identified a need for programs directed towards people with disabilities and the elderly population in the region. Additional credit counseling and homebuyer education programs are needed.

---

[95] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[96] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[97] Real Estate Center at Texas A&M University, "Building Permit Activity."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 85,063 people that live in poverty in the region. Approximately 48 percent of the 14,243 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 34 percent of the households with extreme housing cost burden. Approximately 15 percent of the households are low income and the remainder are moderate income and above.

In the region, 1,103 renter households lack kitchen and/or plumbing facilities; this is 2.6 percent of the state's total. Approximately 32 percent earn less than 30 percent of the area median income, almost 23 percent of the households earn between 31 and 50 percent, and 18.5 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 5,372 overcrowded renter households, 26 percent are extremely low income, 18 percent are very low income, another 26 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over the renovation of existing housing and rental payment assistance.

Single Family Housing Need

Region 12 has 2.6 percent of the state's owner households with extreme housing cost burden, or 20,719 households. Slightly more than 30 percent of the owner households with extreme cost burden are extremely low income households. Almost 25 percent are very low income, 23 percent are low income, and the rest are moderate income and above.

There are 1,138 owner households in the region that lack kitchen and/or plumbing facilities; approximately 23 percent of these households are extremely low income. Almost 20 percent of the households lacking kitchen and/or plumbing are very low income and 23 percent are low income. The remaining households are moderate income and above. Region 12 has 2.6 percent of the state's overcrowded owner households. Of the 7,320 overcrowded households, 10 percent are extremely low income. Just over 16 percent are very low income, 31 percent are low income, and the remaining households are moderate income and above.

In the Odessa-Midland area, 73 percent of households can afford the median-priced home. In San Angelo, 64 percent can afford the median-priced home. [98]

[98] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

In terms of owner-occupied housing assistance, Community Needs Survey respondents from Region 12 prefer the renovation of existing housing over new housing development. Home purchase assistance is the least important owner-occupied housing assistance.

Community Services Need

Region 12 has 3 percent of the state's poverty households; 6,744 households are elderly (3.5 percent of the state's total) and 24,271 households are headed by individuals under 65 years of age (2.9 percent of the state's total).

Eighteen percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank about equal in importance with transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 12 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 221,968 housing units in the region and 85.4 percent are occupied. Of the total housing stock, 72 percent are one unit, 16 percent are over two units, 12 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 3,500 multifamily and 1,155 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 5,465 units; all have been multifamily. Housing finance corporations have assisted 24 multifamily units and 93 single family households in the region.

Housing and Community Services Assistance for 2004 and 2005

The Department allocated $4,232,658 in Region 12 in FY 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Single family owner-occupied assistance accounted for 35 percent of the total dollar amount committed during the past year. All of the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 12	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 4,232,658	$ 1,613,285	$ 31,200	$ 1,110,129	$ 11,720		$ 76,380	$ 31,200	$ 140,351	$ 1,218,393
Number Served	11,349	50	1	148	1		32	1	1,267	9,849
Multifamily Development										
Dollar Amount Committed	$ 1,110,129			$ 1,110,129						
Number Served	148			148						
Multifamily Rehabilitation										
Dollar Amount Committed										
Number Served										
Rental Payment Assistance										
Dollar Amount Committed	$ 154,536	$ 78,156					$ 76,380			
Number Served	37	5					32			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 149,120	$ 75,000	$ 31,200		$ 11,720			$ 31,200		
Number Served	13	10	1		1			1		
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 1,460,129	$ 1,460,129								
Number Served	35	35								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,358,744								$ 140,351	$ 1,218,393
Number Served	11,116								1,267	9,849
Extremely Low Income										
Dollar Amount Committed	$ 681,564	$ 613,048					$ 68,516			
Number Served	46	19					27			
Very Low Income										
Dollar Amount Committed	$ 3,099,374	$ 548,517	$ 31,200	$ 1,110,129	$ 11,720		$ 7,864	$ 31,200	$ 140,351	$ 1,218,393
Number Served	11,289	17	1	148	1		5	1	1,267	9,849
Low Income										
Dollar Amount Committed	$ 451,720	$ 451,720								
Number Served	14	14								
Moderate Income and Up										
Dollar Amount Committed										
Number Served										

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 12 received over $701,000 worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $16.5 million was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received approximately $1 million worth of HOME funds dedicated to either single family or multifamily activities. Housing finance corporations assisted 3 single family households.

The Department's Regional Allocation Formula distributes 5.2 percent of the state's 2005 HOME funds to Region 12. Of that funding, 39.8 percent will go to rural areas, approximately $540,459. The other 60.2 percent will go to urban areas. Region 12 also receives 3 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the Housing Tax Credit funding, 28.6 percent, or $337,227, will go to rural areas and 71.4 percent, or $843,367.

REGION 13

El Paso is the main urban area in Region 13. The region spreads along the Texas-Mexico border in the southwestern tip of the state. The population for the region according to the 2000 US Census is 704,318. Slightly less than 89 percent live in urban areas; this is the highest urban percentage in the state. Population estimates through 2003 show an increase of 3.8 percent to 730,908.[99]

Employment in Region 13 is expected to grow at an annual rate of 1.6 percent for the period between 2000 and 2005. The region experienced high levels of growth in the period between 1970 and 2000, an annual growth rate in gross regional product of 3.5 percent. The region's share of the state's economy has grown as well. The areas with the highest employment growth since 1980 are services to business, health care, and tourism and entertainment. The industries that are projected to add the most employment between 2000 and 2005 are local government, retail trade, and eating and drinking places.[100]

There are 219,261 occupied housing units in the region, 64 percent are owner occupied and the rest are rentals, according to 2000 Census data. Approximately 3.4 percent of the state's population lives in the area, and regional housing permits for 2003 represent 2.9 percent of the state's total housing starts.[101]

Approximately 78 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 13 identified problems, successes, and recommendations related to the suggested affordable housing topics: communication, special needs, funding distribution, and education. Meeting attendees expressed frustration with revised procedures related to the funding application process. There is a need for new programs that address the fact that many people in the region do not qualify for conventional home loans. The meeting attendees request that additional weight be given to the poverty rate when determining the allocation of funding. Predatory lending education is needed.

[99] Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."
[100] Texas Comptroller of Public Accounts, "Texas Regional Outlook."
[101] Real Estate Center at Texas A&M University, "Building Permit Activity."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 165,122 people that live in poverty in the region; representing the second highest poverty rate in the state at 23.9 percent. Approximately 40 percent of the 22,151 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 32 percent of the households with extreme housing cost burden. Approximately 20 percent of the households are low income and the remainder are moderate income and above.

In the region, 1,679 renter households lack kitchen and/or plumbing facilities; this is 3.9 percent of the state's total. Approximately 28 percent earn less than 30 percent of the area median income, just over 32 percent of the households earn between 31 and 50 percent, and 18 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 15,170 overcrowded renter households, 28 percent are extremely low income, 25 percent are very low income, another 24 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over the renovation of existing housing and rental payment assistance.

Single Family Housing Need

Region 13 has 3.3 percent of the state's owner households with extreme housing cost burden, or 26,451 households. Slightly less than 24 percent of the owner households with extreme cost burden are extremely low income households. About 22 percent are very low income, 27.5 percent are low income, and the rest are moderate income and above.

There are 1,879 owner households in the region that lack kitchen and/or plumbing facilities; approximately 19.5 percent of these households are extremely low income. Less than 22 percent of the households lacking kitchen and/or plumbing are very low income and 28 percent are low income. The remaining households are moderate income and above. Region 13 has 4.9 percent of the state's overcrowded owner households. Of the 13,918 overcrowded households, 9 percent are extremely low income. Almost 15 percent are very low income, 23.4 percent are low income, and the remaining households are moderate income and above.

In the El Paso area, 60 percent of households can afford the median-priced home.[102]

[102] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

In terms of owner-occupied housing assistance, Community Needs Survey respondents from Region 13 prefer new housing development over the renovation of existing housing. Home purchase assistance is the least important owner-occupied housing assistance.

Community Services Need

Region 13 has 4.6 percent of the state's poverty households; 9,083 households are elderly (4.7 percent of the state's total) and 38,561 households are headed by individuals under 65 years of age (4.6 percent of the state's total).

Forty-one percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region; this is the second highest rate in the state. Among the different types of homeless assistance, short-term homeless shelters rank higher in importance with transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 13 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 236,572 housing units in the region and 92.7 percent are occupied. Of the total housing stock, 68 percent are one unit, 23 percent are over two units, 8 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 3,740 multifamily and 2,100 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 12,290 units; all but 50 have been multifamily. Housing finance corporations have produced 378 multifamily units and assisted 288 single family households in the region.

Housing and Community Services Assistance for 2004 and 2005

The Department allocated $24,174,255 in Region 13 in FY 2004. Note that this regional total does not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level. Single family financing and homebuyer assistance accounted for 79 percent of the total dollar amount committed during the past year. Approximately 99 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 13	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 24,174,255	$ 2,633,129	$ 535,200	$ 1,277,744	$ 17,463,136			$ 535,200	$ 231,114	$ 1,498,732
Number Served	27,872	121	32	222	449			356	4,876	21,816
Multifamily Development										
Dollar Amount Committed	$ 1,066,270			$ 1,066,270						
Number Served	188			188						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 211,474			$ 211,474						
Number Served	34			34						
Rental Payment Assistance										
Dollar Amount Committed	$ 404,040	$ 404,040								
Number Served	35	35								
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 19,183,444	$ 649,908	$ 535,200		$ 17,463,136			$ 535,200		
Number Served	569	56	32		449			32		
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 1,579,181	$ 1,579,181								
Number Served	30	30								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,729,846								$ 231,114	$ 1,498,732
Number Served	27,016							324	4,876	21,816

Region 13	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
Extremely Low Income										
Dollar Amount Committed	$ 2,975,316	$ 1,579,201		$ 103,601	$ 1,292,514					
Number Served	138	72		18	48					
Very Low Income										
Dollar Amount Committed	$ 18,957,096	$ 378,068	$ 535,200	$ 1,174,143	$ 14,604,638			$ 535,200	$ 231,114	$ 1,498,732
Number Served	27,681	17	32	204	380			356	4,876	21,816
Low Income										
Dollar Amount Committed	$ 1,998,508	$ 675,860			$ 1,322,648					
Number Served	50	32			18					
Moderate Income and Up										
Dollar Amount Committed	$ 243,336				$ 243,336					
Number Served	3				3					

[1] Number served is individuals.

Other sources of housing assistance arrived in the region in 2004. Region 13 received over $41.1 million worth of single family assistance in bond funds and various USDA homeownership loan programs. Approximately $32.4 was spent in the region for various multifamily activities including tenant-based rental assistance and other USDA multifamily programs. Participating jurisdictions in the region received over $4.1 million worth of HOME funds dedicated to either single family or multifamily activities. Housing finance corporations assisted 288 single family households in 2004.

The Department's Regional Allocation Formula distributes 1.9 percent of the state's 2005 HOME funds to Region 13. Of that funding, 64.6 percent will go to rural areas, approximately $313,031. The remaining 35.4 percent will go to urban areas. Region 13 also receives 5.2 percent of the state's Housing Tax Credit and Housing Trust Fund allocations. Of the Housing Tax Credit funding, 12.8 percent will go to rural areas and 87.2 percent will go to urban areas.

REGIONAL PLANS SUMMARY

The housing and community service needs of the different regions of Texas are as varied as the regions themselves. The Department strives to identify these regional needs and offer activities and programs that fit the characteristics of each area of the state. This section summarizes the information from the regional plans in the previous section. This summary contains the tables referenced in the regional plans and describes the sources and limitations of the data utilized in the needs assessments.

GENERAL INFORMATION ON POPULATION AND HOUSING

The most populous regions of the state according to the 2000 Census are Regions 3 and 6, together representing almost 50 percent of the state. Regions 3, 7, and 11 are the fastest growing areas as indicated by population estimates.

Table 1: Population by Region

Service Region	Population 2000 Census	Percent of State's Population	Population Estimate Jan 1, 2003	Percent Change 2000 to 2003
1	780,733	3.7%	789,292	1.1%
2	549,267	2.6%	548,013	-0.2%
3	5,487,477	26.3%	5,898,978	7.5%
4	1,015,648	4.9%	1,044,537	2.8%
5	740,952	3.6%	750,676	1.3%
6	4,854,454	23.3%	5,182,676	6.8%
7	1,346,833	6.5%	1,448,465	7.5%
8	963,139	4.6%	998,728	3.7%
9	1,807,868	8.7%	1,901,127	5.2%
10	732,917	3.5%	740,168	1.0%
11	1,343,330	6.4%	1,455,917	8.4%
12	524,884	2.5%	527,426	0.5%
13	704,318	3.4%	730,908	3.8%
State	20,851,820	100%	22,016,911	5.6%

Source: 2000 US Census and Texas State Data Center

The regions with the highest number of persons in poverty are Regions 6, 3, and 11, see Table 2. The state poverty rate is 15.4 percent. The regions with the highest rate of poverty are along the border, Regions 13 and 11 with poverty rates of 23.9 percent and 34.4 percent respectively.

Table 2: Population and Poverty, 2000

Service Region	Persons in Poverty	Percent of State Poverty Total	Population for whom Poverty Status is Determined	Percent of Regional Population in Poverty
1	122,991	3.9%	748,227	16.4%
2	77,647	2.5%	514,399	15.1%
3	588,688	18.9%	5,389,443	10.9%
4	152,036	4.9%	971,222	15.7%
5	120,585	3.9%	705,774	17.1%
6	656,239	21.0%	4,763,150	13.8%
7	145,060	4.7%	1,310,221	11.1%
8	149,480	4.8%	897,160	16.7%
9	267,118	8.6%	1,759,653	15.2%
10	132,214	4.2%	708,646	18.7%
11	455,366	14.6%	1,324,854	34.4%
12	85,063	2.7%	503,813	16.9%
13	165,122	5.3%	690,738	23.9%
State	3,117,609	100.0%	20,287,300	15.4%

Source: 2000 US Census

The homeownership rate for the State is 63.8 percent. The region with the lowest percentage of homeowners is Region 7 with 59.8 percent. The region with the highest percentage of homeowners is Region 4 with 73.8 percent.

Table 3: Housing Units by Occupancy, 2000

		Owner Occupied		Renter Occupied	
Service Region	Total Tenure	Number	Percent	Number	Percent
1	288,175	191,161	66.3%	97,014	33.7%
2	206,388	142,603	69.1%	63,785	30.9%
3	2,004,826	1,220,939	60.9%	783,887	39.1%
4	380,468	280,896	73.8%	99,572	26.2%
5	275,233	201,971	73.4%	73,262	26.6%
6	1,702,792	1,037,371	60.9%	665,421	39.1%
7	510,555	305,294	59.8%	205,261	40.2%
8	344,575	210,882	61.2%	133,693	38.8%
9	636,796	414,009	65.0%	222,787	35.0%
10	256,428	171,319	66.8%	85,109	33.2%
11	378,275	267,716	70.8%	110,559	29.2%
12	189,582	132,956	70.1%	56,626	29.9%
13	219,261	139,842	63.8%	79,419	36.2%
State	7,393,354	4,716,959	63.8%	2,676,395	36.2%

Source: 2000 US Census

Information on the number of housing permits provides information on the regional housing industry. The regions with the highest share of the state's housing permits are also the most populous regions: 3 and 6 (see Table 4). Across the state, there were over three times as many single family permits as multifamily permits.

Table 4: Housing Permits, 2003

Service Region	Multifamily Housing Permits	Percent of State	Single Family Housing Permits	Percent of State	Total Housing Permits	Percent of State
1	1,918	4.53%	2,261	1.64%	4,179	2.32%
2	315	0.74%	580	0.42%	895	0.50%
3	12,336	29.12%	41,879	30.46%	54,215	30.14%
4	558	1.32%	1,688	1.23%	2,246	1.25%
5	450	1.06%	1,467	1.07%	1,917	1.07%
6	16,053	37.89%	42,289	30.76%	58,342	32.44%
7	3,578	8.45%	12,814	9.32%	16,392	9.11%
8	1,741	4.11%	3,914	2.85%	5,655	3.14%
9	2,401	5.67%	11,176	8.13%	13,577	7.55%
10	415	0.98%	2,178	1.58%	2,593	1.44%
11	2,158	5.09%	11,586	8.43%	13,744	7.64%
12	0	0.00%	740	0.54%	740	0.41%
13	442	1.04%	4,927	3.58%	5,369	2.99%
State	42,365	100.00%	137,499	100.00%	179,864	100.00%

Source: Real Estate Center at Texas A&M University

NEED INDICATORS

Table 5 shows the number of renter households with cost burden greater than 30 percent by income group. The highest numbers of very low income households with extreme cost burden are found in Region 3 with a total of 206,011 households and Region 6 with 168,355 households.

Table 5: Number of Renter Households with Extreme Cost Burden by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	29,555	14,026	9,256	5,092	636	545
2	16,557	7,546	5,753	2,699	263	296
3	206,011	78,911	67,156	48,746	5,773	5,425
4	27,100	12,500	9,142	4,443	606	409
5	21,116	10,733	6,894	2,890	254	345
6	168,355	71,699	55,967	31,103	4,751	4,835
7	68,118	27,648	21,497	15,700	1,808	1,465
8	42,797	20,028	12,657	8,285	1,123	704
9	62,012	24,095	19,495	14,458	1,834	2,130
10	23,006	9,258	7,433	4,896	744	675
11	25,023	13,381	7,343	3,335	0	964
12	14,243	6,874	4,782	2,151	223	213
13	22,151	8,941	7,159	4,652	270	1,129
State	726,044	305,640	234,534	148,450	18,285	19,135

Source: CHAS Database

The number of rental units lacking complete plumbing and/or kitchen facilities is one of the indicators of housing need that does not follow the pattern of population, see Table 6. Regions 3 and 6 have the highest number of units lacking facilities and are also the regions with the highest number of renter households. Region 11, however, is ranked sixth in terms of renter population and third in number of renter units lacking kitchen and/or plumbing facilities.

Table 6: Number of Renter Units Lacking Kitchen and/or Plumbing by Affordability Category, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,638	553	322	301	88
2	968	330	161	237	71
3	10,144	2,968	2,087	2,247	675
4	2,108	724	425	363	135
5	1,460	549	300	270	76
6	9,614	3,228	1,892	2,034	492
7	2,869	1,170	562	565	185
8	1,831	601	354	355	92
9	3,284	1,137	484	751	241
10	1,497	513	234	355	62
11	4,751	2,474	1,099	636	0
12	1,103	355	253	204	24
13	1,679	470	539	297	24
State	42,946	15,072	8,712	8,615	2,165

Source: CHAS Database

Table 7 shows the number of overcrowded owner households by income group. Regions 3 and 6, the most populous regions in the state, have the highest number of overcrowded households. Region 11, sixth in population, ranks third in number of overcrowded renter households.

Table 7: Number of Overcrowded Renter Households by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,294	2,037	2,029	2,602	639	1,987
2	3,906	867	694	1,181	283	881
3	114,914	26,062	25,691	30,470	9,536	23,155
4	8,851	1,951	1,688	2,215	874	2,123
5	6,868	1,988	1,246	1,477	534	1,623
6	117,586	29,482	27,886	30,141	8,837	21,240
7	22,581	5,433	5,070	5,645	1,895	4,538
8	12,409	2,903	2,232	3,502	1,089	2,683
9	28,877	7,296	6,160	7,359	2,039	6,023
10	10,429	3,082	2,112	2,289	643	2,303
11	31,457	11,542	7,321	6,233	0	6,361
12	5,372	1,392	983	1,364	566	1,067
13	15,170	4,214	3,728	3,575	511	3,142
State	387,714	98,249	86,840	98,053	27,446	77,126

Source: CHAS Database

Table 8 shows the number of owner households with housing cost burden of over 30 percent of income. Regions 3 and 6, the most populous regions, have the highest number of very low income households with extreme cost burden.

Table 8: Number of Owner Households with Extreme Housing Cost Burden by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	28,912	8,542	7,021	6,944	1,748	4,657
2	22,471	6,744	5,894	4,902	1,555	3,376
3	216,038	50,064	41,410	55,310	19,764	49,490
4	49,419	15,358	11,379	11,530	3,628	7,524
5	32,849	11,845	7,609	7,044	1,990	4,361
6	173,411	44,640	34,996	42,008	13,606	38,161
7	56,638	11,452	10,018	16,282	6,004	12,882
8	36,129	9,754	7,763	9,069	3,088	6,455
9	71,630	17,316	14,240	17,201	6,436	16,437
10	28,552	8,706	6,387	6,181	1,854	5,424
11	43,599	15,558	10,747	8,961	63	8,270
12	20,719	6,228	5,142	4,727	1,407	3,215
13	26,451	6,254	5,872	7,268	1,120	5,937
State	806,818	212,461	168,478	197,427	62,263	166,189

Source: CHAS Database

Table 9 shows the number of owner units that are lacking kitchen and/or plumbing facilities. Region 11, with the sixth highest number of owner households, has the highest number of physically inadequate owner housing units. Region 6, the second most populous region, has the second highest number of units lacking kitchen and/or plumbing facilities.

Table 9: Number of Owner Units Lacking Kitchen and/or Plumbing, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,154	228	163	224	85
2	919	253	158	170	60
3	6,044	1,373	850	1,214	487
4	2,742	775	439	508	187
5	1,876	555	250	367	90
6	6,691	1,650	983	1,279	410
7	2,013	519	291	423	110
8	1,798	477	346	331	112
9	3,270	713	667	624	297
10	1,783	588	407	323	66
11	8,043	3,043	2,045	1,585	0
12	1,138	265	223	264	64
13	1,879	366	411	523	84
State	39,350	10,805	7,233	7,835	2,052

Source: CHAS Database

Table 10 shows that Region 6 has the highest number of overcrowded owner households.

Table 10: Number of Overcrowded Owner Households by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,245	897	1,223	2,399	966	3,760
2	4,325	411	558	1,159	443	1,754
3	57,504	5,876	9,070	16,460	6527	19,571
4	10,259	1,233	1,477	2,496	1116	3,937
5	8,491	925	970	1,991	949	3,656
6	66,212	7,391	10,243	18,303	7269	23,006
7	12,315	1,038	2,055	3,503	1459	4,260
8	8,900	741	1,055	2,293	942	3,869
9	25,439	2,644	4,107	6,555	3171	8,962
10	10,929	1,235	1,563	2,421	1000	4,710
11	48,736	8,375	9,672	12,299	20	18,370
12	7,320	752	1,186	2,243	605	2,534
13	13,918	1,296	2,037	3,263	707	6,615
State	283,593	32,814	45,216	75,385	25,174	105,004

Source: CHAS Database

The total number of households in poverty, elderly and non-elderly, is one of the need indicators for some of the Department's community service activities. Regions 3, 6, and 11 have the highest numbers of poverty households.

Table 11: Number of Households in Poverty, 2000

Service Region	Number of Elderly Poverty Households	Percent of State's Elderly Poverty Households	Number of Non-Elderly Poverty Households	Percent of State's Non-Elderly Poverty Households	Total Number of Poverty Households	Percent of State's Poverty Households
1	8,897	4.6%	37,710	4.5%	46,607	4.5%
2	8,100	4.2%	23,414	2.8%	31,514	3.0%
3	32,129	16.6%	165,495	19.7%	197,624	19.1%
4	15,592	8.1%	43,499	5.2%	59,091	5.7%
5	11,148	5.8%	36,076	4.3%	47,224	4.6%
6	32,192	16.7%	179,586	21.4%	211,778	20.5%
7	6,601	3.4%	46,549	5.5%	53,150	5.1%
8	10,531	5.4%	47,640	5.7%	58,171	5.6%
9	17,887	9.3%	70,207	8.4%	88,094	8.5%
10	10,783	5.6%	34,422	4.1%	45,205	4.4%
11	23,614	12.2%	93,382	11.1%	116,996	11.3%
12	6,744	3.5%	24,217	2.9%	30,961	3.0%
13	9,083	4.7%	38,561	4.6%	47,644	4.6%
State	193,301	100.0%	840,758	100.0%	1,034,059	100.0%

Source: 2000 Census

HOUSING SUPPLY

Table 12 provides information on the state's housing stock by region. Regions 1 and 2 have the highest percentage of one-unit housing; Regions 3, 6, and 7 have the highest levels of multifamily housing.

Table 12: Housing Stock by Region, 2000

Service Region	Housing Units	One Unit	2 to 19 Units	Over 20 Units	Mobile Homes	Boats, RVs
1	322,045	240,418	30,163	20,997	29,683	784
		74.7%	9.4%	6.5%	9.2%	0.2%
2	243,506	186,932	21,599	7,974	25,365	1,636
		76.8%	8.9%	3.3%	10.4%	0.7%
3	2,140,641	1,373,780	385,269	259,402	118,078	4,112
		64.2%	18.0%	12.1%	5.5%	0.2%
4	434,792	307,802	32,153	13,754	78,312	2,771
		70.8%	7.4%	3.2%	18.0%	0.6%
5	325,047	225,213	23,868	12,709	60,328	2,929
		69.3%	7.3%	3.9%	18.6%	0.9%
6	1,853,854	1,175,460	265,188	293,889	115,535	3,782
		63.4%	14.3%	15.9%	6.2%	0.2%
7	545,761	339,272	96,402	66,390	41,991	1,706
		62.2%	17.7%	12.2%	7.7%	0.3%
8	387,627	259,909	58,646	19,960	47,492	1,620
		67.1%	15.1%	5.1%	12.3%	0.4%
9	689,862	476,751	101,504	52,139	57,339	2,129
		69.1%	14.7%	7.6%	8.3%	0.3%
10	298,494	212,067	36,198	17,165	30,936	2,128
		71.0%	12.1%	5.8%	10.4%	0.7%
11	457,406	303,046	45,937	18,112	80,947	9,364
		66.3%	10.0%	4.0%	17.7%	2.0%
12	221,968	159,092	21,931	13,796	26,240	909
		71.7%	9.9%	6.2%	11.8%	0.4%
13	236,572	161,168	32,741	22,814	19,406	443
		68.1%	13.8%	9.6%	8.2%	0.2%
State	8,157,575	5,420,910	1,151,599	819,101	731,652	34,313
		66.5%	14.1%	10.0%	9.0%	0.4%

Source: 2000 US Census

Table 13 provides an estimate of the number of households that have been assisted by TDHCA housing programs since 1992. Not included in this number are the approximately 2,100 Section 8 tenant-based rental vouchers administered by the Department annually.

Table 13: Approximate Number of Households Assisted by TDHCA Since 1992

Service Region	Multifamily	Single Family	Total
1	3,709	886	4,595
2	3,389	584	3,973
3	61,679	5,741	67,420
4	6,883	1,176	8,059
5	4,614	890	5,504
6	44,747	3,791	48,538
7	16,770	3,883	20,653
8	8,342	1,715	10,057
9	11,581	1,033	12,614
10	4,114	1,180	5,294
11	6,904	5,250	12,154
12	3,358	1,071	4,429
13	3,521	1,506	5,027
State	179,611	28,706	208,317

Source: TDHCA

Table 14 summarizes the current public housing authority Inventory.

Table 14: Public Housing Authorities Inventory

Service Region	Multifamily	Single Family	Total
1	9,364	25	9,389
2	7,503	-	7,503
3	53,781	54	53,835
4	9,826	-	9,826
5	10,879	18	10,897
6	27,949	103	28,052
7	10,424	30	10,454
8	12,489	280	12,769
9	24,872	95	24,967
10	8,452	-	8,452
11	21,966	83	22,049
12	5,465	-	5,465
13	12,240	50	12,290
State	215,210	738	215,948

Source: Texas Housing Association

Tables 15 and 16 show the housing finance corporation inventory, including units and loans funded through the Texas State Affordable Housing Corporation, according to responses to TDHCA's 2004 Housing Finance Corporation Annual Report.

Table 15: Housing Finance Corporation Multifamily Units

Region	Units
1	1,252
2	280
3	13,221
4	706
5	860
6	31,530
7	6,334
8	104
9	6,969
10	750
11	-
12	24
13	378
State	62,408

Source: TDHCA

Table 16: Housing Finance Corporation Single Family Mortgages

Region	Number of Loans	Total Dollar Amount of Loans
1	1,683	88,551,692
2	772	38,475,715
3	4,676	374,366,338
4	689	35,565,909
5	214	11,296,695
6	1,561	128,565,013
7	1,082	104,848,520
8	848	58,019,299
9	490	39,775,861
10	1,446	89,229,563
11	703	38,416,871
12	93	4,483,832
13	288	20,455,388
State	14,545	$1,032,050,696

Source: TDHCA

Table 17 summarizes non-TDHCA funding that is available at the regional level. This data is used in the Regional Allocation Formula to help determine how much TDHCA HOME, HTC, and HTF funding each region will receive.

Table 17: Non-TDHCA Housing Funding, 2004

Service Region	Owner Assistance[1]	Renter Assistance[2]	Owner or Renter Assistance[3]	Total
1	3,382,579	38,251,871	2,358,543	43,992,993
2	10,796,947	17,329,620	1,219,383	29,345,950
3	32,623,922	376,139,171	19,777,866	428,540,959
4	5,746,082	32,569,745	1,004,787	39,320,614
5	6,895,128	46,882,863	2,106,844	55,884,835
6	41,891,022	333,528,960	21,911,786	397,331,768
7	28,722,035	82,836,131	4,679,983	116,238,149
8	8,265,310	43,744,064	3,424,501	55,433,875
9	37,371,950	114,907,925	7,998,188	160,278,063
10	6,747,212	18,987,018	1,848,127	27,582,357
11	25,978,456	62,069,754	7,010,448	95,058,658
12	701,488	16,530,005	996,766	18,228,259
13	41,094,176	31,389,588	4,159,539	76,643,303
State	250,216,307	1,215,166,716	78,496,761	1,543,879,784

[1]HUD American Dream Downpayment Initiative, Texas Bond Review Board Single Family Bonds, and USDA Section 502/504/306C.
[2]HUD Housing Choice Vouchers (Section 8), HUD PHA Capital Funding, HUD Emergency Shelter Grants, USDA Multifamily Development Funding, USDA Rental Assistance, and Texas Bond Review Board Multifamily Bonds
[3]HOME Investment Partnerships Program

Tables 18 and 19 show the housing finance corporation 2004 production of multifamily units and single family mortgage loans for each region.

Table 18: Housing Finance Corporation Multifamily Production, 2004

Region	Constructed Units	Developments Under Construction
1	151	-
2	-	-
3	14	7
4	-	1
5	-	-
6	1456	10
7	-	2
8	-	-
9	3	1
10	-	-
11	-	-
12	-	-
13	-	-
State	1,624	21

Source: TDHCA

Table 19: Housing Finance Corporation Single Family Assistance, 2004

Region	Number of Loans	Total Dollar Amount of Loans
1	39	$2,450,435
2	156	$8,671,489
3	175	$17,733,655
4	9	$616,899
5	63	$4,159,686
6	355	$31,590,878
7	135	$15,343,321
8	74	$5,150,465
9	387	$30,943,126
10	56	$4,270,240
11	41	$2,921,561
12	3	$147,655
13	288	$20,985,731
State	1,781	$144,985,141

Source: TDHCA

COLONIA ACTION PLAN

OVERVIEW

The Texas Department of Housing and Community Affairs Colonia Action Plan for 2004–2005 discusses housing and community development needs in the colonias, describes the Department's policy goals, summarizes the strategies and programs designed to meet these goals, and describes some of the projected outcomes to support the improvement of living conditions of colonia and border residents along the Texas-Mexico border region. This plan focuses on colonias as defined by state statute.

The overall goal of the Department with respect to colonias is to improve the living conditions and lives of border residents in Texas. As a result, TDHCA provides planning, housing, and housing-related assistance.

Performance measures for colonia activities, as reported to the Legislative Budget Board, focus on outreach and technical assistance efforts of the Department—specifically the number of on-site technical assistance visits conducted annually from the Border Field Offices. The targeted performance number for the 2004–2005 biennium is 747 technical assistance visits a year.

It should be noted that there is no single or dedicated source of funds for colonia-focused programs and services administered by the Department, except the Colonia Self-Help Centers, which are funded with Community Development Block Grant funds. In the past, funding has been provided from the Housing Trust Fund, the HOME Program, Single Family Bond proceeds, and the Community Development Block Grant (CDBG) Program.

COLONIA NEEDS

In today's world, Texas colonias are considered an observable fact. Their beginnings date back to the 1950s. As a response to the reconstruction era, Texans adopted a state constitution to minimize the powers of government. By making counties subdivisions of the state with no home rule powers, Texans guaranteed that no county could take an action or adopt a rule until it is first voted on by the state. As a result all regulatory powers originate with cities and the state. Areas outside city limits are "regulation free zones" until problems become so serious that the entire state is ready to empower a county to address them.[103]

These regulatory free zones enabled colonia developers to purchase tracts of land with a marginal agricultural value. Some of these tracts were flood prone and drained poorly; some were too hilly to irrigate; some were land with a declining value due to changes in agricultural economics. These developers platted their tracts, bulldozed roads, and sold the undeveloped lots on 10- to 20-year contracts for deed starting anywhere from $8,000 to $20,000 at an interest rate of 10 percent to 17 percent annually.[104] A contract for deed is an instrument used to sell land. Title to the property is not transferred until the balance is paid in full.

[103] Madeline Pepin, "Texas Colonias: An Environmental Justice Case Study" (November 5, 1998), http://itc.ollusa.edu/faculty/pepim/philosophy/cur/colonias.htm (accessed December 2, 2003).
[104] Pepin, "Texas Colonias."

WHAT IS A COLONIA?

A "colonia," Spanish for "neighborhood" or "community," is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing. This includes a lack of basic services such as potable water, adequate sewage systems, drainage, streets, utilities, paved roads, and plumbing. With living conditions often compared to Third World countries, the colonias present one of the most critical housing needs in the state. Housing in the colonias is primarily constructed with scarce materials, and professional builders are rarely used. Residents frequently start with makeshift structures of wood, cardboard, or other materials, and as finances allow, continue to improve their homes.

Colonia residents tend to be young, predominately Hispanic, low to very low income, and employed in low-paying employment sectors. According to the most recent data available, 36.6 percent of colonia residents are children (compared to 29 percent statewide). Nearly all are Hispanic and 27.4 percent speak Spanish as their primary language. However, contrary to common perception, more than 75 percent of colonia residents were born in the US and 85 percent are US citizens.

The workforce tends to be young and unskilled; consequently, wages are low. Primary occupations are seasonal in nature; agriculture service providers and construction-related jobs account for more than 50 percent of the workforce.[105] A study by the Texas A&M University Center for Housing and Urban Development indicated that unemployment levels in five Rio Grande Valley colonias ranged from 20 percent to as high as 70 percent, compared with the overall state unemployment rate of only 7 percent.

According to a survey by the Texas Department of Health of residents in 96 colonias in 6 border counties, almost half of the colonia households make less than $834 a month. Nearly 70 percent of the residents never graduated from high school.[106]

As indicated in a Status Report by the Center for Housing and Urban Development at Texas A&M University, there are approximately 1,450 colonias in the Texas, which are home to over 350,000 Texans. Future projections indicate the population may reach as high as 700,000 residents by the year 2010.[107]

LIVING CONDITIONS

As previously noted, the lack of even the most basic infrastructure including potable water and adequate sewage systems has contributed to the proliferation of disease. Compounded with a lack of adequate medical insurance and a shortage of healthcare facilities, reported cases of viral disease in the colonias far exceed statewide levels.

According to a study by the University of Texas System Texas-Mexico Border Health Coordination Office, diseases such as Hepatitis A, Salmonellosis, Shigellosis, and Tuberculosis occurred at a much higher rate

[105] G. Rogers, J. Glaser, P. Johnston, T. Black, A. Kamath, and R. Gonzalez, *Cinco Colonia Areas: Baseline Conditions in the Lower Rio Grande Valley* (College Station, TX: Center for Housing and Urban Development, College of Architecture, Texas A&M University, 1993).
[106] The Border Economy, Federal Reserve Bank of Dallas, http://www.dallasfed.org/research/border/tbe_issue.pdf, June 2001.
[107] LBJ School of Public Affairs, University of Texas at Austin, January 1996; and Texas Department of Housing and Community Affairs.

in the colonias than the rest of the state.[108] The rate of reported Hepatitis A, for example, was more than double the statewide rate. Other health problems included high rates of gastroenteritis and other water-quality-related problems.[109] Medical services are rarely available and this compounds health problems in the colonias. Due to these stumbling blocks, children in the colonias experience slower growth and lower educational development rates.

The scarcity of potable water is another daily hardship for colonia residents. According to data from the Texas Department of Human Services, the use of untreated water for drinking, washing, bathing, and cooking ranged from 4 percent to 13 percent in colonia households.[110] Many residents rely on large plastic drums for the storage of water. More often, water is transferred to the house by bucket or plastic containers. Reports of water used for bathing, washing, and even cooking drawn from ditches where sewage and agricultural chemicals gather are not uncommon.

In addition to a lack of adequate wastewater infrastructure, most roadways located in colonias are unpaved or continue to be of very poor quality. A survey of residents of the El Cenizo colonia conducted by TDHCA indicated that 50 percent of the roads within the colonia were classified as "deteriorated" or "poor."[111] Water from heavy rains tends to collect, and when combined with inadequate waste removal systems, forms into pools of raw sewage, which again causes health problems for colonia residents.

Plumbing facilities are also a problem in the colonias. Approximately 50 percent of houses in rural colonias and 20 percent in urban colonias have incomplete plumbing facilities. Additionally, 40 percent in rural colonias and 15 percent in urban colonias lack a complete kitchen. For more information on the housing needs of border counties, see the Housing Analysis and Action Plan section of this report, Regions 11 and 13.

While each colonia is different and may have needs unique to that area, most share the same general characteristics. Unfortunately, these and other concerns are all part of the day-to-day life for most colonia residents 365 days a year. A bad situation is made even worse due to a profound lack of the most basic of necessities: safe, sanitary, and decent housing.

Housing and Housing-Related Needs[112]

An increasing amount of attention has been placed on colonias over the past several years. This attention has been focused on eliminating their presence rather than addressing the reason for their existence. One key to improving the conditions of colonias is the availability of affordable housing programs. While it is important to eradicate the conditions that exist in colonias; it is equally important to address the circumstances that enable such an environment to develop.

[108] University of Texas System Texas-Mexico Border Health Coordination Office, University of Texas-Pan American
[109] Robert K. Holz and Christopher Shane Davies, Third World Colonias: Lower Rio Grande Valley, Texas (Working Paper number 72, Lyndon B. Johnson School of Public Affairs, University of Texas, 1993).
[110] US Census, Texas Department of Human Services, 1990
[111] Texas Department of Housing and Community Affairs, Office of Colonia Initiatives, *A Study of the People of El Cenizo, Texas* (Austin, TX: Texas Department of Housing and Community Affairs, April 1997).
[112] A portion of the information in this Action Plan is derived from the six Colonia Self-Help Centers' Needs Assessments.

While colonia residents have been resourceful and creative in providing for themselves, they continue to have several needs, including the following:

- Increased affordable housing opportunities such as down payment assistance, low interest loans, and flexible underwriting guidelines
- Conversion of contracts for deed to conventional mortgages, with transfer of title and homeowner education
- Construction and rehabilitation education and assistance
- Access to information regarding available resources
- Access to adequate infrastructure

Typically colonia residents do not have access to traditional financing or professional assistance when they purchase a home. They have limited credit or even nonexistent credit histories, and, for some, it is difficult to save for the down payment required to qualify for a conventional mortgage. Credit and debt counseling, including money management and financial literacy training, is lacking in colonia areas. There is also a need for flexible housing assistance such as low-interest-rate loans with underwriting guidelines appropriate for nontraditional borrowers.

The contract for deed has been the most common method of financing the purchase of colonia properties, due to the lack of underwriting guidelines by developers. Often, developers charge outrageous interest rates—as high as 14 to 18 percent—including higher late fees. Traditionally, developers would not record the contract for deed, making it easy to reclaim the property without legal process, while retaining any physical improvements made on the property.

Home construction, improvement, and maintenance require access to resources and skills. Many colonia residents do not have the resources to contract for home improvement, and choose to undertake the work on their own. Within the colonias, there is a need for education on several topics related to construction and rehabilitation such as surveying, platting, and general construction skills. There is also a scarcity of construction tools available for use by colonia residents.

Occasionally there is funding available to communities and organizations in the colonias to support local programs. Training is needed on how to locate funding and, once the funding is identified, how to write a successful grant proposal.

Interagency coordination and financial backing at the state and federal level needs to continue to address colonia issues. While many housing professionals recognize that the level of coordination and dialogue has increased in recent years, and that many communities in the border region acknowledge an increase in funding for infrastructure development, much work remains. In the context of affordable housing (construction and financing mechanisms) and infrastructure development (potable water, wastewater treatment, paved streets, etc.). TDHCA is committed to interagency cooperation.

POLICY GOALS

In 1995, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all Department and legislative initiatives involving border issues and managing a portion of the Department's existing programs targeted at colonias. OCI's fundamental goal is to improve the living conditions and lives of border residents, and to educate the public regarding the services that TDHCA has to offer.

The OCI Division was created to

- expand housing opportunities to colonia and border residents living along the Texas-Mexico border;
- increase knowledge and awareness of programs and services available through the Department;
- implement initiatives that promote improving the quality of life of colonia residents and border communities;
- empower and enhance organizations building capacity to better serve the targeted population;
- provide comprehensive education to colonia and border residents;
- develop cooperative working relationships between other state, federal, and local organizations to leverage resources and exchange information;
- promote comprehensive planning of communities along the Texas-Mexico border to better understand community and resident needs;
- serve as a catalyst for colonia residents by allowing input into major funding decisions that will affect border communities.

The OCI Division assists the Department's program divisions by coordinating activities in the colonias and border communities. Currently, the OCI Division headquarters and Border Field Offices (in Edinburg, Laredo, and El Paso) employ eight employees that provide consumer education, housing and financial assistance, and community services along the Texas-Mexico border region to colonia and border residents and state, federal, and local organizations.

ACTION PLAN

The Colonia Action Plan includes a strategic vision for housing, community development, and community services. This two-year Action Plan outlines how various initiatives will be implemented in 2004–2005. The activities focus on the needs identified in the Housing and Housing-Related Needs section on page 139.

The initiatives described within the Action Plan have been divided into two categories: (1) Increase Affordable Housing Opportunities and (2) Housing Construction and Rehabilitation, Access to Infrastructure, and Information Regarding Resources. Each category contains the following information:

- Legislative mandate: directive by the legislature
- Purpose: intent of the program
- Funding: financial support
- Activities to date: actions and successes
- Strategic approach: plan to further ongoing activities

INCREASE AFFORDABLE HOUSING OPPORTUNITIES

The following Department initiatives focus on increasing affordable housing opportunities in the colonias.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan (Bootstrap) Program is required under Subchapter FF, Chapter 2306, Texas Government Code, to make available $3 million for mortgage loans to very low income families (at or below 60 percent of the area median family income), not to exceed $30,000 per unit. This program is a self-help construction program, which is designed to provide very low income families an opportunity to help themselves through the form of sweat equity. All participants under this program are required to provide at least 60 percent of the labor necessary to construct or rehabilitate the home, and all applicable building codes will be adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources, such as those from private lending institutions, local governments, or any other sources; however, all combined loans cannot exceed $60,000 per unit.

The Department is required to set aside at least two-thirds, or $2,000,000, of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The majority of the counties are located along the Texas-Mexico border region. The remainder of the funding, one-third, or $1,000,000, will be available to Department-certified nonprofit owner-builder programs statewide.

For the 2004 fiscal year, the Bootstrap Program was funded with $3 million from the Housing Trust Fund. The total dollars awarded through the program was $3 million. There were 11 total applications; 9 applications were recommended and approved for funding by the Department's Board, and are estimated to benefit 111 families.

The most important component of the program is the increase of homeownership for very low income Texans by providing loan funds to purchase or refinance real property on which to build new residential housing or improve existing residential housing. The Department has successfully replicated this initiative on a statewide basis. This initiative can remedy some of the living standards and provide the "American

Dream" to many low income families. The objective is to continue expanding affordable housing through self-help construction. OCI will market the program to certified nonprofit organizations and Colonia Self-Help Centers. The measurable output will be the number of certified nonprofit organizations applying for this program. This will enhance the development of affordable housing through self-help construction statewide.

Contract for Deed Conversion Initiative

The 78th Legislature passed Appropriations Rider 10, a legislative directive requiring the Department to spend no less than $4 million on contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income (AMFI), and convert no less than 400 contracts for deeds into traditional notes and deeds of trust by August 31, 2005.

The intent of the program is to help colonia residents become property owners by converting their contracts for deeds into traditional mortgages. Participants in this program must not earn more than 60 percent of AMFI and the property must be their primary residence. The properties proposed for this initiative must be located in a colonia as identified by the Texas Water Development Board colonia list or meet the Department's definition of a colonia.

After residents convert their contracts for deeds to traditional loans, the program provides colonia residents with the opportunity to seek funding for construction, rehabilitation, and other benefits that come with owning property.

For 2004 and 2005, TDHCA will set aside $4 million through the HOME Investment Partnerships Program. As stipulated in the legislation, the Department must do no less than 400 contract for deed conversions and spend no less then $4 million for the biennium. In reality, each conversion costs approximately $20,000, with an additional $20,000 in owner-occupied housing rehabilitation to meet, at a minimum, colonia housing standards, but preferably housing quality standards. This only allows for 100 conversions with the allotted $4 million, not allowing the Department to meet its goal of 400.

For fiscal years 2004 and 2005, the Department will use funding through the HOME Program to implement this initiative

Housing Construction and Rehabilitation, Access to Adequate Infrastructure, and Information Regarding Resources

The following Department initiatives focus on constructing and rehabilitating housing and infrastructure in the colonias, and providing information to colonia organizations and residents.

Colonia Self-Help Centers Program

Chapter 2306, Subchapter Z, of the Texas Government Code established the Colonia Self-Help Centers (SHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties. The legislative directive also allows the TDHCA to establish a Colonia SHC in any other county if the county is designated as an economically distressed area. The Department opened two additional Colonia SHCs in Maverick and Val Verde County.

Five colonias in each county are identified to receive concentrated attention from the appropriate Colonia SHC. Operation of Colonia SHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to perform the functions of a Colonia SHC. The law also requires the establishment of a Colonia Resident Advisory Committee (C-RAC) to advise the Department on the needs of colonia residents, activities to be provided, and programs to be undertaken in the selected colonias. Each county selects two residents to serve on this committee; one of the two residents must reside in a colonia serviced by the Colonia SHC. In addition, the law requires the Department's Board to appoint members to the C-RAC, made up of a primary and secondary representative from each county. The C-RAC members meet 30 days prior to making an award to a Colonia SHC. The C-RAC has been instrumental in voicing the concerns of the targeted populations, and has helped both the Department and the Colonia SHCs develop useful tools and programs to address the needs of colonia residents.

Colonia SHCs provide concentrated on-site technical assistance to low and very low income individuals and families, including housing and community development activities, infrastructure improvements, and outreach and education. Some of the activities that are offered to the colonia residents are rehabilitation, new construction, surveying and platting, construction skills training, tool library access for self-help construction, housing finance, credit and debt counseling, grant writing, infrastructure constructions and access, contract for deed conversions, and capital access for mortgages, to improve the quality of life for colonia residents in ways that go beyond the provision of basic infrastructure.

The program serves 28 designated colonias in the six counties with approximately 10,000 colonia residents as beneficiaries of these services. Beneficiaries must be at or below 80 percent of the area median family income. County governments subcontract with Colonia SHCs in their respective county for the provision of housing and infrastructure services, and provide technical assistance to oversee their implementation of contractual responsibilities.

Operation of Colonia SHCs is funded from the US Department of Housing and Urban Development's Texas Community Development Block Program (CDBG) 2.5 percent colonia set-aside. CDBG funds can only be provided to eligible units of general local governments; therefore, the Department must enter into a contract with each affected county government. TDHCA provides administrative and general oversight to ensure programmatic and contract compliance to meet legislative intent. The Department maintains a relationship with the unit of general local government and Colonia SHC operator(s) to ensure that the housing and community development activities within each respective contract are achieved. In addition, Colonia SHCs are encouraged to seek funding from other sources to help them achieve their goals and performance measures.

Colonia SHC funds are awarded every two years. In FY 2002, the total dollars allocated through the program was $1,374,663. Of that funding, $227,713 went to the Colonia SHC in Hidalgo County and $1,146,950 went to the Colonia SHC serving Cameron and Willacy counties. A total of $972,287 was awarded to the Colonia SHC in Hidalgo County in FY 2003.

One goal for the Colonia SHCs over the next biennium is to increase the level of funding available. The Department will strive to expand the number of beneficiaries receiving assistance through the Colonia SHCs. By limiting salary and operating expenses to 25 to 30 percent of the total award, at least 70 to 75 percent of the allocated funds can be utilized to assist additional beneficiaries. Another way to expand the number of beneficiaries is to identify funding from other Department and external (i.e., USDA Rural Development, HUD, the Housing Assistance Council, Fannie Mae, etc.) sources that can be added to the annual allocation for the Colonia SHCs. The Department will encourage Colonia SHCs to apply for affordable housing programs.

Another goal of the Colonia SHCs is to expand the program to other communities along the Texas-Mexico border. The Department will target potential counties and colonias that can benefit from Colonia SHC activities, and work with units of local government to identify and determine potential sites for other Colonia SHCs.

Colonia Model Subdivision Loan (CMSL) Program

The 77th Legislature adopted Subchapter GG, Chapter 2306 of the Texas Government Code, to create the Colonia Model Subdivision Loan Program. The intent of this program is to provide low-interest or interest-free loans through a competitive scoring criteria to promote the development of new, high-quality residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income that would otherwise move into substandard colonias.

Any subdivision created under this program must fully comply with all state and local laws, including any process established by state or locality for subdividing real property.

The Department will only make loans through the program to Colonia SHCs that are also community housing development organizations (CHDOs) certified by the Department. The loans made under this initiative may be used only for the payment of

- costs associated with the purchase of real property;
- costs of surveying, platting, and subdividing or re-subdividing real property;
- fees, insurance costs, or recording costs associated with the development of the subdivision;
- costs of providing proper infrastructure necessary to support residential uses;
- real estate commissions and marketing fees;
- any other cost that the Department, by rule, determines to be reasonable and prudent to advance the purposes of this subchapter.

The residential lots developed under this program can be sold to an individual borrower, nonprofit housing developer, or for-profit housing developer for the purposes of constructing single family residential dwelling units affordable to individuals and families of extremely low income or individuals and families of very low income.

For the 2004-2005 biennium, $2 million from the HOME Program Community Housing Development Organization (CHDO) set-aside will be used to implement this initiative.

Border Field Offices

The Department operates three Border Field Offices (BFOs) located in El Paso, Laredo, and Edinburg. These offices are partially funded through various sources including general revenue funds, the HOME Program, bond proceeds, and the Community Development Block Grant Program.

Currently, BFOs provide technical assistance to units of local government, nonprofits and for-profits, colonia residents, and the general public on TDHCA's programs and services. In addition, BFOs conduct onsite loan packaging and processing, homebuyer counseling, inspections, and administration of the Colonia SHCs.

Over the next biennium, the BFOs' goal is to establish a network of communication with units of general local government, nonprofits, and community-based organizations within 150 miles of the Texas-Mexico border. To increase the availability of services to border communities, BFOs will conduct onsite visits to communities requesting technical assistance on accessing Department programs. A database of contacts by county will advise communities of current and future funding opportunities available through the Department. BFOs will coordinate a minimum of four colonia public forums per year, which will provide information on various funding sources.

Additionally, BFOs will educate units of local government, nonprofits, and community-based organizations on the process of applying for funding and help identify opportunities for accessing various funding sources. They will coordinate capacity building seminars for units of general local government, nonprofits, and community-based organizations, and will assist with grant writing seminars to be conducted along the Texas-Mexico border. BFOs will also help units of general local government develop nonprofit organizations that can, in turn, provide services to colonia residents. A minimum of three workshops on the development of nonprofits will be coordinated by each BFO within their respective service region, and each BFO will coordinate a minimum of three tours of successful programs currently being administered along the border region.

Contract for Deed Consumer Education Program

OCI continues the consumer education program and has expanded its educational goals, although OCI is no longer required by legislation to provide education for contract for deed participants. With the statewide expansion of the Contract for Deed Conversion initiative, OCI recognized the need for additional education topics, including homebuyer education and instruction in other aspects of homeownership. Education services are available through the Colonia Self-Help Centers and OCI Border Field Offices.

Consumer Information Resources

OCI operates a toll-free hotline (1-800-462-4251), which enables colonia residents to voice their concerns and/or request information. In addition, this hotline is available to colonia residents who may be having trouble making their monthly mortgage payment.

Consumer Information Resources has been developed to promote the availability of housing and community development along the Texas-Mexico border through marketing and forums meant to increase public awareness. It is important to encourage the attendance of border residents at public hearings, conferences, and forums. Funding for this activity is part of the OCI administration budget.

COMMENT ON THE COLONIA ACTION PLAN

The following comment was received on this version of the Colonia Action Plan.

Comment

Mr. Jose Luis Almazan, Colonia Resident Advisory Committee Member, made the following comments.

There is a need to emphasize that the advisory committee members be afforded the opportunity to work more closely with onsite monitoring of projects by the Self-Help Center Colonia operator. This system of participation, suggested here, will facilitate processing of resident comments to all parties involved to improve in the overall delivery of services.

- **Department Response**
  Colonia Resident Advisory Committee (C-RAC) members are recommended to the Department by the county to act as representative of their respective county regarding the self-help center program. The opportunity exists for the CRAC members to become more involved in the self-help centers. The OCI is available to facilitate this opportunity with individual CRAC members upon request.

Involve youth in state- and federal-sponsored projects. This youth involvement will instill not only vocational skills, but also leadership skills that will help their families get out of poverty. Somehow integrate employment and training activities for unemployed/underemployed adult and youth colonia residents. Colonia residents are in a more disadvantaged situation than those who live in the cities where the job opportunities are concentrated.

- **Department Response**
  The focus of TDHCA is the provision of safe, decent, and affordable housing. While the Department does not have any statutory authority to focus on youth or employment related programs, OCI will attempt to disseminate information related to these topics.

Comment

Ms. Maria Luz Liserio, Colonia Resident Advisory Committee Member, made the following comment:

Colonia Self-Help Centers should obtain used computers and offer computer literacy classes to colonia residents.

- **Department Response**
  Some of the colonia self-help centers have acquired computers through state agencies. If the Department becomes aware of any surplus equipment, we will inform the self-help centers.

TEXAS STATE AFFORDABLE HOUSING COPRPORATION PLAN

COORDINATION WITH THE *STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT* (SLIHP)

Sec. 2306.566 of the Texas Government Code reads:

COORDINATION REGARDING STATE LOW INCOME HOUSING PLAN.

(a) The corporation shall review the needs assessment information provided to the corporation by the department under Section 2306.0722(b).

(b) The corporation shall develop a plan to meet the state's most pressing housing needs identified in the needs assessment information and provide the plan to the department for incorporation into the state low income housing plan.

(c) The corporation's plan must include specific proposals to help serve rural and other underserved areas of the state.

REPORT OVERVIEW

This report is prepared in accordance with SB 284, 78th Session, which requires Texas Department of Housing and Community Affairs ("TDHCA") and the Texas State Affordable Housing Corporation ("Corporation") to coordinate regarding the State Low Income Housing Plan. The bill amends Section 2306.0722(b) to require TDHCA to provide the needs assessment information compiled for the report and plan to the Corporation. Section 2306.566 is added to require the Corporation to then review the information and develop a plan to meet "the state's most pressing housing needs identified in the need assessment information" and provide the plan to TDHCA for incorporation into the resource allocation plan in the SLIHP. The Corporation's plan must include specific proposals to help serve rural and other underserved areas of the state and provide affordable housing through methods that do not duplicate those of TDHCA or local housing organizations. The bill also adds Section 2306.0721(h) to require TDHCA to incorporate the specific results of the Corporation's programs in TDHCA's estimate and analysis of housing supply in each uniform state service region under Section 2306.0721(c)(9).

HISTORY OF THE CORPORATION

The Texas State Legislature created the Corporation as a self-sustaining non-profit entity to facilitate the provision of affordable housing for low income Texans who do not have comparable housing options through conventional financial channels. Enabling legislation, as amended, may be found in the Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq. All operations of the Corporation are conducted within the state of Texas. Corporate offices are located in Austin, Texas. A five-member board of directors appointed by the Governor with the advice and consent of the Senate oversees the business of the Corporation.

The Corporation issues mortgage revenue bonds and private activity bonds to finance the creation of affordable multifamily housing units, and to finance the purchase of single-family homes under two separate programs: (1) the Professional Educators Home Loan Program, and (2) the Fire Fighters and Police Officers Home Loan Program. Since April 2001, the corporation has issued over $550 million in single-family and multifamily mortgage revenue bonds. To date, the Corporation has provided over 7,700 units of affordable multifamily housing to low income Texans. The Corporation has also served 362 income eligible individuals and/or families through its first-time homebuyer single-family programs. This affordable housing has been provided at no cost to the state and its taxpayers. The Corporation does not receive any state funding, and is not subject to the legislative appropriations process.

The Corporation is organized, operated, and administered in accordance with its enabling legislation as a 501(c)(3) nonprofit corporation in order to access additional sources of funding to accomplish its mission. The Corporation is an approved originating seller/servicer for single family loans with Fannie Mae, Freddie Mac, Ginnie Mae, U.S. Rural Development, FHA, VA, and the Community Development Trust, Inc. The Corporation has conduit sales agreements with Countrywide Home Loans, Inc., and Wells Fargo Funding, and with the Community Development Trust, Inc., for multifamily mortgage loans. The Corporation is also a non-member borrower of the Federal Home Loan Bank of Dallas.

NEEDS ASSESSMENT REVIEW

According to an analysis of the Texas Department of Housing and Community Affairs' (TDHCA) Needs Assessment and other published studies on the subject, the following represent the most pressing housing needs in the state:

GENERAL HOUSING NEEDS

- By 2000, Texas had the second largest total population, 20.9 million, among the states in the United States. By 2010, the population is projected to be between 24.2 million and 25.9 million and by 2040 between 35.0 million and 50.6 million.[113]
- As a result of the growing population, housing demands will change substantially in the coming years with both owner and renter housing growing at nearly equal rates. [114]
- Affordable housing is in short supply for the extremely low, very low, low, and moderate income brackets, which was caused primarily by the private sector's concentration of development, both single family and multifamily development, in larger metropolitan areas and targeting higher income individuals and families.[115]
- Many HUD-financed or HUD-subsidized properties, which represent a significant portion of the state's affordable housing portfolio, are at risk of becoming market rate properties.[116]

SINGLE FAMILY HOUSING NEEDS

- Texas may add nearly 3.8 million more students over the next 40 years placing a high demand for educators.[117]
- Population growth will mean increased public service demands and expanding markets for Texas.[118]
- Lack of funds for down payment and closing costs has created one of the greatest obstacles that prevent first-time homebuyers of low-to-moderate-income families, such as the teachers, police officers, and firefighters, from achieving the American dream of owning a home. [119]
- The Texas Education Code establishes a state minimum salary schedule that must be accommodated by all Texas schools for specific public education professionals. The state minimum salary for 2004-2005 ranges from $24,240 per year for 0 years experience to $40,800 per year for 20 or more years experience. [120]
- A base salary chart for Texas police officers ranges from $32,944 per year to $46,644.[121]
- A base salary chart for Texas Firefighters ranges from $24,944 per year to $41,573. [122]

---

[113] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
[114] Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas, 2002*.
[115] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
[116] Ibid.
[117] Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas, 2002*.
[118] Ibid
[119] National Association of Home Builders, *News Details; March 24, 2004.*
[120] Texas Classroom Teachers Association: *State Minimum for 2004 year.*
[121] Salary.com
[122] Ibid.

- An estimated $200 million was anticipated by 43 Texas mortgage institutions when the Corporation asked to anticipate the demand for originating loans in a first-time homebuyer program that offered down payment assistance for professional educators, police officers, and firefighters.

MULTIFAMILY HOUSING NEEDS

- Renter households are, on average, a lower income group than owner households. More than 37 percent of renter households earn less than 50 percent Area Median Family Income, compared to only 16.3 percent of owner households. As a result, renter households are more likely to be in need of housing assistance.[123]
- According to the results of the 2003 Community Needs Survey distributed by TDHCA to cities, counties, local housing departments, public housing authorities, and the US Department of Agriculture Rural Development field offices, approximately 78 percent of respondents feel that there is a severe or significant affordable housing problem in their area and that new rental housing development and the renovation of existing multifamily housing are more important than rental payment assistance.[124]
- The lack of affordable housing opportunities leads to severe and extreme housing cost burdens for lower-income groups; in particular, extremely low-income renter households.[125]
- Overcrowding may indicate a general lack of affordable housing in a community, and lower income renter households experience overcrowded conditions more frequently than higher income households.[126]

The Corporation will address these pressing housing needs through the following single family, multifamily, and grant programs for 2005. The following summary of Corporation programs gives the history and accomplishments of our programs in the last year and a plan for achieving greater success with those programs in 2005. A few of the programs mentioned are mandated by the state legislature, as noted, and a few have been undertaken upon our own initiative to fulfill housing needs for identified underserved areas of the state.

[123] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
[124] Ibid.
[125] Ibid.
[126] Ibid.

TSAHC PROGRAM DESCRIPTIONS

TEXAS PROFESSIONAL EDUCATORS HOME LOAN PROGRAM AND TEXAS FIRE FIGHTERS & POLICE OFFICERS HOME LOAN PROGRAM

These Programs are the Corporation's Single Family Mortgage Revenue Private Activity Bond Programs. The Programs were established under Senate Bill 284 and House Bill 1247 in 2003, respectively, and allocate $50 million of the State's Ceiling for Private Activity Bond Cap for the exclusive purpose of making single-family mortgage loans to Texas Professional Educators, Firefighters and Police Officers (individuals/families) that are first-time home buyers.

The 2004 Programs were released statewide on March 24, 2004, on a first come, first-served basis, to first-time homebuyers who wished to purchase a newly constructed or existing home. Through the Programs, eligible borrowers are able to apply for a 30 year fixed rate mortgage loan and receive 5 percent down payment assistance of the mortgage loan amount in the form of a grant. The programs are accessible to eligible borrowers by directly contacting a trained, participating mortgage lender.

In October 2004, the 2004 Professional Educators Home Loan Program fully originated the $20,000,000 in funds available in the non-targeted areas, which financed a total of 182 homes. The Firefighters and Police Officers Program originated $7,000,000 in funds available in the non-targeted areas, which financed a total of 65 homes, and had $12,000,000 remaining for new loans as of October 31, 2004. The $5,000,000 in each Program set aside for targeted areas will be available for non-targeted area loans in March 2005.

2005 Implementation Plan

The Corporation's primary goal for 2005 will be to continue to develop a financing structure that minimizes the Programs' mortgage interest rate and offers the best possible down payment assistance grant to the borrowers. Down payment assistance is especially critical when the spread between conventional mortgage rates and tax-exempt mortgage rates have reached historical lows. The Corporation will also continue to advertise the Programs by attending teacher, police officer, firefighter, home builder, real estate agent, and lender association conventions and trade shows in 2005. In addition, the Corporation will continue to train and develop relationships with mortgage lenders who represent the Programs to the borrowers.

The Corporation believes that one of the best ways to develop the Programs to successfully reach their full capacity is to have regular meetings with statewide and local Texas firefighter, police officer, and teacher associations. The Corporation will continue to hold meetings with the leaders of these associations to assess input received from their members on how to create a more effective, inclusive program. For example, many firefighter and police officer associations have expressed the need to include EMS personnel, county sheriffs, constables, and DPS peace officers. The Corporation has also received public comment suggesting the inclusion of volunteer firefighters, which would help smaller communities keep their volunteer firefighters and would encourage other volunteers to serve their communities. For these changes and any others that would require legislative action, the Corporation will bring these suggestions to legislators for consideration.

AFFORDABLE HOMEOWNERSHIP PROGRAM FOR TEXAS

One of the Corporation's main initiatives is to provide housing opportunities to Texans that do not have comparable housing options through conventional financial channels. Many families throughout Texas seeking to purchase a home are not able to meet the traditional lending requirements and, up to now, have had no other option than to rent. In order to meet this need and provide deserving families with a financing alternative for achieving the American dream of homeownership, the Corporation developed the Affordable Homeownership Program for Texas ("Program").

The Program, developed through a partnership between Ameriquest Mortgage Company ("Ameriquest") and the Corporation, provides borrowers with an affordable mortgage financing option that will allow them the opportunity to achieve homeownership. As a result of this partnership, Ameriquest has committed up to $100 million dollars for mortgage loans and the Corporation has committed $1 million dollars for down payment assistance to the Program.

The Program was established to serve those individuals and/or families in Texas that are at or below 80% of the AMFI by providing them access to an affordable mortgage loan product and down payment assistance equal to five percent (5%) of the mortgage loan amount.

In addition, the Program rewards borrowers with lower interest rates and lower mortgage payments, for making timely mortgage payments. Borrowers can reduce their mortgage interest rate by up to two percent (2%) during the first 48 months of their mortgage loan. Borrowers will receive 50 basis points (.5%) reduction in their mortgage interest rate for every 12 months of on-time payments.

The Corporation and Ameriquest believe home buyer education is an essential component to the success of home ownership. Under the Program, borrowers will be provided pre and post-closing Home Buyer Education Training by ACORN Housing. ACORN Housing is a national housing counseling organization, helping low and moderate income homebuyers and homeowners since 1986. Additionally, borrowers will have intervention assistance available to them during the life of the mortgage loan. We believe this training and assistance is crucial to the success of this Program.

2005 Implementation Plan

The initial release of the Program was limited to a Pilot Initiative in south Texas through a local affordable housing provider (CDC Brownsville). By releasing the Program under a pilot initiative, the Corporation and Ameriquest are able to amend the program guidelines to ensure it meets the needs of eligible individuals/families, as well as to ensure the Program can ultimately be released statewide.

With mortgage loans closed under the pilot initiative in south Texas, the Corporation and Ameriquest will work with local organizations throughout Texas in an effort to expand the availability of the program to Texans statewide. Initial efforts are already underway to market the Program to local community development corporations, non-profits and other entities involved in affordable housing. The Corporation made a presentation on the Program at the annual conference for the Texas Association of Local Housing Finance Agencies ("TALHFA") in October 2004. In addition, the Corporation and Ameriquest have met with several local organizations interested in participating in the Program. Marketing efforts will continue as the Program is released on a statewide basis during 2005.

MULTIFAMILY PRIVATE ACTIVITY BOND PROGRAM

The Texas Legislature in 2003 allocated 10 percent of the multifamily private activity bond cap to the Corporation so that local governments could be more involved in assessing and addressing their own local multifamily housing needs and at the same time could use the expertise of the state to issue the bonds. The available amount for funding in 2004 was approximately $39 million, and a similar amount will be available for 2005. Nonprofit and for profit developers can use the funds to finance acquisition and rehabilitation or new construction. Developers are required to leverage the private activity bond funds by using Low Income Housing Tax Credits (LIHTC) available through the TDHCA.

The Corporation's Private Activity Bond program statute requires the Corporation to target areas (e.g., cities, metropolitan statistical areas, counties, etc.) with the greatest need that have expressed local support for affordable multifamily housing. The statute also requires the Corporation to issue requests for proposals to developers to provide the specific housing development requested by the local target area, whether for senior, rehabilitation, mixed income, mixed use, or other housing needs. Tax-exempt private activity bond financing will be provided to the highest-scoring developer whose proposal meets the housing needs of the target area, subject to available allocation.

The Corporation issued requests for proposals in 2004 for Corpus Christi, McAllen, El Paso, and San Antonio. The Corporation received applications for developments in San Antonio. The development known as Providence at Marshall Meadows in San Antonio was induced by the Board and is scheduled for final approval for $15,000,000 in bond financing in December of 2004. Marshall Meadows will be a 250 unit multifamily apartment complex. Sixty percent of the units will be set aside for low income residents.

2005 Implementation Plan

For the 2005 program, the Corporation solicited participation from cities that were targeted for the 2004 program year but that did not receive funding through the program. The Corporation also sent letters to mayors of all cities with a population over 10,000 people and all county judges to solicit their participation in the 2005 private activity bond program. Discussing the various needs with each interested city and county has shown the diversity of needs for different areas of Texas. The larger metropolitan areas believe they are saturated with multifamily housing, but would like to rehabilitate or redevelop existing multifamily housing that has fallen into disrepair. Cities with a lower population, generally not in urban areas, have expressed interest in developing senior housing, multifamily housing, and other new construction to fill their affordable housing needs. Many cities, counties, and experienced developers agree that the 4 percent tax credits and tax-exempt bonds are not sufficient to cash flow developments in areas where the area median income is lower than the state average. Funding sources from outside these traditional financing methods must be obtained.

The Corporation will target areas in November and December of 2004 and will issue requests for proposals to developers for housing developments in those target areas in December of 2004 and possibly January of 2005. The time to turn in a proposal will be extended from the last program year to allow developers the chance to obtain other funding for the development to fill the gap in financing. We anticipate a return deadline for proposals of early March 2005.

Multifamily 501(c)(3) Bond Program

The Corporation's 501(c)(3) Multifamily Bond Program was created to finance the acquisition and rehabilitation, or new construction, of affordable multifamily housing units throughout the state of Texas. Unlike the Corporation's PAB program, 501(c)(3) financing does not use volume cap allocation and applications can be considered year-round. Also different from the PAB program is that 501(c)(3) financing may not be used in conjunction with low income housing tax credits. Only qualified nonprofit developers, designated under the internal revenue code as 501(c)(3) organizations, are eligible to apply for 501(c)(3) financing.

In addition to providing safe, decent, and affordable rental housing to residents of the state of Texas, recipients of 501(c)(3) financing must adopt a dollar-for-dollar public benefit program, investing at least one dollar in rent reduction, capital improvement projects, or social, educational, or economic development services for every dollar of abated property tax revenue they receive.

In 2001 and 2002 the Corporation provided $487 million in financing for the preservation or creation of 7,700 units of affordable housing in the state of Texas. Since 2002 the Corporation has not considered applications or issued bonds under the 501(c)(3) program as a result of market changes and legislatively mandated changes requiring that any benefit of abated property tax must be transferred dollar-for-dollar into a public benefit program. Because the market has softened for affordable housing in metropolitan areas, and because the program prevents the use of 4 percent tax credits, and also because the abated property taxes cannot be used to help pay off debt service, this program has become inactive.

2005 Implementation Plan

The Corporation will monitor market conditions and will reactivate the program if demand shows the need for this type of financing to create needed multifamily affordable housing.

Multifamily Direct Lending Program

The Corporation's Multifamily Direct Lending Program provides permanent financing for the purpose of increasing and preserving the stock of affordable multifamily housing units throughout the state of Texas. The major focus of this program is to provide financing for smaller developments in rural and underserved areas of the state where a bond financing is not practical. The Corporation's ability to offer permanent financing is facilitated through existing relationships with real estate investment companies that invest in affordable multifamily housing. The Community Development Trust in New York and the Federal Home Loan Bank of Dallas are the Corporation's principal partners for this program.

The Corporation provided permanent financing for developments in Wichita Falls, Big Spring, Brady, and Stephenville in 2003 and 2004.

2005 Implementation Plan

The Corporation is committed to training staff in 2005 to undertake the responsibilities of administering and marketing our capabilities under this program. The Corporation will pursue the program primarily through the Community Development Trust because it assumes 100 percent of the risk on the loan to the borrower so that our funds can be used for other Corporation programs. The Federal Home Loan Bank requires that we assume 25 percent of the risk on the loans.

ASSET OVERSIGHT AND COMPLIANCE

Asset Oversight of properties is required by many issuers of bonds, including the Corporation and TDHCA, to monitor the financial and physical health of a property to ensure that the bonds can be repaid and that the property provides the safe and decent housing that the borrowers promised to provide when they received the tax-exempt bond financing. Compliance monitoring ensures that the borrowers are providing the number of affordable units and the quality of resident services that they promised to provide and, in the case of affordable units, that the IRS requires to be provided to receive the tax-exempt bond financing.

The Corporation is currently providing asset oversight for 86 properties and compliance oversight for 38 properties. The Corporation staff performs yearly on-site compliance reviews and at least yearly on-site asset oversight reviews for these properties.

2005 Implementation Plan

The Corporation will continue to provide asset oversight and compliance monitoring for our current portfolio. In addition, the Corporation will implement its online compliance monitoring system in early 2005 to better track compliance for the Corporation and to make the compliance monitoring process easier for the property managers and owners. The Corporation will also work to contract with other entities to expand our asset oversight and compliance monitoring business. Compliance monitoring and asset oversight revenues are used to fund current single family and multifamily programs, and with more revenue more funding could go toward those housing programs.

GRANT PROGRAM

The Corporation provided the Single Family Professional Educator, Fire Fighter, and Police Officer program with $400,000 from its cash reserves for down payment assistance in 2002, and in 2004 provided over $200,000 in funding from its cash reserves for down payment assistance. For the 2004 Private Activity Bond Program the Corporation has committed to funding up to $500,000 as a soft second loan for the Providence at Marshall Meadows development in San Antonio. The Corporation does not receive state appropriations and cannot sustain this level of subsidy for its programs and continue to stay in business. Both of these experiences, as well as reviewing other critical unmet housing needs identified by TDHCA and the Corporation, have prompted us to pursue the creation of a Grant Program to fund the following programs: Single Family Down Payment Assistance, Multifamily Gap Financing Assistance, Homebuyer Education, and an Interim Construction Guarantee Program.

2005 Implementation Plan

We will pursue the creation of a Corporate Partners Program and Tax Deductible Gifts Program. The Corporate Partners Program would give our Partners certain advertising rights for certain programs. For instance, the Corporation could solicit corporate partners in the home improvement and home appliance businesses for down payment assistance for our Family Professional Educator, Fire Fighter, and Police Officer programs. We would ask for a grant for down payment assistance and coupons for participating borrowers, such as $50 off a refrigerator, or a $100 coupon to the home improvement store. The Corporate Partner would benefit from the program by receiving certain advertising rights for the single family programs. The Tax Deductible Gifts Program would allow individuals and foundations with a housing mission to make tax deductible gifts to the corporation for all of our housing programs.

APPENDIX A

LEGISLATIVE REQUIREMENTS FOR THE *STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT*

SEC. 2306.072. ANNUAL LOW INCOME HOUSING REPORT

(a) Not later than December 18 of each year, the director shall prepare and submit to the board an annual report of the department's housing activities for the preceding year.

(b) Not later than the 30th day after the date the board receives the report, the board shall submit the report to the governor, lieutenant governor, speaker of the house of representatives, and members of any legislative oversight committee.

(c) The report must include

- (1) a complete operating and financial statement of the department;
- (2) a comprehensive statement of the activities of the department during the preceding year to address the needs identified in the state low income housing plan prepared as required by Section 2306.0721, including:
  - (A) a statistical and narrative analysis of the department's performance in addressing the housing needs of individuals and families of low and very low income;
  - (B) the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by the department; and
  - (C) the department's progress in meeting the goals established in the previous housing plan;
- (3) an explanation of the efforts made by the Department to ensure the participation of persons of low income and their community-based institutions in department programs that affect them;
- (4) a statement of the evidence that the Department has made an affirmative effort to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process;
- (5) a statistical analysis, delineated according to each ethnic and racial group served by the department, that indicates the progress made by the department in implementing the state low income housing plan in each of the uniform state service regions; and
- (6) an analysis, based on information provided by the fair housing sponsor reports required under Section 2306.0724 and other available data, of fair housing opportunities in each housing development that receives financial assistance from the department that includes the following information for each housing development that contains twenty or more living units:
  - (A) the street address and municipality or county where the property is located;
  - (B) the telephone number of the property management of leasing agent;
  - (C) the total number of units reported by bedroom size;
  - (D) the total number of units, reported by bedroom size, designed for individuals who are physically challenged or who have special needs and the number of these individuals served annually as reported by each housing sponsor;
  - (E) the rent for each type of rental unit, reported by bedroom size;
  - (F) the race or ethnic makeup of each project;
  - (G) the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;

(H) the number of units occupied by individuals and families of extremely low income, very low income, low income, moderate income, and other levels of income;

(I) a statement as to whether the department has been notified of a violation of the fair housing law that has been filed with the United States Department of Housing and Urban Development, the Commission on Human Rights, or the United State Department of Justice; and

(J) a statement as to whether the development has any instances of material noncompliance with bond indentures or deed restrictions discovered though the normal monitoring activities and procedures that include meeting occupancy requirements or rent restrictions imposed by deed restrictions or financing agreements.

(7) a report on the geographic distribution of low income housing tax credits, the amount of unused low income housing tax credits, and the amount of low income housing tax credits received from the federal pool of unused funds from other states.

(8) A statistical analysis, based on information provided by the fair housing sponsor reports required by Section 2306.0724 and other available data, of average rents reported by county.

(d) Repealed by Acts 2003, 78th Leg., ch. 330, §31(1).

SEC. 2306.0721. LOW INCOME HOUSING PLAN

(a) Not later than December 18 of each year, the director shall prepare and submit to the board an integrated state low income housing plan for the next year.

(b) Not later than the 30th day after the date the board receives the plan, the board shall submit the plan to the governor, lieutenant governor, and the speaker of the house of representatives.

(c) The plan must include:

(1) an estimate and analysis of the housing needs of the following populations in each uniform state service region:

(A) individuals and families of moderate, low, very low income, and extremely low income;

(B) individuals with special needs; and

(C) homeless individuals;

(2) a proposal to use all available housing resources to address the housing needs of the populations described by Subdivision (1) by establishing funding levels for all housing-related programs;

(3) an estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(4) a description of state programs that govern the use of all available housing resources;

(5) a resource allocation plan that targets all available housing resources to individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(6) a description of the department’s efforts to monitor and analyze the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and the department’s recommendations to endorse the full use by the state of all available federal resources for those services in each uniform state service region;

(7) strategies to provide housing for individuals and families with special needs each uniform state service region;

(8) a description of the department's efforts in each uniform state service region to encourage the construction of housing units that incorporate energy efficient construction and appliances;
(9) an estimate and analysis of the housing supply in each uniform state service region;
(10) an inventory of all publicly and, where possible, privately funded housing resources, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies;
(11) strategies for meeting rural housing needs;
(12) a biennial action plan
  (A) addresses current policy goals for colonia programs, strategies to meet the policy goals, and the projected outcomes with respect to policy goals; and
  (B) includes information on the demand for contract-for-deed conversions, services from self-help centers, consumer education, and other colonia resident services in counties some part of which is within 150 miles of the international border of this state;
(13) a summary of public comments received at a hearing under this chapter or from another source that concern the demand for colonia resident services described by Subdivision (12); and
(14)any other housing-related information that the state is required to include in the one-year action plan of the consolidated plan submitted annually to the United States Department of Housing and Urban Development.

(d) The priorities and policies in another plan adopted by the department must be consistent to the extent practical with the priorities and policies established in the state low income housing plan.
(e) To the extent consistent with federal law, the preparation and publication of the state low income housing plan shall be consistent with the filing and publication deadlines required of the department for the consolidated plan; and
(f) The director may subdivide the uniform state service regions as necessary for the purposes of the state low income housing plan.
(g) The department shall include the plan developed by the Texas State Affordable Housing Corporation under Section 2306.566 in the department's resource allocation plan under Subsection (c)(5).
(h) The department shall consider and incorporate the specific results of the programs of the Texas State Affordable Housing Corporation in the department's estimate and analysis of the housing supply in each uniform state service region under Subsection (c)(9).

SEC. 2306.0722. PREPARATION OF PLAN AND REPORT

(a) Before preparing the annual low income housing report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the department shall meet with regional planning commissions created under Chapter 391, Local Government Code, representatives of groups with an interest in low income housing, nonprofit housing organizations, managers, owners, and developers of affordable housing, local government officials, and residents of low income housing. The department shall obtain the comments and suggestions of the representatives, officials, and residents about the prioritization and allocation of the department's resources in regard to housing.
(b) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:
  (1) coordinate local, state, and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;
  (2) set priorities for the available housing resources to help the neediest individuals;
  (3) evaluate the success of publicly supported housing programs;

(4) survey and identify the unmet housing needs of persons the department is required to assist;
(5) ensure that housing programs benefit a person regardless of the persons' race, ethnicity, sex, or national origin;
(6) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;
(7) develop housing programs through an open, fair, and public process;
(8) set priorities for assistance in a manner that is appropriate and consistent with the housing needs of the populations described by Section 2306.0721(c)(1);
(9) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;
(10) identify the organizations and individuals consulted by the department in preparing the annual report and state low income housing plan and summarize and incorporate comments and suggestions provided under Subsection (a) as the board determines to be appropriate;
(11) develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;
(12) use the following standardized categories to describe the income of program applicants and beneficiaries:
   (A) to 30 percent of area median income adjusted for family size;
   (B) more than 30 to 60 percent of area median income adjusted for family size;
   (C) more than 60 to 80 percent of area median income adjusted for family size;
   (D) more than 80 to 115 percent of area median income adjusted for family size; or
   (E) more than 115 percent of area median income adjusted for family size; and

(13) use the most recent census data combined with existing data from local housing and community service providers in the state, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies.
(14) provide the needs assessment information compiled for the report and plan to the Texas State Affordable Housing Corporation.

SEC. 2306.0723. PUBLIC PARTICIPATION REQUIREMENTS

(a) The department shall hold public hearings on the annual state low income housing plan and report before the director submits the report and the plan to the board. The department shall provide notice of the public hearings as required by Section 2306.0661. The department shall accept comments on the report and plan at the public hearings and for at least 30 days after the date of the publication of the notice of the hearings.
(b) In addition to any other necessary topics relating to the report and the plan, each public hearing required by Subsection (a) must address:
   (1) infrastructure needs;
   (2) home ownership programs;
   (3) rental housing programs;
   (4) housing repair programs; and
   (5) the concerns of individuals with special needs, as defined by Section 2306.511.
(c) The board shall hold a public hearing on the state low income housing report and plan before the board submits the report and the plan to the governor, lieutenant governor, speaker of the house of representatives, members of the legislature.

(d) The board shall include with the report and the plan the board submits to the governor, lieutenant governor, speaker of the house of representatives, members of the legislature, and members of the advisory board formed by the department to advise on the consolidated plan a written summary of public comments on the report and the plan.

APPENDIX B

TDHCA PROGRAM DESCRIPTIONS

The following program descriptions provide information on the various TDHCA programs including funding source, type of assistance, recipients, targeted beneficiaries, program activities, set-asides, and special initiatives.

It is the policy of TDHCA to not require its nonprofit recipients of funds to verify, as a condition of receiving federal funds, the citizenship or immigration status of applicants for funds. This policy is subject to change if the US Department of Housing and Urban Development revises its policy. This policy does not apply to the Section 8 Housing Choice Voucher Program.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The HOME Investment Partnerships (HOME) Program receives funding from the US Department of Housing and Urban Development (HUD) and provides loans and grants to units of local government, public housing authorities (PHAs), community housing development organizations (CHDOs), nonprofit organizations, and for-profit entities, with targeted beneficiaries being low, very low, and extremely low income households. The purpose of the HOME Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local governments and private and nonprofit organizations in order to strengthen their capacity to meet the housing needs of lower income Texans.

The State of Texas receives an annual allocation of HOME funds from HUD. TDHCA provides technical assistance to all recipients of the HOME Program to ensure that all participants meet and follow state implementation guidelines and federal regulations. In 2003, the Texas Legislature passed Senate Bill 264 (amending Sec. 2306.111 of the Government Code), which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the HOME, Housing Trust Fund, and Housing Tax Credit programs to each Uniform State Service Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance. Please see the Regional Allocation Formula section of this document, beginning on page 67, for further explanation.

Note: It is anticipated that the CHDO, Contract for Deed Conversion, Rental Housing Preservation, and Rental Housing Development activities will be awarded through an open funding cycle.

Eligible Service Areas

Per Section 2306.111(c) the Department shall expend at least 95 percent of HOME funds for the benefit of non–participating jurisdictions (non-PJ) areas of the state. The remaining 5 percent of HOME funds may be expended in a participating jurisdiction (PJ), but only if it funds a multifamily activity that serves persons with disabilities.

Single Family

In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5 percent of its HOME allocation to go to applicants in PJs. Based on the increase in capacity of organizations in non-PJ areas as evidenced by an over-subscription rate in the 2004 application cycle for single family activities, the Department will no longer fund single family activity applications in PJ areas.

Multifamily

Due to continued limited capacity with regard to the development and/or preservation of integrated multifamily properties, the Department will accept applications from PJ areas, so long as they do not exceed 5 percent of the total HOME allocation, serve persons with disabilities, and are in compliance with the Department's Integrated Housing Rule.

Owner-Occupied Housing Assistance

Rehabilitation or reconstruction cost assistance in the form of grants or loans is provided to homeowners for the repair or reconstruction of their existing homes. The homes must be the principal residence of the homeowner. This activity will comprise approximately 80 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $20,718,000.

Tenant-Based Rental Assistance

Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed two years. Tenant-based Rental Assistance (TBRA) allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance. The Department will give scoring preference to applications choosing to assist people with disabilities; this includes those affected by the *Olmstead* Supreme Court decision. TBRA will comprise approximately 20 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $5,179,500.

Homebuyer Assistance

Down payment and closing cost assistance is provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for construction costs associated with architectural barrier removal in a home purchased with HOME assistance to meet the accessibility needs of homebuyers with disabilities; acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents; and construction costs associated with the rehabilitation of a home purchased with HOME assistance. Homebuyer Assistance may be awarded through the CHDO Set-Aside, Contract for Deed Set-Aside, and American Dream Downpayment Initiative.

Rental Housing Development

Awards for eligible applicants are to be used for the development of affordable multifamily rental housing. Owners are required to make the units available to extremely low, very low, and low income families, and must meet long-term rent restrictions. Approximately $3,000,000 in FY 2005 appropriations will be allocated toward this activity. These funds will not be subject to the Regional Allocation Formula.

Rental Housing Preservation

Awards for eligible applicants are to be used for the acquisition and/or rehabilitation for the preservation of existing affordable or subsidized rental housing. Owners are required to make the units available to extremely low, very low, and low income families and must meet long-term rent restrictions. Approximately $2,000,000 in FY 2005 appropriations will be allocated toward this activity. These funds will not be subject to the Regional Allocation Formula.

Set-Asides & Initiatives

CHDO Set-Aside

A minimum of 15 percent, approximately $7,050,000 (plus $352,500 in operating expenses) of the annual HOME allocation is reserved for community housing development organizations (CHDOs). CHDO Set-Aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. TDHCA may set aside up to 10 percent of the annual 15 percent CHDO Set-Aside for predevelopment loans in accordance with 24 CFR 92.300(c). Predevelopment loan funds may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation may be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate application cycle not tied to a specific activity.

Set-Aside for Contract for Deed Conversions

The intent of this program is to help colonia residents become property owners by converting their contracts for deed into traditional mortgages. To assist the Department in meeting this mandate, $2,000,000 in HOME Program funds will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

Set-Aside for Colonia Model Subdivision Loan Program

Per Subchapter GG of Chapter 2306, Texas Government Code, the intent of this program is to provide low-interest-rate or possible interest-free loans to promote the development of new, high-quality residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. The Department will only make loans to CHDOs certified by the Department and for the types of activities and costs described under the previous section regarding CHDO Set-Aside. One million dollars will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

American Dream Downpayment Initiative

ADDI was signed into law on December 16, 2003, and was created to help homebuyers with down payment and closing cost assistance. ADDI aims to increase the homeownership rate, especially among lower income and minority households, and revitalize and stabilize communities.

Under ADDI, a first time homebuyer is an individual and his or her spouse who have not owned a home during the three year period prior to the purchase of a home with assistance under ADDI. The term also includes displaced homemakers and single parents. The amount of assistance available is $10,000 or 6 percent of the purchase price, whichever is greater. This assistance is in the form of a second- or third-lien loan.

For PY 2005, approximately $2,000,000 is reserved for down payment assistance and may, at the discretion of the Department, include funds for rehabilitation for first time homebuyers in conjunction with home purchases assisted with ADDI funds. The rehabilitation may not exceed 20 percent of the annual ADDI allocation. These funds will not be subject to the Regional Allocation Formula.

Persons with Disabilities

Subject to the availability of qualified applications, a minimum of 5 percent, approximately $2,350,000, of the annual HOME allocation will be allocated for applicants serving persons with disabilities. Eligible applicants include nonprofits, units of general local government, and public housing authorities with a documented history of working with special needs populations.

Additionally, TDHCA will ensure that all housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will be limited to reserving no more than 18 percent of the units in developments with 50 or more units, and no more than 36 percent of the units in developments with less than 50 units, for persons with disabilities.

The Department will allocate $500,000 to the Home of Your Own (HOYO) Program for activities related to homeownership for persons with disabilities. The HOYO Program coordinates existing homeownership services, which streamlines the process homebuyers must follow, including homebuyer counseling, down payment assistance, and architectural barrier removal.

Special Needs Populations

Subject to the availability of qualified applications, TDHCA has a goal of allocating 20 percent of the annual HOME allocation to applicants serving persons with special needs. All HOME program activities will be included in attaining this goal. Additional scoring criteria may be established under each of the eligible activities to target such activities and assist the Department in reaching its goal.

Projected HOME Program funding for FY 2005: $47,000,000.

For more information regarding single family activities, contact Paige McGilloway, Single Family Finance Production Division, at (512) 475-4604. For multifamily activity information, contact David Danenfelzer, Multifamily Finance Production Division, at (512) 475-3865.

HOUSING TRUST FUND

The Housing Trust Fund (HTF) receives funding from the State of Texas, multifamily bond issuance fees, and loan repayments, and is the only State-authorized program for affordable housing, as created by the 72nd Legislature in Senate Bill 546. HTF offers loans and grants to nonprofits; units of local government; PHAs; CHDOs; for-profit entities; and, as an eligible activity, income-eligible individuals and families. The targeted beneficiaries of the program are low, very low, and extremely low income households. HTF funds may be used for the acquisition, rehabilitation, and new development of affordable housing, and may provide pre-development loans and capacity building grants to nonprofits and CHDOs engaged in the development of affordable housing. HTF strives for a broad geographic distribution of projects.

Rental Housing Development

Rental Housing Development funds are primarily used to fund the acquisition, construction, and rehabilitation of affordable housing. Housing Trust Funds are typically used as gap financing in developments and combined with other Department programs, like the HOME Program and Housing Tax Credit Program.

Housing units assisted with HTF funds must remain affordable for a period of at least 30 years.[127] Funds are not available to projects that will permanently and involuntarily displace persons of low income. Housing developments are funded based on threshold and scoring criteria established by the Department's statutory and programmatic rules, and as may be further elaborated in the Notice of Funding Availability (NOFA). Funds may be awarded through a competitive or open NOFA cycle.

Ten percent of the total number of project units assisted with HTF funds must be set aside for special needs populations. Five percent must be fully wheelchair accessible and 2 percent must be for sight- or hearing-impaired individuals. HTF provides scoring incentives for developments that choose to set aside additional units for special needs populations.

Capacity Building and Technical Assistance

Up to 10 percent of Housing Trust Fund money may be set aside for capacity building activities. In 2004, the Housing Trust Fund provided approximately $400,000 in grant funding to 14 nonprofits to hire staff or contract with technical assistance providers in an effort to increase the organizational capacity and the production of affordable housing.

Predevelopment Loan Fund Demonstration Program

The Housing Trust Fund has also reserved funding for predevelopment activities in past years, which will continue to be available to applicants in fiscal year 2005. The purpose of the Predevelopment Loan Fund Program is to provide opportunities for nonprofits and CHDOs to develop affordable housing by helping eliminate the barriers predevelopment expenses may pose. In FY 2003, administration of this program was awarded to Texas Community Capital. Approximately $ 500,000 in funding will be available to eligible entities for predevelopment activities.

Special Initiatives and Partnerships

Special Needs Populations

Ten percent of the total number of project units assisted with HTF funds must be set aside for special needs populations. Five percent must be fully wheelchair accessible and 2 percent must be for sight- or hearing-impaired individuals. HTF provides scoring incentives for developments that choose to set aside additional units for special needs populations.

[127] See §2306.185

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program, as administered by the TDHCA Office of Colonia Initiatives, receives substantial funding from the Housing Trust Fund.

Projected Housing Trust Fund Funding for FY 2005: Approximately $2,800,000.

For more information, contact David Danenfelzer, Multifamily Finance Production Division, at (512) 475-3865.

HOUSING TAX CREDIT PROGRAM

The Housing Tax Credit (HTC) Program receives authority from the US Treasury Department to provide tax credits to nonprofits, for-profit developers, and syndicators or investors. The targeted beneficiaries of the program are very low and extremely low income families at or below 60 percent AMFI. The program's purpose is to encourage the development and preservation of rental housing for low income families, provide for the participation of for-profit and nonprofit organizations in the program, maximize the number of units added to the state's housing supply, and prevent losses in the state's supply of affordable housing.

The HTC Program was created by the Tax Reform Act of 1986 and is governed by the Internal Revenue Code of 1986 (the Code), as amended, 26 USC Section 42. It authorizes tax credits in the amount of $1.80 per capita of the state population. Tax credits are also awarded to developments with tax-exempt bond financing and are made independent of the $1.80 state volume cap. TDHCA is the only entity in the state with the authority to allocate tax credits under this program. The state's distribution of the credits is administered by the Department's *Qualified Allocation Plan and Rules* (QAP) as required by the Code. In 2003, the Texas Legislature passed Senate Bill 264, which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the Housing Tax Credit Program to each Uniform State Planning Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance.

To qualify for tax credits, the proposed development must involve new construction or undergo substantial rehabilitation of residential units, which is defined as at least $6,000 per rental unit of construction hard costs. The credit amount for which a development may be eligible depends on the total amount of depreciable capital improvements, the percentage of units set aside for qualified tenants, and the funding sources available to finance the total development cost. Pursuant to the Code, a low income housing development qualifies for residential rental occupancy if it meets one of the following two criteria: (1) 20 percent or more of the residential units in the project are both rent-restricted and occupied by individuals whose income is 50 percent or less of AMFI; or (2) 40 percent or more of the residential units in the project are both rent-restricted and occupied by individuals whose income is 60 percent or less of AMFI. Typically, 60 to 100 percent of a development's units will be set aside for qualified tenants in order to maximize the amount of tax credits the development may claim.

Credits from the state volume cap are awarded through a competitive application process. Each application must satisfy a set of threshold criteria and is scored based on selection criteria. The board considers the recommendations of the Department and determines a final award list. Credits to developments with tax-exempt bond financing are awarded through a similar application review process, but because these credits are not awarded from a limited credit pool, the process is noncompetitive and the selection criteria are not part of the application.

The selection criteria encourages the provision of units for persons with special needs by awarding points for projects that include units designed for large families; that set aside units for families with income at or below 50 percent, 40 percent, and/or 30 percent of the area median income; that serve low income tenants for the longest period of time; that provide design amenities and include supportive services for tenants; that set aside units designed and built to Section 504 standards and equipped for persons with physical or mental disabilities; and that provide transitional housing units for the homeless.

The Department requires recipients of tax credits to document the participation of historically underutilized businesses (HUBs) in the development, construction, and management of tax credit projects, and has established a minimum goal of 30 percent participation of HUBs. The selection criteria for 2004 awards extra points to projects owned by HUBs and also areas located in colonias. Efforts are made in the planning process and allocation of funds to ensure the involvement of housing advocates, community-based institutions, developers, and local municipalities. The Department also encourages the participation of community development corporations and other neighborhood-based groups.

Projected Housing Tax Credit Program Funding for FY 2005: $40,000,000.

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

MULTIFAMILY BOND PROGRAM

The Multifamily Bond Program issues taxable and tax-exempt mortgage revenue bonds (MRBs) to fund loans to nonprofit and for-profit developers. The proceeds of the bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties with the targeted beneficiaries being very low, low, and moderate income households. Owners elect to set aside units in each project according to TAC 34 Part 9 Chapter 190.2(d). Persons with special needs must occupy 5 percent of the units. Property owners are also required to offer a variety of services to benefit the residents of the development. Specific tenant programs must be designed to meet the needs of the current tenant profile and must be approved annually by TDHCA.

TDHCA issues tax-exempt, multifamily MRBs through two different authorities defined by the Internal Revenue Code. Under one authority, tax-exempt bonds used to create housing projects are subject to the State's private activity volume cap. The State will allocate 22 percent of the annual private activity volume cap for multifamily projects. Approximately $389 million in issuance authority will be made available to various issuers to finance multifamily projects, of which 20 percent, or approximately $77.8 million, will be made available exclusively to TDHCA. Issuance authority per individual projects is allocated through a lottery administered by the Texas Bond Review Board. TDHCA, local housing authorities, and other eligible bond issuers enter the lottery with applications for specific projects on behalf of project owners. Applications submitted to TDHCA for the private activity bond 2005 program year will be scored and ranked. Lottery numbers will then be assigned from the lowest to highest ranked application. Projects that receive 50 percent or more of their funding from the proceeds of tax-exempt bonds under the private activity volume cap are also eligible to apply for housing tax credits.

Under the second authority, TDHCA may issue tax-exempt MRBs to finance properties that are owned entirely by nonprofit organizations. Bonds issued under this authority are exempt from the private activity volume cap. This is a noncompetitive application process and applications may be received at any time throughout the year. In addition to the set-asides above, 75 percent of project units financed under the 501(c)(3) authority must be occupied by households earning 80 percent or less of the area median income.

Projected Multifamily Bond Program Funding for FY 2005: $175,000,000.

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

First Time Homebuyer Program

The First Time Homebuyer Program receives funding from tax-exempt and taxable mortgage revenue bonds. The program offers 30-year fixed-rate mortgage financing at below-market rates for very low, low, and moderate income residents purchasing their first home or residents who have not owned a home within the preceding three years. Qualified applicants access First Time Homebuyer Program funds by contacting any participating lender, which is then responsible for the loan application process and subsequent loan approval. After closing, the lender transfers the mortgage loan to a Master Servicer designated by TDHCA.

The First Time Homebuyer Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI (area median family income) limitations, based on IRS adjusted income limits, and the purchase price of the home must not exceed stipulated maximum purchase price limits. Program funds are allocated on a regional basis based on population percentage per Uniform State Service Region. A minimum of 30 percent of program funds will be set aside to assist Texans earning 60 percent or less of program income limits.

TDHCA currently offers Assisted Mortgage Loans and Non-Assisted Mortgage Loans. The Assisted Mortgage Loans have a slightly higher interest rate than the Non-Assisted Loans and may include down payment and closing cost assistance in the form of a grant or second lien loan. The type of assistance and amount varies by bond issuance. Assisted Mortgage Loans are available exclusively to low income homebuyers earning 60 percent or less or 80 percent or less of program income limits, depending on the program. Non-Assisted Mortgage Loans have a slightly lower interest rate than the Assisted Loans and do not offer down payment or closing cost assistance.

In an effort to assist borrowers with impaired credit histories, the First Time Homebuyer Program may be used in conjunction with Fannie Mae's My Community Mortgage. My Community Mortgage offers flexible terms, including flexibility on credit histories and the acceptance of nontraditional credit histories. These loans may be used with all TDHCA mortgage revenue bond programs, thus giving households with slight credit blemishes the opportunity to qualify for a homebuyer loan with interest rates lower than that of alternative financing arrangements

Income limits for the program are set by the IRS Tax Code (1986) based on income figures determined by the US Department of Housing and Urban Development. The first time homebuyer restriction is established by federal Internal Revenue Service regulations, which also require that program recipients may be subject to a recapture tax on any capital gain realized from a sale of the home during the first nine years of ownership. Certain exceptions to the first time homebuyer restriction, income ceiling, and maximum purchase price limitation apply in targeted areas. Such targeted areas are qualified census tracts in which 70 percent or more of the families have an income of 80 percent or less of the statewide median income and/or are areas of chronic economic distress as designated by the state and approved by the Secretaries of Treasury and Housing and Urban Development, respectively.

Projected Single Family Bond Program funding for FY 2005: $ 325,000,000.

For more information, contact Sue Cavazos, Single Family Finance Production Division, at (512) 475-3962. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

GRANT ASSISTANCE PROGRAM

The Texas Department of Housing and Community Affairs offers grant funds for down payment and closing cost assistance on a first-come, first-served basis for mortgage loans originated through the First Time Homebuyer Program. The Grant Assistance Program (GAP) currently provides up to 4 percent of the amount of the mortgage loan, but the amount of assistance may vary by program. Assistance is available to eligible borrowers whose incomes do not exceed 60 percent AMFI or 80 percent AMFI, depending on the program.

Projected Grant Assistance Program funding for FY 2005: Varies by bond issuance.

For more information, contact Sue Cavazos, Single Family Finance Production Division, at (512) 475-3962. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

MORTGAGE CREDIT CERTIFICATE PROGRAM

A mortgage credit certificate (MCC) provides a tax credit that will reduce the federal income taxes, dollar-for-dollar, of qualified buyers purchasing a qualified residence. As a result, the MCC effectively reduces the monthly mortgage payment and increases the buyer's disposable income by reducing his or her federal income tax obligation. This tax savings provides a family with more available income to qualify for a loan and meet mortgage payment requirements.

The amount of the annual tax credit will equal 40 percent of the annual interest paid on a mortgage loan; however, the maximum amount of the credit cannot exceed $2,000 per year. The credit cannot be greater than the annual federal income tax liability, after all other credits and deductions have been taken into account. MCC tax credits in excess of a borrower's current year tax liability may, however, be carried forward for use during the subsequent three years.

The MCC Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI limitations, based on IRS adjusted income limits. In order to participate in the MCC Program, homebuyers must meet certain eligibility requirements and obtain a mortgage loan through a participating lender. The mortgage loan must be financed from sources other than tax-exempt revenue bonds. The mortgage may be a conventional, FHA, VA, or RHS loan at prevailing market rates, but may not be used in connection with the refinancing of an existing loan.

Projected Mortgage Credit Certificate Program funding for FY 2005: Unknown at this time.

For more information, contact Sue Cavazos, Single Family Finance Production Division, at (512) 475-3962.

TEXAS STATEWIDE HOMEBUYER EDUCATION PROGRAM

The Texas Statewide Homebuyer Education Program (TSHEP) offers provider certification training to nonprofit organizations including Texas Agriculture Extension Agents, units of local government, faith-based organizations, CHDOs, community development corporations (CDCs), community-based organizations (CBOs), and other organizations with a proven interest in community building. In addition, a referral service for individuals interested in taking a homebuyer education class is available through a toll-free hotline at TDHCA. The targeted beneficiaries of the program include extremely low, very low, low, and moderate income individuals; minority populations; and persons with disabilities.

To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA contracts with training professionals to teach local nonprofit organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education. The training professionals and TDHCA also certify the participants as homebuyer education providers.

Projected Texas Statewide Homebuyer Education Program funding for FY 2005: $70,000.

For more information, contact Alyssa Carpenter, Division of Policy and Public Affairs, at (512) 475-3975. To obtain a list of TSHEP-certified providers or for more information regarding TSHEP, call 1-877-895-1093.

OFFICE OF COLONIA INITIATIVES

In 1995, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all Department and legislative initiatives involving border issues and managing a portion of the Department's existing programs targeted at colonias. The fundamental goal of the OCI is to improve the living conditions and lives of border residents, and to educate the public regarding the services that the Department has to offer.

A "colonia," Spanish for "neighborhood" or "community," is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing.

Border Field Offices

OCI oversees three Border Field Offices (BFOs) located in Edinburg, El Paso, and Laredo that serve a 75-county area with a primary purpose to provide technical assistance to colonia residents and communities along the Texas-Mexico border region. Each BFO is responsible for marketing Department programs and services to colonia and border residents and networking with local governments, state and federal agencies, nonprofits, and private organizations. This collaboration of efforts serves as a mechanism for community improvements that is responsive to the needs of colonia residents.

Colonia Self-Help Centers

Legislative action in 1995 directed the establishment of Colonia Self-Help Centers (SHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties, and any other county if designated as an economically distressed area. Additional Colonia SHCs have been established in Maverick and Val Verde counties. Operation of Colonia SHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to perform the functions of a Colonia SHC. Colonia SHCs provide concentrated onsite technical assistance to low and very low income individuals and families regarding housing and community development activities, infrastructure improvements, and outreach and education. The program serves 28 designated colonias in the six counties and benefits approximately 10,000 colonia residents. Beneficiaries of services must be at or below 80 percent of the area median family income.

Colonia Resident Advisory Committee

The Colonia Resident Advisory Committee (C-RAC) advises the Department on the needs of colonia residents and potential activities and programs. The Department's Board of Directors is required by the Texas Government Code to appoint two colonia resident representatives from each county to the C-RAC. C-RAC members meet 30 days prior to making an award to a Colonia Self-Help Center. The C-RAC has been instrumental in voicing the concerns of the targeted populations and assisting in the development of useful tools and programs to address the needs of colonia residents.

Contract for Deed Conversion Initiative

The intent of this program is to facilitate colonia-resident property ownership by converting contracts for deed into traditional mortgages. The Department is required through legislative directive to spend no less than $4 million on contract for deed conversions for colonia families earning less than 60 percent of AMFI. The Department must convert at least 400 of these contracts for deed into traditional notes and deeds of trust by August 31, 2005. Participants of this program must live in a colonia and the property must be their principal residence. Pre- and post-conversion counseling is available, as well as funding for housing construction and rehabilitation.

Contract for Deed Consumer Education Program

OCI continues the consumer education program and has expanded its educational goals, although OCI is no longer required by legislation to provide education for contract for deed participants. With the statewide expansion of this program, OCI recognized the need for additional education topics, including homebuyer education and instruction in other aspects of homeownership. Education services are available through the Colonia Self-Help Centers and OCI Border Field Offices.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program is required under Subchapter FF, Chapter 2306, Texas Government Code, to make available $3 million for mortgage loans to very low income families (those earning 60 percent or less of the area median family income), not to exceed $30,000 per unit. This program is a self-help construction program, which is designed to provide very low income families an opportunity to help themselves through the form of sweat equity. All participants under this program are required to provide at least 60 percent of labor that is necessary to construct or rehabilitate the home, and all applicable building codes must be adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources, such as those from private lending institutions, local governments, or any other sources; however, all combined loans can not exceed $60,000 per unit.

The Department is required to set aside at least two-thirds, or $2,000,000, of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The majority of these counties are located along the Texas-Mexico border region. The remainder of the funding, one-third, or $1,000,000, will be available to Department-certified nonprofit owner-builder programs statewide.

Colonia Model Subdivision Loan Program

The intent of this program, created in 2001 by the 77th Legislature, is to provide low-interest or interest-free loans to Colonia Self-Help Centers or certified CHDOs through a competitive scoring process. These loans are intended for the development of new, high-quality residential subdivisions that provide alternatives to substandard colonias. The Department has allocated $1 million from the HOME Program to implement this initiative in FY 2005.

Builder Incentive Partnership Program

The purpose of this program is to assist working families purchase a new home. This initiative was created to entice builders to build homes at or below $70,000 with the guarantee that the home will be purchased if it is not sold to a conventional buyer within 30 days of completion. The Department, Fannie Mae, and other local for-profit and nonprofit entities have partnered to implement this one-time pilot initiative.

Border Affairs

The Office of the Texas Secretary of State is taking the lead on the State Agency Advisory Roundtable on the Texas Border and Mexican Affairs (Advisory Roundtable), which meets on a quarterly basis with the purpose of identifying common interagency border concerns. This forum is expected to facilitate in the creation of a common agenda that will best advance the quality of life and standard of living in our border communities.

Consumer Information Resources

OCI manages a toll-free hotline, 1-800-462-4251, in both English and Spanish that allows colonia residents to voice concerns and/or request information.

Projected Office of Colonia Initiatives funding for FY 2005: OCI will receive 2.5 percent (approximately $2.1 million) from the State Community Development Block Grant Program (CDBG) annual allocation to fund the operations of the Colonia Self-Help Centers; approximately $3 million from the Housing Trust Fund for the implementation of the FY 2005 Texas Bootstrap Loan Program; $2 million from the HOME Investment Partnerships Program for the implementation of the Contract For Deed Conversion Program;

and $1 million from the HOME Program for the implementation of the Colonia Model Subdivision Loan Program.

For additional information, contact Homero V. Cabello or Susana J. Garza, Office of Colonia Initiatives, at 1-800-462-4251.

COMPREHENSIVE ENERGY ASSISTANCE PROGRAM

The Comprehensive Energy Assistance Program (CEAP) receives funding from the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) and offers grants to community action agencies, nonprofits, and local units of government. The targeted beneficiaries of the program in Texas are households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly, disabled, families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

CEAP combines case management, education, and financial assistance to help very low and extremely low income consumers reduce utility bills to an affordable level. By statute, 10 percent of total funding is allocated for administration and 5 percent is allocated to case-management activities. The remaining 85 percent of the funding is used for direct client services, which includes 5 percent for outreach.

There are four basic components to meet consumers' needs:

- The co-payment component assists households achieve energy self-sufficiency by helping households set goals for reducing utility bills, giving advice on improving household budgets, and assisting with utility bills for six to twelve months.
- The heating and cooling systems component repairs or replaces heating and cooling appliances to increase energy efficiency.
- The energy crisis component provides assistance during an energy crisis caused by extreme weather conditions or an energy supply shortage.
- The elderly and persons with disabilities component protects vulnerable households from fluctuations in energy costs by paying up to four of the highest bills during the year.

CEAP providers are expected to create partnerships with programs within and outside their agencies and with private entities. The program also requires that providers refer CEAP clients to the Department's Weatherization Assistance Program. Because CEAP is designed to help clients achieve energy self-sufficiency, it encourages the consumer to control future energy costs without having to rely on other government programs for energy assistance.

Projected Comprehensive Energy Assistance Program funding for FY 2005: $31,505,813.

For more information, contact Peggy Colvin, Energy Assistance Section, at (512) 475-3864. To apply for CEAP, call 1-877-399-8939, toll free, using a land phone.

WEATHERIZATION ASSISTANCE PROGRAM

The Weatherization Assistance Program (WAP) is funded through the US Department of Energy Weatherization Assistance Program for Low Income Persons grant and the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) grant. WAP offers grants to community action agencies, nonprofits, and local units of government with targeted beneficiaries being households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly, disabled, families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden), and households with high energy consumption. Local providers must implement special outreach efforts to reach these priority populations. Applicants who have special needs receive additional points in the application process. To help consumers control energy costs, WAP funds the installation of weatherization measures and provides energy conservation education. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.

The Department of Energy allows up to 15 percent of the funds for administration. The Department of Health and Human Services LIHEAP grant allows 10 percent for administration. The remaining funds are used for direct client services.

Partnerships between the Weatherization Assistance Program and the Southwestern Electric Power Company, the Southwestern Public Service Company, Entergy, and El Paso Electric provide energy conservation measures to very low and extremely low income utility customers. These partnerships increase the total number of low income households receiving weatherization services and provide consumers the opportunity to receive more comprehensive energy-efficiency measures.

Projected Weatherization Assistance Program funding for FY 2005: $11,876,693.

For more information, contact Peggy Colvin, Energy Assistance Section, at (512) 475-3864. To apply for weatherization, call 1-888-606-8889, toll free, using a land phone.

EMERGENCY SHELTER GRANTS PROGRAM

The Emergency Shelter Grants Program (ESGP) receives funding from the US Department of Housing and Urban Development and awards grants to units of local government and private nonprofit entities that provide shelter and related services to homeless persons and/or intervention services to persons threatened with homelessness. Activities eligible for ESGP funding include the rehabilitation or conversion of buildings for use as emergency shelters for the homeless; the provision of essential services to the homeless; costs related to the development and implementation of homeless prevention activities; costs related to operation administration; and costs related to maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings.

TDHCA also participates in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas; assisting in the coordination and provision of services for homeless persons throughout the state; increasing the flow of information among separate service providers and appropriate authorities; developing guidelines to monitor services for the homeless; providing technical assistance to the housing finance divisions of TDHCA in order to assess housing needs for persons with special needs; establishing a central resource and information center for the state's homeless; and developing, in cooperation with the Department and the Health and Human Services Commission, a strategic plan to address the needs of the homeless.

The Department provided funds to the Texas Homeless Network (THN) to provide in-depth technical assistance on refining a collaborative network of local service providers, assessing the needs of the homeless population, and developing priorities for addressing those needs.

Projected Emergency Shelter Grants Program funding for FY 2005: $4,977,909.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905.

COMMUNITY SERVICES BLOCK GRANT PROGRAM

The Community Services Block Grant Program (CSBG) receives funding from the US Department of Health and Human Services (USHHS), and funds are utilized to fund CSBG-eligible entities and to fund activities that support the intent of the CSBG Act. The targeted beneficiaries of the program are low income families and individuals, homeless families and individuals, migrant and seasonal farmworkers, and elderly low income individuals and families whose income does not exceed 125 percent of the current federal income poverty guidelines issued by USHHS.

CSBG provides administrative support to 48 CSBG-eligible entities that provide services to very low income persons. The funding assists with in providing essential services, including access to child care, health and human services, nutrition, transportation, job training and employment services, education services, activities designed to make better use of available income, housing services, emergency assistance, activities to achieve greater participation in the affairs of the community, youth development programs, information and referral services, activities to promote self-sufficiency; and other related services.

Five percent of the State's CSBG allocation may be used to fund activities that support the intent of the Community Services Block Grant Act, which may include providing training or technical assistance to eligible entities or short-term financial support for innovative projects that address the causes of poverty, promote client self-sufficiency, or promote community revitalization. These funds may also be used to support nonprofit organizations that assist low income Native Americans and migrant or seasonal farm workers. In addition, local contractors may use CSBG funds to assist homeless persons and other special needs populations.

Community Services Block Grant Program funding for FY 2005: $30,763,975.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905.

COMMUNITY FOOD AND NUTRITION PROGRAM

The Community Food and Nutrition Program (CFNP) receives funding from the US Department of Health and Human Services, and the grant supports efforts to address hunger issues in low income neighborhoods on a statewide basis.

CFNP coordinates statewide efforts to address hunger and related issues by distributing surplus commodities and game donated by hunters. CFNP funds are also used to support the expansion of child-feeding programs and the creation of farmers markets designed to serve low income neighborhoods.

In FY 2003, a total of 1.9 million pounds of food were donated through Share Our Surplus Service (SOS) and Hunters for the Hungry Program (HFHP). SOS is a food recovery program where donations of surplus and unsellable food donations are distributed to needy Texans. HFHP is a collaborative effort among hunters, meat processors, and nonprofit organizations to distribute meat to local food banks, food pantries, and other organizations feeding the needy.

Community Food and Nutrition Program funding for FY 2005: $380,170.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905.

SECTION 8 PROGRAM

The Section 8 Program receives funding from HUD and offers rental assistance subsidies to families and individuals, including the elderly and persons with disabilities, earning 50 percent or less of area median income. No less than 75 percent of new admissions to the tenant-based voucher assistance program must have incomes at or below 30 percent of the area median income. Qualified households are afforded the opportunity to select the best available housing through direct negotiations with landlords to ensure accommodations that meet their needs. The statewide program is designed specifically for needy families in small cities and rural communities not served by similar local or regional programs.

TDHCA contracts with community action agencies, public housing authorities, and local governments to administer the program in their jurisdictions. This partnership has increased program efficiency.

Projected Section 8 Program funding for FY 2005: $10,049,239.

For more information, contact the Section 8 Program at (512) 475-2634.

APPENDIX C

GLOSSARY OF SELECTED TERMS

Accessible: A definition used by HUD in Section 504 with respect to the design, construction, or alteration of an individual dwelling unit. It means that the unit is located on an accessible route and when designed, constructed, altered, or adapted, it can be approached, entered, and used by individuals with physical disabilities. A unit that is on an accessible route and is adaptable and otherwise in compliance with the standards set forth in the Uniform Federal Accessibility Standards (UFAS, 23 CFR Subpart 40 for residential structures) is considered accessible. When a unit in an existing facility that is being made accessible as a result of alterations intended for use by a specific qualified person with a disability, the unit will be deemed accessible if it meets the requirements of applicable standards that address the particular disability or impairment of such person.

Accessible Route: Unobstructed path that connects accessible elements and spaces in a building or facility and complies with the space and reach requirements prescribed by the Uniform Federal Accessibility Standards (UFAS). An accessible route that serves only accessible units occupied by persons with hearing or vision impairments need not comply with those requirements intended to affect accessibility for persons with mobility requirements.

Acquisition: Acquisition of standard housing (at a minimum, meeting HUD Section 8 Housing Quality Standards) only with no expectation of other activities being carried out in conjunction with the acquisition.

Adaptability: A definition used by HUD in Section 504 meaning the ability of certain elements of a dwelling unit (such as kitchen counters, sinks, and grab bars) to be added to, raised, lowered, or otherwise altered, to accommodate the needs of persons with or without disability or to accommodate the needs of persons with different degrees of disability.

Administrative Costs Reasonable and necessary costs, as described in OMB Circular A-87, incurred by the participating jurisdiction in carrying out its eligible program activities in accordance with prescribed regulations. Administrative costs include any project delivery costs, such as new construction and rehabilitation counseling, preparing work specifications, loan processing, inspections, and other entities applying for or receiving HOME funds. Administrative costs do not include eligible project-related costs that are incurred by and charged to project owners.

Affordable Housing: Housing where the occupant is paying no more than 30 percent of his/her gross monthly income for gross housing costs, including utility costs. Housing that is for purchase (with or without rehabilitation) qualifies as affordable housing if it (1) is purchased by a low income, first-time home buyer who will make the housing his or her principal residence; and (2) has a sale price that does not exceed the mortgage limit for type of single family housing for the area under HUD's single family insuring authority under the National Housing Act.

Area Median Family Income (AMFI): Income limits for MSAs and counties that are based on HUD's estimates of the area's median income adjusted for family size. Calculated yearly by HUD and used to determine an applicant's eligibility with regard to HUD programs.

Assisted Household or Person:	For the purpose of identification of goals, an assisted household or person is one in which, during the periods covered by the annual plan, will receive benefits through the investment of federal funds, either alone or in conjunction with the investment of other public or private funds. A renter is benefited if the household or person takes occupancy of affordable housing that is newly acquired (standard housing) or new rehabilitation is completed. A first-time home buyer is benefited if a home is purchased during the year. A homeless person is benefited if the person becomes an occupant of transitional or permanent housing. A non-homeless person with special needs is considered as being benefited if the provision of supportive services is linked to the acquisition, rehabilitation, or new construction of a housing unit and/or the provision of rental assistance during the year.
Capacity Building:	Educational and organizational support assistance to promote the ability of an organizations to maintain, rehabilitate, and construct housing for low and very low income persons and families. This activity may include, but is not limited to: 1) Organizational support to cover expenses for training, technical, and other assistance to the board of directors, staff, and members of the organization, 2) Program support including technical assistance and training related to housing development, housing management, or other subjects related to the provision of housing or housing services, and 3) Studies and analyses of housing needs.
Community Housing Development Organization (CHDO):	A nonprofit organization, certified by a city or the state, that provides decent, affordable housing to low income individuals within a designated geographic area.
Colonia:	An identifiable unincorporated area located within 150 miles of the Texas-Mexico border that lacks infrastructure and decent housing.
Consolidated Plan:	A document submitted to the US Department of Housing and Urban Development (HUD) containing housing needs assessments and strategic plans for the state. It is required of the State of Texas by HUD in order to receive federal CDBG, HOME, ESGP, and HOPWA program funds.
Contract for Deed:	A financing arrangement for the sale of property whereby land ownership remains with the seller until the total purchase price is paid.
Disability:	According to the US Department of Housing and Urban Development, a person shall be considered to have a disability if the person is determined to have a physical, mental, or emotional impairment that: (1) is expected to be of long-continued and indefinite duration, (2) substantially impeded his or her ability to live independently, and (3) is of such a nature that the ability could be improved by more suitable housing conditions. A person shall also be considered to have a disability or he or she has a developmental disability as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 USC. 6001-6006). The term also includes the surviving member(s) or any household described in the first sentence of this paragraph who is (were) living in an assisted unit with the disabled member of the household at the time of his or her death. Disabilities reflect the consequences of a bodily impairment in terms of functional performance. Also see "Person with Disability."
Disabled Household:	A household composed of one or more persons at least one of whom is an adult (a person of at least 18 years of age) who has a disability.

Economic Independence and Self-Sufficiency Programs: Programs undertaken by public housing agencies (PHAs) to promote economic independence and self-sufficiency for participating families. Such programs may include Project Self-sufficiency and Operation Bootstrap programs that originated under earlier Section 8 initiatives, as well as the Family Self-Sufficiency program. In addition, PHAs may operate locally developed programs or special projects designed to promote economic independence and self-sufficiency.

Elderly Household: According to HUD, a family in which the head of the household or a spouse is at least 62 years of age, by HUD's definition. This definition may change according to specific program.

Extremely Low Income: Individual of family with a household income less than or equal to 30 percent of the area median family income (AMFI)

Fair Housing Act Prohibits discrimination in housing because of race, national origin, religion, sex, familial status, or disability.

Federal Preference for Admission: The preference given to otherwise eligible applicants under HUD's rental assistance programs who, at the time they seek housing assistance, are involuntarily displaced, living in substandard housing, or paying more than 50 percent of family income for rent.

First Time Home Buyer: An individual or family who has not owned a home during the three-year period preceding the HUD-assisted purchase of a home that must be used as the principal residence of the homebuyer.

Frail Elderly Persons: Includes elderly persons who are unable to perform one or more Activities of Daily Living (ADL) without help.

Household: One or more persons occupying a housing unit (US Census definition).

Housing Development Costs: The total of all costs incurred in financing, creating, or purchasing any housing development, which are approved by the department as reasonable and necessary. The costs may include, but are not limited to, the value of land and any buildings on the land, cost of land acquisition, options, deposits, or contracts to purchase; cost of site preparation demolition and development; fee paid or payable in connection with the planning, execution, and financing of the development, such as those to architects, engineers, attorneys, accountants; cost of necessary studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs, and other operating and carrying costs during construction; cost of construction, rehabilitation, reconstruction, fixtures, furnishings, equipment, machines, and apparatus related to the real property; cost of land improvements, including without limitation, landscaping and off-site improvements; necessary expenses in connection with initial occupancy of the housing development; an allowance established by the Department for contingency reserves; and the cost of the other items, including tenant relocation, if tenant relocation costs are not otherwise being provided for, as determined by the department to be reasonable and necessary for the development of the housing development, less any and all net rents and other net revenues received from the operation of the real and personal property on the development site during construction.

Housing Development or Housing Project:	Any real or personal property, project, building structure, or facilities work or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards consistent with those prescribed in the federal HOME Program for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, use, or purchase by persons and families of low and very low income and persons with special needs. This term may include buildings, structure, land, equipment, facilities, or other real or personal properties that are necessary, convenient, or desirable appurtenances, such as but not limited to streets, water, sewers, utilities, parks, site preparation, landscaping, stores, offices, and other non-housing facilities, such as administrative, community, and recreational facilities the Department determines to be necessary, convenient, or desirable appurtenances.
Housing Problems:	Households with housing problems include those that: (1) occupy units with physical defects; (2) meet the definition of overcrowded; or (3) meet the definition of cost burdened (>30 percent of income spent on housing).
Jurisdiction:	A unit of state or local government
Local Government:	A county; an incorporated municipality; a special district; any other legally constituted political subdivision of the State; a public, nonprofit housing finance corporation created under Chapter 394, Local Government code Texas revised Civil Statues; or a combination of any of the entities described here.
Low Income Neighborhood:	A neighborhood that has at least 51 percent of its households at or below 80 percent of AMFI.
Low Income:	Household with an annual income that does not exceed 80 percent of the area median family income for the area. HUD may establish income ceilings higher or lower than the 80 percent figure on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents or unusually high or low family incomes.
Metropolitan Statistical Area (MSA):	US Census term used to identify a metropolitan area, which is a large population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Also described as an "urbanized area" of at least 50,000 inhabitants and/or a total metropolitan population of 100,000.
Migrant Farmworkers:	Persons who travel from place to place in order to take advantage of work opportunities provided by various agricultural seasons across the country.
Moderate Income:	Households whose incomes are between 81 percent and 115 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families, except that HUD may establish income ceilings higher or lower than 95 percent of the prevailing levels of construction costs or fair market rents, or unusually high of low family incomes. May differ by program.
Neighborhood:	A geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government. If the general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.

Nonprofit Organization:	A nonprofit corporation is created by filing articles of incorporation with the Secretary of State in accordance with the Texas Non-Profit Corporation Act. "Non-profit corporation" means a corporation in which no part of the earned income is distributable to members, directors, or officers. A nonprofit corporation may be created for any lawful purposes and are entitled to exemption from state or federal taxes.
***Olmstead*:**	The US Supreme Court in *Olmstead v. L. C.* held that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the ADA.
Overcrowded:	A housing unit containing more than one person per room. (US Census definition)
Participating Jurisdiction (PJ):	Term for any state or local government that has been designated by HUD to receive HOME Program funds.
Person with Disability:	(1) A person is considered to have a disability if the person has a physical, mental, or emotional impairment that (i) is expected to be of long-continued and indefinite duration; (ii) substantially impedes his or her ability to live independently; and (iii) is of such a nature that such ability could be improved by more suitable housing conditions. (2) A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that (i) is attributable to a mental or physical impairment or combination of mental and physical impairments; (ii) is manifested before the person attains age twenty-two; (iii) is likely to continue indefinitely; (iv) results in substantial functional limitations in three or more of the following areas of major life activity; self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency, and (v) reflects the person's need for a combination and sequence of special interdisciplinary, or generic care, treatment, or other services that are lifelong or extended duration and are individually planned and coordinated.
Physical Defects:	A housing unit lacking complete kitchen or bathroom facilities (US Census definition).
Poverty:	Term to describe the poor. The Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is poor. If a family's total income is less than that family's threshold, then that family, and every individual in it, is considered poor or in poverty. Varies by year.
Predevelopment Costs:	Costs related to a specific eligible housing project including: a) expenses necessary to determine project feasibility (including costs of an initial feasibility study), consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance; and b) reconstruction housing project costs that the board determines to be customary and reasonable, including but not limited to the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies, and legal fees. Predevelopment costs <u>does not</u> include general operational or administrative costs.
Primary Housing Activity:	A means of providing or producing affordable housing - such as rental assistance, production, rehabilitation, or acquisition - that will be allocated significant resources and/or pursued intensively for addressing a particular housing need. (See also, "Secondary Housing Activity.")

Project: A site or an entire building, including a manufactured housing unit or two or more buildings together with the site or sites on which the building or buildings is located, that are under common ownership, management, and financing (i.e., a project assisted with HOME funds, under a commitment by the owner, as a single undertaking). Project includes all the activities associated with the site and building. If there is more than one site associated with a project, the sites must be within a four-block area.

Project Completion: All necessary title transfer requirements and construction work have been performed and the project, in HUD's judgment, complies with specified requirements (including the property standards adopted under HOME 92.251); the final drawdown has been disbursed for the project; and a project completion report has been submitted and processed in the Cash and Management Information System (92.501) as prescribed by HUD. For tenant-based rental assistance, the final drawdown has been disbursed for the project and the final payment certification has been submitted and processed in the Cash and Management Information System (92.502) as prescribed by HUD.

Project-Based Rental Assistance: Rental Assistance provided for a project, not for a specific tenant. Tenants receiving project-based rental assistance give up the right to that assistance upon moving from the project.

Public Housing: Any state, county, municipality, or other government entity or public body (or its agency or instrumentality) that is authorized to engage in or assist in the development or operation of low income housing. The term includes any Indian Housing Authority.

Qualified Allocation Plan: The Qualified Allocation Plan is utilized by the Low Income Housing Tax Credit Program in setting threshold and selection criteria points for the allocation of tax credits.

Real Property: All land, including improvements and fixtures and property of any nature appurtenant, or used in connection therewith, and every estate, interest, and right legal or equitable therein, including leasehold interests, terms for years, and liens by way of judgment, mortgage or otherwise.

Reconstruction: HUD guidelines regarding reconstruction are as follows: *The regulation defines reconstruction as the rebuilding of housing on the same foundation. Therefore, the foundation must be used, if possible. If the building has no foundation or if it is not possible to rebuild on the foundation, then the "foundation" will be the same location as the building that is being reconstructed. Construction of housing on a different portion of the land parcel would be new construction. The reconstructed housing must be substantially similar to the structure that is being replaced, regardless of whether an existing foundation is used (i.e. a single family house must be replaced with a structure containing the same number of units). Rooms may be added to a building outside of the foundation or footprint of the original housing if needed to meet local codes. However, additional units cannot be constructed as part of a reconstruction project. A structure must be present prior to reconstruction. This structure should be documented by pictures and an explanation of why rehabilitation of the existing structure is not feasible.*

Rental Assistance: Rental assistance payments provided as either project-based rental assistance or tenant-based rental assistance.

Rental Housing (Affordable): A rental housing unit is considered to be an affordable housing unit if it is occupied by a low income family or individual and bears a rent that is the lesser of (1) the Existing Section 8 Fair Market Rent (FMR) for comparable units in the area; or (2) 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area, except that HUD may establish income ceilings higher or lower than 65 percent of the median because of prevailing levels of construction costs or fair market rents, or usually high or low family incomes.

Rural Area: Rural areas are considered areas outside of Metropolitan Statistical Areas. Definition may differ according to program.

Service Needs: The particular services identified for special needs populations, which may include transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response, and other services to prevent premature institutionalization and assist individuals to continue living independently.

Severe Cost Burden: Refers to households and individuals who spend more than 50 percent of their gross income on housing costs.

Sheltered: Families and persons whose primary nighttime residence is a supervised, publicly or privately operated shelter, including emergency shelters, transitional housing for the homeless, domestic violence shelters, residential shelters for runaway and homeless youth, and any hotel/motel/apartment voucher arrangement paid because the person is homeless. This term does not include persons living in overcrowded or substandard conventional housing. Any facility offering permanent housing is not a shelter, nor are its residents homeless.

Special Needs Populations: Populations with special needs, as defined by HUD, include persons with alcohol and/ or drug addictions, colonia residents, persons with disabilities, victims of domestic violence, elderly persons, persons with HIV/AIDS, homeless populations, and migrant farmworkers.

State Recipient: A unit of local government designated by a state to receive HOME funds from the state in which to carry out HOME Program activities.

Subrecipient: A public agency or nonprofit organization selected by the participating jurisdiction's HOME program. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of housing is not a sub-recipient. The participating jurisdiction's selection of a sub-recipient is not subject to the procurement procedures and requirements.

Substandard Condition but Suitable for Rehabilitation: By local definition, dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction or minor livability problems, or maintenance work. The jurisdiction must define this term (i.e., standard condition, financially and structurally feasible for rehab) and include this definition in the Appendix (Glossary of Terms) portion of its CHAS submission.

Substantial Rehabilitation: Rehabilitation of residential property at an average cost for the project in excess of $25,000 per dwelling unit.

Supportive Housing: Housing, including housing units and group quarters, that has a supportive environment and includes a planned service component.

Supportive Services: Services provided to residents of supportive housing for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.

Tenant-Based Rental Assistance: A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. The assistance is provided for the tenant, not for the project.

Threshold Criteria: To be considered for funding, a housing project must first demonstrate that it meets all the threshold criteria set forth as follows: a) the project is consistent with the requirements established in this rule; b) the applicant provides evidence of their ability to carry out the project in the areas of financing, acquiring, rehabilitating, developing, or managing affordable housing developments; and c) the project addresses an identified housing need. This assessment will be based on statistical data, surveys, or other indicators of needs as appropriate.

Total Bonded Indebtedness: All single family mortgage revenue bonds (including collateralized mortgage obligations), multifamily mortgage revenue bonds, and other debt obligations issued or assumed by the Department and outstanding as of August thirty-one of the year of calculation, excluding; all such bonds rated AAA by Moody's Investors Service or AAA by Standard & Poors Corporation for which the Department has no direct or indirect financial liability form the Department's unencumbered fund balances, and all other such bonds, whether rated or unrated, for which the Department has no direct or indirect financial liability from the Departments unencumbered fund balances, unless Moody's' or Standard & Poors has advised the Department in writing that all or portion of the bonds excluded by this clause should be included in a determination of total bonded indebtedness.

Unencumbered Fund Balances: A) The sum of the balances resulting at the end of each Department fiscal year form deducting the sum of bond indenture and credit rating restrictions and liabilities for the sum of amounts on deposit in indenture funds and other tangible and intangible assets of each department housing bond program, and b) uncommitted amounts of deposit in each independent or separate unrestricted fund established by the housing finance division or its administrative component units.

Very Low Income: Households whose incomes do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families and for areas with unusually high or low incomes or where needed because of prevailing levels of construction costs or fair market rents. Definition may differ according to program; the State of Texas designates very-low income as 60 percent or less AMFI.

Work Disability: A condition that prevents a person from working or limits a person's ability to work.

APPENDIX D

SUMMARY OF PUBLIC COMMENT

Comment: Regional Advisory Committee Meeting

Comment states that the *State Low Income Housing Plan and Annual Report* says, “the regional advisory committee meeting attendees (in Region 5) agreed that there has been no progress made in addressing the housing crisis since the RAC last year. If anything, the regions' needs are greater, and the resources are more limited. A local organization reported that a recent homeless count in the region indicates that homelessness has risen significantly since last year. It was observed that until mayors, county judges, commissioners, and council members attend the RAC, very little will be accomplished. The group felt that there is not the social awareness nor the political will to address the housing issues.” Comment indicates that the summary does not accurately represent the feeling of the region.

- Department Response
  The Regional Advisory Committee meetings reflect the opinions of the persons present and may not be a reflection of the region as a whole. The comments are taken from the written committee report provided by the Regional Development Coordinator who facilitated the meeting. The intention of the Regional Advisory Committee is to provide a forum for discussion of the local affordable housing and community service needs and available resources. The Department encourages the continued participation of the public at the Regional Advisory Committee meetings in 2005.

Comment: State Service Regions

Comment suggests that adjacent counties in regions 3, 4, 5, and 8 should have their own region to ensure better representation of their unique rural needs.

- Department Response
  The Department utilizes the Uniform State Service Regions as established by the Texas Comptroller of Public Accounts and required by 2306.111. The Department is dedicated to serving populations with the highest need for assistance yet remain underserved, including rural areas. The rural focus of the Department is considered in the development of all programs and the distribution of associated funds, i.e., the rural allocation in the Regional Allocation Formula used for distributing Housing Trust Fund, HOME, and Housing Tax Credit funds. The Department utilizes scoring criteria or set-asides in applications and program rules to encourage participation in rural areas.

Comment: Texas Basic Accessibility Rules

Comment strongly encourages TDHCA to use the Texas Basic Accessibility Rules that allow the house to be easily adapted as occupants age and need help in coping with disabilities. The double studding around the shower, the lowering of a light switch, the raising of a receptacle, or ensuring that one of the doors be a three-foot door with a zero grade, as no cost to the developer. It's a big savings to a consumer that has disabilities. These rules have been in place for more than five years. Comment strongly encourages TDHCA to continue to use dollars for development of affordable housing that the Basic Accessibility Act rules remain in place.

- **Department Response**
  The Department concurs that basic accessibility is an important feature with regard to housing. TDHCA is currently required to include basic accessibility features with all new single family construction per Section 2306.514. The Department will research the differences between the accessibility features it currently uses and those identified by the comment to determine if changes need to be made.

Comment: Public Participation

Comment encourages relationship building between the Department and the public, encouraging more public participation in the process. Comment states that there is a disconnect between regional organizations and the Department.

- **Department Response**
  The Department has an extensive public comment process and values public comment to help direct resources to meet its goals and objectives. The citizen participation process is constantly undergoing expansion and modification. As this was a frequently expressed comment in the annual Regional Advisory Committees as well, the Department will continue to explore ways to improve how it works with, and includes local organizations in the development of programs and policies.

  Note: All Department programs follow the citizen participation and public hearing process outlined by the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times convenient to both working and non-working persons. The Department notifies all citizen and nonprofit organizations, local governments, state legislators, public housing authorities, and local public libraries when a public hearing or public comment period is schedules. Additional, pertinent information is posted in the *Texas Register*, in *Breaking Ground* (the Department's newsletter), and on the Department's website.

Comment: Fair Housing

Comment states that the Department's current *Analysis of Impediments to Fair Housing* does not use the most recent data available at the time and "fails to do any significant analysis of housing problems by race/ethnicity, either in terms of demographic analysis of housing need or effect of actions taken." Comment urges "the Department to acknowledge both its recognition of these shortcomings, and its commitment to undertake a more thorough and useful fair housing planning process in the upcoming year." Related comment states that the Department has not adequately acted to affirmatively further Fair Housing in the Department's programs.

- **Department Response**
  The *Analysis of Impediments to Fair Housing* was last updated in January 2003 utilizing the most recent Census data available at the time: 1990 data. The 2000 Comprehensive Housing Affordability Strategy (CHAS) database of Census housing data delineated by income groups became available on HUD's website in September 2003 (http://www.huduser.org/datasets/cp.html). The Department is committed to updating the *Analysis of Impediments* beginning early 2005 with a planning process involving a workgroup of interested members of the public. The Department will utilize 2000 Census data and include analysis on race/ethnicity in the updated *Analysis of Impediments to Fair Housing*. The

Department is proposing several fair housing point factors in the *2005 Qualified Allocation Plan* (QAP) for the Housing Tax Credit Program.

Note: The current *Analysis of Impediments to Fair Housing* meets the requirements established by the US Department of Housing and Urban Development (HUD) for the *2005-2009 State of Texas Consolidated Plan*.

Comment: Geographic Distribution of Funding

Comment requests more funding in Bell and Coryell counties. Comment says that the State should allocate funding to subrecipients that distribute funding to those most in need.

- Department Response

  A majority of the funding available through the Department is distributed geographically by allocation formulas. These allocation formulas are based on need data provided by the US Bureau of the Census; for instance the number of individuals in poverty, and the number of households with housing cost burden, overcrowding, or living in substandard housing conditions. The housing and community service funding available through the Department is limited to eligible households and individuals. Program rules, the application process, and the subsequent monitoring of entities receiving the funding awards ensure that the assistance is available to those most in need.

Comment: Special Needs Categories

Comment suggests the addition of three categories of persons with special needs: street youth, young adults recently aged out of foster care; and homeless young mothers (may or may not include aged-out foster youth or victims of domestic violence).

- Department Response

  The Department concurs and will add various identified homeless subpopulations to the *2005 State of Texas Low Income Housing Plan and Annual Report*.

Comment: Release of NOFAs for Public Comment

Public comments were submitted noting an interest in releasing NOFAs for public comment prior to official release. It was noted that past NOFAs, including the 2004 HTF Rental Development NOFA, included limitations on applicants that reduced the effectiveness of the funding cycles.

- Department Response

  Department staff understands that limitations placed in a NOFA may have a negative impact on certain applicants. The Department will make an effort to gather more input in the NOFA development process.

Comment: Persons with Disabilities Staff Member

Comment suggests the Department formalize its commitment to persons with disabilities and fund a staff person to provide internal and external leadership on issues related to persons with disabilities.

- Department Response

  The Department is committed to serving people with disabilities and will maintain an active role concerning housing and community services issues and the disability community in Texas.

Comment: State Public Housing Authority

Comment encourages the Department to continue its role as a public housing authority and continue with initiatives such as the Project Access vouchers for people wishing to transition out of institutions.

- Department Response

  The Department appreciates the comment. At this point in time, the Department will continue in its role as public housing authority and will continue to administer the Project Access vouchers in the current capacity.

COMMENTS REGARDING THE EMERGENCY SHELTER GRANTS PROGRAM

Comment

Comment commends Project BRAVO for the services that have been provided including utility assistance, food, medical, and appliances.

- Department Response

  The Department appreciates the comments regarding the assistance received from El Paso Community Action Program, Project BRAVO.

Comment

Comment originates from an organization that feeds the hungry and trains and places in jobs people in need, primarily homeless, indigent, and of late those who have been displaced by the offshore plight of industries in the area. Comment commends the Department for the assistance provided through the ESG Program for the past four or five years and points out the importance of the program, especially for small cities. Comment requests that the Department reconsider funding the organization.

- Department Response

  The Department appreciates the work done by Loaves and Fishes to assist low income citizens become self-sufficient and recognizes the great need in their community. At this time though, the Department has awarded all fiscal year 2004 ESGP funds. However, the Department reviewed a recent request for CSBG funds and awarded Loaves and Fishes a $30,000 CSBG Special Project Demonstration Fund grant to assist with efforts to transition persons out of poverty in the Harlingen area. The Department will continue to notify Loaves and Fishes of future ESGP funding opportunities.

Comment

Comment requests that the *State of Texas Low Income Housing Plan and Annual Report* place emphasis on the provision of essential services for homeless youth and young adults including education, job training, and employment.

- Department Response

  The Department will add language in the *2005 State of Texas Low Income Housing Plan and Annual Report* that discusses the importance of essential services for homeless youth and young adults.

Comment

Comment requests funding for homeless programs and requests more flexibility in the use of ESGP funds.

- **Department Response**
  The federal regulations governing the ESGP grant, 42 USC Sec. 11374 (a) provides limitations on the use of ESGP funds. The Department does not focus on funding expenditures related to the physical facilities. In making funding distribution decisions, the Department must comply with limitations set forth by the ESGP federal regulations. Expenditures of ESGP grant funds for essential services and for homelessness prevention are limited to no more than 30 percent of the aggregate amount of the State's allocation for each activity.

Comment

Comment points out the need for transitional housing. Other comment states that the responses to the Community Needs Survey in their area only represents the need in the cities, not a need for transitional housing that exists in the other counties.

- **Department Response**
  The Department appreciates the information provided regarding the needs in the community. Unfortunately, the ESGP funds administered by the Department are very limited. In fiscal year 2004, the Department received $4.9 million dollars and Region 4 was allocated $228,082, based on the poverty population of the region. ESGP funds support organizations that provide emergency services, shelter, and transitional housing. The Department will notify your organization of availability of fiscal year 2005 ESGP funds. Of the housing programs, the Housing Tax Credit Program can be used for transitional housing.

  The 2003 Community Needs Survey was sent to all local jurisdictions, including county judges and city mayors. The report accurately reflects the surveys returned to the Department, and may not reflect the opinions of the area as a whole.

Comment

Comment supports long-term solutions that enable the participants to obtain the education, job skills, and life skills needed to pull themselves out of poverty. These programs typically take one to two years.

- **Department Response**
  The Department provides Community Services Block Grant (CSBG) funds to 48 CSBG-eligible entities. These entities must offer case management programs to assist low income persons to transition out of poverty. The Department sets no limitation on the length of time that a client can be enrolled in a case management program; each CSBG eligible entity sets the guidelines for enrollment and maintenance in a case management program. In the Houston area, the CSBG eligible entity is Gulf Coast Community Services Association.

Comments Regarding Weatherization Activities

Comment

Comment points out that System Benefit Fund (SBF) monies working with weatherization funds enabled them to have the additional dollars needed to help the very poor clients make their homes energy efficient. These are the clients that now must be denied because the federal weatherization program limits weatherization funds that can be spent on any one home. Comment also points out that only electric customers in deregulated areas have to pay into the SBF account and yet are denied the energy efficient work afforded to electric customers living in regulated areas.

- **Department Response**

  The Department concurs with the need for the SBF program and has requested funding in its Legislative Appropriations Request.

Comment

Comment states that only one utility assistance program is listed for Bell County and that in order to qualify for assistance, the client must be a single mother.

- **Department Response**

  The Department administers the Comprehensive Energy Assistance Program funded through the LIHEAP grant from the US Department of Heath and Human Services. In Bell and Coryell counties, this program is operated through the Hill Country Community Action Association. This is not an entitlement program. In order to be eligible, the household must have an income level is at or below 125 percent of poverty and possess a documented need. Priority is given to households with elderly persons, households with one or more disabled persons, households with one or more children under 6 years of age, households with high energy burdens, and households that consume a lot of energy. The Department encourages the application for funding. The toll free number is 1-877-399-8939.

COMMENTS REGARDING THE HOME PROGRAM

Comment: Length of Program Supports

Comments were collected regarding the length of program supports, specifically in tenant-based rental programs. It was noted that these types of support should be provided on a "longer-term" basis to enable participants the ability to secure jobs, education, and life skills that will allow them to reach self-sufficiency. A term limit on TBRA of two years was specifically mentioned as being too short to properly assist special needs and other populations.

- **Department Response**

  The term of 2 years of Tenant-Based Rental Assistance is a federally mandated timeline. No changes recommended.

Comment: Olmstead Set-Aside

Several comments were collected on the Department's use of Tenant-Based Rental Assistance funding through the Olmstead Set-Aside. It was noted that while applications to the program had lagged since its inception, that the program was critical and that demand remained significant. Public input highlighted that the program was still "young" and that organizational capacity by social service agencies and nonprofits was building and would soon be able to fulfill the demands of the target population.

- **Department Response**

  A total of $4 million dollars was set aside for those persons affected by the *Olmstead* Decision for Tenant-Based Rental Assistance. Two separate NOFAs were released for these particular funds, one for $2 million dollars in 2003 and another in 2004. Only five applications have been submitted, with all five receiving funding awards. To date, only $545,875 out of the $4 million has been awarded. If an applicant wishes to assist persons that qualify under the *Olmstead* population definition, they may do so by applying for Tenant-Based Rental Assistance funds under the Department's general funding cycle. In an effort to continue serving this population, extra points will be awarded to those applicants choosing to assist persons with disabilities, including persons affected by the *Olmstead* Decision, in the application scoring process.

Comment: Disability Advisory Committee

Comments were collected recommending that the Department expand the membership of the Disability Advisory Committee (DAC), that a regular meeting schedule be established, and that the committee become proactive in addressing the housing needs of people with disabilities. It was noted that the DAC had great potential in evolving toward providing a clear voice to the Department's Board on disability issues.

- Department Response

  TDHCA continues to have a strong interest in meeting the housing and community service needs of persons with disabilities. The Department will review the membership of the DAC and work with committee members to ensure a more regular meeting schedule.

Comment: Threshold Criteria

A question was asked through public comment regarding the application of *Qualified Allocation Plan* (QAP) requirements for both experience certifications, and units and site amenities required of multifamily developments. It was noted that these threshold criteria were onerous to small developments through the HOME and HTF programs.

- Department Response

  The Department has worked to reduce the impact on small developments that were due to the universal application of QAP requirements on all rental developments. Staff believes that many of these issues have been dealt with through revisions to program rules.

Comment: Responses to Applicant Inquiries

A comment was submitted regarding an applicant's attempts to communicate with Department staff regarding contract issues. The comment noted that it was difficult to contact Department staff until the division director was contacted.

- Department Response

  Since its reorganization, the Department has instituted standard operating procedures to clarify the roles and responsibilities of staff and worked towards having single points of contact for each program area. It is believed that these changes will improve communication between applicants and TDHCA.

Comment: Contract Effective Dates

It has been noted that contract effective dates are often set for dates prior to the actual signing of the agreements. It was noted that applicants had concerns about monitoring and fulfillment of contract performance measures under these circumstances.

- Department Response

  It should be noted that contract effective dates are often set by program funding requirements. Department staff strives to keep the difference between the signing date and effective date of agreements as minimal as possible. Applicants are also asked to contact their primary program contact to assure that agreements are amended to reflect any delays on behalf of the Department.

Comment: Training Requirements

Comments were submitted regarding the training requirements placed on administrators prior to being able to draw funds and begin programs. It was noted that the administrators are often delayed due to unavoidable circumstances and do not have sufficient staff resources to attend trainings while providing critical services to clients.

- Department Response

  The Department provides compliance and financial management training upon receiving an award, or when so requested. The Department strives to make its training programs available in a flexible manner and will continue to institute new avenues for administrators to fulfill training requirements, including online training resources and manuals.

Comment: Match Requirements

Public comments were provided on the use of matching funds as a scoring criteria in the HOME application process. Match as a scoring criteria is often inequitable and most effects small versus larger municipalities across the state. It was noted that larger municipalities are better able to provide matching funds than smaller municipalities. It was also recommended that the Department consider using a per capita scale if match is to continue as a scoring criteria.

- Department Response

  The Department is required to report 12.5 percent of the annual allocation in matching funds to HUD. The Department realizes the difficulty for any applicant to provide matching funds, much less the smaller, less prosperous municipalities. The Department has struggled in years past in remedying the possible inequities and is currently in the process of reviewing this scoring criteria.

Comment: Contractor Qualifications

Comments regarding the qualification requirements for building contractors often exclude local builders from being included in HOME contracts. In these cases, administrators are often forced to find contractors from outside communities, which can be costly and cause delays. However, it was noted that outside contractors also often hire local subcontractors and buy supplies locally, but that these impacts are not included in program reporting. It was requested that the Department reconsider its stance on the use of local contractors.

- Department Response

  The Department encourages HOME administrators to use local contractors when possible, and feels it important for the local economy to benefit from receiving funds. Points are given to those applicants that use local contractors interested in participating in a HOME contract. The Department realizes that finding local contractors in the rural areas of the state can be difficult, and at times not cost effective. This scoring criteria regarding local contractors is important to the application process and the manner in which it is scored and reviewed. In years past, applicants received points for finding contractors within 150 miles of the proposed activity. In the most current funding cycle, the Department broadened the scope to contractors within the region, in hopes that many applicants could find more interested parties. The Department will be holding a single family roundtable in the near future to evaluate applications and scoring criteria.

Note: Under Section 3 of the HUD Act of 1968, wherever HUD financial assistance is expended for housing or community development, to the greatest extent feasible, economic opportunities will be given to Section 3 residents and businesses in that area.

Comment: Administrator Funds

Public comment recommended that the 4 percent cap on administrative funds be raised to levels similar to those used by ORCA and the CDBG program.

- Department Response

  The Department feels that 4 percent in administrative dollars of the project funds awarded is sufficient to execute a HOME single family contract. The Department works to provide other forms of assistance to nonprofit administrators including Capacity Building and CHDO Operating Support funding.

Comment: Grant vs. Loan in the Owner-Occupied Assistance Program

Public comments were submitted in regards to the Owner-Occupied Assistance Program requesting that the Department consider making only grants to participants that earn 50 percent or less than the area medium family income.

- Department Response

  Program staff continues to work closely with the Board in developing a policy regarding HOME Owner-Occupied Housing Assistance funds as grants and/or loans to qualifying households. The Department appreciates the suggestion that individuals earning 50 percent or less AMFI and receiving assistance should be granted funds. This topic will be explored in the upcoming single family application roundtable.

Comment: AMFI Levels Served

Comment received proposed awarding applicants the same number of points for serving households at 50 percent or below.

- Department Response

  Currently, in an effort to meet Rider 3 (as required by the Texas Legislature) the Department awards more points to applicants proposing to serve populations at lower AMFI levels, with the most points received for serving those at 30 percent AMFI. The Department does not prohibit an applicant from serving households above this level; however, they do not receive as many points as an applicant proposing to serve those individuals at lower AMFI levels. The Department proposes no change.

Comment: Activity Award Allocations and Subscription Rates

Comment received requested more funds be allocated for activities that get the most subscription.

- Department Response

  The Department has evaluated subscription rates of the various HOME activities and believe that the activities put forth in the 2005 Action Plan are reflective of the subscription rates (based on the most current funding cycle).

  NOTE: A total of $6 million for Homebuyer Assistance will be available through the American Dream Downpayment Initiative (ADDI) for 2005. Of the remaining funds allocated for single family activities, 80 percent of funds will be for Owner-Occupied Housing Assistance, the Department's most oversubscribed activity, and 20 percent will be for Tenant-Based Rental Assistance.

Comment: Barrier Removal

Comment says the Department needs to publicize the ability to use HOME funds for barrier removal. The activity should allow clients' input on the type of barrier removal and not rely on the physician's recommendations. The extensive paperwork requirements lead to burdensome delays for the recipients of program funds.

- Department Response

  The Department is aware that oftentimes the application and administration of federal programs seems onerous, and is continually working to improve the application and funding process. The Department also agrees that consumer-driven changes with regard to barrier removal is an integral part of a successful barrier removal program, and will explore avenues to encourage providers to include clients in the development of their work plans.

Comment: Persons with Disabilities Set-Aside

The Department received numerous comments regarding the amount of assistance going to persons with disabilities should be increased, and the use of such funds being awarded in participating jurisdictions.

- Department Response

  The Department is committed to assisting persons with disabilities. In an effort to assist more individuals with a disability, additional points will be awarded to applicants choosing to serve 100 percent persons with disabilities during the application scoring phase.

  According to §2306.111(c) of the Texas Government Code, the Department shall expend at least 95 percent of HOME funds for the benefit of non–participating jurisdictions. The remaining 5 percent may be expended in a participating jurisdiction for multifamily activities, but only if such funds assist persons with disabilities and are in compliance with the Department's Integrated Housing Rule.

Comment: Home of Your Own (HOYO) Award

The Department received overwhelming support for the reinstatement of the Department's commitment to the Home of Your Own (HOYO) program.

- Department Response

  The Department concurs with public comment, and agrees that providing homebuyer assistance to persons with disabilities is essential. Given HOYO's past performance and current capacity to serve this need, the $500,000 commitment for homebuyer assistance to the disability community will be reinstated for the 2005 HOME Program year. To ensure good governance, however, it is the Department's intention to reevaluate this award for future funding cycles. The Department desires to make funding for this specific activity serving the disability community open to all interested entities on a competitive basis.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

2006 State of Texas Low Income Housing Plan and Annual Report

Texas Department of Housing and Community Affairs
Division of Policy and Public Affairs
PO Box 13941
Austin, TX 78711-3941
Phone: (512) 475-3976
www.tdhca.state.tx.us

December 2005

Costa Biscaya Apartments, San Antonio, TX

2006 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

TABLE OF CONTENTS

SECTION 1: INTRODUCTION

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

The Texas Department of Housing and Community Affairs (TDHCA, Department, Agency) is the State's lead agency responsible for affordable housing. TDHCA is also responsible for administering a wide variety of community affairs, energy assistance, and colonia programs and activities.

INSTITUTIONAL STRUCTURE

In 1991, the 72nd Texas Legislature created the Texas Department of Housing and Community Affairs. The Department's enabling legislation combined programs from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant Program from the Texas Department of Commerce.

On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP). Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant (CDBG) and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (ORCA). However, TDHCA, through an interagency contract with ORCA, administers 2.5 percent of the CDBG funds used for the Self-Help Centers along the Texas-Mexico border. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

AGENCY MISSION AND CHARGE

TDHCA's mission is as follows: To help Texans achieve an improved quality of life through the development of better communities.

TDHCA accomplishes this mission by administering a variety of housing and community affairs programs. A primary function of TDHCA is to act as a conduit for federal grant funds for housing and community services. However, because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

More specific policy guidelines are provided in §2306.002 of TDHCA's enabling legislation.

(a) The legislature finds that:

(1) every resident of this state should have a decent, safe, and affordable living environment;

(2) government at all levels should be involved in assisting individuals and families of low income in obtaining a decent, safe, and affordable living environment; and

(3) the development and diversification of the economy, the elimination of unemployment or underemployment, and the development or expansion of commerce in this state should be encouraged.

> (b) The highest priority of the department is to provide assistance to individuals and families of low and very low income who are not assisted by private enterprise or other governmental programs so that they may obtain affordable housing or other services and programs offered by the department.

TDHCA's services address a broad spectrum of housing and community affairs issues that include homebuyer assistance, the rehabilitation of single family and multifamily units, rental assistance, the new construction of single family and multifamily housing, special needs housing, transitional housing, and emergency shelters. Community services include energy assistance, weatherization assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and emergency assistance.

TDHCA is primarily a pass-through funding agency and most programs, excluding many Community Affairs programs, award funds through a formal competitive process. As such, it distributes funds to entities that in turn provide assistance to households in need at the local level. This distribution is done using a number of techniques.

- Almost all housing development, rehabilitation, and rental assistance related funding is awarded through formal competitive Request for Proposals (RFP) and Notice of Funding Availability (NOFA) processes.
- First time homebuyer and down payment assistance is allocated through a network of participating lenders.
- Community Affairs' funds are predominantly allocated through a network of community based organizations who receive their funding on an annual, ongoing basis.

Funding sources for the services listed above include the US Department of Housing and Urban Development (HUD), US Treasury Department, US Department of Health and Human Services, and US Department of Energy, and State of Texas general revenue funds. With this funding, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

TDHCA is only one organization in a network of housing and community services providers located throughout the state. This document focuses on programs within TDHCA's jurisdiction, which are intended to either work in cooperation with or as complements to the services provided by other organizations.

Administrative Structure

Agency programs are grouped into three categories: Single Family Finance Production, Multifamily Finance Production, and Community Affairs. In addition, TDHCA includes the following divisions: Administrative Support; Bond Finance; Financial Administration; Information Systems; Internal Audit; Legal Services; Portfolio Management and Compliance; Real Estate Analysis; the Division of Policy and Public Affairs; and the Office of Colonia Initiatives. The Manufactured Housing Division is administratively attached to TDHCA, though it is an independent entity with its own governing board.

The following table outlines TDHCA's programs. For more detailed program information, please see "TDHCA Program Plans" in the Action Plan section of this document.

Activity	Program	Program Description	Eligible Households
Multifamily Development	HOME Rental Housing Set-Asides (HOME)	Loans and grants to develop or preserve affordable rental housing	<80% AMFI
	Housing Trust Fund (HTF)	Loans and grants for rental housing development, predevelopment, and capacity building	<80% AMFI
	Housing Tax Credit (HTC)	Tax credits to develop or preserve affordable rental housing	<60% AMFI
	Multifamily Bond (MFB)	Loans to finance the development of affordable rental housing	<60% AMFI
Rental Assistance	HOME Tenant-Based Rental Assistance	Loans and grants for entities to provide tenant-based rental assistance for two years	<80% AMFI
	Section 8 Housing Choice Vouchers	Acts as a public housing authority to offer tenant-based rental assistance vouchers in certain areas	<50% AMFI
Single Family Development	HOME CHDO Set-Aside	Loans and grants for CHDOs to construct single family housing and offer down payment assistance	<80% AMFI
	Colonia Model Subdivision	Loans for CHDOs to develop residential subdivisions as an alternative to colonias	<60% AMFI
Home Purchase Assistance and Home Repair Assistance	HOME Homebuyer Assistance	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	Texas First Time Homebuyer	Low-interest loans for first time homebuyers to purchase a home	<115% AMFI
	Grant Assistance	Grants in conjunction with the First Time Homebuyer Program for down payment and closing costs	<60% AMFI
	Mortgage Credit Certificate	Annual tax credit based on the interest paid on the homebuyer's mortgage loan	<115% AMFI
	Lone Star Loan	Market-rate loans with second liens for down payment assistance	<115% AMFI
	Texas Bootstrap Loan	Funds entities to offer owner-builder loans programs	<60% AMFI
	Contract for Deed Conversion Initiative	Facilitates colonia-resident ownership by converting contracts for deed into traditional mortgages	<60% AMFI
	HOME Owner-Occupied Housing Assistance	Loans and grants for entities to provide home repair assistance	<80% AMFI
Homebuyer Education	Colonia Consumer Education Services	Homebuyer education offered through Colonia Self-Help Centers and OCI field offices	<115% AMFI (All)
	Texas Statewide Homebuyer Education	Training for nonprofits to provide homebuyer education	<115% AMFI (All)
Community Affairs Activities	Community Services Block Grant (CSBG)	Funds local agencies to provide essential services and poverty programs	<50% AMFI
	Emergency Shelter Grants (ESGP)	Funds entities to provide shelter and related services to the homeless	<30% AMFI (Homeless)
	Community Food and Nutrition (CFNP)	Distributes surplus food commodities and supports feedings	<80% AMFI
	Comprehensive Energy Assistance (CEAP)	Funds local agencies to offer energy education, financial assistance, and HVAC replacement	<50% AMFI
	Weatherization Assistance (WAP)	Funds local agencies to provide minor home repairs to increase energy efficiency	<50% AMFI
Manuf. Housing	Manufactured Housing Division	Regulates the manufactured housing industry. Licenses manufactured housing professionals, titles homes, inspects homes, and investigates manufactured housing complaints.	All

2006 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

The *2006 State of Texas Low Income Housing Plan and Annual Report* (SLIHP, Plan) is prepared annually in accordance with §2306.072–2306.0724 of the Texas Government Code (TGC). This statute requires that TDHCA provide a comprehensive statement of activities in the preceding year, an overview of statewide housing needs, and a resource allocation plan to meet the state's housing needs. It offers policy makers, affordable housing providers, and local communities a comprehensive reference on statewide housing need, housing resources, and performance-based funding allocations. The format is intended to help these entities measure housing needs, understand general housing issues, formulate policies, and identify available resources. As such, the Plan is a working document whose annual changes reflect input received throughout the year.

The Plan is organized into eight sections:

- *Introduction:* An overview of TDHCA and the Plan
- *Annual Report:* A comprehensive statement of activities for 2005, including performance measures, actual numbers served, and a discussion of TDHCA's Strategic Plan goals
- *Housing Analysis:* An analysis of statewide and regional demographic information, housing characteristics, and housing needs
- *TDHCA Action Plan:* A description of TDHCA's initiatives, resource allocation plans, program descriptions, and goals
- *Public Participation:* Information on the Plan preparation and a summary of public comment
- *Colonia Action Plan:* A biennial plan for 2006–2007 which discusses housing and community development needs in the colonias, describes TDHCA's policy goals, summarizes the strategies and programs designed to meet these goals, and describes projected outcomes to support the improvement of living conditions of colonia residents
- *Texas State Affordable Housing Corporation (TSAHC) Plan:* This section outlines TSAHC's plans and programs for 2006, and is included in accordance with legislation
- *Appendix:* Includes TDHCA's enabling legislation and a glossary of selected terms

Because the information required to comply with the Plan's legislative requirements is rather extensive, the report is presented as a collection of separate publications. This allows the consumer to receive specific information in a format that is cost-effective for both TDHCA and its consumers through lower printing and distribution costs. TDHCA produces the following publications in compliance with §2306.072–2306.0724 TGC:

- *State of Texas Low Income Housing Plan and Annual Report*
- *Basic Financial Statements* and *Operating Budget:* Produced by TDHCA's Financial Administration Division and fulfill §2306.072(c)(2)
- *TDHCA Program Guide:* A description of TDHCA's housing programs and other state and federal housing and housing-related programs, which fulfills §2306.0721(c)(4) and §2306.0721(c)(10)
- *TDHCA Housing Sponsor Report:* A report that provides property and occupant profiles of developments that have received assistance from TDHCA, which fulfills §2306.072(c)(6), §2306.072(c)(8), and §2306.0724

SECTION 2: ANNUAL REPORT

The Annual Report required by §2306.072 of the Texas Government Code includes the following sections:

- TDHCA's Operating and Financial Statements
- *Statement of Activities*: Describes TDHCA activities during the preceding year that worked to address housing and community service needs
- *Statement of Activities by Region*: Describes TDHCA activities by region
- *Participation in TDHCA Programs*: Discusses efforts to ensure that individuals of low income and their community-based institutions participate in TDHCA programs
- *Citizen Participation in Program Planning*: Discusses affirmative efforts to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process
- *Fair Housing Sponsor Report*: Describes fair housing opportunities offered by TDHCA's multifamily development inventory
- *Analysis of the Distribution of Tax Credits*: Provides an analysis of the sources, uses, and geographic distribution of housing tax credits
- *Average Rents Reported by County*: Provides a summary of the average rents reported by the TDHCA multifamily inventory

OPERATING AND FINANCIAL STATEMENTS

TDHCA's *Operating Budgets* and *Basic Financial Statements* are prepared and maintained by the Financial Administration Division. For copies of these reports, contact Bill Dally, Chief of Agency Administration, at (512) 475-3801, or visit http://www.tdhca.state.tx.us/finan.htm.

STATEMENT OF ACTIVITIES

This section of the Plan summarizes TDHCA's activities and achievements during the preceding FY year through a detailed analysis of the following:

- TDHCA's performance in addressing the housing needs of low, very low, and extremely low income households
- The ethnic and racial composition of individuals and families who received TDHCA assistance
- TDHCA's progress in meeting its housing and community services goals

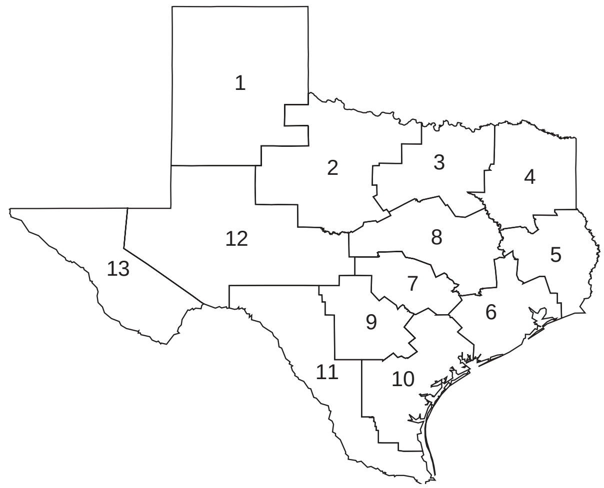


Figure 2.1 State Service Regions

This analysis is provided at the State level and within each of the 13 service regions TDHCA uses for planning purposes (see Figure 2.1). For general information about each region, including housing needs and housing supply, please see the Housing Analysis section of this document.

FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY ACTIVITY AND PROGRAM

For the state and each region, a description of funding allocations, amounts committed, target numbers, and actual number of persons or households served for each program is provided. Along with the summary performance information, data on the following activity subcategories is provided.

- Renter
  - o New Construction activities support multifamily development, such as the funding of developments, capacity building, and predevelopment funding.
  - o Rehabilitation Construction activities support the acquisition, rehabilitation, and preservation of multifamily units.
  - o Tenant Based Assistance is direct rental payment assistance.
- Owner
  - o Single family development includes funding for housing developers, nonprofits, or other housing organizations to support the development of single family housing.
  - o Single family financing and homebuyer assistance helps households purchase a home, through such activities as mortgage financing, and down payment assistance.
  - o Single family owner-occupied assistance helps existing homeowners who need home rehabilitation and reconstruction assistance.
- Community services includes supportive services, energy assistance, and homeless assistance activities.

In FY 2005, TDHCA received $586,266,263 in total funds. Almost all of this funding was from federal sources, 99 percent of the total. TDHCA committed $625,801,577 in funding for activities that predominantly benefited extremely low, very low, and low income families and individuals. Figure 2.2 shows the distribution of this funding by program activity.

Figure 2.2 FY 2005 Total Funding by Program

Total Funds Committed: $625,801,577

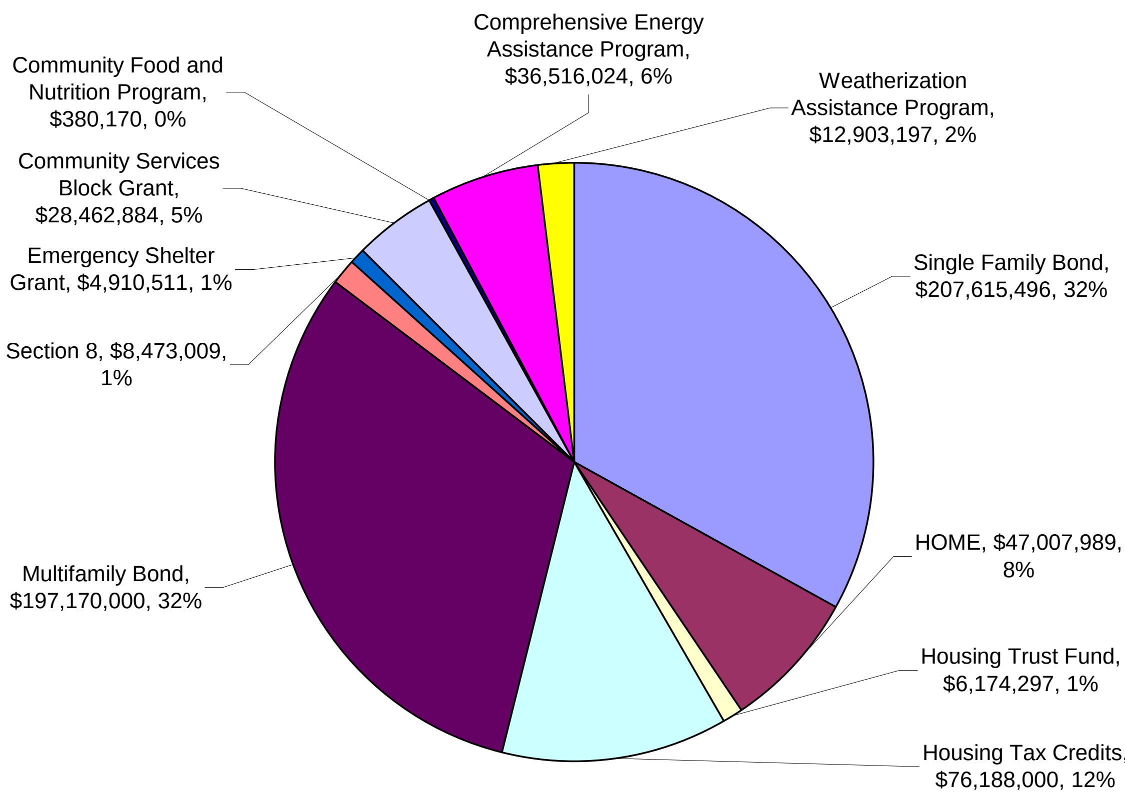


Figure 2.3 TDHCA Funding and Households/Persons Served by Activity FY 2005, All Activities

Household Type	Activity	Committed Funds	# of Households/ Individuals Served*	% of Committed Funds	% of Committed Funds
Renter	New Construction	$254,020,221	18,806	41%	4%
	Rehab. Construction	$34,243,285	4,798	5%	1%
	Tenant Based Assistance	$10,738,854	1,955	2%	0%
Owner	Financing & Down Payment	$218,932,374	2,639	35%	1%
	Rehabilitation Assistance	$24,694,057	488	4%	0%
	Supportive Services	$28,843,054	311,405	5%	60%
	Energy Related	$49,419,221	89,434	8%	17%
	Homeless Services	$4,910,511	93,396	1%	18%
Total for All Activities		$625,801,577	522,921		
Targeted Number to be Served:			534,188		
Percent of Target:			98%		
Total Funding Received FY 2005:		$586,266,263			

*Includes ESG and CSBG which are allocated to individuals.

*Includes ESGP and CSBG, which serve individuals

Figure 2.4 TDHCA Funding and Households/Persons Served by Program, FY 2005

Housing Activities

Household Type	Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
		Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	$0	0	$6,347,650	218	$1,585,700	747	$63,916,871	14,804	$182,170,000	3,037	$0	0
	Rehab. Construction	$0	0	$5,815,559	727	$1,156,597	274	$12,271,129	3,546	$15,000,000	251	$0	0
	Tenant Based Assistance	$0	0	$2,265,845	207	$0	0	$0	0	$0	0	$8,473,009	1,748
Owner	Financing & Down Payment	$207,615,496	1,898	$7,884,878	613	$3,432,000	128	$0	0	$0	0	$0	0
	Rehabilitation Assistance	$0	0	$24,694,057	488	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$207,615,496	1,898	$47,007,989	2,253	$6,174,297	1,149	$76,188,000	18,350	$197,170,000	3,288	$8,473,009	1,748
Targeted Number to be Served:			1,770		2,300		1,686		10,763		1,999		2,200
Percent of Target:			107%		98%		68%		170%		164%		79%
Total Funding Received FY 2005		$171,168,179		$44,687,663		$2,820,327		$76,188,000		$197,170,000		$7,817,645	

Community Services Activities

Household Type	Activity	ESG*		CSBG*		CFNP**		CEAP		WAP	
		Committed Funds	# of Individuals Served	Committed Funds	# of Individuals Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
	Supportive Services	$0	0	$28,462,884	311,405	$380,170		$0	0	$0	0
	Energy Related	$0	0	$0	0	$0	-	$36,516,024	84,018	12,903,197	5,416
	Homeless Services	$4,910,511	93,396	$0	0	$0	-	$0	0	$0	0
Total for All Activities		$4,910,511	93,396	$28,462,884	311,405	$380,170	-	$36,516,024	84,018	$12,903,197	5,416
Targeted Number to be Served:			132,000		308,000		N/A		69,736		3,734
Percent of Target:			71%		101%		N/A		120%		145%
Total Funding Received FY 2005		$5,154,498		$30,514,311		$380,170		$36,516,024		$13,849,446	

*" Number of Individuals Served" and "Targeted Number to be Served" is individuals, not households.

**CFNP funds are not directly allocated to the household level.

Office of Colonia Initiatives

Activity	Committed Funds	# of Households Served
Owner Financing & Down Payment	$3,432,000	120
Contract for Deed	$2,589,600	46
Total for All Activities	$6,021,600	166

*OCI funds and households are included in the "Housing Activities" programs data from which the OCI activities are funded.

FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY INCOME GROUP

The SLIHP uses the following subcategories to refer to the needs of households or persons within specific income groups.

- Extremely Low Income (ELI): 0% to 30% area median family income (AMFI)
- Very Low Income (VLI): 31% to 60% (AMFI)
- Low Income (LI): 61% to 80% (AMFI)
- Moderate Income and Up (MI): >80% (AMFI)

The vast majority of households and individuals served through CEAP, WAP, ESGP, and CFNP earn less than 30 percent area median family income. However, federal tracking of assistance from these programs is based on poverty guidelines, which do not translate easily to an AMFI equivalent. For conservative reporting purposes, assistance in these programs is reported in the VLI category.

The distribution of the Department's housing resources in fiscal year 2005 showed a clear prioritization of assistance to individuals and households with the lowest incomes; see Figure 2.5. The vast majority of households served by the Department were classified as extremely low, very low, and low income.

Figure 2.5: FY 2005 Total Funding by Income Level

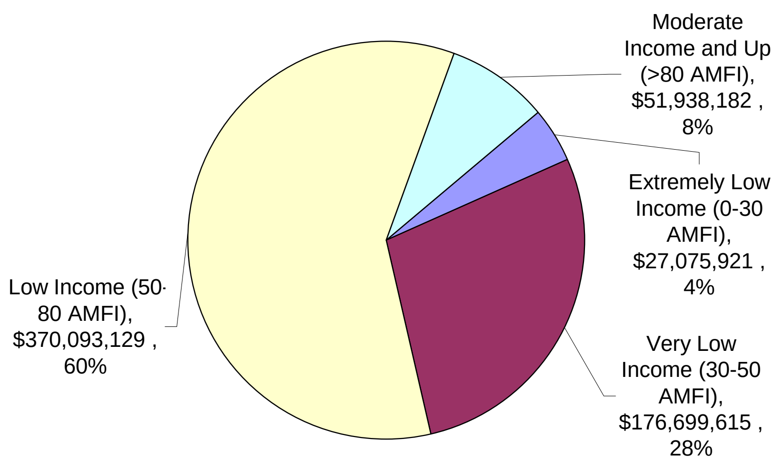


Figure 2.6: FY 2005 Total Households Served by Income Level

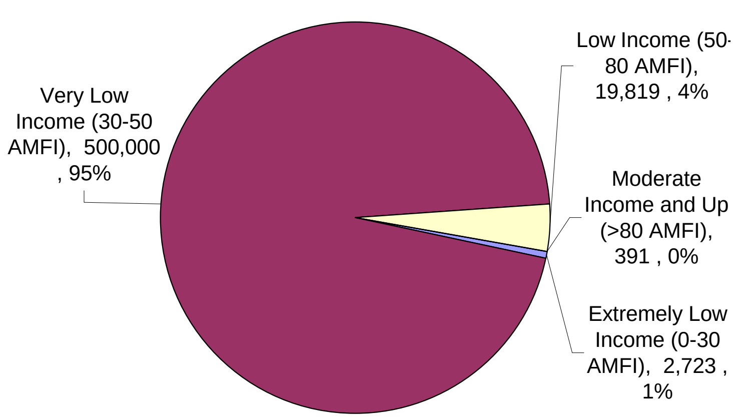


Figure 2.7: TDHCA Funding and Households/Persons Served by Income Category FY 2005

All Activities

Income Type	Committed Funds	# of Households or Individuals Served*	% of Committed Funds	% of Households or Individuals Served
Extremely Low Income (0-30 AMFI)	$27,075,921	2,723	4.3%	.5%
Very Low Income (30-50 AMFI)	$176,699,615	500,000	28.2%	95.6%
Low Income (50-80 AMFI)	$370,093,129	19,819	59.1%	3.8%
Moderate Income and Up (>80 AMFI)	$51,938,182	391	8.3%	0.1%
Total for All Incomes	$625,806,847	522,933		

*Includes ESG and CSBG which are allocated to individuals.

Housing Activities	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$2,740,008	39	$12,030,895	418	$342,197	83	$4,681,424	788	$-	-	$7,281,397	1,395
Very Low Income (30-50 AMFI)	$34,479,185	431	$23,128,734	787	$240,939	93	$14,922,440	3,755	$19,590,000	346	$1,165,531	353
Low Income (50-80 AMFI)	$118,461,745	1,038	$11,848,360	1,048	$5,591,162	973	$56,584,139	13,807	$177,580,000	$27,723	$ 27,723	11
Moderate Income and Up (>80 AMFI)	$51,934,558	390	$-	-	$-	-	$-	-	$-	-	$3,624	1
Total for All Incomes	$207,615,496	1,898	$47,007,989	2,253	$6,174,298	1,149	$76,188,003	18,350	$197,170,000	3,288	$8,478,275	1,760

Community Services Activities	ESG*		CSBG*		CFNP***		CEAP		WAP	
Income Type	Committed Funds	# of Individuals Served	Committed Funds	# of Individuals Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$-	-	$-	-	$-	-	$-	-	$-	-
Very Low Income (30-50 AMFI)	$4,910,511	93,396	$28,462,884	311,405	$380,170		$36,516,024	84,018	$12,903,197	5,416
Low Income (50-80 AMFI)	$-	-	$-	-	$-	-	$-	-	$-	-
Moderate Income and Up (>80 AMFI)	$-	-	$-	-	$-	-	$-	-	$-	-
Total for All Incomes	$4,910,511	93,396	$28,462,884	311,405	$380,170	-	$36,516,024	84,018	$12,903,197	5,416

* Number of Individuals Served and Targeted Number to be Served is individuals, not households.

**CFNP funds are not directly allocated to the household level.

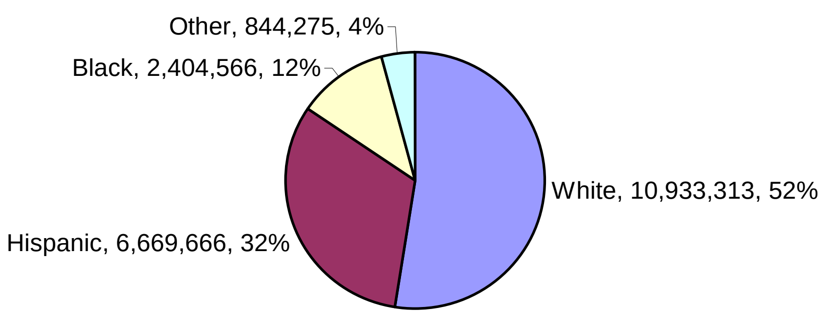
Office of Colonia Initiatives		
Income Type	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$-	-
Very Low Income (30-50 AMFI)	$6,021,600	166
Low Income (50-80 AMFI)	$-	-
Moderate Income and Up (>80 AMFI)	$-	-
Total for All Incomes	$6,021,600	166

RACIAL COMPOSITION OF HOUSEHOLDS RECEIVING ASSISTANCE

As required by legislation, TDHCA reports on the racial composition of individuals and families receiving assistance. Using 2000 US Census data, TDHCA has delineated the racial composition of the population into four categories: White, Hispanic, Black, and Other. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races. Households assisted through each TDHCA program or activity have been delineated according to these categories. Regional analyses of this racial data are included in the Statement of Activities by Uniform State Service Region section that follows. Please note that the population racial composition charts examine individuals, while the many program racial composition charts examine households.

Information is included for Multifamily Programs, HOME Program single family activities, Single Family Bond, Housing Trust Fund single family activities, and Section 8. The Weatherization Assistance Program, Comprehensive Energy Assistance Program, Community Services Block Grant program, and Emergency Shelter Grants Program allocate funding to several entities with service areas that span across two or more regions, so, racial data for these programs is reported by entity. Office of Colonia Initiatives programs are reported under the funding source: HOME Program for Contract for Deed loans, Single Family Bond for some Contract for Deed and Texas Bootstrap Loan Program loans, and the Housing Trust Fund for Texas Bootstrap loans. No racial data is reported for the Community Food and Nutrition Program.

Figure 2.8: Racial Composition of the State of Texas
20,851,820 Total Individuals



Source: 2000 US Census

Multifamily Programs

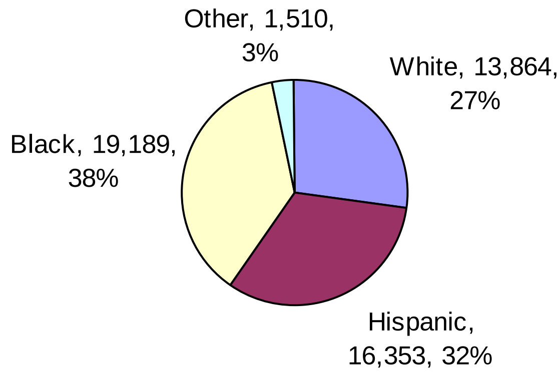
Multifamily data is collected from the 2005 Fair Housing Sponsor Report, which TDHCA-funded housing developments submit to TDHCA every year. The report includes information about the property, including the racial composition of tenants residing at the property, as of a specific date, December 31, of each year. The 2005 report is a snapshot of property characteristics as of December 31, 2004. Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

It should be noted that the Housing Sponsor Report does not report on or represent all units financed by TDHCA. Some reports submitted describe properties under construction, which do not have occupied units, some properties did not submit a report, or some properties did not accurately fill out the report.

Statewide, of reports received, only 24 percent of the unit data reported by TDHCA-monitored properties could be used in this analysis. Because of the relatively low percentage of usable data, this chart may not accurately represent the racial distribution of the units. TDHCA is working to increase the quantity and quality of data reported.

Figure 2.9: State Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004

50,916 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

The following charts depict the racial composition of households receiving assistance through Homebuyer Assistance, which includes HOME-funded Contract for Deed loans and homebuyer assistance combined with rehabilitation; Owner-Occupied Home Repair; and Tenant-Based Rental Assistance from September 1, 2004, through August 31, 2005 (FY 2005). Because of this reporting period, data will include households served under contracts originally awarded in previous years.

Figure 2.10: State Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

354 Total Households

Includes contracts originally awarded from 2000-2004.

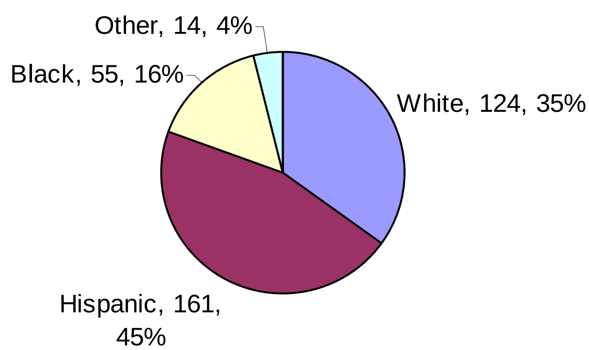


Figure 2.11: State Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

674 Total Households

Includes contracts originally awarded from 2001-2003.

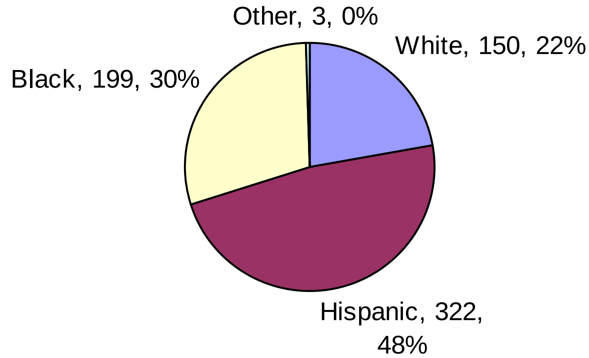
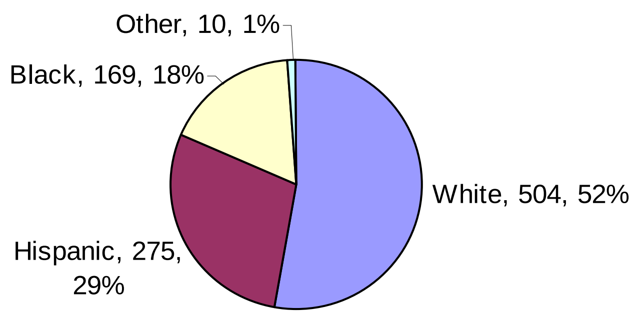


Figure 2.12: State Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

958 Total Households

Includes contracts originally awarded from 2003-2004 (omitting 2001 because of data problems).

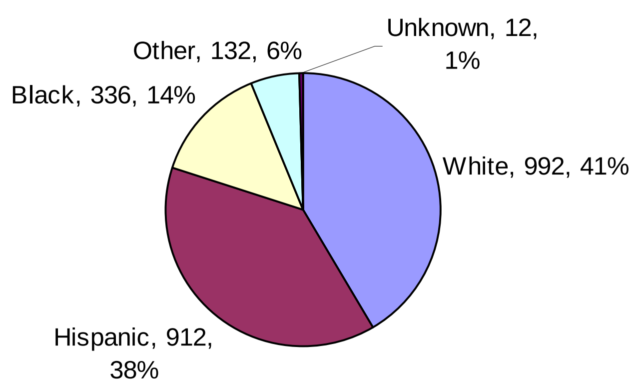


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program), the Mortgage Credit Certificate Program, and Contract for Deed of Texas Bootstrap loans that were made with bond funds in FY 2005.

Figure 2.13: State Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

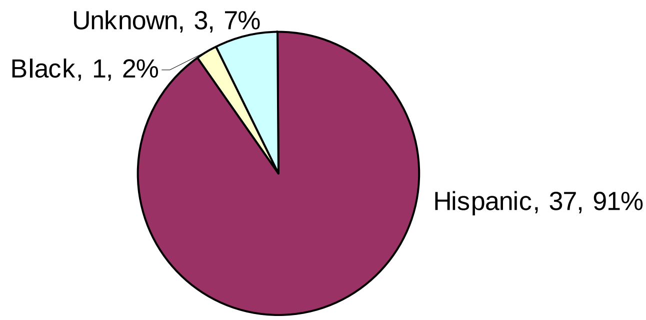
2,384 Total Households



Housing Trust Fund Single Family Activities

In addition to multifamily activities, the Housing Trust Fund also provides funding for the Texas Bootstrap Loan Program, which is administered through the TDHCA Office of Colonia Initiatives. The following chart depicts those Bootstrap loans that were funded in FY 2005. All loans were made in Regions 3, 11, and 13.

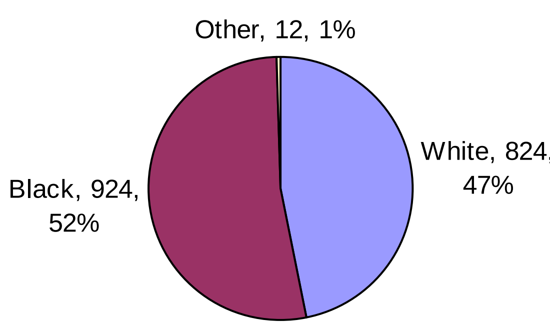
Figure 2.14: State Racial Composition of Households Receiving Housing Trust Fund (Bootstrap) Assistance, FY 2005
40 Total Households



Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only shows White, Black, and Other because Hispanic households were not differentiated.

Figure 2.15: State Racial Composition of Households Receiving Section 8 Assistance, FY 2005
1760 Total Households



Weatherization Assistance Program

The Weatherization Assistance Program (WAP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. Because of this, WAP racial composition data for FY 2005 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Figure 2.16: State Racial Composition of Households Receiving WAP Assistance, FY 2005

5,416 Total Households

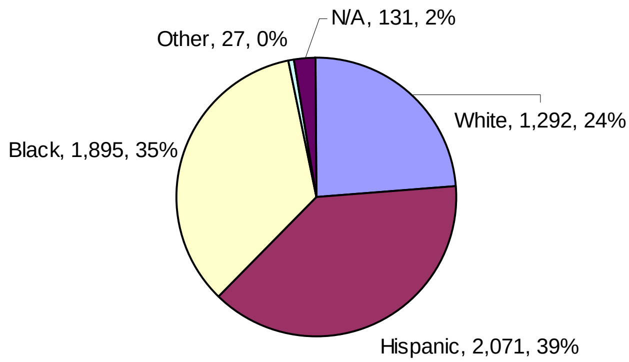


Figure 2.17: State WAP Subcontractor Service Areas, FY 2005

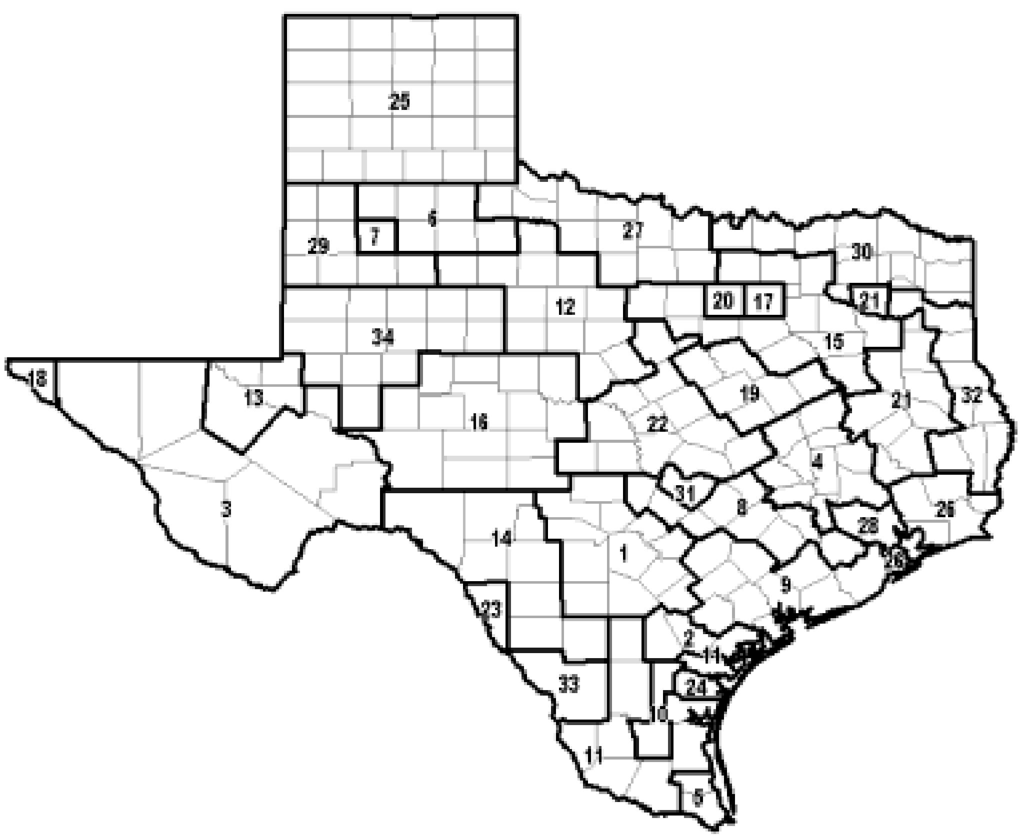


Figure 2.18: State Racial Composition of Households Receiving WAP Assistance by Subcontractor, FY 2005

# on Map	Subcontractor	Counties Served	FY 2005 Funding	Households Served	White	Hispanic	Black	Other	N/A
1	ALAMO AREA COUNCIL OF GOVERNMENTS	Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	$607,745	278	74	179	20	0	5
2	BEE COMMUNITY ACTION AGENCY	Bee, Live Oak, Refugio	$33,230	20	3	13	4	0	0
3	BIG BEND COMMUNITY ACTION COMMITTEE	Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	$196,876	74	8	66	0	0	0
4	BRAZOS VALLEY COMMUNITY ACTION AGENCY	Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	$146,116	146	53	19	44	1	29
5	CAMERON-WILLACY COS. COMM PROJECTS	Cameron, Willacy	$254,414	80	2	78	0	0	0
6	CAPROCK COMMUNITY ACTION ASS'N	Crosby, Dickens, Floyd, Hale, King, Motley	$244,979	87	18	58	11	0	0
7	CITY OF LUBBOCK	Lubbock	$35,804	42	8	22	11	1	0
8	COMBINED COMMUNITY ACTION	Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	$159,495	79	23	17	33	0	6
9	COMMUNITY ACTION COMMITTEE OF VICTORIA	Aransas, Brazoria, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton	$226,149	114	72	29	13	0	0
10	COMMUNITY ACTION CORP. OF SOUTH TEXAS	Brooks, Jim Wells	$254,630	105	4	97	1	0	3
11	COMMUNITY ACTION COUNCIL OF SOUTH TEXAS	Duval, Hidalgo, Jim Hogg, Kenedy, Kleberg, McMullen, San Patricio, Starr, Zapata	$642,574	334	7	321	2	0	4
12	COMMUNITY ACTION PROGRAM	Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton	$154,022	79	50	16	11	0	2
13	COMMUNITY COUNCIL OF REEVES COUNTY	Loving, Reeves, Ward, Winkler	$71,158	27	2	25	0	0	0
14	COMMUNITY SERVICES AGENCY OF SOUTH TEX	Dimmit, Edwards, Kinney, La Salle, Real, Uvalde, Val Verde, Zavala	$181,660	136	1	135	0	0	0
15	COMMUNITY SERVICES	Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	$548,223	171	106	6	52	1	6
16	CONCHO VALLEY COMMUNITY ACTION AGENCY	Coke, Coleman, Concho, Crocket, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	$128,799	66	17	46	3	0	0
17	DALLAS COUNTY DEPT. OF HUMAN SERVICES	Dallas	$764,746	412	60	74	276	2	0
18	EL PASO CAP-PROJECT BRAVO, INC.	El Paso	$420,379	208	7	182	11	8	0
19	EOAC OF PLANNING REGION XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	$337,982	184	93	19	66	1	5
20	FORT WORTH, CITY OF, GRANT ADMIN.	Tarrant	$337,999	294	58	66	167	3	0
21	GREATER EAST TEXAS COMM. ACTION (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	$267,741	189	74	10	101	0	4

Figure 2.18: State Racial Composition of Households Receiving WAP Assistance by Subcontractor, FY 2005 (cont.)

# on Map	Subcontractor	Counties Served	FY 2005 Funding	Households Served	White	Hispanic	Black	Other	N/A
22	HILL COUNTRY COMM'TY ACTION ASS'N	Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	$358,606	202	139	39	7	3	14
23	MAVERICK COUNTY HUMAN SERVICES DEPT.	Maverick	$327,445	189	0	188	0	1	0
24	NUECES COUNTY CAA	Nueces	$77,134	68	4	48	15	0	1
25	PANHANDLE COMMUNITY SERVICES	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	$278,525	116	45	55	15	1	0
26	PROGRAMS FOR HUMAN SERVICES	Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	$1,344,127	443	27	30	357	0	29
27	ROLLING PLAINS MANAGEMENT CORPORATION	Archer, Baylor, Cottle, Clay, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young	$184,423	96	73	11	8	2	2
28	SHELTERING ARMS SENIOR SVCS	Harris	$642,130	565	17	44	489	1	14
29	SOUTH PLAINS CAA	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	$151,772	99	23	57	12	0	7
30	TEXOMA COUNCIL OF GOVERNMENTS	Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	$62,753	224	137	5	80	2	0
31	TRAVIS COUNTY	Travis	$187,571	80	28	27	25	0	0
32	TRI-COUNTY COMMUNITY ACTION, INC	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	$151,147	77	19	3	55	0	0
33	WEBB COUNTY COMMUNITY ACTION AGENCY	Webb	$65,704	41	0	41	0	0	0
34	WEST TEXAS OPPORTUNITIES	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	$155,225	91	40	45	6	0	0
	WAP Total	State	$10,559,282	5,416	1,292	2,071	1,895	27	131

Comprehensive Energy Assistance Program

The Comprehensive Energy Assistance Program (CEAP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. Because of this, CEAP racial composition data for FY 2005 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Figure 2.19: State Racial Composition of Households Receiving CEAP Assistance, FY 2005
84,018 Total Households

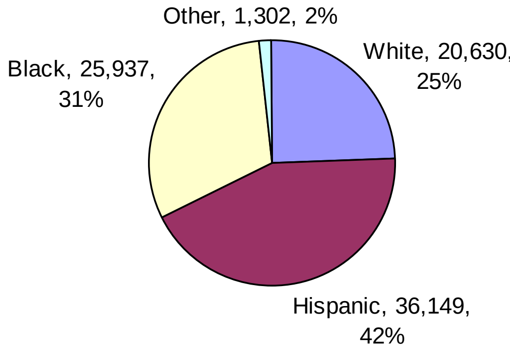


Figure 2.20: State CEAP Subcontractor Service Areas, FY 2005

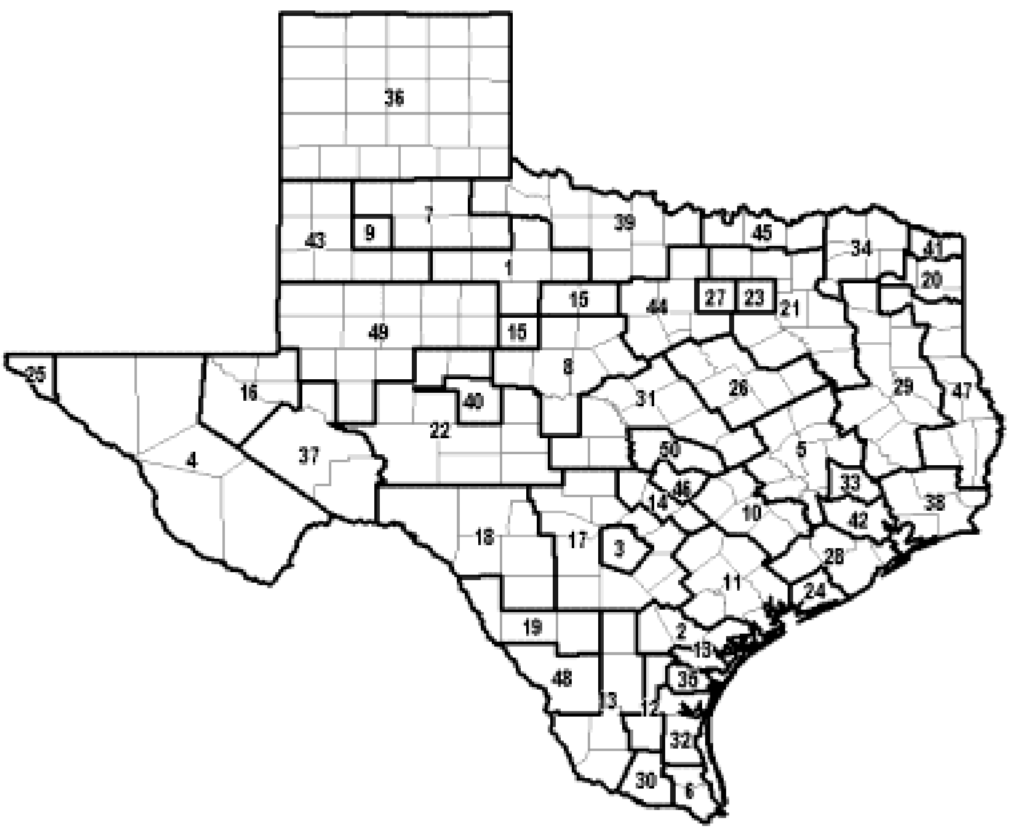


Figure 2.21: State Racial Composition of Households Receiving CEAP Assistance by Subcontractor, FY 2005

# on Map	Subcontractor	Counties Served	FY 2005 Funding	Households Served	White	Hispanic	Black	Other
1	ASPERMONT SMALL BUSINESS DEVELOPMENT	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	$113,095	243	114	96	33	0
2	BEE COMMUNITY ACTION AGENCY	Bee, Live Oak, Refugio	$208,914	933	149	725	54	5
3	BEXAR COUNTY DEPARTMENT OF COMMUNITY RCS	Bexar	$1,362,970	2,456	192	1,814	426	24
4	BIG BEND COMMUNITY ACTION COMMITTEE, INC	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	$361,963	1,074	109	960	3	2
5	BRAZOS VALLEY COMMUNITY ACTION AGENCY	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Walker, Waller, Washington	$627,736	1,871	478	173	1,215	5
6	CAMERON-WILLACY COS. COMM PROJECTS, INC.	Cameron, Willacy	$1,227,797	4,715	89	4,588	35	3
7	CAPROCK COMMUNITY ACTION ASS'N, INC.	Crosby, Dickens, Floyd, Hale, King, Motley	$467,171	1,405	307	915	181	2
8	CENTRAL TEXAS OPPORTUNITIES, INC.	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels	$406,380	807	603	157	41	6
9	CITY OF LUBBOCK	Lubbock	$422,410	925	245	338	339	3
10	COMBINED COMMUNITY ACTION, INC	Austin, Bastrop, Colorado, Fayette, Lee	$296,884	814	192	114	508	0
11	COMMUNITY ACTION COMMITTEE OF VICTORIA	Aransas, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Victoria	$565,846	1,508	447	643	417	1
12	COMMUNITY ACTION CORP. OF SOUTH TEXAS	Brooks, Jim Wells	$251,206	593	19	571	2	1
13	COMMUNITY ACTION COUNCIL OF SOUTH TEXAS	Duval, Jim Hogg, McMullen, San Patricio, Starr, Zapata	$653,595	1,926	58	1,836	32	0
14	COMMUNITY ACTION INC. OF HAYS, CALDWELL	Blanco, Caldwell, Hays	$150,091	366	132	123	109	2
15	COMMUNITY ACTION PROGRAM, INC	Shackelford, Stephens, Taylor	$438,243	1,002	467	324	203	8
16	COMMUNITY COUNCIL OF REEVES COUNTY	Loving, Reeves, Ward, Winkler	$354,887	969	64	840	60	5
17	COMMUNITY COUNCIL OF SOUTH CENTRAL TEXAS	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	$812,026	2,472	633	1,679	146	14
18	COMMUNITY COUNCIL OF SOUTHWEST TEXAS	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	$435,060	1,334	69	1,237	9	19
19	COMMUNITY SERVICES AGENCY OF SOUTH TEXAS	Dimmit, LaSalle, Maverick	$399,273	635	7	628	0	0
20	COMMUNITY SERVICES OF NORTHEAST TEXAS	Camp, Cass, Marion, Morris	$109,168	400	124	5	270	1
21	COMMUNITY SERVICES	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	$849,091	1,988	1,015	172	770	31
22	CONCHO VALLEY COMMUNITY ACTION AGENCY	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton	$336,560	816	315	490	7	4
23	DALLAS COUNTY DEPT. OF HUMAN SERVICES	Dallas	$2,280,930	3,854	477	240	3,059	78
24	ECONOMIC ACTION COMMITTEE OF GULF COAST	Matagorda	$77,751	178	19	24	135	0
25	EL PASO CAP-PROJECT BRAVO	El Paso	$1,310,286	4,623	159	4,257	163	44
26	EOAC OF PLANNING REGION XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	$611,803	1,414	552	121	736	5
27	FORT WORTH, CITY OF, GRANT ADMIN.	Tarrant	$1,480,969	3,111	741	539	1,800	31

Figure 2.21: State Racial Composition of Households Receiving CEAP Assistance by Subcontractor, FY 2005 (cont.)

# on Map	Subcontractor	Counties Served	FY 2005 Funding	Households Served	White	Hispanic	Black	Other
28	GALVESTON COUNTY COMM ACTION COUNCIL	Brazoria, Fort Bend, Galveston, Wharton	$621,030	1,778	342	332	1,086	18
29	GREATER EAST TEXAS COMM. ACTION (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	$1,119,928	3,782	1,351	161	2,252	18
30	HIDALGO COUNTY COMMUNITY SERVICES AGENCY	Hidalgo	$952,964	3,692	19	3,644	26	3
31	HILL COUNTRY COMM'TY ACTION ASS'N	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	$874,326	1,870	1,107	361	378	24
32	KLEBERG COUNTY HUMAN SERVICES	Kenedy, Kleberg	$260,708	405	16	313	74	2
33	MONTGOMERY COUNTY EMERGENCY ASSISTANCE	Montgomery	$453,920	1,799	1,111	104	569	15
34	NORTHEAST TEXAS OPPORTUNITIES	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	$385,852	1,008	548	24	436	0
35	NUECES COUNTY CAA	Nueces	$682,657	1,252	95	1,006	147	4
36	PANHANDLE COMMUNITY SERVICES	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	$1,132,816	3,805	1,721	1,482	602	0
37	PECOS COUNTY COMMUNITY ACTION AGENCY	Crane, Pecos, Terrell	$253,197	607	22	580	0	5
38	PROGRAMS FOR HUMAN SERVICES	Chambers, Hardin, Jefferson, Liberty, Orange	$1,290,891	1,589	473	23	1,014	79
39	ROLLING PLAINS MANAGEMENT CORPORATION	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	$632,412	1,413	952	161	282	18
40	SAN ANGELO/TOM GREEN COUNTY HEALTH DEPT	Tom Green	$105,145	350	134	182	32	2
41	SENIOR CITIZENS SERVICES OF TEXARKANA	Bowie	$206,697	383	105	2	275	1
42	SHELTERING ARMS SENIOR SVCS	Harris	$4,228,874	8,484	832	1,009	5,853	790
43	SOUTH PLAINS CAA	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	$373,523	1,134	198	767	167	2
44	TEXAS NEIGHBORHOOD SERVICES	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	$337,280	1,234	1,053	107	68	6
45	TEXOMA COUNCIL OF GOVERNMENTS	Cooke, Fannin, Grayson	$415,316	580	387	10	183	0
46	TRAVIS COUNTY	Travis	$672,229	1,216	712	129	371	4
47	TRI-COUNTY COMMUNITY ACTION	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	$652,655	1,384	468	12	903	1
48	WEBB COUNTY COMMUNITY ACTION AGENCY	Webb	$321,490	664	0	663	1	0
49	WEST TEXAS OPPORTUNITIES, INC	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	$811,013	2,410	728	1,312	360	10
50	WILLIAMSON-BURNET CO. OPPORTUNITIES	Burnet, Williamson	$260,137	747	480	156	105	6
	CEAP Total	State	$ 33,657,164	84,018	20,630	36,149	25,937	1,302

Community Services Block Grant Program

The Community Services Block Grant Program (CSBG) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. In addition, some CSBG subcontractors have been awarded funding for special projects that overlap existing service areas. Because of this, CSBG racial composition data for FY 2005 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Figure 2.22: State Racial Composition of Individuals Receiving CSBG Assistance, FY 2005

311,403 Total Individuals

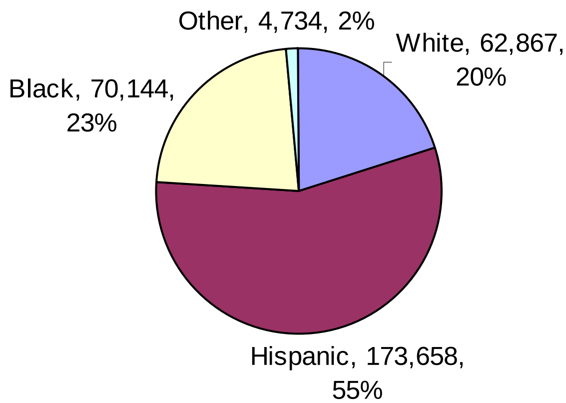


Figure 2.23: State CSBG Subcontractor Service Areas, FY 2005

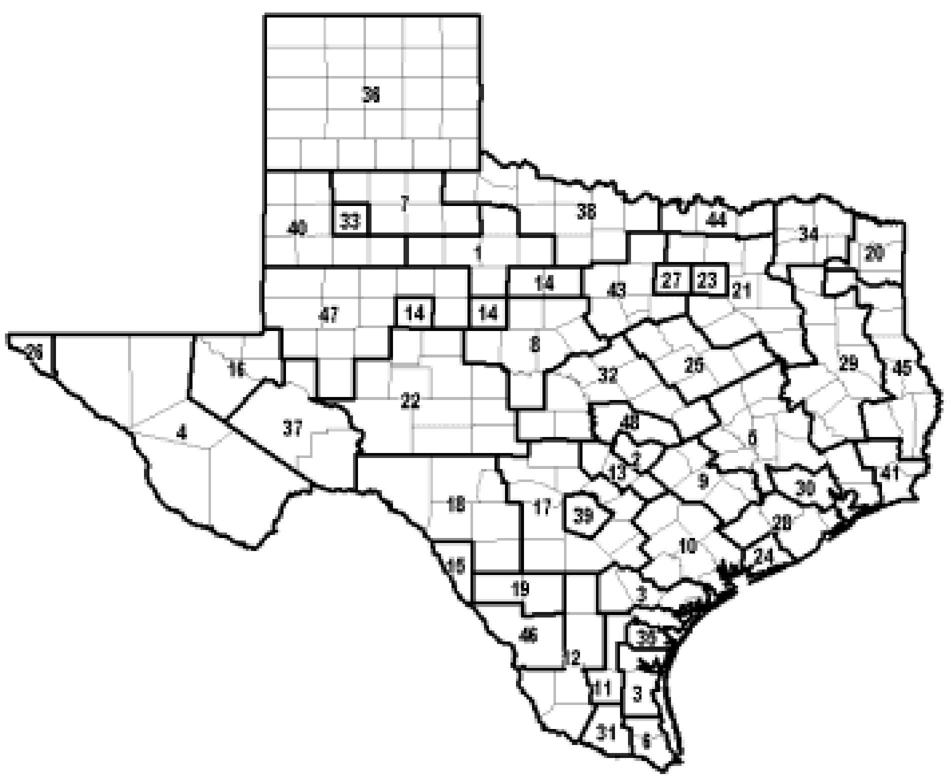


Figure 2.24: State Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor, FY 2005

# on Map	Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
1	Aspermont Small Business Development Center, Inc.	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	$132,863	967	339	481	132	15
2	Austin, City of, Health and Human Services Department	Travis	$785,559	17,110	3,765	7,655	5,269	421
3	Bee Community Action Agency	Aransas, Bee, Kenedy, Kleberg, Live Oak, Refugio	$247,531	3,842	765	2,678	323	76
4	Big Bend Community Action Committee, Inc.	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	$153,275	3,071	195	2,852	8	16
5	Brazos Valley Community Action Agency	Brazos, Burleson, Chambers, Grimes, Leon, Liberty, Madison, Montgomery, Robertson, Walker, Waller, Washington	$850,364	7,904	2,500	2,478	2,792	134
6	*Cameron and Willacy Counties Community Projects, Inc.	Cameron, Willacy	$1,017,261	16,891	176	16,671	42	2
7	Caprock Community Action Association, Inc.	Crosby, Dickens, Floyd, Hale, King, Motley	$186,672	4,617	686	3,498	413	20
8	Central TX Opportunities, Inc.	Brown, Callahn, Coleman, Comanche, Eastland, McCulloch, Runnels	$229,267	1,811	1,228	477	89	17
9	Combined Community Action, Inc.	Austin, Bastrop, Colorado, Fayette, Lee	$199,402	1,417	355	192	858	12
10	Community Action Committee of Victoria TX	Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Victoria	$316,960	5,851	1,349	3,206	1,282	14
11	Community Action Corporation of South TX	Brooks, Jim Wells, San Patricio	$154,163	1,847	70	1,757	18	2
12	Community Action Council of South TX	Duval, Jim Hogg, McMullen, Starr, Zapata	$347,930	5,007	57	4,909	30	11
13	Community Action Inc., of Hays, Caldwell and Blanco Counties	Blanco, Caldwell, Hays	$214,988	1,129	362	549	191	27
14	Community Action Program, Inc.	Mitchell, Shackelford, Stephens, Taylor	$221,401	2,329	913	933	466	17
15	*Community Action Social Services & Education	Maverick	$236,720	2,648	14	2,618	0	16
16	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	$178,924	1,691	158	1,409	120	4
17	*Community Council of South Central TX, Inc.	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	$629,822	8,604	2,028	6,171	361	44
18	*Community Council of Southwest TX, Inc.	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	$375,815	4,845	214	4,551	44	36
19	*Community Services Agency of South TX	Dimmit, La Salle	$148,064	1,203	4	1,198	1	0
20	Community Services of Northeast TX, Inc.	Bowie, Cass, Marion, Morris, Camp	$275,293	2,530	1,052	200	1,249	29
21	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	$864,411	6,586	3,059	876	2,475	176
22	Concho Valley Community Action Agency	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, Tom Green	$267,107	1,419	496	877	41	5

Figure 2.24: State Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor, FY 2005 (cont.)

# on Map	Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
23	Dallas Urban League	Dallas	$2,107,364	9,032	905	2,511	5,464	152
24	Economic Action Committee of The Gulf Coast	Matagorda	$132,863	761	126	218	401	16
25	EOAC of Planning Region XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	$524,237	5,221	1,498	625	3,047	51
26	El Paso Community Action Program, Project BRAVO, Inc.	El Paso	$1,345,457	12,658	346	11,922	299	91
27	Fort Worth, City of, Parks & Community Services Department	Tarrant	$1,102,360	29,100	3,559	15,056	9,908	577
28	Galveston County Comm. Action Council, Inc.	Brazoria, Fort Bend, Galveston, Wharton	$710,048	6,194	1,079	1,387	3,553	175
29	Greater East TX Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	$992,160	13,052	4,686	1,033	7,151	182
30	Gulf Coast Community Services Association	Harris	$3,725,302	12,739	846	5,504	6,206	183
31	*Hidalgo County Community Svcs. Agency	Hidalgo	$1,466,642	15,819	116	15,666	27	10
32	Hill Country Community Action Association, Inc.	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	$451,193	3,836	1,869	833	1,020	114
33	Lubbock, City of, Community Development Department	Lubbock	$373,922	176	54	74	44	4
34	Northeast TX Opportunities, Inc.	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	$253,022	2,729	1,440	154	1,038	97
35	Nueces County Community Action Agency	Nueces	$535,575	2,667	176	2,148	287	56
36	Panhandle Community Services	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallum, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	$623,768	17,421	7,481	7,659	2,212	69
37	Pecos County Community Action Agency	Crane, Pecos, Terrell	$132,863	1,341	58	1,250	8	25
38	Rolling Plains Management Corporation	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	$332,700	2,928	1,758	485	603	82
39	San Antonio, City of, Community Action Division	Bexar	$1,975,218	24,784	2,186	18,549	3,849	200
40	South Plains Community Action Association, Inc.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	$211,142	3,911	628	2,818	437	28
41	Southeast TX Regional Planning Commission	Hardin, Jefferson, Orange	$574,217	3,722	1,396	190	2,053	83

Figure 2.24: State Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor, FY 2005 (cont.)

# on Map	Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
42	TX Homeless Network	Statewide	$44,100	0	0	0	0	0
43	TX Neighborhood Services	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	$343,005	4,080	3,386	462	208	24
44	Texoma Council of Governments	Cooke, Fannin, Grayson	$220,712	1,573	1,062	34	462	15
45	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	$421,038	5,963	2,466	78	3,367	52
46	Webb County Community Action Agency	Webb	$456,227	4,649	5	4,640	3	1
47	West TX Opportunities, Inc.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Nolan, Scurry, Upton	$687,255	6,841	1,651	4,226	918	46
48	Williamson-Burnet County Opportunities, Inc.	Burnet, Williamson	$182,887	2,700	1,438	765	451	46

*These counties receive some additional funding to fund specialized activities for a few counties that fall outside their service area.

The following organizations receive funding to assist with special activities in counties that fall within the boundaries of the above described subrecipients.

Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
Alabama-Coushatta Indian Reservation	Polk, Tyler	$61,953	260	7	0	2	251
Asociacion Pro Servicios Sociales	Jim Hogg, Starr, Webb, Zapata	$107,478	1,399	0	1,399	0	0
Dallas Inter-Tribal Center	Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall	$111,574	1,107	53	90	42	922
Guadalupe Economic Services Corporation	Bailey, Briscoe, Castro, Cochran, Crosby, Deaf Smith, Dickens, Floyd, Garza, Hale, Hall, Hockley, Lamb, Lubbock, Lynn, Motley, Parmer, Swisher, Terry, Yoakum	$183,722	9,012	2,802	5,310	878	22
Kickapoo Traditional Tribe of Texas	Maverick	$49,630	66	0	0	0	66
San Patricio County CAA	San Patricio	$156,459	77	5	70	2	0
Sin Fronteras Organizing Project	El Paso	$109,980	2,266	0	2,266	0	0
CSBG Total	State	$28,739,865	311,403	62,867	173,658	70,144	4,734

Emergency Shelter Grants Program

The Emergency Shelter Grants Program (ESGG) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions, or multiple subcontractors serve the same area. Because of this, ESGP racial composition data for FY 2005 is listed according to subcontractor. Racial composition for the state is available, but is unavailable at the regional level.

Figure 2.25: State Racial Composition of Individuals Receiving ESGP Assistance, FY 2005

93,854 Total Individuals

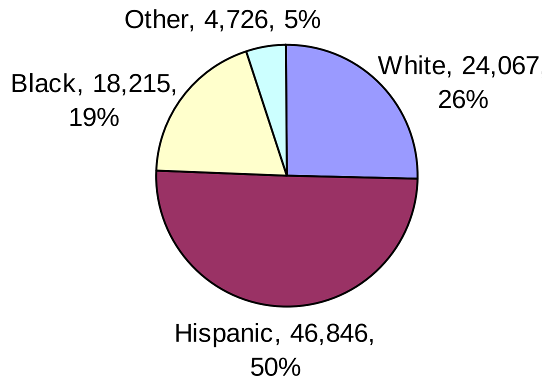


Figure 2.26: State Racial Composition of Individuals Receiving ESGP Assistance by Subcontractor, FY 2005

Contractor	County Served	FY 2005 Funding	Total Individuals	White	Hispanic	Black	Other
ABILENE HOPE HAVEN, INC.	Taylor	$80,000	990	628	193	137	32
ADVOCACY OUTREACH	Bastrop, Lee, Fayette, Colorado	$144,000	1,258	399	630	189	40
ADVOCACY RESOURCE CENTER FOR HOUSING	Hidalgo	$68,000	425	0	420	0	5
AMISTAD FAMILY VIOLENCE AND RAPE CRISIS	Edwards, Kinney, Val Verde	$98,000	402	23	367	5	7
ARLINGTON LIFE SHELTER	Tarrant	$76,726	1,348	684	81	548	35
CATHOLIC CHARITIES OF THE DIOCESE OF BEA	Jefferson	$44,500	82	28	10	40	4
CATHOLIC CHARITIES, ARCHDIOCESE OF SAN A	Bexar	$66,667	710	71	543	83	13
CENTER AGAINST FAMILY VIOLENCE, INC.	El Paso	$43,415	967	47	884	31	5
CHILD CRISIS CENTER OF EL PASO	El Paso	$45,000	941	76	765	59	41
CITY OF AMARILLO	Potter, Randall	$106,579	5,067	3,204	711	922	230
CITY OF BROWNSVILLE	Cameron	$260,000	22,169	417	21,632	73	47
CITY OF BRYAN	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Washington	$83,200	1,198	512	178	492	16
CITY OF DENTON	Denton	$61,115	266	105	74	87	0
COLLIN INTERVENTION TO YOUTH	Collin	$65,000	196	93	33	52	18
COMAL COUNTY EMERGENCY CHILDRENS SHELTER	Comal	$49,465	121	25	72	21	3
COMAL COUNTY FAMILY VIOLENCE SHELTER	Comal	$43,000	1,348	741	512	24	71
COMPASSION MINISTRIES OF WACO, INC.	McLennan	$30,000	487	240	105	110	32
CONNECTIONS INDIVIDUAL AND FAMILY SERVICES	Aransas, Atascosa, Bastrop, Bee, Caldwell, Comal, Frio, Goliad, Gonzales, Guadalupe, Karnes, Lee, Live Oak, McMullen, Refugio, San Patricio, Wilson, Zavala	$65,000	189	72	96	20	1
CORPUS CHRISTI HOPE HOUSE	Nueces	$30,000	246	77	140	25	4
CORPUS CHRISTI METRO MINISTRIES	Nueces, Aransas, Bee, San Patricio, Kleberg, Jim Wells	$80,000	4,000	1,428	2,059	449	64
COVENANT HOUSE TEXAS	Harris	$65,000	2,135	583	364	1,132	56
CROSS CULTURE EXPERIENCES	McLennan	$57,070	385	145	79	100	61
DALLAS JEWISH COALITION, INC.	Dallas	$39,394	231	47	33	140	11

Figure 2.26: State Racial Composition of Individuals Receiving ESGP Assistance by Subcontractor, FY 2005 (cont.)

Contractor	County Served	FY 2005 Funding	Total Individuals	White	Hispanic	Black	Other
DEPELCHIN CHILDREN'S CENTER	Harris	$56,848	118	3	26	87	2
DRISKILL HALFWAY HOUSE, INC.	Montgomery, Liberty, Walker	$30,300	296	197	68	30	1
EAST TEXAS CRISIS CENTER, INC.	Henderson, Rusk, Smith, Van Zandt, Wood	$64,149	409	261	68	46	34
FAMILIES IN CRISIS, INC.	Bell, Coryell, Hamilton	$56,806	586	176	129	240	41
FAMILY GATEWAY, INC.	Dallas	$75,000	489	68	35	344	42
FAMILY SERVICES OF SOUTHEAST TEXAS, INC.	Hardin, Jasper, Jefferson, Newton, Orange, Tyler	$44,662	447	178	37	210	22
FAMILY VIOLENCE PREVENTION SERVICES, INC	Atascosa, Bandera, Bexar, Caldwell, Comal, Dimmitt, Frio, Gillespie, Guadalupe, Hays, Kerr, Medina, Uvalde, Williamson, Wilson	$36,258	1,230	168	831	115	116
FIRST STEP OF WICHITA FALLS, INC.	Archer, Baylor, Childress, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	$30,000	997	666	200	99	32
FOCUSING FAMILIES	Waller, Austin, Washington, Grimes, Harris	$34,343	216	104	85	20	7
FORT BEND COUNTY WOMEN'S CENTER, INC.	Fort Bend, Harris	$56,200	511	93	232	141	45
GRAYSON COUNTY JUVENILE ALTERNATIVES, IN	Grayson, Fannin, Cooke	$54,867	129	81	16	26	6
GRAYSON COUNTY SHELTER, INC.	Grayson	$60,000	271	196	11	51	13
HAYS-CALDWELL WOMEN'S CENTER	Hays, Caldwell	$35,844	405	103	217	25	60
HOPE, INC.	Briscoe, Castro, Floyd, Hale, Hall, Swisher	$64,525	311	204	55	31	21
HOPE'S DOOR	Collin	$71,952	460	214	78	120	48
HOUSTON AREA WOMEN'S CENTER	Harris	$65,000	6,568	1,038	3,758	1,455	317
KILGORE COMMUNITY CRISIS CENTER	Gregg, Harrison, Panola, Rusk	$78,402	2,142	879	190	1,017	56
LA POSADA HOME, INC.	El Paso	$45,000	160	9	140	3	8
LEGAL AID OF NORTHWEST TEXAS	Tarrant	$61,907	195	79	30	84	2
MARY MCLEOD BETHUNE DAY NURSERY, INC.	Nueces, Bee, San Patricio, Jim Wells, Kleberg, Live Oak	$61,827	153	46	71	36	0
MIDLAND FAIR HAVENS, INC.	Midland	$60,000	1,155	358	439	350	8
MONTGOMERY COUNTY HOMELESS COALITION	Montgomery	$162,500	1,104	634	186	205	79
NEW BEGINNING CENTER	Dallas	$58,140	824	257	345	175	47
NORTHWEST ASSISTANCE MINISTRIES	Harris and Montgomery	$65,000	160	25	23	111	1
OPPORTUNITY CENTER FOR THE HOMELESS	El Paso	$65,000	2,628	570	1,815	208	35
PANHANDLE CRISIS CENTER, INC.	Hansford, Lipscomb, Ochiltree	$38,571	317	173	132	0	12
PECAN VALLEY REGIONAL DOMESTIC VIOLENCE	Brown	$41,863	312	192	104	12	4
PROMISE HOUSE, INC.	Dallas	$64,865	235	52	43	139	1
S.E.A.R.C.H.	Harris	$160,000	4,171	690	1,284	1,787	410
SABINE VALLEY CENTER	Gregg, Harrison, Marion, Panola, Rusk, Upshur	$45,947	36	29	0	7	0
SAFE PLACE	Travis	$37,488	958	238	404	171	145
SAFE PLACE OF THE PERMIAN BASIN	Midland, Ector	$92,500	1,577	677	715	128	57
SAFE PLACE, INC.	Dallam, Hartley, Moore, Sherman	$48,750	225	75	143	2	5
SAN ANTONIO METROPOLITAN MINISTRY, INC.	Bexar	$65,000	4,542	2,767	819	703	253
SETON HOME	Bexar	$36,258	97	39	46	12	0

Figure 2.26: State Racial Composition of Individuals Receiving ESGP Assistance by Subcontractor, FY 2005 (cont.)

Contractor	County Served	FY 2005 Funding	Total Individuals	White	Hispanic	Black	Other
SPECIAL HEALTH RESOURCES FOR TEXAS, INC.	Gregg	$39,584	143	45	8	90	0
STAR OF HOPE MISSION	Harris	$65,000	7,036	885	723	3,758	1,670
TEXAS HOMELESS NETWORK	Statewide	$55,200	0	0	0	0	0
THE BRIDGE OVER TROUBLED WATERS, INC.	Harris	$60,000	289	54	183	40	12
THE CHILDREN'S SHELTER	Bexar	$38,898	1,155	124	865	120	46
THE FAMILY PLACE	Dallas	$67,000	1,067	221	345	423	78
THE WOMEN'S HOME	Harris, Fort Bend, Montgomery, Galveston	$64,000	111	67	4	39	1
WESLEY COMMUNITY CENTER	Harris	$64,968	506	64	119	321	2
WESTSIDE HOMELESS PARTNERSHIP	Harris	$64,511	57	19	20	16	2
WINTERGARDEN WOMEN'S SHELTER, INC.	Dimmit, La Salle, Maverick, Zavala	$100,000	695	11	659	0	25
WOMEN'S SHELTER OF EAST TEXAS, INC.	Angelina, Houston, Nacogdoches, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity	$127,200	1,327	790	174	310	53
WOMEN'S SHELTER OF SOUTH TEXAS	Aransas, Bee, Brooks, Duval, Jim Wells, Kenedy, Kleberg, Live Oak, McMullen, Nueces, Refugio, San Patricio	$61,827	1,545	506	867	68	104
YMCA OF METROPOLITAN DALLAS	Collin, Dallas, Denton, Ellis, Rockwall	$64,275	223	86	38	94	5
YWCA EL PASO DEL NORTE REGION	El Paso	$49,297	105	11	85	7	2
ESGP Total	State	$4,748,663	93,854	24,067	46,846	18,215	4,726

PROGRESS IN MEETING TDHCA HOUSING AND COMMUNITY SERVICES GOALS

The goals, strategies, and objectives established in the Legislative Appropriations Act, the TDHCA *Strategic Plan*, and the *State of Texas Consolidated Plan*, guide TDHCA's annual activities through the establishment of objective performance measures. TDHCA's resulting goals are as follows:

1: INCREASE AND PRESERVE THE AVAILABILITY OF SAFE, DECENT, AND AFFORDABLE HOUSING FOR VERY LOW, LOW, AND MODERATE INCOME PERSONS AND FAMILIES

2: PROMOTE IMPROVED HOUSING CONDITIONS FOR EXTREMELY LOW, VERY LOW, AND LOW INCOME HOUSEHOLDS BY PROVIDING INFORMATION AND TECHNICAL ASSISTANCE.

3: IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.

4: ENSURE COMPLIANCE WITH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' FEDERAL AND STATE PROGRAM MANDATES.

5: PROTECT THE PUBLIC BY REGULATING THE MANUFACTURED HOUSING INDUSTRY IN ACCORDANCE WITH STATE AND FEDERAL LAWS.

6: TARGET ITS HOUSING FINANCE PROGRAMS RESOURCES FOR ASSISTANCE TO EXTREMELY LOW INCOME HOUSEHOLDS.

7: TARGET ITS HOUSING FINANCE RESOURCES FOR ASSISTANCE TO VERY LOW INCOME HOUSEHOLDS.

8: PROVIDE CONTRACT FOR DEED CONVERSIONS FOR FAMILIES WHO RESIDE IN A COLONIA AND EARN 60 PERCENT OR LESS OF THE APPLICABLE AREA MEDIAN FAMILY INCOME

9: WORK TO ADDRESS THE HOUSING NEEDS AND INCREASE THE AVAILABILITY OF AFFORDABLE AND ACCESSIBLE HOUSING FOR PERSONS WITH SPECIAL NEEDS THROUGH FUNDING, RESEARCH, AND POLICY DEVELOPMENT EFFORTS.

To avoid duplication of information, progress made towards meeting those goals, the upcoming year's goals, and information on TDHCA's actual performance in satisfying in FY 2005 goals and strategies is provided in Section IV: Action Plan.

STATEMENT OF ACTIVITIES BY UNIFORM STATE SERVICE REGION

This section describes TDHCA's FY 2005 activities by Uniform State Service Region. The regional tables do not include information for WAP, CEAP, ESGP, CSBG, and CFNP because figures are not available at the regional level. Additionally, Office of Colonia Initiatives program figures are reported with the funding source, e.g., most contract for deed conversions are reported under HOME Program homebuyer assistance.

As required by legislation, TDHCA reports on the racial composition of individuals and families receiving assistance. Regional Information is included for Multifamily Programs, HOME Program single family activities, Single Family Bond, and Section 8.Housing Trust Fund single family activities (Bootstrap Loan Program loans) served only three regions in FY 2005, regions 3, 11, and 13, so regional tables are not included. Additionally, Weatherization Assistance Program, Comprehensive Energy Assistance Program, Community Services Block Grant program, and Emergency Shelter Grants Program figures are not reported by region, so regional tables are not included. For more information on racial reporting and these program categories, please see "Racial Composition of Households Receiving Assistance" under Statement of Activities.

REGION 1

TDHCA allocated $3,826,608 in the region in FY 2005. Multifamily development accounted for the largest amount of this total: 62 percent. Low income households received the highest percentage of funding: 55 percent.

Figure 2.27: Region 1 Funding and Households/Persons Served by Activity, FY 2005
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$2,362,621	369	62%	93%
	Rehab. Construction	$0	0	0%	0%
	Tenant Based Assistance	$0	0	0%	0%
Owner	Financing & Down Payment	$131,137	2	3%	1%
	Rehabilitation Assistance	$1,332,850	25	35%	6%
Total for All Activities		$3,826,608	396		

Figure 2.28: Region 1 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$254,794	40	7%	10%
Very Low Income (30-50 AMFI)	$1,374,693	26	36%	7%
Low Income (50-80 AMFI)	$2,107,827	329	55%	83%
Moderate Income and Up (>80 AMFI)	$89,294	1	2%	0%
Total for All Incomes	$3,826,608	396		

Figure 2.29: Region 1 Funding and Households/Persons Served by Program, FY 2005
By Housing Activity

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	$0	0	$0	52	$0	0	$2,362,621	369	$0	0	$0	0
	Rehab. Construction	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
	Tenant Based Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$0	
Owner	Financing & Down Payment	$131,137	2	$0	239	$0	0	$0	0	$0	0	$0	0
	Rehabilitation Assistance	$0	0	$1,332,850	86	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$131,137	2	$1,332,850	377	$0	0	$2,362,621	369	$0	0	$0	0

Figure 2.30: Region 1 Funding and Households/Persons Served by Program, FY 2005
By Income Category

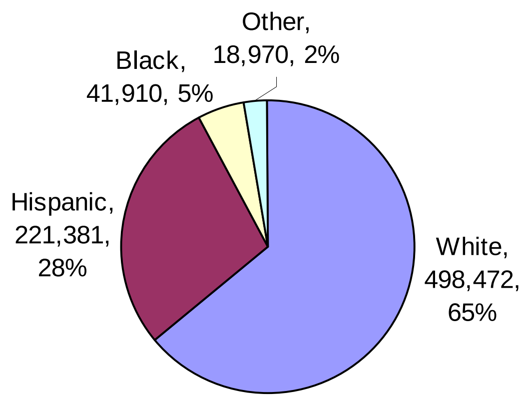
Housing Activities	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$0	0	$0	0	$0	0	$254,794	40	$0	0	$0	0
Very Low Income (30-50 AMFI)	$41,843	1	$1,332,850	25	$0	0	$0	0	$0	0	$0	0
Low Income (50-80 AMFI)	$0	0	$0	0	$0	0	$2,107,827	329	$0	0	$0	0
Moderate Income and Up (>80 AMFI)	$89,294	1	$0	0	$0	0	$0	0	$0	0	$0	0
Total for All Incomes	$131,137	2	$1,332,850	25	$0	0	$2,362,621	369	$0	0	$0	0

Racial Composition of Households Receiving Assistance in Region 1

Based on 2000 US Census data, Region 1 has the following racial breakdown. “Hispanic” includes all races that specified “Hispanic” as a category. “Other” includes races other than “White” and “Black” as well as individuals with two or more races.

Figure 2.31: Racial Composition of Region 1

780,733 Total Individuals



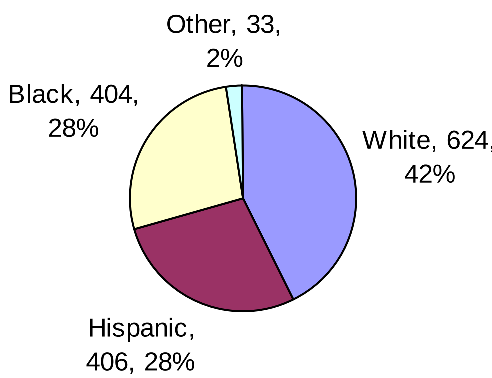
Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.32: Region 1 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004

1,467 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.33: Region 1 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

6 Total Households

Includes contracts originally awarded from 2003.

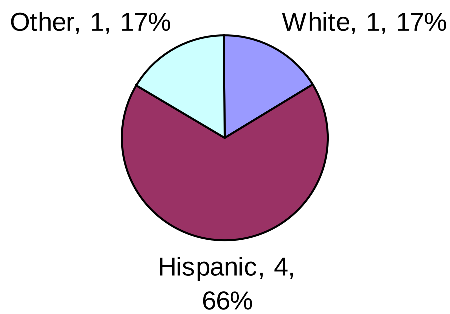


Figure 2.34: Region 1 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

24 Total Households

Includes contracts originally awarded from 2003.

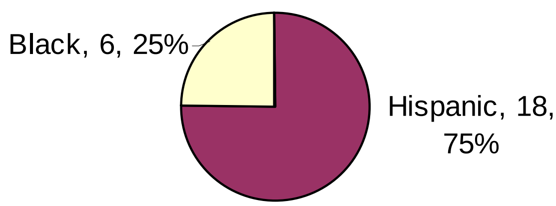
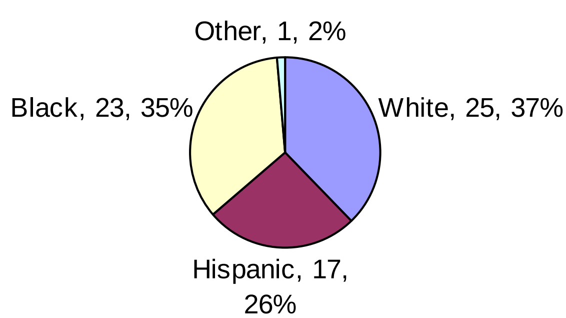


Figure 2.36: Region 1 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

66 Total Households

Includes contracts originally awarded from 2003 (omitting 2001 because of data problems).

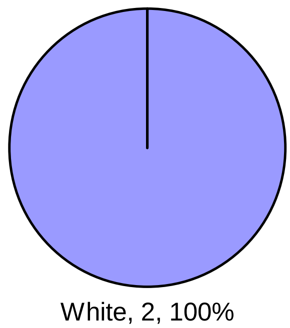


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) in FY 2005.

Figure 2.37: Region 1 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

2 Total Households



Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.38: Region 1 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

0 Total Households

No Section 8 funds were expended in Region 1 in FY 2005.

REGION 2

TDHCA allocated $3,640,180 in the region in FY 2005. Multifamily new construction accounted for the largest amount of this total: 36 percent. Low income households received the highest percentage of funding: 54 percent.

Figure 2.39: Region 2 Funding and Households/Persons Served by Activity, FY 2005
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$1,304,463	213	36%	64%
	Rehab. Construction	$30,658	39	1%	12%
	Tenant Based Assistance	$139,830	42	4%	13%
Owner	Financing & Down Payment	$1,103,886	19	30%	6%
	Rehabilitation Assistance	$1,061,343	20	29%	6%
Total for All Activities		$3,640,180	333		

Figure 2.40: Region 2 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	$409,323	59	11%	18%
Very Low Income (30-50 AMFI)	$1,182,695	29	32%	9%
Low Income (50-80 AMFI)	$1,983,176	244	54%	73%
Moderate Income and Up (>80 AMFI)	$64,986	1	2%	0%
Total for All Incomes	$3,640,180	333		

Figure 2.41: Region 2 Funding and Households/Persons Served by Program, FY 2005
By Housing Program

Household Type	Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Renter	New Construction	$0	0	$0	0	$138,000	77	$1,166,463	136	$0	0	$0	0
	Rehab. Construction	$0	0	$0	0	$0	0	$30,658	39	$0	0	$0	0
	Tenant Based Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$139,830	42
Owner	Financing & Down Payment	$1,103,886	19	$0	0	$0	0	$0	0	$0	0	$0	0
	Rehabilitation Assistance	$0	0	$1,061,343	20	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$1,103,886	19	$1,061,343	20	$138,000	77	$1,197,121	175	$0	0	$139,830	42

Figure 2.42: Region 2 Funding and Households/Persons Served by Program, FY 2005
By Income Category

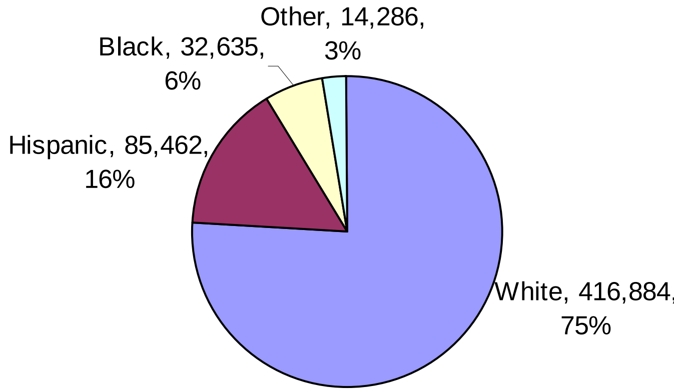
Housing Activities / Income Type	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Extremely Low Income (0-30 AMFI)	$82,348	1	$71,343	2	$14,338	8	$120,049	14	$0	0	$121,245	34
Very Low Income (30-50 AMFI)	$174,110	3	$990,000	18	$0	0	$0	0	$0	0	$18,585	8
Low Income (50-80 AMFI)	$782,442	14	$0	0	$123,662	69	$1,077,072	161	$0	0	$0	0
Moderate Income and Up (>80 AMFI)	$64,986	1	$0	0	$0	0	$0	0	$0	0	$0	0
Total for All Incomes	$1,103,886	19	$1,061,343	20	$138,000	77	$1,197,121	175	$0	0	$139,830	42

Racial Composition of Households Receiving Assistance in Region 2

Based on 2000 US Census data, Region 2 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

Figure 2.43: Racial Composition of Region 2

549,267 Total Individuals



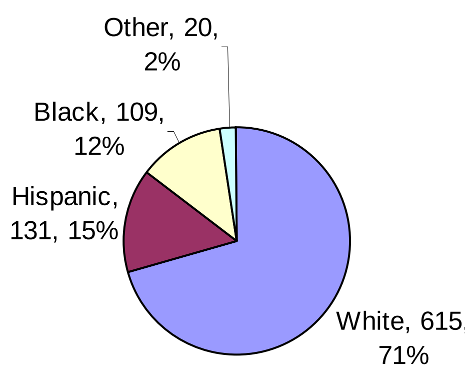
Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.44: Region 2 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004

875 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.45: Region 2 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

5 Total Households

Includes contracts originally awarded in 2003.

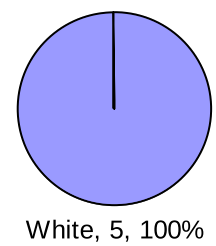


Figure 2.46: Region 2 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

10 Total Households

Includes contracts originally awarded in 2003.

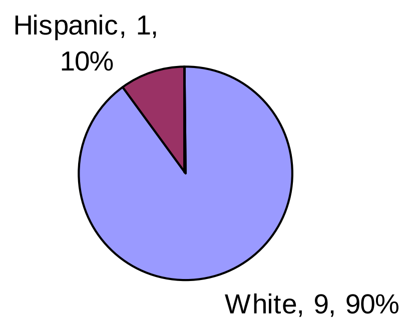
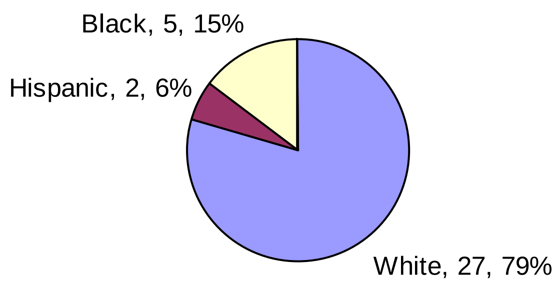


Figure 2.47: Region 2 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

34 Total Households

Includes contracts originally awarded in 2004.

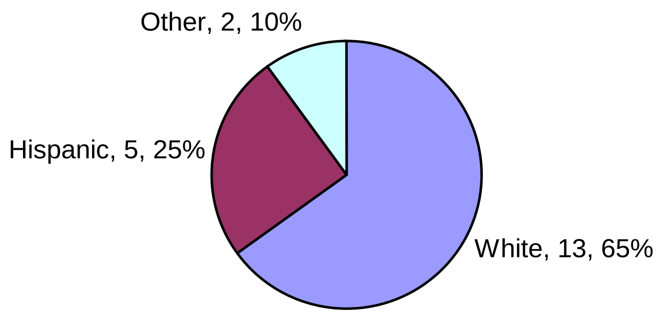


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and Mortgage Credit Certificate Program in FY 2005.

Figure 2.48: Region 2 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

20 Total Households

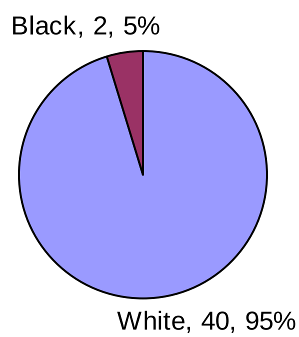


Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.49: Region 2 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

42 Total Households



REGION 3

TDHCA allocated $187,511,949 in the region in FY 2005. Multifamily new construction accounted for the largest amount of this total: 60 percent. Low income households received the highest percentage of funding: 77 percent.

Figure 2.50: Region 3 Funding and Households/Persons Served by Activity, FY 2005
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$113,355,337	6,015	60%	74%
	Rehab. Construction	$18,430,966	1,169	10%	14%
	Tenant Based Assistance	$3,202,927	453	2%	6%
Owner	Financing & Down Payment	$48,830,231	446	26%	5%
	Rehabilitation Assistance	$3,692,488	73	2%	1%
Total for All Activities		$187,511,949	8,156		

Figure 2.51: Region 3 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	$6,811,071	572	4%	7%
Very Low Income (30-50 AMFI)	$21,963,872	2,085	12%	26%
Low Income (50-80 AMFI)	$144,114,428	5,387	77%	66%
Moderate Income and Up (>80 AMFI)	$14,622,578	112	8%	1%
Total for All Incomes	$187,511,949	8,156		

Figure 2.52: Region 3 Funding and Households/Persons Served by Program, FY 2005
By Housing Program

Household Type	Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Renter	New Construction	$0	0	$3,000,000	96	$800,000	190	$17,055,337	4,320	$92,500,000	1,409	$0	0
Renter	Rehab. Construction	$0	0	$600,000	40	$0	0	$2,830,966	878	$15,000,000	251	$0	0
Renter	Tenant Based Assistance	$0	0	$923,122	78	$0	0	$0	0	$0	0	$2,279,805	375
Owner	Financing & Down Payment	$48,006,231	406	$200,000	20	$624,000	20	$0	0	$0	0	$0	0
Owner	Rehabilitation Assistance	$0	0	$3,692,488	73	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$48,006,231	406	$8,415,610	307	$1,424,000	210	$19,886,303	5,198	$107,500,000	1,660	$2,279,805	375

Figure 2.53: Region 3 Funding and Households/Persons Served by Program, FY 2005
Housing Activities

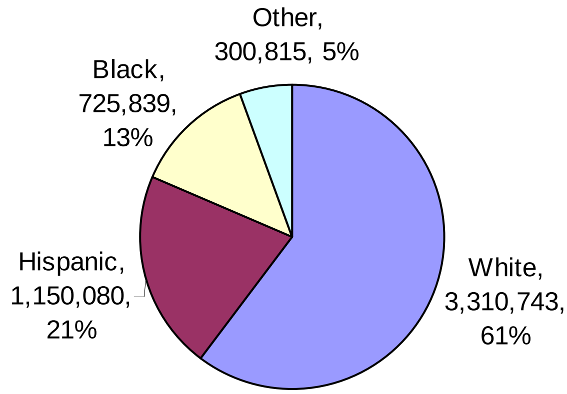
Income Type	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Extremely Low Income (0-30 AMFI)	$369,264	5	$3,498,125	94	$135,000	19	$908,327	158	$0	0	$1,900,355	296
Very Low Income (30-50 AMFI)	$3,912,354	41	$3,605,591	120	$0	0	$7,027,200	1,730	$7,050,000	118	$368,727	76
Low Income (50-80 AMFI)	$29,102,035	248	$1,311,894	93	$1,289,000	191	$11,950,776	3,310	$100,450,000	1,542	$10,723	3
Moderate Income and Up (>80 AMFI)	$14,622,578	112	$0	0	$0	0	$0	0	$0	0	$0	0
Total for All Incomes	$48,006,231	406	$8,415,610	307	$1,424,000	210	$19,886,303	5,198	$107,500,000	1,660	$2,279,805	375

Racial Composition of Households Receiving Assistance in Region 3

Based on 2000 US Census data, Region 3 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

Figure 2.54: Racial Composition of Region 3

5,487,477 Total Individuals



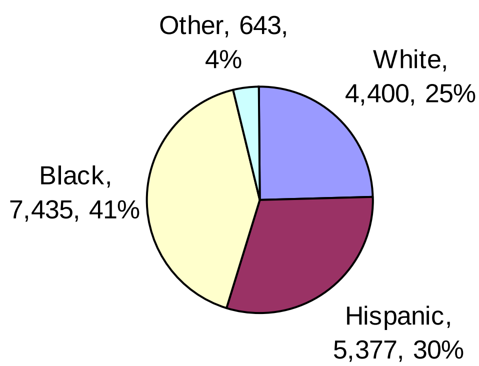
Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.55: Region 3 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004

17,855 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.56: Region 3 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

44 Total Households

Includes contracts originally awarded from 2001-2004.

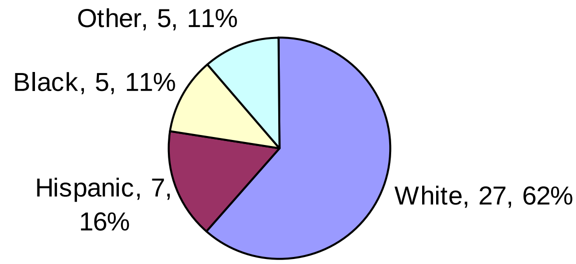


Figure 2.57: Region 3 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

38 Total Households

Includes contracts originally awarded in 2003.

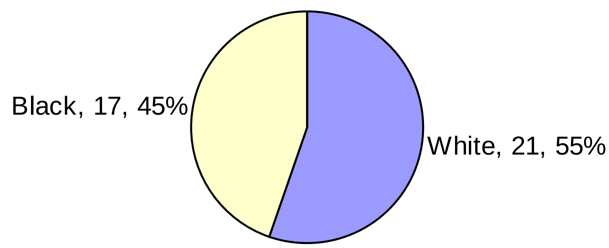
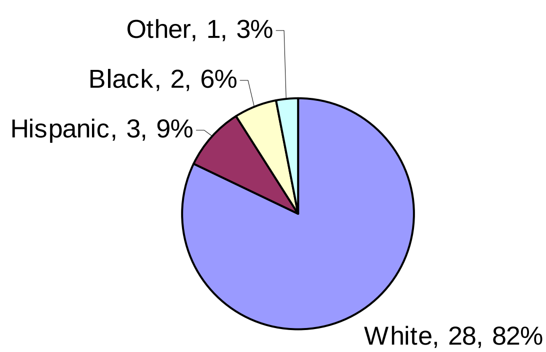


Figure 2.58: Region 3 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

34 Total Households

Includes contracts originally awarded from 2003-2004 (omitting 2001 because of data problems).

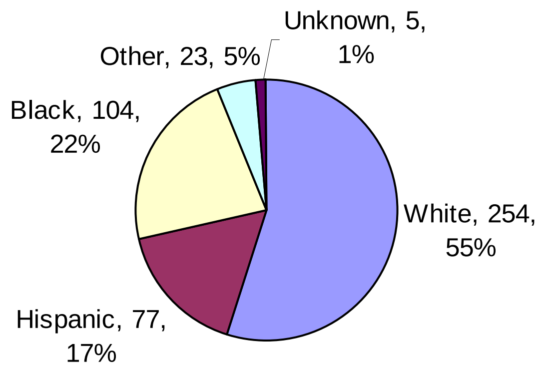


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program), the Mortgage Credit Certificate Program, and Contract for Deed of Texas Bootstrap loans that were made with bond funds in FY 2005.

Figure 2.59: Region 3 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

463 Total Households

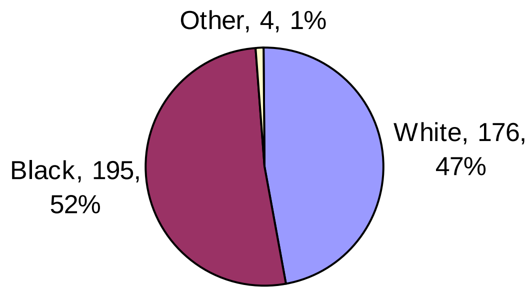


Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.60: Region 3 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

375 Total Households



REGION 4

TDHCA allocated $5,498,439 in the region in FY 2005. Owner occupied rehabilitation assistance accounted for the largest amount of this total: 52 percent. Very low income households received the highest percentage of funding: 65 percent.

Figure 2.61: Region 4 Funding and Households/Persons Served by Activity, FY 2005
Housing Activities

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$2,041,669	251	37%	70%
	Rehab. Construction	$469,110	48	9%	13%
	Tenant Based Assistance	$0	0	0%	0%
Owner	Financing & Down Payment	$124,502	6	2%	2%
	Rehabilitation Assistance	$2,863,158	53	52%	15%
Total for All Activities		$5,498,439	358		

Figure 2.62: Region 4 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	$124,107	16	2%	4%
Very Low Income (30-50 AMFI)	$3,559,158	133	65%	37%
Low Income (50-80 AMFI)	$1,815,174	209	33%	58%
Moderate Income and Up (>80 AMFI)	$0	0	0%	0%
Total for All Incomes	$5,498,439	358		

Figure 2.63: Region 4 Funding and Households/Persons Served by Program, FY 2005
By Housing Program

Household Type	Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Renter	New Construction	$0	0	$0	0	$0	0	$2,041,669	251	$0	0	$0	0
Renter	Rehab. Construction	$0	0	$385,000	24	$0	0	$84,110	24	$0	0	$0	0
Renter	Tenant Based Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Owner	Financing & Down Payment	$78,876	1	$45,626	5	$0	0	$0	0	$0	0	$0	0
Owner	Rehabilitation Assistance	$0	0	$2,863,158	53	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$78,876	1	$3,293,784	82	$0	0	$2,125,779	275	$0	0	$0	0

Figure 2.65: Region 4 Funding and Households/Persons Served by Program, FY 2005
By Income Category

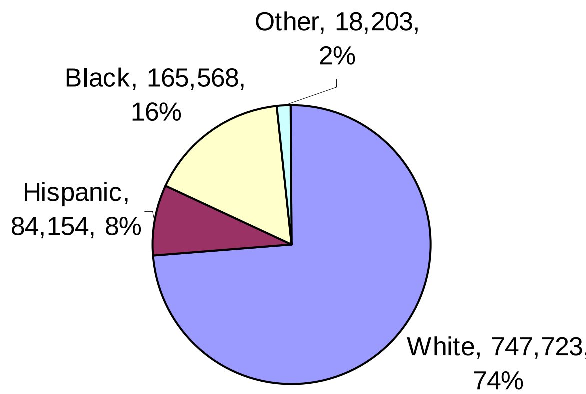
Income Type	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Extremely Low Income (0-30 AMFI)	$0	0	$0	0	$0	0	$124,107	16	$0	0	$0	0
Very Low Income (30-50 AMFI)	$0	0	$2,863,158	53	$0	0	$696,000	80	$0	0	$0	0
Low Income (50-80 AMFI)	$78,876	1	$430,626	29	$0	0	$1,305,672	179	$0	0	$0	0
Moderate Income and Up (>80 AMFI)	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total for All Incomes	$78,876	1	$3,293,784	82	$0	0	$2,125,779	275	$0	0	$0	0

Racial Composition of Households Receiving Assistance in Region 4

Based on 2000 US Census data, Region 4 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

Figure 2.66: Racial Composition of Region 4

1,015,648 Total Individuals



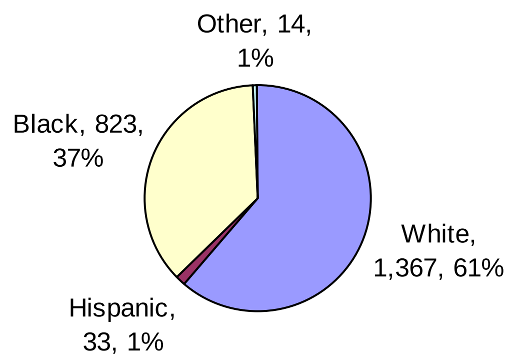
Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.67: Region 4 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004

2,237 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.68: Region 4 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

36 Total Households

Includes contracts originally awarded from 2001-2004.

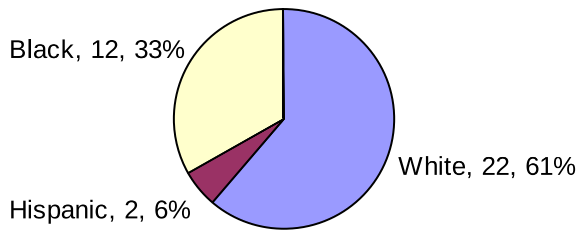


Figure 2.69: Region 4 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

104 Total Households

Includes contracts originally awarded in 2003.

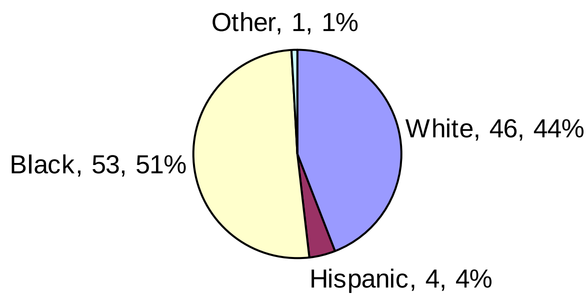
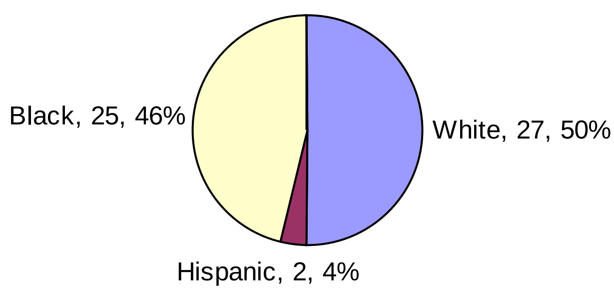


Figure 2.70: Region 4 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

54 Total Households

Includes contracts originally awarded in 2004 (omitting 2001 because of data problems).

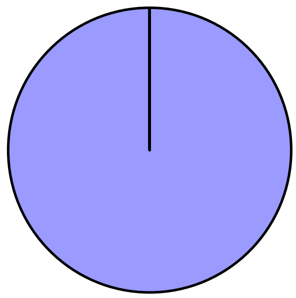


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) in FY 2005.

Figure 2.71: Region 4 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

1 Total Household



Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.72: Region 4 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

0 Total Households

No Section 8 funds were expended in Region 4 in FY 2005.

REGION 5

TDHCA allocated $31,011,152 in the region in FY 2005. Multifamily development accounted for the largest amount of this total: 90 percent. Very Low income households received the highest percentage of funding: 51 percent.

Figure 2.73: Region 5 Funding and Households/Persons Served by Activity, FY 2005
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$28,012,343	1,106	90%	
	Rehab. Construction	$568,190	62	2%	
	Tenant Based Assistance	$306,062	30	1%	
Owner	Financing & Down Payment	$117,810	6	0%	
	Rehabilitation Assistance	$2,006,747	40	6%	
Total for All Activities		$31,011,152	1,244		

Figure 2.74: Region 5 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	$401,016	34	1%	3%
Very Low Income (30-50 AMFI)	$15,728,380	569	51%	46%
Low Income (50-80 AMFI)	$14,813,947	640	48%	51%
Moderate Income and Up (>80 AMFI)	$67,810	1	0%	0%
Total for All Incomes	$31,011,152	1,244		

Figure 2.75: Region 5 Funding and Households/Persons Served by Program, FY 2005
By Housing Program

Household Type	Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Renter	New Construction	$0	0	$0	0	$0	0	$2,932,343	650	$25,080,000	456	$0	0
	Rehab. Construction	$0	0	$502,366	31	$0	0	$65,824	31	$0	0	$0	0
	Tenant Based Assistance	$0	0	$306,062	30	$0	0	$0	0	$0	0	$0	0
Owner	Financing & Down Payment	$67,810	1	$50,000	5	$0	0	$0	0	$0	0	$0	0
	Rehabilitation Assistance	$0	0	$2,006,747	40	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$67,810	1	$2,865,175	106	$0	0	$2,998,167	681	$25,080,000	456	$0	$0

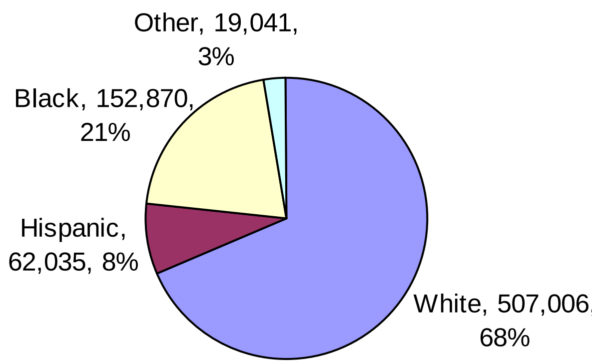
Figure 2.76: Region 5 Funding and Households/Persons Served by Program, FY 2005
By Income Category

Income Type	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Extremely Low Income (0-30 AMFI)	$0	0	$277,300	14	$0	0	$123,716	20	$0	0	$0	0
Very Low Income (30-50 AMFI)	$0	0	$2,252,244	82	$0	0	$936,136	259	$12,540,000	228	$0	0
Low Income (50-80 AMFI)	$0	0	$335,631	10	$0	0	$1,938,316	402	$12,540,000	228	$0	0
Moderate Income and Up (>80 AMFI)	$67,810	1	$0	0	$0	0	$0	0	$0	0	$0	0
Total for All Incomes	$67,810	1	$2,865,175	106	$0	0	$2,998,167	681	$25,080,000	456	$0	0

Racial Composition of Households Receiving Assistance in Region 5

Based on 2000 US Census data, Region 5 has the following racial breakdown. “Hispanic” includes all races that specified “Hispanic” as a category. “Other” includes races other than “White” and “Black” as well as individuals with two or more races.

Figure 2.77: Racial Composition of Region 5
740,952 Total Individuals

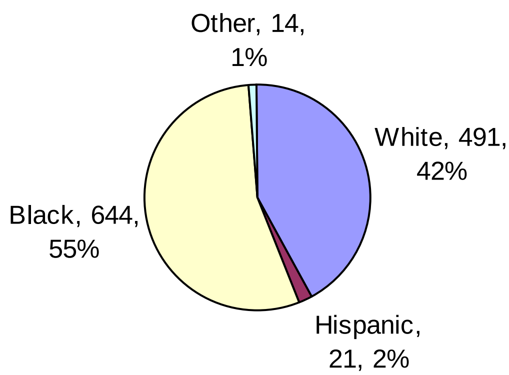


Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.78: Region 5 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004
50,916 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.79: Region 5 Racial Composition of Households Receiving
HOME Homebuyer Assistance, FY 2005
1 Total Household
Includes contracts originally awarded in 2003.

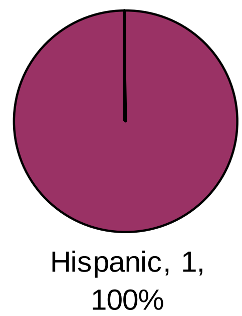


Figure 2.80: Region 5 Racial Composition of Households Receiving
HOME Owner-Occupied Home Repair, FY 2005
85 Total Households
Includes contracts originally awarded in-2003.

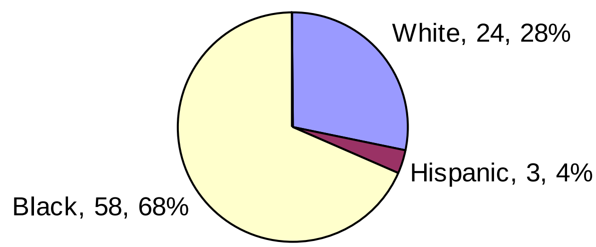
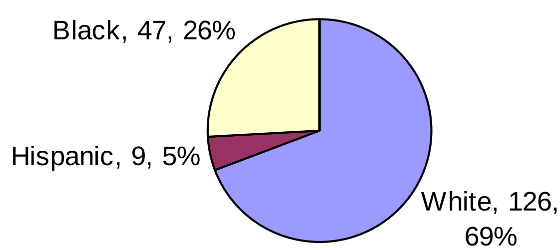


Figure 2.81: Region 5 Racial Composition of Households Receiving
HOME Tenant-Based Rental Assistance, FY 2005
182 Total Households
Includes contracts originally awarded from 2003-2004 (omitting 2001 because of data problems).

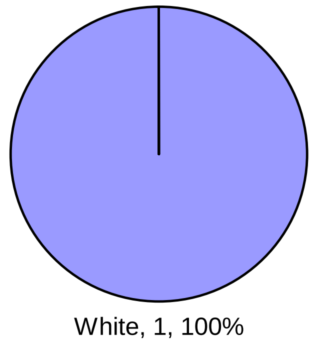


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) in FY 2005.

Figure 2.82: Region 5 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

1 Total Household



Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.83: Region 5 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

0 Total Households

No Section 8 funds were expended in Region 5 in FY 2005.

REGION 6

TDHCA allocated $83,901,965 in the region in FY 2005. Multifamily development accounted for the largest amount of this total: 67 percent. Low income households received the highest percentage of funding: 75 percent.

Figure 2.84: Region 6 Funding and Households/Persons Served by Activity, FY 2005
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$56,258,897	4,925	67%	66%
	Rehab. Construction	$5,633,737	1,296	7%	17%
	Tenant Based Assistance	$5,327,823	1,062	6%	14%
Owner	Financing & Down Payment	$13,152,678	171	16%	2%
	Rehabilitation Assistance	$3,528,830	64	4%	1%
Total for All Activities		$83,901,965	7,518		

Figure 2.85: Region 6 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	$9,051,841	1,247	11%	17%
Very Low Income (30-50 AMFI)	$7,045,562	1,359	8%	18%
Low Income (50-80 AMFI)	$62,957,311	4,873	75%	65%
Moderate Income and Up (>80 AMFI)	$4,847,252	39	6%	1%
Total for All Incomes	$83,901,965	7,518		

Figure 2.86: Region 6 Funding and Households/Persons Served by Program, FY 2005
By Housing Program

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	$0	0	$0	0	$350,000	192	$15,008,897	4,051	$40,900,000	682	$0	0
	Rehab. Construction	$0	0	$2,485,000	418	$0	0	$3,148,737	878	$0	0	$0	0
	Tenant Based Assistance	$0	0	$508,458	51	$0	0	$0	0	$0	0	$4,819,365	1,011
Owner	Financing & Down Payment	$12,652,678	111	$500,000	60	$0	0	$0	0	$0	0	$0	0
	Rehabilitation Assistance	$0	0	$3,528,830	64	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$12,652,678	111	$7,022,288	593	$350,000	192	$18,157,634	4,929	$40,900,000	682	$4,819,365	1,020

Figure 2.87: Region 6 Funding and Households/Persons Served by Program, FY 2005
By Income Category

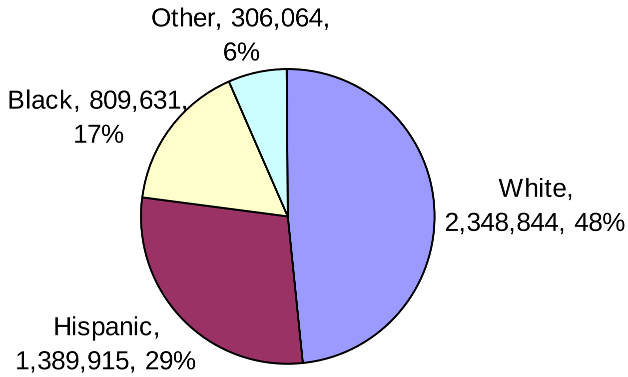
Housing Activities	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$69,451	1	$3,131,440	106	$36,458	20	$1,382,914	241	$0	0	$4,431,578	879
Very Low Income (30-50 AMFI)	$793,753	12	$1,233,592	137	$0	0	$4,651,054	1,087	$0	0	$367,163	123
Low Income (50-80 AMFI)	$6,945,846	60	$2,657,256	350	$313,542	172	$12,123,667	3,601	$40,900,000	682	$17,000	8
Moderate Income and Up (>80 AMFI)	$4,843,628	38	$0	0	$0	0	$0	0	$0	0	$3,624	1
Total for All Incomes	$12,652,678	111	$7,022,288	593	$350,000	192	$18,157,634	4,929	$40,900,000	682	$4,819,365	1,011

Racial Composition of Households Receiving Assistance in Region 6

Based on 2000 US Census data, Region 6 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

Figure 2.88: Racial Composition of Region 6

4,854,454 Total Individuals



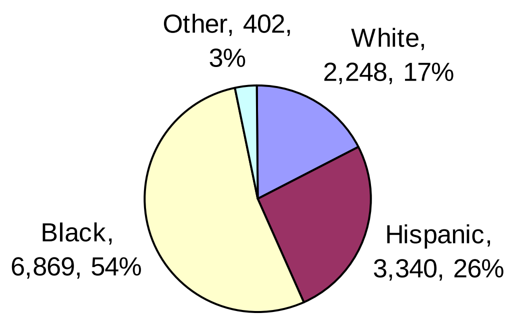
Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.89: Region 6 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004

12,859 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.90: Region 6 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

48 Total Households

Includes contracts originally awarded from 2003-2004.

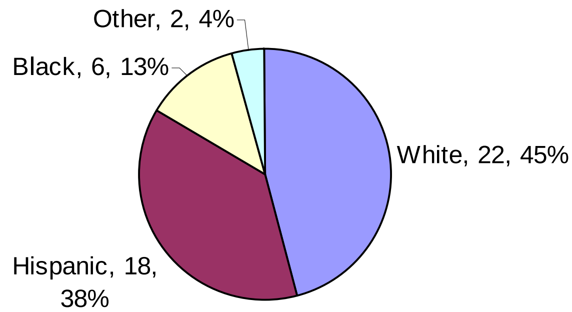


Figure 2.91: Region 6 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

64 Total Households

Includes contracts originally awarded in 2003.

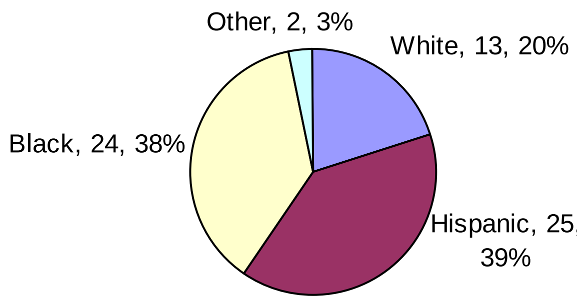
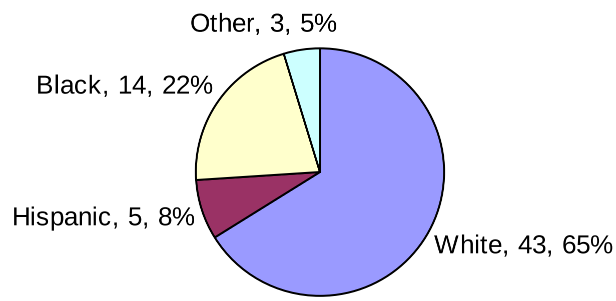


Figure 2.92: Region 6 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

65 Total Households

Includes contracts originally awarded from 2003-2004 (omitting 2001 because of data problems).

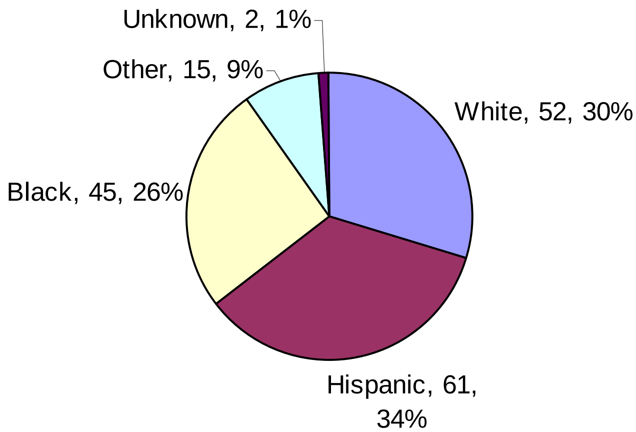


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

Figure 2.93: Region 6 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

175 Total Households

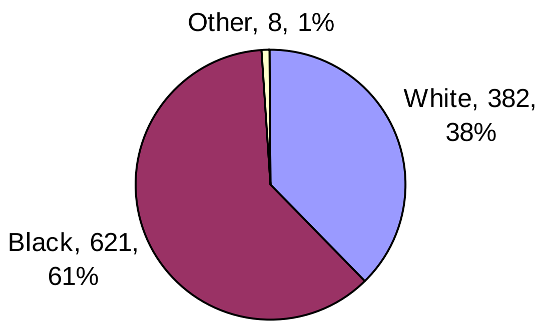


Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.94: Region 6 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

1,011 Total Households



Region 7

TDHCA allocated $114,177,168 in the region in FY 2005. Financing and down payment assistance accounted for the largest amount of this total: 94 percent. Low income households received the highest percentage of funding: 59 percent.

Figure 2.95: Region 7 Funding and Households/Persons Served by Activity, FY 2005
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$3,400,819	275	3%	16%
	Rehab. Construction	$2,222,049	404	2%	24%
	Tenant Based Assistance	$698,482	122	1%	7%
Owner	Financing & Down Payment	$107,026,490	853	94%	51%
	Rehabilitation Assistance	$829,328	16	1%	1%
Total for All Activities		$114,177,168	1,670		

Figure 2.96: Region 7 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	$3,693,584	191	3%	11%
Very Low Income (30-50 AMFI)	$18,882,635	236	17%	14%
Low Income (50-80 AMFI)	$67,039,638	1,075	59%	64%
Moderate Income and Up (>80 AMFI)	$24,561,312	168	22%	10%
Total for All Incomes	$114,177,169	1,670		

Figure 2.97: Region 7 Funding and Households/Persons Served by Program, FY 2005
By Housing Program

Household Type	Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Renter	New Construction	$0	0	$1,500,000	30	$17,700	6	$1,883,119	239	$0	0	$0	0
Renter	Rehab. Construction	$0	0	$786,446	140	$932,010	190	$503,593	74	$0	0	$0	0
Renter	Tenant Based Assistance	$0	0	$207,332	22	$0	0	$0	0	$0	0	$491,150	100
Owner	Financing & Down Payment	$106,811,990	823	$214,500	30	$0	0	$0	0	$0	0	$0	0
Owner	Rehabilitation Assistance	$0	0	$829,328	16	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$106,811,990	823	$3,537,606	238	$949,710	196	$2,386,712	313	$0	0	$491,150	100

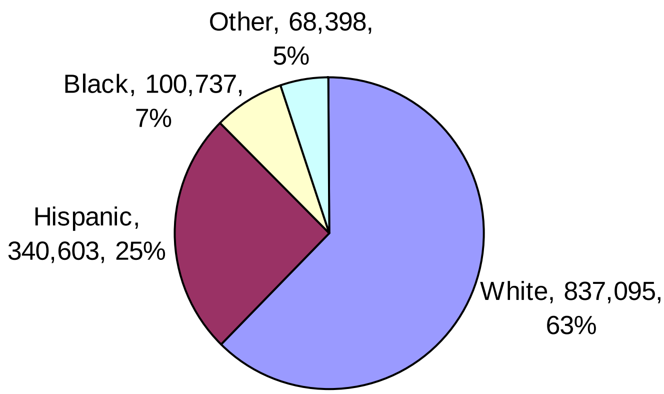
Figure 2.98: Region 7 Funding and Households/Persons Served by Program, FY 2005
By Income Category

Housing Activities / Income Type	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Extremely Low Income (0-30 AMFI)	$1,447,712	13	$1,515,305	60	$115,901	26	$231,867	30	$0	0	$382,799	62
Very Low Income (30-50 AMFI)	$17,550,869	155	$1,128,087	27	$24,358	5	$70,970	11	$0	0	$108,351	38
Low Income (50-80 AMFI)	$63,252,097	487	$894,214	151	$809,452	165	$2,083,875	272	$0	0	$0	0
Moderate Income and Up (>80 AMFI)	$24,561,312	168	$0	0	$0	0	$0	0	$0	0	$0	0
Total for All Incomes	$106,811,990	823	$3,537,606	238	$949,711	196	$2,386,712	313	$0	0	$491,150	100

Racial Composition of Households Receiving Assistance in Region 7

Based on 2000 US Census data, Region 7 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

Figure 2.99: Racial Composition of Region 7
1,346,833 Total Individuals

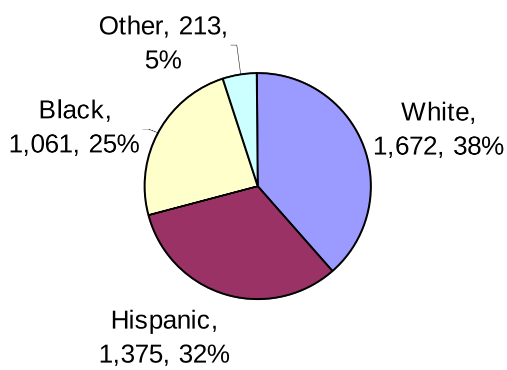


Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.100: Region 7 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004
4,321 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.101: Region 7 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

73 Total Households

Includes contracts originally awarded from 2001-2003.

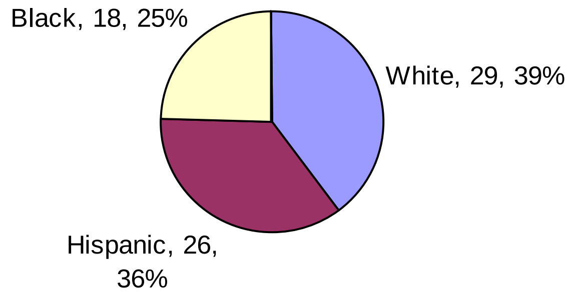


Figure 2.102: Region 7 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

17 Total Households

Includes contracts originally awarded from 2001-2003.

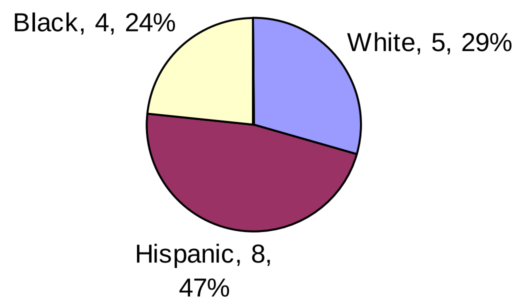
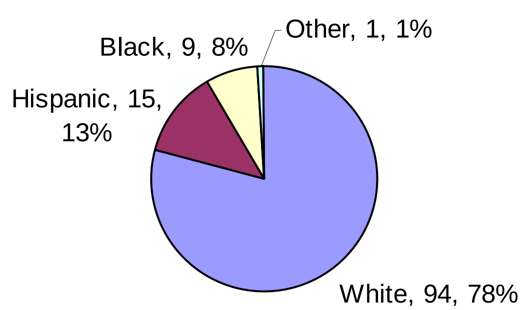


Figure 2.103: Region 7 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

119 Total Households

Includes contracts originally awarded from 2003-2004.

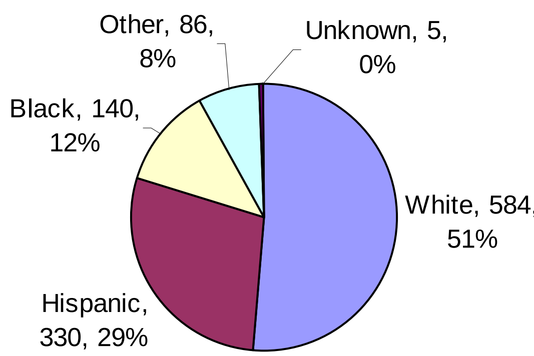


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

Figure 2.104: Region 7 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

1,145 Total Households

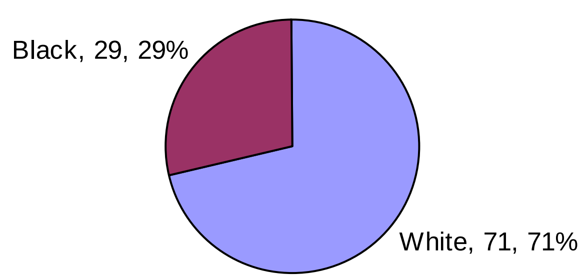


Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.105: Region 7 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

100 Total Households



REGION 8

TDHCA allocated $13,561,114 in the region in FY 2005. Financing and downpayment assistance accounted for the largest amount of this total: 66 percent. Low income households received the highest percentage of funding: 52 percent.

Figure 2.106: Region 8 Funding and Households/Persons Served by Activity, FY 2005
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$2,096,144	298	15%	36%
	Rehab. Construction	$1,195,594	194	9%	24%
	Tenant Based Assistance	$306,252	99	2%	12%
Owner	Financing & Down Payment	$8,951,145	212	66%	26%
	Rehabilitation Assistance	$1,011,979	19	7%	2%
Total for All Activities		$13,561,114	822		

Figure 2.107: Region 8 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	$322,264	59	2%	7%
Very Low Income (30-50 AMFI)	$2,782,237	297	21%	36%
Low Income (50-80 AMFI)	$7,070,738	439	52%	53%
Moderate Income and Up (>80 AMFI)	$3,385,876	27	25%	3%
Total for All Incomes	$13,561,115	822		

Figure 2.108: Region 8 Funding and Households/Persons Served by Program, FY 2005
By Housing Program

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	$0	0	$0	0	$0	0	$2,096,144	298	$0	0	$0	0
	Rehab. Construction	$0	0	$771,083	58	$132,743	58	$291,768	78	$0	0	$0	0
	Tenant Based Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$306,252	99
Owner	Financing & Down Payment	$7,220,745	69	$1,200,000	118	$530,400	25	$0	0	$0	0	$0	0
	Rehabilitation Assistance	$0	0	$1,011,979	19	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$7,220,745	69	$2,983,062	195	$663,143	83	$2,387,912	376	$0	0	$306,252	99

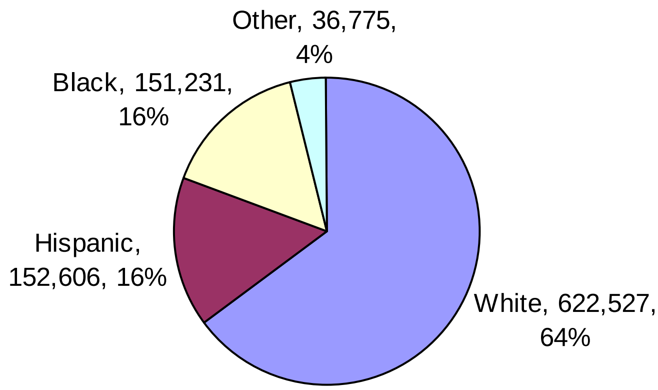
Figure 2.109: Region 8 Funding and Households/Persons Served by Program, FY 2005
By Income Category

Housing Activities	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$0	0	$0	0	$0	0	$243,881	35	$0	0	$78,383	24
Very Low Income (30-50 AMFI)	$318,051	6	$1,783,062	77	$132,743	58	$320,512	81	$0	0	$227,869	75
Low Income (50-80 AMFI)	$3,516,818	36	$1,200,000	118	$530,400	25	$1,823,520	260		0	$0	0
Moderate Income and Up (>80 AMFI)	$3,385,876	27	$0	0	$0	0	$0	0	$0	0	$0	0
Total for All Incomes	$7,220,745	69	$2,983,062	195	$663,143	83	$2,387,913	376	$0	0	$306,252	99

Racial Composition of Households Receiving Assistance in Region 8

Based on 2000 US Census data, Region 8 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

Figure 2.110: Racial Composition of Region 8
963,139 Total Individuals

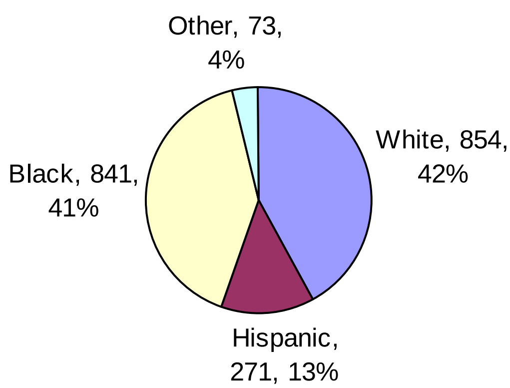


Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.111: Region 8 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004
2,039 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.112: Region 8 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

35 Total Households

Includes contracts originally awarded from 2001-2003.

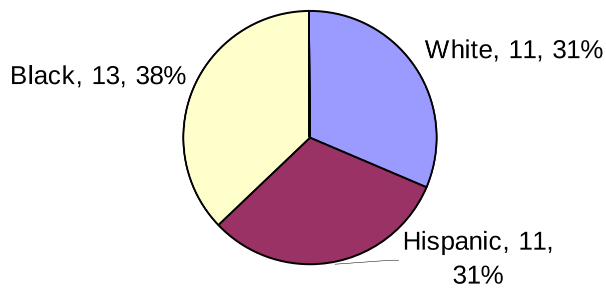


Figure 2.113: Region 8 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

51 Total Households

Includes contracts originally awarded in 2003.

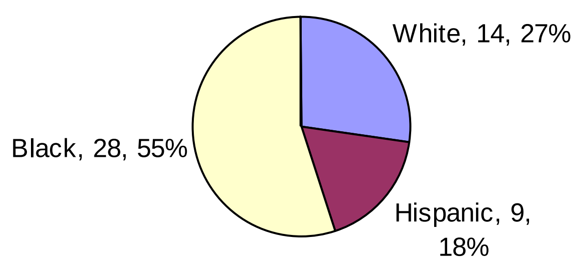
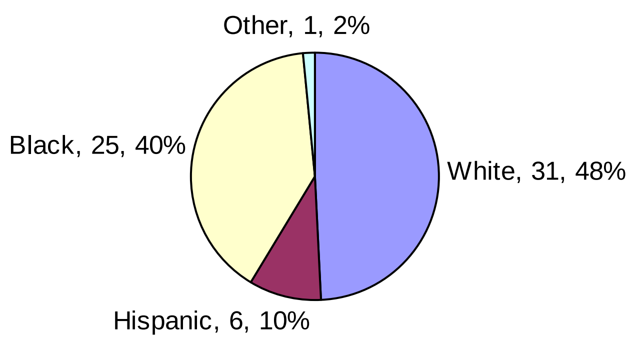


Figure 2.114: Region 8 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

63 Total Households

Includes contracts originally awarded from 2003-2004 (omitting 2001 because of data problems).

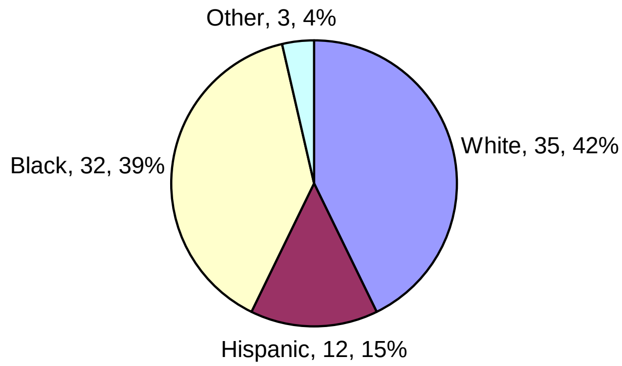


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

Figure 2.115: Region 8 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

82 Total Households

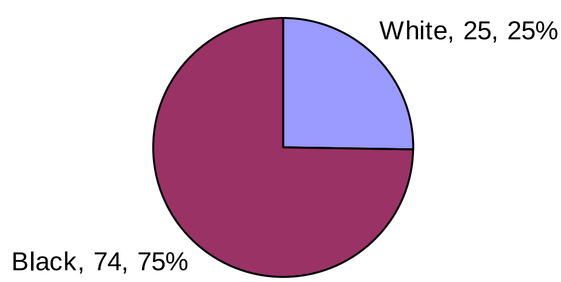


Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.116: Region 8 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

99 Total Households



REGION 9

TDHCA allocated $44,800,808 in the region in FY 2005. Multifamily development accounted for the largest amount of this total: 78 percent. Low income households received the highest percentage of funding: 90 percent.

Figure 2.117: Region 9 Funding and Households/Persons Served by Activity, FY 2005
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$34,778,399	3,461	78%	81%
	Rehab. Construction	$2,123,815	598	5%	14%
	Tenant Based Assistance	$488,454	96	1%	2%
Owner	Financing & Down Payment	$6,501,828	65	15%	2%
	Rehabilitation Assistance	$908,312	27	2%	1%
Total for All Activities		$44,800,808	4,248		

Figure 2.118: Region 9 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	$1,515,573	162	3%	4%
Very Low Income (30-50 AMFI)	$1,171,728	241	3%	6%
Low Income (50-80 AMFI)	$40,195,249	3,828	90%	90%
Moderate Income and Up (>80 AMFI)	$1,918,258	16	4%	0%
Total for All Incomes	$44,800,808	4,247		

Figure 2.119: Region 9 Funding and Households/Persons Served by Program, FY 2005
By Housing Program

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	$0	0	$0	0	$0	0	$11,088,399	2,971	$23,690,000	490	$0	0
	Rehab. Construction	$0	0	$0	0	$0	0	$2,123,815	598	$0	0	$0	0
	Tenant Based Assistance	$0	0	$227,078	16	$0	0	$0	0	$0	0	$261,376	80
Owner	Financing & Down Payment	$6,501,828	65	$0	0	$0	0	$0	0	$0	0	$0	0
	Rehabilitation Assistance	$0	0	$908,312	27	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$6,501,828	65	$1,135,390	43	$0	0	$13,212,214	3,569	$23,690,000	490	$261,376	80

Figure 2.120: Region 9 Funding and Households/Persons Served by Program, FY 2005
By Income Category

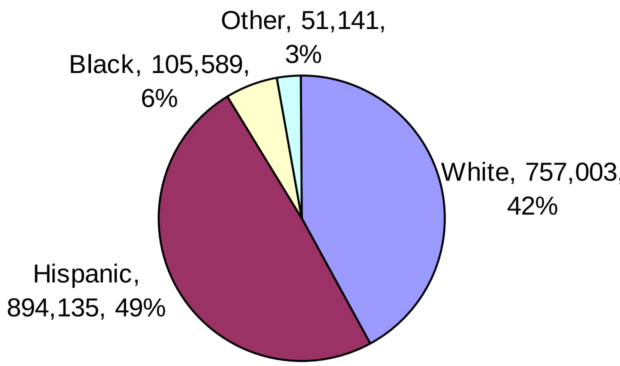
Housing Activities	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$115,252	1	$779,488	27	$0	0	$376,030	69	$0	0	$244,803	65
Very Low Income (30-50 AMFI)	$599,711	9	$119,216	6	$0	0	$436,228	211	$0	0	$16,573	15
Low Income (50-80 AMFI)	$3,868,607	39	$236,686	10	$0	0	$12,399,956	3,289	$23,690,000	490	$0	0
Moderate Income and Up (>80 AMFI)	$1,918,258	16	$0	0	$0	0	$0	0	$0	0	$0	0
Total for All Incomes	$6,501,828	65	$1,135,390	43	$0	0	$13,212,214	3,569	$23,690,000	490	$261,376	80

Racial Composition of Households Receiving Assistance in Region 9

Based on 2000 US Census data, Region 9 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

Figure 2.121: Racial Composition of Region 9

1,807,868 Total Individuals



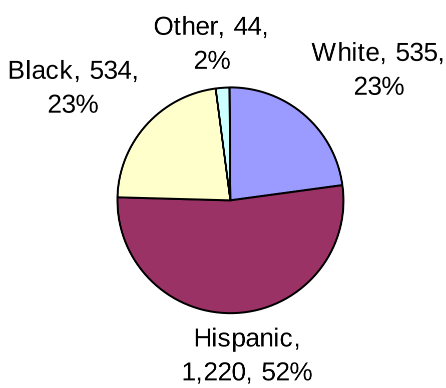
Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.122: Region 9 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004

2,333 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.123: Region 9 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

0 Total Households

No HOME Homebuyer Assistance loans were made during FY 2005 in Region 9.

Figure 2.124: Region 9 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

83 Total Households

Includes contracts originally awarded in 2003.

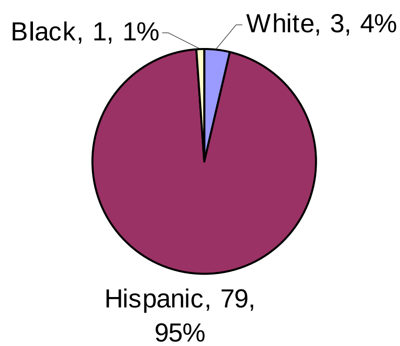
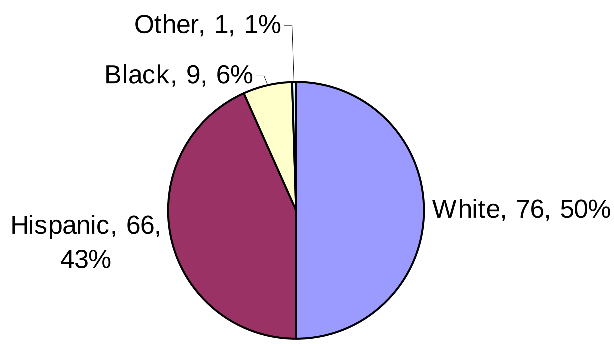


Figure 2.125: Region 9 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

152 Total Households

Includes contracts originally awarded from 2003-2004.

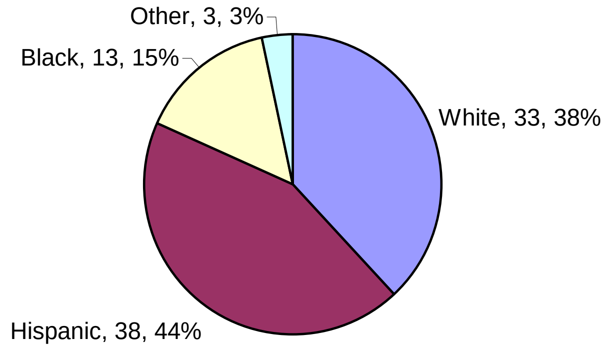


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

Figure 2.126: Region 9 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

87 Total Households

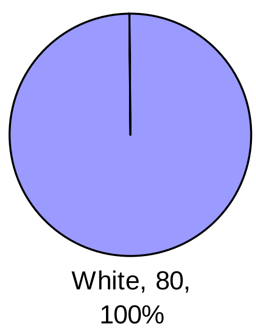


Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.127: Region 9 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

80 Total Households



Region 10

TDHCA allocated $6,787,430 in the region in FY 2005. Multifamily development accounted for the largest amount of this total: 33 percent. This was closely followed by financing and down payment assistance with 31 percent of the total funds. Low income households received the highest percentage of funding: 57 percent.

Figure 2.128: Region 10 Funding and Households/Persons Served by Activity, FY 2005
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$2,235,999	678	33%	72%
	Rehab. Construction	$737,847	154	11%	16%
	Tenant Based Assistance	$81,930	22	1%	2%
Owner	Financing & Down Payment	$2,102,615	55	31%	6%
	Rehabilitation Assistance	$1,629,039	30	24%	3%
Total for All Activities		$6,787,430	939		

Figure 2.129: Region 10 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	$678,130	56	10%	6%
Very Low Income (30-50 AMFI)	$1,881,710	75	28%	8%
Low Income (50-80 AMFI)	$3,844,482	805	57%	86%
Moderate Income and Up (>80 AMFI)	$383,108	3	6%	0%
Total for All Incomes	$6,787,430	939		

Figure 2.130: Region 10 Funding and Households/Persons Served by Program, FY 2005
By Housing Program

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	$0	0	$0	0	$280,000	282	$1,955,999	396	$0	0	$0	0
	Rehab. Construction	$0	0	$0	0	$0	0	$737,847	154	$0	0	$0	0
	Tenant Based Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$81,930	22
Owner	Financing & Down Payment	$1,003,415	16	$600,000	23	$499,200	16	$0	0	$0	0	$0	0
	Rehabilitation Assistance	$0	0	$1,629,039	30	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$1,003,415	16	$2,229,039	53	$779,200	298	$2,693,846	550	$0	0	$81,930	22

Figure 2.131: Region 10 Funding and Households/Persons Served by Program, FY 2005
By Income Category

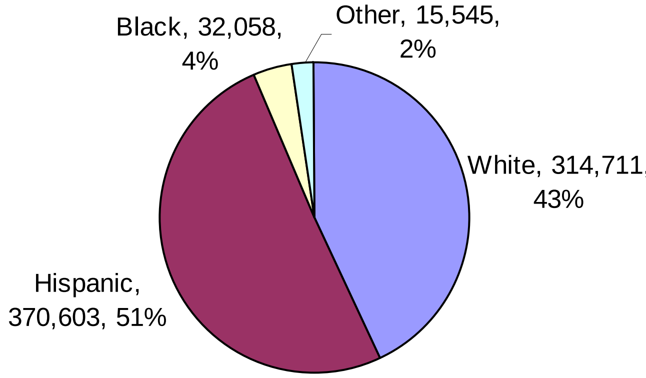
Housing Activities	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$50,564	2	$364,039	7	$0	0	$229,055	38	$0	0	$34,472	9
Very Low Income (30-50 AMFI)	$144,755	6	$1,644,167	38	$45,330	18	$0	0	$0	0	$47,458	13
Low Income (50-80 AMFI)	$424,988	5	$220,833	8	$733,870	280	$2,464,791	512	$0	0	$0	0
Moderate Income and Up (>80 AMFI)	$383,108	3	$0	0	$0	0	$0	0	$0	0	$0	0
Total for All Incomes	$1,003,415	16	$2,229,039	53	$779,200	298	$2,693,846	550	$0	0	$81,930	22

Racial Composition of Households Receiving Assistance in Region 10

Based on 2000 US Census data, Region 10 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

Figure 2.132: Racial Composition of Region 10

732,917 Total Individuals



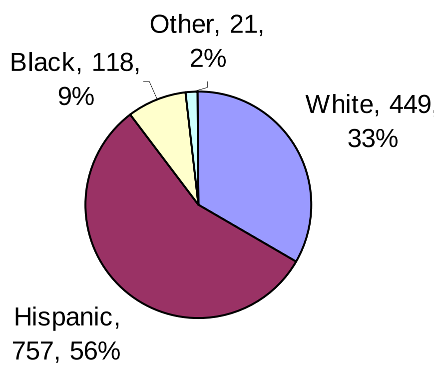
Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.133: Region 10 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004

50,916 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.134: Region 10 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

5 Total Households

Includes contracts originally awarded from 2000-2003.

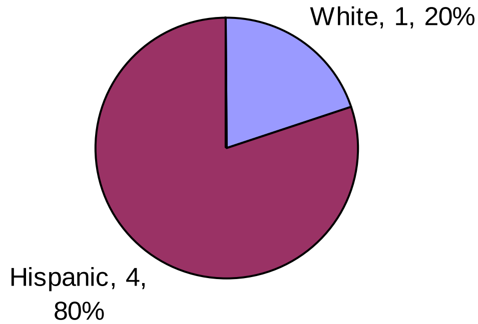


Figure 2.135: Region 10 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

96 Total Households

Includes contracts originally awarded from 2001-2003.

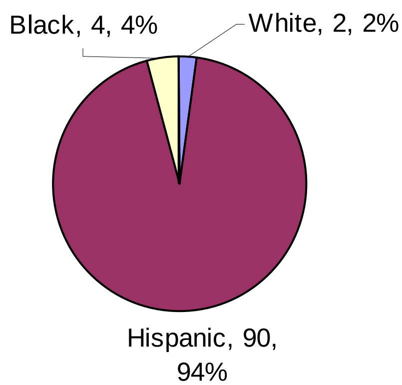
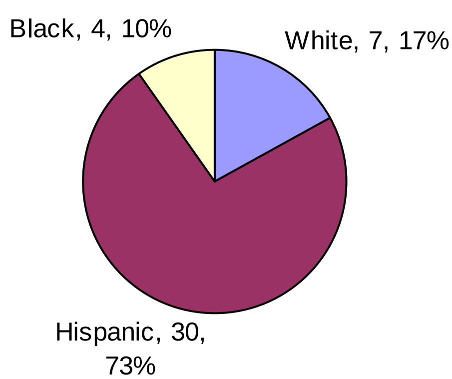


Figure 2.136: Region 10 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

41 Total Households

Includes contracts originally awarded from 2003-2004.

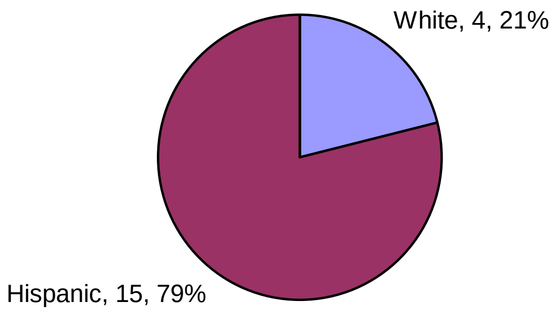


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

Figure 2.137: Region 10 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

19 Total Households

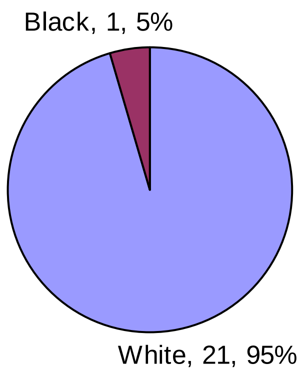


Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.138: Region 10 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

22 Total Households



REGION 11

TDHCA allocated $26,109,159 in the region in FY 2005. Financing and down payment assistance accounted for the largest amount of this total: 59 percent. Low income households received the highest percentage of funding: 46 percent.

Figure 2.139: Region 11 Funding and Households/Persons Served by Activity, FY 2005
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$4,892,175	572	19%	36%
	Rehab. Construction	$1,582,454	480	6%	30%
	Tenant Based Assistance	$35,982	7	0%	0%
Owner	Financing & Down Payment	$15,427,221	460	59%	29%
	Rehabilitation Assistance	$4,171,327	86	16%	5%
Total for All Activities		$26,109,159	1,605		

Figure 2.140: Region 11 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	$2,309,247	165	9%	10%
Very Low Income (30-50 AMFI)	$10,498,228	434	40%	27%
Low Income (50-80 AMFI)	$12,106,959	992	46%	62%
Moderate Income and Up (>80 AMFI)	$1,194,725	14	5%	1%
Total for All Incomes	$26,109,159	1,605		

Figure 2.141: Region 11 Funding and Households/Persons Served by Program, FY 2005
By Housing Program

Household Type	Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Renter	New Construction	$0	0	$1,675,000	52	$0	0	$3,217,175	520	$0	0	$0	0
	Rehab. Construction	$0	0	$0	0	$0	0	$1,582,454	480	$0	0	$0	0
	Tenant Based Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$35,982	7
Owner	Financing & Down Payment	$11,795,069	194	$2,789,752	239	$842,400	27	$0	0	$0	0	$0	0
	Rehabilitation Assistance	$0	0	$4,171,327	86	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$11,795,069	194	$8,636,079	377	$842,400	27	$4,799,629	1,000	$0	0	$35,982	7

Figure 2.142: Region 11 Funding and Households/Persons Served by Program, FY 2005
By Income Category

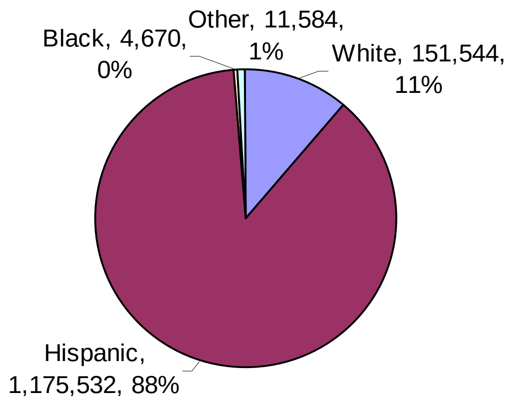
Income Type	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Extremely Low Income (0-30 AMFI)	$262,535	8	$1,612,559	82	$0	0	$402,577	69	$0	0	$31,576	6
Very Low Income (30-50 AMFI)	$5,862,540	109	$4,158,095	119	$0	0	$473,187	205	$0	0	$4,406	1
Low Income (50-80 AMFI)	$4,475,269	63	$2,865,425	176	$842,400	27	$3,923,865	726	$0	0	$0	0
Moderate Income and Up (>80 AMFI)	$1,194,725	14	$0	0	$0	0	$0	0	$0	0	$0	0
Total for All Incomes	$11,795,069	194	$8,636,079	377	$842,400	27	$4,799,629	1,000	$0	0	$35,982	7

Racial Composition of Households Receiving Assistance in Region 11

Based on 2000 US Census data, Region 11 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

Figure 2.143: Racial Composition of Region 11

1,343,330 Total Individuals



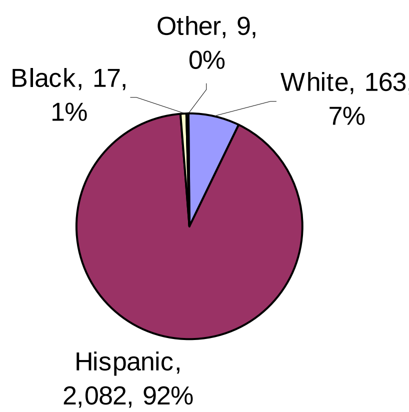
Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.144: Region 11 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004

2,271 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.145: Region 11 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

68 Total Households

Includes contracts originally awarded from 2000-2004.

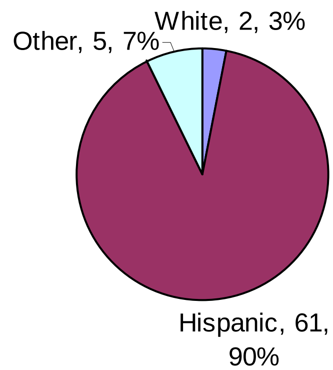


Figure 2.146: Region 11 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

60 Total Households

Includes contracts originally awarded in 2003.

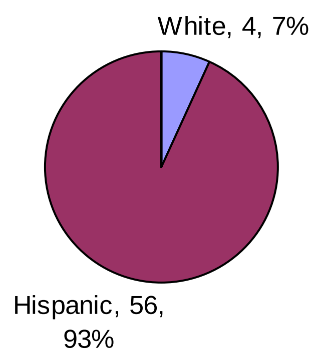
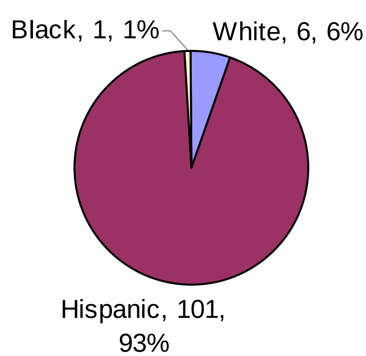


Figure 2.147: Region 11 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

108 Total Households

Includes contracts originally awarded from 2003-2004 (omitting 2001 because of data problems).

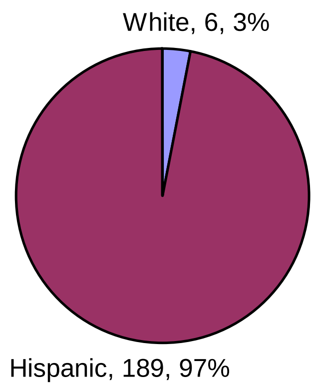


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

Figure 2.148: Region 11 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

195 Total Households

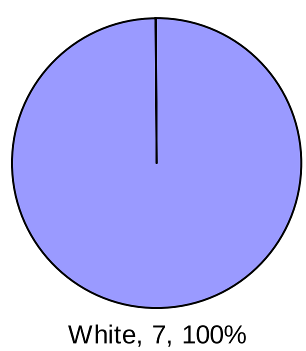


Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.149: Region 11 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

7 Total Households



REGION 12

TDHCA allocated $3,375,575 in the region in FY 2005. Owner occupied rehabilitation assistance accounted for the largest amount of this total: 38 percent. Very low income households received the highest percentage of funding: 41 percent.

Figure 2.150: Region 12 Funding and Households/Persons Served by Activity, FY 2005
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$380,433	47	11%	13%
	Rehab. Construction	$1,109,072	264	33%	70%
	Tenant Based Assistance	$62,585	24	2%	6%
Owner	Financing & Down Payment	$540,000	14	16%	4%
	Rehabilitation Assistance	$1,283,485	26	38%	7%
Total for All Activities		$3,375,575	375		

Figure 2.151: Region 12 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	$719,671	35	21%	9%
Very Low Income (30-50 AMFI)	$1,394,580	62	41%	17%
Low Income (50-80 AMFI)	$1,261,324	278	37%	74%
Moderate Income and Up (>80 AMFI)	$0	0	0%	0%
Total for All Incomes	$3,375,575	375		

Figure 2.152: Region 12 Funding and Households/Persons Served by Program, FY 2005
By Housing Program

Household Type	Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Renter	New Construction	$0	0	$0	0	$0	0	$380,433	47	$0	0	$0	0
	Rehab. Construction	$0	0	$285,664	16	$51,344	16	$772,064	232	$0	0	$0	0
	Tenant Based Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$62,585	24
Owner	Financing & Down Payment	$0	0	$540,000	14	$0	0	$0	0	$0	0	$0	0
	Rehabilitation Assistance	$0	0	$1,283,485	26	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$0	0	$2,109,149	56	$51,344	16	$1,152,497	279	$0	0	$60,177	24

Figure 2.153: Region 12 Funding and Households/Persons Served by Program, FY 2005
By Income Category

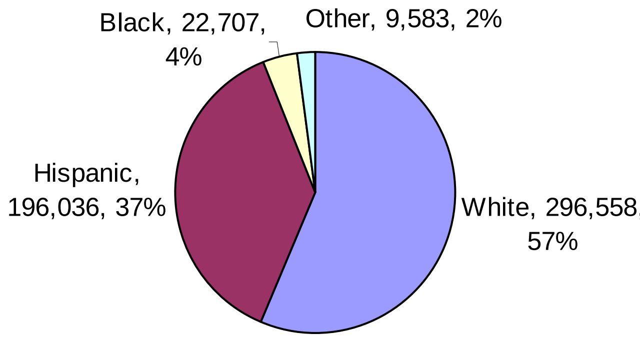
Income Type	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Extremely Low Income (0-30 AMFI)	$0	0	$663,485	15	$0	0	$0	0	$0	0	$56,186	20
Very Low Income (30-50 AMFI)	$0	0	$1,304,248	34	$38,508	12	$45,425	12	$0	0	$6,399	4
Low Income (50-80 AMFI)	$0	0	$141,416	7	$12,836	4	$1,107,072	267	$0	0	$0	0
Moderate Income and Up (>80 AMFI)	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total for All Incomes	$0	0	$2,109,149	56	$51,344	16	$1,152,497	279	$0	0	$62,585	24

Racial Composition of Households Receiving Assistance in Region 12

Based on 2000 US Census data, Region 12 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

Figure 2.154: Racial Composition of Region 12

524,884 Total Individuals



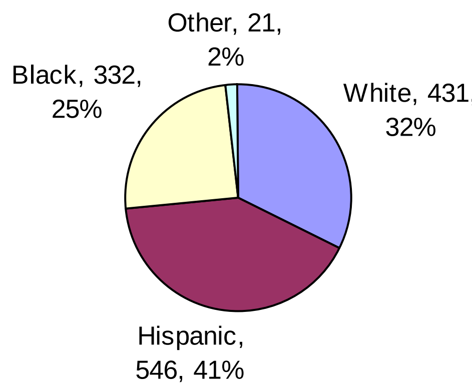
Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.155: Region 12 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004

1,330 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.156: Region 12 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

7 Total Households

Includes contracts originally awarded from 2001-2003.

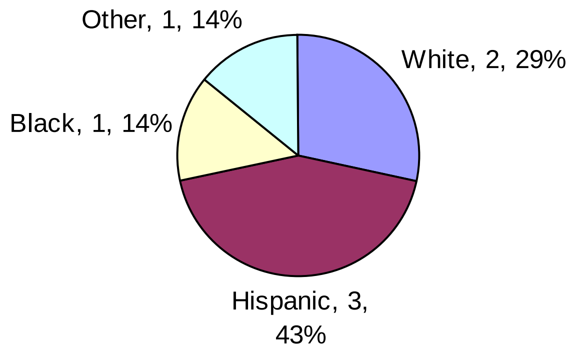


Figure 2.157: Region 12 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

31 Total Households

Includes contracts originally awarded in 2003.

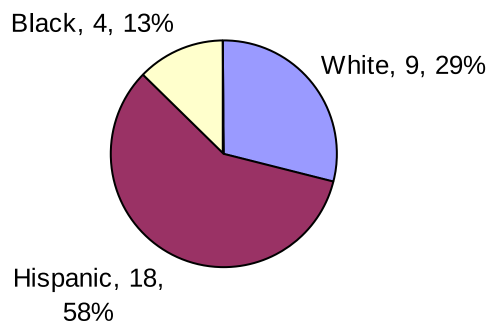
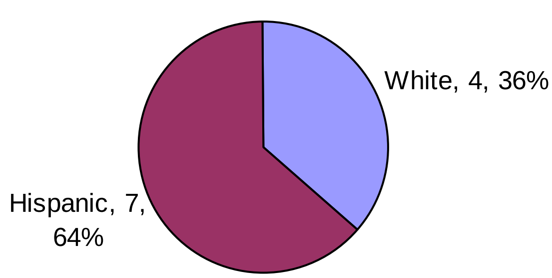


Figure 2.158: Region 12 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

11 Total Households

Includes contracts originally awarded from 2003-2004.



Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program), the Mortgage Credit Certificate Program, and Contract for Deed of Texas Bootstrap loans that were made with bond funds in FY 2005.

Figure 2.159: Region 12 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

0 Total Households

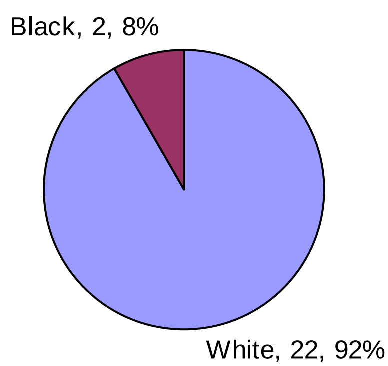
No Single Family Bond loans were made during FY 2005 in Region 12

Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.160: Region 12 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

24 Total Households



REGION 13

TDHCA allocated $18,432,510 in the region in FY 2005. Financing and down payment assistance accounted for the largest amount of this total: 81 percent. Low income households received the highest percentage of funding: 58 percent.

Figure 2.161: Region 13 Funding and Households/Persons Served by Activity, FY 2005
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	$2,900,922	596	16%	58%
	Rehab. Construction	$139,793	90	1%	9%
	Tenant Based Assistance	$93,793	10	1%	1%
Owner	Financing & Down Payment	$14,922,831	330	81%	32%
	Rehabilitation Assistance	$375,171	9	2%	1%
Total for All Activities		$18,432,510	1,035		

Figure 2.162: Region 14 Funding and Households/Persons Served by Income Category, FY 2005
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	$785,300	87	4%	8%
Very Low Income (30-50 AMFI)	$6,061,351	219	33%	21%
Low Income (50-80 AMFI)	$10,782,876	720	58%	70%
Moderate Income and Up (>80 AMFI)	$802,983	9	4%	1%
Total for All Incomes	$18,432,510	1,035		

Figure 2.163: Region 13 Funding and Households/Persons Served by Program, FY 2005
By Housing Program

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	$0	0	$172,650	40	$0	0	$2,728,272	556	$0	0	$0	0
	Rehab. Construction	$0	0	$0	0	$40,500	10	$99,293	80	$0	0	$0	0
	Tenant Based Assistance	$0	0	$93,793	10	$0	0	$0	0	$0	0	$0	0
Owner	Financing & Down Payment	$12,241,831	191	$1,745,000	99	$936,000	40	$0	0	$0	0	$0	0
	Rehabilitation Assistance	$0	0	$375,171	9	$0	0	$0	0	$0	0	$0	0
Total for All Activities:		$12,241,831	191	$2,386,614	158	$976,500	50	$2,827,565	636	$0	0	$0	0

Figure 2.164: Region 13 Funding and Households/Persons Served by Program, FY 2005
By Income Category

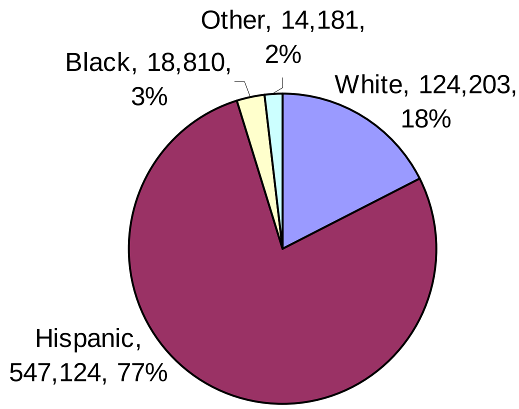
Housing Activities	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$342,882	8	$117,811	11	$40,500	10	$284,107	58	$0	0	$0	0
Very Low Income (30-50 AMFI)	$5,081,199	89	$714,424	51	$0	0	$265,728	79	$0	0	$0	0
Low Income (50-80 AMFI)	$6,014,767	85	$1,554,379	96	$936,000	40	$2,277,730	499	$0	0	$0	0
Moderate Income and Up (>80 AMFI)	$802,983	9	$0	0	$0	0	$0	0	$0	0	$0	0
Total for All Incomes	$12,241,831	191	$2,386,614	158	$976,500	50	$2,827,565	636	$0	0	$0	0

Racial Composition of Households Receiving Assistance in Region 13

Based on 2000 US Census data, Region 13 has the following racial breakdown. “Hispanic” includes all races that specified “Hispanic” as a category. “Other” includes races other than “White” and “Black” as well as individuals with two or more races.

Figure 2.165: Racial Composition of Region 13

704,318 Total Individuals



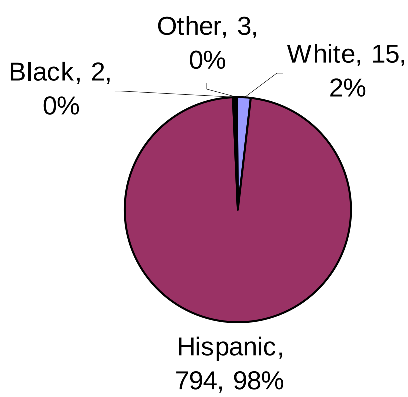
Source: 2000 US Census

Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

Figure 2.166: Region 13 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004

814 Total Households



HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

Figure 2.167: Region 13 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005

26 Total Households

Includes contracts originally awarded from 2003-2004.

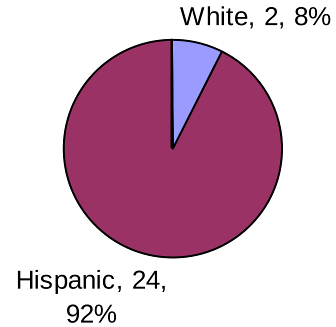


Figure 2.168: Region 13 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005

11 Total Households

Includes contracts originally awarded in 2003.

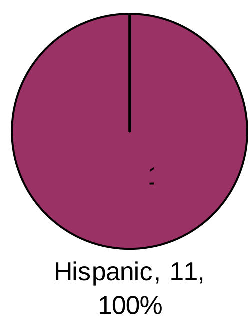
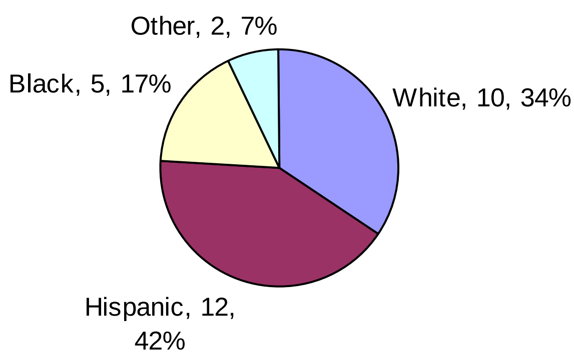


Figure 2.169: Region 13 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005

29 Total Households

Includes contracts originally awarded in 2004.

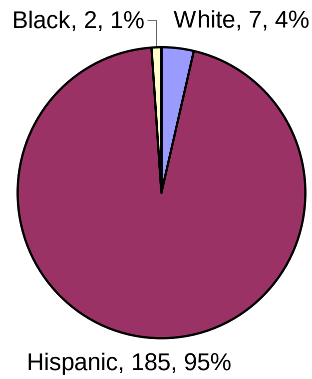


Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

Figure 2.170: Region 13 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005

194 Total Households



Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

Figure 2.171: Region 13 Racial Composition of Households Receiving Section 8 Assistance, FY 2005

0 Total Households

No Section 8 funds were expended in Region 13 in FY 2005.

PARTICIPATION IN TDHCA PROGRAMS

TDHCA continually works to increase statewide participation in its programs. Because TDHCA is primarily a pass-through funding agency, most funding, except that awarded through many Community Affairs programs, is typically distributed through a formal competitive process. Therefore, it is incumbent upon TDHCA to increase the public's awareness of available funding opportunities so that its funds will reach those in need at the local level. Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year, TDHCA staff participate in informational workshops and conferences across the state to share information with organizations that are unfamiliar with TDHCA programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact the TDHCA for further technical assistance in accessing TDHCA programs.
- The TDHCA *Program Guide* provides a comprehensive, statewide housing resource guide for both individuals and organizations across the state. The *Program Guide* provides a list of housing and housing-related programs operated by TDHCA, HUD, and other federal and state agencies.
- The TDHCA website, through its provision of timely information to consumers, has become one of TDHCA's most successful marketing tools.
- A comprehensive database, including public housing authorities (PHAs), community development housing organizations (CHDOs), community development corporations (CDCs), area agencies on aging (AAAs), homebuyer education providers, local governments, and other community-based organizations, is used to streamline TDHCA efforts to inform interested parties of available funding, public hearings, and other activities.
- TDHCA establishes or serves on a wide variety of committees and workgroups, which serve as valuable resources to gather input from people working at the local level. These groups share information on affordable housing needs and available resources and help TDHCA to prioritize these needs.

CITIZEN PARTICIPATION IN PROGRAM PLANNING

TDHCA values and relies on community input to direct resources to meet its goals and objectives. In an effort to provide the public with an opportunity to more effectively give input on TDHCA's policies, rules, planning documents, and programs, TDHCA has consolidated its public hearings. Each year there will be one hearing per Uniform State Service Region that will cover all TDHCA programs. An additional Board hearing is held annually so that citizens may provide comment directly to the Board members. Staff is available at each hearing to answer questions and lend technical assistance to attendees. In addition to these 13 hearings, individual program sections hold various hearings and program workshops throughout the year.

TDHCA ensures that all programs follow the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times accessible to both working and non-working persons. A database has been developed that includes citizen and nonprofit organizations, local governments, state legislators, public housing authorities, and local public libraries so that, when a public hearing or public comment period is scheduled, all interested parties are notified. Additionally, pertinent information is posted in the *Texas Register*, in *Breaking Ground* (the TDHCA newsletter), on TDHCA's website, in several association newsletters, and in the newspapers that are local to the hearing location. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, email, and, in some cases, directly at the TDHCA website.

For information on the citizen participation process for the *2006 State of Texas Low Income Housing Plan and Annual Report*, please see Section 5: Public Participation.

HOUSING SPONSOR REPORT ANALYSIS

TDHCA requires that housing developments of 20 units or more that receive financial assistance from TDHCA submit an annual housing sponsor report. This report includes the contact information for each property, the total number of units, the number of accessible units, the rents for units by type, the racial composition information for the property, the number of units occupied by individuals receiving supported housing assistance, the number of units occupied delineated by income group, and a statement as to whether there have been fair housing violations at the property. This information depicts the property information as of a specific date, December 31, of each year.

Because of the extensive nature of the information, TDHCA has elected to provide this report under a separate cover: the TDHCA *Housing Sponsor Report* (HSR). The HSR includes an analysis of the collected information, as well as the information submitted by each property. In addition, in fulfillment of §2306.072(c)(8), the HSR contains a list of average rents by Texas county, based on housing sponsor report responses from TDHCA-funded properties.

For more information and a copy of this report, please contact the TDHCA Division of Policy and Public Affairs at (512) 475-3976 or visit http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm.

GEOGRAPHIC DISTRIBUTION OF HOUSING TAX CREDITS

The Housing Tax Credit (HTC) Program receives authority from the US Treasury Department to provide tax credits to encourage the development and preservation of affordable rental housing. The Internal Revenue Code authorizes a state HTC volume cap based on a per capita amount of the state population. Tax credits are also awarded independently of the volume cap to developments with tax-exempt bond financing. These two credit types are typically referred to as the 9% and 4% HTCs respectively. Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its 9 % HTCs to the 13 Uniform State Service Regions it uses for planning purposes. Because the HTCs represent the State's most significant source of financing for multifamily development and to help review the allocation of HTCs under the RAF, this section of the Plan discusses the geographical distribution of HTCs.

For FY 2005, TDHCA had $42,575,583 credits to allocate through the 9% application process. This amount was comprised of the annual volume cap, recaptured credits, and $531,375 from the national pool of unused credits from other states. Over the course of the year, the total amount of credits approved by the Board, including forward commitments was $45,218,474. At the July 27, 2005, TDHCA Board meeting, 81 applications were approved for 9% HTCs totaling $42,175,273. Any remaining 2005 credit authority will be allocated to applicants on the 2005 waiting list. Alternately, if the credit balance meets the IRS de minimus requirements, it may be rolled into the 2006 credit ceiling. Under either scenario, TDHCA will be eligible to receive credits from the national pool of unused credits. The 4% awards, which are approved by the Board throughout the year, totaled $30,969,526 for FY 2005. Information on these awards, as well as the entire HTC inventory, can be found on the HTC Program's web page at www.tdhca.state.tx.us. Figures 2.172 and 2.173 are maps of the FY 2005 9% and 4% awards.

As can be seen by the differences in the distribution patterns in figures 2.9 and 2.10, the 4% credits work more effectively in larger metropolitan areas of the state. Besides one development in Georgetown (Region 7) and Corpus Christi (Region 11), the remaining 4% developments were concentrated in three regions of the state.

Figure 2.172 FY 2005 9% HTC Awards by Place

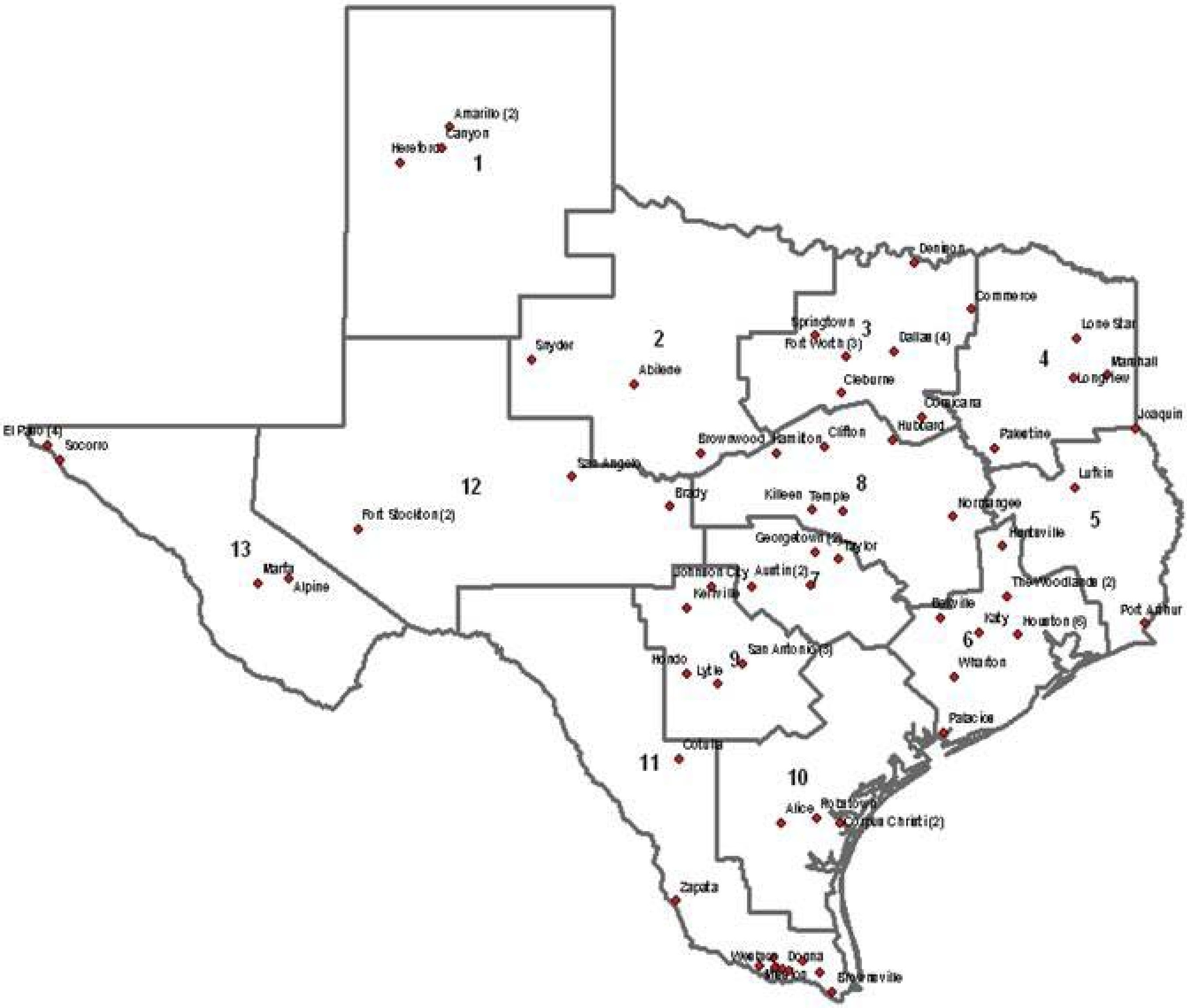
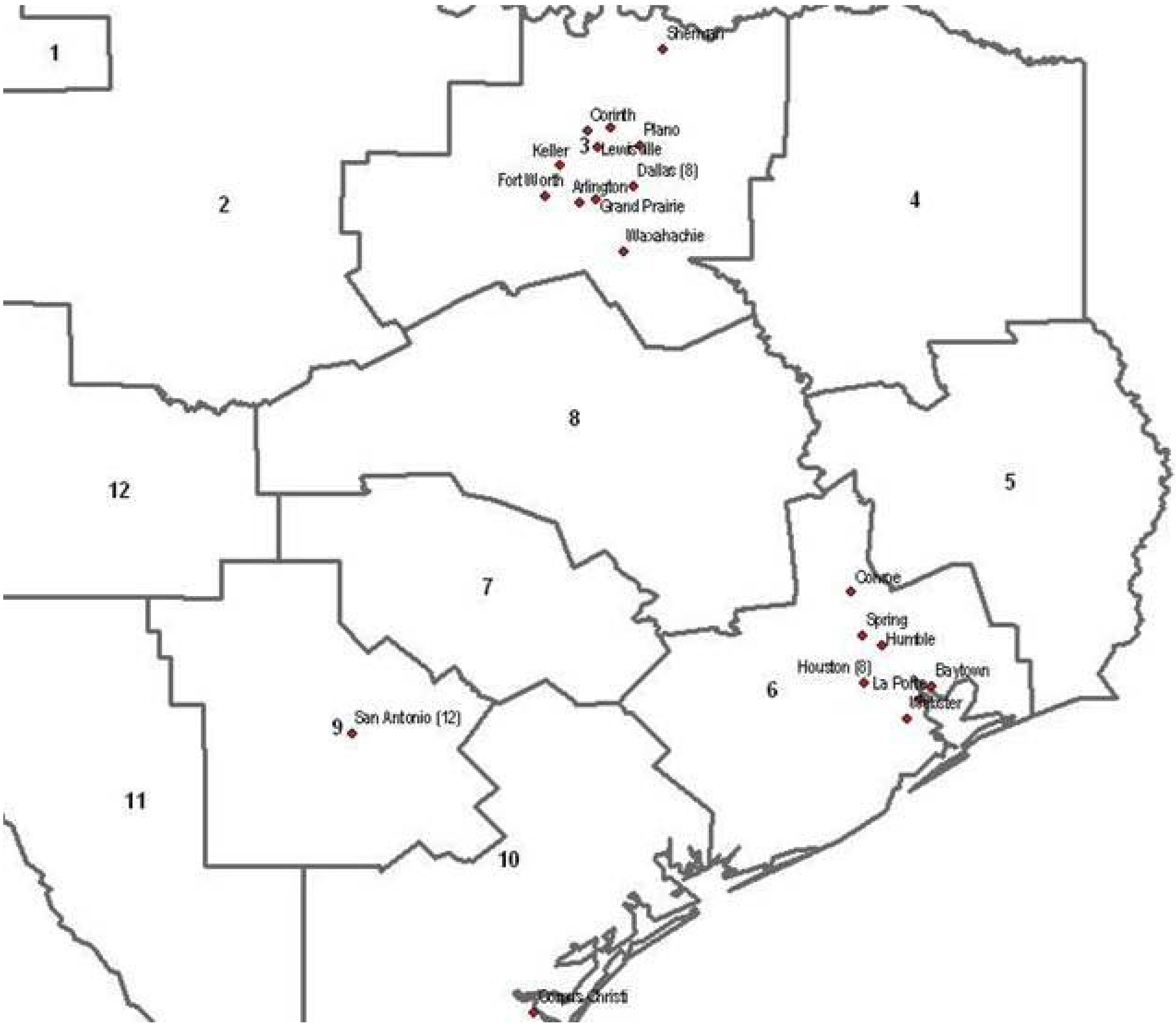


Figure 2.173 FY 2005 4% HTC Awards by Place



DISTRIBUTION OF TDHCA HOUSING TAX CREDIT AWARDS (HTC) 2005

The following charts show the distribution of TDHCA's 4% and 9% HTC awards for 2005. The racial composition of each census tract containing 2005 HTC award units was compared with the racial composition of the county in which the tract is located. In addition, the income level of each census tract receiving an award was compared with the income level of the county in which the tract is located.

Awards were made within the following counties: Anderson, Angelina, Atascosa, Austin, Bell, Bexar, Blanco, Bosque, Brewster, Brown, Cameron, Collin, Dallas, Deaf Smith, Denton, El Paso, Grayson, Gregg, Hamilton, Harris, Harrison, Hays, Hidalgo, Hill, Jefferson, Jim Wells, Johnson, Kerr, LaSalle, Leon, McCulloch, Matagorda, Medina, Montgomery, Morris, Navarro, Nueces, Parker, Pecos, Potter, Presidio, Randall, Scurry, Shelby, Tarrant, Taylor, Tom Green, Travis, Walker, Wharton, Williamson, and Zapata.

Methodology

Racial Characteristics

The percentage racial composition was delineated as follows: "White," "Hispanic," "Black," and "Other Race." Starting with Census 2000, the question on race asks respondents to report the race or races they consider themselves to be. For the purpose of this study:

- "White" represents persons who indicated that they were non-Hispanic and "White" only.
- "Black" represents person who indicated that they were non-Hispanic and "Black" only.
- "Other Race" population information was calculated by subtracting persons who indicated that they were "White Only" or "Black Only" from the reported non-Hispanic population total.
- The Census treats "Hispanic origin" and race as separate and distinct concepts with separate questions being asked on race and Hispanic origin. The question on Hispanic origin asks respondents if they are Spanish, Hispanic, or Latino. Thus, Hispanics may actually be of any race. However, due to significant observed differences in poverty and income levels between Hispanic and non-Hispanic populations, "Hispanic" was treated as a distinct "race" for this study.

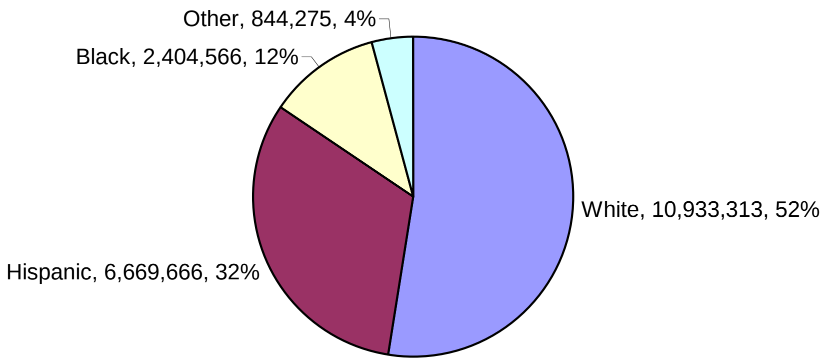
After determining which race comprised the largest percentage of the county's population, each census tract was categorized as a "Majority" or "Minority" tract. Majority tracts are those in which the race that comprised the highest percentage of the county population had an equal or greater percentage at the tract level. The "Majority" and "Minority" units in each county were then totaled to determine the percentage distribution. It should be noted that "White" was not always the majority county population. For example, in the San Antonio and El Paso areas, the Hispanic population comprised the majority county population.

Income Characteristics

The median family income (MFI) of each tract awarded units was compared with the low income threshold of the county containing those tracts. A county's low income threshold was calculated as 60 percent of the MFI for the county. That is, tracts with an MFI that is less than 60 percent of the county's MFI are considered low income tracts. Tracts with an MFI that is greater than or equal to 60 percent of the county's MFI are considered non-low income tracts.

Figure 2.174: State Racial Distribution by Individuals, 2000

20,851,820 Total Individuals



Source: 2000 Census

Figure 2.175: Total 2005 HTC Unit Distribution by Census Tract Racial Characteristics*

17,591 Total Units

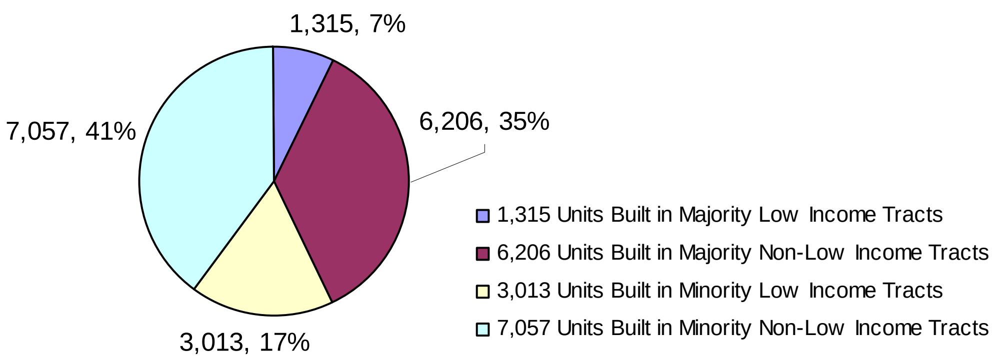


Figure 2.176 Total 2005 HTC 4% Unit Distribution by Census Tract Racial Characteristics*

8,218 Total Units

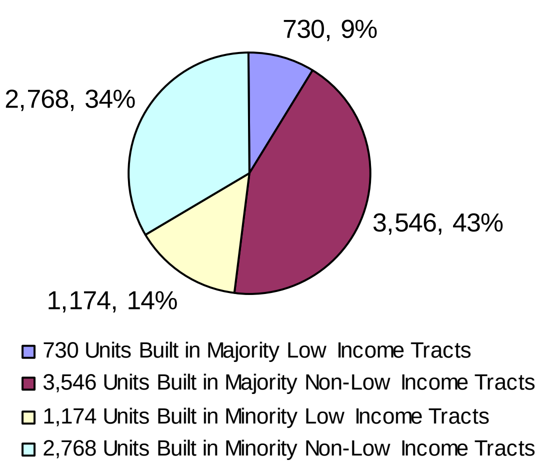
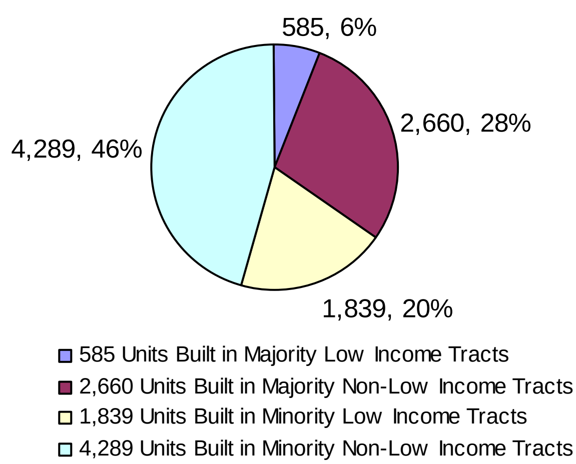


Figure 2.177 Total 2005 HTC 9% Unit Distribution by Census Tract Racial Characteristics*

9,373 Total Units



*Units built in majority tracts are those located in tracts in which the race that comprises the highest percentage of the county's population has a percentage that is equal to or greater than that of the county.

EFFECT OF THE TWO TIMES PER CAPITA RULE

There are a number of conditions that affect an application site's eligibility for Housing Tax Credits. One of these conditions relates to the previous development of housing tax credits within a place or county. The specific requirement as stated in §2306.6703. Ineligibility for consideration is that an application will be ineligible if:

> *"(4) the development is located in a municipality or, if located outside a municipality, a county that has more than twice the state average of units per capita supported by housing tax credits or private activity bonds, unless the applicant:*
> *(A) has obtained prior approval of the development from the governing body of the appropriate municipality or county containing the development; and*
> *(B) has included in the application a written statement of support from that governing body referencing this section and authorizing an allocation of housing tax credits for the development."*

As of the close of the State fiscal year on August 31, 2005, the following municipalities had more than twice the state average of units per capita supported by housing tax credits or private activity bonds. It should be noted that this list is subject to periodic revisions with changes in the HTC property inventory and in the population estimates used for the per capita calculation.

Alamo
Albany
Alpine
Alto
Anthony
Azle
Baird
Balcones Heights
Bandera
Bastrop
Bellville
Big Sandy
Boerne
Bogata
Brackettville
Brenham
Brownwood
Bryson
Bullard
Burnet
Caldwell
Calvert
Cameron
Carrizo Springs
Castroville
Cedar Park
Chandler
Cleburne
Cleveland
Clifton
Clint
Coldspring
Colorado City
Commerce
Conroe
Corinth
Cotulla
Crockett
Dallas
Dayton
De Kalb
Decatur
Denton
DeSoto
Detroit
Dilley
Donna
Dripping Springs
Eastland
Edcouch
Edgewood
Eldorado
Electra
Elgin
Elkhart
Ennis
Euless
Evant
Fort Stockton
Fowlerton
Frankston
Fredericksburg
Georgetown
Godley
Goliad
Grandview
Grapeland
Greenville
Groveton
Hemphill
Hempstead
Hereford
Hillsboro
Hitchcock
Hondo
Honey Grove
Hubbard
Hughes Springs
Humble
Ingleside
Jacinto City
Jefferson
Jersey Village
Joaquin
Johnson City
Katy
Keene
Kirbyville
La Villa
Laguna Vista
Lake Dallas
Lancaster
Lexington
Little Elm
Livingston
Llano
Lone Star
Madisonville
Marble Falls
Martindale
Mathis
McKinney
Meadows Place
Menard
Mercedes
Mount Vernon
Nacogdoches
Navasota
Normangee
Orange Grove
Ozona
Palacios
Palestine
Pearsall
Pflugerville
Pittsburg
Port Arthur
Port Isabel
Port Lavaca
Prairie View
Queen City
Quinlan
Refugio
Rhome
Rio Hondo
Rockport
Runge
Rusk
San Augustine
San Marcos
Sanger
Santa Anna
Santa Rosa
Seagoville
Seven Points
Shepherd
Somerset
Somerville
Sonora
Sour Lake
South Houston
Springtown
St. Jo
Sweeny
Tatum
Terrell
Three Rivers
Timpson
Tomball
Troup
Valley View
Venus
Waller
Wallis
Waxahachie
Webster
Willis
Wills Point
Yantis

Of the 1,510 municipalities in Texas, 159 (10.5 percent) had more than twice the per capita number of units. Of the 159 municipalities listed, 128 are rural (11 percent of rural municipalities) and 31 are urban/exurban (9 percent of urban/exurban municipalities).

The following counties had more than twice the state average of units per capita supported by housing tax credits or private activity bonds: Armstrong, Crockett, Deaf Smith, La Salle, Sutton, and Waller.

Figure 2.178 provides the funding distribution of FY 2005 awards by region. The table shows that there were only minor differences in the targeted 9% HTC distribution under the RAF and the actual HTC distribution. Again, as was the case with the maps, it is clear that the 4% HTCs have a limited geographic distribution.

Figure 2.178 FY 2005 HTC Awards by Region

Region	All HTCs	% of All HTCs	4% HTCs	% of 4% HTCs	9% HTCs	% of 9% HTCs	Targeted 9% Distribution Under RAF	Difference b/w Actual and Targeted
1	2,362,621	3.1%	-	0.0%	2,362,621	5.2%	4.3%	0.9%
2	1,197,121	1.6%	-	0.0%	1,197,121	2.6%	2.8%	-0.2%
3	19,886,303	26.1%	10,793,369	34.9%	9,092,934	20.1%	18.4%	1.7%
4	2,125,779	2.8%	-	0.0%	2,125,779	4.7%	5.0%	-0.3%
5	2,998,167	3.9%	1,740,623	5.6%	1,257,544	2.8%	3.0%	-0.2%
6	18,157,634	23.8%	8,643,019	27.9%	9,514,615	21.0%	19.5%	1.5%
7	2,386,712	3.1%	-	0.0%	2,386,712	5.3%	7.0%	-1.7%
8	2,387,912	3.1%	-	0.0%	2,387,912	5.3%	6.0%	-0.7%
9	13,212,214	17.3%	9,206,516	29.7%	4,005,698	8.9%	8.1%	0.8%
10	2,693,846	3.5%	585,999	1.9%	2,107,847	4.7%	5.0%	-0.3%
11	4,799,629	6.3%	-	0.0%	4,799,629	10.6%	12.9%	-2.3%
12	1,152,497	1.5%	-	0.0%	1,152,497	2.5%	3.0%	-0.5%
13	2,827,565	3.7%	-	0.0%	2,827,565	6.3%	5.2%	1.1%
Total	76,188,000	100.0%	30,969,526	100.0%	45,218,474	100.0%	100.0%	0.0%

SECTION 3: HOUSING ANALYSIS

This section of the Plan contains an overview of the affordable housing needs in the state and an estimate and analysis of the housing needs in each region.

DATA SOURCES AND LIMITATIONS

The information provided in this section should be considered within the context of its limitations. The Department recognizes that an undistorted assessment of housing need can be found only at the local level based on the direct experience of local households. The following issues should be considered when reviewing the information contained in this report:

- Nuances of housing need are lost when data is aggregated into regional, county, and statewide totals. For example, housing needs in rural communities are often distorted when reported at the county level because housing needs are often very different in rural and urban areas. The large population of urban metropolitan areas can skew the data and mask the needs of the rural areas.
- Data available on the condition of the housing stock, the homeless population, and the housing needs of special needs populations is very limited.

2000 Census and 2000 CHAS data is primarily used in this report. The content and format of the Census-based tables, graphs, and maps provided in this section were derived, in part, from a methodology for housing needs assessment in the *National Analysis of Housing Affordability, Adequacy, and Availability: A Framework for Local Housing Strategies*. The Urban Institute prepared this document for the US Department of Housing and Urban Development (HUD). It provides a methodology with which to describe and analyze local housing markets in order to develop strategies for addressing housing problems and needs. The document served as a guide for the preparation of Comprehensive Housing Affordability Strategy (CHAS) reports. As such, it provides a systematic framework for housing market analysis. HUD collaborated with the US Census Bureau to develop special tabulations of the 2000 Census data.

The CHAS database classifies households into five relative income categories based on reported household income, the number of people in the household, and geographic location. These income categories are used to reflect income limits that define eligibility for HUD's major assistance programs, as well as for other housing programs, such as the Housing Tax Credit Program. Households are classified into income groups by comparing reported household income to HUD-Adjusted Median Family Income (HAMFI). The income limits are calculated by household size for each metropolitan area and non-metropolitan county in the United States and its territories. They are based on HUD estimates of median family income with several adjustments as required by statute. The income classifications are extremely low income, very low income, low income, moderate income, and above 95 percent of HAMFI.[1]

The income limits for metropolitan areas may not be less than limits based on the state non-metropolitan median family income level and must be adjusted accordingly. Income limits must be also adjusted for family size and may be adjusted for areas with unusually high or low family income or housing-cost-to-income relationships.

[1] The CHAS figures for moderate and higher income households in Region 11 indicate that there are only 199 persons with incomes between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because, except for the first time homebuyer program which is done through a network of participating lenders, TDHCA programs serve persons below 80 percent AMFI.

Unit affordability compares housing cost to local area HAMFI. Affordable units are defined as units for which a household would pay no more than 30 percent of its income for rent and no more than two and one-half times its annual income to purchase. Since HUD's adjusted median family incomes are estimated for a family of four, affordability levels are also adjusted to control for various-sized units based on the number of people that could occupy a unit without overcrowding. This adjustment is made by multiplying the threshold described above by 75 percent for a 0–1 bedroom unit, 90 percent for a two bedroom unit, and 104 percent for a 3+ bedroom unit.

Homeless figures are taken from 2000 Census group quarters population and type tables, contained in Census 2000 Summary File 1. Group quarters type designations include institutional quarters, which include correctional facilities, hospitals, and juvenile institutions, as well as noninstitutional quarters, which include military quarters, group homes, dormitories, and other situations. Based on the Definitions of Subject Characteristics contained in the Technical Documentation for *Summary File 1: 2000 Census of Population and Housing* published by the US Census Bureau, TDHCA has elected to use "other noninstitutional group quarters" and "other nonhousehold living situations" census figures to represent the homeless population in each region. "Other noninstitutional group quarters" counts individuals in shelters for abused women, soup kitchens, mobile food vans, and other targeted nonsheltered outdoor locations where there is evidence of human occupation. "Other nonhousehold living situations" counts individuals with no usual home residing in hostels and YMCAs who were not counted in other tabulations.

The US Census also completed a special tabulation, Emergency and Transitional Shelter Population: 2000, based on metropolitan areas with 100 or more people in emergency and transitional shelters. It must be noted that this data only refers to metropolitan areas with 100 or more people in shelters, so is not a comprehensive picture of the total population living in shelters. In the region sections of this document, if the Census counted individuals living in emergency shelters in a metropolitan area that is located in the region, those figures are provided.

It must be emphasized that the regional estimates of the homeless populations are not comprehensive. The various definitions of homeless and methods in counting the homelessness make definitive tabulations difficult. The Texas Interagency Council for the Homeless estimates that about 200,000 people, or 1 percent of the state's population, are homeless.[2] The Census figures for individuals living in "other noninstitutional group quarters" and "other nonhousehold living situations" count only 28,377 individuals statewide.

The needs assessment data is augmented with additional information from the perspective of local officials, where available. In 2004, there was a series of Regional Advisory Committee (RAC) meetings held across the state to address regional planning issues. In March 2003, TDHCA conducted the 2003 State of Texas Community Needs Survey. This survey was designed to provide a better understanding of housing and community development needs, issues, and problems at the state, regional, and local levels. The survey gave local officials, who are most familiar with the unique characteristics of their communities, a voice in determining how Texas's affordable housing, supportive service, and community development needs can be most effectively addressed. TDHCA plans to conduct a new survey in 2006.

[2] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed August 18, 2005).

STATE OF TEXAS

The state level housing analysis includes information on demographics, special needs populations, and affordable housing need indicators. Department plans reflect this statewide information as well as the consideration of affordable housing assistance from various sources.

DEMOGRAPHIC CHARACTERISTICS

Texas is one of the fastest growing states in the nation. According to recent Census data, Texas population expanded by nearly a quarter (22.8 percent) between 1990 and 2000, far exceeding the national growth average of 13.2 percent for the same decade. The increase in state population by 3,865,310 persons was the largest of any decade in Texas history. More than one of every nine persons added to the population of the United States in the 1990s was added in Texas.[3]

Projected Population Change and Implications for Housing Need

Looking at long-term demographic projections, it is clear that the demand for affordable and subsidized housing will increase in the coming years.

- The present state population of 20.9 million is expected to surge to 50.4 million by 2040.
- The Anglo population will account for only 3.9 percent of net population growth from 2000 to 2040, meaning that more than 96 percent of the total net increase in Texas population between 2000 and 2040 will be due to the non-Anglo population.
- Anglo population is expected to grow by 10.4 percent between 2000 and 2040, while blacks are expected to increase by 65.0 percent and Hispanics by 348.7 percent.
- The population is becoming older: the median age will increase from 32.3 in 2000 to 38.3 in 2040. The percentage of the population that was 65 or older was 9.9 percent in 2000 but will increase to 20 percent by 2040.
- Growth in the number of households, projected at 162.1 percent over the period 2000-2040, will outstrip population growth: 142.6 percent during the same period.

Expected housing demand is directly linked to projected changes in population characteristics. The current ethnic shift is significant because of the substantial differences between the races in terms of income level. The absolute difference in median household income between Anglos and Blacks was $13,602 in 1989, but $17,857 in 1999; and the Anglo-Hispanic difference was $12,242 in 1989, but $17,289 in 1999. Similarly, the poverty rates of 23.4 percent for Blacks and 25.4 percent for Hispanics were still roughly three times as high as the 7.8 percent of persons in poverty among Anglos. Because of these disparities, households in Texas will become poorer over the coming decades unless the relationship between ethnicity and income somehow changes.[4]

A correlation also exists between income and age. According to the 2000 Census, 13.1 percent of Texans age 65 and older live below the poverty level. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing. Approximately 30 percent of all elderly households spend more than 30 percent of their income on housing, while 14 percent spend more than 50 percent of their

---

[3] Information for the Housing Analysis comes from the 2000 US Census except where noted otherwise.
[4] Texas A&M University, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of the Population Change for the Future of Texas,* by Steve H. Murdock, Steve White, Md. Nazrul Hoque, Beverly Pecotte, Xiuhong You, and Jennifer Balkan (College Station, TX: Department of Rural Sociology, December 2002).

income on housing. These statistics take on new urgency when considered alongside the anticipated upsurge in the state's elderly population.

Not only will the demographics of the population be changing, but so will its needs. The faster growth in number of households than in total population is a reflection of the large number of non-Anglos who will enter household-formation ages during this time period. More young families mean an increased demand for housing.[5]

Poverty and Income

According to the 2000 Census, Texas has the eighth highest overall poverty rate in the nation, with a rate of 15.4 percent compared to the national rate of 12.4 percent. Poverty conditions along the Texas-Mexico border warrant special attention. Parts of the region, like McAllen-Edinburg-Mission, suffer from an unemployment rate double that of the state's (12 percent vs. 6.1 percent) and less than half of state's per capita income average. Fifteen counties along the border have a poverty rate of at least 25 percent, almost double the national average. Conditions are particularly acute in the colonias, unincorporated areas along the Texas-Mexico border lacking infrastructure and decent housing. It is estimated that 43 percent of colonia residents live below the poverty level.

The poverty rate for all family households in Texas, different from the overall poverty rate, is expected to increase from the 2000 figure of 11.4 percent to 15.4 percent by 2040.[6] The primary reasons for this are the rapid growth of present minority populations and the dominance in the economy of low-paying, particularly service-industry, jobs.[7] While manufacturing and mining continue to decline, Texas ranked third in the nation in 2003 for service industry job creation. In 2002 the top two most common jobs in Texas were retail salesperson and cashier. Of course, these occupations are not high-paying. According to US Bureau of Labor Statistics data, eight of the top ten most common jobs in Texas earn incomes that fall at least $10,000 below the state median income of $33,770. Considering this fact, the existing income imbalance is clear.

Many families who rely on these low-wage occupations for a living find it difficult to cover all essential expenses. According to a study by the Center for Public Policy Priorities, "a significant proportion of families throughout the state struggle paycheck-to-paycheck to make ends meet." The study examined a typical family's fundamental expenses, such as housing, food, child care, medical costs, transportation, taxes, etc., and compared the total bill to typical wages earned in the 27 Texas Metropolitan Statistical Areas. The study asserts that a family of four in Texas requires a household hourly income of $18 to $22 per hour (depending on the metro area in which the family lives) to simply meet its most basic needs. In a majority of Texas metro areas, however, half of the total employment is in occupations with a median wage under $10 per hour.[8]

Furthermore, expected economic growth will not necessarily lift the lowest income groups. The Texas Comptroller's Economic Update predicts that the fastest growing sector of the state economy over the

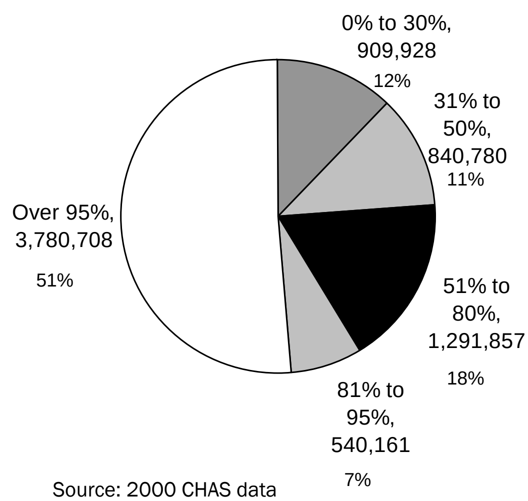
[5] Ibid.
[6] Ibid.
[7] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas* (Austin, TX: Center for Public Policy Priorities, September 2002).
[8] Ibid.

next decade will be largely in industries requiring specialized education and skills. These industries include high tech communications, engineering, and research. While this progress may buoy state growth figures, it is unlikely to raise many low income families, who may not have the necessary education or training, from their current positions.

To provide a more detailed breakdown of the population by income level, this report will use the five income groups designated by HUD. Households are classified into these groups by comparing reported household incomes to HUD-adjusted median family incomes (HAMFI). The income level definitions are as follows:

- Extremely Low Income: At or below 30 percent of HAMFI
- Very Low Income: Between 31 percent and 50 percent of HAMFI
- Low Income: Between 51 percent and 80 percent of HAMFI
- Moderate Income: Between 81 percent and 95 percent of HAMFI
- Above 95 percent of HAMFI

Figure 3.1: Households by Income Group in Texas, 2000



Source: 2000 CHAS data

Figure 3.1 indicates the 2000 distribution of households by income group across Texas by number and percentage. A total of 41 percent of all households are in the low income range (0 to 80 percent of HAMFI). Meeting the needs of this large portion of the state's households is TDHCA's primary focus.

AFFORDABLE HOUSING NEED

When analyzing local housing markets and developing strategies for meeting housing problems, HUD suggests the consideration of several factors. These factors include how much a household spends on housing costs, the physical condition of the housing, and whether or not the household is overcrowded. The following table reveals the number and percentage of households with at least one housing need by income category and household type.

Figure 3.2: Households with Housing Need by Income Group

		Renter Households: At Least One Problem	Renter Households: Total Households	Renter Households: Percent with At Least One Problem	Owner Households: At Least One Problem	Owner Households: Total Households	Owner Households: Percent with At Least One Problem
0-30% AMFI	Elderly Households	59,065	95,130	62.1%	100,876	151,597	66.5%
	Small Related	162,308	204,534	79.4%	76,492	102,443	74.7%
	Large Related	63,879	69,467	92.0%	39,256	44,325	88.6%
	Other Households	133,429	183,124	72.9%	39,368	59,120	66.6%
	Total Households	**418,681**	**552,255**	**75.8%**	**255,992**	**357,485**	**71.6%**
31-50% AMFI	Elderly Households	36,578	61,305	59.7%	62,920	168,088	37.4%
	Small Related	133,605	180,725	73.9%	79,006	240,138	32.9%
	Large Related	58,132	67,274	86.4%	53,907	104,329	51.7%
	Other Households	102,090	127,074	80.3%	24,401	68,290	35.7%
	Total Households	**330,405**	**436,378**	**75.7%**	**220,234**	**406,282**	**54.2%**
51-80% AMFI	Elderly Households	19,934	47,527	41.9%	41,173	210,720	19.5%
	Small Related	98,014	250,309	39.2%	121,204	282,336	42.9%
	Large Related	57,987	81,881	70.8%	81,842	132,264	61.9%
	Other Households	79,147	210,629	37.6%	35,978	79,867	45.0%
	Total Households	**255,082**	**590,346**	**43.2%**	**280,197**	**705,187**	**39.7%**
81-95% AMFI	Elderly Households	3,638	13,761	26.4%	9,883	78,918	12.5%
	Small Related	18,310	91,694	20.0%	40,150	147,881	27.2%
	Large Related	14,142	24,917	56.8%	25,542	53,828	47.5%
	Other Households	11,784	90,223	13.1%	14,049	40,543	34.7%
	Total Households	**47,874**	**220,595**	**21.7%**	**89,624**	**321,170**	**27.9%**
More Than 95% AMFI	Elderly Households	8,169	54,143	15.1%	23,454	497,428	4.7%
	Small Related	43,853	400,026	11.0%	131,939	1,749,473	7.5%
	Large Related	35,490	74,662	47.5%	92,229	360,855	25.6%
	Other Households	17,060	338,469	5.0%	34,919	303,446	11.5%
	Total Households	**104,572**	**867,300**	**12.1%**	**282,541**	**2,911,202**	**9.7%**
Total Households	Elderly Households	127,384	399,250	31.9%	238,306	1,345,057	17.7%
	Small Related	456,090	1,583,378	28.8%	448,791	2,971,062	15.1%
	Large Related	229,630	547,831	41.9%	292,776	988,377	29.6%
	Other Households	343,510	1,293,029	26.6%	148,715	699,981	21.2%
	Total Households	**1,156,614**	**3,823,488**	**30.3%**	**1,128,588**	**5,829,914**	**19.4%**

Source: 2000 CHAS data

Physical Inadequacy (Lack of Kitchen and Plumbing Facilities)

The measure of physical inadequacy available from the CHAS database tabulation of the 2000 Census is the number of units lacking complete kitchen and/or plumbing facilities. While this is not a complete measure of physical inadequacy, the lack of plumbing and/or kitchen facilities can serve as a strong indication of one type of housing inadequacy. Figure 3.3 demonstrates that among the physically inadequate housing units for households under 80 percent of HAMFI, 44 percent are affordable to extremely low income households.

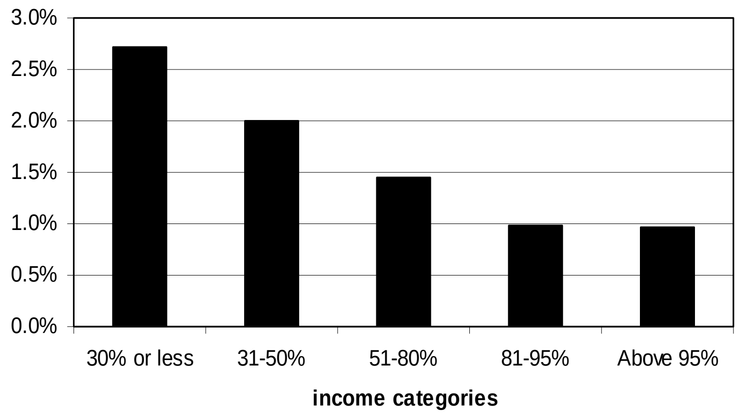
Figure 3.3: Units Lacking Kitchen and/or Plumbing Facilities by Affordability Category, 2000

	Number	Percent
0% to 30%	25,817	44%
31% to 50%	15,907	27%
51% to 80%	16,341	28%
Total	58,065	100%

Source: 2000 CHAS data

Slightly more than 1 percent of all renter households in Texas lack complete kitchen or plumbing facilities. The following table shows the distribution of this problem by income group. Households in the lowest income group, less than 30 percent HAMFI, have the highest incidence of physically inadequate housing.

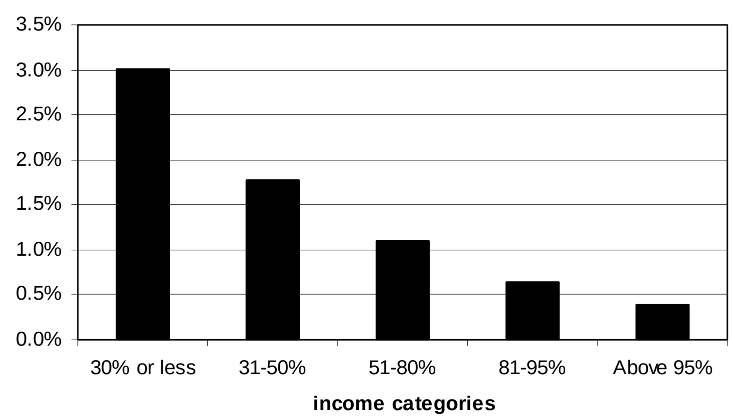
Figure 3.4: Renter-Occupied Units Lacking Complete Kitchen/Plumbing by Percent



Source: 2000 CHAS data

As is the case with renter households, inadequate kitchen and plumbing is a greater problem for the lowest income categories of owner households. A full 3 percent of owner households earning below 30 percent HAMFI lack full kitchen or plumbing facilities.

Figure 3.5: Owner-Occupied Units Lacking Complete Plumbing/Kitchen by Percent

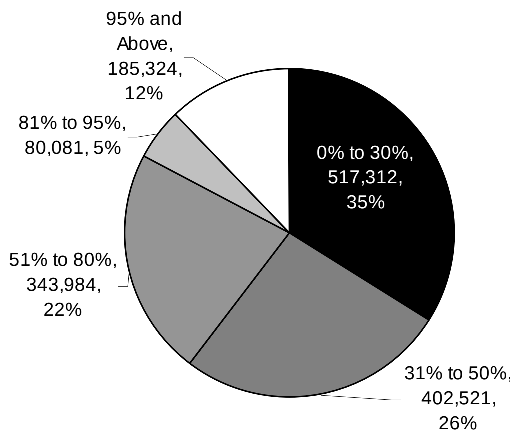


Source: 2000 CHAS data

Excess Housing Cost Burden

An excess cost burden is identified when a household pays more than 30 percent of its gross income for housing costs. When so much is spent on housing, other basic household needs may suffer. Figure 3.6 shows the number and percentage of households with excess housing cost burden by income group.

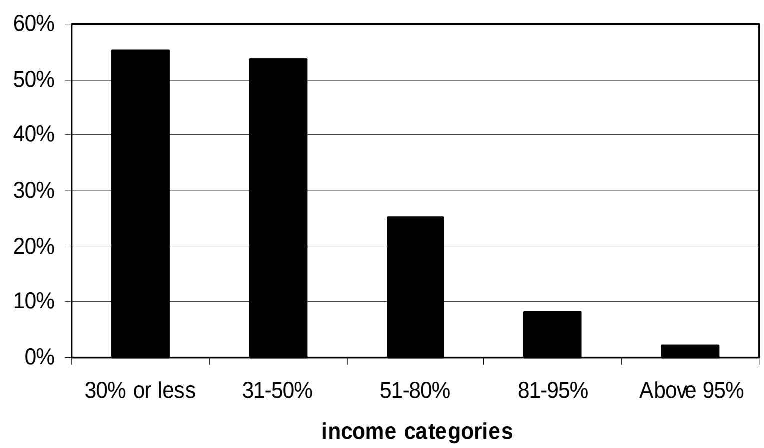
Figure 3.6: Excess Housing Cost Burden by Income Group, 2000



Source: 2000 CHAS Data

As the following graph shows, a majority of renter households in the lowest two income categories, totaling more than 540,000 households, is burdened by paying an excess portion of income toward housing. This is much greater than in the highest income category, above 95 percent HAMFI, where only 2.2 percent of households experience the problem.

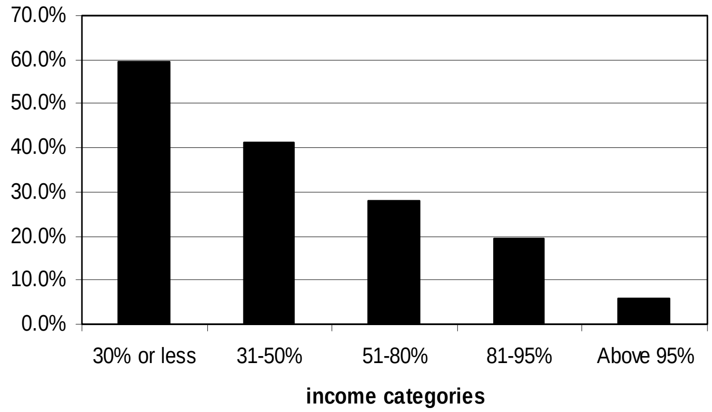
Figure 3.7: Renter Households with Excess Housing Cost Burden (>30% of Income) by percent



Source: 2000 CHAS data

As shown in the following graph, excess housing cost burden affects 59.3 percent of owner households in the lowest income category. This figure, representing a majority, is much higher than the 5.7 percent of households affected in the highest income category. The graph illustrates the direct correlation between owner income category and a owner household's likelihood of experiencing this problem.

Figure 3.8: Owner Households with Excess Housing Cost Burden (>30% of Income) by percent

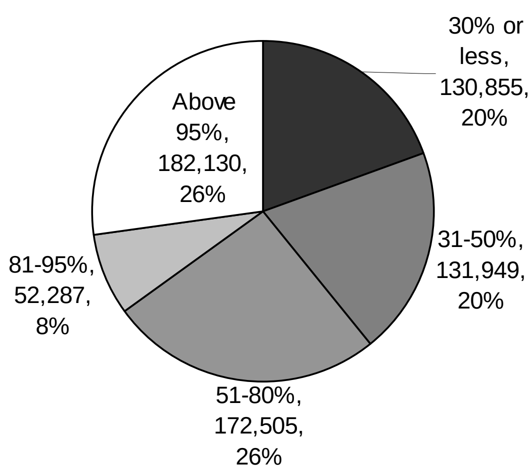


Source: 2000 CHAS data

Overcrowding

Overcrowded housing conditions occur when a residence accommodates more than one person per room. Overcrowding may indicate a general lack of affordable housing in a community where households have been forced to share space, either because other housing units are not available or because the units available are too expensive. Figure 3.9 shows the incidence of overcrowded households by income group.

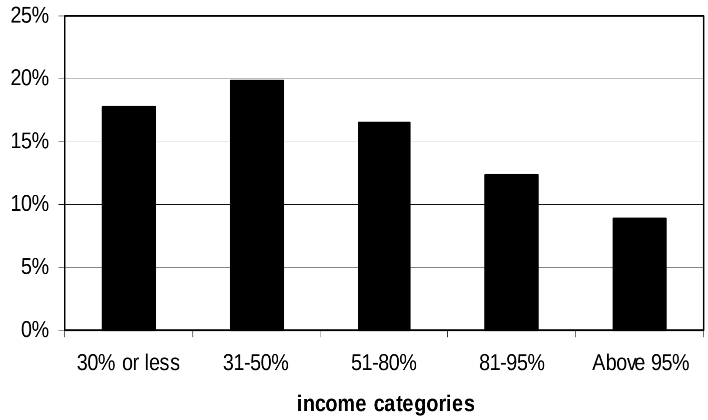
Figure 3.9: Overcrowded Households by Income Group, 2000



Source: 2000 CHAS Database

Lower income renter households experience overcrowded conditions more frequently than higher income households. Almost 18 percent of renter households in the extremely low income category and 19.9 percent of renter households in the low income category are afflicted by overcrowding.

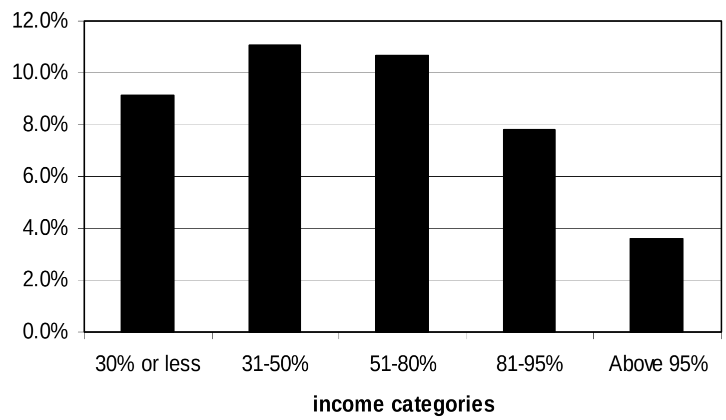
Figure 3.10: Renter Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

Lower income owner households also experience overcrowded conditions more frequently than higher income owner households. More than 21 percent of owner households earning less than 50 percent HAMFI live in overcrowded conditions compared to 11.4 percent of owner households over 80 percent HAMFI.

Figure 3.11: Owner Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

Housing Availability and Affordability

The following figures compare demand and supply of affordable housing by looking at the number of households and housing units in different affordability categories. Because higher income households often reside in units that could be affordable to the lowest income households, there are fewer units available at a cost that is affordable to lower income households. For example, as shown in Figure 3.12, 1.4 million households that have incomes greater than 80 percent AMFI occupy units that would be affordable to households at 0-50 percent AMFI. Households in this category can afford units in any of the defined affordability categories. Therefore, non-low income households often limit the supply of affordable housing units available to low income households.

Figure 3.12 describes the housing market interaction of various income groups and housing costs. The table shows the income classifications of the occupants of housing units. The table also illustrates the housing market mismatch between housing units and income groups. For example, very low income households (0-50 percent of HAMFI) account for only about one-third of all the occupants of housing that is affordable to them. All low income households (0-80 percent of HAMFI) make up only 48 percent of all households occupying housing affordable to them. This table illustrates housing market mismatches as well as an implicit excessive cost burden for those households that are residing in units beyond their affordability category.

Figure 3.12
Occupied Affordable Housing Units by Income Group of Occupant, 2000
by percentage of HAMFI

Number of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	1,112,083	588,198	246,476	277,409
Affordable to 51-80% HAMFI	1,245,842	346,703	301,491	597,648
Affordable to >80% HAMFI	305,135	52,391	41,485	211,259

Percent of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	52.9%	22.2%	24.9%
Affordable to 51-80% HAMFI	100.0%	27.8%	24.2%	48.0%
Affordable to >80% HAMFI	100.0%	17.2%	13.6%	69.2%

Number of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	2,099,253	549,469	458,002	1,091,782
Affordable to 51-80% HAMFI	1,331,792	136,016	165,496	1,030,280
Affordable to >80% HAMFI	1,266,738	78,725	81,390	1,106,623

Percent of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	26.2%	21.8%	52.0%
Affordable to 51-80% HAMFI	100.0%	10.2%	12.4%	77.4%
Affordable to >80% HAMFI	100.0%	6.2%	6.4%	87.4%

Number of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	3,211,336	1,137,667	704,478	1,369,191
Affordable to 51-80% HAMFI	2,577,634	482,719	466,987	1,627,928
Affordable to >80% HAMFI	1,571,873	131,116	122,875	1,317,882

Percent of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	35.4%	21.9%	42.6%
Affordable to 51-80% HAMFI	100.0%	18.7%	18.1%	63.2%
Affordable to >80% HAMFI	100.0%	8.3%	7.8%	83.8%

Source: 2000 CHAS data

Local Perception

TDHCA acknowledges that the greatest understanding of housing needs is found at the local level. TDHCA continuously strives to improve the methods used to identify regional affordable housing needs.

Regional Advisory Committees

In 2004 there was a series of Regional Advisory Committee (RAC) meetings held across the state to address regional planning issues. Each RAC meeting was advertised, coordinated, and facilitated by a Regional Development Coordinator (RDC). The statewide network of RDCs is part of a joint planning effort between 11 councils of governments and TDHCA. TDHCA works with an RDC in each service region to facilitate the RAC meetings, provide technical assistance, gather data on regional housing needs and resources, and help build the region's network of housing organizations.

Rather than trying to identify and address all regional housing issues, this year's RAC meetings focused on gathering additional information on the most prevalent issues identified last year. Additionally, slightly more emphasis was placed on discussing issues over which TDHCA and the COGs have some control. The following four topics were recommended by TDHCA for discussion at the meetings: communication, populations with special needs, funding distribution, and education. The regional plans discuss the RAC meetings in greater detail.

State of Texas Community Needs Survey

In March 2003, TDHCA distributed over 2,000 copies of the Community Needs Survey (CNS) to cities, counties, local housing departments, public housing authorities, and US Department of Agriculture Rural Development field offices. Local community action agencies were also contacted for their expertise on homeless issues and other community development topics. For TDHCA, the survey represents the opportunity to gather local input on housing needs, preferences, and regional characteristics. Information from the survey is also used as a primary component of the Affordable Housing Needs Score (AHNS), the location score in several housing program funding applications.

Approximately 78 percent of Community Needs Survey respondents feel that there is a severe or significant affordable housing problem in their area.[9] There is a slight preference statewide for owner-occupied housing assistance over rental assistance. Among the owner-occupied assistance activities, renovation is ranked highest in importance, followed by purchase assistance and new housing development. New rental housing development and the renovation of existing multifamily housing are more important than rental payment assistance. The regional results from the CNS are incorporated into the regional plans. A final report on the survey, *Report on the 2003 State of Texas Community Needs Survey*, is available from the Division of Policy and Public Affairs.

STATE HOUSING SUPPLY

The 2000 US Census reported 8.2 million housing units in Texas, of which 90.6 percent are occupied. The number of housing units increased 16 percent from 7.0 million units that were on the ground in 1990. The breakdown of occupied units by type is 4.7 million owner occupied (a 28 percent increase over 1990) and 2.8 million renter occupied (a 13 percent increase over 1990). The average household size for

[9] The response rate for the 2003 CNS was 37 percent.

owner-occupied units increased to 2.87 persons per unit in 2000 as compared to 2.85 units in 1990. The average household size for renter units decreased slightly to 2.53 persons per unit in 2000 as compared to 2.55 units in 1990.

There is a shortage of affordable housing in the extremely low, very low, low, and moderate income brackets. This is primarily caused by the private sector's concentration of development, both single family and multifamily development, in larger metropolitan areas and targeting higher income individuals and families. The explosive growth of the metropolitan areas as well as the lack of new construction during the late 1980s and early 1990s created a huge demand for housing at all income levels. Due to higher margins associated with housing product targeted for the higher income population, developers focused production to fill the demand at the upper-end of the income spectrum.

A significant portion of Texas's affordable housing portfolio consists of HUD-financed or HUD-subsidized properties—many of which are at risk of becoming market rate properties. The most serious of the "at-risk" portfolios is the project-based Section 8 portfolio. The critical nature of this portfolio stems from the number of units in the portfolio and the income segment served. This portfolio contains approximately 49,000 units of deeply subsidized units. Roughly 21,000 of these units (44 percent of the portfolio) are classified as "opt-out" eligible. Another 10,000 units are "marginal" opt-out candidates based on rents fairly close to market rents. The remaining units are classified as restructuring candidates that may or may not enter HUD's Mark-to-Market Program.

Almost 67 percent of the housing units in Texas are single family units, 14 percent are multifamily up to 19 units, and 10 percent are within multifamily structures with 20 units or more. An additional 9.4 percent are mobile homes, RVs, or boats.

Figure 3.13: Housing Type, 2000

	Total	Percent
Housing Units	8,157,575	
One Unit	5,420,910	66.50%
2 to 19 Units	1,151,599	14.10%
Over 20 Units	819,101	10.00%
Mobile Homes	731,652	9.00%
Boats, RVs	34,313	0.40%

Source: 2000 US Census

Assisted Housing Inventory

The following table shows the number of multifamily units in the state financed through state and federal sources, including TDHCA; the US Department of Housing and Urban Development (HUD); public housing authorities (PHAs); Section 8 Housing Choice Vouchers; the United States Department of Agriculture (USDA); and local housing finance corporations (HFCs), which includes the Texas State Affordable Housing Corporation. Please note that because some developments layer funding from multiple sources, there may be double counting.

TDHCA data includes multifamily developments awarded up until the end of FY 2005, so all units included in the total have not yet been built. Additionally, the TDHCA unit total only includes those units that have income restrictions, and does not include market-rate units that are available in some developments.

HUD unit data was obtained from HUD's March 2003 report, "Multifamily Inventory of Units for the Elderly and Persons and Disabilities," available at http://www.hud.gov/offices/hsg/mfh/hto/state/tx.pdf. Though this report specifically references units available to the elderly and persons with disabilities, the report also appears to contain information on family properties. Please note, however, that this may not be a current inventory of all HUD units, and that there may be double counting with units financed through other programs, including public housing. The total assisted units in each property are included.

Information on PHA units and Section 8 Housing Choice Vouchers were obtained directly from HUD staff by TDHCA in October 2005, and is assumed to be current up to that date. TDHCA Section 8 vouchers are also included in this figure. USDA unit data was also obtained directly from USDA staff in October 2005, and is assumed to be current up to that date. All PHA units, Section 8 units, and USDA units are included in the total.

HFC data, including Texas State Affordable Housing Corporation data, was obtained from the Housing Finance Corporation Annual Report that HFCs are required to submit to TDHCA annually. The figure describes the total units financed by the HFCs through June 2005, and does not specify assisted units, so these unit totals will also include market-rate units in the area. Because the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final state total.

Figure 3.14: State Assisted Multifamily Units

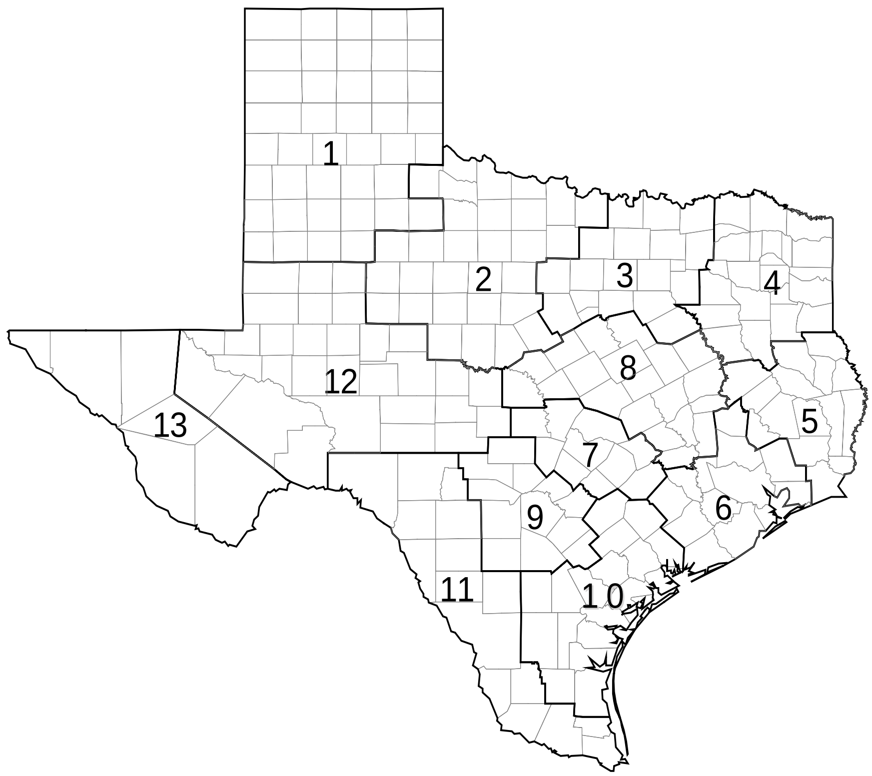
	State Total	Percent of State Inventory
TDHCA Units	170,766	38.1 %
HUD Units	57,372	12.8%
PHA Units	59,431	13.3%
Section 8 Vouchers	133,944	29.9%
USDA Units	26,183	5.8%
HFC Units*	93,176	N/A
Total	447,696	100%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

UNIFORM STATE SERVICE REGIONS

The Department uses 13 Uniform State Service Regions for research and planning purposes. These regions follow the Texas Comptroller of Public Accounts' grouping that creates 13 regions to better identify the unique characteristics of the border counties and to treat larger metropolitan areas as distinct regions. The Uniform State Service Regions are shown below.

Figure 3.15: Map of the Uniform State Service Regions



The size and diversity of the state of Texas necessitates tailored regional sections. Each of the following Uniform State Service Region plans includes a general demographic description, which uses US Census housing data; a needs assessment, which examines housing problems in the area; an estimate of the existing housing supply; local input into the housing needs of the region; an estimate of the number of assisted multifamily units available, and the Department's resource allocation plans for the year.

REGION 1

This 41-county region in the northwest corner of Texas encompasses over 39,500 square miles of the Panhandle. According to the 2000 Census, the total population in Region 1 is 780,733, which represents 3.7 percent of the state's total population.

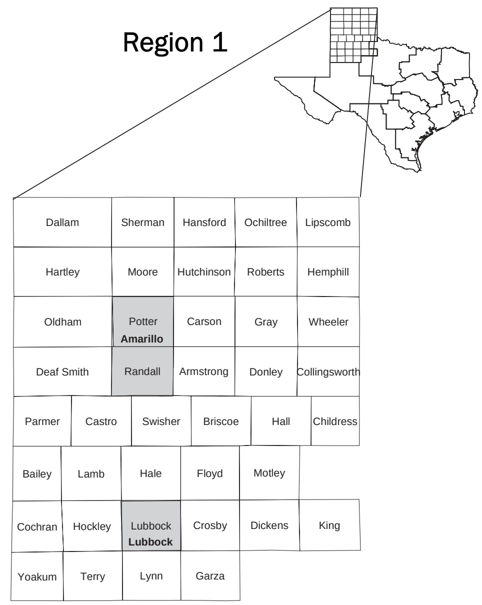


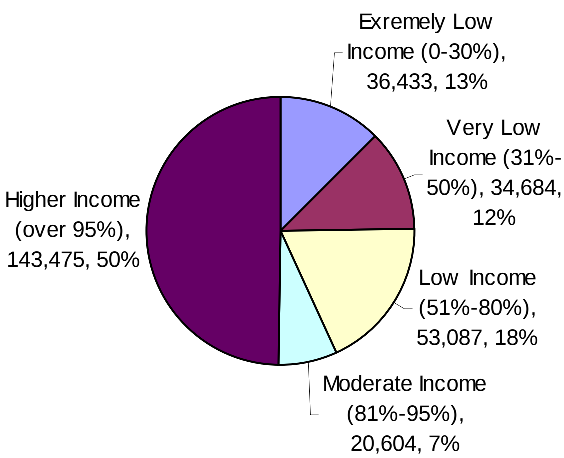
Figure 3.16: Region 1 Population Figures

	Region Total	Percent in Region	Percent of State Total
Total Population	780,733		3.7%
Persons with Disabilities	138,520	17.7%	3.8%
Elderly Persons (without disabilities)	50,862	6.5%	4.7%
Individuals in Poverty	122,991	15.8%	3.9%

Source: 2000 Census

Approximately 57 percent of the population lives in the urban areas, including Amarillo and Lubbock, and the rest live in rural areas of the region.

Figure 3.17: Region 1 Household Incomes



The pie chart to the left depicts the income breakdown of the 288,273 households in the region. Approximately 43 percent of households are low income. There are 122,991, or 15.8 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Amarillo and Lubbock as $105,700 and $98,200, respectively.[10] Fourth quarter 2004 data shows that 57 percent of the households have sufficient income to afford the median-priced home in Amarillo, and 52 percent can afford the median-priced home in Lubbock.[11]

Special Needs Populations

According to 2000 Census data, there are 128,520 persons with disabilities residing in the region, which is 16.5 percent of the total region population. In addition, there are 50,862 elderly individuals without disabilities in the region, which is 6.5 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are

[10] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[11] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

200,000 homeless individuals in Texas,[12] but figures vary. According to the 2000 Census, there are 1,068 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 167 homeless persons in Amarillo.

Housing Supply

According to 2000 Census data, of the 322,045 housing units in the region, 288,175 are occupied, which is an 89.5 percent occupancy rate. Of the total housing stock, almost 75 percent are one unit; 15.9 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 66.3 percent are owner occupied and 33.7 percent are occupied by renters.

Figure 3.18: Region 1 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	322,045		3.9%
Total Occupied Housing Units	288,175	89.5%	3.9%
Owner-Occupied Units	191,161	66.3%	4.1%
Renter-Occupied Units	97,014	33.7%	3.6%

Source: 2000 Census

Data for the region shows that building permits for 2,251 single family units and 2,657 multifamily units were issued in 2004.[13]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 288,273 households in the region, 79,798 owners and renters have housing problems; this represents 27.7 percent of all households.

Figure 3.19: Region 1 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	29,555	14,026	9,256	5,092	1,181
Lacking Kitchen and/or Plumbing	1,638	553	322	301	88
Overcrowding	9,294	2,037	2,029	2,602	2,626
Owner Households					
Extreme Cost Burden	28,912	8,542	7,021	6,944	6,405
Lacking Kitchen and/or Plumbing	1,154	228	163	224	85
Overcrowding	9,245	897	1,223	2,399	4,726
Total	79,798	26,283	20,014	17,562	15,111

Source: 2000 CHAS

[12] Texas Interagency Council for the Homeless, "Key Facts."
[13] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Almost three-quarters of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. Most prefer rental housing assistance to owner-occupied housing assistance. For the respondents the renovation of existing rental housing and new housing development rank only slightly higher than rental payment assistance.

According to the Community Needs Survey respondents from Region 1, home purchase assistance is more important than the renovation of existing owner-occupied housing and the development of new owner-occupied housing. Fourteen percent of the Community Needs Survey respondents report a severe or significant homeless problem in their area. There is a strong preference for specific TDHCA weatherization and energy activities. Utility payment assistance is more important than measures to increase energy efficiency and activities that repair and replace existing HVAC equipment and energy education.

2004 Regional Advisory Committee meeting reports in Region 1 identified several areas of concern. Focus groups prioritized funding for emergency homeless shelters and energy assistance and weatherization activities. The lack of homebuyer education was also mentioned. The scarcity of affordable rental housing and the need to address the substandard housing problems in the area ranked as high concerns for the region. Finally, the lack of effective communication—including program marketing and public education on affordable housing—was identified as an issue.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.20: Region 1 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,218	31.3%	2.5%
HUD Units	2,076	15.4%	3.6%
PHA Units	1,562	11.6%	2.6$
Section 8 Vouchers	3,987	29.6%	3.0%
USDA Units	1,612	12.0%	6.2%
HFC Units*	1,577		
Total	13,455	100%	3.0%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.21: Region 1 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$1,798,446	6.9%
Housing Tax Credit	$2,026,482	4.7%
Community Services Block Grant	$1,331,785	5.0%
Emergency Shelter Grants	$191,053	4.0%
Comprehensive Energy Assistance	$2,177,106	6.6%
Weatherization Assistance	$822,537	7.2%
Total	$8,347,409	5.7%

REGION 2

Region 2 surrounds the metropolitan areas of Wichita Falls and Abilene, shaded in the figure to the right. According to the 2000 Census, the total population in Region 2 is 549,267, which represents 2.6 percent of the state's total population.

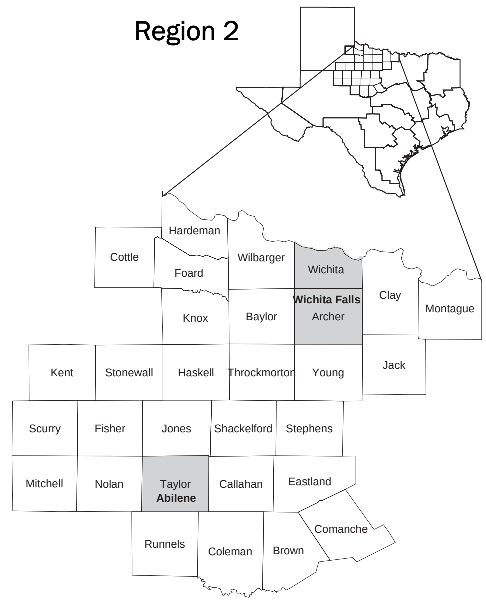


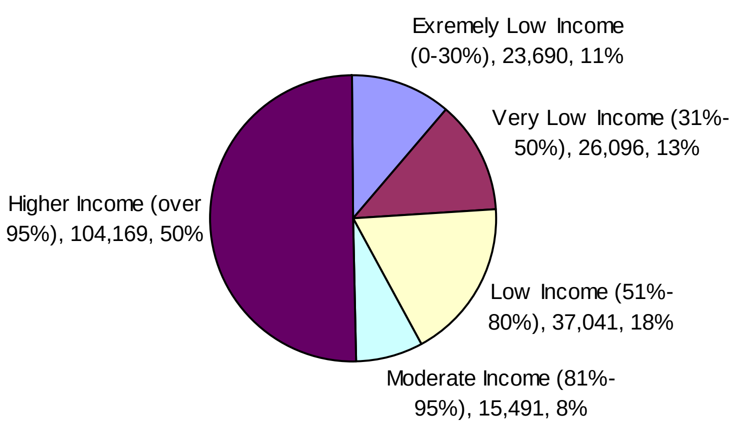
Figure 3.22: Region 2 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	549,267		2.6%
Persons with Disabilities	105,325	19.2%	2.9%
Elderly Persons (without disabilities)	42,485	7.7%	3.9%
Individuals in Poverty	77,647	14.1%	2.5%

Source: 2000 Census

Approximately 52 percent of the population lives in urban areas of the region.

Figure 3.23: Region 2 Household Incomes



The pie chart to the left depicts the income breakdown of the 206,459 households in the region. Approximately 42 percent of households are low income. There are 77,647, or 14.1 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Wichita Falls and Abilene as $92,200 and $80,900, respectively.[14] Fourth quarter 2004 data shows that 64 percent of the households have sufficient income to afford the median-priced home in Wichita Falls, and 69 percent can afford the median-priced home in Abilene.[15]

Special Needs Populations

According to 2000 Census data, there are 105,325 persons with disabilities residing in the region, which is 19.2 percent of the total region population. In addition, there are 42,485 elderly individuals without disabilities in the region, which is 7.7 percent of the region.

[14] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[15] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[16] but figures vary. According to the 2000 Census, there are 609 people in noninstitutional group homes, which include shelters, in the region. In a special tabulation on emergency and transitional shelters, the Census did not count any homeless persons in metro areas.

Housing Supply

According to 2000 Census data, of the 243,506 housing units in the region, 206,388 are occupied, which is an 84.8 percent occupancy rate. Of the total housing stock, almost 77 percent are one unit; 12 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 69.1 percent are owner occupied and 30.9 percent are occupied by renters.

Figure 3.24: Region 2 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	243,506		3.0%
Total Occupied Housing Units	206,388	84.8%	2.8%
Owner-Occupied Units	142,603	69.1%	3.0%
Renter-Occupied Units	63,785	30.9%	2.4%

Source: 2000 Census

Data for the region shows that building permits for 717 single family units and 16 multifamily units were issued in 2004.[17]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 206,459 households in the region, 49,146 owners and renters have housing problems; this represents 23.8 percent of all households.

Figure 3.25: Region 2 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	16,557	7,546	5,733	2,699	559
Lacking Kitchen and/or Plumbing	968	330	161	237	71
Overcrowding	3,906	867	694	1,181	1,164
Owner Households					
Extreme Cost Burden	22,471	6,744	5,894	4,902	4,931
Lacking Kitchen and/or Plumbing	919	253	158	170	60
Overcrowding	4,325	411	558	1,159	2,197
Total	49,146	16,151	13,198	10,348	8,982

Source: 2000 CHAS

16 Texas Interagency Council for the Homeless, "Key Facts."
17 Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Almost three-quarters of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. Most prefer rental housing assistance to owner-occupied housing assistance. Results show a preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

According to the Community Needs Survey respondents from Region 2, the renovation of existing owner-occupied housing is much more important than home purchase assistance and the development of new owner-occupied housing. Twelve percent of the respondents report a severe or significant homeless problem in their region; this is lower than the state average of 23 percent. Among the different types of homeless assistance, short-term homeless shelters rank higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 2 has a strong preference for utility payment assistance, while measures to increase energy efficiency and assistance with HVAC systems rank next in importance. Energy-related educational activities are the least preferred of the energy-related activities.

2004 Regional Advisory Committee meeting attendees from Region 2 suggest that the department direct the limited housing assistance funding in the area towards existing housing stock rather than new construction. Also, duplicating housing assistance across state and federal funding types is inefficient and should be minimized. The focus group specified some areas in the TDHCA application process that could be improved. One suggestion was a renewal form for previous successful applicants rather than a full application. Another suggested that the application process for state funding is too complex and involves a lot of paperwork, and more training is required.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.26: Region 2 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	2,753	26.9%	1.6%
HUD Units	1,655	16.2%	2.9%
PHA Units	3,905	38.1%	6.6%
Section 8 Vouchers	2,921	28.5%	2.2%
USDA Units	1,925	18.8%	7.4%
HFC Units*	280		
Total	10,241	100.0%	2.9%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.27: Region 2 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$1,228,643	4.7%
Housing Tax Credit	$1,143,231	2.7%
Community Services Block Grant	$953,238	3.0%
Emergency Shelter Grants	$120,436	2.5%
Comprehensive Energy Assistance	$1,535,305	4.6%
Weatherization Assistance	$535,256	4.7%
Total	$5,516,109	3.8%

REGION 3

Region 3, including the metropolitan areas of Dallas, Fort Worth, Arlington, Sherman, and Denison, is the state's most populous region. According to the 2000 Census, the total population in Region 3 is 5,487,477, which represents 26.3 percent of the state's total population.

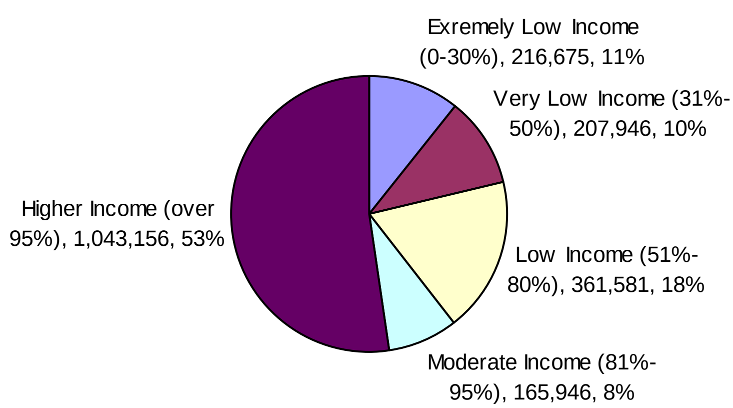
Figure 3.28: Region 3 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	5,487,477		26.3%
Persons with Disabilities	888,217	16.2%	24.6%
Elderly Persons (without disabilities)	245,186	4.5%	22.6%
Individuals in Poverty	588,688	10.7%	18.9%

Source: 2000 Census

Approximately 93 percent of the population resides in urban areas.

Figure 3.29: Region 3 Household Incomes



The pie chart to the left depicts the income breakdown of the 1,988,135 households in the region. Approximately 39 percent of households are low income. There are 588,688, or 10.7 percent, individuals living in poverty in the region.

According to 2005 Multiple Listing Service data, the highest median home price is in Collin County at $180,500, while the lowest is in Sherman-Denison at $92,700.[18] Fourth quarter 2004 data shows that at least 60 percent of households in Sherman-Denison, NE Tarrant County, Garland, Denton County, and Collin County have sufficient income to afford the median-priced home, while Dallas, Irving, and Fort Worth and percentages below 60 percent.[19]

[18] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[19] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Special Needs Populations

According to 2000 Census data, there are 888,217 persons with disabilities residing in the region, which is 16.2 percent of the total region population. In addition, there are 245,186 elderly individuals without disabilities in the region, which is 4.5 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[20] but figures vary. According to the 2000 Census, there are 6,548 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 1,923 homeless persons in Tarrant and Dallas counties.

Housing Supply

According to 2000 Census data, of the 2,140,641 housing units in the region, 2,004,826 are occupied, which is a 93.7 percent occupancy rate. Of the total housing stock, almost 64 percent are one unit; 30 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 60.9 percent are owner occupied and 39.1 percent are occupied by renters.

Figure 3.30: Region 3 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	2,140,641		26.2%
Total Occupied Housing Units	2,004,826	93.7%	27.1%
Owner-Occupied Units	1,220,939	60.9%	25.9%
Renter-Occupied Units	783,887	39.1%	29.3%

Source: 2000 Census

Data for the region shows that building permits for 48,892 single family units and 8,608 multifamily units were issued in 2004.[21]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 1,988,135 households in the region, 610,655 owners and renters have housing problems; this represents 30.7 percent of all households.

[20] Texas Interagency Council for the Homeless, "Key Facts."
[21] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Figure 3.31: Region 3 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	206,011	78,911	67,156	48,746	11,198
Lacking Kitchen and/or Plumbing	10,144	2,968	2,087	2,247	675
Overcrowding	114,914	26,062	25,691	30,470	32,691
Owner Households					
Extreme Cost Burden	216,038	50,064	41,410	55,310	69,254
Lacking Kitchen and/or Plumbing	6,044	1,373	850	1,214	487
Overcrowding	57,504	5,876	9,070	16,460	26,098
Total	610,655	165,254	146,264	154,447	140,403

Source: 2000 CHAS

Regional Input on Housing Needs

Almost three-quarters of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

According to the Community Needs Survey respondents from Region 3, the renovation of existing owner-occupied housing is slightly more important than the development of new owner-occupied housing and home purchase assistance. Twenty-three percent of respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. In terms of TDHCA energy-related activities, Region 3 has a strong preference for utility payment assistance, reflecting the state trend. The repair and replacement of HVAC equipment ranks next in importance, followed by weatherization measures to increase energy efficiency.

2004 Regional Advisory Committee meeting attendees from Region 3 identified problems, successes, and recommendations related to the suggested topics: communication, special needs, funding distribution, and education. Communication and education issues are minor in Region 3. Overall, TDHCA has done a very good job of notifying potential applicants of funding and training opportunities and has disseminated appropriate information in a timely manner. A separation of rural and urban programs is strongly recommended. Special needs populations appear to be adequately served under the various programs and funding streams currently available. Some program regulations should be reviewed to better serve this population. Funding distribution issues can be summarized by the fact that there is simply never enough money to adequately address all the needs in a state this large.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.32: Region 3 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	55,393	46.9%	32.4%
HUD Units	10,834	9.2%	18.9%
PHA Units	8,725	7.4%	14.7%
Section 8 Vouchers	39,149	33.1%	29.2%
USDA Units	4,076	3.4%	15.6%
HFC Units*	19,944		
Total	118,177	100.0%	26.4%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.33: Region 3 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$2,904,962	11.2%
Housing Tax Credit	$7,064,721	16.4%
Community Services Block Grant	$4,614,797	17.0%
Emergency Shelter Grants	$913,183	18.9%
Comprehensive Energy Assistance	$5,443,366	16.4%
Weatherization Assistance	$1,918,077	16.7%
Total	$22,859,106	15.7%

REGION 4

Region 4, located in the northeast corner of the state, surrounds the urban areas of Texarkana, Longview-Marshall, and Tyler. According to the 2000 Census, the total population in Region 4 is 1,015,648, which represents 4.9 percent of the state's total population.

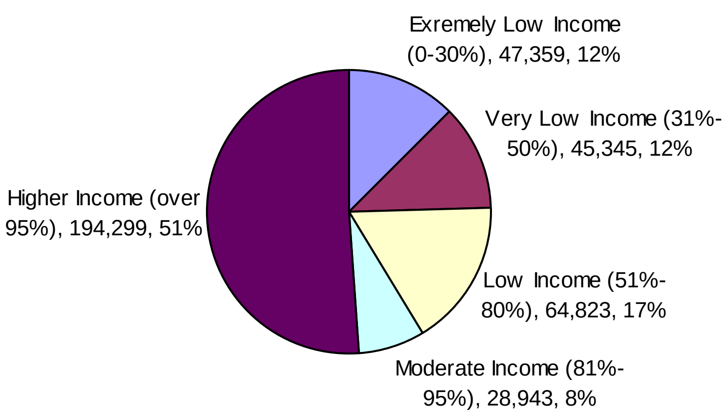
Figure 3.34: Region 4 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,015,648		4.9%
Persons with Disabilities	213,753	21.0%	5.9%
Elderly Persons (without disabilities)	77,528	7.6%	7.1%
Individuals in Poverty	152,036	15.0%	4.9%

Source: 2000 Census

Region 4 has the highest percentage of rural population in the state at 61 percent.

Figure 3.35: Region 4 Household Incomes



The pie chart to the left depicts the income breakdown of the 380,765 households in the region. Approximately 41 percent of households are low income. There are 152,036, or 15.0 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Tyler and Longview-Marshall as $125,700 and $94,000, respectively.[22] Fourth quarter 2004 data shows that 53 percent of the households have sufficient income to afford the median-priced home in Tyler, and 63 percent can afford the median-priced home in Longview-Marshall.[23]

[22] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[23] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Special Needs Populations

According to 2000 Census data, there are 213,753 persons with disabilities residing in the region, which is 21.0 percent of the total region population. In addition, there are 77,528 elderly individuals without disabilities in the region, which is 7.6 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[24] but figures vary. According to the 2000 Census, there are 1,309 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 110 homeless persons in Tyler.

Housing Supply

According to 2000 Census data, of the 434,792 housing units in the region, 380,468 are occupied, which is an 87.5 percent occupancy rate. Of the total housing stock, almost 71 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 73.8 percent are owner occupied and 26.2 percent are occupied by renters.

Figure 3.36: Region 4 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	434,792		5.3%
Total Occupied Housing Units	380,468	87.5%	5.1%
Owner-Occupied Units	280,896	73.8%	6.0%
Renter-Occupied Units	99,572	26.2%	3.7%

Source: 2000 Census

Data for the region shows that building permits for 1,668 single family units and 448 multifamily units were issued in 2004.[25]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 380,765 households in the region, 100,479 owners and renters have housing problems; this represents 26.4 percent of all households.

[24] Texas Interagency Council for the Homeless, "Key Facts."
[25] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Figure 3.37: Region 4 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	27,100	12,500	9,142	4,443	1,015
Lacking Kitchen and/or Plumbing	2,108	724	425	363	135
Overcrowding	8,851	1,951	1,688	2,215	2,997
Owner Households					
Extreme Cost Burden	49,419	15,258	11,379	11,530	11,152
Lacking Kitchen and/or Plumbing	2,742	775	429	508	187
Overcrowding	10,259	1,233	1,477	2,496	5,053
Total	100,479	32,441	24,540	21,555	20,539

Source: 2000 CHAS

Regional Input on Housing Needs

Approximately 73 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. Results show a slight preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

The Community Needs Survey respondents from Region 4 do not express any preference for the different types of owner-occupied housing assistance: the renovation of existing housing, purchase assistance, and new housing development all rank about the same in importance. Twenty percent of the Community Needs Survey respondents report a severe or significant homeless problem in their area. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 4 has a strong preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee attendees from Region 4 represented several sectors of the housing industry including private developers, nonprofits, housing authorities, and grant consultants. Some of the identified housing problems include the poor quality of affordable housing and existing obstacles to development such as prohibitive land costs, onerous lead-based paint restrictions, and building codes. Other identified housing problems include a lack of mortgage products for buyers of affordable housing and a scarcity of housing development in downtown areas. Homebuyer and consumer education were mentioned as priorities for the region.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.38: Region 4 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,182	23.6%	3.0
HUD Units	3,381	15.4%	5.9%
PHA Units	3,422	15.6%	5.8%
Section 8 Vouchers	6,090	27.7%	4.5%
USDA Units	3,872	17.6%	14.8%
HFC Units*	1,160		
Total	21,947	100.0%	4.9%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.39: Region 4 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$3,555,755	13.7%
Housing Tax Credit	$2,139,933	5.0%
Community Services Block Grant	$1,435,311	5.0%
Emergency Shelter Grants	$236,035	4.9%
Comprehensive Energy Assistance	$2,137,870	6.4%
Weatherization Assistance	$747,924	6.5%
Total	$10,252,828	7.0%

REGION 5

Region 5 encompasses a 15-county area in east Texas including the urban areas of Beaumont and Port Arthur. According to the 2000 Census, the total population in Region 5 is 740,952, which represents 3.6 percent of the state's total population.

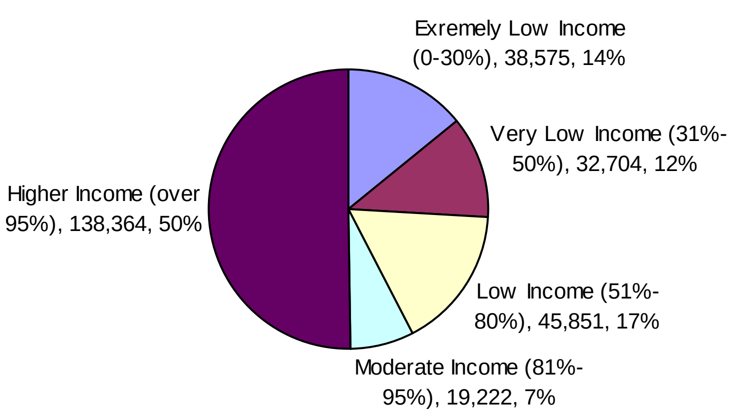
Figure 3.40: Region 5 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	740,952		3.6%
Persons with Disabilities	150,529	20.3%	4.2%
Elderly Persons (without disabilities)	53,148	7.2%	4.9%
Individuals in Poverty	120,585	16.3%	3.9%

Source: 2000 Census

The population in Region 5 is split, with 50 percent living in urban and 50 percent living in rural areas.

Figure 3.41: Region 5 Household Incomes



The pie chart to the left depicts the income breakdown of the 274,543 households in the region. Approximately 43 percent of households are low income. There are 120,585, or 16.3 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Beaumont and Port Arthur as $100,400 and $79,900, respectively.[26] Fourth quarter 2004 data shows that 55 percent of the households have sufficient income to afford the median-priced home in Beaumont, and 64 percent can afford the median-priced home in Port Arthur.[27]

[26] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[27] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Special Needs Populations

According to 2000 Census data, there are 150,529 persons with disabilities residing in the region, which is 20.3 percent of the total region population. In addition, there are 53,148 elderly individuals without disabilities in the region, which is 7.2 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[28] but figures vary. According to the 2000 Census, there are 672 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census did not count any homeless persons in metropolitan areas.

Housing Supply

According to 2000 Census data, of the 325,047 housing units in the region, 275,233 are occupied, which is an 84.7 percent occupancy rate. Of the total housing stock, 69.3 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 73.4 percent are owner occupied and 26.6 percent are occupied by renters.

Figure 3.42: Region 5 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	325,047		4.0%
Total Occupied Housing Units	275,233	84.7%	3.7%
Owner-Occupied Units	201,971	73.4%	4.3%
Renter-Occupied Units	73,262	26.6%	2.7%

Source: 2000 Census

Data for the region shows that building permits for 1,490 single family units and 112 multifamily units were issued in 2004.[29]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 274,543 households in the region, 72,650 owners and renters have housing problems; this represents 26.5 percent of all households.

[28] Texas Interagency Council for the Homeless, "Key Facts."

[29] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Figure 3.43: Region 5 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	21,116	10,733	6,894	2,890	599
Lacking Kitchen and/or Plumbing	1,450	549	300	270	76
Overcrowding	6,868	1,988	1,246	1,477	2,157
Owner Households					
Extreme Cost Burden	32,849	11,845	7,609	7,044	6,351
Lacking Kitchen and/or Plumbing	1,876	555	250	367	90
Overcrowding	8,491	925	970	1,991	4,605
Total	72,650	26,595	17,269	14,039	13,878

Source: 2000 CHAS

Regional Input on Housing Needs

Approximately 80 percent of the respondents to the 2003 Community Needs Survey report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new housing development over other rental housing activities. The renovation of existing housing is more important than rental payment assistance in the region.

The Community Needs Survey respondents from Region 5 express a slight preference for new housing development; the renovation of existing housing and purchase assistance ranked next in importance. Twenty-one percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. In terms of TDHCA energy-related activities, Region 5 has a strong preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee attendees agreed that there has been no progress made in addressing the housing crisis since the committee meetings in the previous year. If anything, the region's needs are greater and the resources are more limited. A local organization reported that a recent homeless count in the region indicates that homelessness has risen significantly since last year. It was observed that until mayors, county judges, commissioners, and council members attend the meetings, very little will be accomplished. The group felt that there is not the social awareness, nor the political will, to address the housing issue.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.44: Region 5 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,556	21.2%	2.7%
HUD Units	4,296	20.0%	7.5%
PHA Units	3,241	15.1%	5.5%
Section 8 Vouchers	7,992	37.2%	6.0%
USDA Units	1,371	6.4%	5.2%
HFC Units*	1,160		
Total	21,456	100.0%	4.8%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

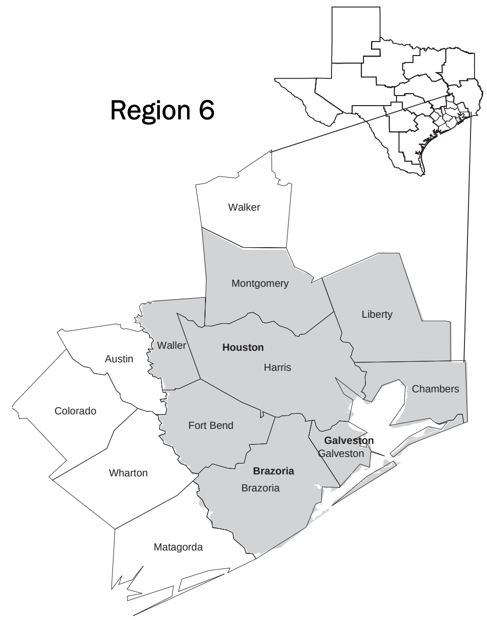
TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.45: Region 5 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$1,651,052	6.4%
Housing Tax Credit	$1,521,318	3.5%
Community Services Block Grant	$1,133,369	4.0%
Emergency Shelter Grants	$187,183	3.9%
Comprehensive Energy Assistance	$1,615,919	4.9%
Weatherization Assistance	$568,942	5.0%
Total	$6,677,783	4.6%

REGION 6



Region 6 includes the urban areas of Houston, Brazoria, and Galveston. According to the 2000 Census, the total population in Region 6 is 4,854,454, which represents 23.3 percent of the state's total population.

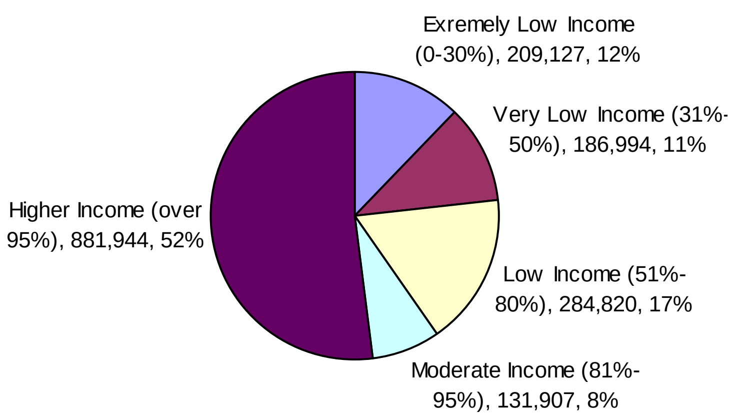
Figure 3.46: Region 6 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	4,854,454		23.3%
Persons with Disabilities	801,436	16.5%	22.2%
Elderly Persons (without disabilities)	206,438	4.3%	19.0%
Individuals in Poverty	656,239	13.5%	21.0%

Source: 2000 Census

Approximately 92 percent of the populations lives in the urban areas of Region 6.

Figure 3.47: Region 6 Household Incomes



The pie chart to the left depicts the income breakdown of the 1,691,811 households in the region. Approximately 40 percent of households are low income. There are 656,239, or 13.5 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Houston , and Galveston as $138,400 and $155,300, respectively.[30] Fourth quarter 2004 data shows that 54 percent of the households have sufficient income to afford the median-priced home in Houston, 51 percent can afford the median-priced home in Galveston.[31]

Special Needs Populations

According to 2000 Census data, there are 801,436 persons with disabilities residing in the region, which is 16.3 percent of the total region population. In addition, there are 206,438 elderly individuals without disabilities in the region, which is 4.3 percent of the region.

[30] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[31] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[32] but figures vary. According to the 2000 Census, there are 7,792 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 1,756 homeless persons in the Houston area.

Housing Supply

According to 2000 Census data, of the 1,853,854 housing units in the region, 1,702,792 are occupied, which is a 91.9 percent occupancy rate. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 60.9 percent are owner occupied and 39.1 percent are occupied by renters.

Figure 3.48: Region 6 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	1,853,854		22.7%
Total Occupied Housing Units	1,702,792	91.9%	23.0%
Owner-Occupied Units	1,037,371	60.9%	22.0%
Renter-Occupied Units	665,421	39.1%	24.9%

Source: 2000 Census

Data for the region shows that building permits for 45,536 single family units and 11,214 multifamily units were issued in 2004.[33]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 1,691,811 households in the region, 541,869 owners and renters have housing problems; this represents 32.0 percent of all households.

[32] Texas Interagency Council for the Homeless, "Key Facts."
[33] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Figure 3.49: Region 6 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	168,355	71,699	55,967	31,103	9,586
Lacking Kitchen and/or Plumbing	9,614	3,228	1,892	2,034	492
Overcrowding	117,586	29,482	27,886	30,141	30,077
Owner Households					
Extreme Cost Burden	173,411	44,640	34,996	42,008	51,767
Lacking Kitchen and/or Plumbing	6,691	1,650	983	1,279	410
Overcrowding	66,212	7,391	10,243	18,303	23,006
Total	541,869	158,090	131,967	124,868	115,338

Source: 2000 CHAS

Regional Input on Housing Needs

Approximately 77 percent of the respondents to the 2003 Community Needs Survey report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new housing development over other rental housing activities. The renovation of existing housing is more important than rental payment assistance in the region.

The Community Needs Survey respondents from Region 6 express a slight preference for new housing development; the renovation of existing housing and purchase assistance rank next in importance. Thirty-two percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 6 has a strong preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

2004 Regional Advisory Committee attendees from Region 6 identified problems, successes, and recommendations related to the suggested topics: communication, special needs, funding distribution, and education. Some of the successes of communication include a local clearinghouse of housing related information and the TDHCA website. The meeting attendees agreed that TDHCA could improve the use of local media outlets. “Special needs” as a category is not adequately nor consistently defined. TDHCA has improved its funding distribution to rural areas, although there is room for improvement. It was noted that there are not funds for educational programs.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.50: Region 6 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	46,254	52.4%	27.1%
HUD Units	13,076	14.8%	22.8%
PHA Units	5,795	6.6%	9.8%
Section 8 Vouchers	19,713	22.3%	14.7%
USDA Units	3,484	3.9%	13.3%
HFC Units*	37,116		
Total	88,322	100.0%	19.7%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.51: Region 6 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$1,823,443	7.0%
Housing Tax Credit	$10,403,698	24.2%
Community Services Block Grant	$5,286,198	19.0%
Emergency Shelter Grants	$1,017,657	21.0%
Comprehensive Energy Assistance	$5,673,525	17.1%
Weatherization Assistance	$1,711,418	14.9%
Total	$25,915,939	17.8%

REGION 7

The urban area of Austin-San Marcos is at the center of Region 7. According to the 2000 Census, the total population in Region 7 is 1,346,833, which represents 6.5 percent of the state's total population.

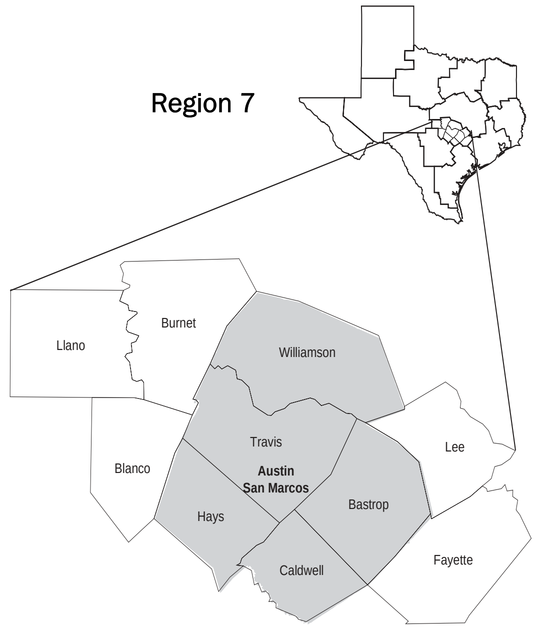


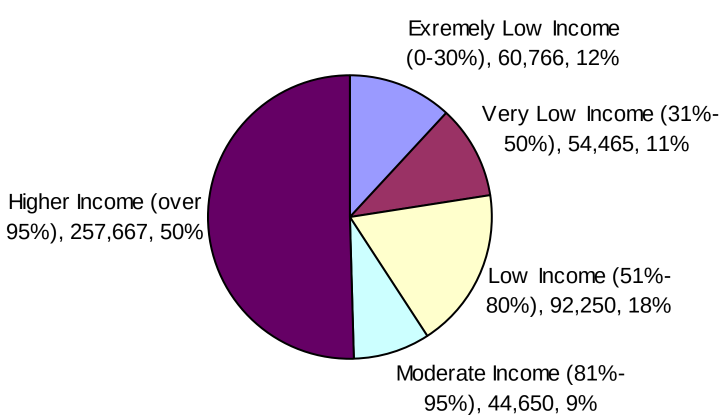
Figure 3.52: Region 7 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,346,833		6.5%
Persons with Disabilities	190,226	14.1%	5.3%
Elderly Persons (without disabilities)	61,229	4.5%	5.6%
Individuals in Poverty	145,060	10.8%	4.7%

Source: 2000 Census

Approximately 86 percent of the population lives in urban areas.

Figure 3.53: Region 7 Household Income



The pie chart to the left depicts the income breakdown of the 509,798 households in the region. Approximately 41 percent of households are low income. There are 145,060, or 10.8 percent, individuals living in poverty in the region.

The 2005 Multiple Listing Service median home price for Austin is $159,600.[34] Fourth quarter 2004 data shows that 61 percent of the households have sufficient income to afford the median-priced home.[35]

Special Needs Populations

According to 2000 Census data, there are 190,226 persons with disabilities residing in the region, which is 14.1 percent of the total region population. In addition, there are 61,229 elderly individuals without disabilities in the region, which is 4.5 percent of the region.

[34] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[35] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[36] but figures vary. According to the 2000 Census, there are 2,354 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 481 homeless persons in Austin.

Housing Supply

According to 2000 Census data, of the 545,761 housing units in the region, 510,555 are occupied, which is a 93.5 percent occupancy rate. Of the total housing stock, 62 percent are one unit; 30 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 59.8 percent are owner occupied and 40.2 percent are occupied by renters.

Figure 3.54: Region 7 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	545,761		6.7%
Total Occupied Housing Units	510,555	93.5%	6.9%
Owner-Occupied Units	305,294	59.8%	6.5%
Renter-Occupied Units	205,261	40.2%	7.7%

Source: 2000 Census

Data for the region shows that building permits for 15,031 single family units and 4,000 multifamily units were issued in 2004.[37]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 509,798 households in the region, 164,537 owners and renters have housing problems; this represents 32.3 percent of all households.

Figure 3.55: Region 7 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	68,118	27,648	21,497	15,700	3,273
Lacking Kitchen and/or Plumbing	2,869	1,170	562	565	185
Overcrowding	22,581	5,433	5,070	5,645	6,433
Owner Households					
Extreme Cost Burden	56,638	11,452	10,018	16,282	18,884
Lacking Kitchen and/or Plumbing	2,013	519	291	423	110
Overcrowding	12,318	1,023	2,055	3,503	5,719
Total	164,537	47,245	39,493	42,118	34,604

Source: 2000 CHAS

36 Texas Interagency Council for the Homeless, "Key Facts."

37 Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 91 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem; this is the highest percentage in the state. There is a preference for rental housing assistance over owner-occupied housing assistance. Results show a slight preference for renovation of existing housing over other rental housing activities. Rental payment assistance is more important in the region than new housing development.

The Community Needs Survey respondents from Region 7 express a slight preference for the renovation of existing housing; purchase assistance and new housing development rank next in importance. Twenty-nine percent of respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. In terms of TDHCA energy-related activities, Region 7 has a preference for utility assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee meeting attendees from Region 7 discussed three issues: the definition of affordable housing; the trends and issues for the region; and which programs are working towards the goal of increasing the supply of affordable housing. Meeting attendees identified two segments of population in need of affordable housing: the working poor and very low income households. Affordable housing is a regional problem that lacks regional attention. As the region's population continues to increase and wages remain stable, there will be a lack of affordable homes for workers near their jobs. The group identified specific programs that work well, including the City of Austin's Neighborhood Planning Program, Section 8 housing voucher program, and the Texas Jump Start financial literacy program.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.56: Region 7 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	15,315	49.0%	9.0%
HUD Units	2,889	9.2%	5.0%
PHA Units	3,522	11.3%	5.9%
Section 8 Vouchers	8,053	25.8%	6.0%
USDA Units	1,461	4.7%	5.6%
HFC Units*	8,076		
Total	31,240	100.0%	7.0%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.57: Region 7 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$1,090,977	4.2%
Housing Tax Credit	$3,285,943	7.6%
Community Services Block Grant	$1,330,777	5.0%
Emergency Shelter Grants	$224,910	4.7%
Comprehensive Energy Assistance	$1,356,561	4.1%
Weatherization Assistance	$506,715	4.4%
Total	$7,795,883	5.3%

REGION 8

Region 8, located in the center of the state, surrounds the urban areas of Waco, Bryan, College Station, Killeen, and Temple. According to the 2000 Census, the total population in Region 8 is 963,139 which represents 4.6 percent of the state's total population.

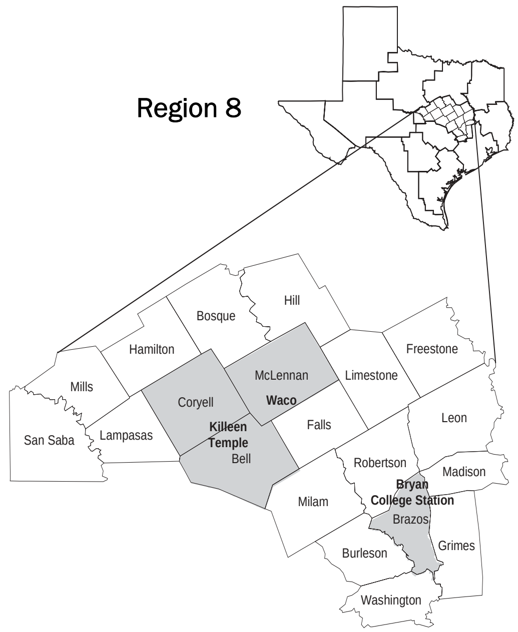


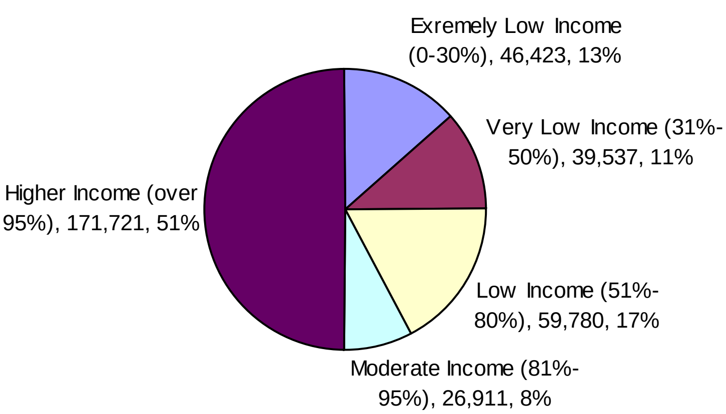
Figure 3.58: Region 8 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	963,139		4.6%
Persons with Disabilities	160,743	16.7%	4.5%
Elderly Persons (without disabilities)	55,854	5.8%	5.1%
Individuals in Poverty	149,480	15.5%	4.8%

Source: 2000 Census

Approximately 75 percent of the population lives in the urban areas of Region 8.

Figure 3.59: Region 8 Household Income



The pie chart to the left depicts the income breakdown of the 343,856 households in the region. Approximately 41 percent of households are low income. There are 149,480, or 15.5 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Bryan-College Station and Killen-Fort Hood as $126,600 and $101,200, respectively.[38] Fourth quarter 2004 data shows that 40 percent of the households have sufficient income to afford the median-priced home in Bryan-College Station, and 73 percent can afford the median-priced home in Killeen-Fort Hood.[39]

[38] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[39] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Special Needs Populations

According to 2000 Census data, there are 160,743 persons with disabilities residing in the region, which is 16.7 percent of the total region population. In addition, there are 55,854 elderly individuals without disabilities in the region, which is 5.8 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[40] but figures vary. According to the 2000 Census, there are 1,003 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 129 homeless persons in the Killeen area.

Housing Supply

According to 2000 Census data, of the 387,627 housing units in the region, 344,575 are occupied, which is an 88.9 percent occupancy rate. Of the total housing stock, 67 percent are one unit; 20 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 61.2 percent are owner occupied and 38.8 percent are occupied by renters.

Figure 3.60: Region 8 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	387,627		4.8%
Total Occupied Housing Units	344,575	88.9%	4.7%
Owner-Occupied Units	210,882	61.2%	4.5%
Renter-Occupied Units	133,693	38.8%	5.0%

Source: 2000 Census

Data for the region shows that building permits for 4,376 single family units and 2,201 multifamily units were issued in 2004.[41]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 343,856 households in the region, 103,864 owners and renters have housing problems; this represents 30.2 percent of all households.

40 Texas Interagency Council for the Homeless, "Key Facts."
41 Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Figure 3.61: Region 8 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	42,797	20,028	12,657	8,285	1,826
Lacking Kitchen and/or Plumbing	1,831	601	354	355	92
Overcrowding	12,409	2,903	2,232	3,502	3,772
Owner Households					
Extreme Cost Burden	36,129	9,754	7,763	9,069	9,543
Lacking Kitchen and/or Plumbing	1,798	477	346	331	112
Overcrowding	8,900	741	1,055	2,293	4,811
Total	103,864	34,504	24,407	23,835	20,156

Source: 2000 CHAS

Regional Input on Housing Needs

Approximately 76 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show a slight preference for renovation of existing rental housing over other rental housing activities. Rental payment assistance is more important than in the region new housing development.

The Community Needs Survey respondents from Region 8 express a slight preference for the renovation of existing housing; purchase assistance and new housing development rank next in importance. Twenty-seven percent of the respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 8 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee attendees from Region 8 discussed the discussed the definition of affordable housing versus subsidized housing and the need for elected officials to possess a complete understanding of the affordable housing programs available. The meeting attendees identified a need for homeless shelters to address the problem of persons living in abandoned or condemned housing in the region. There is a need for solid demographic information on the special needs populations in the area. With regard to the current funding distribution, the group identified a need for rental and owner housing in rural areas. The application process for housing funds is complex and daunting. There is a problem with overcrowded housing and a need for housing infill programs. The group identified a desire for additional homebuyer education counseling and improved communication regarding funding opportunities.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.62: Region 8 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,356	24.2%	3.1%
HUD Units	2,683	12.1%	4.7%
PHA Units	3,273	14.8%	5.5%
Section 8 Vouchers	8,053	36.3%	4.0%
USDA Units	2,804	12.6%	10.7%
HFC Units*	304		
Total	22,169	100.0%	4.4%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.63: Region 8 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$1,343,077	5.2%
Housing Tax Credit	$2,610,906	6.1%
Community Services Block Grant	$1,323,391	5.0%
Emergency Shelter Grants	$231,681	4.8%
Comprehensive Energy Assistance	$1,844,233	5.6%
Weatherization Assistance	$637,907	5.6%
Total	$7,991,195	5.5%

REGION 9

San Antonio is the main metropolitan area in Region 9. According to the 2000 Census, the total population in Region 9 is 1,807,868, which represents 8.7 percent of the state's total population.

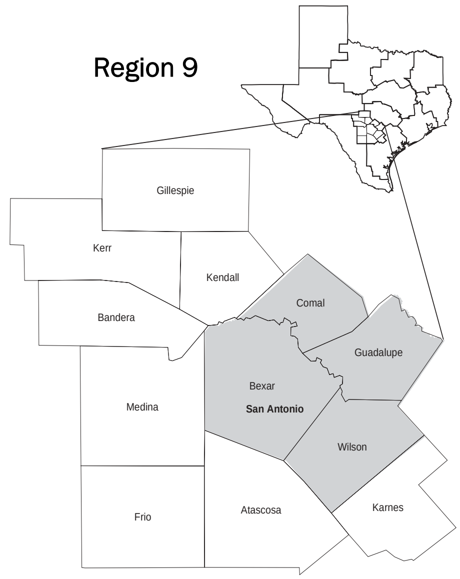


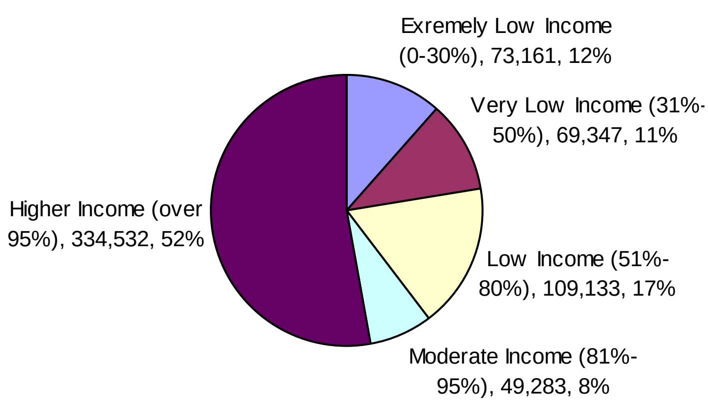
Figure 3.64: Region 9 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,807,868		8.7%
Persons with Disabilities	337,541	18.7%	9.4%
Elderly Persons (without disabilities)	107,974	6.0%	9.9%
Individuals in Poverty	267,118	14.8%	8.6%

Source: 2000 Census

Approximately 89 percent of the population lives in urban areas.

Figure 3.65: Region 9 Household Income



The pie chart to the left depicts the income breakdown of the 635,280 households in the region. Approximately 40 percent of households are low income. There are 267,118, or 14.8 percent, individuals living in poverty in the region.

The 2005 Multiple Listing Service records the median home price for San Antonio as $126,700.[42] 2004 data shows that 56 percent of the households have sufficient income to afford the median-priced home.[43]

Special Needs Populations

According to 2000 Census data, there are 337,541 persons with disabilities residing in the region, which is 18.7 percent of the total region population. In addition, there are 107,974 elderly individuals without disabilities in the region, which is 6.0 percent of the region.

[42] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[43] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[44] but figures vary. According to the 2000 Census, there are 2,919 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 850 homeless persons in San Antonio.

Housing Supply

According to 2000 Census data, of the 689,862 housing units in the region, 636,796 are occupied, which is a 92.3 percent occupancy rate. Of the total housing stock, 69 percent are one unit; 22 percent are over two units; 8 percent are mobile homes; and the rest are boats and RVs. Approximately 65.0 percent are owner occupied and 35.0 percent are occupied by renters.

Figure 3.66: Region 9 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	689,862		8.5%
Total Occupied Housing Units	636,796	92.3%	8.6%
Owner-Occupied Units	414,009	65.0%	8.8%
Renter-Occupied Units	222,787	35.0%	8.3%

Source: 2000 Census

Data for the region shows that building permits for 12,924 single family units and 4,905 multifamily units were issued in 2004.[45]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 635,280 households in the region, 194,512 owners and renters have housing problems; this represents 30.6 percent of all households.

Figure 3.67: Region 9 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	62,012	24,095	19,495	14,458	3,964
Lacking Kitchen and/or Plumbing	3,284	1,137	484	751	241
Overcrowding	28,877	7,296	6,160	7,359	8,062
Owner Households					
Extreme Cost Burden	71,630	17,316	14,240	17,201	22,873
Lacking Kitchen and/or Plumbing	3,270	713	667	624	297
Overcrowding	25,439	2,644	4,107	6,555	12,133
Total	194,512	53,201	45,153	46,948	47,570

Source: 2000 CHAS

44 Texas Interagency Council for the Homeless, "Key Facts."
45 Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 79 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is no clear preference for owner-occupied housing assistance or rental housing assistance. Results show a slight preference for new rental housing development over other rental housing activities. Rental payment assistance is more important in the region than the renovation of existing housing.

The Community Needs Survey respondents from Region 9 do not express a preference for the renovation of existing housing, purchase assistance, or new housing development. Twenty percent of the respondents report a severe or significant homeless problem in the region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. In terms of TDHCA energy-related activities, Region 9 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

2004 Regional Advisory Committee attendees from Region 9 concluded that although more funding would close the gap between the need for affordable housing and the supply, funding alone is not the answer. The process needs to be improved for both private and public entities. The group expressed a desire to receive feedback from TDHCA on the points and issues raised in the RAC meetings.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.68: Region 9 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	13,847	32.7%	8.1%
HUD Units	5,321	12.6%	9.3%
PHA Units	7,321	17.3%	12.3%
Section 8 Vouchers	14,859	35.1%	11.1%
USDA Units	971	2.3%	3.7%
HFC Units*	21,974		
Total	42,319	100.0%	9.5%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.69: Region 9 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$1,547,843	6.0%
Housing Tax Credit	$2502,878	5.8%
Community Services Block Grant	$2,366,652	9.0%
Emergency Shelter Grants	$414,511	8.6%
Comprehensive Energy Assistance	$2,656,465	8.0%
Weatherization Assistance	$862,783	7.5%
Total	$10,351,132	7.1%

REGION 10

Region 10, including the urban areas of Corpus Christi and Victoria, is located in the south eastern part of the state on the Gulf of Mexico. According to the 2000 Census, the total population in Region 10 is 732,917, which represents 3.5 percent of the state's total population.

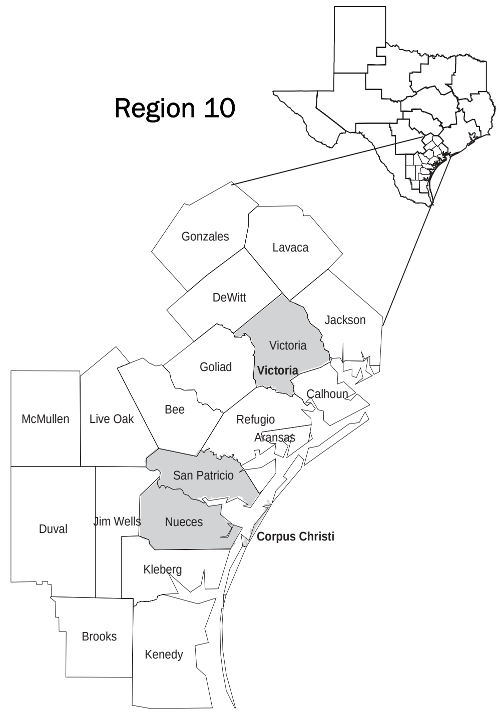


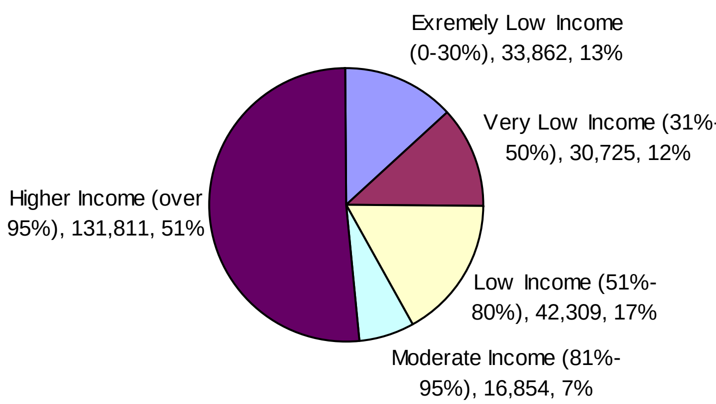
Figure 3.70: Region 10 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	732,917		3.5%
Persons with Disabilities	141,592	19.3%	3.9%
Elderly Persons (without disabilities)	46,900	6.4%	4.3%
Individuals in Poverty	132,214	18.0%	4.2%

Source: 2000 Census

In Region 10, 62 percent live in urban areas.

Figure 3.71: Region 10 Household Income



The pie chart to the left depicts the income breakdown of the 255,493 households in the region. Approximately 42 percent of households are low income. There are 132,214, or 18.0 percent, individuals living in poverty in the region.

The 2005 Multiple Listing Service records the median home price for Corpus Christi as $117,900.[46] Fourth quarter 2004 data shows that 4 percent of the households have sufficient income to afford the median-priced home.[47]

Special Needs Populations

According to 2000 Census data, there are 141,592 persons with disabilities residing in the region, which is 19.3 percent of the total region population. In addition, there are 46,900 elderly individuals without disabilities in the region, which is 6.4 percent of the region.

46 Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).

47 Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[48] but figures vary. According to the 2000 Census, there are 1,456 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 272 homeless persons in Corpus Christi.

Housing Supply

According to 2000 Census data, of the 298,494 housing units in the region, 256,428 are occupied, which is an 85.9 percent occupancy rate. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; 10 percent are mobile homes; and the rest are boats and RVs. Approximately 66.8 percent are owner occupied and 33.2 percent are occupied by renters.

Figure 3.72: Region 10 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	298,494		3.7%
Total Occupied Housing Units	256,428	85.9%	3.5%
Owner-Occupied Units	171,319	66.8%	3.6%
Renter-Occupied Units	85,109	33.2%	3.2%

Source: 2000 Census

Data for the region shows that building permits for 2,363 single family units and 1,376 multifamily units were issued in 2004.[49]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 255,493 households in the region, 76,196 owners and renters have housing problems; this represents 29.8 percent of all households.

[48] Texas Interagency Council for the Homeless, "Key Facts."
[49] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Figure 3.73: Region 10 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	23,006	9,258	7,433	4,896	1,419
Lacking Kitchen and/or Plumbing	1,497	513	234	355	62
Overcrowding	10,429	3,082	2,112	2,289	2,946
Owner Households					
Extreme Cost Burden	28,552	8,706	6,387	6,181	7,278
Lacking Kitchen and/or Plumbing	1,783	588	407	323	66
Overcrowding	10,929	1,235	1,563	2,421	5,710
Total	76,196	23,382	18,136	16,465	17,481

Source: 2000 CHAS

Regional Input on Housing Needs

Approximately 87 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show no significant preference between new rental housing development and the renovation of existing housing. Rental payment assistance is the least important of the three rental housing assistance activities.

Respondents from Region 10 prefer home purchase assistance over the renovation of existing housing. New housing development is the least important owner-occupied housing assistance. Twenty-seven percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 10 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

Regional Advisory Committee meeting attendees from Region 10 recommended improved communication in the form of an email distribution list and a consumer website with housing resources. Communicating with unincorporated communities and colonias require additional effort. Persons with disabilities face difficulties in locating affordable housing; the group suggested funding set-asides for specific programs. Attendees noted that the region is unique in its high poverty rate, number of non-English speakers, and high unemployment rate and therefore there is a greater need for rental housing rather than homeownership opportunities. There is a need for a common definition of affordable housing.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.74: Region 10 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,968	23.1%	2.3%
HUD Units	3,811	22.2%	6.6%
PHA Units	3,976	23.1%	6.7%
Section 8 Vouchers	3,804	22.1%	2.8%
USDA Units	1,619	9.4%	6.2%
HFC Units*	968		
Total	17,178	100.0%	3.8%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.75: Region 10 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$2,085,896	8.0%
Housing Tax Credit	$1,771,585	4.1%
Community Services Block Grant	$1,339,992	5.0%
Emergency Shelter Grants	$205,079	4.2%
Comprehensive Energy Assistance	$1,828,528	5.5%
Weatherization Assistance	$663,080	5.8%
Total	$7,894,160	5.4%

REGION 11

Region 11 is a 16-county area along the border of Mexico. The main urban areas in the region are Brownsville-Harlingen, McAllen-Edinburg, Del Rio, and Laredo. According to the 2000 Census, the total population in Region 11 is 1,343,330, which represents 6.4 percent of the state's total population.

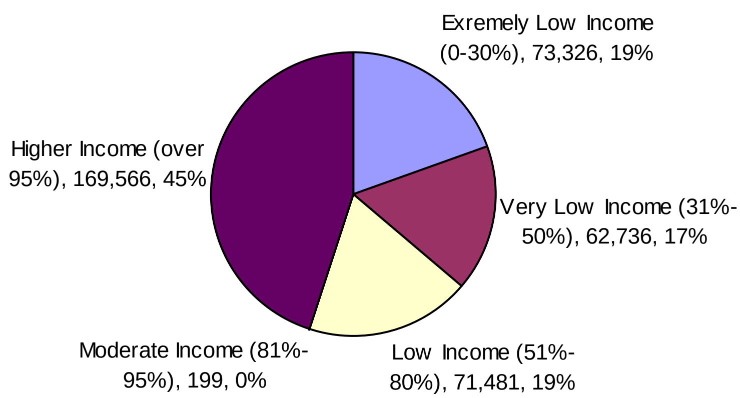
Figure 3.76: Region 11 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,343,330		6.4%
Persons with Disabilities	257,838	19.2%	7.2%
Elderly Persons (without disabilities)	67,505	5.0%	6.2%
Individuals in Poverty	455,366	33.9%	14.6%

Source: 2000 Census

About 68 percent of the population lives in urban areas.

Figure 3.77: Region 11 Household Income



The pie chart to the left depicts the income breakdown of the 377,276 households in the region. Approximately 55 percent of households are low income.[50] There are 455,366, or 33.9 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Harlingen and Brownsville as $79,500 and $90,000, respectively.[51] Fourth quarter 2004 data shows that 52 percent of the households have sufficient income to afford the median-priced home in Harlingen, and 53 percent can afford the median-priced home in Brownsville.[52]

[50] The CHAS figures for moderate and higher income households in Region 11 indicate that there are only 199 persons with incomes between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because, except for the first time homebuyer program which is done through a network of participating lenders, TDHCA programs serve persons below 80 percent AMFI.

[51] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).

[52] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Special Needs Populations

According to 2000 Census data, there are 257,838 persons with disabilities residing in the region, which is 19.2 percent of the total region population. In addition, there are 67,505 elderly individuals without disabilities in the region, which is 5.0 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[53] but figures vary. According to the 2000 Census, there are 1,211 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 193 homeless persons in Laredo.

Housing Supply

According to 2000 Census data, of the 457,406 housing units in the region, 378,275 are occupied, which is an 82.7 percent occupancy rate. Of the total housing stock, 66 percent are one unit; 14 percent are over two units; 18 percent are mobile homes; and the rest are boats and RVs. Approximately 70.8 percent are owner occupied and 29.2 percent are occupied by renters.

Figure 3.78: Region 11 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	457,406		5.6%
Total Occupied Housing Units	378,275	82.7%	5.1%
Owner-Occupied Units	267,716	70.8%	5.7%
Renter-Occupied Units	110,559	29.2%	4.1%

Source: 2000 Census

Data for the region shows that building permits for 11,844 single family units and 3,700 multifamily units were issued in 2004.[54]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 377,276 households in the region, 161,609 owners and renters have housing problems; this represents 42.8 percent of all households.

[53] Texas Interagency Council for the Homeless, "Key Facts."
[54] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Figure 3.79: Region 11 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	25,023	13,381	7,343	3,335	964
Lacking Kitchen and/or Plumbing	4,751	2,474	1,099	636	0
Overcrowding	31,457	11,542	7,321	6,233	6,361
Owner Households					
Extreme Cost Burden	43,599	15,558	10,747	8,961	8,333
Lacking Kitchen and/or Plumbing	8,043	3,043	2,045	1,585	0
Overcrowding	48,736	8,375	9,672	12,299	18,390
Total	161,609	54,373	38,227	33,049	34,048

Source: 2000 CHAS

Regional Input on Housing Needs

Approximately 90 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area, the second highest percentage among the regions. There is a strong preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new rental housing development over the renovation of existing housing and rental payment assistance.

The Community Needs Survey respondents from Region 11 prefer home purchase assistance over new housing development. The renovation of existing housing is the least important owner-occupied housing assistance. Forty-three percent of respondents report a severe or significant homeless problem in their region; this is the highest percentage in the state. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 11 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

Regional Advisory Committee meeting attendees from Region 11 suggested that more meetings and public hearings would improve communication in the region. The existing special needs programs could be enhanced by more coordination among the service providers. Meeting attendees agreed with the process of evaluating a region's need when distributing funds. Homebuyer education should be mandatory prior to the purchase of a home.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.80: Region 11 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	7,400	22.2%	4.3%
HUD Units	3,695	11.1%	6.4%
PHA Units	7,223	21.6%	12.2%
Section 8 Vouchers	13,071	39.1%	9.8%
USDA Units	2,003	6.0%	7.7%
HFC Units*	204		
Total	33,392	100.0%	7.5%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.81: Region 11 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$4,713,360	18.2%
Housing Tax Credit	$5,209,862	12.1%
Community Services Block Grant	$3,710,876	14.0%
Emergency Shelter Grants	$706,653	14.6%
Comprehensive Energy Assistance	$3,735,670	11.3%
Weatherization Assistance	$1,371,503	12.0%
Total	$19,447,924	13.3%

REGION 12

Region 12 in west Texas surrounds the urban areas of Odessa-Midland and San Angelo. According to the 2000 Census, the total population in Region 12 is 524,884, which represents 2.5 percent of the state's total population.

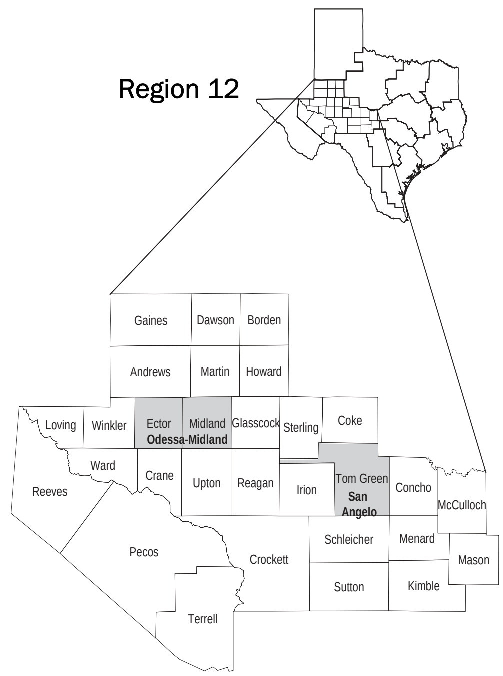


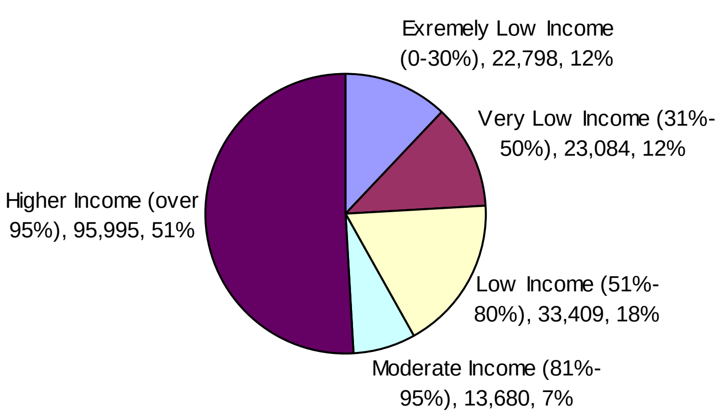
Figure 3.82: Region 12 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	524,884		2.5%
Persons with Disabilities	91,822	17.5%	2.5%
Elderly Persons (without disabilities)	35,764	6.8%	3.3%
Individuals in Poverty	85,063	16.2%	2.7%

Source: 2000 Census

Approximately 68 percent of the population lives in urban areas.

Figure 3.83: Region 12 Household Income



The pie chart to the left depicts the income breakdown of the 188,921 households in the region. Approximately 42 percent of households are low income. There are 85,063, or 16.2 percent, individuals living in poverty in the region.

Multiple Listing Service data records the median home prices for San Angelo and Odessa-Midland as $85,800 and $87,600, respectively.[55] Fourth quarter 2004 data shows that 65 percent of the households have sufficient income to afford the median-priced home in San Angelo, and 69 percent can afford the median-priced home in Odessa-Midland.[56]

Special Needs Populations

According to 2000 Census data, there are 91,822 persons with disabilities residing in the region, which is 17.5 percent of the total region population. In addition, there are 35,764 elderly individuals without disabilities in the region, which is 6.8 percent of the region.

[55] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[56] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[57] but figures vary. According to the 2000 Census, there are 414 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census did not count any homeless people in metropolitan areas.

Housing Supply

According to 2000 Census data, of the 221,968 housing units in the region, 189,582 are occupied, which is an 85.4 percent occupancy rate. Of the total housing stock, 72 percent are one unit; 16 percent are over two units; 12 percent are mobile homes; and the rest are boats and RVs. Approximately 70.1 percent are owner occupied and 29.9 percent are occupied by renters.

Figure 3.84: Region 12 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	221,968		2.7%
Total Occupied Housing Units	189,582	85.4%	2.6%
Owner-Occupied Units	132,956	70.1%	2.8%
Renter-Occupied Units	56,626	29.9%	2.1%

Source: 2000 Census

Data for the region shows that building permits for 782 single family units and 21 multifamily units were issued in 2004.[58]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 188,921 households in the region, 49,895 owners and renters have housing problems; this represents 26.4 percent of all households.

[57] Texas Interagency Council for the Homeless, "Key Facts."
[58] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Figure 3.85: Region 12 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	14,243	6,874	4,782	2,151	436
Lacking Kitchen and/or Plumbing	1,103	355	253	204	24
Overcrowding	5,372	1,392	983	1,364	1,633
Owner Households					
Extreme Cost Burden	20,719	6,228	5,142	4,727	4,622
Lacking Kitchen and/or Plumbing	1,138	265	223	264	64
Overcrowding	7,320	752	1,186	2,243	3,139
Total	49,895	15,866	12,569	10,953	9,918

Source: 2000 CHAS

Regional Input on Housing Needs

Approximately 81 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new rental housing development over the renovation of existing housing and rental payment assistance.

Community Needs Survey respondents from Region 12 prefer the renovation of existing housing over new housing development. Home purchase assistance is the least important owner-occupied housing assistance. Eighteen percent of the survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank about equal in importance with transitional housing facilities. In terms of TDHCA energy-related activities, Region 12 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee meeting attendees from Region 12 identified problems, successes, and recommendations related to the suggested affordable housing topics: communication, special needs, funding distribution, and education. There is a need for improved communication between federal, state, and local agencies. Meeting attendees identified a need for programs directed towards people with disabilities and the elderly population in the region. Additional credit counseling and homebuyer education programs are needed.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.86: Region 12 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	2,926	30.4%	1.7%
HUD Units	1,792	18.6%	3.1%
PHA Units	1,183	12.3%	2.0%
Section 8 Vouchers	3,039	31.6%	2.3%
USDA Units	687	7.1%	2.6%
HFC Units*	24		
Total	9,627	100.0%	2.2%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.87: Region 12 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$1,567,553	6.0%
Housing Tax Credit	$1,238,592	2.9%
Community Services Block Grant	$1,199,511	4.0%
Emergency Shelter Grants	$132,044	2.7%
Comprehensive Energy Assistance	$1,576,586	4.8%
Weatherization Assistance	$529,734	4.6%
Total	$6,244,020	4.3%

REGION 13

El Paso is the main urban area in Region 13. The region spreads along the Texas-Mexico border in the southwestern tip of the state. According to the 2000 Census, the total population in Region 13 is 524,884, which represents 2.5 percent of the state's total population.

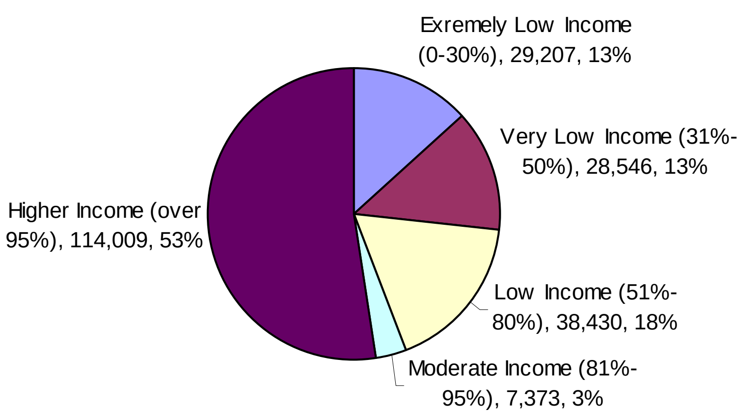
Figure 3.88: Region 13 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	704,318		3.4%
Persons with Disabilities	128,000	18.2%	3.6%
Elderly Persons (without disabilities)	35,421	5.0%	3.3%
Individuals in Poverty	165,122	23.4%	5.3%

Source: 2000 Census

Approximately 92 percent of the region population lives in the urban area of El Paso.

Figure 3.89: Region 13 Household Income



The pie chart to the left depicts the income breakdown of the 216,861 households in the region. Approximately 44 percent of households are low income. There are 165,122, or 23.4 percent, individuals living in poverty in the region.

The 2005 Multiple Listing Service data records the median home price for El Paso as $107,400.[59] Fourth quarter 2004 data shows that 59 percent of the households have sufficient income to afford the median-priced home.[60]

Special Needs Populations

According to 2000 Census data, there are 128,000 persons with disabilities residing in the region, which is 18.2 percent of the total region population. In addition, there are 35,421 elderly individuals without disabilities in the region, which is 5.0 percent of the region.

[59] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[60] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[61] but figures vary. According to the 2000 Census, there are 1,022 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 356 homeless people in El Paso.

Housing Supply

According to 2000 Census data, of the 236,572 housing units in the region, 219,261 are occupied, which is a 92.7percent occupancy rate. Of the total housing stock, 68 percent are one unit; 23 percent are over two units; 8 percent are mobile homes; and the rest are boats and RVs. Approximately 63.8 percent are owner occupied and 36.2 percent are occupied by renters.

Figure 3.90: Region 13 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	236,572		2.9%
Total Occupied Housing Units	219,261	92.7%	3.0%
Owner-Occupied Units	139,842	63.8%	3.0%
Renter-Occupied Units	79,419	36.2%	3.0%

Source: 2000 Census

Data for the region shows that building permits for 3,512 single family units and 535 multifamily units were issued in 2004.[62]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 216,861 households in the region, 81,248 owners and renters have housing problems; this represents 37.5 percent of all households.

Figure 3.91: Region 13 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	22,151	8,941	7,159	4,652	1,399
Lacking Kitchen and/or Plumbing	1,679	470	539	297	24
Overcrowding	15,170	15,170	3,728	3,575	3,653
Owner Households					
Extreme Cost Burden	26,451	6,254	5,872	7,268	7,057
Lacking Kitchen and/or Plumbing	1,879	366	411	523	84
Overcrowding	13,918	1,296	2,037	3,263	7,322
Total	81,248	32,497	19,746	19,578	19,539

Source: 2000 CHAS

61 Texas Interagency Council for the Homeless, "Key Facts."
62 Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 78 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new rental housing development over the renovation of existing housing and rental payment assistance.

In terms of owner-occupied housing assistance, survey respondents from Region 13 prefer new housing development over the renovation of existing housing. Home purchase assistance is the least important owner-occupied housing assistance. Forty-one percent of respondents report a severe or significant homeless problem in their region; this is the second highest rate in the state. Among the different types of homeless assistance, short-term homeless shelters rank higher in importance with transitional housing facilities. In terms of TDHCA energy-related activities, Region 13 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee attendees from Region 13 expressed frustration with revised procedures related to the funding application process. There is a need for new programs that address the fact that many people in the region do not qualify for conventional home loans. The meeting attendees request that additional weight be given to the poverty rate when determining the allocation of funding. Predatory lending education is needed.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.92: Region 13 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,598	20.1%	2.1%
HUD Units	1,863	10.4%	3.2%
PHA Units	6,284	35.1%	10.6%
Section 8 Vouchers	5,842	32.7%	4.4%
USDA Units	298	1.7%	1.1%
HFC Units*	378		
Total	17,885	100.0%	4.0%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.93: Region 13 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	$616,491	2.4%
Housing Tax Credit	$2,080,851	4.8%
Community Services Block Grant	$1,436,984	5.0%
Emergency Shelter Grants	$256,349	5.3%
Comprehensive Energy Assistance	$1,592,680	4.8%
Weatherization Assistance	$600,603	5.2%
Total	$6,583,958	4.5%

REGIONAL PLANS SUMMARY

The housing and community service needs of the different regions of Texas are as varied as the regions themselves. This section summarizes the information from the regional plans in the previous section.

POPULATION CHARACTERISTICS

The most populous regions of the state according to the 2000 Census are Regions 3 and 6, together representing almost 50 percent of the state. Regions 3, 7, and 11 are the fastest growing areas as indicated by population estimates.

Figure 3.94: Population by Region

Service Region	Population 2000 Census	Percent of State's Population	Population Estimate Jan 1, 2003	Percent Change 2000 to 2003
1	780,733	3.7%	789,292	1.1%
2	549,267	2.6%	548,013	-0.2%
3	5,487,477	26.3%	5,898,978	7.5%
4	1,015,648	4.9%	1,044,537	2.8%
5	740,952	3.6%	750,676	1.3%
6	4,854,454	23.3%	5,182,676	6.8%
7	1,346,833	6.5%	1,448,465	7.5%
8	963,139	4.6%	998,728	3.7%
9	1,807,868	8.7%	1,901,127	5.2%
10	732,917	3.5%	740,168	1.0%
11	1,343,330	6.4%	1,455,917	8.4%
12	524,884	2.5%	527,426	0.5%
13	704,318	3.4%	730,908	3.8%
State	20,851,820	100%	22,016,911	5.6%

Source: 2000 US Census and Texas State Data Center

The regions with the highest number of persons in poverty are Regions 6, 3, and 11. The state poverty rate is 15.4 percent. The regions with the highest rate of poverty are along the border, Regions 13 and 11 with poverty rates of 23.9 percent and 34.4 percent respectively.

Figure 3.95: Population and Poverty, 2000

Service Region	Persons in Poverty	Percent of State Poverty Total	Population for whom Poverty Status is Determined	Percent of Regional Population in Poverty
1	122,991	3.9%	748,227	16.4%
2	77,647	2.5%	514,399	15.1%
3	588,688	18.9%	5,389,443	10.9%
4	152,036	4.9%	971,222	15.7%
5	120,585	3.9%	705,774	17.1%
6	656,239	21.0%	4,763,150	13.8%
7	145,060	4.7%	1,310,221	11.1%
8	149,480	4.8%	897,160	16.7%
9	267,118	8.6%	1,759,653	15.2%
10	132,214	4.2%	708,646	18.7%
11	455,366	14.6%	1,324,854	34.4%
12	85,063	2.7%	503,813	16.9%
13	165,122	5.3%	690,738	23.9%
State	3,117,609	100.0%	20,287,300	15.4%

Source: 2000 US Census

Figure 3.96 provides information on the income breakdowns of households in each region.

Figure 3.96: Households and Income, 2000

Service Region	Total Households	Extremely Low Income (0% to 30%)	Very Low Income (31% to 50%)	Low Income (51% to 80%)	Moderate Income (81% to 95%)	Higher Income (over 95%)
1	288,273	36,433	34,684	53,087	20,604	143,475
2	206,459	23,690	26,096	37,041	15,491	104,169
3	1,988,135	216,675	207,946	361,581	165,946	1,043,156
4	380,765	47,359	45,345	64,823	28,943	194,299
5	274,543	38,575	32,704	45,851	19,222	138,364
6	1,691,811	209,127	186,994	284,820	131,907	881,944
7	509,798	60,766	54,465	92,250	44,650	257,667
8	343,856	46,423	39,537	59,780	26,911	171,721
9	635,280	73,161	69,347	109,133	49,283	334,532
10	255,493	33,862	30,725	42,309	16,854	131,811
11	377,276	73,326	62,736	71,481	199	169,566
12	188,921	22,798	23,084	33,409	13,680	95,995
13	216,861	29,207	28,546	38,430	7,373	114,009
State	7,357,471	911,402	842,209	1,293,995	541,063	3,780,708

Source: CHAS Database

HOUSING SUPPLY

Of the state's housing stock, regions 1 and 2 have the highest percentage of one-unit housing; Regions 3, 6, and 7 have the highest levels of multifamily housing.

Figure 3.97: Housing Stock by Region, 2000

Service Region	Housing Units	One Unit	2 to 19 Units	Over 20 Units	Mobile Homes	Boats, RVs
1	322,045	240,418	30,163	20,997	29,683	784
		74.7%	9.4%	6.5%	9.2%	0.2%
2	243,506	186,932	21,599	7,974	25,365	1,636
		76.8%	8.9%	3.3%	10.4%	0.7%
3	2,140,641	1,373,780	385,269	259,402	118,078	4,112
		64.2%	18.0%	12.1%	5.5%	0.2%
4	434,792	307,802	32,153	13,754	78,312	2,771
		70.8%	7.4%	3.2%	18.0%	0.6%
5	325,047	225,213	23,868	12,709	60,328	2,929
		69.3%	7.3%	3.9%	18.6%	0.9%
6	1,853,854	1,175,460	265,188	293,889	115,535	3,782
		63.4%	14.3%	15.9%	6.2%	0.2%
7	545,761	339,272	96,402	66,390	41,991	1,706
		62.2%	17.7%	12.2%	7.7%	0.3%
8	387,627	259,909	58,646	19,960	47,492	1,620
		67.1%	15.1%	5.1%	12.3%	0.4%
9	689,862	476,751	101,504	52,139	57,339	2,129
		69.1%	14.7%	7.6%	8.3%	0.3%
10	298,494	212,067	36,198	17,165	30,936	2,128
		71.0%	12.1%	5.8%	10.4%	0.7%
11	457,406	303,046	45,937	18,112	80,947	9,364
		66.3%	10.0%	4.0%	17.7%	2.0%
12	221,968	159,092	21,931	13,796	26,240	909
		71.7%	9.9%	6.2%	11.8%	0.4%
13	236,572	161,168	32,741	22,814	19,406	443
		68.1%	13.8%	9.6%	8.2%	0.2%
State	8,157,575	5,420,910	1,151,599	819,101	731,652	34,313
		66.5%	14.1%	10.0%	9.0%	0.4%

Source: 2000 US Census

The homeownership rate for the State is 63.8 percent. The region with the lowest percentage of homeowners is Region 7 with 59.8 percent. The region with the highest percentage of homeowners is Region 4 with 73.8 percent.

Figure 3.98: Housing Units by Occupancy, 2000

Service Region	Total Tenure	Owner Occupied Number	Owner Occupied Percent	Renter Occupied Number	Renter Occupied Percent
1	288,175	191,161	66.3%	97,014	33.7%
2	206,388	142,603	69.1%	63,785	30.9%
3	2,004,826	1,220,939	60.9%	783,887	39.1%
4	380,468	280,896	73.8%	99,572	26.2%
5	275,233	201,971	73.4%	73,262	26.6%
6	1,702,792	1,037,371	60.9%	665,421	39.1%
7	510,555	305,294	59.8%	205,261	40.2%
8	344,575	210,882	61.2%	133,693	38.8%
9	636,796	414,009	65.0%	222,787	35.0%
10	256,428	171,319	66.8%	85,109	33.2%
11	378,275	267,716	70.8%	110,559	29.2%
12	189,582	132,956	70.1%	56,626	29.9%
13	219,261	139,842	63.8%	79,419	36.2%
State	7,393,354	4,716,959	63.8%	2,676,395	36.2%

Source: 2000 US Census

Information on the number of housing permits provides information on the regional housing industry. The regions with the highest share of the state's housing permits are also the most populous regions: 3 and 6. Across the state, there were nearly four times as many single family permits as multifamily permits.

Figure 3.99: Housing Permits, 2004

Service Region	Multifamily Housing Permits	Percent of State	Single Family Housing Permits	Percent of State	Total Housing Permits	Percent of State
1	2,657	6.68%	2,251	1.49%	4,908	2.57%
2	16	0.04%	717	0.47%	733	0.38%
3	8,608	21.63%	48,892	32.30%	57,500	30.08%
4	448	1.13%	1,668	1.10%	2,116	1.11%
5	112	0.28%	1,490	0.98%	1,602	0.84%
6	11,214	28.18%	45,536	30.08%	56,750	29.68%
7	4,000	10.05%	15,031	9.93%	19,031	9.95%
8	2,201	5.53%	4,376	2.89%	6,577	3.44%
9	4,905	12.33%	12,924	8.54%	17,829	9.33%
10	1,376	3.46%	2,363	1.56%	3,739	1.96%
11	3,700	9.30%	11,844	7.82%	15,544	8.13%
12	21	0.05%	782	0.52%	803	0.42%
13	535	1.34%	3,512	2.32%	4,047	2.12%
State	39,793	100.00%	151,386	100.00%	191,179	100.00%

Source: Real Estate Center at Texas A&M University

NEED INDICATORS

Figure 3.86 shows the number of renter households with cost burden greater than 30 percent by income group. The highest numbers of very low income households with extreme cost burden are found in Region 3 with a total of 206,011 households and Region 6 with 168,355 households.

Figure 3.100: Number of Renter Households with Extreme Cost Burden by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	29,555	14,026	9,256	5,092	636	545
2	16,557	7,546	5,753	2,699	263	296
3	206,011	78,911	67,156	48,746	5,773	5,425
4	27,100	12,500	9,142	4,443	606	409
5	21,116	10,733	6,894	2,890	254	345
6	168,355	71,699	55,967	31,103	4,751	4,835
7	68,118	27,648	21,497	15,700	1,808	1,465
8	42,797	20,028	12,657	8,285	1,123	704
9	62,012	24,095	19,495	14,458	1,834	2,130
10	23,006	9,258	7,433	4,896	744	675
11	25,023	13,381	7,343	3,335	0	964
12	14,243	6,874	4,782	2,151	223	213
13	22,151	8,941	7,159	4,652	270	1,129
State	726,044	305,640	234,534	148,450	18,285	19,135

Source: CHAS Database

The number of rental units lacking complete plumbing and/or kitchen facilities is one of the indicators of housing need that does not follow the pattern of population. Regions 3 and 6 have the highest number of units lacking facilities and are also the regions with the highest number of renter households. Region 11, however, is ranked sixth in terms of renter population and third in number of renter units lacking kitchen and/or plumbing facilities.

Figure 3.101: Number of Renter Units Lacking Kitchen and/or Plumbing by Affordability Category, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,638	553	322	301	88
2	968	330	161	237	71
3	10,144	2,968	2,087	2,247	675
4	2,108	724	425	363	135
5	1,460	549	300	270	76
6	9,614	3,228	1,892	2,034	492
7	2,869	1,170	562	565	185
8	1,831	601	354	355	92
9	3,284	1,137	484	751	241
10	1,497	513	234	355	62
11	4,751	2,474	1,099	636	0
12	1,103	355	253	204	24
13	1,679	470	539	297	24
State	42,946	15,072	8,712	8,615	2,165

Source: CHAS Database

Figure 3.89 shows the number of overcrowded owner households by income group. Regions 3 and 6, the most populous regions in the state, have the highest number of overcrowded households. Region 11, sixth in population, ranks third in number of overcrowded renter households.

Figure 3.102: Number of Overcrowded Renter Households by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,294	2,037	2,029	2,602	639	1,987
2	3,906	867	694	1,181	283	881
3	114,914	26,062	25,691	30,470	9,536	23,155
4	8,851	1,951	1,688	2,215	874	2,123
5	6,868	1,988	1,246	1,477	534	1,623
6	117,586	29,482	27,886	30,141	8,837	21,240
7	22,581	5,433	5,070	5,645	1,895	4,538
8	12,409	2,903	2,232	3,502	1,089	2,683
9	28,877	7,296	6,160	7,359	2,039	6,023
10	10,429	3,082	2,112	2,289	643	2,303
11	31,457	11,542	7,321	6,233	0	6,361
12	5,372	1,392	983	1,364	566	1,067
13	15,170	4,214	3,728	3,575	511	3,142
State	387,714	98,249	86,840	98,053	27,446	77,126

Source: CHAS Database

Figure 3.103 shows the number of owner households with housing cost burden of over 30 percent of income. Regions 3 and 6, the most populous regions, have the highest number of very low income households with extreme cost burden.

Figure 3.103: Number of Owner Households with Extreme Housing Cost Burden by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	28,912	8,542	7,021	6,944	1,748	4,657
2	22,471	6,744	5,894	4,902	1,555	3,376
3	216,038	50,064	41,410	55,310	19,764	49,490
4	49,419	15,358	11,379	11,530	3,628	7,524
5	32,849	11,845	7,609	7,044	1,990	4,361
6	173,411	44,640	34,996	42,008	13,606	38,161
7	56,638	11,452	10,018	16,282	6,004	12,882
8	36,129	9,754	7,763	9,069	3,088	6,455
9	71,630	17,316	14,240	17,201	6,436	16,437
10	28,552	8,706	6,387	6,181	1,854	5,424
11	43,599	15,558	10,747	8,961	63	8,270
12	20,719	6,228	5,142	4,727	1,407	3,215
13	26,451	6,254	5,872	7,268	1,120	5,937
State	806,818	212,461	168,478	197,427	62,263	166,189

Source: CHAS Database

Figure 3.104 shows the number of owner units that are lacking kitchen and/or plumbing facilities. Region 11, with the sixth highest number of owner households, has the highest number of physically inadequate owner housing units. Region 6, the second most populous region, has the second highest number of units lacking kitchen and/or plumbing facilities.

Figure 3.104: Number of Owner Units Lacking Kitchen and/or Plumbing, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,154	228	163	224	85
2	919	253	158	170	60
3	6,044	1,373	850	1,214	487
4	2,742	775	439	508	187
5	1,876	555	250	367	90
6	6,691	1,650	983	1,279	410
7	2,013	519	291	423	110
8	1,798	477	346	331	112
9	3,270	713	667	624	297
10	1,783	588	407	323	66
11	8,043	3,043	2,045	1,585	0
12	1,138	265	223	264	64
13	1,879	366	411	523	84
State	39,350	10,805	7,233	7,835	2,052

Source: CHAS Database

Figure 3.105 shows that Region 6 has the highest number of overcrowded owner households.

Figure 3.105: Number of Overcrowded Owner Households by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,245	897	1,223	2,399	966	3,760
2	4,325	411	558	1,159	443	1,754
3	57,504	5,876	9,070	16,460	6527	19,571
4	10,259	1,233	1,477	2,496	1116	3,937
5	8,491	925	970	1,991	949	3,656
6	66,212	7,391	10,243	18,303	7269	23,006
7	12,315	1,038	2,055	3,503	1459	4,260
8	8,900	741	1,055	2,293	942	3,869
9	25,439	2,644	4,107	6,555	3171	8,962
10	10,929	1,235	1,563	2,421	1000	4,710
11	48,736	8,375	9,672	12,299	20	18,370
12	7,320	752	1,186	2,243	605	2,534
13	13,918	1,296	2,037	3,263	707	6,615
State	283,593	32,814	45,216	75,385	25,174	105,004

Source: CHAS Database

The total number of households in poverty, elderly and non-elderly, is one of the need indicators for some of the Department's community service activities. Regions 3, 6, and 11 have the highest numbers of poverty households.

Figure 3.106: Number of Households in Poverty, 2000

Service Region	Number of Elderly Poverty Households	Percent of State's Elderly Poverty Households	Number of Non-Elderly Poverty Households	Percent of State's Non-Elderly Poverty Households	Total Number of Poverty Households	Percent of State's Poverty Households
1	8,897	4.6%	37,710	4.5%	46,607	4.5%
2	8,100	4.2%	23,414	2.8%	31,514	3.0%
3	32,129	16.6%	165,495	19.7%	197,624	19.1%
4	15,592	8.1%	43,499	5.2%	59,091	5.7%
5	11,148	5.8%	36,076	4.3%	47,224	4.6%
6	32,192	16.7%	179,586	21.4%	211,778	20.5%
7	6,601	3.4%	46,549	5.5%	53,150	5.1%
8	10,531	5.4%	47,640	5.7%	58,171	5.6%
9	17,887	9.3%	70,207	8.4%	88,094	8.5%
10	10,783	5.6%	34,422	4.1%	45,205	4.4%
11	23,614	12.2%	93,382	11.1%	116,996	11.3%
12	6,744	3.5%	24,217	2.9%	30,961	3.0%
13	9,083	4.7%	38,561	4.6%	47,644	4.6%
State	193,301	100.0%	840,758	100.0%	1,034,059	100.0%

Source: 2000 Census

ASSISTED HOUSING INVENTORY

The following table shows the number of multifamily units in the state financed through state and federal sources according to region. HFC units are not included in the total assisted units because this figure includes a considerable number of marker-rate units, and many HFC units are financed through TDHCA and already counted in the TDHCA units total. Please see the “Assisted Housing Inventory” under “State of Texas” for data explanations.

Figure 3.107: Assisted Multifamily Units

Region	TDHCA Units	HUD Units	PHA Units	Section 8 Vouchers	USDA Units	HFC units*	Total Assisted Units
1	4,218	2,076	1,562	3,987	1,612	1,577	13,455
2	2,753	1,655	3,904	2,921	1,925	280	13,158
3	55,393	10,834	8,725	39,149	4,076	19,944	118,177
4	5,182	3,381	3,422	6,090	3,872	1,160	21,947
5	4,556	4,296	3,241	7,992	1,371	1,171	21,456
6	46,254	13,076	5,795	19,713	3,484	37,116	88,322
7	15,315	2,889	3,522	8,053	1,461	8,076	31,240
8	5,356	2,683	3,273	5,424	2,804	304	19,540
9	13,847	5,321	7,321	14,859	971	21,974	42,319
10	3,968	3,811	3,976	3,804	1,619	968	17,178
11	7,400	3,695	7,223	13,071	2,003	204	33,392
12	2,926	1,792	1,183	3,039	687	24	9,627
13	3,598	1,863	6,284	5,842	298	378	17,885
State	170,766	57,372	59,431	133,944	26,183	93,176	447,696

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA ASSISTANCE FOR 2006

Based on allocation formulas, TDHCA can estimate the amount of 2006 funding that will be allocated to a region for certain programs. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally and thus are not included in these tables, though this funding may be expended in the region.

Regional figures are total dollars to be allocated, less administrative fees and program set-asides or initiatives that are not subject to the allocation formula. State totals may not be exact due to rounding.

For CSBG, the allocation formula does not allocate funding to the 13 Uniform State Service Regions specifically. Rather, the formula allocates funding to a statewide network of contractors with multicounty service areas, which may cross regional boundaries. The regional distribution estimate is based on a theoretical allocation of contractor funding based on each county's level of need relative to all the need in the contractor service area.

Projected FY 2006 CEAP and WAP figures are based on 2005 level funding by provider and then county.

Figure 3.108: Projected 2006 TDHCA Funding by Program by Region

Region	HOME	HTC	CSBG	ESGP	CEAP	WAP	Total Region Funding
1	$1,798,446	$2,026,482	$1,331,785	$191,053	$2,177,106	$822,537	$8,347,409
2	$1,228,643	$1,143,231	$953,238	$120,436	$1,535,305	$535,256	$5,516,109
3	$2,904,962	$7,064,721	$4,614,797	$913,183	$5,443,366	$1,918,077	$22,859,106
4	$3,555,755	$2,139,933	$1,435,311	$236,035	$2,137,870	$747,924	$10,252,828
5	$1,651,052	$1,521,318	$1,133,369	$187,183	$1,615,919	$568,942	$6,677,783
6	$1,823,443	$10,403,698	$5,286,198	$1,017,657	$5,673,525	$1,711,418	$25,915,939
7	$1,090,977	$3,285,943	$1,330,777	$224,910	$1,356,561	$506,715	$7,795,884
8	$1,343,077	$2,610,906	$1,323,391	$231,681	$1,844,233	$637,907	$7,991,195
9	$1,547,843	$2,502,878	$2,366,652	$414,511	$2,656,465	$862,783	$10,351,132
10	$2,085,896	$1,771,585	$1,339,992	$205,079	$1,828,528	$663,080	$7,894,160
11	$4,713,360	$5,209,862	$3,710,876	$706,653	$3,735,670	$1,371,503	$19,447,924
12	$1,567,553	$1,238,592	$1,199,511	$132,044	$1,576,586	$529,734	$6,244,020
13	$616,491	$2,080,851	$1,436,984	$256,349	$1,592,680	$600,603	$6,583,959
State	$25,927,500	$43,000,000	$27,462,881	$4,836,774	$33,173,814	$11,476,479	$145,877,448

SECTION 4: ACTION PLAN

In response to the housing needs identified in the previous section, this plan outlines TDHCA's course of action designed to meet those underserved housing needs. This section discusses the following:

- TDHCA Purpose
- Obstacles to Meeting Housing Needs
- General Strategies to Overcome Obstacles
- Policy Focuses
- Program Plans
- TDHCA Allocation Plans
- TDHCA Goals and Objectives

TDHCA PURPOSE

Section 2306.001 of TDHCA's enabling legislation states that the purpose of the Department is to

(1) assist local governments in:

(A) providing essential public services for their residents; and

(B) overcoming financial, social, and environmental problems;

(2) provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income;

(3) contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income;

(4) assist the governor and the legislature in coordinating federal and state programs affecting local government;

(5) inform state officials and the public of the needs of local government;

(6) serve as the lead agency for:

(A) addressing at the state level the problem of homelessness in this state;

(B) coordinating interagency efforts to address homelessness; and

(C) addressing at the state level and coordinating interagency efforts to address any problem associated with homelessness, including hunger, and

(7) serve as a source of information to the public regarding all affordable housing resources and community support services in the state.

OBSTACLES TO MEETING HOUSING NEEDS

LACK OF AFFORDABLE HOUSING

The most apparent obstacle to meeting underserved housing needs in Texas is a severe shortage of affordable housing stock. There is a corresponding shortage of funding sources to maintain and increase this housing stock. With few exceptions, every housing program administered by TDHCA receives far more applications than could be funded from available resources. This is evidence that there is significant interest on the part of both the nonprofit and for-profit sectors to produce the housing that is needed. To address this obstacle, TDHCA must develop strategies to foster and maintain affordable housing.

LACK OF ORGANIZATIONAL CAPACITY

While the evidence of interest in producing affordable housing is easily documented, the actual capacity of organizations to produce such housing is not as clear. A lack of organizational capacity, especially in the harder to reach areas of the state, might explain the hesitancy of smaller communities to attempt to address affordable housing issues. As the HOME Program focus is on non–participating jurisdictions/smaller rural areas, this is of particular concern to TDHCA.

LACK OF ORGANIZATIONAL OUTREACH

Another factor that goes hand in hand with lack of experience in developing affordable housing is the lack of knowledge of available resources to address a community's needs. There are both public and private resources available throughout the State that can be layered and leveraged to help stretch local funding. Unfortunately, many communities are not aware of these options or do not know how to successfully obtain them. This lack of knowledge, and in some cases communication, proves to be a barrier to the potential development of affordable housing.

LOCAL OPPOSITION TO AFFORDABLE HOUSING

It is a common perception that affordable housing helps contribute to overcrowded schools, increased crime rates, traffic congestion, and general neighborhood deterioration that will lower the surrounding property values. As a result, developments requesting funding from TDHCA can experience significant opposition. TDHCA continues to work to educate the general public on affordable housing issues and encourages developers to interact directly with neighborhood organizations throughout the application process. This educational process is done with such tools as the public hearing process, TDHCA's website and publications, and the application scoring criteria for rental development funding.

REGULATORY BARRIERS TO AFFORDABLE HOUSING

The following issues can be barriers to the provision of affordable housing.

- *Zoning provisions*: Because municipalities have zoning authority, they are in the position to shape the type and direction of growth within their boundaries. Ordinances may be passed to encourage affordable housing through measures such as lowering minimum lot sizes, decreasing building set-back requirements, and lowering minimum square footages of homes. However, they can also pass ordinances that drive land and construction costs up to the point that affordable housing cannot be built. Unfortunately, the attitudes of municipalities can be influenced by attitudes of fear and distrust with regard to affordable housing. Neighborhood groups often oppose affordable housing developments because of concerns that they will drive down property values, increase crime, and put a strain on local resources including schools and roads.

- *Deed restrictions*: Property owners may place a variety of deed restrictions on the development of property. Common deed restrictions include minimum square footage requirements, the type of construction and materials that must be used, and requirements for other amenities such as stone fences, landscaping, etc. They are primarily used to protect property values in a neighborhood by ensuring that certain minimum standards are met. Deed restrictions may be placed on properties through various means including neighborhood associations or property owners before the sale, subdivision, or development of an individual's own property.
- *Impact fees and development fees*: In the mid 1980s, many Texas cities experienced rapid growth. As a consequence, cities encountered difficulties in meeting the demand for city services and infrastructure. To address this problem, legislation authorizing impact fees was passed during the 1987 legislative session. As a condition of permit approval, the legislation authorized the assessment of fees to pay for infrastructure costs. The impact fee bill validated municipal impact fees, specified the type of projects for which the fees could be charged, required municipalities to account for impact fees that were collected, and allowed for public input into the process.
- *Restrictions on affordable housing options*: Construction options have increased over the last 10 years with the advent of new materials and housing options such as manufactured housing. Many of these alternatives could have a positive impact on the availability of affordable housing. Currently many of these options are viewed with distrust or are not well known by the general public. With regard to alternative building materials, the effectiveness of these new materials may be able to lower the cost of construction without sacrificing quality, but some municipalities may view them with suspicion. Ultimately, municipalities will have to review the appropriateness of allowing these less-expensive materials to be used in affordable housing. While these homes are finding their way into the main stream of the housing market, many new owners find that they face code concerns and the fear of declining property values from their local governments.
- *Overlapping government authority over housing construction*: In some cases, more than one government entity has authority over a specific part of the building and development process. There are times when this overlapping causes delays and adds to the costs of construction.
- *Environmental regulations*: There are several state and federal regulations that have been passed to protect the environment. At the federal level, regulations include the Endangered Species Act, National Pollutant Discharge Elimination System, and Wetlands regulations. In Texas, rules to protect the environment are developed by the Texas Commission on Environmental Quality. These include rules for the installation of septic systems and for development over the Edwards Aquifer. The restrictions associated with the regulations can add to the cost of development.

AREA INCOME CHARACTERISTICS

Area incomes also affect the ability to meet local housing needs. Median incomes in rural areas fall far below those in urban. Currently the median income for all metropolitan statistical areas is $55,500 compared to $42,400 for non-metro households. Specifically, problems occur because program eligibility, rents, and home purchase prices are tied to the median income for these areas. Often times a developer will choose to locate new developments in larger metro areas where it is easier and more profitable to build—allowing them to charge more for either the sale of a single family home or rents on multifamily properties.

GENERAL STRATEGIES TO OVERCOME OBSTACLES

TDHCA is committed to exploring a variety of avenues to provide affordable housing and community services to assist those at the local level. TDHCA will continue to use the following general approaches to overcome obstacles to addressing housing need.

EFFECTIVE USE OF EXISTING RESOURCES

Programs administered by TDHCA provide housing and housing-related services, including community services. Housing activities consist of homebuyer assistance which includes down payment and closing costs, the rehabilitation of single family and multifamily units, rental assistance, the new construction of single family and multifamily housing, special needs housing, transitional housing, and emergency shelters. Housing-related and community services include energy assistance, weatherization assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and emergency assistance. Through these activities, the Department strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

PROVIDE INFORMATIONAL RESOURCES

It should be noted that TDHCA does not have regulatory authority over the housing/building industry, save projects funded with TDHCA funds and certain aspects of the manufactured housing industry. Additionally, as a governmental entity, the Department cannot lobby or attempt to influence the policies related to the governing of the State. However, TDHCA can act as an information resource to help identify or facilitate actions such as the following:

- Encourage localities to identify and address those regulations that lead to increased housing costs. For example, work through outreach efforts supported by convincing research to help local governments see the value in
  - setting aside undeveloped or underdeveloped land for affordable housing developments,
  - adopting zoning ordinances that do not discriminate against affordable housing,
  - reviewing local amendments to building codes and modify those that restrict the use of new advances in construction materials and techniques.
- Maintain a disability taskforce to work with TDHCA in developing policy with regards to issues related to persons with disabilities.
- Continue education programs such as the Texas Statewide Homebuyer Education Program, which provides lenders, homebuyer educators, and consumers information on serving traditionally underserved populations (e.g., persons with disabilities, lower income populations).
- Continue research on defining and eliminating or reducing both state and local policy barriers.
- Continue research on a variety of lending issues that affect the ability of households to purchase, maintain, and remain in their homes. A significant portion of this effort will be relate to a study required by HB 1582 of the 79th Legislature. This bill requires TDHCA to study mortgage foreclosure rates in Bexar, Cameron, Dallas, El Paso, Harris, and Travis Counties and to establish an advisory committee to direct the focus of the study. The advisory committee will address the extent to which the terms of mortgages are related to the foreclosure rate and whether terms could be offered to reduce the likelihood of foreclosure; the socioeconomic and geographic

elements characterizing foreclosures; the securitization of mortgages in the secondary market and its effect on foreclosures; consumer education efforts to prevent foreclosures; and recommendations to reduce foreclosures.

- Provide education and outreach to mitigate public opposition to affordable housing. TDHCA has developed a page on its website to provide interested persons with existing research on affordable housing issues that may be of concern.

COORDINATE RESOURCES

Understanding that no single entity can address the enormous needs of the state of Texas, TDHCA supports the formation of partnerships in the provision of housing and housing-related endeavors. The Department works with many housing partners including consumer groups, community-based organizations, neighborhood associations, community development corporations, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies.

There are many benefits to these partnerships: risk and commitment are shared; the principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems, therefore local communities play an active role in tailoring the project to their needs; partners are able to concentrate specifically on their area of expertise; and a greater variety of resources insure a well targeted more affordable product.

Coordination with Federal Agencies

Because the State receives the majority of its funding from federal sources, many TDHCA programs require coordination with federal agencies. Below is a listing of those federal agencies and an overview of the activities associated with these partnerships:

- *US Department of Housing and Urban Development*: TDHCA administers the HOME, ESGP, and Section 8 programs, as well as regulates the manufactured housing industry, for HUD. The state agencies have established cooperative efforts with HUD's personnel in their field offices and with the Secretary's representative. This cooperation has led to the joint marketing of housing programs through conferences and workshops throughout the state, a mutual referral system, as well as technical assistance service by which each agency assists the other with workshops and other training efforts. Currently, HUD staff uses several TDHCA documents as their text on available housing resources and distribute these materials to the local governments and organizations they are serving.
- *US Treasury Department*: TDHCA administers the HTC Program, which was created by the Tax Reform act of 1986 (Section 42 of the Internal Revenue Code of 1986, as amended, is the federal law that governs the HTC Program). The HTC Program produces over 12,000 units of affordable housing each year. Additionally, TDHCA acts as an issuer of tax-exempt and taxable mortgage revenue bonds. The authority for these bonds comes again from the above cited act. Annually, single family bonds are used to provide below-market interest rate loans and multifamily bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties.

- *US Department of Health and Human Services*: The Department administers several programs funded by HHS that are aimed at serving extremely low income persons; specifically, the Community Services Block Grant Program, the Community Food and Nutrition Program, Comprehensive Energy Assistance Program, and the Weatherization Assistance Program.
- *US Department of Energy*: TDHCA administers the US Department of Energy's Weatherization Assistance Program for Low Income Persons. This program helps consumers control energy costs through the installation of weatherization measures and provides energy conservation education.
- *USDA Rural Development*: As a provider of services to rural Texas communities, TDHCA has an ongoing relationship with USDA Rural Development. Collaborations have been achieved through several TDHCA programs (HTC, HTF, HOME) in the form of multifamily developments and single family homeownership initiatives.

Coordination with State Agencies, Local Governments, and Other Parties

TDHCA's chief function is to distribute program funds to local conduit providers that include units of local government, nonprofit and for profit organizations, community-based organizations, private sector organizations, real estate developers, and local lenders. Because the agencies do not fund individuals directly, coordination with outside entities is key to the success of its programs. Below are some examples of organizational cooperation outside of the funding of these entities.

- *Office of Rural Community Affairs (ORCA)*: TDHCA and ORCA have entered into an interagency contract to jointly administer the rural regional allocation of the HTC Program. TDHCA and ORCA jointly provide outreach and training to promote rural area capacity building, develop threshold requirements and scoring criteria for the rural applications, and score the applications. ORCA also participates in the site inspection of rural developments proposed under the rural allocation. TDHCA and ORCA coordinate services with each of the seven Colonia Self-Help Centers (in Cameron/Willacy, El Paso, Hidalgo, Maverick, Starr, Val Verde, and Webb counties) to provide housing and technical assistance to improve the quality of life for colonia residents beyond the provision of basic infrastructure. The contracts are executed directly with the county where the center is located.
- *Texas Homeless Network*: TDHCA collaborates with the Texas Homeless Network (THN) to build the capacity of homeless coalitions across the State of Texas, enabling them to become more effective in the communities they serve. The Department also provided funds through THN to support technical assistance workshops for the HUD Continuum of Care homeless application. The purpose of the workshops was to assist communities in creating a network of services to the homeless population.
- *Texas Interagency Council for the Homeless*: TDHCA serves as a member of, and provides administrative support to, the Texas Interagency Council for the Homeless—a council comprised of six member state agencies.
- *Texas Association of Realtors:* In December 2004, the Department entered into a partnership with the Texas Association of Realtors and Fannie Mae to develop an educational outreach campaign to help first time homebuyers access low-cost mortgage financing.
- *Texas Home of Your Own Coalition:* TDHCA has partnered with the Texas Home of Your Own Coalition, which is a nonprofit organization that assists persons with disabilities purchase homes, to set aside HOME Homebuyer Assistance Program funds to support homeownership for persons with disabilities.

- *Texas Department of Aging and Disability Services:* TDHCA, in cooperation with the Texas Department of Aging and Disability Services, the Texas Health and Human Services Commission, and local public housing authorities, administers a housing voucher pilot program developed by the US Department of Housing and Urban Development (HUD), the US Department of Health and Human Services, and the Institute on Disability at the University of New Hampshire. "Project Access" helps low income persons with disabilities transition from nursing facilities into the community by providing access to affordable housing.
- *Promoting Independence Advisory Board*. The Department has been working with the Promoting Independence Advisory Board to address issues related to *Olmstead v. L. C.* The group is working on initiatives that will serve the needs of persons with disabilities who want housing options outside of institutional settings. TDHCA has been working with the following agencies: Texas Health and Human Services Commission, Texas Department of Aging and Disability Services, Texas Council for Developmental Disabilities, Texas Department of State Health Services, Texas Education Agency, and Texas Department of Protective and Regulatory Services.
- *NeighborWorks America*. TDHCA continues to contract with NeighborWorks America to facilitate the Texas Statewide Homebuyer Education Program (TSHEP) training. TSHEP also collaborates with several other partners including Texas State Affordable Housing Corporation, JP Morgan Chase, Fannie Mae, the Texas Home of Your Own Coalition, and Texas C-BAR to implement the trainings.
- *Texas State Affordable Housing Corporation (TSHAC):* TDHCA has entered into a memorandum of understanding with TSAHC to share data and information in the development of the State of Texas Low Income Housing Plan and Annual Report. TSAHC also manages the bank account for TSHEP.
- *Local Utility Companies*: Partnerships with financial commitments between the Weatherization Assistance Program and Southwestern Electric Power Company, Southwestern Public Service Company, Entergy, and El Paso Electric, provide energy conservation measures to very low and extremely low income utility customers.
- *Coalition of Texans with Disabilities*: TDHCA serves on the Texas PHA Project Advisory Committee with the Coalition of Texans with Disabilities, Texas Council for Developmental Disabilities, Advocacy Inc., and United Cerebral Palsy to oversee the three-year grant to provide training and technical assistance to public housing authorities. Activities of the grant are intended to result in a measurable increase in the number of integrated housing units available to persons with disabilities.
- *Texas Council for Developmental Disabilities*: TDHCA is a voting member of the Council, and serves on the Council's policy committee.
- *CHDO Capacity Building Project*: TDHCA has committed to understanding the needs of CHDOs to ensure the success of single family and multifamily developments funded by TDHCA. To that end, TDHCA partnered with Training and Development Associates' (TDA's) Community Building Investment (CBI) II Program. The CBI II Program, implemented by TDA, provides direct technical assistance, training, and/or operating grants (pass-through funds) to existing and potential CHDOs that were awarded funding under the program.

  TDHCA also commissioned a comprehensive plan to address technical assistance and capacity building needs of Texas CHDOs. Implementation of the plan will improve TDHCA's overall management and understanding of CHDOs, improve the capacity and performance of CHDOs, and establish effective systems to ensure long term quality housing production. The plan is primarily composed of two parts: (1) the provision of ongoing training and technical assistance to CHDOs and prospective CHDOs and (2) the recommended procedures needed to ensure the future capacity and success of Texas CHDOs.

FAIR HOUSING

The Texas Fair Housing Act of 1989 enables the State to remedy discriminatory public policies affecting housing affordability and access. The Act prohibits discrimination against individuals in their pursuit of homeownership or rental housing opportunities based on race, color, national origin, sex, religion, familial status, and physical or mental handicaps. Recent state activities or current objectives relating to fair housing are discussed below:

- Comply with the Texas Fair Housing Act in TDHCA administered programs.
- Coordinate fair housing efforts with the Texas Workforce Commission, Human Rights Division, which was created under the Texas Fair Housing Act to directly address public grievances related to fair housing.
- Section 8 Admittance Policy: In June 2000, TDHCA appointed a Section 8 Task Force and charged it to develop a policy for expanding housing opportunities for Section 8 voucher and certificate holders in TDHCA assisted properties. The policy adopted by the TDHCA Board is a follows:
    - Managers and owners of HTC properties are prohibited from having policies, practices, procedures and/or screening criteria which have the effect of excluding applicants because they have a Section 8 voucher or certificate.
    - The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
    - Any violation of program requirements relative to this policy will also impact the Owner's ability to participate in future TDHCA programs.

POLICY PRIORITIES

This section describes policies TDHCA will use to address specific types of housing need in each uniform state service region, including meeting the underserved needs of extremely low income households, the homeless, persons with disabilities, and other special needs populations. This section also discusses rural needs, energy efficiency, and lead-based paint. Because of the unique challenges associated with the housing needs of these varying populations, a considerable level of planning and consumer-need-based focus is required.

EXTREMELY LOW INCOME INDIVIDUALS AND HOUSEHOLDS

While one of the Department's charges is to serve the State's populations from extremely low income to moderate income, funding priority is given to those populations that are most in need of services: low, very low, and extremely low income individuals and households. Additionally, the Texas Legislature, through Rider 4, specifically calls upon TDHCA to focus funding toward individuals and families that are earning less than 60 percent of the area median family income. Rider 4 directs TDHCA to apply $30,000,000 annually towards assisting extremely low income households; and no less than 20 percent of the Department's total housing funds towards assisting very low income households. TDHCA works to meet these goals, by providing HOME and HTC scoring incentives for applicants to set aside units for very low and extremely low income households.

The data presented in the Housing Analysis section of this report shows that households with lower incomes have higher incidences of housing problems. There are minimal differences between the incidences of housing problems between the two lowest income groups (0-30 percent and 31-50 percent of median income). While incidences of housing problems for these two groups are significantly higher than those of the other low income group, households with incomes at 51-80 percent of median income have significant needs as well. Therefore, households at 0-80 percent of median income have been given higher priority than households above 80 percent of median income. This prioritization will allow the State to target resources to those households most in need, regardless of household type.

Poverty

According to the 2000 US Census, Texas has the ninth highest poverty rate among the states: 15.4 percent compared to the national rate of 12.4 percent. The US Census defines the 2004 poverty threshold as $19,157 in income for a family of four with two members under 18 years of age, and many poor families make substantially less than this. Poverty can be self-perpetuating, creating barriers to education, health, and the financial stability provided by homeownership.

Those groups showing the largest growth in proportion of population, the young and minority populations, continue to be overrepresented in the Texas poverty population. According to the 2000 US Census, 38 percent of the poverty population is between the ages of 0-17. Hispanics make up 41 percent of Texas children under the age of 18, but 62 percent of all poor children. African American children account for 12.5 percent of Texas children, but 18 percent of all poor children.

TDHCA recognizes that unemployment, the high cost of home energy, and lack of education are significant factors in the high rate of poverty.

TDHCA has an important role in addressing Texas poverty. The Department seeks to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means (1) trying to provide long-term solutions to the problems facing people in poverty and (2) targeting resources to those with the greatest need. The Department provides low income persons with energy, emergency, and housing assistance to meet the basic necessities.

Public assistance and social service programs have shifted their focus over the last 20 years. The emphasis centers on reducing dependency and increasing self-sufficiency. Assisted housing can no longer have a pure income maintenance orientation. In light of this new emphasis, housing resources that address poverty need to emphasize self-sufficiency. The self-sufficiency approach provides incentives for assisted housing residents that are willing to undertake a set of activities intended to lessen dependency. These activities should be tailored to meet the needs and capabilities of each individual household and can be provided through the housing deliverer or through human service providers.

Experience has shown that segregating low income persons in an insulated community perpetuates the cycle of poverty and often creates slums. A second anti-poverty theme centers on mobility--insuring that residents of assisted housing have access to jobs, schooling, public safety, and role models. Rental assistance combined with counseling and support services can be used to increase mobility. Scattered site production can also be used to encourage mixed income housing. TDHCA provides tenant-based rental assistance options through two of its programs, namely, HOME and Section 8.

An asset development approach to addressing poverty emphasizes the use of public assistance to facilitate long-term investments rather than incremental increases in income. In housing, this can mean gaining equity through homeownership. Several of TDHCA programs introduce the option of homeownership to lower income populations: the HOME Program offers down payment assistance and closing cost assistance, and the Single Family Bond Program offers below-market-rate loans.

Programs administered through TDHCA's Office of Colonia Initiatives (OCI) can be instrumental in creating self sufficiency in the colonias. OCI coordinates programs that improve the living conditions of the state's colonias. The Texas Bootstrap Loan program provides loans for self-help housing initiatives; The Contract for Deed Conversion Initiative facilitates homeownership by converting contracts for deed into traditional mortgages; and the Colonia Self-Help Centers provide outreach, education, and technical assistance to colonia residents.

Homeless Populations

The Stewart B. McKinney Homeless Assistance Act of 1987, the legislation that created a series of homeless assistance programs, defined the term "homeless." The following definition is used by the US Department of Housing and Urban Development (HUD) and all other federal agencies responsible for administering McKinney programs:

The term "homeless" or "homeless individual" includes

- an individual who lacks a fixed, regular, and adequate night time residence; or
- an individual who has a primary nighttime residency that is
  - a supervised publicly or privately-operated shelter designed to provide temporary living accommodations;
  - an institution that provides a temporary residence for individuals intended to be institutionalized; or
  - a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

The Texas Interagency Council for the Homeless estimates that approximately 200,000 people in Texas, or about 1 percent of the population, are homeless.[63] Based on this estimate, TDHCA estimates that, of 3,159,940 total people living in rural areas, 1 percent of the rural population, approximately 32,000, are homeless. The 2000 Census counted 28,377 individuals residing in noninstitutional group homes in Texas, which include shelters. In its special tabulation on emergency and transitional shelters in metropolitan areas, the Census counted 6,237 people.

As evidenced above, estimates of homeless populations vary widely. The migratory nature of the homeless population, the stigma associated with homelessness, and the fact that many homeless individuals lack basic documentation all contribute to the difficulty of making an accurate count. Most homeless counts are "point in time" estimates, which do not capture the revolving-door phenomenon of persons moving in and out of shelters over time. Furthermore, the homeless population can be classified into three categories: literally homeless, which describes those who have no permanent residence and stay in shelters or public places; marginally homeless, which includes those who live temporarily with other people and have no prospects for housing; and people at risk of homelessness. People at risk of homelessness generally have incomes below the poverty level, rely on utility and rental assistance, and may be unable to absorb unexpected events such as the loss of a job or serious illness.

Homeless Subpopulations

The following homeless subpopulations have special characteristics. Though these subpopulations may have different characteristics, the two main trends significant in the rise of homelessness can be connected to the increase in poverty (characterized by the decline in employment opportunities and public assistance programs) and a shortage of affordable housing.[64]

Homeless Families with Children

The number of homeless families with children has increased significantly over the past decade. A 2003 US Conference of Mayors survey of 25 American cities found that homeless families comprised 40 percent of the homeless population.[65] Approximately 90 percent of homeless families are homeless due

[63] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed August 30, 2005).
[64] National Coalition for the Homeless, *Why are People Homeless?* NCH Fact Sheet #1 (Washington, DC: National Coalition for the Homeless, September 2002) http://www.nationalhomeless.org/causes.html (accessed August 30, 2005).
[65] National Coalition for the Homeless, *Who is Homeless?* NCH Fact Sheet #3 (Washington DC: National Coalition for the Homeless, May 2004) http://www.nationalhomeless.org/who.html (accessed August 30, 2005).

to a crisis.[66] Many parents with young children cannot work because of a lack of affordable childcare, which hinders their ability to earn an income to pay for suitable housing.

Homeless Youth

An estimated 12 percent of the homeless population is aged 13 to 24.[67] Of this age group, approximately 40 percent has a history of sexual abuse, 46 percent report mental illness, 25 percent have problems with alcohol abuse, and 33 percent spent time in juvenile detention. Furthermore, 28 percent have been in foster care at least once. Due to the specific challenges faced by homeless youth, they may particularly benefit from the provision of essential services, including job training, education, and employment services.

Homeless Minorities

A 2003 US Conference of Mayors survey of 25 American cities found that 49 percent of the homeless population was African American, 35 percent was white, 13 percent was Hispanic, 2 percent was Native American, and 1 percent was Asian.[68] However, the ethnic makeup of the homeless population will vary by geographic area.

Homeless in Rural Areas

TDHCA estimates that 1 percent of the rural population is homeless, or 32,000. Rural areas typically have fewer jobs and shelters than urban areas, which makes it especially difficult for homeless persons. The National Council for the Homeless reports that homeless persons in rural areas are more likely to be white, and homeless farmworkers and Native Americans are also generally found in rural areas.[69] Migrant farmworkers, because of their mobile lifestyle, extremely low incomes, and lack of affordable housing, are at a high risk for homelessness.

Homeless Victims of Domestic Violence

Battered women who live in poverty are often forced to choose between staying in abusive relationships or homelessness. According to the NCH, half of women with children experiencing homelessness left their last place of residence because of domestic violence.[70]

In 2003, there were 185,299 reported family violence incidents in Texas.[71] Furthermore, according to a TCFV statewide poll, 47 percent of all Texans report having experienced some form of domestic violence. In fiscal year 2003, the Family Violence Program provided emergency shelter to 29,733 adults and children and nonresidential services to 49,153 adults and children.[72]

---

[66] Texas Homeless Network, "Finding the Way Home: Preventing and Reducing Homelessness in Texas," http://www.utdanacenter.org/theo/pdffiles/RP2_FindWayHome_Sept03.pdf (accessed August 30, 2005).
[67] Texas Homeless Network, "Finding the Way Home."
[68] National Coalition for the Homeless, *Who is Homeless?*
[69] National Coalition for the Homeless, *Who is Homeless?*
[70] National Coalition for the Homeless, *Who is Homeless?*
[71] Texas Council on Family Violence, "Abuse in Texas," http://www.tcfv.org/abuse_in_texas.htm (accessed August 30, 2005).
[72] Texas Department of Human Services, *2003 Annual Report* (Austin, TX: Texas Department of Human Services), 31, http://www.dhs.state.tx.us/publications/AnnualReport/2003/AR2003.pdf (accessed August 30, 2005).

Homeless Persons with Mental Illnesses and Disabilities

According to the Texas Interagency Council for the Homeless, approximately 25 percent of homeless individuals suffer from a serious mental illness, and more than 65,000 persons with disabilities did not have a predictable means of shelter in 1999.[73] The general lack of affordable housing and the poverty of this population make it difficult for homeless persons with mental illness to access social service programs and leaves them highly susceptible to homelessness.

Homeless Elderly Persons

According to 2000 Census data, of those below the poverty level in Texas, an estimated 13.1 percent are age 65 and over. As a group, this makes the elderly the poorest of all Texans. Approximately 6 percent of persons aged 55 to 64 were homeless in 2004.[74]

Homeless Veterans

According to the Department of Veteran's Affairs[75] approximately, on any given day, as many as 250,000 veterans are living in shelters or on the street. Of the veterans who are homeless, approximately 56 percent are African American or Hispanic, 45 percent suffer from mental illness, and 70 percent suffer from alcohol or drug abuse problems.

Chronically Homeless Persons

According to the Texas Homeless Network, 27 percent of single homeless adults are chronically homeless, meaning that these persons have been homeless for an average of four years.[76] Furthermore, these persons have high rates of alcohol or drug abuse and mental illness.

Homeless Persons with HIV/AIDS

The NCH estimates that 3 to 20 percent homeless people are HIV positive.[77] People with HIV/AIDS may lose their jobs because of discrimination or have high health care costs, leading to homelessness. This population may require supportive health services or community care programs in addition to housing assistance.

Homeless Persons with Chronic Substance Abuse

The US Conference of Mayors survey reports that 30 percent of homeless persons has an addiction disorder.[78] The Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services, reports that, of adult clients admitted to TCADA-funded programs in 2004, 11 percent were homeless.[79] Homeless persons with substance abuse problems may require supportive services.

---

[73] Texas Interagency Council for the Homeless, "Key Facts."
[74] National Coalition for the Homeless, *Who is Homeless?*
[75] US Department of Veterans Affairs, "Overview of Homelessness," (May 2004) http://www1.va.gov/homeless/page.cfm?pg=1 (accessed August 30, 3005).
[76] Texas Homeless Network, "Finding the Way Home."
[77] Coalition for the Homeless, *HIV/AIDS and Homelessness* NCH Fact Sheet #9 (Washington DC: National Coalition for the Homeless, April 1999) http://www.nationalhomeless.org/hivaids.html (accessed August 30, 2005).
[78] National Coalition for the Homeless, *Who is Homeless?*
[79] Texas Commission on Alcohol and Drug Abuse, "Texas Statewide Totals," http://www.tcada.state.tx.us/research/statistics/statetotals.shtml (accessed August 30, 2005).

Homeless Needs

The "continuum of care" approach to fighting homelessness is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying unmet physical, economic, and social needs. A comprehensive system of services as well as permanent housing is needed to help homeless individuals and families reach independence using a combination of emergency shelters, transitional housing, social services, and permanent housing. The continuum of care system begins with outreach, intake, and assessment. It is followed by safe emergency shelter and/or transitional housing that provides a variety of services including job training, educational services, substance abuse services, mental health services, and family support. Ultimately, the goal is to assist the family or individual achieve permanent housing.

Homeless Goals

The following Strategic Plan goals and associated proposed accomplishments are aimed at reaching the homeless populations. Refer to the Annual Report section of this document for 2005 performance on reaching these objectives, and the "Strategic Plan Goals" in this section for more information on 2006 goals. Refer to the "Program Statements" in this section for more information on the Emergency Shelter Grants Program, which is TDHCA's main homelessness assistance program, and other related programs.

GOAL 3: TDHCA WILL IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.

3.1 Strategy: Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

3.2 Strategy: Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy related emergencies.

TDHCA Program Strategies for Meeting Homeless Needs

In order to meet the needs of homeless populations and meet the goals outlined above, TDHCA has developed the following strategies.

Texas Interagency Council for the Homeless

The Texas Interagency Council for the Homeless (TICH) was created in 1989 to coordinate the State's homeless resources and services. TICH consists of representatives from all state agencies that serve the homeless. The council receives no funding and has no full-time staff, but receives clerical and advisory support from TDHCA. The council holds public hearings in various parts of the state to gather information useful to its members in administering programs. In addition, the Texas Homeless Network, a nonprofit organization, fulfills many of the council's statutory duties through a contract with TDHCA.

The Council's major functions include

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among separate providers and appropriate authorities;
- providing technical assistance to TDHCA in assessing the need for housing for people with special needs;
- developing, in coordination with TDHCA and the Health and Human Services Commission, a strategic plan to address the needs of the homeless;
- maintaining a central resource and information center for the homeless.

TICH has developed a 10-year state action plan to end chronic homelessness in Texas. A team of 10 TICH members attended the Federal Policy Academy on Improving Access to Mainstream Services for People Experiencing Chronic Homelessness in Chicago, Illinois, in May 2003. A result of their participation was that TICH developed a 10-year plan to end chronic homelessness and then conducted six public hearings in March 2004 to receive testimony on the plan. The public hearings were held at the request of the Office of the Governor and were intended to further the implementation of the state action plan on homelessness. The plan was developed as part of Texas's participation in the federal policy academy to improve access to mainstream services for people who are homeless, including people with serious mental health or substance abuse problems. The federal policy academies are led by the US Department of Health and Human Services, the US Department of Urban Development, and the US Department of Veterans Affairs.

The Three Priorities and the Strategies of the State Action Plan to End Chronic Homelessness are as follows:

Priority One: Increasing the Public and Political Investment

Strategy 1.1	Improve data
Strategy 1.2	Increase capacity of local homeless coalitions
Strategy 1.3	Host public forums for state plan to end chronic homelessness

Priority Two: Prevent Chronic Homelessness

Strategy 2.1	Identify common risk factors and definitions regarding persons at risk of chronic homelessness
Strategy 2.2	Develop model discharge coordination plan for persons at-risk of chronic homelessness
Strategy 2.3	Coordinate discharge-planning efforts
Strategy 2.4	Develop a prevention strategy aimed at persons at risk of homelessness, currently homeless persons, and their providers that focus on education, awareness, and anti-stigma strategy

Priority Three: Develop, Expand, and Support Evidence-Based Service Interventions

Strategy 3.1	"Set-aside" resources for ending chronic homelessness
Strategy 3.2	Increase prioritization and targeting of persons experiencing chronic homelessness within mainstream services
Strategy 3.3	Advocate for a uniform eligibility process
Strategy 3.4	Increase and improve linkages between housing and services

Information on TICH and the 10-Year Plan to End Chronic Homelessness can be found at http://www.tich.state.tx.us.

Emergency Shelter Grants Program

Through the Emergency Shelter Grants Program (ESGP), TDHCA funds organizations that provide shelter and related services for homeless persons, as well as intervention services to persons threatened with homelessness. Activities include renovating buildings for use as shelters; medical and psychological counseling; assistance in obtaining permanent housing; and homeless prevention services, such as rent and utility assistance. For 2006, TDHCA anticipates that it will receive $5,154,498.in funding to address homelessness, and disperses those funds according to a regional allocation formula based on the poverty percentage of each uniform state service region. Demonstrating the need for homeless shelter and services, for the 2005 ESGP application cycle, the Department received 138 applications and was able to fund only 76.

Community Services Block Grant Program

TDHCA provides administrative support funds to community action agencies (CAAs) that offer emergency and poverty-related programs to lower income persons. CAA services include child care, health and human services, job training, migrant farmworker assistance, nutrition services, and emergency assistance. These services can be instrumental in preventing homelessness in the lowest income populations.

HTC Program

The HTC Program (HTC) is a multifamily program that encourages the development of affordable multifamily housing. In addition to the construction, acquisition, and/or rehabilitation of new, existing, at-risk, and rural housing, this program can also be used to develop transition housing. TDHCA gives scoring preferences for this purpose.

Persons with Disabilities

According to the US Department of Housing and Urban Development, 24 CFR 582.5:

> A person shall be considered to have a disability if such a person has a physical, mental, or emotional impairment that
>
> - is expected to be of long-continued and indefinite duration,
> - substantially impedes his or her ability to live independently,
> - is of such a nature that the ability could be improved by more suitable housing conditions.

According to the 2000 US Census, there are approximately 3,605,542 disabled, civilian, non-institutionalized persons over the age of five (or approximately 19 percent of total population) in Texas. Of this figure, 663,300 have a sensory disability (severe vision or hearing impairment), 1,428,580 have a physical disability (condition that substantially limits a physical activity such as walking or carrying), 816,185 have a mental disability (learning or remembering impairment), 487,120 have a self-care disability (dressing, bathing, or getting around inside the home), 1,359,848 have a “going outside the home disability,” and 1,651,821 have an employment disability.

Needs of Persons with Disabilities

Housing opportunities for people with disabilities may be complicated by low incomes. The 2000 census estimates that 553,934 disabled individuals over age five live below the poverty level in Texas. Many people with disabilities may be unable to work, and receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits as their principal source of income. According to *Priced Out in 2002*, an SSI recipient would have to pay an average of 98.3 percent (or $536) of his or her $545 monthly payment to rent a one-bedroom apartment in Texas.[80] According to the HUD definition of affordability that estimates that a household should pay no more than 30 percent of its income on housing expenses, an SSI recipient can afford a monthly rent of no more than $164.

The *Olmstead* Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the Americans with Disabilities Act (ADA). Furthermore, the Fair Housing Act, Section 504 of the Rehabilitation Act, ADA, and Section 2306.514 of the Texas Government Code all provide mandates for accessible residential housing for persons with disabilities. A cost-effective and integrative approach is to promote “adaptive design” or “universal access” housing, which promotes basic, uniform standards in the design, construction, and alteration of structures that include accessibility or simple modification for disabled individuals. While an “adaptable” unit may not be fully accessible at time of occupancy, it can easily and inexpensively be modified to meet the needs of any resident. Another option is to equip homes with special features designed for persons with disabilities, including ramps, extra-wide doors and hallways, hand rails and grab bars, raised toilets, and special door levers.

There is a significant shortage of housing that is physically accessible to persons with disabilities and an even greater shortage of accessible housing that has multiple bedrooms. Many persons with disabilities require larger housing units because they live with family, roommates, or attendants. The lack of multi-bedroom housing furthers their segregation. Moreover, accessible housing is an urgent and present need for not only citizens who currently have disabilities, but for the aging population in the US, which will likely develop disabilities in the future. Accessible housing will become increasingly more important as the ability for self-care and mobility decreases with age.

Advocates for the elderly and persons with disabilities continue to stress that the primary goal of these populations is to live independently and remain in their own homes. Access to rehabilitation funds for single family housing—to perform minor physical modifications such as extra handrails, grab bars, wheelchair-accessible bathrooms, and ramps, thus making existing units livable and providing a cost-effective and consumer-driven alternative to institutionalization—was considered as a priority. Likewise, the availability of rental vouchers that provide options beyond institutional settings was found to be a high priority.

[80] Technical Assistance Collaborative Inc. and Consortium for Citizens with Disabilities Housing Task Force, *Priced Out in 2002*, by Ann O’Hara and Emily Cooper (Boston, MA: Technical Assistance Collaborative Inc., May 2003), 37, http://www.c-c-d.org/PO2002.pdf (accessed August 30, 2005).

Persons with Disabilities Goals

The following goals and associated proposed accomplishments are aimed at reaching persons with special needs, including persons with disabilities. Refer to the Annual Report section of this document for 2005 performance on reaching these objectives, and the "Strategic Plan Goals" in this section for more information on 2006 goals.

GOAL 9: TDHCA WILL WORK TO ADDRESS THE HOUSING NEEDS AND INCREASE THE AVAILABILITY OF AFFORDABLE AND ACCESSIBLE HOUSING FOR PERSONS WITH SPECIAL NEEDS THROUGH FUNDING, RESEARCH, AND POLICY DEVELOPMENT EFFORTS.

8.1 Strategy: Dedicate no less than 20 percent of the HOME project allocation for applicants that target persons with special needs.

8.2 Strategy: Dedicate no less than 5 percent of the Multifamily Bond Program units for persons with special needs.

8.3 Strategy: Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

8.4 Strategy: Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.

8.5 Strategy: Discourage the segregation of persons with special needs from the general public.

TDHCA Program Strategies for Meeting the Needs of Persons with Disabilities

In order to meet the needs of persons with disabilities and meet the goals outlined above, TDHCA has developed the following strategies.

Promoting Independence Advisory Board

With the advent of the *Olmstead* decision, the Health and Human Services Commission (HHSC) initiated the Promoting Independence Initiative and appointed the Promoting Independence Advisory Board, as directed by then-Governor George Bush's Executive Order GWB 99-2. The Promoting Independence Advisory Board (PIAB) assists the HHSC in creating the State's response to the *Olmstead* decision through the biannual Promoting Independence Plan. This plan highlights the State's efforts to assist those individuals desirous of community placement, appropriate for community placement as determined by the state's treatment professionals, and who do not constitute a fundamental alteration in the state's services, to live in the community. A representative from TDHCA has been a voting member of the PIAB since its inception.

Project Access

TDHCA has taken a leadership role in the provision of funding for rental assistance to address the housing needs of persons looking for community-based alternatives to institutionalization. In FY 2002, TDHCA received 35 rental vouchers to administer to the *Olmstead* population as part of a national pilot called "Project Access." As of December 2005, all vouchers have been issued, and 56 recipients through voucher recycling have made the transition from a nursing facility into their own homes.

Integrated Housing Rule

An issue of particular concern for advocates for persons with disabilities involved the Department's policies related to integrated housing. Integrated housing, as defined by SB 367 and passed by the 77th Texas Legislature, is "housing in which a person with a disability resides or may reside that is found in the community but that is not exclusively occupied by persons with disabilities and their care providers." The Department, with the assistance of the TDHCA Disability Advisory Committee, developed an integrated housing rule to address this concern. In November 2003, the TDHCA Board approved an Integrated Housing Rule for use by all Department housing programs, 10 TAC 1.15. Below is a synopsis of the rule:

- A housing development may not restrict occupancy solely to people with disabilities or people with disabilities in combination with other special needs populations.
    - Large housing developments (50 units or more) shall provide no more than 18 percent of the units of the development set aside exclusively for people with disabilities. The units must be dispersed throughout the development.
    - Small housing developments (less than 50 units) shall provide no more than 36 percent of the units of the development set aside exclusively for people with disabilities. These units must be dispersed throughout the development.
- Set-aside percentages outlined above refer only to the units that are to be solely restricted for persons with disabilities. This section does not prohibit a property from having a higher percentage of occupants that are disabled.
- Property owners may not market a housing development entirely, nor limit occupancy to, persons with disabilities.

Exceptions to the above rule include (1) scattered site development and tenant-based rental assistance is exempt from the requirements of this section; (2) transitional housing that is time-limited with a clear and convincing plan for permanent integrated housing upon exit from the transitional situation; (3) housing developments designed exclusively for the elderly: (4) housing developments designed for other special needs populations; and (5) Board waivers of this rule to further the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause.

HOME Program

Subject to qualified applications, a minimum of 5 percent of the annual HOME Program allocation will be allocated for applicants serving persons with disabilities. Additionally, the HOME Program has a goal of allocating 20 percent of funds to applications serving persons with special needs.

Since 2000, TDHCA has allocated HOME Program funds for the Texas Home of Your Own Program (HOYO), which provides assistance to help persons with disabilities purchase a home. HOYO provides homebuyer education, down payment and closing cost assistance, and architectural barrier removal. In program year 2006, TDHCA will allocate $500,000 to HOYO. These funds may be used statewide, including in participating jurisdictions.

HTC Program

HTC developments that are new construction must conform to Section 504 standards, which require that at least 5 percent of the development's units be accessible for persons with physical disabilities and at least 2 percent of the units be accessible for persons with hearing and visual impairments.

HTF Program

Rental developments funded with HTF resources must have a minimum of 5 percent of the units accessible for individuals with mobility impairments and an additional 2 percent of the units shall be accessible for individuals with hearing or vision impairments.

Multifamily Bond Program

The Multifamily Bond Program requires that owners make available for occupancy at least 5 percent of units for persons with special needs.

Comprehensive Energy Assistance Program

Priority for utility assistance through the Comprehensive Energy Assistance Program is given to the elderly, persons with disabilities, and families with young children; households with the highest energy costs in relation to income; and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

Weatherization Assistance Program

Like CEAP, priority for utility assistance through the Weatherization Assistance Program is given to the elderly, persons with disabilities, and families with young children; households with the highest energy costs in relation to income; and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

OTHER SPECIAL NEEDS POPULATIONS

In addition to the homeless, according to HUD, special needs populations include persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, and public housing residents. TDHCA also considers colonia residents and migrant farmworkers as special needs populations.

Elderly Populations

According to the 2000 US Census, 9.9 percent (approximately 2 million) of people in Texas are 65 years of age or older. The Texas Department on Aging (TDoA), now part of the Texas Department of Aging and Disability Services, estimates that by the year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas.[81] TDoA reports that females significantly outnumber males age 60 and over and, though the majority of elderly Texans live in urban areas, rural areas have a higher percentage of elderly relative to the local population.[82]

---

[81] Texas Department on Aging, Office of Aging Policy and Information, *Texas Demographics: Older Adults in Texas* (Austin, TX: Texas Department on Aging, April 2003), x, http://www.dads.state.tx.us/news_info/publications/studies/NewDemoProfileHi-Rez-4-03.pdf (accessed August 30, 2005).

[82] Texas Department on Aging, *Texas Demographics: Older Adults in Texas*, ix-x.

Nationwide, in 2002, the median income for individual elderly males was $19,436, elderly females was $11,406, and families headed by individuals 65 and over was $33,802.[83] According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas live below the poverty level. Low incomes in addition to rising healthcare costs may make housing unaffordable. Approximately 30 percent of all elderly households pay more than 30 percent of their income on housing, while 14 percent pay more than 50 percent of their income on housing.[84]

A 2000 American Association of Retired Persons study found that 90 percent of elderly persons expressed a desire to stay in their own homes as long as possible.[85] Of all elderly households, 80 percent own their own homes.[86] However, elderly homeowners generally live in older homes than the majority of the population; in 2001, the median year of construction for homes owned by elderly households was 1963.[87] Due to their age, homes owned by the elderly are often in need of repair, weatherization, and energy assistance.

Some elderly households may require in-house services such as medical treatment, meal preparation, or house cleaning. Community Care Services, administered by the Texas Department of Aging and Disability Services, provides services to meet the needs of elderly and disabled Texans avoiding premature nursing home placement, and proves to be more cost-effective than nursing home care. Statistics show that in fiscal year 2003, 65,202 nursing facility clients were assisted at an annual cost of $1,814,420,111, and 150,696 Community Care Services clients were at an annual cost of $1,332,477,707.[88] Though Medicaid covers nursing home care as well as assisted-living services, such assisted-living services are limited and waiting lists can be lengthy, which can prematurely place low income seniors in nursing home facilities.

Frail Elderly Persons

Frail elderly persons are defined as elderly persons who are unable to perform at least three activities of daily living. Activities of daily living include eating, dressing, bathing. According to the 2000 Census, 400,099 persons aged 65 to 74 (out of 1,131,163) have a disability as defined by the US Census, and 479,879 persons over the age of 75 (out of 835,109 total) have a disability as defined by the US Census. This population will require medical and social services; varying degrees of assistance are needed to maintain self-sufficiency and delay the need for nursing home care.

Alcohol and Drug Addiction

In 2001, the Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services, estimated that approximately 1.8 million, or 12 percent, of adults in Texas have an alcohol-related problem, another 227,000 have drug-related problems, and an additional 495,000 have

[83] US Department of Health and Human Services, Administration on Aging, *A Profile of Older Americans: 2003* (US Department of Health and Human Services), 10, http://www.aoa.dhhs.gov/prof/Statistics/profile/2003/2003profile.pdf (accessed August 30, 2005).
[84] US Department of Housing and Urban Development, *Housing Our Elders* (HUD, November 1999), 29, http://www.hud.gov/library/bookshelf18/pressrel/elderlyfull.pdf (accessed August 30, 2005).
[85] Texas Department on Aging, Office of Aging Policy and Information, *The State of Our State on Aging* (Austin, TX: Texas Department on Aging, December 2002), 19, http://www.dads.state.tx.us/news_info/publications/studies/SOSHighRez.pdf (accessed August 30, 2005).
[86] US Department of Health and Human Services, *A Profile on Older Americans: 2003*, 11.
[87] US Department of Health and Human Services, *A Profile on Older Americans*: 2003, 11.
[88] Texas Department of Human Services, *2003 Annual Report*, 103.

both alcohol and drug-related problems.[89] Of the 46,474 total admissions to TCADA-funded treatment programs during 2004, admitted individuals were most likely to be single males with an average age of 35, an average 12th grade education, and an average annual income of $5,715.[90] The population of persons with alcohol or other drug addiction is diverse and often overlaps with the mentally disabled or homeless populations.

Supportive housing programs needed for persons with alcohol and/or other drug addiction problems range from short-term, in-patient services to long-term, drug-free residential housing environments for recovering addicts. Better recovery results may be obtained by placing individuals in stable living environments.

Persons with HIV/AIDS

Human Immunodeficiency Virus, or HIV, is the virus that causes AIDS (Acquired Immunodeficiency Syndrome). HIV infects cells and attacks the immune system, which weakens the body and makes it especially susceptible to other infections and diseases. According to the Texas Department of Health, now the Texas Department of State Health Services (DSHS), as of December 2003, there were 48,368 reported persons living with HIV/AIDS in Texas.[91] The majority of these cases were located in Bexar, Dallas, Harris, Tarrant, and Travis Counties. Because of increased medical costs or the loss of the ability to work, people with HIV/AIDS may be at risk of losing their housing arrangements.

DSHS addresses the housing needs of AIDS patients through the Housing Opportunities for Persons with AIDS Program (HOPWA), which is a federal program funded by HUD. In Texas, HOPWA funds provide emergency housing assistance, which funds short-term rent, mortgage, and utility payments to prevent homelessness; and tenant-based rental assistance, which enables low income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing. In addition to the TDH statewide program, the cities of Austin, Dallas, Fort Worth, Houston, and San Antonio receive HOPWA funds directly from HUD.

Public Housing Residents

According to HUD, there are 61,127 units of public housing and 141,982 Section 8 Housing Choice Vouchers in Texas.[92]

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

---

[89] Texas Commission on Alcohol and Drug Abuse, *2000 Texas Survey of Substance Use Among Adults*, by Lynn Wallisch (Austin, TX: Texas Commission on Alcohol and Drug Abuse, July 2001), 29, http://www.tcada.state.tx.us/research/AdultHousehold.pdf (accessed August 30, 2005).

[90] Texas Commission on Alcohol and Drug Abuse, "Texas Statewide Totals," http://www.tcada.state.tx.us/research/statistics/statetotals.shtml (accessed August 30, 2005).

[91] Texas Department of Health, HIV/STD Epidemiology Division, Surveillance Branch, *Texas HIV/STD Surveillance Report: 2003 Annual Report* (Austin, TX: Texas Department of Health, December 2003), 1, http://www.tdh.state.tx.us/hivstd/stats/pdf/qr20034.pdf (accessed August 30, 2005).

[92] HUD, "Public Housing Agency (HA) Profiles" http://www.hud.gov/offices/pih/systems/pic/haprofiles/index.cfm (accessed October 30, 2004).

Over the past few years TDHCA has developed a strong relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials, which represent the public housing authorities of Texas. TDHCA has worked to promote programs that will repair substandard housing and develop additional affordable housing units. Specifically, the HTC Program gives scoring points to applications that are proposing rehabilitation and for which some of the financing of the development includes HOPE VI or HUD capital grant funds.

In 1999, TDHCA, as required by 24 CFR §903.15, started a certification process to ensure that the annual plans submitted by public housing authorities in an area without a consolidated plan are consistent with the State's *Consolidated Plan*.

In an effort to keep public housing residents aware of State programs that might affect them, TDHCA sends notice of public comment periods and hearings regarding the *State of Texas Low Income Housing Plan and Annual Report* and the *State of Texas Consolidated Plan* to all Texas PHAs. PHA staff are targeted by the Texas Statewide Homebuyer Education Program (TSHEP) for training to provide self-sufficiency tools for tenants.

TDHCA serves on the Project Advisory Committee with the Coalition of Texans with Disabilities, Texas Council for Developmental Disabilities, Advocacy Inc., and United Cerebral Palsy to oversee the three-year grant to provide training and technical assistance to PHAs. Activities of the grant are intended to result in a measurable increase in the number of integrated housing units available to persons with disabilities.

Colonia Residents

According to Section 2306.581 of the Texas Government Code:

> "Colonia" means a geographic area located in a county some part of which is within 150 miles of the international border of this state and that
>
> - has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or
> - has the physical and economic characteristics of a colonia, as determined by the department.

Texas A&M University estimates that the average median household income is between $7,000 and $11,000 for the 1,450 colonias that accommodate over 350,000 residents.[93] Colonia residents are generally unskilled, lack a formal education, and do not have stable employment. It is assumed that many residents work as day-to-day or farm laborers and the unemployment rate ranges from 20 to 60 percent.[94]

[93] Texas A&M University, Center for Housing and Urban Development, "Colonias in Texas," http://chud.tamu.edu (accessed August 3, 2004).
[94] Ninfa Moncada, "A Colonias Primer" (A briefing presented to the US Department of Housing and Urban Development, 2001), http://www.nationalmortgagenews.com/nmn/plus93.htm (accessed August 30, 2005).

According to 2000 US Census data, colonias have a 75 percent homeownership rate. Despite this rate, however, colonia homes are inadequate; 4.9 percent of colonia dwellings lack kitchen facilities and 5.3 percent lack plumbing facilities. It is estimated that 50 percent of colonia residents lack basic water and sewage systems: 51 percent use septic tanks, 36 percent use cesspools, 7 percent use outhouses, and 6 percent use other wastewater systems.[95] Some of these properties may have been purchased with contracts for deed, which are seller-financed transactions that do not transfer the title and ownership of the property to the buyer until the purchase price is paid in full.

Colonia residents have several needs that include increased affordable housing opportunities, such as down payment assistance and low-interest-rate loans, homeowner education, construction education and assistance, owner-occupied home repair, access to adequate infrastructure, and the conversion of remaining contracts for deed to conventional mortgages.

Migrant Farmworkers

According to the US Department of Health and Human Services *Migrant and Seasonal Farmworker Enumeration Profiles Study*, a seasonal farmworker describes an individual whose principal employment (at least 51 percent of time) is in agriculture on a seasonal basis and who has been so employed within the preceding twenty-four months; a migrant farmworker meets the same definition, but establishes temporary housing for purposes of employment.[96] The US Department of Health and Human Services estimates that there are 362,724 migrant and seasonal farm workers and families residing in Texas.[97] Of this population, 26 percent reside in Cameron, Hidalgo, and Starr Counties.

The National Agricultural Workers Survey, a national survey of 4,199 farmworkers conducted between 1997 and 1998, found that 61 percent lived below the poverty level.[98] The median annual income for individual workers was less than $7,500 and migrant families earned less than $10,000. Sixty percent of workers held only one farm job, which lasted only 24 weeks out of the year. Despite the short employment duration and low incomes, only 20 percent of workers received unemployment benefits and 10 percent received Medicaid or food stamps.

Farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and mobility. Many of the small, rural communities where migrant workers may seek employment do not have the rental units available for the seasonal influx. Overcrowding and substandard housing are significant housing problems for farmworkers.[99] In addition, migrant workers may not be able to afford security deposits, pass credit checks, or commit to long-term leases.

[95] Moncada, “A Colonias Primer.”
[96] US Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health Care, *Migrant and Seasonal Farmworker Enumeration Profiles Study: Texas*, by Alice Larson, Larson Assistance Services (Vashon Island, WA: Larson Assistance Services, September 2000), 2, http://bphc.hrsa.gov/migrant/Enumeration/final-tx.pdf (accessed August 30, 2005).
[97] US Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study,* 13–18.
[98] US Department of Labor, Office of the Assistance Secretary for Policy, and Aguirre International, *Findings from the National Agricultural Workers Survey (NAWS) 1997-1998: A Demographic and Employment Profile of United States Farmworkers,* by Kala Mehta et al. (Washington, DC: US Department of Labor, March 2000), vii, http://www.dol.gov/asp/programs/agworker/report_8.pdf (accessed August 30, 2005).
[99] Christopher Holden. “Monograph no. 8: Housing” in *Migrant Health Issues* (Buda, TX: National Center for Farmworker Health Inc., October 2001), 40, http://www.ncfh.org/docs/08%20-%20housing.pdf (accessed August 30, 2005).

In HB 1099, the 79th Texas Legislative Session transferred the license and inspection of migrant farmworker housing facilities from the Texas Health and Human Services Commission to TDHCA. Additionally, the bill directs TDHCA to complete a study on quantity, availability, need, and quality of migrant farm labor housing facilities in Texas. This study is due to the Legislature by September 2006.

RURAL NEEDS

As the migration of populations and industries continues to urban and suburban areas, the less-populous areas of the state are left with a dilapidated housing stock and households with lower incomes than their urban or suburban counterparts. According to HUD, the median income for Texas metropolitan areas is $55,500 compared to $42,400 for non-metropolitan areas.[100]

Due to the lower incomes and lack of access to resources (e.g., bonds, large tax base, and investment capital) in less-populous areas, TDHCA gives special consideration to lower income individuals and households residing in rural areas. This focus is considered in the development of Department programs and in the distribution of associated funds. In the event that funding cannot be limited to rural areas because of rule or financial feasibility reasons, scoring criteria or set-asides are added to the applications or program rules to encourage the participation of these areas.

The Department works closely with several rural-based affordable housing organizations, private lenders, nonprofits, and units of local government in order to give funding priority to non-PJ and rural areas. It requires more effort to spark affordable housing activity in rural areas as the number of organizations available to assist with these activities is significantly fewer. With this in mind, the Department has developed specific strategies to address the needs of the rural populations of the state, which include rural set-asides or special scoring criteria for housing program funds, prioritization of activities that are most needed in rural areas, increasing awareness of TDHCA programs in rural areas, and building the capacity of rural service providers.

The TDHCA HOME Program requires that 95 percent of funding be allocated to non-participating jurisdiction areas. Participating jurisdictions (PJs) are typically larger metropolitan cities and more populous counties designated by HUD to receive HOME Program funds directly from the federal government. Because these PJs receive HOME funding directly, TDHCA directs its HOME Program allocation to non-PJ areas of the state, which are more rural areas. The remaining 5 percent of HOME funds may be expended in a participating jurisdiction (PJ), but only if it funds a multifamily activity that serves persons with disabilities, unless otherwise approved by the Board.

Section 2306.111(d) of the Texas Government Code requires that the TDHCA Regional Allocation Formula consider rural and urban/exurban areas in its distribution of program funding. Because of this, allocations for the HTC and HOME programs in allocated by rural and urban/exurban areas within each region. For more information, see "TDHCA Allocation Formulas" in this section.

TDHCA and the Office of Rural Community Affairs (ORCA) jointly administer the HTC Program rural regional allocation. ORCA assists in developing all thresholds, scoring, and underwriting criteria for rural regional

[100] HUD, *FY 2005 HUD Income Limits Briefing Materials*, 26, http://www.huduser.org/datasets/il/il05/BRIEFING-MATERIALs.pdf (accessed August 30, 2005).

allocation, and must approve the criteria. It is anticipated that joint-implementation outreach, training, and rural area capacity building efforts will increase participation in the rural set-aside.

The TDHCA Section 8 Housing Choice Voucher Program specifically serves households in small cities and rural communities that are not served by similar local or regional housing voucher programs.

ENERGY EFFICIENCY

Energy and water costs are often the largest single housing expense after food and shelter for lower income families. Utility costs typically represent 13 to 44 percent of lower income annual gross incomes and can account for nearly one-fourth of total housing costs. Proper use of existing technologies and management practices can reduce these utility costs significantly at a relatively low initial cost, thereby greatly increasing housing affordability for low and moderate income families.

The Department encourages, in each uniform state service region, energy efficiency in the construction of affordable housing by offering training, workshops, conferences, and other opportunities to learn about energy efficiency construction, and by encouraging applicants for Department programs to consider energy efficiency in their developments.

HOME Program applicants are required to certify that the development will be equipped with energy-saving devices that meet the 2000 IECC, which is the standard statewide energy code adopted by the state energy conservation office, unless historic preservation codes permit otherwise for a development involving historic preservation. In addition, applicants may qualify for points for the use of energy efficient alternative construction materials, 14 SEER HVAC or evaporative coolers in dry climates for new construction or radiant barrier in the attic for rehabilitation, and Energy Star or equivalently rated kitchen appliances.

The HTC Program gives scoring points to applicants that incorporate energy efficient materials in the construction of affordable multifamily housing, including Energy Star kitchen appliances, R-15 wall and R-30 ceiling insulation, ceiling fixtures in all rooms, structurally insulated panels, and 14 SEER (seasonal energy efficiency ratio) cooling units.

The Weatherization Assistance Program allocates funding regionally, to help households in each region control energy costs through the installation on weatherization measures and energy conservation education. Weatherization services include the installation of storm windows, attic and wall insulation, and weather-stripping and sealing.

LEAD-BASED PAINT

The Consumer Product Safety Commission banned the use of lead-based paint in housing in 1978. According to the 2000 Census, there are 3,344,406 housing units in Texas that were built before 1979, many of which potentially contain lead-based paint. Of these homes, 2,764,745 are occupied by low income households and 579,661 are occupied by moderate income households. According to the National Safety Council, approximately 38 million US homes contain lead paint.[101]

The 1992 Community and Housing Development Act included Title X, a statute that represents a major change to existing lead-based paint regulations. HUD's final regulations for Title X (24. CFR.105) were published on September 15, 1999, and became effective September 15, 2000. Title X calls for a three pronged approach to target conditions that pose a hazard to households: (1) notification of occupants about the existence of hazards so they can take proper precautions, (2) identifications of lead-based paint hazards before a child can be poisoned and, (3) control of these lead-based paint hazards in order to limit exposure to residents. Title X mandated that HUD issue "The Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" to outline risk assessments, interim controls, and abatement of lead-based paint hazards in housing. Section 1018 required EPA and HUD to promulgate rules for disclosure of any known lead-based paint or hazards in target housing offered for sale or lease. These rules came into effect on March 6, 1996 in 40 CFR Part 745/24 CFR Part 35.

Pursuant to Section 1012 and 1013, HUD promulgated new regulations, "Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance," on September 15, 1999. The new regulation puts all of HUD's lead-based paint regulations in one part of the Code of Federal Regulations. The new requirements took effect on September 15, 2000.

The HOME Program, administered by TDHCA, requires lead screening in housing built before 1978. Requirements for acquisition and tenant-based rental assistance activities are distribution of the pamphlet "Protect Your Family from Lead in Your Home" prior to receipt of assistance; notification to property owners within 15 days if a visual assessment observes chipping, peeling or flaking paint; and, if detected, the paint must be stabilized using safe work practices and clearance must be provided.

Requirements for rehabilitation activities fall into three categories:
1) Federal assistance up to and including $5,000 per unit: Distribution of the pamphlet "Protect Your Family from Lead in Your Home" is required prior to renovation activities; notification within 15 days of lead hazard evaluation, reduction, and clearance must be provided; receipts for notification must be maintained in the administrator file; paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced or administrators may assume that lead-based paint exist; administrators must repair all painted surfaces that will be disturbed during rehabilitation; if lead-based paint is assumed or detected, safe work practices must be followed; and clearance is required only for the work area.

2) Federal assistance from $5,000 per unit up to and including $25,000 per unit: This category includes all the requirements for federal assistance up to and including $5,000 per unit with the addition of a risk assessment must be conducted prior to rehabilitation to identify hazards in assisted units, in common areas that serve those units, and exterior surfaces, or administrators can assume lead-based paint exists.

[101] National Safety Council, "Lead Poisoning," (December 2004) < http://www.nsc.org/library/facts/lead.htm> (accessed August 30, 2005).

Clearance is required for the completed unit, common areas which serve the units, and exterior surfaces where the hazard reduction took place.

3) Federal assistance over $25,000 per unit: This category includes all the requirements for federal assistance from $5,000 per unit up to and including $25,000 per unit and, if during the required evaluations lead-based paint hazards are detected on interior surfaces of assisted units, on the common areas that serve those units, or on exterior surfaces including soils, then abatement must be completed to permanently remove those hazards. If lead-based paint is detected during the risk assessment on exterior surfaces that are not disturbed by rehabilitation, then interim controls may be completed instead of abatement.

TDHCA PROGRAM PLANS

With the exception of the Housing Trust Fund, TDHCA receives the majority of its funding from federal sources. As such, the amount of funding that TDHCA receives is predetermined by the federal funding source. TDHCA has a commitment to expend all available housing resources to address the housing needs of the state. However, as evidenced by the oversubscription rate for many TDHCA programs, even when expending all available funding, there is still an unmet need.

Because of the limited amount of TDHCA funding and the possibility that funding levels may change, TDHCA encourages, and in some cases requires, that entities receiving TDHCA funds leverage or match those awards with additional funds from other sources. For example, the HOME Program and ESGP have match requirements for entities receiving awards through those programs.

Through program requirements and compliance monitoring, TDHCA works to ensure that housing programs benefit individuals without regard to race, ethnicity, sex, or national origin, as outlined in 10 TAC 1.13. Complaints involving all forms of housing discrimination are also referred to the Texas Workforce Commission Human Rights Division, which oversees the Texas Fair Housing Act. Additionally, it is the policy of TDHCA to not require its nonprofit recipients of funds to verify, as a condition of receiving federal funds, the citizenship or immigration status of applicants for funds. This policy is subject to change if the US Department of Housing and Urban Development revises its policy. This policy does not apply to the Section 8 Housing Choice Voucher Program.

The following TDHCA programs govern the use of available housing resources in meeting the housing needs of low income Texans. Program descriptions include information on the funding source, type of assistance, recipients, targeted beneficiaries, program activities, set-asides, and special initiatives.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The HOME Investment Partnerships (HOME) Program receives funding from the US Department of Housing and Urban Development (HUD) and provides loans and grants to units of local government, public housing authorities (PHAs), community housing development organizations (CHDOs), nonprofit organizations, and for-profit entities, with targeted beneficiaries being low, very low, and extremely low income households. The purpose of the HOME Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local governments and private and nonprofit organizations in order to strengthen their capacity to meet the housing needs of lower income Texans.

The State of Texas receives an annual allocation of HOME funds from HUD. TDHCA provides technical assistance to all recipients of the HOME Program to ensure that all participants meet and follow state implementation guidelines and federal regulations. In 2003, the Texas Legislature passed Senate Bill 264 (amending Sec. 2306.111 of the Government Code), which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the HOME, Housing Trust Fund, and HTC programs to each Uniform State Service Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance. Please see “2006 Regional Allocation Formula” in this section for further explanation.

The Department anticipates using open funding cycles for programs which have traditionally been undersubscribed. These may include but are not limited to the CHDO Set-Aside, Contract for Deed Conversion, Rental Housing Preservation, and Rental Housing Development activities.

Eligible Service Areas

Per Section 2306.111(c) the Department shall expend at least 95 percent of HOME funds for the benefit of non–participating jurisdictions (non-PJ) areas of the state. The remaining 5 percent of HOME funds may be expended in a participating jurisdiction (PJ), but only if it funds a multifamily activity that serves persons with disabilities, unless otherwise approved by the Board.

Activity associated with disaster relief efforts for victims of Hurricane Rita is an exception to the Section 2306.111(c) funding distribution requirement. On September 20, 2005, Governor Perry issued a proclamation as provided for under Texas Government Code §418.014. This proclamation declared areas impacted by Hurricane Rita to be a disaster area. As part of this declaration, the Governor also invoked the procedures under Texas Government Code §418.016 suspending all rules and regulations that may inhibit prompt response to this threat during the duration of the incident. TDHCA determined and communicated with the Governor's office that for purposes of specialized Hurricane support, suspension of Texas Government Code §2306.111 (distribution limitations) is necessary to have a prompt response in aiding the Hurricane Rita impacted persons. This suspension of the distribution limitation is expected to continue during any period where the Governor invokes §418.016 in continuing disaster declarations for Rita impacted areas.

Rental Development

Due to continued limited capacity with regard to the development and/or preservation of integrated multifamily properties, the Department may accept rental development applications from PJ areas, so long as they do not exceed 5 percent of the total HOME allocation, serve persons with disabilities, and are in compliance with the Department’s Integrated Housing Rule.

Non-Rental Development

In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5 percent of its HOME allocation to go to applicants in PJs for non-rental development activities. Based on the increase in capacity of organizations in non-PJ areas as evidenced by an over-subscription rate in the 2004 and 2005 application cycles for non-rental development activities, the Department will no longer fund these types of applications in PJ areas.

Owner-Occupied Housing Assistance

Rehabilitation or reconstruction cost assistance is provided to homeowners for the repair or reconstruction of their existing homes. The homes must be the principal residence of the homeowner. This activity will comprise approximately 65 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $16,852,875.

Tenant-Based Rental Assistance

Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed two years. Tenant-based Rental Assistance (TBRA) allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance. TBRA will comprise approximately 15 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $3,889,125.

Homebuyer Assistance

Down payment and closing cost assistance is provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for construction costs associated with architectural barrier removal in a home purchased with HOME assistance to meet the accessibility needs of homebuyers with disabilities; acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents; and construction costs associated with the rehabilitation of a home purchased with HOME assistance. Excluding set-aside funds listed below, this activity will comprise approximately 20 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $5,185,500.

Homebuyer Assistance may be awarded through the CHDO Set-Aside, Contract for Deed Set-Aside, and American Dream Downpayment Initiative.

Rental Housing Development

Awards for eligible applicants are to be used for the development of affordable rental housing. Owners are required to make the units available to extremely low, very low, and low income families, and must meet long-term rent restrictions. Approximately $3,000,000 in FY 2006 appropriations will be allocated toward this activity. These funds will not be subject to the Regional Allocation Formula.

Rental Housing Preservation

Awards for eligible applicants are to be used for the acquisition and/or rehabilitation for the preservation of existing affordable or subsidized rental housing. Owners are required to make the units available to extremely low, very low, and low income families and must meet long-term rent restrictions. Approximately $2,000,000 in FY 2006 appropriations will be allocated toward this activity. These funds will not be subject to the Regional Allocation Formula.

Set-Asides & Initiatives

American Dream Downpayment Initiative

ADDI was signed into law on December 16, 2003, and was created to help homebuyers with down payment and closing cost assistance. ADDI aims to increase the homeownership rate, especially among lower income and minority households, and revitalize and stabilize communities.

Under ADDI, a first time homebuyer is an individual and his or her spouse who have not owned a home during the three year period prior to the purchase of a home with assistance under ADDI. The term also includes displaced homemakers and single parents. The minimum amount of ADDI funds in combination with HOME funds that must be invested in a project is $1,000. The amount of ADDI assistance provided to any family may not exceed the greater of six percent of the purchase price of a single family housing unit or $10,000. This assistance is in the form of a second- or third-lien loan.

For PY 2006, approximately $1,500,000 is reserved for down payment assistance and may, at the discretion of the Department, include funds for rehabilitation for first time homebuyers in conjunction with home purchases assisted with ADDI funds. The rehabilitation may not exceed 20 percent of the annual ADDI allocation. These funds are included in the 20 percent allocated for Homebuyer Assistance.

CHDO Set-Aside

In response to Hurricane Rita, on October 4, 2005, HUD waived the 15 percent HOME CHDO set-aside requirement for Federal PY 2005 and PY 2006 HOME allocations. TDHCA has elected to utilize a portion of this CHDO set-aside to assist disaster victims in the 28-county area impacted by the hurricane. The remaining funds from the PY 2006 CHDO set-aside and funds not awarded from prior year CHDO set-asides including PY 2005 funds and CHDO de-obligated funds will be made available in December 2005 for CHDO multifamily development. This amounts to approximately $10 million that will be made available to CHDOs on a first-come, first-served basis through a notice of funding availability. CHDO Set-Aside developments are owned, developed, or sponsored by the CHDO, and result in the development of affordable rental and homeownership units. Development includes developments that have a construction component, either in the form of new construction or rehabilitation of existing units.

In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation will be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate application cycle not tied to a specific activity. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money.

Disaster Relief

The HUD requirement that a PJ must use 15 percent of its allocation for housing owned, developed, or sponsored by CHDOs [24 CFR 92.301(a)(1)] is suspended by HUD for the PY 2005 and PY 2006 allocations by an October 4, 2005, waiver. Therefore, TDHCA has elected to utilize a portion of these funds to assist disaster victims in the 28-county area impacted by Hurricane Rita. Approximately $8 million of PY 2005 and PY 2006 funds will be made available through a notice of funding availability to assist homeowners rehabilitate their residences.

Contract for Deed Conversions Set-Aside

The intent of this program is to help Colonia residents become property owners by converting their contracts for deed into traditional mortgages. To assist the Department in meeting this mandate, $2,000,000 in HOME Program funds will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

Colonia Model Subdivision Loan Program Set-Aside

Per Subchapter GG of Chapter 2306, Texas Government Code, the intent of this program is to provide low-interest-rate or possible interest-free loans to promote the development of new, high-quality residential subdivisions or infill housing that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. The Department will only make loans to CHDOs certified by the Department and for the types of activities and costs described under the previous section regarding CHDO Set-Aside. One million dollars will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

Persons with Disabilities

Subject to the availability of qualified applications, a minimum of 5 percent, approximately $2,225,000, of the annual HOME allocation will be allocated for applicants serving persons with disabilities. Eligible applicants include nonprofits, for-profits, units of general local government, and public housing authorities with a documented history of working with special needs populations, or working in partnership with organizations with a documented history of working with special needs populations.

TDHCA will ensure that all housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will be limited to reserving no more than 18 percent of the units in developments with 50 or more units, and no more than 36 percent of the units in developments with less than 50 units, for persons with disabilities.

Additionally, for program year 2006, the Department will allocate $500,000 to the Home of Your Own (HOYO) Program for activities related to homeownership for persons with disabilities. The HOYO Program coordinates existing homeownership services, which streamlines the process homebuyers must follow, including homebuyer counseling, down payment assistance, and architectural barrier removal. These funds may be used statewide, including in participating jurisdictions.

Special Needs Populations

Subject to the availability of qualified applications, TDHCA has a goal of allocating 20 percent of the annual HOME allocation to applicants serving persons with special needs. All HOME program activities will be included in attaining this goal. Additional scoring criteria may be established under each of the eligible activities to target such activities and assist the Department in reaching its goal.

HOME Program funding for FY 2006

The amount projected to be available from HUD in FY 2006 is $44,500,000. This is comprised of $43,000,000 of HOME funds plus $1,500,000 of ADDI funds.

Figure 4.1: 2006 HOME Program Funding

	Estimated Available Funding	% of Total HOME Allocation
PY 2006 HOME Allocation	$43,000,000	100%
less Administration Funds (10% of PY 2006)	$4,300,000	10%
less CHDO Project Funds Set Aside (15% of PY 2006)[1]	$6,450,000	15%
less CHDO Operating Expenses Set Aside (5% of CHDO Set Aside)	$322,500	1%
less Direct Award for the Texas Home of Your Own Program	$500,000	1%
less Set Aside for Contract for Deed Conversions	$2,000,000	5%
less Set Aside for Rental Housing Preservation Program	$2,000,000	5%
less Set Aside for Rental Housing Development Program	$3,000,000	7%
= Remaining HOME Funds Subject to the Regional Allocation Formula (RAF)	$24,427,500	57%
Plus PY 2006 American Dream Downpayment Initiative Funds	$1,500,000	
= Total Funds Subject to RAF	$ 25,927,500	

[1]In addition to the funding set aside from the CHDO set-aside for disaster relief efforts, $1,000,000 will be reserved from this set-aside for the Colonia Model Subdivision Program. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities. The Department may set aside ten percent of the annual CHDO set-aside for Predevelopment Loans.

Total funds subject to the RAF by funding activity:

Activity	Estimated Available Funding	% of Total Funds Subject to RAF
Homebuyer Assistance	$5,185,500	20%
Owner-Occupied Housing Assistance	$16,852,875	65%
Tenant Based Rental Assistance	$3,889,125	15%
Total Funds Subject to the RAF	$25,927,500	100%

For more information regarding single family activities, contact Paige McGilloway, Single Family Finance Production Division, at (512) 475-4604 or paige.mcgilloway@tdhca.state.tx.us. For multifamily activity information, contact David Danenfelzer, Multifamily Finance Production Division, at (512) 475-3865 or david.danenfelzer@tdhca.state.tx.us.

HOUSING TRUST FUND

The Housing Trust Fund (HTF) receives funding from the State of Texas, multifamily bond issuance fees, loan repayments and other funds that are received and appropriated by the Department, and is the only State-authorized program for affordable housing, as created by the 72nd Legislature. HTF offers loans and grants to nonprofits; units of local government; public housing agencies; CHDOs; and for-profit entities. The targeted beneficiaries of the program are low, very low, and extremely low income households. Eligible program activities for the Housing Trust Fund include, but are not limited to, housing development activities; predevelopment costs associated with housing development; down-payment assistance; rental assistance; credit enhancements; security for repayment of revenue bonds issued to finance affordable housing; and technical assistance or other forms of capacity building to nonprofit housing developers. While all of these are eligible activities under the program's rule, not all of these activities will occur each year and Notices of Funding Availability (NOFAs) will be released identifying the activities for which funds can actually be applied.

Pursuant to §2306.111(d-1) of the Texas Government Code, HTF programs will be regionally allocated unless the funding allocation for that program is mandated by state statute, or the program's allocation represents less than 10 percent of the annual allocation for HTF.

Rental Housing Development

Rental Housing Development funds are primarily used to fund the acquisition, construction, and rehabilitation of affordable housing. Housing Trust Funds are typically used as gap financing in developments and combined with other Department programs, like the HOME Program and HTC Program.

Housing units assisted with HTF funds must remain affordable for a period of at least 30 years, pursuant to Texas Government Code §2306.185(c). Applications are reviewed in accordance with the Department's applicable rules for either open or competitive application cycles. Rental developments funded with HTF resources must have a minimum of 5 percent of the units accessible for individuals with mobility impairments and an additional 2 percent of the units shall be accessible for individuals with hearing or vision impairments.

If this activity represents more than 10 percent of the annual Housing Trust Fund allocation, the HTF Rental Development program is subject to the Department's Regional Allocation Formula, pursuant to Texas Government Code §2306.111(d-1).

Capacity Building and Technical Assistance

In 2005, the Housing Trust Fund provided approximately $400,000 in grant funding to 12 nonprofits to hire staff or contract with technical assistance providers in an effort to increase the organizational capacity and the production of affordable housing. The Capacity Building program is not subject to the regional allocation plan since it represents less than 10% of the annual Housing Trust Fund allocation. Approval for the fiscal year 2006 Capacity Building program is pending final review from the Department's Board in January, 2006.

Predevelopment Loan Program

The purpose of the Housing Trust Fund Predevelopment Loan Program is to provide opportunities for nonprofits organizations to develop affordable housing by helping to eliminate the barriers predevelopment expenses may pose. To date, the Department has awarded in excess of $1.5 million to qualified nonprofits through the program since 2001. Awards for predevelopment activities will be capped at $50,000.

The Predevelopment Loan program is not subject to the Regional Allocation Plan because it is less than 10 percent of the HTF annual allocation, pursuant to Texas Government Code §2306.111(d-1). The Department plans to release a new NOFA for the program in fiscal year 2006. Approval for the fiscal year 2006 Predevelopment Loan Program is pending final review from the Department's Board in January, 2006.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program, as administered by the TDHCA Office of Colonia Initiatives, receives substantial funding from the Housing Trust Fund.

Disaster Relief

The Department has reserved approximately $1.8 million in HTF funding for the purpose of supporting disaster relief efforts in fiscal year 2006. The Department's Board approved the use of HTF funds for this purpose in September 2005. Further details about the disaster relief program will be forth coming in January 2006. Additional funding may be approved for this activity.

Projected Housing Trust Fund Funding for FY 2006: Approximately $6.3 million.

For more information, contact David Danenfelzer, Multifamily Finance Production Division, at (512) 475-3865 or david.danenfelzer@tdhca.state.tx.us.

Housing Tax Credit Program

The Housing Tax Credit (HTC) Program receives authority from the US Treasury Department to provide tax credits to nonprofits, for-profit developers, and syndicators or investors. The targeted beneficiaries of the program are very low and extremely low income families at or below 60 percent AMFI. The program's purpose is to encourage the development and preservation of rental housing for low income families, provide for the participation of for-profit and nonprofit organizations in the program, maximize the number of units added to the state's housing supply, and prevent losses in the state's supply of affordable housing.

The HTC Program was created by the Tax Reform Act of 1986 and is governed by the Internal Revenue Code of 1986 (the "Code"), as amended, 26 USC Section 42. It authorizes tax credits in the amount of $1.85 per capita of the state population. Tax credits are also awarded to developments with tax-exempt bond financing and are made independent of the $1.85 state volume cap. TDHCA is the only entity in the state with the authority to allocate tax credits under this program. The State's distribution of the credits is administered by the TDHCA's *Qualified Allocation Plan and Rules* (QAP), as required by the Code. Per Section 2306.67022, the Governor shall approve, reject, or modify and approve the Board-approved QAP not later than December 1 of each year.

In 2003, the Texas Legislature passed Senate Bill 264, which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the HTC Program to each Uniform State Planning Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance.

To qualify for tax credits, the proposed development must involve new construction or undergo substantial rehabilitation of residential units, which is defined as at least $12,000 per rental unit of construction hard costs, unless financed with TX-USDA-RHS, in which case the minimum is $6,000. The credit amount for which a development may be eligible depends on the total amount of depreciable capital improvements, the percentage of units set aside for qualified tenants, and the funding sources available to finance the total development cost. Pursuant to the Code, a low income housing development qualifies for residential rental occupancy if it meets one of the following two criteria: (1) 20 percent or more of the residential units in the development are both rent-restricted and occupied by individuals whose income is 50 percent or less of AMFI; or (2) 40 percent or more of the residential units in the development are both rent-restricted and occupied by individuals whose income is 60 percent or less of AMFI. Typically, 60 to 100 percent of a development's units will be set aside for qualified tenants in order to maximize the amount of tax credits the development may claim.

Credits from the state volume cap are awarded through a competitive application process. Each application must satisfy a set of threshold criteria and is scored based on selection criteria. The selection criteria referenced in the QAP is approved by the TDHCA Board each year. The board considers the recommendations of the TDHCA staff and determines a final award list. Credits to developments with tax-exempt bond financing are awarded through a similar application review process, but because these credits are not awarded from a limited credit pool, the process is noncompetitive and the selection criteria are not part of the application.

The Department requires recipients of tax credits to document the participation of minority-owned businesses in the development and management of tax credit developments, and has established a minimum goal of 30 percent participation. The selection criteria for 2006 awards extra points to developments owned by historically underutilized businesses (HUBs) or that have a plan in place for utilizing HUBs, and also development location criteria including areas located in colonias. Efforts are made in the planning process and allocation of funds to ensure the involvement of housing advocates, community-based institutions, developers, and local municipalities. The Department also encourages the participation of community development corporations and other neighborhood-based groups.

Projected HTC Program Funding for FY 2006: $43,000,000

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

MULTIFAMILY BOND PROGRAM

The Multifamily Bond Program issues tax-exempt and taxable mortgage revenue bonds (MRBs) to fund loans to nonprofit and for-profit developers. The proceeds of the bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties with the targeted beneficiaries being very low, low, and moderate income households. Owners elect to set aside units in each development according to §1372, Texas Government Code. Persons with special needs must occupy 7 percent of the units. Property owners are also required to offer a variety of services to benefit the residents of the development. Specific tenant programs must be designed to meet the needs of the current tenant profile and must be approved annually by TDHCA.

TDHCA issues tax-exempt, multifamily MRBs through two different authorities defined by the Internal Revenue Code. Under one authority, tax-exempt bonds used to create housing developments are subject to the State's private activity volume cap. The State will allocate 22 percent of the annual private activity volume cap for multifamily developments. Approximately $396 million in issuance authority will be made available to various issuers to finance multifamily developments, of which 20 percent, or approximately $79.2 million, will be made available exclusively to TDHCA. Issuance authority per individual developments is allocated and administered by the Texas Bond Review Board (BRB). Initially, applications submitted to the BRB are allocated by a lottery. TDHCA, local issuers, local housing authorities, and other eligible bond issuers submit applications for specific developments on behalf of development owners. Applications submitted to TDHCA for the private activity bond 2006 program year will be scored and ranked by priority and highest score. TDHCA will be accepting applications throughout the 2006 program year. Developments that receive 50 percent or more of their funding from the proceeds of tax-exempt bonds under the private activity volume cap are also eligible to apply for HTCs.

Under the second authority, TDHCA may issue tax-exempt MRBs to finance properties that are owned entirely by nonprofit organizations. Bonds issued under this authority are exempt from the private activity volume cap. This is a noncompetitive application process and applications may be received at any time throughout the year. In addition to the set-asides above, 75 percent of development units financed under the 501(c)(3) authority must be occupied by households earning 80 percent or less of the area median income.

Projected Multifamily Bond Program Funding for FY 2006: $175,000,000

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

First Time Homebuyer Program

The First Time Homebuyer Program receives funding from tax-exempt and taxable mortgage revenue bonds. The program offers 30-year fixed-rate mortgage financing at below-market rates for very low, low, and moderate income residents purchasing their first home or residents who have not owned a home within the preceding three years. Qualified applicants access First Time Homebuyer Program funds by contacting any participating lender, which is then responsible for the loan application process and subsequent loan approval. After closing, the lender transfers the mortgage loan to a Master Servicer designated by TDHCA.

The First Time Homebuyer Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI (area median family income) limitations, based on IRS adjusted income limits, and the purchase price of the home must not exceed stipulated maximum purchase price limits. Program funds may be allocated on a regional basis based on population percentage per Uniform State Service Region. A minimum of 30 percent of program funds will be set aside to assist Texans earning 60 percent or less of program income limits.

TDHCA currently offers Assisted Mortgage Loans and Non-Assisted Mortgage Loans. The Assisted Mortgage Loans have a slightly higher interest rate than the Non-Assisted Loans and may include down payment and closing cost assistance in the form of a grant or second lien loan. The type of assistance and amount varies by bond issuance. Assisted Mortgage Loans are available exclusively to low income homebuyers earning 60 percent or less or 115 percent or less of program income limits, depending on the program. Non-Assisted Mortgage Loans have a slightly lower interest rate than the Assisted Loans and do not offer down payment or closing cost assistance.

In an effort to assist borrowers with impaired credit histories, the First Time Homebuyer Program may be used in conjunction with Fannie Mae's My Community Mortgage. My Community Mortgage offers flexible terms, including flexibility on credit histories and the acceptance of nontraditional credit histories. These loans may be used with all TDHCA mortgage revenue bond programs, thus giving households with slight credit blemishes the opportunity to qualify for a homebuyer loan with interest rates lower than that of alternative financing arrangements

Income limits for the program are set by the IRS Tax Code (1986) based on income figures determined by the US Department of Housing and Urban Development. The first time homebuyer restriction is established by federal Internal Revenue Service regulations, which also require that program recipients may be subject to a recapture tax on any capital gain realized from a sale of the home during the first nine years of ownership. Certain exceptions to the first time homebuyer restriction, income ceiling, and maximum purchase price limitation apply in targeted areas. Such targeted areas are qualified census tracts in which 70 percent or more of the families have an income of 80 percent or less of the statewide median income and/or are areas of chronic economic distress as designated by the state and approved by the Secretaries of Treasury and Housing and Urban Development, respectively.

Projected Texas First Time Homebuyer Program funding for FY 2006: $170,000,000

For more information, contact Eric Pike, Single Family Finance Production Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

Grant Assistance Program

The Texas Department of Housing and Community Affairs offers grant funds for down payment and closing cost assistance on a first-come, first-served basis for mortgage loans originated through the First Time Homebuyer Program. The Grant Assistance Program (GAP) currently provides up to 4 percent of the amount of the mortgage loan, but may vary depending on the program. Assistance is available to eligible borrowers whose incomes do not exceed 60 percent, 80 percent, or 115 percent AMFI, depending on the program.

Projected Grant Assistance Program funding for FY 2006: Varies by bond issuance.

For more information, contact Eric Pike, Single Family Finance Production Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

Mortgage Credit Certificate Program

A mortgage credit certificate (MCC) provides a tax credit that will reduce the federal income taxes, dollar-for-dollar, of qualified buyers purchasing a qualified residence. As a result, the MCC effectively reduces the monthly mortgage payment and increases the buyer's disposable income by reducing his or her federal income tax obligation. This tax savings provides a family with more available income to qualify for a loan and meet mortgage payment requirements.

The amount of the annual tax credit will equal 35 percent of the annual interest paid on a mortgage loan; however, the maximum amount of the credit cannot exceed $2,000 per year. The credit cannot be greater than the annual federal income tax liability, after all other credits and deductions have been taken into account. MCC tax credits in excess of a borrower's current year tax liability may, however, be carried forward for use during the subsequent three years.

The MCC Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI limitations, based on IRS adjusted income limits. In order to participate in the MCC Program, homebuyers must meet certain eligibility requirements and obtain a mortgage loan through a participating lender. The mortgage loan must be financed from sources other than tax-exempt revenue bonds. The mortgage may be a conventional, FHA, VA, or RHS loan at prevailing market rates, but may not be used in connection with the refinancing of an existing loan.

Projected Mortgage Credit Certificate Program funding for FY 2006: $60,000,000

For more information, contact Eric Pike, Single Family Finance Production Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us.

Lone Star Loan Program

The Loan Star Mortgage Program will offer conventional, conforming first lien purchase mortgage loans, at market level interest rates, with second lien amortizing loans providing 8 percent down payment assistance. Target populations include low and moderate income households who may or may not have previously owned a home and require down payment assistance and seek minimal paperwork. Participating lenders statewide will originate the mortgage loans.

The program is offered in conjunction with CitiMortgage Inc. using external market sources, and is intended to serve segments of the Texas homebuyer market not currently served by TDHCA's present tax-exempt bond program. An essential component of the Loan Star Mortgage Program (also known as the Market Rate Program) is the down payment assistance achieved through a Fannie Mae MyCommunity second lien mortgage.

TDHCA currently does not offer any mortgage refinancing options, and anticipates that this program will provide a platform for refinancing higher interest rate loans. Another component of the Loan Star Mortgage Program to be released at a future date includes a Predatory Loan Remediation product. Second lien mortgage proceeds under these additional program features will be used to mitigate prepayment penalties typically associated with high interest rate loans.

Projected Lone Star Lone Program funding for FY 2006: $22,500,000

For more information, contact Martha Sudderth, Single Family Finance Production Division, at (512) 475-3444 or martha.sudderth@tdhca.state.tx.us.

TEXAS STATEWIDE HOMEBUYER EDUCATION PROGRAM

The Texas Statewide Homebuyer Education Program (TSHEP) offers provider certification training to nonprofit organizations including Texas Agriculture Extension Agents, units of local government, faith-based organizations, CHDOs, community development corporations, community-based organizations, and other organizations with a proven interest in community building. In addition, a referral service for individuals interested in taking a homebuyer education class is available through TDHCA. The targeted beneficiaries of the program include extremely low, very low, low, and moderate income individuals; minority populations; and persons with disabilities.

To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA contracts with training professionals to teach local nonprofit organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education. The training professionals and TDHCA also certify the participants as homebuyer education providers.

Projected Texas Statewide Homebuyer Education Program funding for FY 2006: $70,000.

For more information, contact Alyssa Carpenter, Division of Policy and Public Affairs, at (512) 475-3975 or alyssa.carpenter@tdhca.state.tx.us.

OFFICE OF COLONIA INITIATIVES

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all Department and legislative initiatives involving border and colonia issues and managing a portion of the Department's existing programs targeted at colonias. The fundamental goal of the OCI is to improve the living conditions and lives of border and colonia residents, and to educate the public regarding the services that the Department has to offer.

A "colonia," Spanish for "neighborhood" or "community," is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing.

Border Field Offices

OCI oversees three Border Field Offices (BFOs) located in Edinburg, El Paso, and Laredo that serve a 75-county area with a primary purpose to provide technical assistance to units of local governments, nonprofits, for-profits, colonia residents, and the general public on Department's programs and services through on-site visits and other outreach activities along the Texas-Mexico border region. Each BFO is responsible for marketing Department programs and services to colonia and border residents. In addition, BFOs conduct on-site loan packaging and processing, homebuyer counseling, inspections, and administration of the various contracts regarding the Department's border and colonia initiatives such as the Colonia Self-Help Centers, Contract for Deed Conversion Program, and the Texas Bootstrap Loan Program. This collaboration of efforts serves as a mechanism for community improvements that is responsive to the needs of colonia residents.

Colonia Self-Help Centers

Legislative action in 1995 directed the establishment of Colonia Self-Help Centers (SHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties, and any other county if designated as an economically distressed area. Additional Colonia SHCs have been established in Maverick and Val Verde counties. Operation of Colonia SHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to perform the functions of a Colonia SHC. Colonia SHCs provide concentrated on-site technical assistance to low and very low income individuals and families regarding housing and community development activities, infrastructure improvements, and outreach and education. The program serves 31 designated colonias in the seven counties and benefits approximately 20,000 colonia residents. Beneficiaries of services must be at or below 80 percent of the area median family income.

Operation of the Colonia SHCs is funded by the Office of Rural Community Affairs with US Department of Housing and Urban Development's Texas Community Development Block Program (CDBG) 2.5 percent colonia set-aside. CDBG funds can only be provided to eligible units of general local governments; therefore, the Department must enter into a contract with each affected county government. The Department maintains a relationship with the unit of government and Colonia SHC operators to ensure the housing and community development activites within each respective contract are achieved.

Colonia Resident Advisory Committee

The Colonia Resident Advisory Committee (C-RAC) advises the Department on the needs of colonia residents, activities to be provided, and programs to be undertaken in the selected colonias of the Colonia SHCs. The Department's Board of Directors is required by the Texas Government Code to appoint two colonia resident representatives from each county to the C-RAC. C-RAC members meet 30 days prior to making an award to a Colonia Self-Help Center. The C-RAC has been instrumental in voicing the concerns of the targeted populations and assisting in the development of useful tools and programs to address the needs of colonia residents.

Contract for Deed Conversion Initiative

The intent of this program is to facilitate colonia-resident property ownership by converting contracts for deed into traditional mortgages. The Department is required through legislative directive to spend no less than $4 million on contract for deed conversions for colonia families. The Department must convert at least 400 of these contracts for deed into traditional notes and deeds of trust by August 31, 2007. Participants of this program must earn 60 percent or less of the applicable area median family income, live in a colonia and the property must be their principal residence. Pre- and post-conversion counseling is available, as well as funding for housing reconstruction and rehabilitation.

Colonia Consumer Education Services

OCI continues the consumer education program and has expanded its educational goals, although OCI is no longer required by legislation to provide education for contract for deed participants. With the statewide expansion of this program, OCI recognized the need for additional education topics, such as filing homestead exemptions and instruction in other aspects of homeownership. Education services are available through the Colonia Self-Help Centers and OCI Border Field Offices.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program is required under Subchapter FF, Chapter 2306, Texas Government Code, to make available $3 million for mortgage loans to very low income families (those earning 60 percent or less of the area median family income), not to exceed $30,000 per unit. This program is a self-help construction program, which is designed to provide very low income families an opportunity to help themselves through the form of sweat equity. All participants under this program are required to provide at least 60 percent of labor that is necessary to construct or rehabilitate the home, and all applicable building codes must be adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources, such as those from private lending institutions, local governments, or any other sources; however, all combined loans can not exceed $60,000 per unit.

The Department is required to set aside at least two-thirds, or $2,000,000, of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The remainder of the funding, one-third, or $1,000,000, will be available to Department-certified nonprofit owner-builder programs statewide.

Colonia Model Subdivision Program

The intent of this program, created in 2001 by the 77th Legislature, is to provide low-interest or interest-free loans to promote the development of new, high-quality subdivisions that provide alternatives to substandard colonias. The Department has allocated $2 million from the HOME Program to implement this initiative for the 2005-2006 biennium.

Consumer Information Resources

OCI operates a toll-free hotline, 1-800-462-4251, in both English and Spanish that enables colonia residents to voice their concerns and/or request information. In addition, this hotline is available to colonia residents who may be having trouble making their monthly mortgage programs under the Contract for Deed Conversion Initiative and Texas Bootstrap Loan Program.

Projected Office of Colonia Initiatives funding for FY 2006: $8,100,100

For additional information, contact Homero V. Cabello, Office of Colonia Initiatives, at 1-800-462-4251 or homero.cabello@tdhca.state.tx.us.

Comprehensive Energy Assistance Program

The Comprehensive Energy Assistance Program (CEAP) receives funding from the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) and offers grants to community action agencies, nonprofits, and local units of government. The targeted beneficiaries of the program in Texas are households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly, disabled, families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

CEAP combines case management, energy education, and financial assistance to help very low and extremely low income consumers reduce utility bills to an affordable level. By statute, 10 percent of total funding is allocated for administration and 5 percent is allocated to case-management activities. The remaining 85 percent of the funding is used for direct client services, which includes 5 percent for outreach.

There are four basic components to meet consumers' needs:

- The co-payment component assists households achieve energy self-sufficiency by helping households set goals for reducing utility bills, giving advice on improving household budgets, and assisting with utility bills for six to twelve months.
- The heating and cooling systems component repairs or replaces heating and cooling appliances to increase energy efficiency.
- The energy crisis component provides assistance during an energy crisis caused by extreme weather conditions or an energy supply shortage.
- The elderly and persons with disabilities component assists vulnerable households during fluctuations in energy costs by paying up to four of the highest bills during the year.

CEAP providers are expected to create partnerships with programs within and outside their agencies and with private entities. The program also requires that providers refer CEAP clients to the Department's Weatherization Assistance Program. Because CEAP is designed to help clients achieve energy self-sufficiency, it encourages the consumer to control future energy costs without having to rely on other government programs for energy assistance.

Projected Comprehensive Energy Assistance Program funding for FY 2006: $33,214,784.

For more information, contact Michael DeYoung, Energy Assistance Section, at (512) 475-2125 or michael.deyoung@tdhca.state.tx.us. To apply for CEAP, call 1-877-399-8939, toll free, using a land phone.

Weatherization Assistance Program

The Weatherization Assistance Program (WAP) is funded through the US Department of Energy Weatherization Assistance Program for Low Income Persons grant and the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) grant. WAP offers grants to community action agencies, nonprofits, and local units of government with targeted beneficiaries being households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly, disabled, families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden), and households with high energy consumption. Local providers must implement special outreach efforts to reach these priority populations. Applicants who have special needs receive additional points in the application process. To help consumers control energy costs, WAP funds the installation of weatherization measures and provides energy conservation education. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.

The Department of Energy allows up to 15 percent of the funds for administration. The Department of Health and Human Services LIHEAP grant allows 10 percent for administration. The remaining funds are used for direct client services.

Partnerships between the Weatherization Assistance Program and the Southwestern Electric Power Company, the Southwestern Public Service Company, Entergy, and El Paso Electric provide energy conservation measures to very low and extremely low income utility customers. These partnerships increase the total number of low income households receiving weatherization services and provide consumers the opportunity to receive more comprehensive energy-efficiency measures.

Projected Weatherization Assistance Program funding for FY 2006: $12,242,949.

For more information, contact Marco Cruz, Energy Assistance Section, at (512) 475-3860 or marco.cruz@tdhca.state.tx.us. To apply for weatherization, call 1-888-606-8889, toll free, using a land phone.

EMERGENCY SHELTER GRANTS PROGRAM

The Emergency Shelter Grants Program (ESGP) receives funding from the US Department of Housing and Urban Development and awards grants to units of local government and private nonprofit entities that provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. Activities eligible for ESGP funding include the rehabilitation or conversion of buildings for use as emergency shelters for the homeless; the provision of essential services to the homeless; costs related to the development and implementation of homeless prevention activities; costs related to operation administration; and costs related to maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings.

TDHCA also participates in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas; assisting in the coordination and provision of services for homeless persons throughout the state; increasing the flow of information among separate service providers and appropriate authorities; developing guidelines to monitor services for the homeless; providing technical assistance to the housing finance divisions of TDHCA in order to assess housing needs for persons with special needs; establishing a central resource and information center for the state's homeless; and developing, in cooperation with the Department and the Health and Human Services Commission, a strategic plan to address the needs of the homeless.

The Department provided funds to the Texas Homeless Network (THN) to provide in-depth technical assistance on refining a collaborative network of local service providers, assessing the needs of the homeless population, and developing priorities for addressing those needs.

Projected Emergency Shelter Grants Program funding for FY 2006: $5,154,498.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905 or rita.garza@tdhca.state.tx.us.

COMMUNITY SERVICES BLOCK GRANT PROGRAM

The Community Services Block Grant Program (CSBG) receives funding from the US Department of Health and Human Services (USHHS), and funds are utilized to fund CSBG-eligible entities and to fund activities that support the intent of the CSBG Act. The targeted beneficiaries of the program are low income families and individuals, homeless families and individuals, migrant and seasonal farmworkers, and elderly low income individuals and families whose income does not exceed 125 percent of the current federal income poverty guidelines issued by USHHS.

CSBG provides administrative support to 47 CSBG-eligible entities that provide services to very low income persons. The funding assists with in providing essential services, including access to child care, health and human services, nutrition, transportation, job training and employment services, education services, activities designed to make better use of available income, housing services, emergency assistance, activities to achieve greater participation in the affairs of the community, youth development programs, information and referral services, activities to promote self-sufficiency; and other related services.

Five percent of the State's CSBG allocation may be used to fund activities that support the intent of the Community Services Block Grant Act, which may include providing training or technical assistance to eligible entities or short-term financial support for innovative projects that address the causes of poverty, promote client self-sufficiency, or promote community revitalization. These funds may also be used to support nonprofit organizations that assist low income Native Americans and migrant or seasonal farm workers. In addition, local contractors may use CSBG funds to assist homeless persons and other special needs populations.

Community Services Block Grant Program funding for FY 2006: $30,514,311.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905 or rita.garza@tdhca.state.tx.us.

COMMUNITY FOOD AND NUTRITION PROGRAM

The Community Food and Nutrition Program (CFNP) receives funding from the US Department of Health and Human Services, and the grant supports efforts to address hunger issues in low income neighborhoods on a statewide basis.

CFNP coordinates statewide efforts to address hunger and related issues by distributing surplus commodities through the Share Our Surplus Service (SOS) and game donated by hunters through Hunters for the Hungry Program (HFHP). CFNP funds are also used to support the expansion of child-feeding programs and the creation of farmers markets designed to serve low income neighborhoods.

The SOS program is a food recovery program where donations of surplus and unsaleable food donations are distributed to needy Texas. HFHP is a collaborative effort among hunters, meat processors, and nonprofit organizations to distribute meat to local food banks, food pantries and other organizations feeding the needy.

Community Food and Nutrition Program funding for FY 2006: $362,178.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905 or rita.garza@tdhca.state.tx.us.

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

The Section 8 Housing Choice Voucher Program (HCVP) receives funding from HUD and offers rental assistance subsidies to families and individuals, including the elderly and persons with disabilities, earning 50 percent or less of area median income. At least 75 percent of HCVP tenants must have incomes at or below 30 percent of the area median income. Qualified households are afforded the opportunity to select the best available housing through direct negotiations with landlords to ensure accommodations that meet their needs. The statewide HCVP is designed specifically for needy families in small cities and rural communities not served by similar local or regional programs.

TDHCA contracts with community action agencies, public housing authorities, and local governments to assist the Department with the administration of the Housing Choice Voucher Program in their area.

Projected Section 8 Program funding for FY 2006: $8,000,000

For more information, contact the Section 8 Program at (512) 475-2634.

MANUFACTURED HOUSING DIVISION

The Manufactured Housing Division regulates the manufactured housing industry in Texas by ensuring that manufactured homes are well constructed, safe, and correctly installed; consumers are provided fair and effective remedies; and the manufactured housing industry is economically stable. The division also licenses manufactured housing professionals and processes titling paperwork, and is now required to record tax liens on manufactured homes. Because of its regulatory nature, the division has its own governing board and executive director.

Relying on a team of trained inspectors in eight field offices around the state, the Division inspects manufactured homes throughout the state. Those inspectors also assist TDHCA by inspecting properties for the Portfolio Management and Compliance Division and now assist with the inspection and licensing of migrant farmworker housing facilities. The Division also handles nearly 2,000 consumer complaints a year, many of those requiring investigation and enforcement action.

For more information, contact the Manufactured Housing Division at 1-800-500-7074.

TDHCA ALLOCATION PLANS

The Department has developed allocation formulas for many TDHCA programs in order to target available housing resources to the neediest households in each uniform state service region. These formulas are based on objective measures of need in order to ensure an equitable distribution of funding.

2006 Regional Allocation Formula

Background

Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. The RAF also allocates funding to rural and urban/exurban areas within each region. Because no RAF-related activities were approved for this year's HTF allocation plan, a 2006 HTF RAF was not calculated.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data; respond to public comment; and better assess regional housing needs and available resources. The RAF is submitted annually for public comment.

Two slightly modified formulas are used for the HOME and HTC programs because the programs have different eligible activities, households, and geographical service areas. Section 2306.111(c) of the Government Code requires that at least 95 percent of HOME funding be set aside for non-participating jurisdictions (non-PJs). Therefore, the HOME RAF only uses need and available resource data for non-PJ areas.

Figure 4.2: Housing Tax Credit RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$2,026,482	4.7%	$913,835	45.1%	$1,112,647	54.9%
2	Abilene	$1,143,231	2.7%	$529,047	46.3%	$614,184	53.7%
3	Dallas/Fort Worth	$7,064,721	16.4%	$537,466	7.6%	$6,527,255	92.4%
4	Tyler	$2,139,933	5.0%	$1,082,693	50.6%	$1,057,240	49.4%
5	Beaumont	$1,521,318	3.5%	$742,576	48.8%	$778,742	51.2%
6	Houston	$10,403,698	24.2%	$665,539	6.4%	$9,738,158	93.6%
7	Austin/Round Rock	$3,285,943	7.6%	$312,857	9.5%	$2,973,086	90.5%
8	Waco	$2,610,906	6.1%	$483,472	18.5%	$2,127,434	81.5%
9	San Antonio	$2,502,878	5.8%	$354,914	14.2%	$2,147,964	85.8%
10	Corpus Christi	$1,771,585	4.1%	$703,720	39.7%	$1,067,865	60.3%
11	Brownsville/Harlingen	$5,209,862	12.1%	$2,053,959	39.4%	$3,155,903	60.6%
12	San Angelo	$1,238,592	2.9%	$298,935	24.1%	$939,658	75.9%
13	El Paso	$2,080,851	4.8%	$234,305	11.3%	$1,846,547	88.7%
	Total	$43,000,000	100.0%	$8,913,317	20.7%	$34,086,683	79.3%

Figure 4.3: HOME Program RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$1,798,446	6.9%	$1,798,171	100.0%	$275	0.0%
2	Abilene	$1,228,643	4.7%	$1,195,707	97.3%	$32,937	2.7%
3	Dallas/Fort Worth	$2,904,962	11.2%	$1,151,933	39.7%	$1,753,030	60.3%
4	Tyler	$3,555,755	13.7%	$2,845,604	80.0%	$710,150	20.0%
5	Beaumont	$1,651,052	6.4%	$1,451,420	87.9%	$199,631	12.1%
6	Houston	$1,823,443	7.0%	$694,582	38.1%	$1,128,861	61.9%
7	Austin/Round Rock	$1,090,977	4.2%	$531,128	48.7%	$559,849	51.3%
8	Waco	$1,343,077	5.2%	$802,080	59.7%	$540,998	40.3%
9	San Antonio	$1,547,843	6.0%	$872,990	56.4%	$674,853	43.6%
10	Corpus Christi	$2,085,896	8.0%	$1,411,114	67.7%	$674,782	32.3%
11	Brownsville/Harlingen	$4,713,360	18.2%	$3,179,318	67.5%	$1,534,042	32.5%
12	San Angelo	$1,567,553	6.0%	$599,679	38.3%	$967,874	61.7%
13	El Paso	$616,491	2.4%	$390,734	63.4%	$225,757	36.6%
	Total	$25,927,500	100.0%	$16,924,460	65.3%	$9,003,040	34.7%

Methodology

Consideration of Affordable Housing Need

The first part of the RAF determines the funding allocation based solely on objective measures of each region's share of the State's affordable housing need. The RAF uses the following 2000 US Census data to calculate this regional need distribution.

- Poverty: Number of persons in the region who live in poverty.
- Cost Burden: Number of households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.
- Overcrowded Units: Number of occupied units with more than one person per room.
- Units with Incomplete Kitchen or Plumbing: Number of occupied units that do not have all of the following: sink with piped water; range or cook top and oven; refrigerator, hot and cold piped water, flush toilet, and bathtub or shower.

Non-poverty data is for households at or below 80 percent of the Area Median Family Income (AMFI).

- Because the HTC program supports rental development activities, renter household data is used for the HTC RAF.
- Because the HOME program supports renter and owner activities, both renter and owner data is used in the HOME RAF.

The following steps are used to measure regional need.

1. Each need measure (poverty, cost burden, overcrowding, and incomplete units) is weighted to reflect its perceived relevance in assessing affordable housing need. Half the measure weight is associated with poverty because of the significant number of persons in poverty and the use of this factor in the HUD Community Planning and Development Program Formula Allocations. The remaining measure weight is proportionately allocated based on the relative size of the other three measure populations. The resulting need measure weights are: poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent, and substandard housing = 2 percent.

2. The following steps calculate the funding distribution based on the need measures.
   a. The total RAF funding amount is multiplied by each need measure weight to determine the amount of funding distributed by that measure.
   b. Each measure's amount of funding is regionally distributed based on the distribution of persons or households in need.
3. The resulting four regional measure distributions are then combined to calculate each region's need-based funding amount.
4. Each region's need based funding amount is divided by the total RAF funding amount. This quotient is the region's need percentage.

Consideration of Available Housing Resources

In addition to TDHCA, there are many other sources of funding that address affordable housing needs. To mitigate any inherent inequities in the way these resources are regionally allocated, the RAF compares each region's level of need to its level of resources.

Because the resources used in the RAF reflect the three programs' eligible households and activities, the following data is used:

- The HTC RAF uses rental funding sources.
- The HOME RAF uses sources of rental and owner funding in non-PJs.

The following resources are used in both the HOME and HTC RAFs:

- Housing Tax Credits (4% and 9%)[102]
- Housing Trust Fund Rental Development Funding
- HUD HOME Funds (TDHCA and Participating Jurisdictions)
- HUD Housing for Persons with AIDS Funding
- HUD Public Housing Authority (PHA) Capital Funding
- HUD Section 8 Tenant-Based Rental Assistance (TDHCA and PHA)
- Multifamily Texas Housing Trust Fund
- Multifamily Tax-Exempt Bond Financing[103]
- United States Department of Agriculture (USDA) Multifamily Development Funding
- USDA Rental Assistance

The HOME RAF also includes the following sources of owner funding:

- USDA 502 and 504 Loans and Grants
- Single Family Bond Financing (TDHCA and Housing Finance Corporations)

These steps calculate the regional distribution of available housing resources:

1. The available resources are summed by region and for the state. The resulting sums are the regional and state resource totals.

[102] Estimated capital raised through the syndication of the HTCs.
[103] The value of the bonds is 52 percent of the total bond amount. This is an estimate of the capital required to fill a affordability gap that remains after the capital raised through the syndication of the 4% HTCs is deducted from the total development cost.

2. The regional resource total is divided by the state resource total. This quotient is the region's resource percentage.

Comparison of Regional Need and Available Resource Distributions

In theory, if the measurement of regional need is accurate, then the region's need percentage should reflect its resource percentage. A region with a negative resource and need difference is considered to be "under allocated." This region should have received a larger portion of the available resources to address their need. Similarly, a region with a positive difference is considered "over allocated." Conversely, it should have received a smaller portion of the available resources.

To address differences between the regional need and resource distributions, the RAF uses a resource funding adjustment to shift a portion of the need based funding distribution from over allocated to under allocated regions.

A resource funding adjustment limit is used to ensure that a particular region or geographical area is not overly penalized by the resource funding adjustments. The region's need based funding amount cannot be reduced by more than the percentage of the state's available resources that are not already regionally distributed. This percentage is calculated by finding the average difference between each funding source's regional distribution and the regional need percentages. Sources whose average of the regional differences exceeds five percent are included in the resource funding adjustment limit.

The following steps calculate the resource funding adjustments:

1. The regional resource percentage and regional need percentage differences are calculated.
2. The resulting over allocated (positive) resource differences are summed to calculate the state resource difference.
3. The state resource difference is multiplied by the total RAF funding. This product is the state over allocated resource amount.
4. Each over allocated resource difference is divided by the state resource difference. This quotient is the over allocation percentage.
5. Each over allocation percentage is multiplied by the state over allocated resource amount to determine the base resource funding adjustment.
6. The region's need based funding amount is multiplied by the resource funding adjustment limit. This product is the maximum resource funding adjustment.
7. The lesser of the base resource funding adjustment and the maximum resource funding adjustment is the over allocated region's resource funding adjustment.
8. The over allocated regions' resource funding adjustments are summed. This total is the state under allocated resource amount.
9. Each under allocated (negative) resource difference is divided by the state resource difference to determine the under allocation percentage.
10. Each under allocation percentage is multiplied by the state under allocated resource amount. This product is the under allocated region's resource funding adjustment.

Consideration of Rural and Exurban/Urban Need[104]

There are a number of factors that affect the distribution of resources to rural and urban/exurban areas. These include rural area feasible development sizes, allowable rent and income levels, and proximity to developers, contractors, and materials. Access to resources is also an issue because some funding, such as multifamily tax-exempt bond financing, does not work very well in rural areas. To ensure an equitable distribution of funding to both rural and urban/exurban areas, the RAF analyzes the distribution of rural and urban/exurban need and resources at the regional level.

The RAF uses the following rural and urban/exurban definitions:

1. Rural - A place that is:
    a. outside the boundaries of a metropolitan statistical area (MSA); or
    b. within the boundaries of a MSA, if the place has a population of 20,000[105] or less and does not share a boundary with a place that has a population greater than 20,000.[106]
2. Urban/Exurban
    a. Any place that does not satisfy the Rural place definition; or
    b. an area located outside the boundaries of a place and in a census tract that has a population density greater than 1,200 people per square mile. [This subcategory is not used in the HOME formula.]

Measuring Rural and Urban/exurban Affordable Housing Need

The following steps calculate the level of need in rural and urban/exurban areas:

1. The same need measure weights used to determine the regional need distribution are multiplied by the region's funding amount. This product is the measure funding amount.
2. Place level measure data is identified as being rural or urban/exurban based on the RAF area definitions.
3. Using the coded place data, each measure's affected number of rural and urban/exurban persons or households in the region is calculated.
4. The corresponding measure rural and urban/exurban percentages are calculated.
5. For each measure, the regional funding amount is multiplied by the measure rural and urban/exurban percentages to calculate the rural and urban/exurban measure funding amounts.
6. The rural and urban/exurban measure funding amounts are summed for the four measures. These totals are the region's rural and urban/exurban need based funding amounts.
7. The region's rural and urban/exurban need based funding amounts are divided by the region's total funding amount. These quotients provide the region's rural and urban/exurban need percentages.

---

[104] §2306.111(d) requires the RAF to consider "rural and urban/exurban areas" in its distribution of program funding. Until further guidance is provided by the Legislature, TDHCA's Legal Division has interpreted "Urban/Exurban" to be a single category.

[105] The definition of "population" in state law (Sec. 311.005(3), Government Code) is "the population shown by the most recent federal decennial census." Because of this requirement, the decennial census place population must be used to make the area type determination.

[106] Applicants may petition TDHCA to update the "Rural" designation of a place within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the place has an incorporated area boundary that touches the boundary of another place with a population of over 20,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the

- pre-application submission period for HTC applications, or
- application submission period for HOME applications.

Measuring Rural and Urban/Exurban Available Resources

The following steps calculate the Rural and Urban/Exurban distribution of available housing resources.

1. The geographically coded place data is summed to calculate regional rural and urban/exurban resource totals. Funding allocated at the county level is proportionately distributed based on the percentage split between rural and urban/exurban places within the county. The resulting totals are the rural and urban/exurban resource totals.
2. The corresponding regional rural and urban/exurban resource percentages are calculated.

Rural and Urban/Exurban Available Resources Funding Adjustment

The following steps calculate the rural and urban/exurban area resource funding adjustments.

1. The differences between the rural and urban/exurban resource percentages and rural and urban/exurban need percentages are calculated. The resulting differences show which of the two areas (rural or urban/exurban) were over or under allocated.
2. Each over allocated (positive) area resource difference is multiplied by the region's funding amount. For example, if the urban/exurban area is over allocated, then the difference is multiplied by the Regional Funding Amount. The resulting product is the area's base resource funding adjustment.
3. The over allocated area's need based funding amount is multiplied by the resource funding adjustment limit. This product is the area's maximum resource funding adjustment.
4. The lesser of the area's base resource funding adjustment or the maximum resource funding adjustment is the area's resource funding adjustment.

Rural and Urban/Exurban Regional Funding Amounts

The area's over allocated resource funding adjustment is subtracted from the over allocated area's need based funding amount and is added to the under allocated area's need based funding amount.

2006 Affordable Housing Needs Score

Background

The AHNS scoring criterion is used to evaluate HOME, Housing Tax Credit (HTC), and Housing Trust Fund (HTF) applications. The formula is submitted annually for public comment. The final version is published in the SLIHP.

While not specifically legislated by the state, the AHNS helps address other need based funding allocation requirements by responding to

- an IRS Section 42 requirement that the selection criteria used to award the HTC funding must include "housing needs characteristics."
- State Auditor's Office (SAO) and Sunset findings that called for the use of objective, need based criteria to award TDHCA's funding.

The AHNS is an extension of the TDHCA Regional Allocation Formula (RAF) in its comparative assessment of each place's level of need relative to the other places within its State Service Region. Through the AHNS, applicants are encouraged to request funding to serve communities that have a high level of need.

The HOME and HTF/HTC programs use slightly modified versions of the AHNS because the programs have different eligible activities, households, and geographical areas. Under §2306.111(c) of the Government Code, at least 95 percent of HOME funding is set aside for non-participating jurisdictions. Therefore, the HOME AHNS only uses need data for non-participating jurisdictions.

Methodology

The following steps measure each place's level of affordable housing need.

1) The Census number of households at or below 80 percent AMFI with cost burden establishes baseline for each place's number of households in need of housing assistance. The type of household considered for this baseline varies by activity.
   a) Renter data is used for the rental development (RD), tenant based rental assistance (TBRA), and down payment assistance (DPA) scores.
   b) Owner data is used for the owner occupied rehabilitation (OCC) score.

2) For each activity, an adjusted number of households with cost burden is calculated based on the difference between the place's population in the 2000 Census and the 2004 State Data Center population estimate.

3) The number of households assisted using TDHCA funding since the Census was taken (April 1, 2000) is subtracted from the adjusted number of households with cost burden. The resulting number shows the place's estimated remaining need.
   a) For HTC and HTF scores, RD activity is used;
   b) For HOME TBRA and RD scores, TBRA[107] and RD activity is used;
   c) For HOME DPA scores, First Time Homebuyer and HOME DPA activity is used; and
   d) For HOME OCC scores, HOME OCC activity is used.

4) The estimated remaining need measure quantifies place level of need in two ways.
   a) The ratio of the county's level of need to the region's level of need is calculated for each scoring activity. This ratio shows the distribution of need across the region.
   b) The ratio of the place's households in need to the place's total households is calculated for each scoring activity. This ratio shows the concentration of need within a place.

5) Points are assigned to each place based on the distribution of need (maximum of 3.5 points) and concentration of need (maximum of 3.5 points) ratios using a sliding scale that compares each place's level of need to the region's other places. The combined points provide the area's AHNS.

Rural and Exurban/Urban Need

Section 2306.111(d) of the Government Code requires the RAF to consider rural and urban/exurban areas in its distribution of funds. To assist with this distribution, each area is classified using the RAF's geographic area definitions.
Rental development activities that occur outside an incorporated place or Census Designated Place as defined by the U.S. Census Bureau shall use the area definition of the closest place.

For the HOME program, a county score is used for activities that will serve more than one place within a county. If multiple counties or places in multiple counties will be served by an application, then the county scores will be averaged. Participating Jurisdictions (PJ) receive a score of zero. Places located in a PJ

[107] Because of the limited duration of TBRA, a conversion factor was used to equate the value of a voucher to an affordable housing unit. This factor equaled the voucher duration divided by the number of years since the Census. For 2006, this was 2 years/6 years or a reduction in the number of households in need by 1/3 of a household.

County must provide evidence from a local official attesting to the fact that the place is not participating with the county with regard to the HOME program.

2006 Emergency Shelter Grants Program Allocation Formula

ESGP funds are reserved according to the percentage of poverty population identified in each of the 13 state service regions (i.e., 3.95 percent of the available ESGP funds were reserved for Region 1 with 3.95 percent of the state's poverty population). The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region. Any application that receives a score below 70 percent of the highest raw score from the region is not considered for funding.

2006 Community Services Block Grant Allocation Formula

Allocations to the 47 CSBG–eligible entities are based primarily on two factors: (1) the number of persons living in poverty within the designated service delivery area for each organization and (2) a calculation of population density. Poverty population is given 98 percent weight, and the ratio of inverse population density is given 2 percent weight. The formula also includes a base award for each organization before the factors are applied, as well as a floor, or minimum award. In FY 2006, the Department will incorporate the 2000 Census population figures at 125 percent of poverty, a base of $50,000, and a floor at $150,000.

2006 Comprehensive Energy Assistance Program and Weatherization Assistance Program Allocation Formula

The allocation formula for the Comprehensive Energy Assistance and Weatherization Assistance programs uses the following five factors and corresponding weights to distribute its funds by county: county non-elderly poverty household factor (40 percent); county elderly poverty household factor (40 percent); county inverse poverty household density factor (5 percent); county median income variance factor (5 percent); and county weather factor (10 percent).

TDHCA GOALS AND OBJECTIVES

The Strategic Plan goals reflect program performance based upon measures developed with the State's Legislative Budget Board and Governor's Office of Budget and Planning. The goals are also based upon Riders attached to the Department's Appropriations. The Department believes that the goals and objectives for the various TDHCA programs should be consistent with its mandated performance requirements.

The State's Strategic Planning and Performance Budgeting System (SPPB) is a mission- and goal-driven results-oriented system combining strategic planning and performance budgeting. The system has three major components including strategic planning, performance budgeting, and performance monitoring. As an essential part of the system, performance measures are part of TDHCA's strategic plan; they are used by decision makers in allocating resources; they are intended to focus the Department's efforts on achieving goals and objectives; and they are used as monitoring tools providing information on accountability. Performance measures are reported quarterly to the Legislative Budget Board.

The State's Strategic Planning and Performance Budgeting System is based on a two-year cycle; goals and targets are revisited each biennium. The targets reflected in this document are based on the Department's requests for 2006–2007.

All applicants for funding are eligible and are encouraged to apply for and leverage funds from multiple agency programs. There will be a considerable amount of leveraging of HUD funds with those from other federal and State sources. The following affordable housing goals and objectives present TDHCA's approach to addressing the state's affordable housing needs. While the HOME Program funds may be used in conjunction with other TDHCA programs, there is no way to determine the extent of the overlap. Because of this, each program reports their performance separately, with its particular intention/use listed separately.

Affordable Housing Goals and Objectives

The following goals address performance measures established by the 79th Legislature. Refer to program-specific statements outlined in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives listed below. Included are the 2005 goal and actual performance and the 2006 goal. Actual 2005 numbers were not available at the printing of this draft document, but will be included in the final document.

Goals one through five are established through interactions between TDHCA, the Legislative Budget Board, and the Legislature. They are referenced in the General Appropriations Act enacted during the most recent legislative session.

Note: 2005 Measures marked with an "*" were added to the 2006 Performance Measures by the 79th Legislature.

GOAL 1: TDHCA WILL INCREASE AND PRESERVE THE AVAILABILITY OF SAFE, DECENT, AND AFFORDABLE HOUSING FOR VERY LOW, LOW, AND MODERATE INCOME PERSONS AND FAMILIES

1.1 **Strategy:** Provide mortgage financing and homebuyer assistance through the Single Family Mortgage Revenue Bond Program.
Strategy Measure: *Number of single family households assisted through the First Time Homebuyer Program.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
1,770	1,898	107.23%	1,727

*1.2 **Strategy:** Provide funding through the HOME Program for affordable single family housing.
Strategy Measure: *Number of single family households assisted with HOME funds.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	1,308	N/A	1,834

*1.3 **Strategy:** Provide funding through the HTF program for affordable single family housing.
Strategy Measure: *Number of single family households assisted through the Housing Trust Fund.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	128	N/A	100

1.4 **Strategy:** Provide tenant-based rental assistance through Section 8 certificates.
Strategy Measure: *Number of multifamily households assisted with tenant-based rental assistance.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
2,200	1,750	79.55%	2,100

Explanation of Variance: Due to the transfer of vouchers to Brazoria County, the targeted performance was not met.

1.5 **Strategy:** Provide federal tax credits to develop rental housing.
Strategy Measure: *Number of multifamily households assisted with HTCs.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
10,763	18,350	170.49%	18,832

*1.6 **Strategy:** Provide funding through the HOME Program for affordable multifamily housing.
Strategy Measure: *Number of multifamily households assisted with HOME funds.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	945	N/A	741

*1.7 **Strategy:** Provide funding through the Housing Trust Fund for affordable multifamily housing.
Strategy Measure: *Number of multifamily households assisted through the Housing Trust Fund.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	1,021	N/A	255

1.8 **Strategy:** Provide funding through the Multifamily Mortgage Revenue Bond program for affordable multifamily housing.

Strategy Measure: *Number of households assisted through the Mortgage Revenue Bond program.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
1,999	3,288	164.48%	3,500

GOAL 2: TDHCA WILL PROMOTE IMPROVED HOUSING CONDITIONS FOR EXTREMELY LOW, VERY LOW, AND LOW INCOME HOUSEHOLDS BY PROVIDING INFORMATION AND TECHNICAL ASSISTANCE.

*2.1 **Strategy:** Provide information and technical assistance to the public through the Division of Policy and Public Affairs.

Strategy Measure: *Number of information and technical assistance requests completed.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	3,082	N/A	5,400

2.2 **Strategy:** To provide technical assistance to colonias through field offices.

(A) Strategy Measure*: Number of on-site technical assistance visits conducted annually from the field offices.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
747	1,038	138.96%	600

****(B) Strategy Measure:*** *Number of colonia residents receiving assistance.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	550	N/A	1,700

****(C) Strategy Measure:*** *Number of entities and/or individuals receiving informational resources.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	2,304	N/A	1,200

GOAL 3: TDHCA WILL IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.

3.1 **Strategy:** Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

(A) Strategy Measure*: Number of persons assisted through homeless and poverty related funds.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
440,000	404,801	92.00%	400,000

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). The FY'04 ESGP program, which began in September 2004, has five fewer subrecipients as compared to the '03 program. The absence in 2004 of these five subrecipients, along with the organizations they subcontracted with, accounted for approximately 40,000 fewer persons being served annually.

*(B) **Strategy Measure**: Number of persons assisted that achieve incomes above poverty level.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
1,314	1,929	146.80%	2,000

*(C) **Strategy Measure:** Number of shelters assisted through the Emergency Shelter Grant Program.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
70	72	102.86%	70

3.2 **Strategy:** Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy related emergencies.

*(A) **Strategy Measure:** Number of households assisted through the Comprehensive Energy Assistance Program.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
69,736	84,018	120.48%	63,200

*(B) **Strategy Measure:** Number of dwelling units weatherized through the Weatherization Assistance Program.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
3,734	5,416	145.05%	4,800

GOAL 4: TDHCA WILL ENSURE COMPLIANCE WITH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' FEDERAL AND STATE PROGRAM MANDATES.

4.1 **Strategy:** The Portfolio Management and Compliance Division will monitor and inspect for Federal and State housing program requirements.

(A) **Strategy Measure: Total number of monitoring reviews conducted.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	4,318	N/A	4,700

*(B) **Strategy Measure:** Total number of units administered.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
188,956	201,114	106.43%	227,195

4.2 **Strategy:** The Portfolio Management and Compliance Division will administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

(A) **Strategy Measure: Total number of monitoring reviews conducted.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	12,113	N/A	10,725

*(B) **Strategy Measure:** Number of contracts administered.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
624	751	120.35%	400

GOAL 5: TO PROTECT THE PUBLIC BY REGULATING THE MANUFACTURED HOUSING INDUSTRY IN ACCORDANCE WITH STATE AND FEDERAL LAWS.

5.1 **Strategy:** Provide titling and licensing services in a timely and efficient manner.
(A) Strategy Measure: *Number of manufactured housing statements of ownership and location issued.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
115,000	93,499	81.30%	89,000

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications resulting from a continued slowdown of activity in the manufactured housing industry.

(B) Strategy Measure: *Number of licenses issued.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
5,700	4,118	72.25%	4,435

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications resulting from a continued slowdown of activity in the industry.

5.2 **Strategy:** Conduct inspections of manufactured homes in a timely manner.
(A) Strategy Measure: *Number of routine installation inspections conducted.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
13,500	5,488	40.65%	8,000

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25 percent of installation reports received. The actual YTD inspection rate is 37.78 percent. In FY 2005, the overall workload of the inspection staff was increased by additional inspection duties associated with providing assistance to the Department's Portfolio Management and Compliance Division.

****(B) Strategy Measure**: Number of non-routine installation inspections conducted.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	2,405	N/A	2,500

5.3 **Strategy:** To process consumer complaints, conduct investigations, and take administrative actions to protect the general public and consumers.
Strategy Measure: *Number of complaints resolved.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
1,620	1,502	92.72%	1,700

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped reduce the number of complaints officially received, which reduces the number of complaints resolved.

Goals Six through Eight are established in legislation as riders to TDHCA's appropriations, as found in the General Appropriations Act.

GOAL 6: TDHCA WILL TARGET ITS HOUSING FINANCE PROGRAMS RESOURCES FOR ASSISTANCE TO EXTREMELY LOW INCOME HOUSEHOLDS.

6.1 **Strategy:** The housing finance divisions shall adopt an annual goal to apply $30,000,000 of the division's total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.
Strategy Measure: *Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
$30,000,000	$27,075,921	90.25%	$30,000,000

Explanation of Variance: Fewer ELI households were served by single family bond transactions, Section 8 vouchers, and HOME awards in FY 2005 as compared to FY 2004. The primary cause appears to be a decrease in the projected amount of HOME funding that will serve ELI households as the amount awarded for this income group dropped from $36 million in FY 2004 to $12 million in FY 2005. This decrease is related to the release of two program years' worth of HOME funds in FY 2004.

(See Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

GOAL 7: TDHCA WILL TARGET ITS HOUSING FINANCE RESOURCES FOR ASSISTANCE TO VERY LOW INCOME HOUSEHOLDS.

7.1 **Strategy:** The housing finance divisions shall adopt an annual goal to apply no less than 20 percent of the division's total housing funds toward housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.
Strategy Measure: *Percent of housing finance division funds applied towards housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
20%	3,824,899,423	352.44%	20%

(See Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

GOAL 8: TDHCA WILL PROVIDE CONTRACT FOR DEED CONVERSIONS FOR FAMILIES WHO RESIDE IN A COLONIA AND EARN 60 PERCENT OR LESS OF THE APPLICABLE AREA MEDIAN FAMILY INCOME

8.1 **Strategy:** Help colonia residents become property owners by converting their contracts for deed into traditional mortgages.
Strategy Measure: *Amount of TDHCA funds applied towards contract for deed conversions for colonia families earning less than 60 percent of median family income.*

FY 2004-2005 Measure	FY 2004-2005 Actual	% of Goal	FY 2006-2007 Measure
$4,000,000	$3,889,600	97.24%	$4,000,000

The FY 2004-2005 Actual is comprised of $1,300,000 in FY 2004 and $2,589,600 in FY 2005. Note: An additional $1,033,900 was approved at the September 2005 Board meeting. This funding award was postponed from the August 2005 Board meeting. It would have brought the FY 2004-2005 total to $4,923,500.

(See Rider 11 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

The following TDHCA-designated goal addresses the housing needs of persons with special needs.

GOAL 9: TDHCA WILL WORK TO ADDRESS THE HOUSING NEEDS AND INCREASE THE AVAILABILITY OF AFFORDABLE AND ACCESSIBLE HOUSING FOR PERSONS WITH SPECIAL NEEDS THROUGH FUNDING, RESEARCH, AND POLICY DEVELOPMENT EFFORTS.

9.1 Strategy: Dedicate no less than 20 percent of the HOME project allocation for applicants that target persons with special needs.
Strategy Measure: Percent of the HOME project allocation awarded to applicants that target persons with special needs.

2005 Measure	2005 Actual	% of Goal	2006 Measure
≥20%	24.7%	123.6%	≥20%

9.2 Strategy: Dedicate no less than 5 percent of the Multifamily Bond Program units for persons with special needs.
Strategy Measure: Percent of the Multifamily Bond Program units dedicated to persons with special needs.

2005 Measure	2005 Actual	% of Goal	2006 Measure
≥5%	22.53%	450.73%	≥5%

9.3 Strategy: Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.
Strategy Activities:
A. Assist counties and local governments in assessing local needs for persons with special needs
B. Work with State and local providers to compile a statewide database of available affordable and accessible housing.
C. Set up a referral service to provide this information at no cost to the consumer.
D. Promote awareness of the database to providers and potential clients throughout the State through public hearings, the TDHCA web site as well as other provider web sites, TDHCA newsletter, and local informational workshops.

9.4 Strategy: Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.
Strategy Activities:
A. Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
B. Continue working with agencies, advocates, and other interested parties in the development of programs that will address the needs of persons with special needs.
C. Increase the awareness of potential funding sources for organizations to access, to serve special needs populations, through the use of TDHCA planning documents, web site, and newsletter.

9.5 Strategy: Discourage the segregation of persons with special needs from the general public.

Strategy Activities:

A. Increase the awareness of the availability of conventional housing programs for persons with special needs.

B. Support the development of housing options and programs, which enable persons with special needs to reside in noninstitutional settings.

SECTION 5: PUBLIC PARTICIPATION

TDHCA strives to include the public in policy, program, and resource allocation decisions that concern the Department. This section outlines how the public is involved with the preparation of the plan and a summary of public comment.

PREPARATION OF THE PLAN

Section 2306.0722 of the Texas Government Code mandates that the Department meet with various organizations concerning the prioritization and allocation of the Department's housing resources prior to preparation of the Plan. As this is a working document, there is no time at which the Plan is static. Throughout the year, research was performed to analyze housing needs across the state, focus meetings were held to discuss ways to prioritize funds to meet specific needs, and public comment was received at program-level public hearings as well as at every Governing Board meeting.

The Department met with various organizations concerning the prioritization and allocation of the Department's resources, and all forms of public input were taken into account in its preparation. Several program areas conducted workgroups and public hearings in order to receive input that impacted policy and shaped the direction of TDHCA programs. For example, in July 2005, the Housing Trust Fund and HOME Program, hosted round table discussions for the purpose of gathering input on the programs. Additionally, the Housing Tax Credit Program arranged several QAP Round Tables composed of TDHCA staff, developers, lenders, consultants, legislative staff, and neighborhood advocates with the purpose of recommending changes to the rule that governs the program.

Communication between TDHCA and numerous organizations results in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. TDHCA appreciates the assistance provided by the organizations listed below to assist the Department in working towards reaching its mission, goals, and objectives, which relate directly to the formation of the *State of Texas Low Income Housing Plan and Annual Report*.

- Coalition of Texans with Disabilities
- Fannie Mae
- Freddie Mac
- Community action agencies
- Councils of governments
- Housing finance corporations
- National Council of State Housing Agencies
- National Low Income Housing Coalition
- NeighborWorks America
- Office of Rural Community Affairs
- Texas A&M Real Estate Center
- Texas Affiliation of Affordable Housing Providers
- Texas Association of Community Development Corporations
- Texas Association of Local Housing Finance Agencies
- Texas Association of Regional Councils
- Texas Bond Review Board

- Texas Council for Developmental Disabilities
- Texas Department of State Health Services
- Texas Department of Aging and Disability Services
- Texas Health and Human Services Commission
- Texas Home of Your Own Coalition
- Texas Homeless Network
- Texas Housing Association
- Texas Interagency Council for the Homeless
- Texas Low Income Information Service
- Texas Office of the Credit Commissioner
- Texas Office of the Governor
- Texas Public Housing Authorities
- Texas residents who took the time to testify at public hearings and submit written comment
- Texas State Affordable Housing Corporation
- Texas State Data Center
- Texas Workforce Commission, Civil Rights Division
- United Cerebral Palsy of Texas
- US Department of Agriculture
- US Department of Energy
- US Department of Housing and Urban Development

PUBLIC HEARINGS

From July to August 2005, TDHCA worked on the draft version of the *2006 State of Texas Low Income Housing Plan and Annual Report.* Once completed, the draft was submitted to the TDHCA Board of Directors at the September 16, 2005, board meeting for approval, and then released for public comment in accordance with §2306.0732 and §2306.0661. The hearing notice was published in the September 2 and September 9, 2005, editions of the *Texas Register*.

The formal citizen participation process for the *2006 State of Texas Low Income Housing Plan and Annual Report* began on September 19, 2005, and ended October 18, 2005. Constituents were encouraged to give input regarding the Plan and all Department programs in writing or at one of the 13 public hearings to be held across the state, one in each of the 13 Uniform State Service Regions. Approximately 97 individuals attended the public hearings held in the following cities: Lubbock, Abilene, Arlington, Mt. Pleasant, Crockett, Houston, Austin, Temple, San Antonio, Corpus Christi, McAllen, Midland, and El Paso. An additional hearing to gather public comment was held on November 10, 2005, at the TDHCA Board meeting in Austin.

Each public hearing addressed the Plan, in addition to the following programs and rules: the Housing Tax Credit (HTC) *Qualified Allocation Plan and Rules*; *Housing Trust Fund (HTF) Program Rules; HOME Investment Partnerships Program Rules;* HOME, HTC, and HTF Regional Allocation Formula; HOME, HTC, and HTF Affordable Housing Needs Score; Community Service Block Grant Allocation Formula; *2006 State of Texas Consolidated Plan One Year Action Plan;* Texas State Affordable Housing Corporation *Annual Action Plan;* and *Colonia Action Plan for 2006–2007.*

Public comment received pertaining to the *2006 State of Texas Low Income Housing Plan and Annual Report*, Regional Allocation Formula, and Affordable Housing Needs Score are included in this section of the Plan. Comment on the Colonia Action Plan is included in Section 6: Colonia Action Plan. Public comment received relating to specific programmatic documents, such as the Housing Tax Credit *Qualified Allocation Plan and Rules,* are addressed directly by the program area and not contained in this document. Please contact the program areas directly, or the Division of Policy and Public Affairs at (512) 475-3976 for information on program-specific public comment.

PUBLIC COMMENT

COMMENT REGARDING THE 2006 PLAN

Comment: Use of HOME Funding for Persons in Participating Jurisdictions

A few comments were made as to the need to use HOME funding in Participating Jurisdictions for tenant-based rental assistance for persons with disabilities. The following comment is typical of this suggestion.

"We…provide relocation assistance for persons with disabilities in nursing facilities, coming out into the community…One of the major barriers is the availability of affordable and accessible housing. What has been extremely helpful in helping these people locate and find decent, adequate, affordable, accessible housing is the use of TBRA vouchers. TDHCA did allocate close to $4 million, I believe, 2003 allocation that was specific to this purpose. It was not utilized as quickly as hoped. A lot of that had to do with the population and the folks that are providing the services not having housing experience…With this program, (there was no) restriction on utilizing the TBRA vouchers or HOME funds within a participating jurisdiction. That was absolutely essential. Most of the folks that we are relocating are in urban areas. They continue to want to live in urban areas. I think you're also aware that that's where most of the Katrina evacuees are as well. What that does is puts extreme burden onto the housing stock in urban areas…

These contracts relocating people are not going away. The Texas legislature has authorized over the next four years to continue this activity. Right now in our area, we have 41 people in various stages. They're actually pending relocation in the Coastal Bend area. At least 50 percent of them are waiting on housing that they can be able to access. We're fortunate that we do have some TBRA vouchers right now. We have 22, I believe, left in this area. Those will be running out. At that point, we don't know what we're going to have for housing….(It is requested that the limitation of providing) HOME funds only in rural areas outside the participating jurisdiction be lifted."

- Department Response
  TDHCA is responsible for distributing HOME funding for the balance of state that does not receive this type of funding directly from HUD as a Participating Jurisdiction. In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5 percent of its HOME allocation to be awarded to applicants in PJs. Based on the increased capacity of organizations in non-PJ areas as evidenced by an over subscription rate in the 2004 and 2005 application cycles for non rental development activities there appears to be a substantial need for this kind of activity in rural areas. Given the limited amount of available funding, TDHCA will no longer fund non-rental development activity applications in PJ areas. No changes to the SLIHP are suggested.

Comment: Disaster Relief Policy Development

A few comments were provided on issues to consider in developing disaster relief programs. These included both using rental assistance for short-term help and rental development funding to increase the available housing supply.

"…I would strongly encourage…lifting that requirement of home funds not being used in the participating jurisdictions. You've got to lift that, because that's where all the Katrina evacuees are. There's very few in the rural areas. They are inner-city folks who have relocated. They'd like to continue to be close to inner-city folks, and we have a lot of that in this area, and every city does. Unfortunately what's going to end up happening is a higher level of blighted living conditions unless money is infused. You could use TBRA vouchers, the HOME Program TBRA vouchers, on a temporary basis. Many of these folks are going to return home. Many may go someplace else, so the TBRA voucher, I would think, would be a good, short-term utilization for housing.

Secondly, if you've got some other funding source available such as through the Housing Trust Fund, perhaps that could go into your bricks and sticks, your actual building of additional housing stock, because we are going to see in Corpus Christi -- I guarantee you we're going to run up against, There ain't no more housing, or there is no more housing in Corpus Christi that not only the Katrina evacuees but our local folks who have been on waiting lists for so, so long with the public housing, with Section 8 housing."

"The City of Corpus Christi is an entitlement -- has entitlement HOME allocation, CDBG and ESG. Many times those dollars had to be spread out amongst -- what? -- 30, 40 agencies. They may have good programs, but there's not enough money…I believe that the State of Texas should (consider sharing resources for entitlement areas for) disaster-related activit(ies). We're talking about a housing stock that needs to be brought up to standards. We're talking about a nonexistent housing stock for emergency shelter type of activity for those evacuees. Lets us(e) some of these dollars to build …apartments… We're talking about an 18-month period here, so if the State could redirect some of those dollars to this effort that we're having locally here… We could probably do a lot of good stuff, good things. So I'm suggesting,…like a million dollars, you know, for example. Right. Sure. It's a lot of money. But still there's a need out there. We talk about 130 families still without shelter, without homes, and we don't want to (re)place it with the homeless situation."

- Department Response
  TDHCA has reserved $1.8 million of the Housing Trust Fund for this purpose and is considering the use of other resources to address disaster relief needs in the future. No changes to the SLIHP are suggested.

Comment: Transportation Issues

A few comments were provided on the need to provide incentives to ensure that rental developments are built in areas that have good access to public transportation.

"While you're not directly involved…with the ability to extend the transit system, I think that that is something that is -- that just further defines where people will have to find homes or residences."

"It's true all around Corpus Christi, that transportation is very, very critical for a lot of folks that are transit-dependent; they don't have cars. When you give credit for transportation on your applications, one of the things I've noticed is people have a choice of taking that 5 points there or 5 points over here. Very often when they're looking at people with disabilities, what they think most likely many of them, the developers think, Well, let's see; these people use special transit services, so therefore, having a bus stop may not be that important. I can get another 5 points over here. So the incentive may not truly be incentivizing the developers to put developments near transportation outlets. People with disabilities can use regular transportation if it's accessible. They don't need to have special transit services. The primary reason they have that is because there is no public transportation that is accessible or the sidewalks aren't accessible or whatever, whatever, on and on. But I think as you look at incentives, realize that it may not fully cover what the reality is that's going on."

- Department Response
  Given the competitive nature of the programs it is thought that the selection criteria points provide an incentive for applicants to consider transportation and a variety of other area amenities when choosing sites. No changes to the SLIHP are suggested.

Comment: Public Comment Administration

A couple of general comments were made on the process and scheduling of the public comment period and Departmental responses.

"I think that having a face-to-face contact with the people who not only run the programs but also write them, the procedures and the policies, is great. It's really very good. It's very reassuring. I think that we need to follow on the next phase. How can we get some feedback as to whether some of these comments get anyplace? What's the chances of getting some of these policies and procedures changed, and what do we need to do, particularly for organizations like ours that -- we're an advocate organization, and we are committed to see that these programs reach the populations that we serve. So it's very important for us to know what feedback we can get, and hopefully that these will be not only the first contact, but maybe some community roundtables, some further discussion, so that together we can find some solutions to these very, very severe crises that we're facing and the people we serve face."

"…Many of the programs…directly affect the county. Not necessarily the city of El Paso, because the city of El Paso is an entitlement area, and they receive their funds directly. And maybe for the next time we have these hearings, we should do these hearings out there in the county. Maybe the city of Socorro or other areas that are directly affected by your funding in the programs…I speak for many nonprofits that are out there, and that sometimes transportation is an issue, and I know for many residents that should be benefiting from these programs, transportation is a big issue."

- Department Response
  TDHCA continues to refine the public comment process. As was done last year, the public hearing transcripts were posted to a "TDHCA Consolidated Public Hearings" page on the TDHCA website. Additionally, all written comment was scanned and posted to the site as well. This year, a comment tracking table was added so commenters could more easily verify that their comments had been received. The table contained the source of each comment, the comment topic, and the number of the document on the website that contained the comment. For all of the items taken for public comment, TDHCA provides reasoned responses to each comment.

  In 2006, TDHCA will research the possible use of telephone and video conference technology to help provide effective and ongoing interaction across the state. This will be of increasing importance given the increasing costs of transportation. No changes to the SLIHP are suggested.

Comment: Fair Housing

A comment was made as to the need to increase affirmatively furthering fair housing efforts.

"We're a civil rights, nonprofit organization that's funded by HUD to affirmatively further fair housing. We work along the U.S.-Mexico border; we cover the four border states. In El Paso we have our main office, and we'll be opening an office in McAllen next year, and one in New Mexico the end of this year. Our main focus is to -- and mission is to promote fair housing, to enforce our fair housing laws. And the border faces a lot of discrimination. Believe it or not, the last 14 months we've investigated close to 38 fair housing complaints. Just yesterday we got a charge on an individual that was discriminating using CDBG funds. He used close to $430,000 to rehab a property, and he was discriminating against families with children. That's happening every day along the U.S.-Mexico border. Under federal law, every agency that receives federal funds, like the HOME Program and CDBG they're required to affirmatively further fair housing. And to comply with this requirement, an agency may go from doing a poster contest to actual funding programs of enforcement or education and outreach. Before coming here, I contacted the TDHCA and ORCA to see exactly what they're doing to -- for the fair housing. And they've been participating in community affairs, they've been distributing information, which is good. But it's more than that, it's more than educating the public. People know their rights, but what's going to happen next, who's going to enforce the law? We're the only enforcement agency, between Arizona and Brownsville, within 150 miles from the border. So our resources are limited. In the State of Texas, ORCA and TDHCA need to allocate funding to enforce these laws. It's very unfortunate that people that are receiving federal funds to open up opportunities for affordable housing are doing the opposite."

- Department Response
  TDHCA will be working to update its affirmative housing plan in 2006. This process will involve a committee of interested parties to help provide guidance. At the time this process begins, an invitation to participate on this committee will be offered to a wide variety of organizations such as the commentator. No changes to the SLIHP are suggested.

Comment: Policies to Assist Persons with Disabilities

One commenter provided a number of suggestions on policies to improve the provision of assistance to persons with disabilities.

"…The lack of accessible affordable housing for people with disabilities has always been a major barrier to independence…We have four major recommendations (to assist with this issue).

First of them is for creation of a program to provide housing and utility deposit assistance for people with disabilities on a cross-disability basis. Currently, that is available only through HOPWA.…All persons with disabilities can benefit from programs that will permit them to obtain or retain permanent housing. Having programs in place with deposits will give more people the opportunity to live independently in the community.

We would direct all TDHCA funds to banks and other financial institutions that have proven active in community reinvestment and development efforts, not just based on size. TDHCA can take a more proactive role in community development and rehabilitation if they reward both big and small banks that work to support their communities rather than just to enrich themselves.

We support the development of pilots throughout the state for land reassembly and redevelopment, similar to Houston, and an urban homesteading pilot program…Programs that permit tax delinquent properties and land to be occupied serve the public interest more effectively than leaving the properties as uncared for vacant eyesores. Using land banking and allowing people to obtain permanent housing through homesteading will create more stable, vibrant neighborhoods to benefit all Texans.

We ask for use of community block development grants and other HUD monies to assure wheelchair accessibility to emergency shelters and facilities. There are no shelters in this area that identify themselves as wheelchair accessible. While many organizations would like to have access, they have limited funds for anything not related to daily operation. After Hurricane Katrina and then, with Hurricane Rita, people with disabilities were shoveled into nursing homes and assisted living facilities. If the temporary shelters were available, it would be easier for evacuees to move into the community. Now that these individuals are in institutions, they will have to prove that they do not belong in such restrictive environments."

- Department Response
  Currently, TDHCA does not have funding available for pilot programs for special purposes like land banking, community development activities, and renter assistance deposits. Funding from the Emergency Shelter Grants Program could be used to help address facility accessibility issues. No changes to the SLIHP are suggested.

Comment: §53.55. HOME Program TBRA

A request was made asking that the rules governing Tenant Based Rental Assistance (TBRA) be changed to provide for "transfer of vouchers" in times of crisis like the recent hurricanes.

- Department Response
  HOME TBRA assistance is portable; the assistance moves with the household. If the household no longer wishes to rent a particular unit, the household may take its assistance and move to another approved rental unit within the Administrator's service area. In times of natural disasters, the Department may have the ability to consider policy changes to utilize funds in impacted areas. The Department is in the process of seeking waivers from the US Department of Housing and Urban Development and is exploring all funding options to better assist displaced households. No change is recommended.

Comment: HOME Program HOYO Funding

A comment was made on the Home of Your Own Program

"I am here in support of the continuation of the Department's commitment to Texas Home of Your Own Program (HOYO). The HOYO program continues to expand opportunities for home ownership among a greatly underserved population. Low income persons with disabilities, TDHCA has been a partner since 1996. It has been a great partnership. We have served over 250 homeowners. We want and need this partnership to continue, because it really does benefit all of us, and we appreciate that it continues to be in the plan."

"We also want to express our support for the Housing Trust Fund capacity building program as well as the predevelopment program. These programs have supported UCP Texas in our recent efforts to provide affordable, accessible and integrated rental housing."
"Opportunities for people with disabilities, our first project which is a partnership with Tekoa Partners…This project could not have happened without you all's support and the ability to help us learn how to do HUD 8-11 project…"

"We want to express our appreciation for your demonstrated commitment to providing housing for people with disabilities, and in an integrated setting. And that is what we are talking about when you are talking about rental. And we want to thank the Department staff that continue to work to see that people with disabilities have equal access to housing opportunities. And we look forward to a continued partnership…"

- Department Response

  The Department appreciates the comment, and has continued funding for HOYO for 2006. No changes recommended.

COMMENTS REGARDING THE AFFORDABLE HOUSING NEEDS SCORE

Comment: Consideration of the Need Characteristics of Specific Regions and Census Tracts

"Looking at the Affordable Needs Score, it, as traditionally, is very low for Region 12, and my question is that, for instance, Big Spring, Howard County, is number one and number two in the state for lead-based paint. When you look at the Affordable Needs Score, is some of that type of data put in there, because if it is, then it looks like it should be higher, just the fact that you have number one and number two in Region 12. And I think that when you look at -- you know, if you do it on population, we're going to be way down there, but if you look at actual needs, there are –

…(A)nother problem with the Affordable Needs Score and where it gets skewed sometimes is there are pockets of poverty that are surrounded with clusters of wealth, and you can't reach those pockets of poverty, because when you look at it by census tract, it skews the census tract methodology. And so somehow there has to be a method created or looked at where we can reach those pockets of poverty. I can take you within just a few blocks of my office, and I can show you a home that still has outdoor facilities. I can show you a house that's been lived in for a number of years that's never had electricity, still uses coal oil lamps, and yet we can't reach those because of the way the Affordable Needs Score is skewed…"

- Department Response

  The AHNS serves as a measure of the general level of affordable housing need in an area. As such, it does not provide a scoring preference based on location specific housing problems. The number of substandard dwellings in the community provides some measure of housing quality standards which would include such issues as lead based paint.

  While addressing lead based paint issues are certainly important, it would probably be more appropriate to add a scoring preference in the application selection criteria. That way preference could be given to applications that work to eliminate specific types of housing need that align with overarching Departmental goals.

With regard to the suggestion that specific Census tracts need to be served due to their need characteristics, the AHNS does not use tract level data to avoid unit concentration of affordable housing within specific small geographic areas and associated fair housing issues. Rather, it evaluates the housing need of the entire community and compares that level of need to other places in the region.

With regard to the specific example of Big Spring as raised by the commenter, the AHNS actually seems to be functioning rather well. Of the rural communities Big Spring would compete against for HTCs in Region 12, only one other place has a higher score. This place, Christoval, has never received an award of HTCs. Christoval's population is only 422. Under the 2006 AHNS methodology, it is likely that Christoval's future score would decrease if it actually received a credit award. That is because the methodology now considers previous TDHCA funding activity in generating a place's AHNS. For HOME, Big Spring has the highest score possible in all activities except for owner occupied rehab. The owner occupied rehab score is only one point below the maximum score.

Comment: Using the AHNS to Discourage the Over concentration of Affordable Housing in Primarily High Minority, Low Income Areas

"... (O)ne of the things we really need to focus on is for the state to gather information, ... which show that -- and I just ran it in Dallas, Fort Worth, Austin, and Houston -- that approximately 75 percent of the tax credit units that have been funded since 2000 in the state of Texas have gone to primarily low-income, primarily minority-concentrated areas. And as we all know, we're under a federal mandate, because of the Fair Housing Act of 1968, to disseminate particularly federally funded housing out into non-impacted areas. The whole concept is -- to summarize it really is not to continue to create ghettos like we did with the old HUD programs.

...(T)he City of Dallas has been under, for a long time, a federal mandate...that says we have to get housing out of the impacted areas. My fear is, if you look at what we've done since 2000, what we're continuing to do is concentrate low-income people in particular areas of the cities...

...In terms of the Affordable Housing Needs Score, ...we might want to... hav(e) some scoring, which I guess really isn't state-mandated, but -- or legislatively mandated, but have some scoring that really focuses on doing deals outside of impacted areas. If to the extent that you're doing a deal that's in a high income suburb that doesn't have a lot of minority population, maybe you score some additional points for doing that. It might also help offset some of the issues ... that have to do with "not in my backyard," because right now there's an awful lot of points in the QAP that you get for getting things like state senator, state rep report, which you can't really get without getting city council support, which you can't really get without getting home owner support...

And also there's points for things like neighborhood associations, and to the extent you try and -- because I've tried the last two years -- to do deals outside of minority areas, out in the suburbs, in one instance I had to actually sue a city who tried everything possible to stop us, because they just didn't want affordable housing in that area. And in another case I had a county commissioners' court decide to vote unanimously not to approve our bonds when the only objection was that the home owners didn't want it there, in their nice, high income neighborhood. So if we're going to make any progress on attempting to address the needs for affordable housing outside of impacted areas, we're going to have to come up with some way of counterbalancing the "not in my backyard" points that are in the QAP."

- Department Response
  The over concentration of affordable housing in primarily high minority, low income areas is an issue that was given a great deal of consideration when developing the Qualified Allocation Plan, of which the AHNS is a scoring component.

  As was previously discussed, the AHNS serves as a measure of the general level of affordable housing need in an area. This helps to distribute funds to places within the region based on the level of need present within the entire community. As such it does not give scoring preferences to specific areas within a particular place. For example, if a preference was included in the AHNS for a "high income suburb that doesn't have a lot of minority population," there would be nothing to preclude the site from being located within a high minority tract within that place.

  As previously discussed, the AHNS also does not use tract level data to avoid unit concentration of affordable housing within specific small geographic areas and associated fair housing issues. Within each community, there is a wide ranging set of community housing and development goals and market conditions. The AHNS should not complicate how these neighborhood level issues are addressed by trying to combine scoring factors in an attempt to meet a variety of housing goals through the use of a single score.

As the commenter seems to be pointing out, this issue would be better addressed at the program application selection criteria level. The draft *Qualified Allocation Plan* included a number of items that may help alleviate the concentration issues discussed by the commenter. TDHCA will continue to work to address distribution and concentration issues associated with its funding awards.

Comments Regarding the Regional Allocation Formula

Comment: Weighting Multifamily Bond Financing in RAF's Consideration of Available Funding

"We are in support of the proposed Regional Allocation Formula for 2006 Housing Tax Credits. The methodology you have used in accounting for 4% tax credits and bonds is an improvement over last year, and we feel is much more in line with the intent of the original legislation which created the Regional Allocation Formula (SB 1112 by Shapleigh, 76th Legislative Session). The new methodology better acknowledges that the largest metropolitan areas of the state, which are also the ones with the highest median family incomes (Dallas-Ft. Worth, Houston, Austin and San Antonio), are the only areas of the state that have access to 4% tax credits and bond deals, and allows the poorest regions of the state (such as El Paso and the other border areas) to access its fair share of the programs designed to help the poorest families in the state."

- Department Response
  This comment supports the 2006 proposed change in the way the RAF considers multifamily bond funding. As no additional comment was received on this issue, no changes to the RAF methodology are recommended.

Comment: RAF's Consideration of the Use of HTC Funding for Disaster Relief

"…(G)iven the recent hurricanes in I guess what would be Region 5, in Beaumont, Port Arthur area, it might make sense for us to consider at least the flexibility in the various programs to reallocate some resources to the extent that the federal government doesn't step to the plate and do it, to reallocate some of the housing resources to that particular region. And what I proposed … was something like 5 percent or 7 percent or whatever of, for instance, the tax credits. Give the Board the discretion between now and the time that we ultimately have to take applications to re-allocate the credits over to Region 5, and you just take 7 percent from all the other regions, and just allocate it over there. If you look at the impact on each particular region, it's really pretty minor, but it would make a huge impact in terms of addressing the needs of the hurricane victims in that particular region.

…(I)f we wait for the federal government it's going to be too late…, if we've already finalized all of our plans for next year, for the state to address that issue. And we can do it without federal dollars if we just do kind of a re-allocation within the state, or at least have the flexibility to do that, if the federal government doesn't do it."

- Department Response

  Section 2306.111(d) of the Government Code requires objective measures of affordable housing need to be part of the RAF. Currently, quantitative data is not available on the type and level of need in each region that has changed since the 2000 Census because of the recent disasters. Even if such data was available, it could then be argued by other regions that their need should be updated to reflect increased need related to the hurricanes (or other disasters) or ongoing immigration since the Census was conducted. While the decennial occurrence of the Census obviously limits the RAF's ability to respond to ongoing change, it provides a detailed statewide assessment of each region's general level of need.

  This comment, however, does raise the idea that providing a means of updating the 2000 Census need data could be a valuable addition to the RAF methodology. However, given the significance of this change, it is thought that the related changes to the RAF would require going out for additional public comment. Given current data limitations and program application cycle timing requirements, TDHCA will study this issue over the next year and provide options on how this might be accomplished for the proposed 2007 RAF.

  No changes to the RAF methodology are recommended for the 2006 RAF.

Comment: Updating Place Geography Type Designations to Reflect Population and Boundary Changes Since the 2000 Census

"…(A)fter reviewing the Dallas 2004 MAPSCO Directory, pages 10A and 10B, you will note that Wylie touches Garland strip annexation twice. The strip divides Wylie and Rowlett and then goes up along Lake Ray Hubber and then touches Wylie again. Garland is over 215,000 plus in population. So this would qualify Wylie as urban/exurban based on Wylie touching Garland."

- Department Response

  The mapping software TDHCA uses to categorize places based on their boundary proximity uses 2000 Census data and boundaries. Since places may have annexed more territory since 2000, the RAF methodology will be clarified to note that place designations may be updated from

“Rural” to “Urban/Exurban” if the applicant can provide a letter from the jurisdiction indicating that their place’s city limits touch the city limits of another place that has a population greater than 20,000. It should be noted that because state law ties the word "population" to the decennial census, proximity to another urban area is the only thing that can change a place’s rural designation until the next census is conducted.

The inclusion of the following notes in the RAF methodology is suggested:

“Applicants may petition TDHCA to update the “Rural” designation of a place within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the place has an incorporated area boundary that touches the boundary of another place with a population of over 20,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the:

- pre-application submission period for HTC applications, or
- application submission period for HOME applications.”

“The definition of “population” in state law (Sec. 311.005(3), Government Code) is “the population shown by the most recent federal decennial census.” Because of this requirement, the decennial census place population must be used to make the area type determination.”

SECTION 6: COLONIA ACTION PLAN

OVERVIEW

The Texas Department of Housing and Community Affairs Colonia Action Plan for 2006–2007 discusses housing and community development needs in the colonias, describes the Department's policy goals, summarizes the strategies and programs designed to meet these goals, and describes some of the projected outcomes to support the improvement of living conditions of colonia and border residents along the Texas-Mexico border region. This plan focuses on colonias as defined by state statute.

The overall goal of the Department with respect to colonias is to improve the living conditions and lives of border residents along the Texas-Mexico border region. As a result, TDHCA provides planning, housing, and housing-related assistance.

Performance measures for colonia activities, as reported to the Legislative Budget Board, focus on outreach and technical assistance efforts of the Department—specifically the number of on-site technical assistance visits conducted annually from the Border Field Offices. The targeted performance number for the 2006–2007 biennium is 747 technical assistance visits a year.

It should be noted that there is no single or dedicated source of funds for colonia-focused programs and services administered by the Department, except the Colonia Self-Help Centers, which are funded with Community Development Block Grant funds. In the past, funding has been provided from the Housing Trust Fund, the HOME Program, Single Family Bond proceeds, and the Community Development Block Grant (CDBG) Program.

COLONIA NEEDS

In today's world, Texas colonias are considered an observable fact. Their beginnings date back to the 1950s. As a response to the reconstruction era, Texans adopted a state constitution to minimize the powers of government. By making counties subdivisions of the state with no home rule powers, Texans guaranteed that no county could take an action or adopt a rule until it is first voted on by the state. As a result all regulatory powers originate with cities and the state. Areas outside city limits are "regulation free zones" until problems become so serious that the entire state is ready to empower a county to address them.[108]

These regulatory free zones enabled colonia developers to purchase tracts of land with a marginal agricultural value. Some of these tracts were flood prone and drained poorly; some were too hilly to irrigate; some were land with a declining value due to changes in agricultural economics. These developers platted their tracts, bulldozed roads, and sold the undeveloped lots on 10- to 20-year contracts for deed starting anywhere from $8,000 to $20,000 at an interest rate of 10 percent to 17 percent annually.[109] A contract for deed is an instrument used to sell land. Title to the property is not transferred until the balance is paid in full.

---

[108] Madeline Pepin, "Texas Colonias: An Environmental Justice Case Study" (November 5, 1998), http://itc.ollusa.edu/faculty/pepim/philosophy/cur/colonias.htm (accessed December 2, 2003).
[109] Pepin, "Texas Colonias."

WHAT IS A COLONIA?

A "colonia," Spanish for "neighborhood" or "community," is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing. This includes a lack of basic services such as potable water, adequate sewage systems, drainage, streets, utilities, paved roads, and plumbing. With living conditions often compared to Third World countries, the colonias present one of the most critical housing needs in the state. Housing in the colonias is primarily constructed with scarce materials, and professional builders are rarely used. Residents frequently start with makeshift structures of wood, cardboard, or other materials, and as finances allow, continue to improve their homes.

Colonia residents tend to be young, predominately Hispanic, low to very low income, and employed in low-paying employment sectors. According to the most recent data available, 36.6 percent of colonia residents are children (compared to 29 percent statewide). Nearly all are Hispanic and 27.4 percent speak Spanish as their primary language. However, contrary to common perception, according to the Texas Attorney General, between 65 to 80 percent of adult colonia residents are US citizens, with an even higher citizenship rate for children.

The workforce tends to be young and unskilled; consequently, wages are low. Primary occupations are seasonal in nature; agriculture service providers and construction-related jobs account for more than 50 percent of the workforce.[110] A study by the Texas A&M University Center for Housing and Urban Development indicated that unemployment levels in five Rio Grande Valley colonias ranged from 20 percent to as high as 70 percent, compared with the overall state unemployment rate of only 7 percent.

According to a survey by the Texas Department of Health of residents in 96 colonias in 6 border counties, almost half of the colonia households make less than $834 a month. Nearly 70 percent of the residents never graduated from high school.[111]

As indicated in a Status Report by the Center for Housing and Urban Development at Texas A&M University, there are approximately 1,450 colonias in the Texas, which are home to over 350,000 Texans. Future projections indicate the population may reach as high as 700,000 residents by the year 2010.[112]

LIVING CONDITIONS

As previously noted, the lack of even the most basic infrastructure including potable water and adequate sewage systems has contributed to the proliferation of disease. Compounded with a lack of adequate medical insurance and a shortage of healthcare facilities, reported cases of viral disease in the colonias far exceed statewide levels.

[110] G. Rogers, J. Glaser, P. Johnston, T. Black, A. Kamath, and R. Gonzalez, *Cinco Colonia Areas: Baseline Conditions in the Lower Rio Grande Valley* (College Station, TX: Center for Housing and Urban Development, College of Architecture, Texas A&M University, 1993).
[111] The Border Economy, Federal Reserve Bank of Dallas, http://www.dallasfed.org/research/border/tbe_issue.pdf, June 2001.
[112] LBJ School of Public Affairs, University of Texas at Austin, January 1996; and Texas Department of Housing and Community Affairs.

According to a study by the University of Texas System Texas-Mexico Border Health Coordination Office, diseases such as Hepatitis A, Salmonellosis, Shigellosis, and Tuberculosis occurred at a much higher rate in the colonias than the rest of the state.[113] The rate of reported Hepatitis A, for example, was more than double the statewide rate. Other health problems included high rates of gastroenteritis and other water-quality-related problems.[114] Medical services are rarely available and this compounds health problems in the colonias. Due to these stumbling blocks, children in the colonias experience slower growth and lower educational development rates.

The scarcity of potable water is another daily hardship for colonia residents. According to data from the Texas Department of Human Services, the use of untreated water for drinking, washing, bathing, and cooking ranged from 4 percent to 13 percent in colonia households.[115] Many residents rely on large plastic drums for the storage of water. More often, water is transferred to the house by bucket or plastic containers. Reports of water used for bathing, washing, and even cooking drawn from ditches where sewage and agricultural chemicals gather are not uncommon.

In addition to a lack of adequate wastewater infrastructure, most roadways located in colonias are unpaved or continue to be of very poor quality. A survey of residents of the El Cenizo colonia conducted by TDHCA indicated that 50 percent of the roads within the colonia were classified as “deteriorated” or “poor.”[116] Water from heavy rains tends to collect, and when combined with inadequate waste removal systems, forms into pools of raw sewage, which again causes health problems for colonia residents.

Plumbing facilities are also a problem in the colonias. Approximately 50 percent of houses in rural colonias and 20 percent in urban colonias have incomplete plumbing facilities. Additionally, 40 percent in rural colonias and 15 percent in urban colonias lack a complete kitchen. For more information on the housing needs of border counties, see the Housing Analysis and Action Plan section of this report, Regions 11 and 13.

While each colonia is different and may have needs unique to that area, most share the same general characteristics. Unfortunately, these and other concerns are all part of the day-to-day life for most colonia residents 365 days a year. A bad situation is made even worse due to a profound lack of the most basic of necessities: safe, sanitary, and decent housing.

HOUSING AND HOUSING-RELATED NEEDS[117]

An increasing amount of attention has been placed on colonias over the past several years. This attention has been focused on eliminating their presence rather than addressing the reason for their existence. One key to improving the conditions of colonias is the availability of affordable housing programs. While it

[113] University of Texas System Texas-Mexico Border Health Coordination Office, University of Texas-Pan American
[114] Robert K. Holz and Christopher Shane Davies, Third World Colonias: Lower Rio Grande Valley, Texas (Working Paper number 72, Lyndon B. Johnson School of Public Affairs, University of Texas, 1993).
[115] US Census, Texas Department of Human Services, 1990
[116] Texas Department of Housing and Community Affairs, Office of Colonia Initiatives, *A Study of the People of El Cenizo, Texas* (Austin, TX: Texas Department of Housing and Community Affairs, April 1997).
[117] A portion of the information in this Action Plan is derived from the six Colonia Self-Help Centers’ Needs Assessments.

is important to eradicate the conditions that exist in colonias; it is equally important to address the circumstances that enable such an environment to develop.

While colonia residents have been resourceful and creative in providing for themselves, they continue to have several needs, including the following:

- Increased affordable housing opportunities such as down payment assistance, low interest loans, and flexible underwriting guidelines
- Conversion of contracts for deed to conventional mortgages, with transfer of title and homeowner education
- Construction and rehabilitation education and assistance
- Access to information regarding available resources
- Access to adequate infrastructure

Typically colonia residents do not have access to traditional financing or professional assistance when they purchase a home. They have limited credit or even nonexistent credit histories, and, for some, it is difficult to save for the down payment and closing costs required to qualify for a conventional mortgage. Credit and debt counseling, including money management and financial literacy training, is lacking in colonia areas. There is also a need for flexible housing assistance such as low-interest-rate loans with underwriting guidelines appropriate for nontraditional borrowers.

The contract for deed has been the most common method of financing the purchase of colonia properties, due to the lack of underwriting guidelines by developers. Often, developers charge outrageous interest rates—as high as 14 to 18 percent—including higher late fees. Traditionally, developers would not record the contract for deed, making it easy to reclaim the property without legal process, while retaining any physical improvements made on the property.

Home construction, improvement, and maintenance require access to resources and skills. Many colonia residents do not have the resources to contract for home improvement, and choose to undertake the work on their own. Within the colonias, there is a need for education on several topics related to construction and rehabilitation such as surveying, platting, and general construction skills. There is also a scarcity of construction tools available for use by colonia residents.

Occasionally there is funding available to communities and organizations in the colonias to support local programs. Training is needed on how to locate funding and, once the funding is identified, how to write a successful grant proposal. However, the most important aspect in seeking funding is the ability of the communities or organizations to manage the funding within rules and guidelines. Many communities and organizations struggle to deliver services to its colonia residents due to capacity and financial issues.

Interagency coordination and financial backing at the state and federal level needs to continue to address colonia issues. While many housing professionals recognize that the level of coordination and dialogue has increased in recent years, and that many communities in the border region acknowledge an increase in funding for infrastructure development, much work remains. In the context of affordable housing (construction and financing mechanisms) and infrastructure development (potable water, wastewater treatment, paved streets, etc.). TDHCA is committed to interagency cooperation.

POLICY GOALS

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was established to administer and coordinate efforts to enhance living conditions in colonias along the Texas-Mexico border region. OCI's fundamental goal is to improve the living conditions and lives of colonia residents, and to educate the public regarding the services that TDHCA has to offer.

The OCI Division was created to

- expand housing opportunities to colonia and border residents living along the Texas-Mexico border;
- increase knowledge and awareness of programs and services available through the Department;
- implement initiatives that promote improving the quality of life of colonia residents and border communities;
- empower and enhance organizations building capacity to better serve the targeted colonia population;
- provide comprehensive education to colonia and border residents;
- develop cooperative working relationships between other state, federal, and local organizations to leverage resources and exchange information;
- promote comprehensive planning of communities along the Texas-Mexico border to better understand community and resident needs;
- serve as a catalyst for colonia residents by allowing input into major funding decisions that will affect border communities.

The OCI Division assists the Department's program divisions by coordinating activities in the colonias and border communities. Currently, the OCI Division headquarters and Border Field Offices (in Edinburg, Laredo, and El Paso) employ eight employees that provide consumer education, housing and financial assistance, and community services along the Texas-Mexico border region to colonia and border residents and state, federal, and local organizations.

ACTION PLAN

The Colonia Action Plan includes a strategic vision for housing, community development, and community services. This two-year Action Plan outlines how various initiatives will be implemented in 2006–2007.

The initiatives described within the Action Plan have been divided into two categories: (1) Increase Affordable Housing Opportunities and (2) Housing Construction and Rehabilitation, Access to Infrastructure, and Information Regarding Resources. Each category contains the following information:

- Legislative mandate: directive by the legislature
- Purpose: intent of the program
- Funding: financial support
- Activities to date: actions and successes
- Strategic approach: plan to further ongoing activities
- Provide capacity building training and technical assistance to organizations in areas not currently served by the programs noted below

Figure 6.1: FY 2006 and 2007 Office of Colonia Initiatives Funding

	Estimated Available Funding for FY 2006	Estimated Available Funding for FY 2007
Texas Bootstrap Loan Program	$3,000,000	$3,000,000
Colonia Self-Help Centers	$2,100,000	$2,100,000
HOME Set Aside for Contract for Deed Conversions	$2,000,000	$2,000,000
Colonia Model Subdivision Program[1]	$1,000,000	$1,000,000
Total Funds	$8,100,000	$8,100,000

[1]$1,000,000 will be set-aside from the HOME Investment Partnership Program for the Colonia Model Subdivision Program from the annual HOME CHDO Set-aside. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities within the HOME Program.

INCREASE AFFORDABLE HOUSING OPPORTUNITIES

The following Department initiatives focus on increasing affordable housing opportunities in the colonias.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan (Bootstrap) Program is required under Subchapter FF, Chapter 2306, Texas Government Code, to make available $3 million for mortgage loans to very low income families (at or below 60 percent of the area median family income), not to exceed $30,000 per unit. This program is a self-help construction program, which is designed to provide very low income families an opportunity to help themselves through the form of sweat equity. All participants under this program are required to provide at least 60 percent of the labor necessary to construct or rehabilitate the home, and all applicable building codes will be adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources, such as those from private lending institutions, local governments, or any other sources; however, all combined loans cannot exceed $60,000 per unit.

The Department is required to set aside at least two-thirds, or $2,000,000, of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The majority of the counties are located along the Texas-Mexico border region. The remainder of the funding, one-third, or $1,000,000, will be available to Department-certified nonprofit owner-builder programs statewide.

For the 2005 fiscal year, the Bootstrap Program set-aside $3 million from the Housing Trust Fund and Residual Bond funds. The total dollars awarded through the program was $3,432,000. There were 18 total applications; 10 applications were recommended and approved for funding by the Department's Board, and are estimated to benefit 120 families.

The most important component of the program is the increase of homeownership for very low income Texans by providing loan funds to purchase or refinance real property on which to build new residential housing or improve existing residential housing. The Department has successfully replicated this initiative on a statewide basis. This initiative can remedy some of the living standards and provide the "American Dream" to many low income families. The objective is to continue expanding affordable housing through self-help construction. OCI will market the program to certified nonprofit organizations and Colonia Self-Help Centers. The measurable output will be the number of certified nonprofit organizations applying for this program. This will enhance the development of affordable housing through self-help construction statewide. The Department will release a two year Notice of Funds Available in order to assist organizations with the flexibility in structuring their awards that will maximize the use of Department funds.

Contract for Deed Conversion Initiative

The 79th Legislature passed an Appropriations Rider, a legislative directive requiring the Department to spend no less than $4 million on contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income (AMFI), and convert no less than 400 contracts for deeds into traditional notes and deeds of trust by August 31, 2007.

The intent of the program is to help colonia residents become property owners by converting their contracts for deeds into traditional mortgages. Participants in this program must not earn more than 60 percent of AMFI and the property must be their primary residence. The properties proposed for this initiative must be located in a colonia as identified by the Texas Water Development Board colonia list or meet the Department's definition of a colonia.

After residents convert their contracts for deeds to traditional loans, the program provides colonia residents with the opportunity to seek funding for construction, rehabilitation, and other benefits that come with owning property.

For 2006 and 2007, TDHCA will set aside $4 million through the HOME Investment Partnerships Program. As stipulated in the legislation, the Department must do no less than 400 contract for deed conversions and spend no less then $4 million for the biennium. In reality, each conversion costs approximately $20,000, with an additional $35,000 in owner-occupied housing rehabilitation to meet, at a minimum, colonia housing standards, but preferably housing quality standards. This only allows for 75 conversions with the allotted $4 million, not allowing the Department to meet its goal of 400. While the Department may not meet the goal of 400 conversion with the $4 million the Department is not only assisting the colonia resident with the contract for deed conversion it is also providing funds to rehabilitate of their homes to meet housing standards.

For fiscal years 2006 and 2007, the Department will use funding through the HOME Program to implement this initiative

HOUSING CONSTRUCTION AND REHABILITATION, ACCESS TO ADEQUATE INFRASTRUCTURE, AND INFORMATION REGARDING RESOURCES

The following Department initiatives focus on constructing and rehabilitating housing and infrastructure in the colonias, and providing information to colonia organizations and residents.

Colonia Self-Help Centers Program

Chapter 2306, Subchapter Z, of the Texas Government Code established the Colonia Self-Help Centers (SHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties. The legislative directive also allows the TDHCA to establish a Colonia SHC in any other county if the county is designated as an economically distressed area. The Department opened two additional Colonia SHCs in Maverick and Val Verde County.

Five colonias in each county are identified to receive concentrated attention from the appropriate Colonia SHC. Operation of Colonia SHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to perform the functions of a Colonia SHC. The law also requires the establishment of a Colonia Resident Advisory Committee (C-RAC) to advise the Department on the needs of colonia residents, activities to be provided, and programs to be undertaken in the selected colonias. Each county selects two residents to serve on this committee; one of the two residents must reside in a colonia serviced by the Colonia SHC. In addition, the law requires the Department's Board to appoint members to the C-RAC, made up of a primary and secondary representative from each county. The C-RAC members meet 30 days prior to making an award to a Colonia SHC. The C-RAC has been instrumental in voicing the concerns of the targeted colonia populations, and has helped both the Department and the Colonia SHCs develop useful tools and programs to address the needs of colonia residents.

Colonia SHCs provide concentrated on-site technical assistance to low and very low income individuals and families, including housing and community development activities, infrastructure improvements, and outreach and education. Some of the activities that are offered to the colonia residents are rehabilitation, new construction, surveying and platting, construction skills training, tool library access for self-help construction, housing finance, credit and debt counseling, grant writing, infrastructure constructions and access, contract for deed conversions, and capital access for mortgages, to improve the quality of life for colonia residents in ways that go beyond the provision of basic infrastructure.

The program serves 31 designated colonias in the seven counties with approximately 20,000 colonia residents as beneficiaries of these services. Beneficiaries must be at or below 80 percent of the area median family income. County governments subcontract with Colonia SHCs in their respective county for the provision of housing and infrastructure services, and provide technical assistance to oversee their implementation of contractual responsibilities.

Operation of Colonia SHCs is funded from the Office of Rural Communities Affairs with US Department of Housing and Urban Development's Texas Community Development Block Program (CDBG) 2.5 percent colonia set-aside. CDBG funds can only be provided to eligible units of general local governments; therefore, the Department must enter into a contract with each affected county government. TDHCA provides administrative and general oversight to ensure programmatic and contract compliance to meet legislative intent. The Department maintains a relationship with the unit of general local government and Colonia SHC operator(s) to ensure that the housing and community development activities within each respective contract are achieved. In addition, Colonia SHCs are encouraged to seek funding from other sources to help them achieve their goals and performance measures.

Colonia SHC funds are awarded every two years. In FY 2004, the total dollars allocated through the program was $2,168,400. In FY 2005, the total dollars available to allocate through the program will be $2,057,638. Approximately $4,100,000 will be available in FY 2006 and 2007 for this program.

One goal for the Colonia SHCs over the next biennium is to increase the level of funding available. The Department will strive to expand the number of beneficiaries receiving assistance through the Colonia SHCs. By limiting salary and operating expenses to 15 to 20 percent of the total award, at least 80 to 85 percent of the allocated funds can be utilized to assist additional beneficiaries. Another way to expand the number of beneficiaries is to identify funding from other Department and external (i.e., USDA Rural Development, HUD, the Housing Assistance Council, Fannie Mae, etc.) sources that can be added to the annual allocation for the Colonia SHCs. The Department has been providing technical assistance to the Colonia SHCs to enable them to apply for affordable housing programs such as the HOME Investment Partnerships Program.

Another goal of the Colonia SHCs is to expand the program to other communities along the Texas-Mexico border. The Department will target potential counties such as the Big Bend Region and colonias that can benefit from Colonia SHC activities, and work with units of local government to identify and determine potential sites for other Colonia SHCs.

Colonia Model Subdivision Program

The 77th Legislature adopted Subchapter GG, Chapter 2306 of the Texas Government Code, to create the Colonia Model Subdivision Loan Program. The intent of this program is to provide low-interest or interest-free loans to promote the development of new, high-quality residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income that would otherwise move into substandard colonias.

Any housing created under this program must fully comply with all state and local laws, including any process established by state or locality for subdividing real property.

The Department will only make loans through the program to Colonia SHCs that are also community housing development organizations (CHDOs) certified by the Department as well as other interested

CHDOs who have a history of serving the Colonias. The loans made under this initiative may be used only for the payment of

- costs associated with the purchase of real property;
- costs of surveying, platting, and subdividing or re-subdividing real property;
- fees, insurance costs, appraisals, or recording costs associated with the development of the subdivision;
- costs of providing proper infrastructure necessary to support residential uses;
- real estate commissions and marketing fees;
- any other cost that the Department, by rule, determines to be reasonable and prudent to advance the purposes of this subchapter.

The residential lots and housing developed under this program must be sold to an individual borrower, of extremely low income or individuals and families of very low income.

For the 2005-2006 biennium, $2 million from the HOME Program Community Housing Development Organization (CHDO) set-aside will be used to implement this initiative.

Border Field Offices

The Department operates three Border Field Offices (BFOs) located in El Paso, Laredo, and Edinburg. These offices are partially funded through various sources including general revenue funds, the HOME Program, bond proceeds, and the Community Development Block Grant Program.

Currently, BFOs provide technical assistance to units of local government, nonprofits and for-profits, colonia residents, and the general public on TDHCA's programs and services through on-site visits and other outreach activities. In addition, BFOs conduct onsite loan packaging and processing, homebuyer counseling, inspections, and administration of the various contracts regarding the Department's border and colonia initiatives such as the Colonia SHCs, Contract for Deed Conversion Initiative and Texas Bootstrap Loan Program.

Over the next biennium, the BFOs' goal is to establish a network of communication with units of general local government, nonprofits, and community-based organizations within 150 miles of the Texas-Mexico border. To increase the availability of services to border communities, BFOs will conduct onsite visits to communities requesting technical assistance on accessing Department programs. A database of contacts by county will advise communities of current and future funding opportunities available through the Department.

Additionally, BFOs will educate units of local government, nonprofits, and community-based organizations on the process of applying for funding and help identify opportunities for accessing various funding sources. They will coordinate capacity building seminars for units of general local government, nonprofits, and community-based organizations, and will assist with grant writing seminars to be conducted along the Texas-Mexico border.

Colonia Consumer Education Services

OCI continues the consumer education program and has expanded its educational goals, although OCI is no longer required by legislation to provide education for contract for deed participants. With the statewide expansion of the Contract for Deed Conversion initiative, OCI recognized the need for additional education topics, such as filing homestead exemption on their property. The Department will provide homebuyers under its Contract for Deed Conversion and Texas Bootstrap Loan Programs a form to file their homestead exemption at the time of closing on their homes. The Department will create an educational campaign regarding HB 1823 which was passed during the 79th Regular Legislative Session (2005) that allows residential contract for deed buyers to have their contracts converted into a deed with a deed of trust. The educational campaign will be directed to colonia residents along the Texas-Mexico Border Region. Education services are available through the Colonia Self-Help Centers and OCI Border Field Offices.

Consumer Information Resources

OCI operates a toll-free hotline (1-800-462-4251), which enables colonia residents to voice their concerns and/or request information. In addition, this hotline is available to colonia residents who may be having trouble making their monthly mortgage payment.

PUBLIC COMMENT ON THE COLONIA ACTION PLAN

Comment: Colonia workforce tends to be young and unskilled

"Pilot a Cameron County project where colonia youth (17-years of age) are trained in basic construction maintenance: plumbing, roofing, window repairs, etc."

- Department Response
  TDHCA—OCI administers the Texas Bootstrap Loan Program. Under the Bootstrap Program volunteers are always needed throughout the state to assist in the construction/rehabilitation of homes for very low income families participating in this program. By partnering with local Colonia Self-Help Centers (SHC) and non-profit organizations that participate in the Texas Bootstrap Loan Program, the volunteers learn a construction trade. In addition, the Colonia Self-Help Centers (SHC) offer tool lending/safety classes in which anyone can receive construction/rehabilitation training within the colonias served by the Colonia SHC.

Comment: Colonias in flood prone areas

Pilot a project in Cameron County that will buy out property owners in the flood zones by offering them affordable housing assistance.

- Department Response
  TDHCA—OCI does not have funds available to accomplish the buyouts. Approximately 1/3 of the county is located in a flood zone.

Comment: Credit and debt counseling

"Pilot a project in Cameron County where promotoras are trained in credit and debt counseling. The "promotoras" concept has proven to be effective when education colonia residents in health issues, etc."

- Department Response
  TDHCA is a big proponent of not only credit and debt counseling but of homebuyer education. For most of the programs offered by TDHCA, homebuyer education is required.

  Through the Texas Statewide Homebuyer Education Program, TDHCA offers training and certification for representatives of nonprofit organizations interested in providing homebuyer education. Additionally, Colonia SHC centers offer free credit and debt counseling to the colonia residents.

Comment: Contract for Deed

"Set up a hotline where families can call to report the existence of contract for deed arrangements. Make this information available to non-profit entities so they may follow-up with conversion program information."

- Department Response
  In 1996, OCI set up a toll-free hotline 1-800-462-4251 for colonia and border residents to call for assistance. In addition, Border Field Offices were created to allow constituents to call or go in person to receive assistance or to report improper activity. TDHCA has just announced its agency-wide toll-free number 1-800-525-0657. The Secretary of State has an Ombudsman's Program that colonia residents may also contact directly with any issues.

Comment: Multiple dwellings on properties

"Being able to assist colonia residents is that there is a lot of multiple dwellings on the properties, and that seems to be a big issue in the colonias. Being able to obtain a waiver or change something where these people live; at least start with the primary resident."

- Department Response
  Federal and state funding requirements prohibit the use of funds where multiple dwellings exist on the same property unless the additional improvements are removed. In most cases, in order to rehab or construct a home a lien must be filed on the property. In cases where multiple dwellings exist, it is almost impossible to perfect a lien on the property.

Comment: Administrative fee

"The other issue, coming as a program administrator, the funds that are usually for us to administer the program is 4 percent. It sometimes binds you from getting the right people."

- Department Response
  The administrative fee under the Texas Bootstrap Loan Program is currently set at 4 percent. Under the HOME Program, the US Department of Housing and Urban Development allocates a total of 10 percent to TDHCA to administer the HOME Program. TDHCA receives 6 percent to operate the program statewide and the remaining 4 percent is awarded to the applicants, not to exceed 4 percent of their award amount for administrative costs.

Comment: Self-Help Contract

"We've been asking for some sort of technical assistance as to what rules, regulations, procedures apply under self-help. So I'm just asking for some sort of assistance when it comes to self-help specific activities."

- Department Response
  TDHCA holds implementation workshops in conjunction with the Office of Rural Community Affairs in which the Colonia SHC and Counties are required to attend and participate. A program manual is provided and available to all Colonia SHCs and Counties awarded a contract. In addition, TDHCA has available border field representatives assigned to each Colonia SHC and County, which provide onsite visits and technical assistance in the areas of community development, economic development, and housing. Several of the nonprofits have been working under the Colonia SHC Program and have in-depth knowledge of the program and have more capacity and experience managing the contracts.

Comment: Administrative Fee

"I wish we had more administrative money for the county to run this program (Self-Help Center program) we're doing good and wish to continue it. It's a great program and request that your agency continue offer it."

- Department Response
  Funding for the self-help center program is acquired through the Texas Community Development Block Program 2.5 percent colonia set aside. In addition, self-help centers are encouraged to

apply and leverage with other financial sources to help them achieve their goals and performance measures.

Comment: Waste-water program in Casita Garciasville Subdivision

"There's a sewer program going on in Casita Garciasville Subdivision and most of it has been completed or will be in the next 30 to 60 days, but we have about 15 or 20 homes that were not served, for whatever reason, I have no idea why. We need to serve them, they currently have water and electricity."

- Department Response
  The Office of Rural Community Affairs (ORCA) awards funds to address public facility needs such as sewer, water system, road, and drainage improvements through the community development fund program.

Comment: Flood Control Projects in Casita Garciasville Subdivision

"In this subdivision there's two spots that are real low, and every time it rains it floods."

- Department Response
  The Office of Rural Community Affairs (ORCA) awards funds to address public facility needs such as sewer, water system, road, and drainage improvements through the community development fund program.

Comment: Administrative Fee & Program documents

"It's been heavy on my heart about the administration fee, if you could get 10 percent that would be great. Also, I think it would be helpful if every program could use the same documents for processing."

- Department Response
  The administrative fee under the Texas Bootstrap Loan Program is currently set at 4 percent. Under the HOME Program, HUD allocates the funds to the HOME program. To TDHCA for HOME, it comes with a 10 percent administrative cost. The Department keeps 6 percent to operate the program statewide and the 4 percent is passed down to the administrators. Unfortunately due to regulations and rules of the various funding sources not all documents are the same for each program. Though they may be similar and request some of the same information, each program requires its own documents.

Comment: Funding for parks

"If we could get some money for parks."

- Department Response
  The Secretary of State has an Ombudsman Program where colonia residents can share their ideas and/or concerns with them.

Comment: Administrative fee

"The main concern I have is amount of administration money, which Pete and Paul of course already talked about and of course the lady that just came in."

- Department Response
  The administrative fee under the Texas Bootstrap Loan Program is currently set at 4 percent. Under the HOME Program, HUD allocates the funds to the HOME program. To TDHCA for HOME, it

comes with a 10 percent administrative cost. The Department keeps 6 percent to operate the program statewide and the 4 percent is passed down to the administrators.

Comment: Texas Bootstrap Loan Amount

“We are also getting involved with the Bootstrap Program and I do feel that the limits due to the as far as the labor and materials have basically all gone up. I think of course there is a $30,000 limit for building bootstrap. We hope that you would consider raising the limits as far as on the construction for that particular program.”

- Department Response
  We agree the cost of building materials have increased. Program Legislation (Subchapter FF Section 2306.754) restricts the maximum loan amount made by the department and other entities to an owner-builder to $60,000.

  Other non-profit organizations have expressed their concern regarding the maximum loan amount of $60,000; however, until legislation is changed to increase that amount, TDHCA must continue to comply with this requirement. The maximum loan amount requirement only applies to amortizing repayable loans.

Comment: Texas Bootstrap Loan Amount

“I’m an outreach worker for elderly. A lot of them need house assistance, fixing repairs, everything, but in La Sara before they tried to do that, however, they had to rebuild a new house, and a lot of these elderly people don’t have the money to pay a loan, house payment or anything. What about them? What is being done for them? What type of programs are for them, you know, for funding for them to fix their house.”

- Department Response
  The HOME Program’s Owner Occupied Program provides grant funds for the rehabilitation of single family homes. This program includes, roof repair or replacement, electrical system and plumbing repairs. Additionally in order to qualify for this program, an individual must own and reside in their home. Rent houses are not eligible. If the applicant is purposing to assist those with special needs and/or persons with disabilities, additional points are awarded to the applicants. The owner occupied program is a grant and not a loan. Sometimes, a home may not be repairable. In those instances, a home may be demolished and replaced by a "stick-built" or a manufactured home.

SECTION 7: TEXAS STATE AFFORDABLE HOUSING CORPORATION ANNUAL ACTION PLAN

In accordance with Section 2306.0721(h), the Texas State Affordable Housing Corporation (TSAHC) Annual Action Plan is included in the 2006 SLIHP.

Sec. 2306.566 of the Texas Government Code reads:

COORDINATION REGARDING STATE LOW INCOME HOUSING PLAN.

(a) The corporation shall review the needs assessment information provided to the corporation by the department under Section 2306.0722(b).

(b) The corporation shall develop a plan to meet the state's most pressing housing needs identified in the needs assessment information and provide the plan to the department for incorporation into the state low income housing plan.

(c) The corporation's plan must include specific proposals to help serve rural and other underserved areas of the state.

TABLE OF CONTENTS

OVERVIEW

This report is prepared in accordance with SB 284, 78th Session, which requires the Texas Department of Housing and Community Affairs ("TDHCA") and the Texas State Affordable Housing Corporation ("Corporation") to coordinate regarding the State Low Income Housing Plan ("SLIHP"). The bill amends Section 2306.0722(b) to require TDHCA to provide the needs assessment information compiled for the report and plan to the Corporation. Section 2306.566 is added to require the Corporation to then review the information and develop a plan to meet "the state's most pressing housing needs identified in the need assessment information" and provide the plan to TDHCA for incorporation into the resource allocation plan in the SLIHP. The Corporation's plan must include specific proposals to help serve rural and other underserved areas of the state and provide affordable housing through methods that do not duplicate those of TDHCA or local housing organizations. The bill also adds Section 2306.0721(h) to require TDHCA to incorporate the specific results of the Corporation's programs in TDHCA's estimate and analysis of housing supply in each uniform state service region under Section 2306.0721(c)(9).

HISTORY OF THE CORPORATION

The Texas State Legislature created the Corporation as a self-sustaining non-profit entity to facilitate the provision of affordable housing for low income Texans who do not have comparable housing options through conventional financial channels. Enabling legislation, as amended, may be found in the Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq. All operations of the Corporation are conducted within the state of Texas. Corporate offices are located in Austin, Texas. A five-member board of directors appointed by the Governor with the advice and consent of the Senate oversees the business of the Corporation.

The Corporation issues mortgage revenue bonds and private activity bonds to finance the creation of affordable multifamily housing units, and to finance the purchase of single-family homes under three separate programs: (1) the Professional Educators Home Loan Program, (2) the Fire Fighter and Law Enforcement or Security Officer Home Loan Program, and the newest program, (3) the Nursing Faculty Home Loan Program. Since April 2001, the corporation has issued over $600 million in single-family and multifamily mortgage revenue bonds. To date, the Corporation has provided over 8,362 units of affordable multifamily housing to low income Texans. The Corporation has also served 570 income eligible individuals and/or families through its first-time homebuyer single-family programs. This affordable housing has been provided at no cost to the state and its taxpayers. The Corporation does not receive any state funding, and is not subject to the legislative appropriations process.

The Corporation is organized, operated, and administered in accordance with its enabling legislation as a 501(c)(3) nonprofit corporation in order to access additional sources of funding to accomplish its mission. The Corporation is an approved originating seller/servicer for single family loans with Fannie Mae, Freddie Mac, Ginnie Mae, U.S. Rural Development, FHA, and VA. The Corporation has conduit sales agreements with Countrywide Home Loans, Inc., and Wells Fargo Funding, and with the Community Development Trust, Inc., for multifamily mortgage loans. The Corporation is also a non-member borrower of the Federal Home Loan Bank of Dallas.

NEEDS ASSESSMENT REVIEW

According to an analysis of the Texas Department of Housing and Community Affairs' (TDHCA) Needs Assessment and other published studies on the subject, the following represent the most pressing housing needs in the state.

GENERAL HOUSING NEEDS

- By 2000, Texas had the second largest total population, 20.9 million, among the states in the United States. By 2010, the population is projected to be between 24.2 million and 25.9 million and by 2040 between 35.0 million and 50.6 million.[118]
- As a result of the growing population, housing demands will change substantially in the coming years with both owner and renter housing growing at nearly equal rates.[119]
- Affordable housing is in short supply for the extremely low, very low, low, and moderate income brackets, which was caused primarily by the private sector's concentration of development, both single family and multifamily development, in larger metropolitan areas and targeting higher income individuals and families.[120]
- Many HUD-financed or HUD-subsidized properties, which represent a significant portion of the state's affordable housing portfolio, are at risk of becoming market rate properties.[121]

SINGLE FAMILY HOUSING NEEDS

- Texas may add nearly 3.8 million more students over the next 40 years placing a high demand for educators.[122]
- Population growth will mean increased public service demands and expanding markets for Texas.[123]
- Lack of funds for down payment and closing costs has created one of the greatest obstacles that prevent first-time homebuyers of low-to-moderate-income families, such as the teachers, police officers, and firefighters, from achieving the American dream of owning a home.[124]
- The Texas Education Code establishes a state minimum salary schedule that must be accommodated by all Texas schools for specific public education professionals. The state minimum salary for 2004-2005 ranges from $24,240 per year for 0 years experience to $40,800 per year for 20 or more years of experience.[125]

118 Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
119 Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas, 2002*.
120 Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
121 Ibid.
122 Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas, 2002*.
123 Ibid
124 National Association of Home Builders, *News Details; March 24, 2004.*
125 Texas Classroom Teachers Association: *State Minimum for 2004 year.*

- A base salary chart for Texas police officers ranges from $32,944 per year to $46,644.[126]
- A base salary chart for Texas firefighters ranges from $24,944 per year to $41,573. [127]
- The Texas nursing education system is operating close to capacity and faces several impediments to producing more graduates—faculty shortages due to retirement, inadequate salaries, and fewer faculty applicants.[128]

MULTIFAMILY HOUSING NEEDS

- Renter households are, on average, a lower income group than owner households. More than 37 percent of renter households earn less than 50 percent of the Area Median Family Income, compared to only 16.3 percent of owner households. As a result, renter households are more likely to be in need of housing assistance.[129]
- According to the results of the 2003 Community Needs Survey distributed by TDHCA to cities, counties, local housing departments, public housing authorities, and the US Department of Agriculture/Rural Development field offices, approximately 78 percent of respondents felt that there was a severe or significant affordable housing problem in their area and that new rental housing development and the renovation of existing multifamily housing are more important than rental payment assistance.[130]
- The lack of affordable housing opportunities leads to severe and extreme housing cost burdens for lower-income groups; in particular, extremely low-income renter households.[131]
- Overcrowding may indicate a general lack of affordable housing in a community and lower income renter households experience overcrowded conditions more frequently than higher income households.[132]
- In the 2005-2009 State of Texas Consolidated Plan, it is estimated that 2 million people or 9.9% of the total population are 65 years of age and older. The Texas Department of Aging and Disability Services estimates that by year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas. Though the majority of the elderly Texans live in urban areas, rural areas have a higher percentage of elderly relative to the local population. According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas live below the poverty level. Approximately 30% of all elderly households pay more than 30% of their income on housing with 14% paying more than 50% of their income on housing. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing.[133]
- There is a shortage of affordable housing in the extremely low, very low, low and moderate income brackets. This is primarily caused by the private sector's concentration of development in

---

[126] Salary.com
[127] Ibid.
[128] Health and Nurses in Texas – The Future of Nursing: Data for Action (Vol. 3 No. 1. 2000. San Antonio, TX: The Center for Health Economics and Policy (CHEP), the University of Texas Health Science Center at San Antonio).
[129] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
[130] Ibid.
[131] Ibid.
[132] Ibid.
[133] Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).

larger metropolitan areas and targeting higher income individuals and families.[134] Cities with populations between 20,000 and 50,000 have a particularly hard time accessing funds. They cannot access USDA funding and are too small to effectively compete for other funding opportunities.[135]

- According to the US Census Related Comprehensive Housing Affordability Strategy (CHAS) Data, there are approximately 2,903,671 people living in rural areas of Texas. Of these, 574,843 people or 20% are living below the poverty level; 83,454 low income households live with the cost burden of paying more than 30% of their income on housing expenses; 26,999 occupied units are "overcrowded"; and 5,211 units were found to have substandard conditions such as lack of piped water, utilities, and waste facilities.[136]
- Preservation of existing affordable and subsidized housing stock is an important element of providing safe, decent and affordable housing. The explosive population growth in the metropolitan areas as well as the lack of new construction during the late 80's and early 90's created a huge demand for housing at all income levels. Adding to this problem is the loss of units in the federally subsidized Section 8 portfolio, the USDA/Rural Development portfolio and the pools of tax credit units that have reached their 15 year affordability periods. The USDA/Rural Development portfolio contains smaller rural rental properties which, in many cases, represent the sole affordable housing stock in Texas' smallest towns.[137]
- As of the most recent statistical information available, there were 2,676,060 renter occupied housing units in Texas. Eighty-four percent of these were constructed before 1990 with the highest production of rental housing (50.8%) built between 1970 and 1989. Therefore, the majority of rental housing stock in Texas is between 15-35 years old and may be in need of some type of moderate to substantial rehabilitation in order to preserve its functionality.[138]

The Corporation will address these pressing housing needs through the following single family, multifamily, and grant programs for 2006. The following summary of Corporation programs gives the history and accomplishments of our programs to date and a plan for achieving greater success with these programs in 2006. A few of the programs mentioned are mandated by the state legislature, as noted, and a few have been undertaken upon our own initiative to fulfill housing needs for identified underserved areas of the state.

[134] Texas Department of Housing and Community Affairs, Strategic Plan for Fiscal Years 2005-2009.
[135] Texas Department of Housing and Community Affairs, Report on the 2004 Regional Advisory Committee Meetings on Affordable Housing and Community Services Issues, November 2004.
[136] 2000 U.S. CHAS Data, Texas Department of Housing and Community Affairs
[137] Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).
[138] 2000 U.S. Census Data

TSAHC PROGRAM DESCRIPTIONS

TEXAS PROFESSIONAL EDUCATORS HOME LOAN PROGRAM
TEXAS FIRE FIGHTER AND LAW ENFORCEMENT OR SECURITY OFFICE HOME LOAN PROGRAM
NURSING FACULTY HOME LOAN PROGRAM

These Programs represent the Corporation's Single Family Mortgage Revenue Private Activity Bond Programs. The Programs were established by the Legislature in 2001, 2003, and 2005, respectively, and allocate a total of $55 million of the State's Ceiling for Private Activity Bond Cap for the exclusive purpose of making single-family mortgage loans to Texas Professional Educators ($25 million), Fire Fighters, Law Enforcement Officers, and Corrections Officers ($25 million), and Nursing Faculty ($5 million) who are first-time home buyers.

The Programs are available statewide on a first come, first-served basis, to first-time homebuyers who wish to purchase a newly constructed or existing home. Through each Program, eligible borrowers are able to apply for a 30 year fixed rate mortgage loan and receive 5 percent down payment assistance of the mortgage loan amount in the form of a grant. The programs are accessible to eligible borrowers by directly contacting a trained, participating mortgage lender.

The 2004 Professional Educator Home Loan Program fully originated the $25,000,000 bond fund allocation. In July 2005, the Corporation issued $25,000,000 in mortgage revenue private activity bonds for additional loans to professional educators, of which, $8,956,000 is already committed for new loans. Since its inception in 2001, the program has financed 418 homes for professional educators.

As of September 2005, the Fire Fighters and Law Enforcement or Security Officers Home Loan Program had issued $15,500,000 in loan commitments, which has or will finance 152 homes. The Nursing Faculty Home Loan Program was established by the Legislature in 2005. The Corporation plans to issue bonds to fund the program this year.

2006 Implementation Plan

The Corporation's primary goal for 2006 will be to continue to develop a financing structure that minimizes the Programs' mortgage interest rate and offers the best possible down payment assistance grant to the borrowers. Down payment assistance is especially critical when the spread between conventional mortgage rates and tax-exempt mortgage rates have reached historical lows. The Corporation will also continue to advertise and to receive input about the Programs by attending teacher, police officer, firefighter, home builder, real estate agent, and lender association conventions and trade shows in 2005 and 2006.

The eligibility for the Fire Fighter and Law Enforcement or Security Officer Home Loan Program was expanded by the Legislature in 2005 to include county law enforcement officers and to include corrections officers. As a result, the Corporation has and will continue to reach out to these newly eligible homebuyers through meetings with the Texas Department of Criminal Justice and county law enforcement organizations. The Corporation will also provide information to the nursing faculty centers across the state to let their educators know that they are now eligible for a home loan through the

Nursing Faculty Home Loan Program. In addition, the Corporation will continue to train and develop relationships with mortgage lenders who represent the Programs to the borrowers.

AFFORDABLE HOMEOWNERSHIP PROGRAM FOR TEXAS

One of the Corporation's main initiatives is to provide housing opportunities to Texans that do not have comparable housing options through conventional financial channels. Many families throughout Texas seeking to purchase a home are not able to meet the traditional lending requirements and, up to now, have had no other option than to rent. In order to meet this need and provide deserving families with a financing alternative for achieving the American dream of homeownership, the Corporation developed the Affordable Homeownership Program for Texas ("Program").

The Program, developed through a partnership between Ameriquest Mortgage Company ("Ameriquest") and the Corporation, provides borrowers with an affordable mortgage financing option that will allow them the opportunity to achieve homeownership. As a result of this partnership, Ameriquest has committed up to $100 million dollars for mortgage loans and the Corporation has committed $1 million dollars for down payment assistance to the Program.

The Program was established to serve those individuals and/or families in Texas that have FICO scores between 525 and 610 and that are at or below 80% of the AMFI by providing them access to an affordable mortgage loan product and down payment assistance in an amount up to seven percent (7%) of the mortgage loan amount. In addition, the Program rewards borrowers who make timely mortgage payments with lower interest rates and lower mortgage payments. Borrowers will receive a 50 basis point (.5%) reduction in their mortgage interest rate for every 12 months of on-time payments. As a result, Borrowers can reduce their mortgage interest rate by up to two percent (2%) during the first 48 months of their mortgage loan.

The Corporation and Ameriquest believe home buyer education is an essential component to the success of home ownership. Under the Program, borrowers will be provided pre and post-closing Home Buyer Education Training by ACORN Housing. ACORN Housing is a national housing counseling organization, helping low and moderate income homebuyers and homeowners since 1986. Additionally, borrowers will have intervention assistance available to them during the life of the mortgage loan. We believe this training and assistance is crucial to the success of this Program.

Since 2004, the Program has provided 36 loans to individuals and families who otherwise might not have achieved the dream of home ownership.

2006 Implementation Plan

The initial release of the Program in 2004 was limited to south Texas through a local affordable housing provider (CDC Brownsville). In 2005, the Corporation released the Program statewide and continues to market the program to local community development corporations, non-profits and other entities involved in affordable housing. The Corporation will also begin an aggressive marketing campaign in 2006, by starting a 1-800 phone number in conjunction with an on-line application system and through the issuance of press releases and other marketing materials.

MULTIFAMILY PRIVATE ACTIVITY BOND PROGRAM

The Texas Legislature in 2003 allocated 10 percent of the multifamily private activity bond cap to the Corporation so that local governments could be more involved in assessing and addressing their own local multifamily housing needs and at the same time could use the expertise of the state to issue the bonds. The available amount for funding in 2005 was approximately $40 million, and a similar amount will be available for 2006. Nonprofit and for profit developers can use the funds to finance acquisition and rehabilitation or new construction of multifamily residential rental units across the state. Developers are encouraged to leverage the private activity bond funds by using Low Income Housing Tax Credits (LIHTC) available through TDHCA.

The Corporation's Private Activity Bond program statute requires the Corporation to target areas with the greatest housing need that have expressed local community support for affordable multifamily housing. The statute also requires the Corporation to solicit proposals from developers to provide the specific housing development addressing the targeted housing need outlined in the request, whether for senior, rehabilitation, rural, migrant farm worker, or other specific housing need. Applications received in response to the request for proposal issued by the Corporation will be scored and ranked using criteria which analyzes financial feasibility and overall quality of the proposed Development. Tax-exempt private activity bond financing will be allocated to the highest-scoring proposal that meets the identified housing needs of the RFP, subject to available allocation.

The Corporation issued requests for proposals in 2005 for Arlington, Corpus Christi, and El Paso. The Corporation received an application for development under the Corpus Christi RFP. The development known as the North Side Manor Apartments was not induced due to federal subsidy factors that made the transaction financially infeasible.

2006 Implementation Plan

In previous years, the Corporation targeted multifamily housing by specific geographic areas based on local need and community support from local government. However, targeting specific geographic areas has limited the Corporation's ability to meet the housing needs of the state and discouraged many developer organizations from applying. For the 2006 program, the Corporation is targeting specific areas of housing need for which current funding sources are insufficient or not readily available. The targeted areas of housing need might include targets such as rehabilitation, senior housing, rural housing pools, or migrant farm worker housing that would be solicited through a statewide request for proposal.

This new program focus is based on current research and information received during the two previous year's solicitations. In 2004 and 2005 the Corporation solicited participation in the private activity bond program by sending letters to mayors of all cities with a population over 10,000 people and all county judges. Discussing the various needs with each interested city and county highlighted the diversity of needs for different areas of Texas. The larger metropolitan areas believed they were saturated with multifamily housing, but were interested in rehabilitation or redevelopment of existing multifamily housing that had fallen into disrepair. Cities with a lower population, generally not in urban areas, expressed interest in developing new multifamily housing to fill their affordable housing needs. However, addressing these needs on a geographic, city by city, basis was not practical. For instance, the development of

affordable housing units in rural areas was requested, but a single rural development of approximately 40 units could not realistically be financed with bonds.
However, by pooling together several rural developments and using these economies of scale, a rural pool bond transaction could meet the financial feasibility test and would meet the needs of several rural communities. This need could be met in a specific “rural pool” request for proposal. Similarly, Corporation staff has identified senior housing and migrant farmworker housing as potential target areas for which specific requests for proposals could be issued.

For some of the targeted areas of housing need mentioned above, 4 percent tax credits and tax-exempt bonds together are not sufficient to provide a positive cash flow to developments in areas where the area median income is lower than the state average. Funding sources from outside these traditional financing methods must be obtained. Possible sources of funds may include monies from the HOME and Housing Trust Fund programs, USDA/Rural Housing Service, and grants from other interested groups specific to the housing need.

The Corporation will target areas of housing need in October and November of 2005 and will issue requests for proposals to meet those housing needs by January 2006. The deadline to turn in a proposal will be outlined in the specific request. We anticipate a submission deadline for all proposals between December of 2005 and March of 2006.

MULTIFAMILY 501(C)(3) BOND PROGRAM

The Corporation's 501(c)(3) Multifamily Bond Program was created to finance the acquisition and rehabilitation, or new construction, of affordable multifamily housing units throughout the state of Texas. Unlike the Corporation’s PAB program, 501(c)(3) financing does not use volume cap allocation and applications can be considered year-round. Also different from the PAB program is that 501(c)(3) financing may not be used in conjunction with low income housing tax credits. Only qualified nonprofit developers, designated under the internal revenue code as 501(c)(3) organizations, are eligible to apply for 501(c)(3) financing.

In addition to providing safe, decent, and affordable rental housing to residents of the state of Texas, recipients of 501(c)(3) financing must adopt a dollar-for-dollar public benefit program, investing at least one dollar in rent reduction, capital improvement projects, or social, educational, or economic development services for every dollar of abated property tax revenue they receive.

In 2001 and 2002 the Corporation provided $487 million in financing for the preservation or creation of 7,700 units of affordable housing in the state of Texas. Since 2002 the Corporation has not considered applications or issued bonds under the 501(c)(3) program as a result of market changes and legislatively mandated changes requiring that any benefit of abated property tax must be transferred dollar-for-dollar into a public benefit program. In sum, the 501(c)(3) bond program has become inactive for many reasons, including the softening of the market for affordable housing in metropolitan areas, the fact that 4 percent tax credits cannot be used, and that abated property taxes cannot be used to pay off debt service.

2006 Implementation Plan

The Corporation will monitor market conditions and will reactivate the program if demand shows the need for this type of financing to create needed multifamily affordable housing. Non-profit developers may choose to apply under the Corporation's Multifamily Private Activity Bond Program to be eligible for bond financing in addition to 4 percent tax credit equity.

MULTIFAMILY DIRECT LENDING PROGRAM

The Corporation's Multifamily Direct Lending Program provides permanent financing for the purpose of increasing and preserving the stock of affordable multifamily housing units throughout the state of Texas. The major focus of this program is to provide financing for smaller developments in rural and underserved areas of the state where bond financing is not practical. The Corporation's ability to offer permanent financing is facilitated through existing relationships with real estate investment companies that invest in affordable multifamily housing. The Community Development Trust, Inc. and the Federal Home Loan Bank of Dallas have been the Corporation's principal partners for this program.

In 2003 and 2004, the Corporation provided permanent financing in the aggregate amount of $5,628,000 for five (5) separate developments in Odessa, Wichita Falls, Big Spring, Brady, and Stephenville. These developments have provided 412 units of affordable housing to low income Texans.

2006 Implementation Plan

The Corporation is committed to administering and marketing our capabilities under this program in 2006. To this effort, the Corporation will market the program on its website and at public hearings across the state and will provide information to current and previous clients of the Corporation. In addition, our principal partners in this program will refer Texas based clients to the Corporation to meet their financing needs on the local level. Since the Federal Home Loan Bank requires a 25 percent risk sharing component on each loan, the Corporation will pursue this program primarily through the Community Development Trust, Inc. so as not to restrict the Corporations ability to use available financial resources for other programs.

ASSET OVERSIGHT AND COMPLIANCE

Asset Oversight of properties is required by many issuers of bonds, including the Corporation and TDHCA, to monitor the financial and physical health of a property and ensure that the bonds can be repaid at the rate required in the bond documents. Compliance monitoring ensures that the borrowers are providing the required number of affordable units to income eligible households and that quality resident services are provided to all residents of the property. Periodic on-site inspections and resident file review of affordable units ensure that all federal requirements relating to the tax-exempt status of the bonds are strictly adhered to.

The Corporation is currently providing asset oversight for 86 properties and compliance oversight for 38 properties. The Corporation staff performs yearly on-site compliance reviews and at least yearly on-site asset oversight reviews for these properties.

2006 Implementation Plan

The Corporation will continue to provide asset oversight and compliance monitoring for our current portfolio. The Corporation will also work to contract with other entities to expand our asset oversight and compliance monitoring portfolio of business. Compliance monitoring and asset oversight revenues would continue to be used to fund current single family and multifamily programs.

GRANT PROGRAM

Although the Corporation has been a 501(c)(3) nonprofit entity since 2001, the Corporation has not actively pursued fundraising and grant opportunities. However, the Corporation provided the Single Family Professional Educator, Fire Fighter, Police Officer and Security Officer Programs $400,000 from its cash reserves for down payment assistance in 2002, $200,000 in 2004, and over $400,000 in 2005. For the 2004 Private Activity Bond Program the Corporation provided from cash reserves a $500,000 soft second loan for the Providence at Marshall Meadows development in San Antonio. The Corporation does not receive state appropriations and cannot sustain this level of subsidy for its programs and continue to stay in business. Both of these experiences, as well as reviewing other critical unmet housing needs identified by TDHCA and the Corporation, have prompted us to pursue the creation of a Grant Program to fund the following programs: Single Family Down Payment Assistance, Multifamily Gap Financing Assistance, Homebuyer Education, and an Interim Construction and Land Acquisition Program.

2006 Implementation Plan

The Corporation's mission of affordable housing matches many foundation and grant objectives, and provides multiple opportunities for corporate sponsorship and cross-promoting. In 2006 the Corporation will create a Fundraising and Grant Program Action Plan that includes specific multifamily and single family needs, matches them with appropriate corporate, foundation, or grant resources, and establishes activities and a timeline within which to pursue those resources.

For instance, the Corporation will solicit corporate partners in the home improvement, home appliance, and large retail business sectors for down payment assistance for our Professional Educator, Fire Fighter, Police Officer, Security Officer, and Nursing Faculty bond programs. We will request a grant for down payment assistance and coupons for participating borrowers, such as $50 off a refrigerator, or a $100 coupon to the home improvement store. The Corporation will also work with national computer manufacturers to contribute a computer to every teacher, firefighter, police officer, corrections officer, or nurse educator that closes a loan through our program, and negotiate with telecommunications companies to contribute phone/internet service packages. These are just a few of the fundraising activities and initiatives that the Corporation will undertake in 2006.

In addition, the Corporation will apply for HUD grants and other government grants that target rural housing, or other housing need that the Corporation targets for its Private Activity Bond Program.

APPENDIX A

LEGISLATIVE REQUIREMENTS FOR THE *STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT*

SEC. 2306.072. ANNUAL LOW INCOME HOUSING REPORT

(a) Not later than December 18 of each year, the director shall prepare and submit to the board an annual report of the department's housing activities for the preceding year.

(b) Not later than the 30th day after the date the board receives the report, the board shall submit the report to the governor, lieutenant governor, speaker of the house of representatives, and members of any legislative oversight committee.

(c) The report must include

- (1) a complete operating and financial statement of the department;
- (2) a comprehensive statement of the activities of the department during the preceding year to address the needs identified in the state low income housing plan prepared as required by Section 2306.0721, including:
  - (A) a statistical and narrative analysis of the department's performance in addressing the housing needs of individuals and families of low and very low income;
  - (B) the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by the department; and
  - (C) the department's progress in meeting the goals established in the previous housing plan;
- (3) an explanation of the efforts made by the Department to ensure the participation of persons of low income and their community-based institutions in department programs that affect them;
- (4) a statement of the evidence that the Department has made an affirmative effort to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process;
- (5) a statistical analysis, delineated according to each ethnic and racial group served by the department, that indicates the progress made by the department in implementing the state low income housing plan in each of the uniform state service regions; and
- (6) an analysis, based on information provided by the fair housing sponsor reports required under Section 2306.0724 and other available data, of fair housing opportunities in each housing development that receives financial assistance from the department that includes the following information for each housing development that contains twenty or more living units:
  - (A) the street address and municipality or county where the property is located;
  - (B) the telephone number of the property management of leasing agent;
  - (C) the total number of units reported by bedroom size;
  - (D) the total number of units, reported by bedroom size, designed for individuals who are physically challenged or who have special needs and the number of these individuals served annually as reported by each housing sponsor;
  - (E) the rent for each type of rental unit, reported by bedroom size;
  - (F) the race or ethnic makeup of each project;
  - (G) the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;

- (H) the number of units occupied by individuals and families of extremely low income, very low income, low income, moderate income, and other levels of income;
- (I) a statement as to whether the department has been notified of a violation of the fair housing law that has been filed with the United States Department of Housing and Urban Development, the Commission on Human Rights, or the United State Department of Justice; and
- (J) a statement as to whether the development has any instances of material noncompliance with bond indentures or deed restrictions discovered though the normal monitoring activities and procedures that include meeting occupancy requirements or rent restrictions imposed by deed restrictions or financing agreements.

(7) a report on the geographic distribution of low income housing tax credits, the amount of unused low income housing tax credits, and the amount of low income housing tax credits received from the federal pool of unused funds from other states.

(8) A statistical analysis, based on information provided by the fair housing sponsor reports required by Section 2306.0724 and other available data, of average rents reported by county.

(d) Repealed by Acts 2003, 78th Leg., ch. 330, §31(1).

SEC. 2306.0721. LOW INCOME HOUSING PLAN

(a) Not later than December 18 of each year, the director shall prepare and submit to the board an integrated state low income housing plan for the next year.

(b) Not later than the 30th day after the date the board receives the plan, the board shall submit the plan to the governor, lieutenant governor, and the speaker of the house of representatives.

(c) The plan must include:

(1) an estimate and analysis of the housing needs of the following populations in each uniform state service region:
- (A) individuals and families of moderate, low, very low income, and extremely low income;
- (B) individuals with special needs; and
- (C) homeless individuals;

(2) a proposal to use all available housing resources to address the housing needs of the populations described by Subdivision (1) by establishing funding levels for all housing-related programs;

(3) an estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(4) a description of state programs that govern the use of all available housing resources;

(5) a resource allocation plan that targets all available housing resources to individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(6) a description of the department's efforts to monitor and analyze the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and the department's recommendations to endorse the full use by the state of all available federal resources for those services in each uniform state service region;

(7) strategies to provide housing for individuals and families with special needs each uniform state service region;

(8) a description of the department's efforts in each uniform state service region to encourage the construction of housing units that incorporate energy efficient construction and appliances;
(9) an estimate and analysis of the housing supply in each uniform state service region;
(10) an inventory of all publicly and, where possible, privately funded housing resources, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies;
(11) strategies for meeting rural housing needs;
(12) a biennial action plan
(A) addresses current policy goals for colonia programs, strategies to meet the policy goals, and the projected outcomes with respect to policy goals; and
(B) includes information on the demand for contract-for-deed conversions, services from self-help centers, consumer education, and other colonia resident services in counties some part of which is within 150 miles of the international border of this state;
(13) a summary of public comments received at a hearing under this chapter or from another source that concern the demand for colonia resident services described by Subdivision (12); and
(14) any other housing-related information that the state is required to include in the one-year action plan of the consolidated plan submitted annually to the United States Department of Housing and Urban Development.

(d) The priorities and policies in another plan adopted by the department must be consistent to the extent practical with the priorities and policies established in the state low income housing plan.
(e) To the extent consistent with federal law, the preparation and publication of the state low income housing plan shall be consistent with the filing and publication deadlines required of the department for the consolidated plan; and
(f) The director may subdivide the uniform state service regions as necessary for the purposes of the state low income housing plan.
(g) The department shall include the plan developed by the Texas State Affordable Housing Corporation under Section 2306.566 in the department's resource allocation plan under Subsection (c)(5).
(h) The department shall consider and incorporate the specific results of the programs of the Texas State Affordable Housing Corporation in the department's estimate and analysis of the housing supply in each uniform state service region under Subsection (c)(9).

SEC. 2306.0722. PREPARATION OF PLAN AND REPORT

(a) Before preparing the annual low income housing report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the department shall meet with regional planning commissions created under Chapter 391, Local Government Code, representatives of groups with an interest in low income housing, nonprofit housing organizations, managers, owners, and developers of affordable housing, local government officials, and residents of low income housing. The department shall obtain the comments and suggestions of the representatives, officials, and residents about the prioritization and allocation of the department's resources in regard to housing.
(b) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:
(1) coordinate local, state, and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;
(2) set priorities for the available housing resources to help the neediest individuals;

(3) evaluate the success of publicly supported housing programs;
(4) survey and identify the unmet housing needs of persons the department is required to assist;
(5) ensure that housing programs benefit a person regardless of the persons' race, ethnicity, sex, or national origin;
(6) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;
(7) develop housing programs through an open, fair, and public process;
(8) set priorities for assistance in a manner that is appropriate and consistent with the housing needs of the populations described by Section 2306.0721(c)(1);
(9) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;
(10) identify the organizations and individuals consulted by the department in preparing the annual report and state low income housing plan and summarize and incorporate comments and suggestions provided under Subsection (a) as the board determines to be appropriate;
(11) develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;
(12) use the following standardized categories to describe the income of program applicants and beneficiaries:
   (A) to 30 percent of area median income adjusted for family size;
   (B) more than 30 to 60 percent of area median income adjusted for family size;
   (C) more than 60 to 80 percent of area median income adjusted for family size;
   (D) more than 80 to 115 percent of area median income adjusted for family size; or
   (E) more than 115 percent of area median income adjusted for family size; and

(13) use the most recent census data combined with existing data from local housing and community service providers in the state, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies.
(14) provide the needs assessment information compiled for the report and plan to the Texas State Affordable Housing Corporation.

SEC. 2306.0723. PUBLIC PARTICIPATION REQUIREMENTS

(a) The department shall hold public hearings on the annual state low income housing plan and report before the director submits the report and the plan to the board. The department shall provide notice of the public hearings as required by Section 2306.0661. The department shall accept comments on the report and plan at the public hearings and for at least 30 days after the date of the publication of the notice of the hearings.
(b) In addition to any other necessary topics relating to the report and the plan, each public hearing required by Subsection (a) must address:
   (1) infrastructure needs;
   (2) home ownership programs;
   (3) rental housing programs;
   (4) housing repair programs; and
   (5) the concerns of individuals with special needs, as defined by Section 2306.511.

(c) The board shall hold a public hearing on the state low income housing report and plan before the board submits the report and the plan to the governor, lieutenant governor, speaker of the house of representatives, members of the legislature.

(d) The board shall include with the report and the plan the board submits to the governor, lieutenant governor, speaker of the house of representatives, members of the legislature, and members of the advisory board formed by the department to advise on the consolidated plan a written summary of public comments on the report and the plan.

SEC. 2306.0724. FAIR HOUSING SPONSOR REPORT

a) The department shall require the owner of each housing development that receives financial assistance from the department and that contains 20 or more living units to submit an annual fair housing sponsor report. The report must include the relevant information necessary for the analysis required by Section 2306.072(c)(6). In compiling the information for the report, the owner of each housing development shall use data current as of January 1 of the reporting year.

(b) The department shall adopt rules regarding the procedure for filing the report.

(c) The department shall maintain the reports in electronic and hard-copy formats readily available to the public at no cost.

(d) A housing sponsor who fails to file a report in a timely manner is subject to the following sanctions, as determined by the department:

(1) denial of a request for additional funding; or

(2) an administrative penalty in an amount not to exceed $1,000, assessed in the manner provided for an administrative penalty under Section 2306.6023.

APPENDIX B

GLOSSARY OF SELECTED TERMS

Accessible: A definition used by HUD in Section 504 with respect to the design, construction, or alteration of an individual dwelling unit. It means that the unit is located on an accessible route and when designed, constructed, altered, or adapted, it can be approached, entered, and used by individuals with physical disabilities. A unit that is on an accessible route and is adaptable and otherwise in compliance with the standards set forth in the Uniform Federal Accessibility Standards (UFAS, 23 CFR Subpart 40 for residential structures) is considered accessible. When a unit in an existing facility that is being made accessible as a result of alterations intended for use by a specific qualified person with a disability, the unit will be deemed accessible if it meets the requirements of applicable standards that address the particular disability or impairment of such person.

Accessible Route: Unobstructed path that connects accessible elements and spaces in a building or facility and complies with the space and reach requirements prescribed by the Uniform Federal Accessibility Standards (UFAS). An accessible route that serves only accessible units occupied by persons with hearing or vision impairments need not comply with those requirements intended to affect accessibility for persons with mobility requirements.

Acquisition: Acquisition of standard housing (at a minimum, meeting HUD Section 8 Housing Quality Standards) only with no expectation of other activities being carried out in conjunction with the acquisition.

Adaptability: A definition used by HUD in Section 504 meaning the ability of certain elements of a dwelling unit (such as kitchen counters, sinks, and grab bars) to be added to, raised, lowered, or otherwise altered, to accommodate the needs of persons with or without disability or to accommodate the needs of persons with different degrees of disability.

Administrative Costs Reasonable and necessary costs, as described in OMB Circular A-87, incurred by the participating jurisdiction in carrying out its eligible program activities in accordance with prescribed regulations. Administrative costs include any project delivery costs, such as new construction and rehabilitation counseling, preparing work specifications, loan processing, inspections, and other entities applying for or receiving HOME funds. Administrative costs do not include eligible project-related costs that are incurred by and charged to project owners.

Affordable Housing: Housing where the occupant is paying no more than 30 percent of his/her gross monthly income for gross housing costs, including utility costs. Housing that is for purchase (with or without rehabilitation) qualifies as affordable housing if it (1) is purchased by a low income, first-time home buyer who will make the housing his or her principal residence; and (2) has a sale price that does not exceed the mortgage limit for type of single family housing for the area under HUD's single family insuring authority under the National Housing Act.

Area Median Family Income (AMFI): Income limits for MSAs and counties that are based on HUD's estimates of the area's median income adjusted for family size. Calculated yearly by HUD and used to determine an applicant's eligibility with regard to HUD programs.

Assisted Household or Person:	For the purpose of identification of goals, an assisted household or person is one in which, during the periods covered by the annual plan, will receive benefits through the investment of federal funds, either alone or in conjunction with the investment of other public or private funds. A renter is benefited if the household or person takes occupancy of affordable housing that is newly acquired (standard housing) or new rehabilitation is completed. A first-time home buyer is benefited if a home is purchased during the year. A homeless person is benefited if the person becomes an occupant of transitional or permanent housing. A non-homeless person with special needs is considered as being benefited if the provision of supportive services is linked to the acquisition, rehabilitation, or new construction of a housing unit and/or the provision of rental assistance during the year.
Capacity Building:	Educational and organizational support assistance to promote the ability of an organizations to maintain, rehabilitate, and construct housing for low and very low income persons and families. This activity may include, but is not limited to: 1) Organizational support to cover expenses for training, technical, and other assistance to the board of directors, staff, and members of the organization, 2) Program support including technical assistance and training related to housing development, housing management, or other subjects related to the provision of housing or housing services, and 3) Studies and analyses of housing needs.
Community Housing Development Organization (CHDO):	A nonprofit organization, certified by a city or the state, that provides decent, affordable housing to low income individuals within a designated geographic area.
Colonia:	An identifiable unincorporated area located within 150 miles of the Texas-Mexico border that lacks infrastructure and decent housing.
Consolidated Plan:	A document submitted to the US Department of Housing and Urban Development (HUD) containing housing needs assessments and strategic plans for the state. It is required of the State of Texas by HUD in order to receive federal CDBG, HOME, ESGP, and HOPWA program funds.
Contract for Deed:	A financing arrangement for the sale of property whereby land ownership remains with the seller until the total purchase price is paid.
Disability:	According to the US Department of Housing and Urban Development, a person shall be considered to have a disability if the person is determined to have a physical, mental, or emotional impairment that: (1) is expected to be of long-continued and indefinite duration, (2) substantially impeded his or her ability to live independently, and (3) is of such a nature that the ability could be improved by more suitable housing conditions. A person shall also be considered to have a disability or he or she has a developmental disability as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 USC. 6001-6006). The term also includes the surviving member(s) or any household described in the first sentence of this paragraph who is (were) living in an assisted unit with the disabled member of the household at the time of his or her death. Disabilities reflect the consequences of a bodily impairment in terms of functional performance. Also see "Person with Disability."
Disabled Household:	A household composed of one or more persons at least one of whom is an adult (a person of at least 18 years of age) who has a disability.

Economic Independence and Self-Sufficiency Programs:	Programs undertaken by public housing agencies (PHAs) to promote economic independence and self-sufficiency for participating families. Such programs may include Project Self-sufficiency and Operation Bootstrap programs that originated under earlier Section 8 initiatives, as well as the Family Self-Sufficiency program. In addition, PHAs may operate locally developed programs or special projects designed to promote economic independence and self-sufficiency.
Elderly Household:	According to HUD, a family in which the head of the household or a spouse is at least 62 years of age, by HUD's definition. This definition may change according to specific program.
Extremely Low Income:	Individual of family with a household income less than or equal to 30 percent of the area median family income (AMFI)
Fair Housing Act	Prohibits discrimination in housing because of race, national origin, religion, sex, familial status, or disability.
Federal Preference for Admission:	The preference given to otherwise eligible applicants under HUD's rental assistance programs who, at the time they seek housing assistance, are involuntarily displaced, living in substandard housing, or paying more than 50 percent of family income for rent.
First Time Home Buyer:	An individual or family who has not owned a home during the three-year period preceding the HUD-assisted purchase of a home that must be used as the principal residence of the homebuyer.
Frail Elderly Persons:	Includes elderly persons who are unable to perform one or more Activities of Daily Living (ADL) without help.
Household:	One or more persons occupying a housing unit (US Census definition).
Housing Development Costs:	The total of all costs incurred in financing, creating, or purchasing any housing development, which are approved by the department as reasonable and necessary. The costs may include, but are not limited to, the value of land and any buildings on the land, cost of land acquisition, options, deposits, or contracts to purchase; cost of site preparation demolition and development; fee paid or payable in connection with the planning, execution, and financing of the development, such as those to architects, engineers, attorneys, accountants; cost of necessary studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs, and other operating and carrying costs during construction; cost of construction, rehabilitation, reconstruction, fixtures, furnishings, equipment, machines, and apparatus related to the real property; cost of land improvements, including without limitation, landscaping and off-site improvements; necessary expenses in connection with initial occupancy of the housing development; an allowance established by the Department for contingency reserves; and the cost of the other items, including tenant relocation, if tenant relocation costs are not otherwise being provided for, as determined by the department to be reasonable and necessary for the development of the housing development, less any and all net rents and other net revenues received from the operation of the real and personal property on the development site during construction.

Housing Development or Housing Project:	Any real or personal property, project, building structure, or facilities work or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards consistent with those prescribed in the federal HOME Program for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, use, or purchase by persons and families of low and very low income and persons with special needs. This term may include buildings, structure, land, equipment, facilities, or other real or personal properties that are necessary, convenient, or desirable appurtenances, such as but not limited to streets, water, sewers, utilities, parks, site preparation, landscaping, stores, offices, and other non-housing facilities, such as administrative, community, and recreational facilities the Department determines to be necessary, convenient, or desirable appurtenances.
Housing Problems:	Households with housing problems include those that: (1) occupy units with physical defects; (2) meet the definition of overcrowded; or (3) meet the definition of cost burdened (>30 percent of income spent on housing).
Jurisdiction:	A unit of state or local government
Local Government:	A county; an incorporated municipality; a special district; any other legally constituted political subdivision of the State; a public, nonprofit housing finance corporation created under Chapter 394, Local Government code Texas revised Civil Statues; or a combination of any of the entities described here.
Low Income Neighborhood:	A neighborhood that has at least 51 percent of its households at or below 80 percent of AMFI.
Low Income:	Household with an annual income that does not exceed 80 percent of the area median family income for the area. HUD may establish income ceilings higher or lower than the 80 percent figure on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents or unusually high or low family incomes.
Metropolitan Statistical Area (MSA):	US Census term used to identify a metropolitan area, which is a large population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Also described as an "urbanized area" of at least 50,000 inhabitants and/or a total metropolitan population of 100,000.
Migrant Farmworkers:	Persons who travel from place to place in order to take advantage of work opportunities provided by various agricultural seasons across the country.
Moderate Income:	Households whose incomes are between 81 percent and 115 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families, except that HUD may establish income ceilings higher or lower than 95 percent of the prevailing levels of construction costs or fair market rents, or unusually high of low family incomes. May differ by program.
Neighborhood:	A geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government. If the general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.

Nonprofit Organization: A nonprofit corporation is created by filing articles of incorporation with the Secretary of State in accordance with the Texas Non-Profit Corporation Act. "Non-profit corporation" means a corporation in which no part of the earned income is distributable to members, directors, or officers. A nonprofit corporation may be created for any lawful purposes and are entitled to exemption from state or federal taxes.

***Olmstead*:** The US Supreme Court in *Olmstead v. L. C.* held that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the ADA.

Overcrowded: A housing unit containing more than one person per room. (US Census definition)

Participating Jurisdiction (PJ): Term for any state or local government that has been designated by HUD to receive HOME Program funds.

Person with Disability: (1) A person is considered to have a disability if the person has a physical, mental, or emotional impairment that (i) is expected to be of long-continued and indefinite duration; (ii) substantially impedes his or her ability to live independently; and (iii) is of such a nature that such ability could be improved by more suitable housing conditions. (2) A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that (i) is attributable to a mental or physical impairment or combination of mental and physical impairments; (ii) is manifested before the person attains age twenty-two; (iii) is likely to continue indefinitely; (iv) results in substantial functional limitations in three or more of the following areas of major life activity; self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency, and (v) reflects the person's need for a combination and sequence of special interdisciplinary, or generic care, treatment, or other services that are lifelong or extended duration and are individually planned and coordinated.

Physical Defects: A housing unit lacking complete kitchen or bathroom facilities (US Census definition).

Poverty: Term to describe the poor. The Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is poor. If a family's total income is less than that family's threshold, then that family, and every individual in it, is considered poor or in poverty. Varies by year.

Predevelopment Costs: Costs related to a specific eligible housing project including: a) expenses necessary to determine project feasibility (including costs of an initial feasibility study), consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance; and b) reconstruction housing project costs that the board determines to be customary and reasonable, including but not limited to the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies, and legal fees. Predevelopment costs <u>does not</u> include general operational or administrative costs.

Primary Housing Activity:	A means of providing or producing affordable housing - such as rental assistance, production, rehabilitation, or acquisition - that will be allocated significant resources and/or pursued intensively for addressing a particular housing need. (See also, "Secondary Housing Activity.")
Project:	A site or an entire building, including a manufactured housing unit or two or more buildings together with the site or sites on which the building or buildings is located, that are under common ownership, management, and financing (i.e., a project assisted with HOME funds, under a commitment by the owner, as a single undertaking). Project includes all the activities associated with the site and building. If there is more than one site associated with a project, the sites must be within a four-block area.
Project Completion:	All necessary title transfer requirements and construction work have been performed and the project, in HUD's judgment, complies with specified requirements (including the property standards adopted under HOME 92.251); the final drawdown has been disbursed for the project; and a project completion report has been submitted and processed in the Cash and Management Information System (92.501) as prescribed by HUD. For tenant-based rental assistance, the final drawdown has been disbursed for the project and the final payment certification has been submitted and processed in the Cash and Management Information System (92.502) as prescribed by HUD.
Project-Based Rental Assistance:	Rental Assistance provided for a project, not for a specific tenant. Tenants receiving project-based rental assistance give up the right to that assistance upon moving from the project.
Public Housing:	Any state, county, municipality, or other government entity or public body (or its agency or instrumentality) that is authorized to engage in or assist in the development or operation of low income housing. The term includes any Indian Housing Authority.
Qualified Allocation Plan:	The Qualified Allocation Plan is utilized by the Low Income Housing Tax Credit Program in setting threshold and selection criteria points for the allocation of tax credits.
Real Property:	All land, including improvements and fixtures and property of any nature appurtenant, or used in connection therewith, and every estate, interest, and right legal or equitable therein, including leasehold interests, terms for years, and liens by way of judgment, mortgage or otherwise.

Reconstruction: HUD guidelines regarding reconstruction are as follows: *The regulation defines reconstruction as the rebuilding of housing on the same foundation. Therefore, the foundation must be used, if possible. If the building has no foundation or if it is not possible to rebuild on the foundation, then the "foundation" will be the same location as the building that is being reconstructed. Construction of housing on a different portion of the land parcel would be new construction. The reconstructed housing must be substantially similar to the structure that is being replaced, regardless of whether an existing foundation is used (i.e. a single family house must be replaced with a structure containing the same number of units). Rooms may be added to a building outside of the foundation or footprint of the original housing if needed to meet local codes. However, additional units cannot be constructed as part of a reconstruction project. A structure must be present prior to reconstruction. This structure should be documented by pictures and an explanation of why rehabilitation of the existing structure is not feasible.*

Rental Assistance: Rental assistance payments provided as either project-based rental assistance or tenant-based rental assistance.

Rental Housing (Affordable): A rental housing unit is considered to be an affordable housing unit if it is occupied by a low income family or individual and bears a rent that is the lesser of (1) the Existing Section 8 Fair Market Rent (FMR) for comparable units in the area; or (2) 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area, except that HUD may establish income ceilings higher or lower than 65 percent of the median because of prevailing levels of construction costs or fair market rents, or usually high or low family incomes.

Rural Area: Rural areas are considered areas outside of Metropolitan Statistical Areas. Definition may differ according to program.

Service Needs: The particular services identified for special needs populations, which may include transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response, and other services to prevent premature institutionalization and assist individuals to continue living independently.

Severe Cost Burden: Refers to households and individuals who spend more than 50 percent of their gross income on housing costs.

Sheltered: Families and persons whose primary nighttime residence is a supervised, publicly or privately operated shelter, including emergency shelters, transitional housing for the homeless, domestic violence shelters, residential shelters for runaway and homeless youth, and any hotel/motel/apartment voucher arrangement paid because the person is homeless. This term does not include persons living in overcrowded or substandard conventional housing. Any facility offering permanent housing is not a shelter, nor are its residents homeless.

Special Needs Populations: In addition to the homeless, according to HUD, special needs populations include persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, and public housing residents. TDHCA also considers colonia residents and migrant farmworkers as special needs populations.

State Recipient:	A unit of local government designated by a state to receive HOME funds from the state in which to carry out HOME Program activities.
Subrecipient:	A public agency or nonprofit organization selected by the participating jurisdiction's HOME program. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of housing is not a sub-recipient. The participating jurisdiction's selection of a sub-recipient is not subject to the procurement procedures and requirements.
Substandard Condition but Suitable for Rehabilitation:	By local definition, dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction or minor livability problems, or maintenance work. The jurisdiction must define this term (i.e., standard condition, financially and structurally feasible for rehab) and include this definition in the Appendix (Glossary of Terms) portion of its CHAS submission.
Substantial Rehabilitation:	Rehabilitation of residential property at an average cost for the project in excess of $25,000 per dwelling unit.
Supportive Housing:	Housing, including housing units and group quarters, that has a supportive environment and includes a planned service component.
Supportive Services:	Services provided to residents of supportive housing for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.
Tenant-Based Rental Assistance:	A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. The assistance is provided for the tenant, not for the project.
Threshold Criteria:	To be considered for funding, a housing project must first demonstrate that it meets all the threshold criteria set forth as follows: a) the project is consistent with the requirements established in this rule; b) the applicant provides evidence of their ability to carry out the project in the areas of financing, acquiring, rehabilitating, developing, or managing affordable housing developments; and c) the project addresses an identified housing need. This assessment will be based on statistical data, surveys, or other indicators of needs as appropriate.
Total Bonded Indebtedness:	All single family mortgage revenue bonds (including collateralized mortgage obligations), multifamily mortgage revenue bonds, and other debt obligations issued or assumed by the Department and outstanding as of August thirty-one of the year of calculation, excluding; all such bonds rated AAA by Moody's Investors Service or AAA by Standard & Poors Corporation for which the Department has no direct or indirect financial liability form the Department's unencumbered fund balances, and all other such bonds, whether rated or unrated, for which the Department has no direct or indirect financial liability from the Departments unencumbered fund balances, unless Moody's' or Standard & Poors has advised the Department in writing that all or portion of the bonds excluded by this clause should be included in a determination of total bonded indebtedness.

Unencumbered Fund Balances: A) The sum of the balances resulting at the end of each Department fiscal year form deducting the sum of bond indenture and credit rating restrictions and liabilities for the sum of amounts on deposit in indenture funds and other tangible and intangible assets of each department housing bond program, and b) uncommitted amounts of deposit in each independent or separate unrestricted fund established by the housing finance division or its administrative component units.

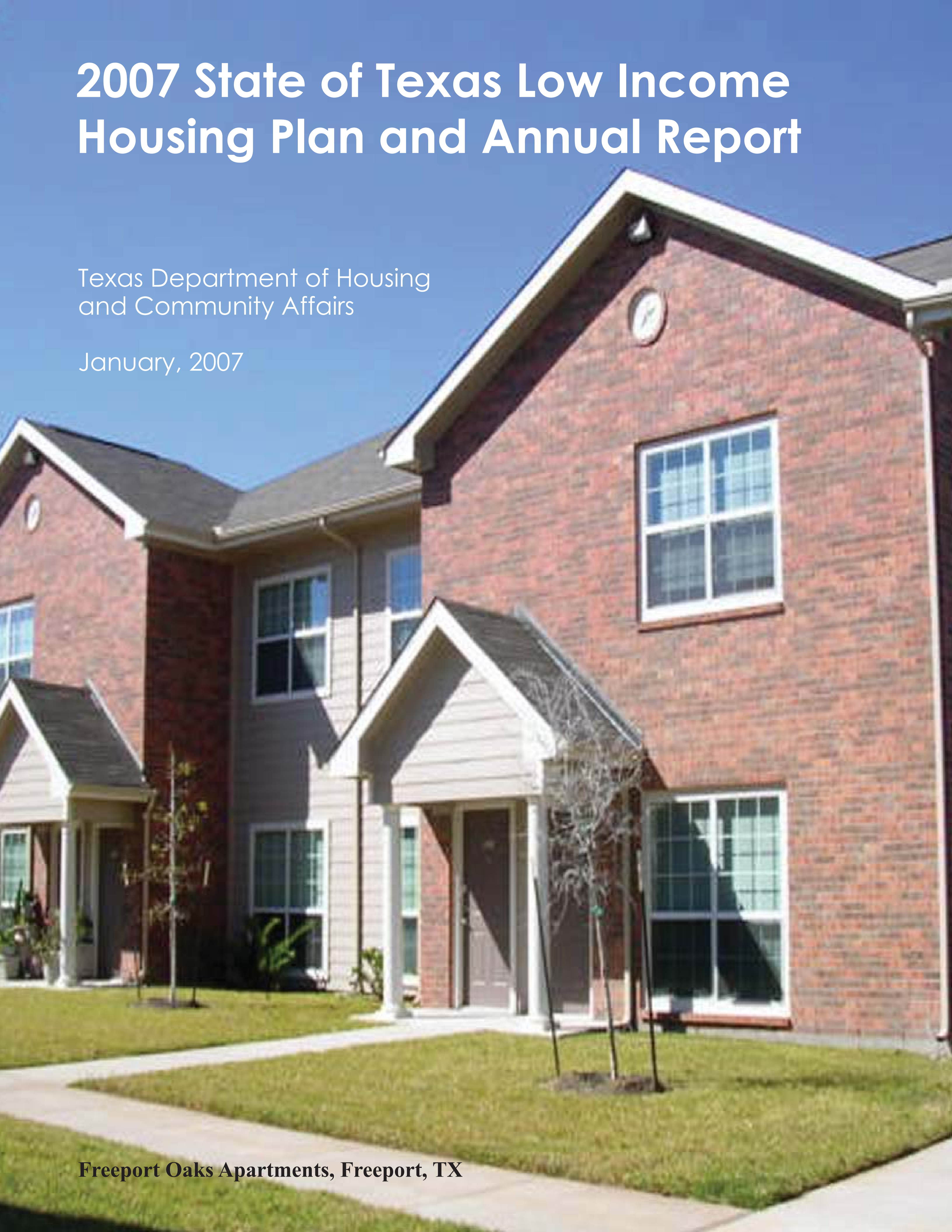
Very Low Income: Households whose incomes do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families and for areas with unusually high or low incomes or where needed because of prevailing levels of construction costs or fair market rents. Definition may differ according to program; the State of Texas designates very-low income as 60 percent or less AMFI.

Work Disability: A condition that prevents a person from working or limits a person's ability to work.

2007 State of Texas Low Income Housing Plan and Annual Report

Texas Department of Housing and Community Affairs

January, 2007



Freeport Oaks Apartments, Freeport, TX

2007 State of Texas Low Income Housing Plan and Annual Report

TABLE OF CONTENTS

SECTION 1: INTRODUCTION

The Texas Department of Housing and Community Affairs (TDHCA, Department, Agency) is the State's lead agency responsible for affordable housing. TDHCA is also responsible for administering a wide variety of community affairs, energy assistance, and colonia programs and activities.

INSTITUTIONAL STRUCTURE

In 1991, the 72nd Texas Legislature created the Texas Department of Housing and Community Affairs. The Department's enabling legislation combined programs from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant Program from the Texas Department of Commerce.

On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP). Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant (CDBG) and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (ORCA). However, TDHCA, through an interagency contract with ORCA, administers 2.5 percent of the CDBG funds used for the Self-Help Centers along the Texas-Mexico border. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

AGENCY MISSION AND CHARGE

TDHCA's mission is as follows: To help Texans achieve an improved quality of life through the development of better communities.

TDHCA accomplishes this mission by administering a variety of housing and community affairs programs. A primary function of TDHCA is to act as a conduit for federal grant funds for housing and community services. However, because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

More specific policy guidelines are provided in §2306.002 of TDHCA's enabling legislation.

> *(a) The legislature finds that:*
>
> > *(1) every resident of this state should have a decent, safe, and affordable living environment;*
> >
> > *(2) government at all levels should be involved in assisting individuals and families of low income in obtaining a decent, safe, and affordable living environment; and*

> *(3) the development and diversification of the economy, the elimination of unemployment or underemployment, and the development or expansion of commerce in this state should be encouraged.*

(b) The highest priority of the department is to provide assistance to individuals and families of low and very low income who are not assisted by private enterprise or other governmental programs so that they may obtain affordable housing or other services and programs offered by the department.

The TDHCA Governing Board and staff are committed to meeting the challenges presented by examining the housing needs and presenting a broad spectrum of housing and community affairs programs based on the input of thousands of Texans. TDHCA's services address a broad spectrum of housing and community affairs issues that include homebuyer assistance, the rehabilitation of single family and multifamily units, rental assistance, the new construction of single family and multifamily housing, special needs housing, transitional housing, and emergency shelters. Community services include energy assistance, weatherization assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and emergency assistance.

The Department is primarily a pass-through funding agency that collects funds from federal and state programs to use the combination of resources efficiently. To further the goal of providing a decent, safe, and affordable living environment for families who need assistance, the Department uses a series of competitive programs that focus on obtaining the public policy goals. This distribution is done using a number of techniques.

- Almost all housing development, rehabilitation, and rental assistance related funding is awarded through formal competitive Request for Proposals (RFP) and Notice of Funding Availability (NOFA) processes.
- First time homebuyer and down payment assistance is allocated through a network of participating lenders.
- Community Affairs' funds are predominantly allocated through a network of community based organizations who receive their funding on an annual, ongoing basis.

Funding sources for the services listed above include the US Department of Housing and Urban Development (HUD), US Treasury Department, US Department of Health and Human Services, and US Department of Energy, and State of Texas general revenue funds. With this funding, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process. Recognizing that all the need may not ever be met, the Department looks at where the federal programs and state resources at its disposal could provide the most benefit by managing these limited resources to have the greatest impact.

TDHCA is only one organization in a network of housing and community services providers located throughout the state. This document focuses on programs within TDHCA's jurisdiction, which are intended to either work in cooperation with or as complements to the services provided by other organizations.

ADMINISTRATIVE STRUCTURE

Agency programs are grouped into three categories: Single Family Finance Production, Multifamily Finance Production, and Community Affairs. In addition, TDHCA includes the following divisions: Administrative Support; Bond Finance; Financial Administration; Information Systems; Internal Audit; Legal Services; Portfolio Management and Compliance; Real Estate Analysis; the Division of Policy and Public Affairs; and the Office of Colonia Initiatives. The Manufactured Housing Division is administratively attached to TDHCA, though it is an independent entity with its own governing board.

The following table outlines TDHCA's programs. For more detailed program information, please see "TDHCA Program Plans" in the Action Plan section of this document.

Activity	Program	Program Description	Eligible Households
Multifamily Development	HOME Investment Partnerships Program (HOME)	Loans or grants to develop or preserve affordable rental housing	<80% AMFI
	Housing Trust Fund (HTF)	Loans or grants for rental housing development, predevelopment, and other industry innovations	<80% AMFI
	Housing Tax Credit (HTC)	Tax credits to develop or preserve affordable rental housing	<60% AMFI
	Multifamily Bond (MFB)	Loans to develop or preserve affordable rental housing	<60% AMFI
Rental Assistance	HOME Program	Loans or grants for entities to provide tenant-based rental assistance for two years	<80% AMFI
	Section 8 Housing Choice Vouchers	Acts as a public housing authority to offer tenant-based rental assistance vouchers in certain areas	<50% AMFI
Single Family Development	HOME Program	Loans or grants for entities to construct single family housing and offer down payment assistance	<80% AMFI
	Colonia Model Subdivision	Loans for Community Housing Development Organizations (CHDOs) to develop residential subdivisions as an alternative to colonias	<60% AMFI
Home Purchase Assistance and Home Repair Assistance	Contract for Deed Conversion Initiative	Facilitates colonia-resident ownership by converting contracts for deed into traditional mortgages	<60% AMFI
	Grant Assistance	Grants in conjunction with the First Time Homebuyer Program for down payment and closing costs	<60% AMFI
	HOME Program	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	HOME Program	Loans and grants for entities to provide home repair assistance	<80% AMFI
	Lone Star Loan	Market-rate loans with second liens for down payment assistance	<115% AMFI
	Mortgage Credit Certificate	Annual tax credit based on the interest paid on the homebuyer's mortgage loan	<115% AMFI
	Texas Bootstrap Loan	Funds entities to offer owner-builder loans programs	<60% AMFI
	Texas First Time Homebuyer	Low-interest loans for first time homebuyers	<115% AMFI
Homebuyer Education	Colonia Consumer Education Services	Homebuyer education offered through Colonia Self-Help Centers and Office of Colonia Initiatives (OCI) field offices	<115% AMFI (All)
	Texas Statewide Homebuyer Education	Training for nonprofits to provide homebuyer education	<115% AMFI (All)
Community Affairs Activities	Community Services Block Grant (CSBG)	Funds local agencies to provide essential services and poverty programs	<50% AMFI
	Emergency Shelter Grants (ESGP)	Funds entities to provide shelter and related services to the homeless	<30% AMFI (Homeless)
	Community Food and Nutrition (CFNP)	Distributes surplus food commodities and supports feedings	<80% AMFI
	Comprehensive Energy Assistance (CEAP)	Funds local agencies to offer energy education, financial assistance, and HVAC replacement	<50% AMFI
	Weatherization Assistance (WAP)	Funds local agencies to provide minor home repairs to increase energy efficiency	<50% AMFI
Manufactured Housing	Manufactured Housing Division	Regulates the manufactured housing industry. Licenses manufactured housing professionals, titles homes, inspects homes, and investigates manufactured housing complaints.	All

2007 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

The *2007 State of Texas Low Income Housing Plan and Annual Report* (SLIHP, Plan) is prepared annually in accordance with §2306.072–2306.0724 of the Texas Government Code (TGC). This statute requires that TDHCA provide a comprehensive statement of activities in the preceding year, an overview of statewide housing needs, and a resource allocation plan to meet the state's housing needs. It offers policy makers, affordable housing providers, and local communities a comprehensive reference on statewide housing need, housing resources, and performance-based funding allocations. The format is intended to help these entities measure housing needs, understand general housing issues, formulate policies, and identify available resources. As such, the Plan is a working document whose annual changes reflect input received throughout the year.

The Plan is organized into eight sections:

- *Introduction:* An overview of TDHCA and the Plan
- *Annual Report:* A comprehensive statement of activities for 2006, including performance measures, actual numbers served, and a discussion of TDHCA's Strategic Plan goals
- *Housing Analysis:* An analysis of statewide and regional demographic information, housing characteristics, and housing needs
- *TDHCA Action Plan:* A description of TDHCA's initiatives, resource allocation plans, program descriptions, and goals
- *Public Participation:* Information on the Plan preparation and a summary of public comment
- *Colonia Action Plan:* A revised biennial plan for 2006–2007, which discusses housing and community development needs in the colonias, describes TDHCA's policy goals, summarizes the strategies and programs designed to meet these goals, and describes projected outcomes to support the improvement of living conditions of colonia residents
- *Texas State Affordable Housing Corporation (TSAHC) Plan:* This section outlines TSAHC's plans and programs for 2006, and is included in accordance with legislation
- *Appendix:* Includes TDHCA's enabling legislation and a glossary of selected terms

Because the Plan's legislative requirements are rather extensive, TDHCA has prepared a collection of separate publications in order to fulfill requirements. This allows the requester to receive specific information in a format that is easier to use and cost-effective for both TDHCA and interested parties through lower printing and distribution costs. TDHCA produces the following publications in compliance with §2306.072–2306.0724 of the Texas Government Code:

- State of Texas Low Income Housing Plan and Annual Report
- Basic Financial Statements and Operating Budget: Produced by TDHCA's Financial Administration Division and fulfill §2306.072(c)(2)

- TDHCA Program Guide: A description of TDHCA's housing programs and other state and federal housing and housing-related programs, which fulfills §2306.0721(c)(4) and §2306.0721(c)(10)
- TDHCA Housing Sponsor Report: A report that provides property and occupant profiles of developments that have received assistance from TDHCA, which fulfills §2306.072(c)(6), §2306.072(c)(8), and §2306.0724

SECTION 2: ANNUAL REPORT

The Annual Report required by §2306.072 of the Texas Government Code includes the following sections:

- TDHCA's Operating and Financial Statements
- *Statement of Activities*: Describes TDHCA activities during the preceding year that worked to address housing and community service needs
- *Statement of Activities by Region*: Describes TDHCA activities by region
- *Participation in TDHCA Programs*: Discusses efforts to ensure that individuals of low income and their community-based institutions participate in TDHCA programs
- *Citizen Participation in Program Planning*: Discusses affirmative efforts to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process
- *Housing Sponsor Report*: Describes fair housing opportunities offered by TDHCA's multifamily development inventory
- *Analysis of the Distribution of Tax Credits*: Provides an analysis of the sources, uses, and geographic distribution of housing tax credits
- *Average Rents Reported by County*: Provides a summary of the average rents reported by the TDHCA multifamily inventory

OPERATING AND FINANCIAL STATEMENTS

TDHCA's Operating Budgets and Basic Financial Statements are prepared and maintained by the Financial Administration Division. For copies of these reports, visit http://www.tdhca.state.tx.us/finan.htm.

STATEMENT OF ACTIVITIES

The Department has many programs that provide an array of services. This section of the Plan highlights TDHCA's activities and achievements during the preceding fiscal year through a detailed analysis of the following:

- TDHCA's performance in addressing the housing needs of low, very low, and extremely low income households
- The diversity of serviced delivered to households
- TDHCA's progress in meeting its housing and community services goals

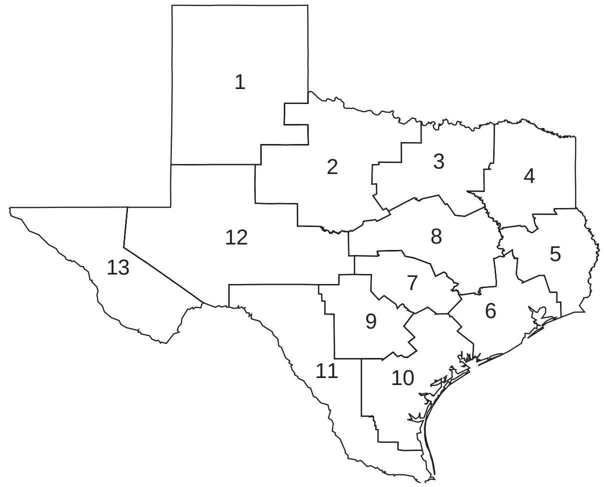


Figure 2.1 State Service Regions

This analysis is provided at the State level and within each of the 13 service regions TDHCA uses for planning purposes (see Figure 2.1). For general information about each region, including housing needs and housing supply, please see the Housing Analysis section of this document.

FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY ACTIVITY AND PROGRAM

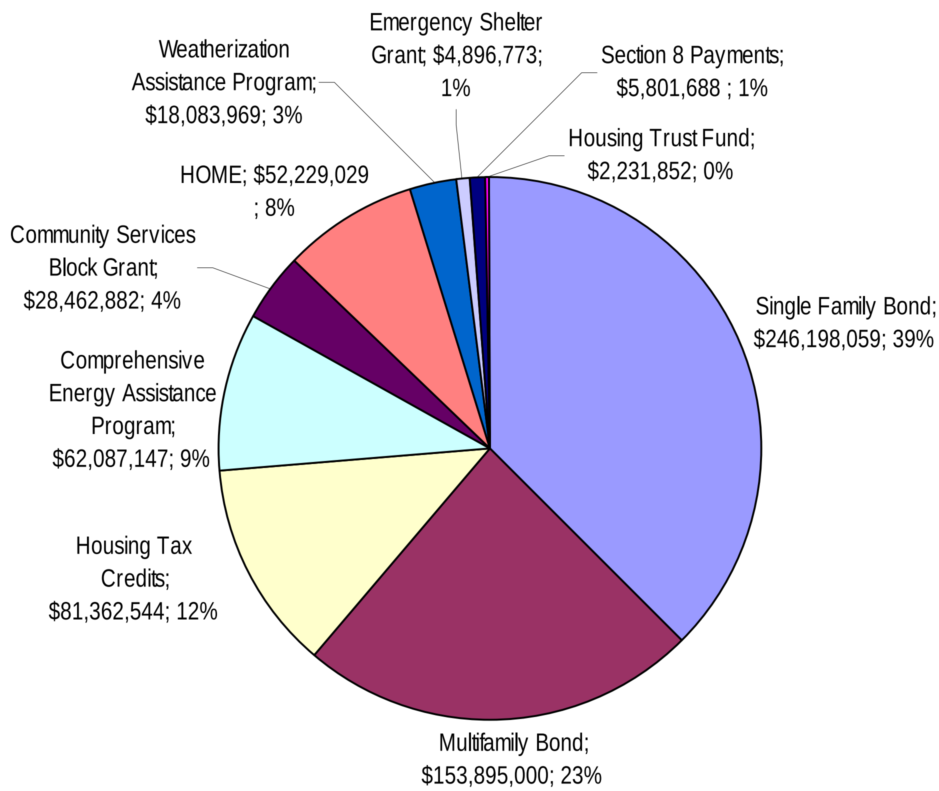
For the state and each region, a description of funding allocations, amounts committed, target numbers, and actual number of persons or households served for each program is provided. Along with the summary performance information, data on the following activity subcategories is provided.

- Renter
  - o New Construction activities support multifamily development, such as the funding of developments, capacity building, and predevelopment funding.
  - o Rehabilitation Construction activities support the acquisition, rehabilitation, and preservation of multifamily units.
  - o Tenant Based Assistance is direct rental payment assistance.
- Owner
  - o Single family development includes funding for housing developers, nonprofits, or other housing organizations to support the development of single family housing.
  - o Single family financing and homebuyer assistance helps households purchase a home, through such activities as mortgage financing, and down payment assistance.
  - o Single family owner-occupied assistance helps existing homeowners who need home rehabilitation and reconstruction assistance.
- Community services includes supportive services, energy assistance, and homeless assistance activities.

In FY 2006, TDHCA receive $655,248,943 in total funds. Almost all of this funding, 99 percent of the total, came from federal sources. TDHCA committed $682,702,107 in funding for activities that predominantly benefited extremely low, very low, and low income individuals. The chart below displays the distribution of this funding by program activity.

Total Funding By Program, FY 2006

Total Funds Committed: $655,248,943



Funding and Households/Persons Served by Activity, FY 2006, All Activities

Household Type	Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Renter	New Construction	$178,441,555	15,831	27%	3%
	Rehab Construction	$71,682,737	7,084	11%	1%
	Rental Assistance	$7,272,331	1,256	1%	<1%
Owner	Financing & Down Payment	$254,433,405	2,742	39%	1%
	Rehabilitation Assistance	$29,888,144	591	5%	<1%
	Supportive Services	$28,462,882	312,176	4%	61%
	Energy Related	$80,171,116	90,817	12%	18%
	Homeless Services	$4,896,773	83,289	1%	16%
Total		$655,248,943	513,786	100%	100%

Funding and Households/Persons Served by Housing Program, FY 2006

House-hold Type	Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8* Committed Funds	Section 8* # of Households Served
Renter	New Construction	$0	0	$11,923,773	973	$412,850	694	$64,569,932	12,492	$101,535,000	1,672	$0	0
	Rehab. Construction	$0	0	$2,495,125	218	$35,000	100	$16,792,612	5,165	$52,360,000	1,601	$0	0
	Rental Assistance	$0	0	$1,470,643	142	$0	0	$0	0	$0	0	$5,801,688	1,114
Owner	Financing & Down Pmt.	$246,198,059	2,255	$6,451,344	421	$1,784,002	66	$0	0	$0	0	$0	0
	Rehabilitation Asst.	$0	0	$29,888,144	591	$0	0	$0	0	$0	0	$0	0
Total		$246,198,059	2,255	$52,229,029	2,345	$2,231,852	860	$81,362,544	17,657	$153,895,000	3,273	$5,801,688	1,114

Funding and Households/Persons Served by Community Affairs Program, FY 2006

	Activity	ESGP* Committed Funds	ESGP* # of Individuals Served	CSBG* Committed Funds	CSBG* # of Ind ividuals Served	CEAP Committed Funds	CEAP # of Households Served	WAP Committed Funds	WAP # of Households Served
	Supportive Services	$0	0	$28,462,882	312,176	$0	0	$0	0
	Energy Related	$0	0	$0	0	$62,087,147	86,987	$18,083,969	3,830
	Homeless Services	$4,896,773	83,289	$0	0	$0	0	$0	0
Total		$4,896,773	83,289	$28,462,882	312,176	$62,087,147	86,987	$18,083,969	3,830

*Note: For these programs, figures are by individuals served, not households

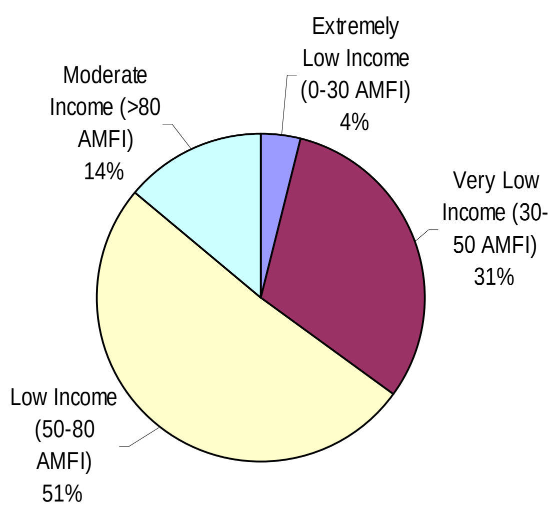
FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY INCOME GROUP

The SLIHP uses the following subcategories to refer to the needs of households or persons within specific income groups.

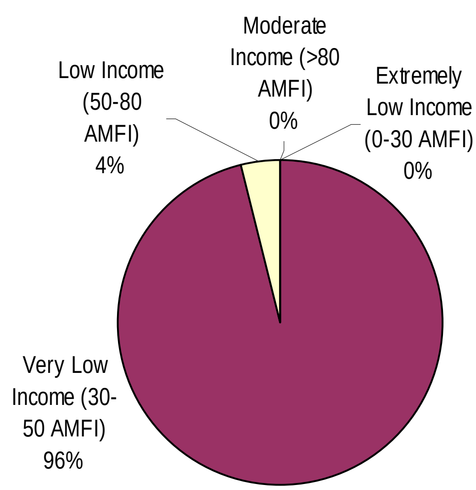
- Extremely Low Income (ELI): 0% to 30% area median family income (AMFI)
- Very Low Income (VLI): 31% to 50% (AMFI)
- Low Income (LI): 51% to 80% (AMFI)
- Moderate Income and Up (MI): >80% (AMFI)

The vast majority of households and individuals served through CEAP, WAP, and ESGP earn less than 30 percent area median family income. However, federal tracking of assistance from these programs is based on poverty guidelines, which do not translate easily to an AMFI equivalent. For conservative reporting purposes, assistance in these programs is reported in the VLI category.

Total Funding by Income Level, FY 2006



Total Households Served by Income Level, FY 2006



Funding and Households/Persons Served by Income Category, FY 2006

All Activities

Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Extremely Low Income (0-30 AMFI)	$27,548,954	2,399	4%	<1%
Very Low Income (30-50 AMFI)	$200,076,608	491,076	31%	96%
Low Income (50-80 AMFI)	$336,558,562	19,099	51%	4%
Moderate Income (>80 AMFI)	$91,064,819	1,212	14%	<1%
Total	$655,248,943	513,786	100%	100%

Housing Activities

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$2,064,687	34	$13,752,904	469	$860,252	155	$5,809,041	846	$0	0	$5,062,070	895
Very Low Income (30-50 AMFI)	$31,976,264	398	$23,865,031	873	$1,012,500	147	$14,364,991	2,746	$14,640,198	431	$686,853	199
Low Income (50-80 AMFI)	$130,609,794	1,172	$14,560,567	996	$359,100	558	$59,581,003	13,658	$131,395,333	2,696	$52,765	19
Moderate Income (>80 AMFI)	$81,547,314	651	$50,527	7	$0	0	$1,607,509	407	$7,859,469	146	$0	1
Total	$246,198,059	2,255	$52,229,029	2,345	$2,231,852	860	$81,362,544	17,657	$153,895,000	3,273	$5,801,688	1,114

Community Affairs Activities

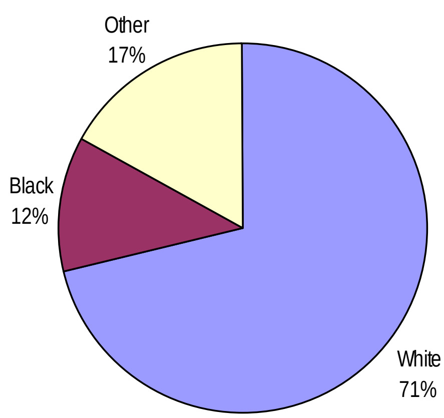
Activity	ESGP*		CSBG*		CEAP		WAP	
	Committed Funds	# of Individuals Served	Committed Funds	# of Ind ividuals Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	-	-	-	-	-	-	-	-
Very Low Income (30-50 AMFI)	$4,896,773	83,289	$28,462,882	312,176	$62,087,147	86,987	$18,083,969	3,830
Low Income (50-80 AMFI)	-	-	-	-	-	-	-	-
Moderate Income (>80 AMFI)	-	-	-	-	-	-	-	-
Total	$4,896,773	83,289	$28,462,882	312,176	$62,087,147	86,987	$18,083,969	3,830

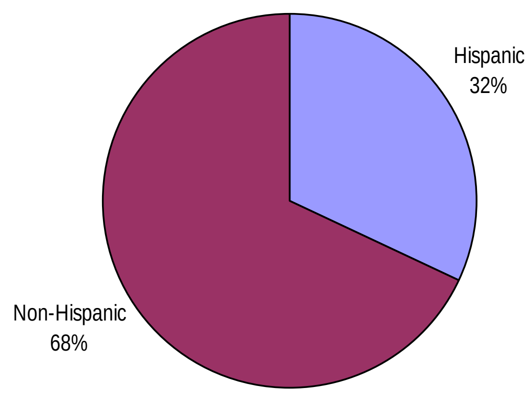
RACIAL AND ETHNIC COMPOSITION OF HOUSEHOLDS RECEIVING ASSISTANCE

As required by legislation, TDHCA reports on the racial and ethnic composition of individuals and families receiving assistance. These demographic categories are delineated according to the standards set by the U.S. Census. Accordingly, "race" is broken down into three subclassifications: White, Black, and Other. "Other" includes races other than White and Black, as well as individuals with two or more races. As ethnic origin is considered to be a separate concept from racial identity, the Hispanic population is represented in a separate chart. Persons of Hispanic origin may fall under any of the racial classifications. Households assisted through each TDHCA program or activity have been delineated according to these categories. Regional analyses of this racial data are included in the Statement of Activities by Uniform State Service Region section that follows. Note that the population racial composition charts examine individuals, while the many program racial composition charts examine households.

Racial Composition of the State of Texas | **Ethnic Composition of the State of Texas**

20,851,820 Total Individuals





Racial and ethnic data on housing programs is presented below under three general categories: Multifamily Rental Development Programs, Rental Assistance Programs, and Homeowner Programs. The Community Affairs programs, including the Weatherization Assistance Program, Comprehensive Energy Assistance Program, Community Services Block Grant program, and Emergency Shelter Grants Program allocate funding to several entities with service areas that span across two or more regions, so racial data for these programs is reported by entity. Office of Colonia Initiatives programs are reported under the following funding sources: HOME Program for Contract for Deed loans, Single Family Bond for some Contract for Deed loans and some Texas Bootstrap Program loans, and the Housing Trust Fund for some Texas Bootstrap loans.

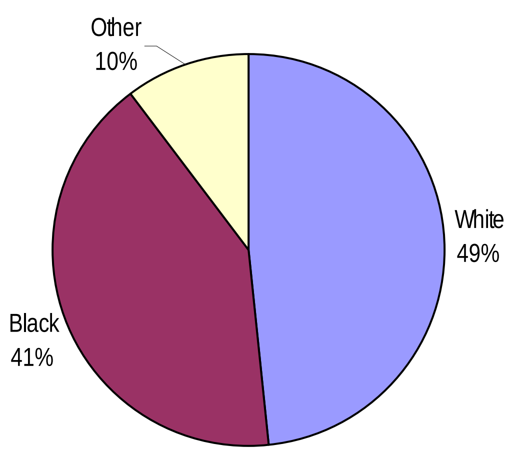
Housing Programs

Multifamily Rental Development

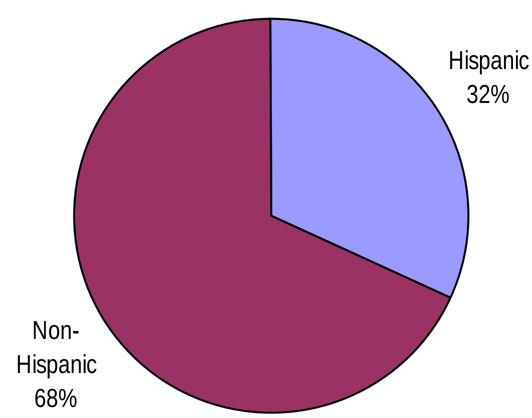
Multifamily properties receive funding through one or more of the following TDHCA programs: the Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnership Program, and Multifamily Bond Program. Data for these programs is collected from the 2005 Fair Housing Sponsor Report, which TDHCA-funded housing developments submit to the Agency every year. The report includes information about the property, including the racial composition of the tenants residing there as of December 31 of each year. Accordingly, the 2006 report is a snapshot of property characteristics as of December 31, 2005.

It should be noted that the Housing Sponsor Report does not report on or represent all units financed by TDHCA. Some submitted reports describe properties under construction, which do not yet have occupied units. Some properties did not submit a report, and still others did not fill out the report accurately. Therefore, TDHCA is left with usable data for only a portion of existing multifamily units. For racial analysis, only 82% of the unit data received from the monitored properties could be used, while only 49% of the data was usable for ethnicity analysis. As a result, the following charts present a picture of race and ethnicity based on samples, and may not represent actual percentages. TDHCA is implementing changes in the Housing Sponsor Report to ensure increased quality of future data collection.

Racial Composition of Households Residing in TDHCA-Funded Multifamily Developments



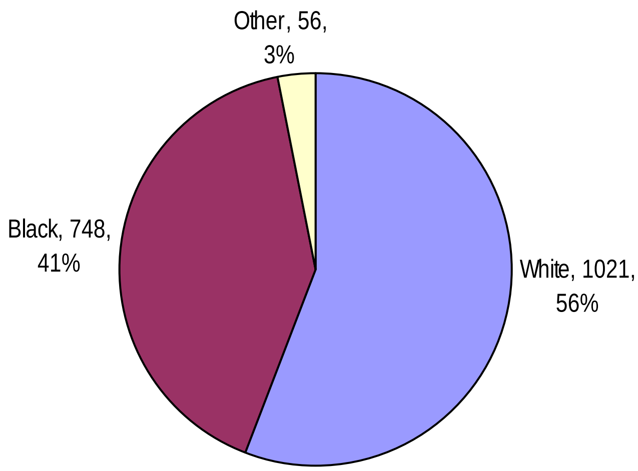
Ethnic Composition of Households Residing in TDHCA-Funded Multifamily Developments



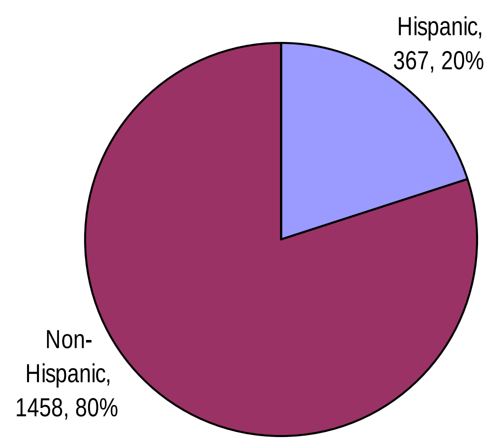
Rental Assistance

TDHCA's rental assistance comes from two sources: the Tenant Based Rental Assistance Program (TBRA) and the Section 8 Housing Choice Voucher Program. The following charts depict the racial and ethnic composition of households receiving assistance from these two rental assistance programs combined.

Racial Composition of Households Receiving Rental Assistance



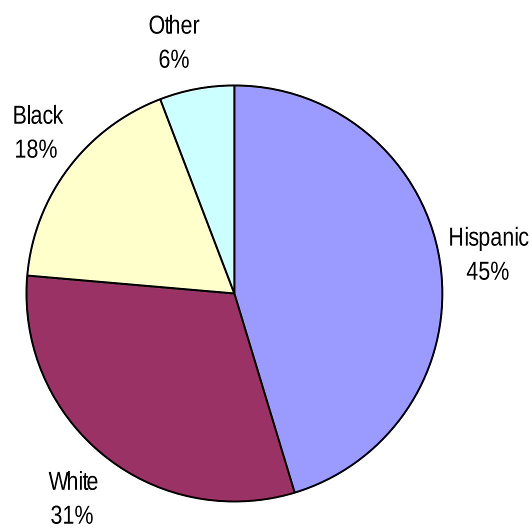
Ethnic Composition of Households Receiving Rental Assistance



Homeowner Programs

TDHCA homeowner assistance comes in the form of three programs: the Single Family Bond Program, HOME Owner-Occupied Home Repair Program, and HOME Homebuyer Assistance Program. The following chart depicts the racial and ethnic composition of households receiving assistance from these three programs combined. Due to the data reporting techniques of the Single Family Bond Program, race and ethnicity are combined into one category.

Racial & Ethnic Composition of Households Receiving Homeowner Assistance



Community Affairs Programs

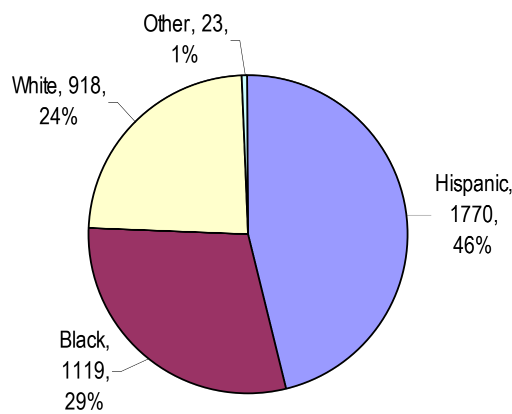
Due to the data reporting techniques of the Weatherization Assistance Program (WAP), Energy Assistance Program (CEAP), and Community Services Block Grant (CSBG) Program race and ethnicity are combined into one category. The Emergency Shelter Grant Program (ESGP) reports race and ethnicity as two separate categories

Weatherization Assistance Program

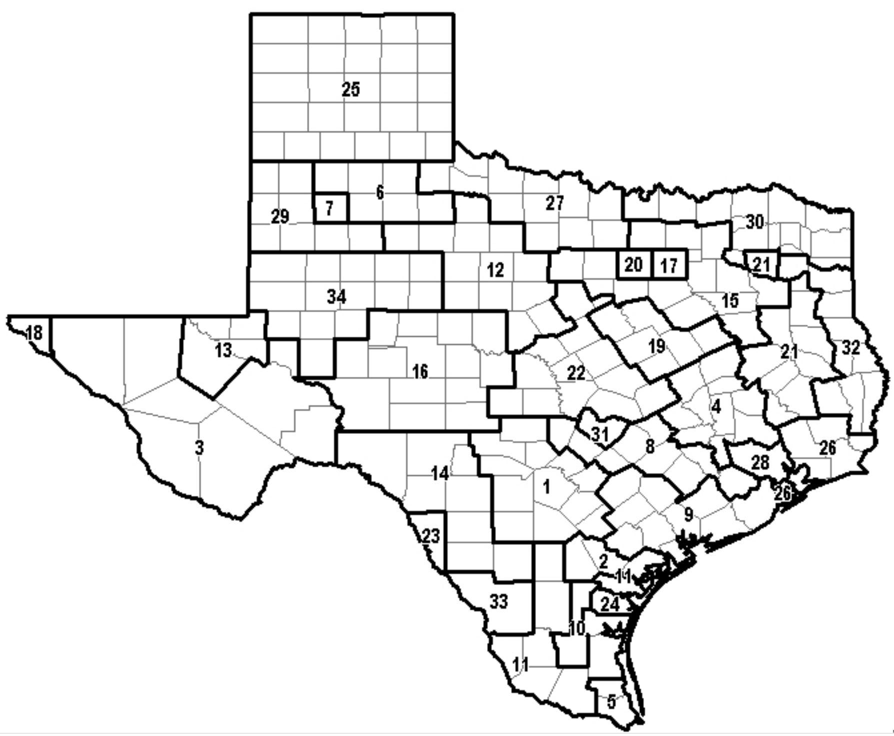
The Weatherization Assistance Program (WAP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. Because of this, WAP racial composition data for FY 2006 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial and ethnic composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of WAP Assisted Households, Statewide, FY 2006

3,830 Total Households



WAP Subcontractor Service Areas, FY 2006



Racial and Ethnic Composition of Households Receiving WAP Assistance by Subcontractor, Statewide, FY 2006

# on Map	Subcontractor	Counties Served	FY 2005 Funding	Households Served	White	Hispanic	Black	Other
1	ALAMO AREA COUNCIL OF GOVERNMENTS	Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	$1,446,027	224	52	148	19	5
2	BEE COMMUNITY ACTION AGENCY	Bee, Live Oak, Refugio	$75,151	21	4	15	2	0
3	BIG BEND COMMUNITY ACTION COMMITTEE, INC	Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	$226,316	57	3	54	0	0
4	BRAZOS VALLEY COMMUNITY ACTION AGENCY	Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	$591,452	121	39	5	77	0
5	CAMERON-WILLACY COS. COMM PROJECTS, INC.	Cameron, Willacy	$515,252	89	0	89	0	0
6	CAPROCK COMMUNITY ACTION ASS'N, INC.	Crosby, Dickens, Floyd, Hale, King, Motley	$180,385	52	8	36	8	0
7	CITY OF LUBBOCK	Lubbock	$243,159	46	8	23	15	0
8	COMBINED COMMUNITY ACTION, INC	Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	$335,299	153	39	24	90	0
9	COMMUNITY ACTION COMMITTEE OF VICTORIA	Aransas, Brazoria, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton	$466,368	89	32	26	31	0
10	COMMUNITY ACTION CORP. OF SOUTH TEXAS	Brooks, Jim Wells	$88,094	16	1	15	0	0
11	COMMUNITY ACTION COUNCIL OF SOUTH TEXAS	Duval, Hidalgo, Jim Hogg, Kenedy, Kleberg, McMullen, San Patricio, Starr, Zapata	$1,226,431	338	8	329	1	0
12	COMMUNITY ACTION PROGRAM, INC	Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton	$400,682	84	60	18	6	0
13	COMMUNITY COUNCIL OF REEVES COUNTY	Loving, Reeves, Ward, Winkler	$67,993	11	1	8	2	0
14	COMMUNITY SERVICES AGENCY OF SOUTH TEX	Dimmit, Edwards, Kinney, La Salle, Real, Uvalde, Val Verde, Zavala	$261,495	71	1	70	0	0
15	COMMUNITY SERVICES, INC.	Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	$973,511	173	124	9	37	3
16	CONCHO VALLEY COMMUNITY ACTION AGENCY	Coke, Coleman, Concho, Crocket, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	$351,203	70	20	46	4	0
17	DALLAS COUNTY DEPT. OF HUMAN SERVICES	Dallas	$1,341,191	316	56	100	157	3
18	EL PASO CAP-PROJECT BRAVO, INC.	El Paso	$718,018	130	5	123	2	0
19	EOAC OF PLANNING REGION XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	$369,343	37	24	0	13	0
20	FORT WORTH, CITY OF, HOUSING DEPARTMENT	Tarrant	$753,462	164	25	22	112	5
21	GREATER EAST TEXAS COMM. ACTION (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	$575,031	171	93	7	71	0

Racial and Ethnic Composition of Households Receiving WAP Assistance by Subcontractor, Statewide, FY 2006 (cont.)

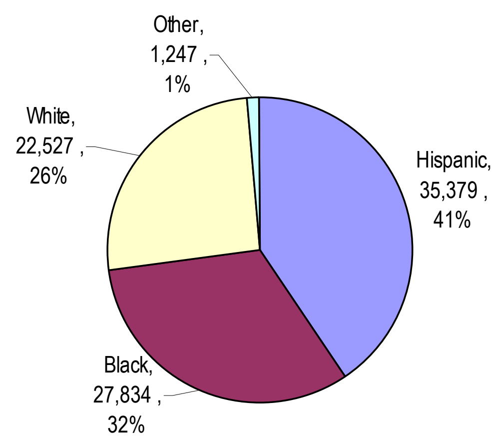
# on Map	Subcontractor	Counties Served	FY 2005 Funding	Households Served	White	Hispanic	Black	Other
22	HILL COUNTRY COMM'TY ACTION ASS'N, INC	Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	$432,895	97	51	36	9	1
23	MAVERICK COUNTY HUMAN SERVICES DEPT.	Maverick	$96,254	20	0	20	0	0
24	NUECES COUNTY CAA	Nueces	$305,893	79	4	61	14	0
25	PANHANDLE COMMUNITY SERVICES	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	$608,946	145	63	54	28	0
26	PROGRAMS FOR HUMAN SERVICES	Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	$630,194	47	15	5	26	1
27	ROLLING PLAINS MANAGEMENT CORPORATION	Archer, Baylor, Cottle, Clay, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young	$321,130	70	58	6	6	0
28	SHELTERING ARMS SENIOR SVCS, INC, THE	Harris	$2,232,731	471	15	225	227	4
29	SOUTH PLAINS CAA	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	$152,601	33	8	20	5	0
30	TEXOMA COUNCIL OF GOVERNMENTS	Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	$586,563	112	47	4	61	0
31	TRAVIS COUNTY	Travis	$451,894	114	22	56	35	1
32	TRI-COUNTY COMMUNITY ACTION, INC	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	$338,062	60	16	0	44	0
33	WEBB COUNTY COMMUNITY ACTION AGENCY	Webb	$231,246	48	0	48	0	0
34	WEST TEXAS OPPORTUNITIES, INC	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	$489,699	101	16	68	17	0
	WAP Total	State	$18,083,969	3830	918	1770	1119	23

Comprehensive Energy Assistance Program

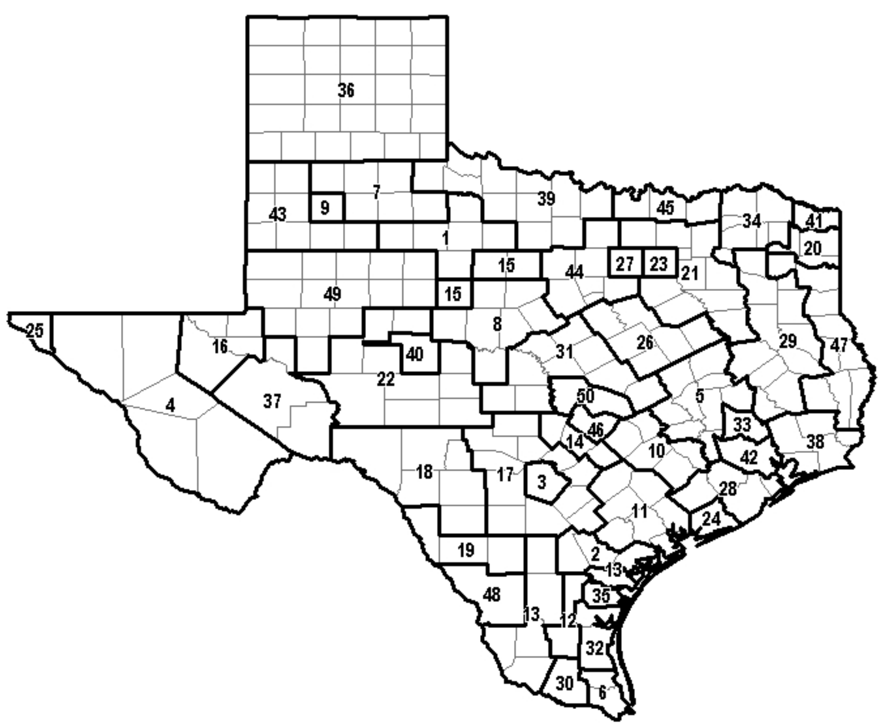
The Comprehensive Energy Assistance Program (CEAP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. Because of this, CEAP racial composition data for FY 2006 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of CEAP Assisted Households, Statewide FY 2006

86,987 Total Households



CEAP Subcontractor Service Areas, FY 2006



Racial and Ethnic Composition of Households Receiving CEAP Assistance by Subcontractor, Statewide, FY 2006

# on Map	Subcontractor	Counties Served	FY 2005 Funding	House-holds Served	White	Hispanic	Black	Other
1	ASPERMONT SMALL BUSINESS DEVELOPMENT	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	$466,984	301	152	104	45	0
2	BEE COMMUNITY ACTION AGENCY	Bee, Live Oak, Refugio	$258,013	854	159	646	42	7
3	BEXAR COUNTY DEPARTMENT OF COMMUNITY RCS	Bexar	$3,736,536	3092	289	2290	498	15
4	BIG BEND COMMUNITY ACTION COMMITTEE, INC	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	$511,371	953	86	864	0	3
5	BRAZOS VALLEY COMMUNITY ACTION AGENCY	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Walker, Waller, Washington	$1,507,873	1710	358	156	1184	12
6	CAMERON-WILLACY COS. COMM PROJECTS, INC.	Cameron, Willacy	$1,768,998	1589	28	1558	3	0
7	CAPROCK COMMUNITY ACTION ASS'N, INC.	Crosby, Dickens, Floyd, Hale, King, Motley	$619,310	1539	358	971	203	7
8	CENTRAL TEXAS OPPORTUNITIES, INC.	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels	$704,801	1152	866	208	71	7
9	CITY OF LUBBOCK	Lubbock	$834,831	1175	299	430	438	8
10	COMBINED COMMUNITY ACTION, INC	Austin, Bastrop, Colorado, Fayette, Lee	$494,961	934	248	78	607	1
11	COMMUNITY ACTION COMMITTEE OF VICTORIA	Aransas, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Victoria	$862,829	1524	402	678	438	6
12	COMMUNITY ACTION CORP. OF SOUTH TEXAS	Brooks, Jim Wells	$302,451	432	12	418	2	0
13	COMMUNITY ACTION COUNCIL OF SOUTH TEXAS	Duval, Jim Hogg, McMullen, San Patricio, Starr, Zapata	$1,019,791	1876	52	1797	19	8
14	COMMUNITY ACTION INC. OF HAYS, CALDWELL	Blanco, Caldwell, Hays	$340,783	608	232	227	145	4
15	COMMUNITY ACTION PROGRAM, INC	Shackelford, Stephens, Taylor	$466,400	688	287	244	149	8
16	COMMUNITY COUNCIL OF REEVES COUNTY	Loving, Reeves, Ward, Winkler	$233,438	523	47	441	30	5
17	COMMUNITY COUNCIL OF SOUTH CENTRAL TEXAS	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	$1,228,063	2514	616	1754	132	12
18	COMMUNITY COUNCIL OF SOUTHWEST TEXAS	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	$715,721	976	42	928	3	3
19	COMMUNITY SERVICES AGENCY OF SOUTH TEXAS	Dimmit, LaSalle, Maverick	$512,530	774	10	759	5	0
20	COMMUNITY SERVICES OF NORTHEAST TEXAS	Camp, Cass, Marion, Morris	$408,402	727	282	8	433	4
21	COMMUNITY SERVICES	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	$2,220,811	2660	1420	221	974	45
22	CONCHO VALLEY COMMUNITY ACTION AGENCY	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton	$600,900	763	292	461	7	3
23	DALLAS COUNTY DEPT. OF HUMAN SERVICES	Dallas	$4,604,672	4553	598	421	3465	69
24	ECONOMIC ACTION COMMITTEE OF GULF COAST	Matagorda	$157,025	179	26	43	108	2
25	EL PASO CAP-PROJECT BRAVO	El Paso	$2,465,149	5533	199	5130	165	39
26	EOAC OF PLANNING REGION XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	$1,268,054	1810	610	165	1034	1
27	FORT WORTH, CITY OF, GRANT ADMIN.	Tarrant	$2,586,837	2670	694	467	1480	29

Racial and Ethnic Composition of Households Receiving CEAP Assistance by Subcontractor, Statewide, FY 2006 (cont.)

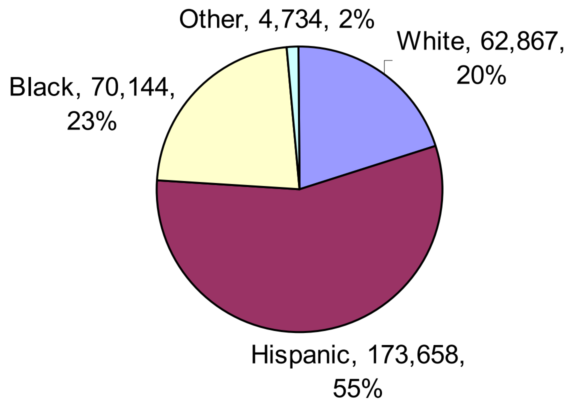
# on Map	Subcontractor	Counties Served	FY 2005 Funding	House-holds Served	White	Hispanic	Black	Other
28	GALVESTON COUNTY COMM ACTION COUNCIL	Brazoria, Fort Bend, Galveston, Wharton	$1,528,179	1896	365	373	1145	13
29	GREATER EAST TEXAS COMM. ACTION (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	$2,484,110	4486	1514	214	2734	24
30	HIDALGO COUNTY COMMUNITY SERVICES AGENCY	Hidalgo	$2,679,208	4195	21	4146	25	3
31	HILL COUNTRY COMM'TY ACTION ASS'N	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	$1,071,885	2002	1227	304	444	27
32	KLEBERG COUNTY HUMAN SERVICES	Kenedy, Kleberg	$511,669	306	19	236	49	2
33	MONTGOMERY COUNTY EMERGENCY ASSISTANCE	Montgomery	$522,743	1843	909	88	831	15
34	NORTHEAST TEXAS OPPORTUNITIES	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	$701,927	1038	543	21	474	0
35	NUECES COUNTY CAA	Nueces	$1,050,212	1039	52	813	171	3
36	PANHANDLE COMMUNITY SERVICES	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	$2,090,675	5190	2340	2087	763	0
37	PECOS COUNTY COMMUNITY ACTION AGENCY	Crane, Pecos, Terrell	$265,632	489	32	455	1	1
38	PROGRAMS FOR HUMAN SERVICES	Chambers, Hardin, Jefferson, Liberty, Orange	$1,532,187	1885	460	23	1323	79
39	ROLLING PLAINS MANAGEMENT CORPORATION	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	$1,003,692	1345	835	174	313	23
40	SAN ANGELO/TOM GREEN COUNTY HEALTH DEPT	Tom Green	$342,338	743	298	377	66	2
41	SENIOR CITIZENS SERVICES OF TEXARKANA	Bowie	$329,646	409	110	2	295	2
42	SHELTERING ARMS SENIOR SVCS	Harris	$7,665,569	7608	842	1073	4998	695
43	SOUTH PLAINS CAA	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	$523,920	784	126	550	108	0
44	TEXAS NEIGHBORHOOD SERVICES	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	$852,213	1945	1694	143	99	9
45	TEXOMA COUNCIL OF GOVERNMENTS	Cooke, Fannin, Grayson	$573,854	566	384	15	163	4
46	TRAVIS COUNTY	Travis	$1,551,475	1364	368	356	617	23
47	TRI-COUNTY COMMUNITY ACTION	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	$1,160,657	1631	586	11	1030	4
48	WEBB COUNTY COMMUNITY ACTION AGENCY	Webb	$793,932	845	0	845	0	0
49	WEST TEXAS OPPORTUNITIES, INC	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	$1,681,267	2592	752	1430	394	16
50	WILLIAMSON-BURNET CO. OPPORTUNITIES	Burnet, Williamson	$272,624	677	386	176	111	4
	CEAP Total	State	$62,087,147	86,987	22,527	35,379	27,834	1,247

Community Services Block Grant Program

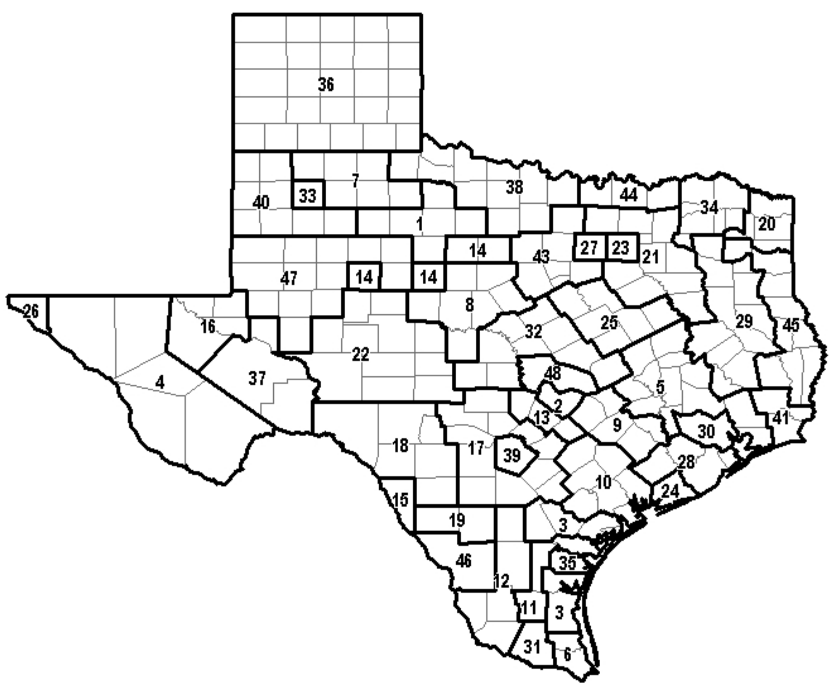
The Community Services Block Grant Program (CSBG) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. In addition, some CSBG subcontractors have been awarded funding for special projects that overlap existing service areas. Because of this, CSBG racial composition data for FY 2006 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial Composition of Individuals Receiving CSBG Assistance, Statewide, FY 2006

312,176 Total Individuals



CSBG Subcontractor Service Areas, FY 2006



Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor, Statewide, FY 2006

# on Map	Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
1	Alabama-Coushatta Indian Reservation	Polk, Tyler	$61,450	243	2	0	1	243
2	Asociacion Pro Servicios Sociales	Jim Hogg, Starr, Webb, Zapata	$106,606	0	0	1054	0	0
3	Aspermont Small Business Development Center, Inc.	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	$131,784	26	467	559	171	26
4	Austin, City of, Health and Human Services Department	Travis	$779,184	927	3971	8559	8035	927
5	Bee Community Action Agency	Aransas, Bee, Kenedy, Kleberg, Live Oak, Refugio	$245,522	81	794	2944	280	81
6	Big Bend Community Action Committee, Inc.	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	$152,031	6	187	2500	5	6
7	Brazos Valley Community Action Agency	Brazos, Burleson, Chambers, Grimes, Leon, Liberty, Madison, Montgomery, Robertson, Walker, Waller, Washington	$843,463	105	1904	1834	2833	105
8	*Cameron and Willacy Counties Community Projects, Inc.	Cameron, Willacy	$1,009,006	2	75	7315	20	2
9	Caprock Community Action Association, Inc.	Crosby, Dickens, Floyd, Hale, King, Motley	$185,157	48	716	3049	369	48
10	Central Texas Opportunities, Inc.	Brown, Callahn, Coleman, Comanche, Eastland, McCulloch, Runnels	$227,406	13	1733	643	143	13
11	Combined Community Action, Inc.	Austin, Bastrop, Colorado, Fayette, Lee	$197,784	5	553	247	1339	5
12	Community Action Committee of Victoria Texas	Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Victoria	$314,388	33	1305	2973	1361	33
13	Community Action Corporation of South Texas	Brooks, Jim Wells, San Patricio	$152,912	2	73	1791	19	2
14	Community Action Council of South Texas	Duval, Jim Hogg, McMullen, Starr, Zapata	$345,107	7	131	4332	2	7
15	Community Action Inc., of Hays, Caldwell and Blanco Counties	Blanco, Caldwell, Hays	$213,243	33	728	1132	296	33
16	Community Action Program, Inc.	Mitchell, Shackelford, Stephens, Taylor	$219,604	26	763	1001	498	26
17	*Community Action Social Services & Education	Maverick	$234,799	0	0	2137	0	0
18	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	$177,472	10	168	1078	86	10
19	*Community Council of South Central Texas, Inc.	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	$624,710	32	1907	6077	356	32
20	*Community Council of Southwest Texas, Inc.	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	$372,765	20	133	4438	14	20
21	*Community Services Agency of South Texas	Dimmit, La Salle	$146,862	0	22	1285	4	0
22	Community Services of Northeast Texas, Inc.	Bowie, Cass, Marion, Morris,Camp	$273,059	19	1153	195	1372	19

Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor, Statewide, FY 2006 (cont.)

# on Map	Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
23	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	$857,395	199	3140	731	2397	199
24	Concho Valley Community Action Agency	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, Tom Green	$264,940	14	362	849	42	14
25	Dallas Inter-Tribal Center	Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall	$110,668	810	45	75	18	810
26	Dallas Urban League	Dallas	$2,090,262	241	884	2081	8133	241
27	Economic Action Committee of The Gulf Coast	Matagorda	$131,784	11	145	381	449	11
28	Economic Opportunities Advancement Corporation of Planning Region XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	$519,983	24	1602	699	3498	24
29	El Paso Community Action Program, Project BRAVO, Inc.	El Paso	$1,334,538	165	382	16108	472	165
30	Fort Worth, City of, Parks & Community Services Department	Tarrant	$1,093,413	405	3207	10768	9922	405
31	Galveston County Community Action Council, Inc.	Brazoria, Fort Bend, Galveston, Wharton	$704,286	149	941	1324	3426	149
32	Greater East Texas Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	$984,108	252	5504	1332	8839	252
33	Guadalupe Economic Services Corporation	Bailey, Briscoe, Castro, Cochran, Crosby, Deaf Smith, Dickens, Floyd, Garza, Hale, Hall, Hockley, Lamb, Lubbock, Lynn, Motley, Parmer, Swisher, Terry, Yoakum	$182,231	16	3667	8153	1291	16
34	Gulf Coast Community Services Association	Harris	$3,695,069	167	643	5679	6740	167
35	*Hidalgo County Community Services Agency	Hidalgo	$1,454,740	5	97	14665	14	5
36	Hill Country Community Action Association, Inc.	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	$447,531	74	1989	665	957	74
37	Kickapoo Traditional Tribe of Texas	Maverick	$49,227	69	0	1	0	69
38	Lubbock, City of, Community Development Department	Lubbock	$370,888	26	99	126	68	26
39	Northeast Texas Opportunities, Inc.	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	$250,969	145	1655	225	1458	145
40	Nueces County Community Action Agency	Nueces	$531,229	47	168	2030	308	47

Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor, Statewide, FY 2006 (cont.)

# on Map	Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
41	Panhandle Community Services	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallum, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	$618,706	75	5552	5675	1632	75
42	Pecos County Community Action Agency	Crane, Pecos, Terrell	$131,784	10	99	963	0	10
43	Rolling Plains Management Corporation	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	$330,000	167	2549	862	1240	167
44	San Antonio, City of, Community Action Division	Bexar	$1,959,188	210	2370	16191	3742	210
45	San Patricio County CAA	San Patricio	$155,189	0				0
46	Sin Fronteras Organizing Project	El Paso	$109,088	0	0	1686	0	0
47	South Plains Community Action Association, Inc.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	$209,428	48	581	2871	458	48
48	Southeast Texas Regional Planning Commission	Hardin, Jefferson, Orange	$569,557	166	1018	112	1638	166
49	Texas Homeless Network	Statewide		0	0	0	0	0
50	Texas Neighborhood Services	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	$340,221	35	3526	458	211	35
51	Texoma Council of Governments	Cooke, Fannin, Grayson	$218,921	49	1096	161	486	49
52	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	$417,621	74	2519	110	3542	74
53	Webb County Community Action Agency	Webb	$452,524	12	6	6563	8	12
54	West Texas Opportunities, Inc.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Nolan, Scurry, Upton	$681,677	91	1830	4969	1086	91
55	Williamson-Burnet County Opportunities, Inc.	Burnet, Williamson	$181,403	55	1672	1038	621	55
	CSBG Total	State	$28,462,882	312,176	64,133	162,694	79,900	5,449

*These contractors receive some additional funding to fund specialized activities for a few counties that fall outside their service area.

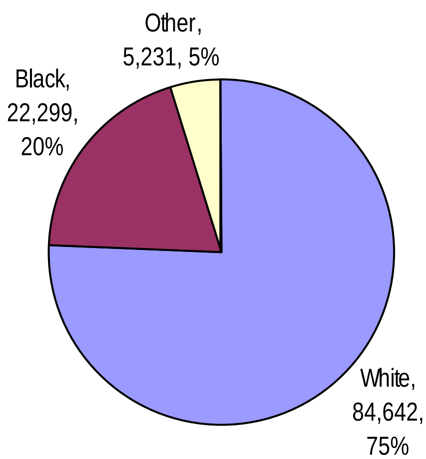
Emergency Shelter Grants Program

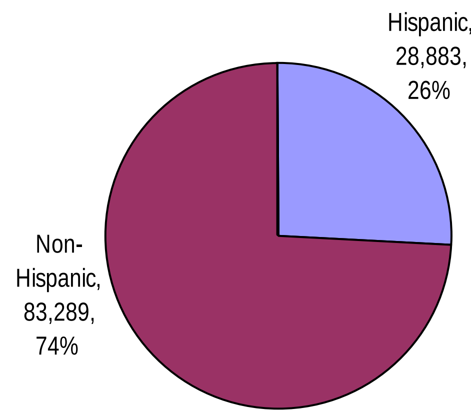
The Emergency Shelter Grants Program (ESGP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions, or multiple subcontractors serve the same area. Because of this, ESGP racial composition data for FY 2006 is listed according to subcontractor. Racial composition for the state is available, but is unavailable at the regional level.

Racial Composition of Individuals Receiving ESGP Assistance, Statewide, FY 2006

Ethnic Composition of Individuals Receiving ESGP Assistance, Statewide, FY 2006

112,172 Total Individuals





Racial and Ethnic Composition of Individuals Receiving ESGP Assistance by Subcontractor, Statewide, FY 2006

Contractor	County Served	FY 2005 Funding	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
Caprock Community Action Association, Inc.	Crosby	$42,770	297	283	14	0	126	171
Williamson-Burnet County Opportunities, Inc.	Williamson	$45,000	185	160	22	3	40	145
Denton, City of	Denton	$150,800	1050	837	153	60	213	837
Walker County Family Violence Council	Walker, Polk	$43,223	500	392	75	33	101	399
Women's Haven of Tarrant County, Inc.	Tarrant	$62,452	1793	1345	380	68	421	1372
Sabine Valley Center	Gregg	$42,240	49	33	16	0	10	39
Wesley Community Center, Inc.	Harris	$64,877	633	393	240	0	168	465
Bridge Over Troubled Waters, Inc., The	Harris	$65,000	536	475	40	21	208	328
Collin Intervention To Youth, Inc.	Collin	$65,000	259	165	58	36	29	230
Corpus Christi Metro Ministries, Inc.	Nueces	$65,000	5906	5155	641	110	2190	3716
Highland Lakes Family Crisis Center	Burnet	$37,500	899	839	4	56	188	711
Family Gateway, Inc.	Dallas	$56,250	418	99	304	15	21	397
Grayson County Shelter, Inc.	Grayson	$68,565	377	290	68	19	26	351
Youth and Family Alliance, dba	Travis	$49,624	121	101	15	5	24	97

Contractor	County Served	FY 2005 Funding	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
LifeWorks								
SEARCH	Harris	$130,000	9247	6130	2869	248	2229	7018
Fort Bend County Women's Center	Fort Bend	$56,200	630	445	150	35	185	445
Family Place, The	Dallas	$53,250	1455	895	478	82	343	1112
Texas Homeless Network	Travis	$60,000	0	0	0	0	0	0
Amarillo, City of	Potter	$135,455	7237	5948	1001	288	994	6243
Covenant House Texas	Harris	$80,000	2246	1016	1179	51	298	1948
First Step of Wichita Falls, Inc.	Wichita	$30,000	1236	1000	146	90	212	1024
New Beginning Center, Inc.	Dallas	$58,695	1023	757	207	59	283	740
Advocacy Outreach	Bastrop	$96,177	1956	1700	206	50	678	1278
San Antonio Metropolitan Ministry, Inc.	Bexar	$65,000	5650	4355	813	482	1139	4511
Houston Area Women's Center	Harris	$65,000	9757	7968	1447	342	3510	6247
Abilene Hope Haven, Inc.	Taylor	$80,000	955	796	92	67	138	817
Family Services of Southeast Texas, Inc.	Jefferson	$42,183	623	338	268	17	52	571
Hays County Women's Center, Inc.	Hays	$69,095	807	718	53	36	273	534
Family Crisis Center, Inc.	Cameron	$197,226	2477	2436	14	27	1179	1298
Child Crisis Center of El Paso	El Paso	$48,000	1552	1445	68	39	697	855
Safe Place of the Permain Basin	Midland	$73,274	2574	2343	165	66	847	1727
Institute of Cognitive Development, Inc.	Tom Green	$31,568	788	666	27	95	262	526
Comal County Family Violence Shelter, Inc.	Comal	$45,000	2239	2077	31	131	622	1617
Connection Individual and Family Services, Inc.	Comal	$80,000	252	224	23	5	88	164
Bryan, City of	Brazos	$57,190	1396	826	456	114	180	1216
Travis County Domestic Violence & Sexual Assault Survival Center	Travis	$46,233	1345	1007	206	132	411	934
Kilgore Community Crisis Center, The	Gregg	$63,795	2159	1036	1031	92	104	2055
Salvation Army - Tyler	Smith	$65,000	2167	1360	676	131	160	2007
Family Violence Prevention Services, Inc.	Bexar	$46,386	2324	2134	134	56	954	1370
Grayson County Juvenile Alternatives, Inc.	Grayson	$56,341	101	81	17	3	12	89
Hutchinson County Crisis Center, Inc.	Hutchinson	$34,000	91	86	5	0	28	63
Opportunity Center for the Homeless	El Paso	$87,117	3843	3501	198	144	1498	2345
Women's Shelter of South Texas	Nueces	$64,927	1248	1112	33	103	439	809
Star of Hope Mission	Harris	$65,000	6969	2373	3515	1081	893	6076
Westside Homeless Partnership	Harris	$64,850	111	80	31	0	34	77
Amistad Family Violence and Rape Crisis Center	Val Verde	$49,416	715	698	8	9	333	382
Advocacy Resource Center for Housing	Hidalgo	$34,000	496	496	0	0	247	249
Midland Fair Havens, Inc.	Midland	$58,770	1698	1295	400	3	461	1237
Port Cities Rescue Mission Ministries	Jefferson	$80,000	341	128	203	10	5	336
Legal Aid of Northwest Texas	Tarrant	$62,687	270	136	125	9	23	247
Faith Mission and Help Center, Inc.	Washington	$77,300	907	441	407	59	137	770
Seton Home	Bexar	$59,930	216	183	33	0	81	135
Panhandle Crisis Center, Inc.	Ochiltree	$72,673	616	607	0	9	194	422
Promise House, Inc.	Dallas	$65,126	286	150	132	4	45	241
Wintergarden Women's Shelter, Inc.	Dimmit	$47,153	1256	1226	0	30	608	648
Salvation Army - Abilene	Taylor	$30,000	928	804	124	0	99	829
Boysville, Inc.	Bexar	$60,418	264	216	45	3	99	165
Catholic Charities, Archdiocese of San Antonio, Inc.	Bexar	$57,777	970	881	88	1	410	560
YWCA El Paso del Norte Region	El Paso	$72,116	351	341	8	2	160	191
Compassion Ministries of Waco, Inc.	McLennan	$40,000	222	160	31	31	56	166
La Posada Home, Inc.	El Paso	$49,116	281	277	4	0	138	143

Contractor	County Served	FY 2005 Funding	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
Mary McLeod Bethune Day Nursery, Inc	Nueces	$35,152	138	112	26	0	47	91
Salvation Army - McAllen	Hidalgo	$98,000	3300	3238	53	9	1526	1774
Salvation Army - Victoria	Victoria	$40,000	759	609	148	2	197	562
Women's Home, The	Harris	$65,000	116	77	39	0	5	111
Women's Shelter, The	Tarrant	$77,902	1731	1197	391	143	413	1318
Arlington Life Shelter	Tarrant	$77,903	1306	822	461	23	103	1203
Focusing Families	Waller	$65,000	440	378	59	3	118	322
Bonita Street House of Hope	Harris	$62,790	84	25	59	0	11	73
Harmony House, Inc.	Harris	$112,082	25	8	11	6	2	23
Providence Ministry Corporation dba La Posada Providencia	Cameron	$36,450	913	859	48	6	448	465
Randy Sams Outreach Shelter	Bowie	$65,000	194	112	74	8	4	190
Salvation Army - Beaumont	Jefferson	$65,000	1684	1070	588	26	73	1611
Salvation Army - Galveston	Galvestion	$59,347	3221	2063	816	342	218	3003
Salvation Army - Waco	McLennan	$57,190	861	531	329	1	86	775
Salvation Army - Fort Worth	Tarrant	$58,212	102	82	20	0	29	73
ESGP Total	State	$4,896,773	112,172	84,642	22,299	5,231	28,883	83,289

PROGRESS IN MEETING TDHCA HOUSING AND COMMUNITY SERVICES GOALS

The goals, strategies, and objectives established in the Legislative Appropriations Act, the TDHCA *Strategic Plan*, and the *State of Texas Consolidated Plan*, guide TDHCA's annual activities through the establishment of objective performance measures. TDHCA's resulting goals are as follows:

1) Increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families
2) Promote improved housing conditions for extremely low, very low, and low income households by providing information and technical assistance.
3) Improve living conditions for the poor and homeless and reduce the cost of home energy for very low income Texans.
4) Ensure compliance with the TDHCA's federal and state program mandates.
5) Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.
6) Target its housing finance programs resources for assistance to extremely low income households.
7) Target its housing finance resources for assistance to very low income households.
8) Provide contract for deed conversions for families who reside in a colonia and earn 60 percent or less of the applicable area median family income
9) Work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs through funding, research, and policy development efforts.

To avoid duplication of information, progress made towards meeting those goals, the upcoming year's goals, and information on TDHCA's actual performance in satisfying in FY 2006 goals and strategies is provided in Section 4: Action Plan.

STATEMENT OF ACTIVITIES BY UNIFORM STATE SERVICE REGION

This section describes TDHCA's FY 2006 activities by Uniform State Service Region. The regional tables do not include information for WAP, CEAP, ESGP, CSBG, and CFNP because figures are not available for these programs at the regional level. Additionally, for purposes of reporting, Office of Colonia Initiatives figures do not appear as an independent category, but rather the figures are grouped under their respective funding sources. For example, most Contracts for Deed Conversion are reported under HOME Program Homebuyer Assistance.

As required by legislation, TDHCA reports on the racial composition of individuals and families receiving assistance. Regional information has been organized into three general categories of housing activity type.

Multifamily Rental Development. Includes the Housing Tax Credit Program, the Multifamily Bond Program, Housing Trust Fund multifamily activities, and HOME multifamily activities

Rental Assistance. Includes the Section 8 Program and HOME Tenant Based Rental Assistance

Homeowner Programs. Includes the First Time Homebuyer Program, HOME Owner-Occupied Housing Assistance , HOME Homebuyer Assistance, and Housing Trust Fund single Family activities (Bootstrap Loan Program)

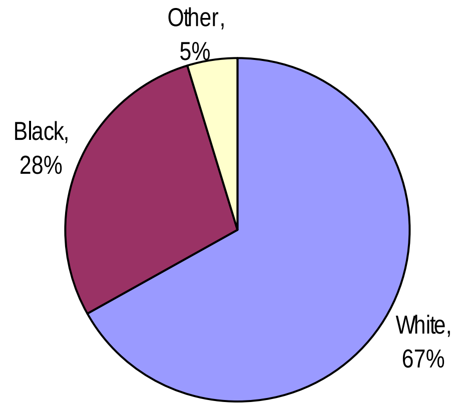
For more information on racial reporting and these categories, please see "Racial Composition of Households Receiving Assistance" under the Statement of Acitivites section.

REGION 1

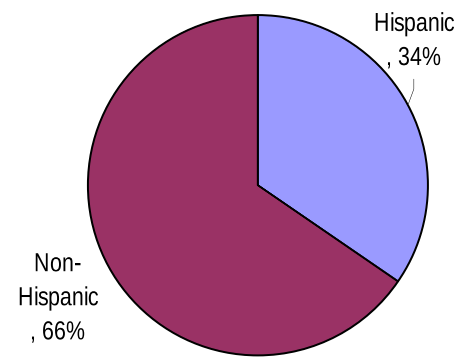
TDHCA allocated $5,067,450 in the region in FY 2006. Multifamily development accounted for the largest segment of this total with 53%. "Very Low Income" households was the most served income group, receiving 36% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 1

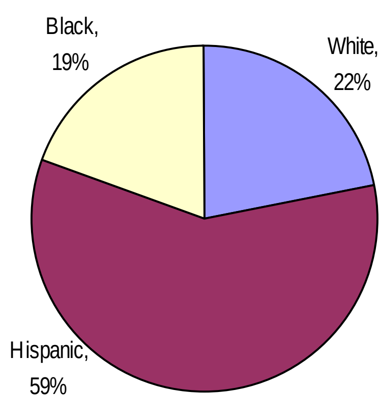


Percent of Committed Funds, by Ethnicity, Region 1



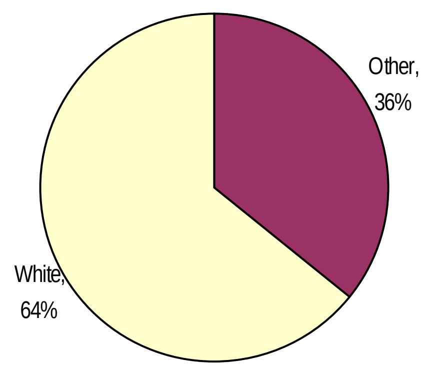
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 1

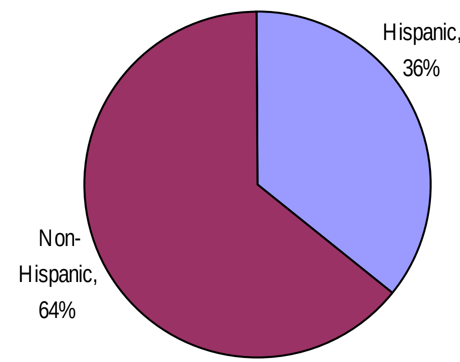


Rental Assistance

Percent of Committed Funds, by Race, Region 1



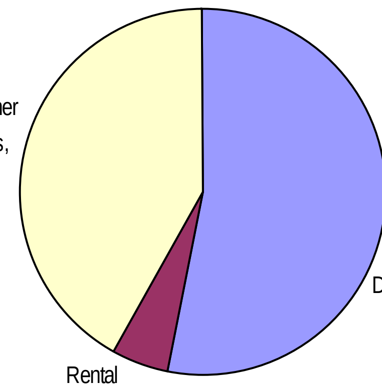
Percent of Committed Funds, by Ethnicity, Region 1



Funding and Households Served, by Activity, for All Housing Programs, Region 1

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$2,687,835	536	53%	89%
Rental Assistance	$243,360	30	5%	5%
Homeowner Programs	$2,136,255	36	42%	6%
Total	$5,067,450	602		

Percent of Committed Funds, by Activity, Region 1



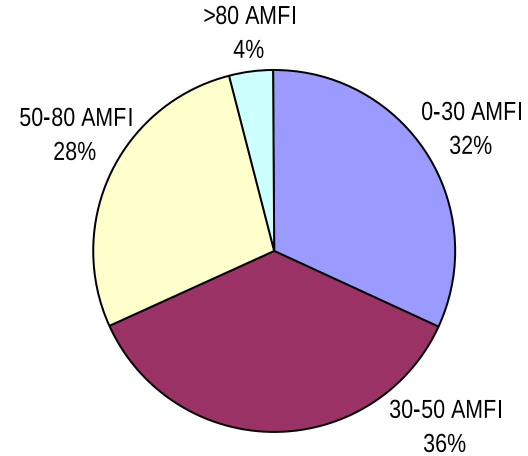
Funding and Households Served, by Activity and Housing Program, Region 1

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$0	0	$33,750	20	$2,654,085	516	$0	0	$0	0
Rental Assistance	$0	0	$243,360	30	$0	0	$0	0	$0	0	$0	0
Homeowner Programs	$452,911	7	$1,683,344	29	$0	0	$0	0	$0	0	$0	0
Total	$452,911	7	$1,926,704	59	$33,750	20	$2,654,085	516	$0	0	$0	0

Funding and Households Served, by Income Category, for All Housing Programs

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$1,597,619	183	32%	30%
Very Low Income (30-50 AMFI)	$1,836,860	124	36%	21%
Low Income (50-80 AMFI)	$1,419,453	270	28%	45%
Moderate Income (>80 AMFI)	$213,519	25	4%	4%
Total	$5,067,451	602		

Percent of Committed Funds, by Income Category,



Funding and Households Served, by Income Category and Housing Program, Region 1

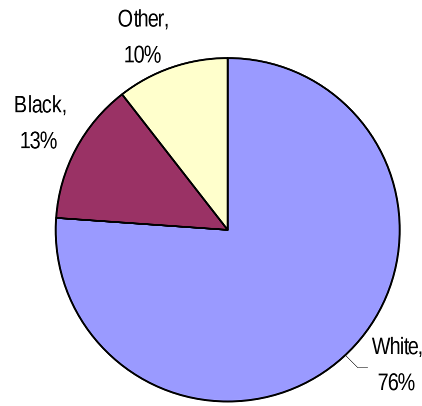
	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$0	0	$541,632	35	$33,750	20	$ 1,022,237	128	$0	0	$0	0
VeryLow Income	$0	0	$1,385,072	24	$0	0	$ 451,788	100	$0	0	$0	0
Low Income	$320,923	5	$0	0	$0	0	$ 1,098,530	265	$0	0	$0	0
Moderate Income	$131,988	2	$0	0	$0	0	$ 81,531	23	$0	0	$0	0
Total	$452,911	7	$1,926,704	59	$33,750	20	$2,654,086	516	$0	0	$0	0

REGION 2

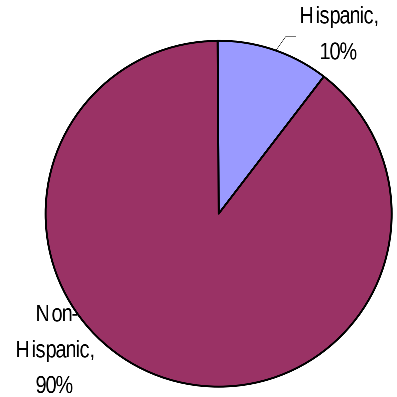
TDHCA allocated $6,230,312 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 65%. "Very Low Income" households was the most served income group, receiving 45% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 2

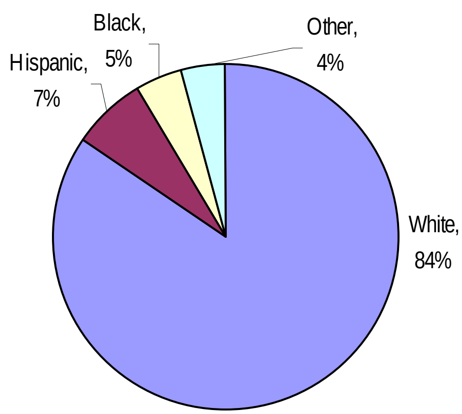


Percent of Committed Funds, by Ethnicity, Region 2



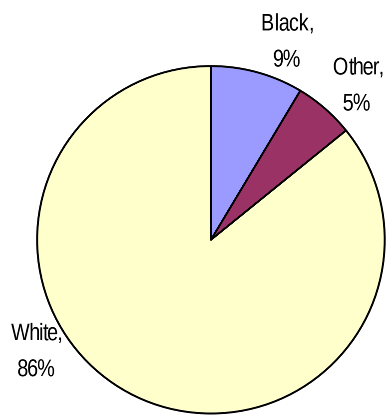
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 2

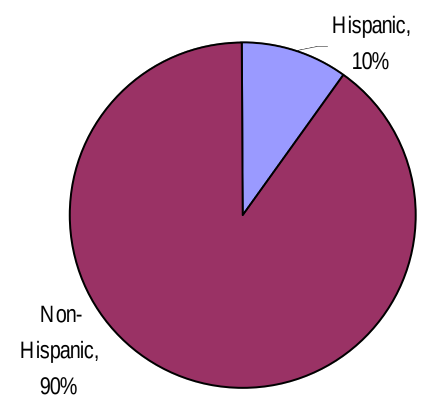


Rental Assistance

Percent of Committed Funds, by Race, Region 2



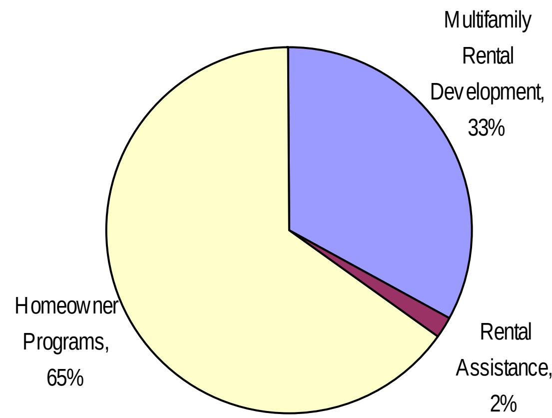
Percent of Committed Funds, by Ethnicity, Region 2



Funding and Households Served, by Activity, for All Housing Programs, Region 2

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$2,029,551	226	33%	68%
Rental Assistance	$121,478	39	2%	12%
Homeowner Programs	$4,079,283	66	65%	20%
Total	$6,230,312	331		

Percent of Committed Funds, by Activity, Region 2



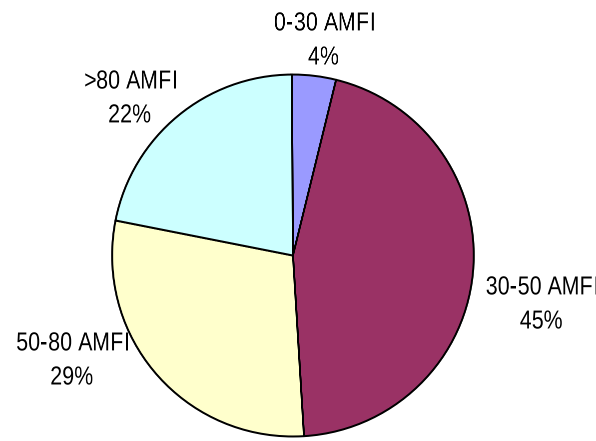
Funding and Households Served, by Activity and Housing Program, Region 2

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$826,236	28	$0	0	$1,203,315	198	$0	0	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$121,478	39
Homeowner Programs	$2,935,283	46	$1,144,000	20	$0	0	$0	0	$0	0	$0	0
Total	$2,935,283	46	$1,970,236	48	$0	0	$1,203,315	198	$0	0	$121,478	39

Funding and Households Served, by Income Category, for All Housing Programs, Region 2

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$231,751	35	4%	11%
Very Low Income (30-50 AMFI)	$2,790,649	155	45%	47%
Low Income (50-80 AMFI)	$1,834,699	77	29%	23%
Moderate Income (>80 AMFI)	$1,373,213	64	22%	19%
Total	$6,230,312	331		

Percent of Committed Funds, by Income Category, Region 2



Funding and Households Served, by Income Category and Housing Program, Region 2

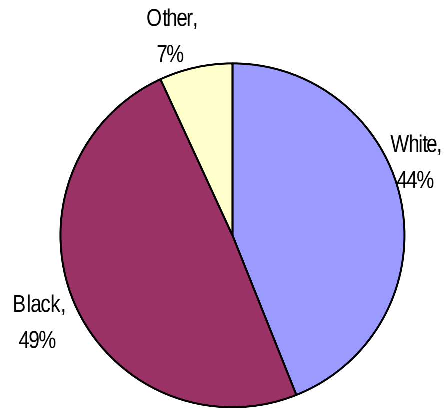
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$59,529	1	$29,508	1	$0	0	$52,752	6	$0	0	$89,962	27
VeryLow Income	$320,102	7	$1,940,728	47	$0	0	$498,303	89	$0	0	$31,516	12
Low Income	$1,426,313	25	$0	0	$0	0	$408,386	52	$0	0	$0	0
Moderate Income	$1,129,339	13	$0	0	$0	0	$243,874	51	$0	0	$0	0
Total	$2,935,283	46	$1,970,236	48	$0	0	$1,203,315	198	$0	0	$121,478	39

REGION 3

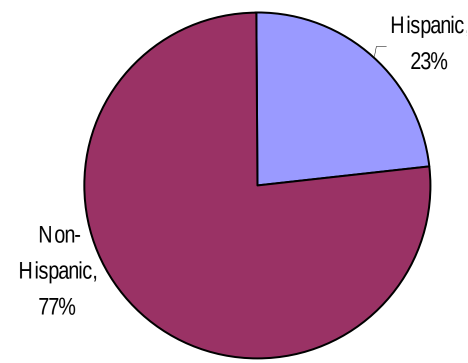
TDHCA allocated $149,603,422 in the region in FY 2006. Multifamily development accounted for the largest segment of this total with 51%. "Low Income" households was the most served income group, receiving 61% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 3

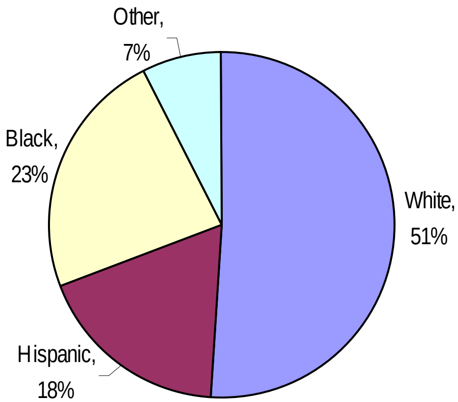


Percent of Committed Funds, by Ethnicity, Region 3



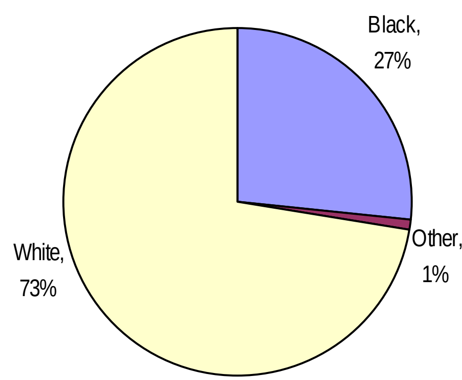
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 3

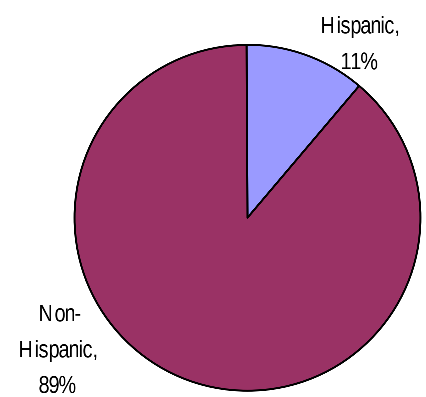


Rental Assistance

Percent of Committed Funds, by Race, Region 3



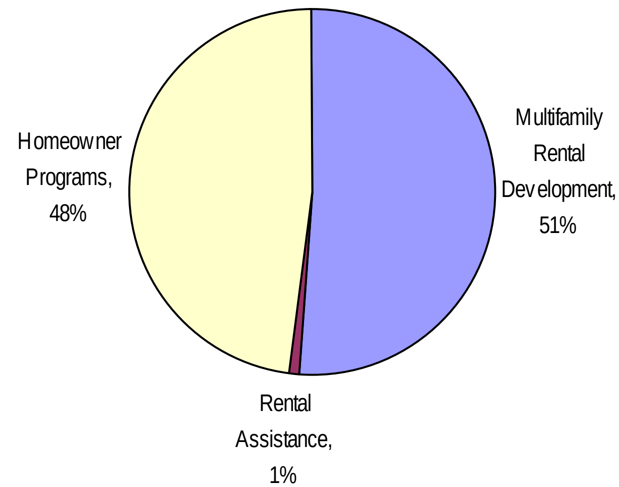
Percent of Committed Funds, by Ethnicity, Region 3



Funding and Households Served, by Activity, for All Housing Programs, Region 3

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$76,078,491	6,453	51%	86%
Rental Assistance	$2,216,004	346	1%	5%
Homeowner Programs	$71,308,927	703	48%	9%
Total	$149,603,422	7,502		

Percent of Committed Funds, by Activity, Region 3



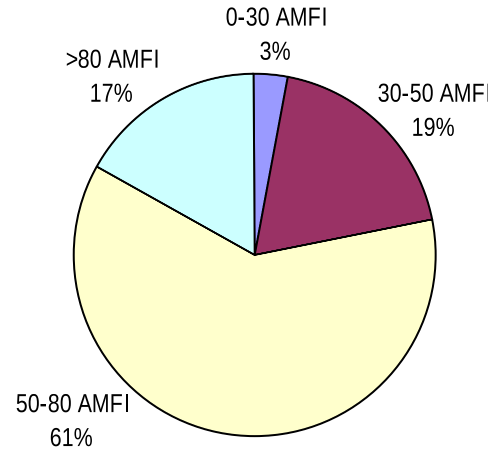
Funding and Households Served, by Activity and Housing Program, Region 3

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$3,107,885	245	$137,500	490	$17,653,106	4342	$55,180,000	1376	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$2,216,004	346
Homeowner Programs	$67,445,727	575	$3,203,200	106	$660,000	22	$0	0	$0	0	$0	0
Total	$67,445,727	575	$6,311,085	351	$797,500	512	$17,653,106	4,342	$55,180,000	1,376	$2,216,004	346

Funding and Households Served, by Income Category, for All Housing Programs, Region 3

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$4,918,079	527	3%	7%
Very Low Income (30-50 AMFI)	$28,225,246	1,436	19%	19%
Low Income (50-80 AMFI)	$91,215,851	5,172	61%	69%
Moderate Income (>80 AMFI)	$25,244,246	367	17%	5%
Total	$149,603,422	7,502		

Percent of Committed Funds, by Income Category, Region 3



Funding and Households Served, by Income Category and Housing Program, Region 3

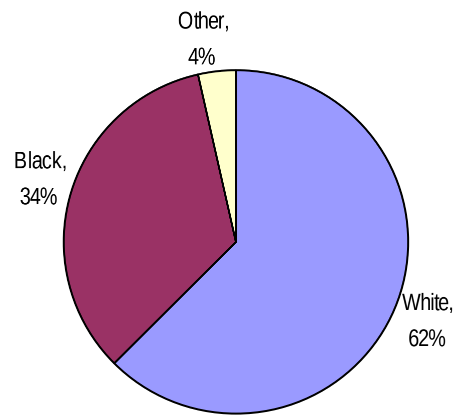
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$363,893	5	$1,364,498	40	$150,000	5	$1,170,094	208	$0	0	$1,869,594	269
VeryLow Income	$6,887,367	75	$3,462,762	129	$450,000	15	$2,453,126	714	$14,640,198	431	$331,793	72
Low Income	$37,633,721	321	$1,483,825	182	$197,500	492	$13,676,013	3291	$38,210,175	881	$14,617	5
Moderate Income	$22,560,746	174	$0	0	$0	0	$353,873	129	$2,329,627	64	$0	0
Total	$67,445,727	575	$6,311,085	351	$797,500	512	$17,653,106	4342	$55,180,000	1376	$2,216,004	346

REGION 4

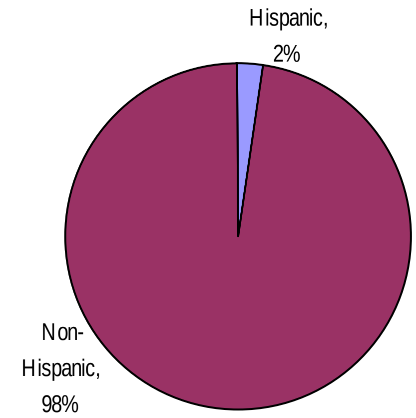
TDHCA allocated $7,299,362 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 62%. "Low income" households was the most served income group, receiving 43% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 4

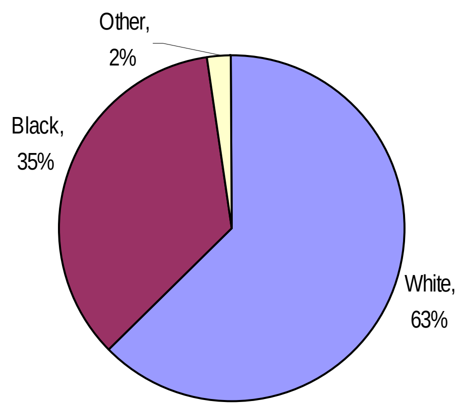


Percent of Committed Funds, by Ethnicity, Region 4



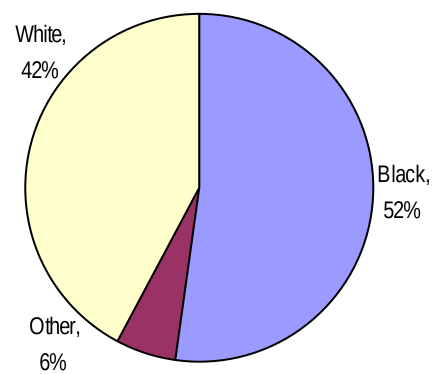
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 4

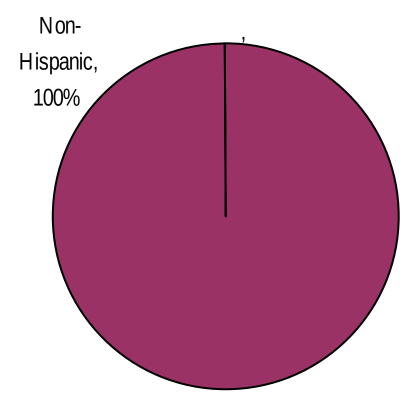


Rental Assistance

Percent of Committed Funds, by Race, Region 4



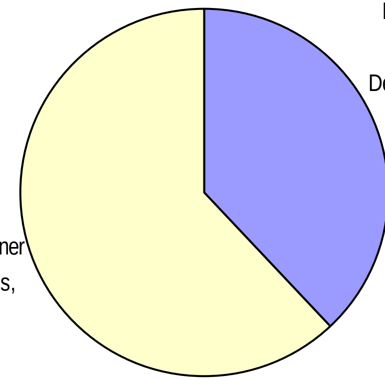
Percent of Committed Funds, by Ethnicity, Region 4



Funding and Households Served, by Activity, for All Housing Programs, Region 4

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$2,762,426	372	38%	69%
Rental Assistance	$0	0	0%	0%
Homeowner Programs	$4,536,936	165	62%	31%
Total	$7,299,362	537		

Percent of Committed Funds, by Activity, Region 4



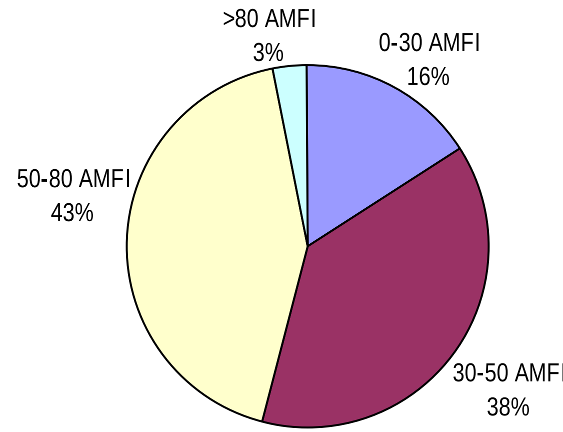
Funding and Households Served, by Activity and Housing Program, Region 4

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$175,000	48	$0	0	$2,587,426	324	$0	0	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Homeowner Programs	$352,392	6	$4,184,544	159	$0	0	$0	0	$0	0	$0	0
Total	$352,392	6	$4,359,544	207	$0	0	$2,587,426	324	$0	0	$0	0

Funding and Households Served, by Income Category, for All Housing Programs, Region 4

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$1,131,872	48	16%	9%
Very Low Income (30-50 AMFI)	$2,807,014	120	38%	22%
Low Income (50-80 AMFI)	$3,160,168	366	43%	68%
Moderate Income (>80 AMFI)	$200,309	3	3%	1%
Total	$7,299,363	537		

Percent of Committed Funds, by Income Category, Region 4



Funding and Households Served, by Income Category and Housing Program, Region 4

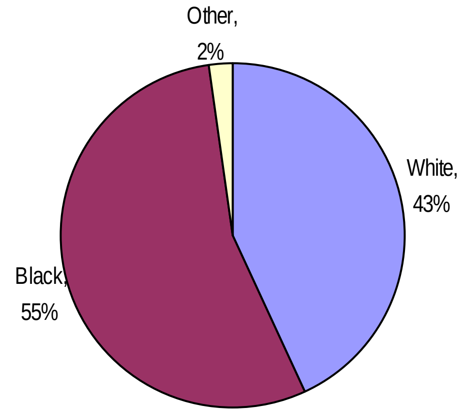
Activity	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC Committed Funds	HTC Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served
Extremely Low Income	$30,000	1	$865,292	17	$0	0	$236,580	30	$0	0	$0	0
VeryLow Income	$60,000	2	$2,401,103	80	$0	0	$345,911	38	$0	0	$0	0
Low Income	$70,200	1	$1,093,149	110	$0	0	$1,996,819	255	$0	0	$0	0
Moderate Income	$192,192	2	$0	0	$0	0	$8,117	1	$0	0	$0	0
Total	$352,392	6	$4,359,544	207	$0	0	$2,587,427	324	$0	0	$0	0

REGION 5

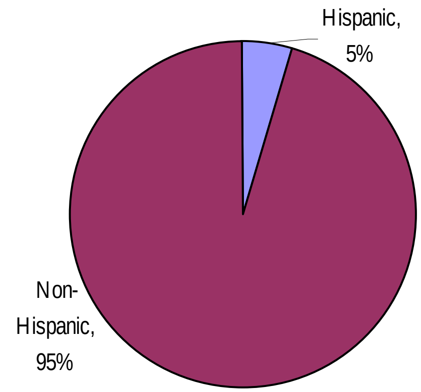
TDHCA allocated $21,921,409 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 69%. "Low Income" households was the most served income group, receiving 42% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 5

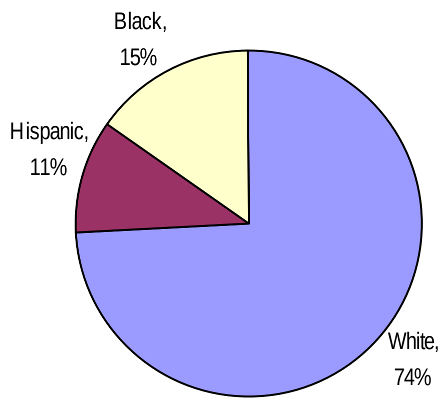


Percent of Committed Funds, by Ethnicity, Region 5



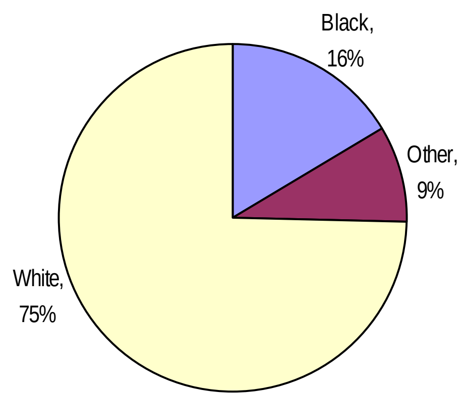
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 5

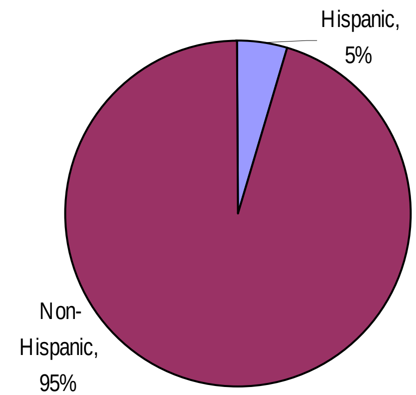


Rental Assistance

Percent of Committed Funds, by Race, Region 5



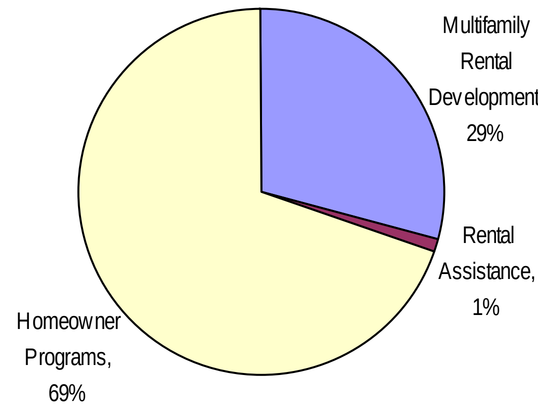
Percent of Committed Funds, by Ethnicity, Region 5



Funding and Households Served, by Activity, for All Housing Programs, Region 5

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$6,427,454	814	29%	71%
Rental Assistance	$286,000	32	1%	3%
Homeowner Programs	$15,207,955	299	69%	26%
Total	$21,921,409	1,145		

Percent of Committed Funds, by Activity, Region 5



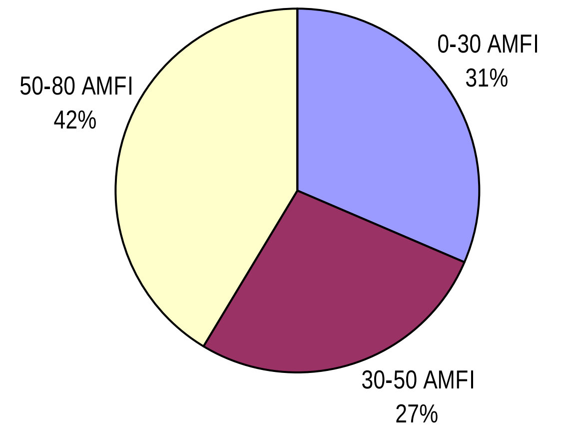
Funding and Households Served, by Activity and Housing Program, Region 5

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$712,669	72	$0	0	$5,714,785	742	$0	0	$0	0
Rental Assistance	$0	0	$286,000	32	$0	0	$0	0	$0	0	$0	0
Homeowner Programs	$4,859,955	63	$10,348,000	236	$0	0	$0	0	$0	0	$0	0
Total	$4,859,955	63	$11,346,669	340	$0	0	$5,714,785	742	$0	0	$0	0

Funding and Households Served, by Income Category, for All Housing Programs, Region 5

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$6,842,339	255	31%	22%
Very Low Income (30-50 AMFI)	$5,909,842	358	27%	31%
Low Income (50-80 AMFI)	$9,064,082	520	41%	45%
Moderate Income (>80 AMFI)	$105,146	12	0%	1%
Total	$21,921,409	1,145		

Percent of Committed Funds, by Income Category, Region 5



Funding and Households Served, by Income Category and Housing Program, Region 5

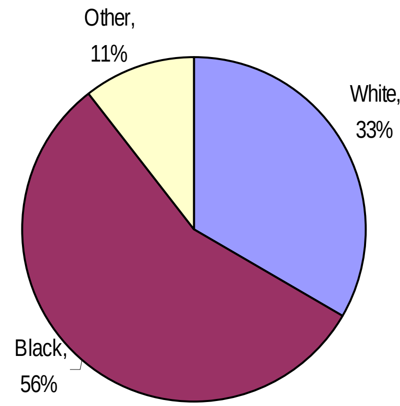
	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$331,086	6	$5,980,289	188	$0	0	$530,964	61	$0	0	$0	0
VeryLow Income	$1,699,734	25	$2,600,897	51	$0	0	$1,609,211	282	$0	0	$0	0
Low Income	$2,829,135	32	$2,735,789	98	$0	0	$3,499,158	390	$0	0	$0	0
Moderate Income	$0	0	$29,695	3	$0	0	$75,451	9	$0	0	$0	0
Total	$4,859,955	63	$11,346,670	340	$0	0	$5,714,784	742	$0	0	$0	0

REGION 6

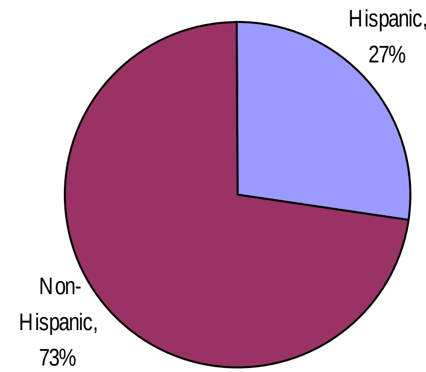
TDHCA allocated $129,338,100 in the region in FY 2006. Multifamily development accounted for the largest segment of this total with 71%. "Low Income" households was the most served income group, receiving 77% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 6

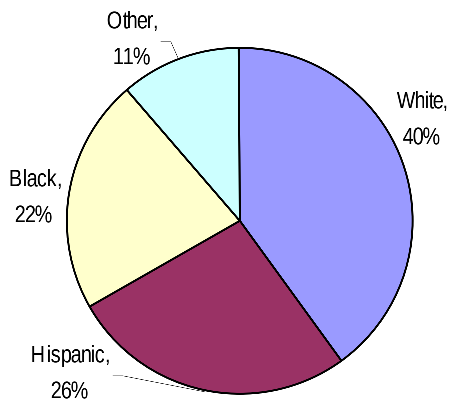


Percent of Committed Funds, by Ethnicity, Region 6



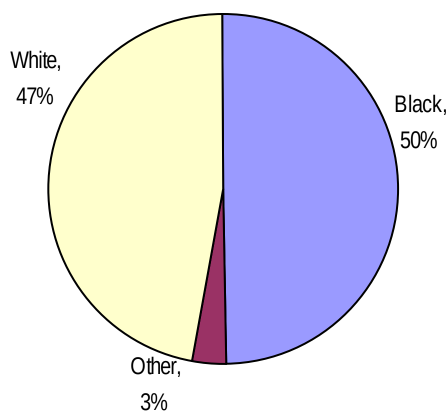
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 6

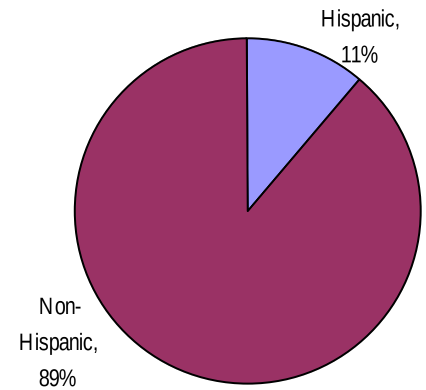


Rental Assistance

Percent of Committed Funds, by Race, Region 6



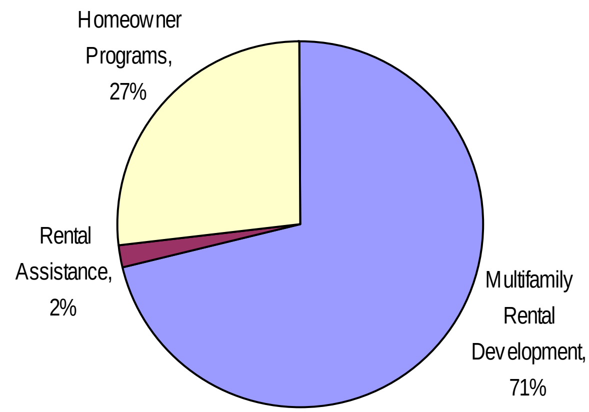
Percent of Committed Funds, by Ethnicity, Region 6



Funding and Households Served, by Activity, for All Housing Programs, Region 6

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$91,726,776	5,932	71%	89%
Rental Assistance	$2,383,460	451	2%	7%
Homeowner Programs	$35,227,864	312	27%	5%
Total	$129,338,100	6,695		

Percent of Committed Funds, by Activity, Region 6



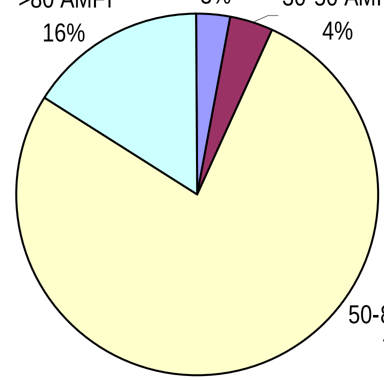
Funding and Households Served, by Activity and Housing Program, Region 6

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$0	0	$35,000	10	$18,276,776	4453	$73,415,000	1469	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$2,383,460	451
Homeowner Programs	$33,511,864	282	$1,716,000	30	$0	0	$0	0	$0	0	$0	0
Total	$33,511,864	282	$1,716,000	30	$35,000	10	$18,276,776	4,453	$73,415,000	1,469	$2,383,460	451

Funding and Households Served, by Income Category, for All Housing Programs, Region 6

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$3,825,955	517	3%	8%
Very Low Income (30-50 AMFI)	$5,698,643	627	4%	9%
Low Income (50-80 AMFI)	$98,675,614	5,239	77%	78%
Moderate Income (>80 AMFI)	$21,137,888	312	16%	5%
Total	$129,338,100	6,695		

Percent of Committed Funds, by Income Category, Region 6



Funding and Households Served, by Income Category and Housing Program, Region 6

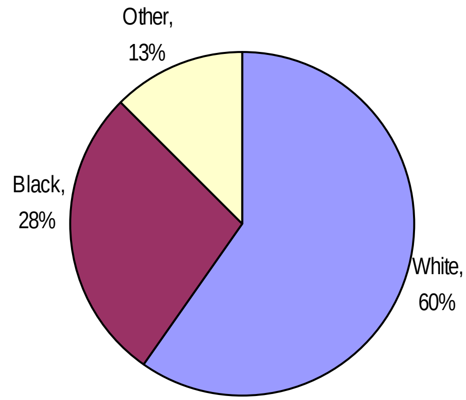
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$0	0	$858,000	15	$0	0	$820,204	125	$0	0	$2,147,751	377
VeryLow Income	$1,007,501	11	$858,000	15	$35,000	10	$3,590,684	525	$0	0	$207,458	66
Low Income	$15,765,777	141	$0	0	$0	0	$13,279,762	3673	$69,601,824	1417	$28,251	8
Moderate Income	$16,738,586	130	$0	0	$0	0	$586,126	130	$3,813,176	52	$0	0
Total	$33,511,864	282	$1,716,000	30	$35,000	10	$18,276,776	4453	$73,415,000	1469	$2,383,460	451

REGION 7

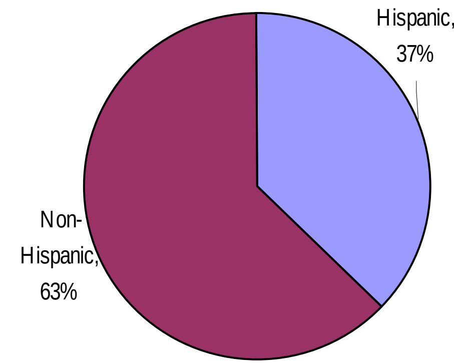
TDHCA allocated $112,240,815 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 75%. "Low income" households was the most served income group, receiving 63% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 7

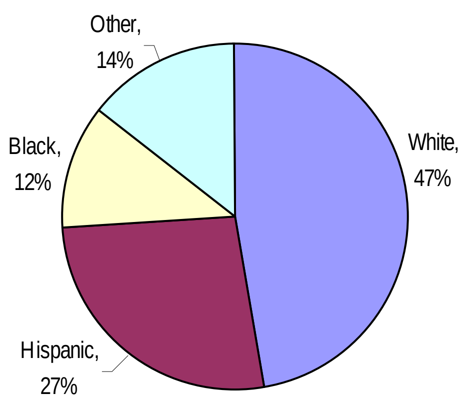


Percent of Committed Funds, by Ethnicity, Region 7



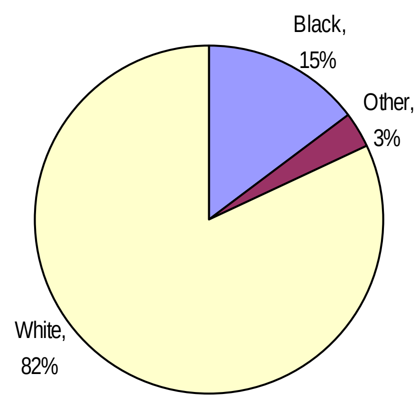
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 7

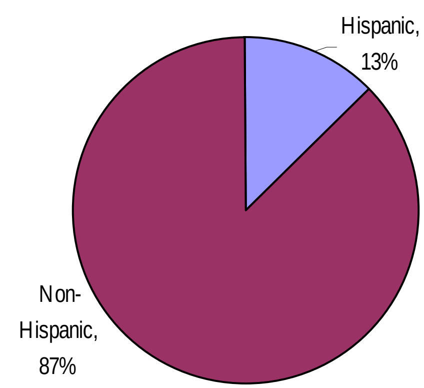


Rental Assistance

Percent of Committed Funds, by Race, Region 7



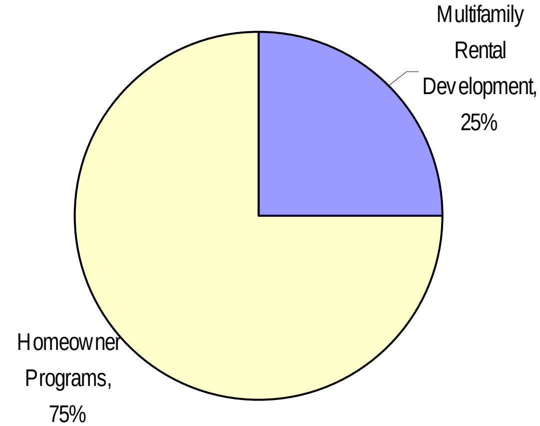
Percent of Committed Funds, by Ethnicity, Region 7



Funding and Households Served, by Activity, for All Housing Programs, Region 7

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$27,731,234	2,398	25%	76%
Rental Assistance	$446,992	85	0%	3%
Homeowner Programs	$84,062,589	688	75%	22%
Total	$112,240,816	3,171		

Percent of Committed Funds, by Activity, Region 7



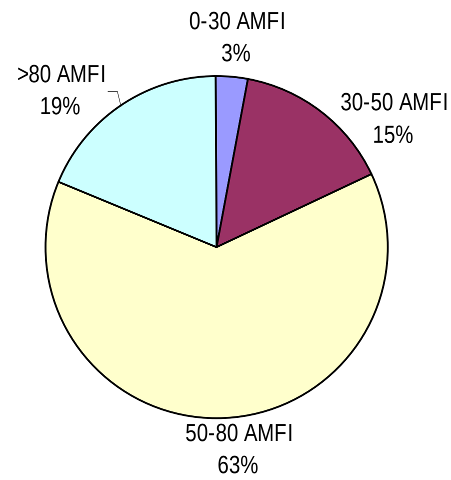
Funding and Households Served, by Activity and Housing Program, Region 7

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$5,750,000	470	$101,600	53	$6,879,635	1627	$15,000,000	248	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$446,992	85
Homeowner Programs	$81,894,589	618	$2,168,000	70	$0	0	$0	0	$0	0	$0	0
Total	$81,894,589	618	$7,918,000	540	$101,600	53	$6,879,635	1,627	$15,000,000	248	$446,992	85

Funding and Households Served, by Income Category, for All Housing Programs, Region 7

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$3,209,399	191	3%	6%
Very Low Income (30-50 AMFI)	$16,496,367	797	15%	25%
Low Income (50-80 AMFI)	$70,923,722	2,027	63%	64%
Moderate Income (>80 AMFI)	$21,611,328	156	19%	5%
Total	$112,240,816	3,171		

Percent of Committed Funds, by Income Category, Region 7



Funding and Households Served, by Income Category and Housing Program, Region 7

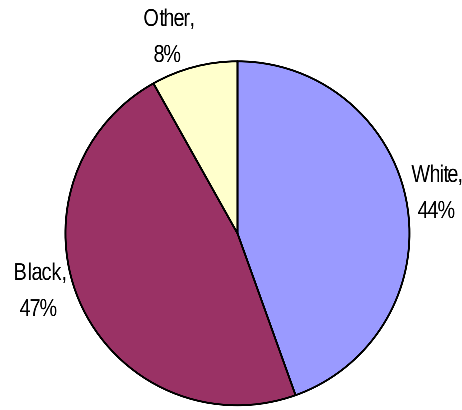
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$877,267	7	$1,564,376	51	$0	0	$349,101	57	$0	0	$418,655	76
VeryLow Income	$11,233,585	99	$3,356,703	249	$35,000	4	$1,848,200	437	$0	0	$22,879	8
Low Income	$48,217,036	364	$2,996,921	240	$66,600	49	$4,637,707	1125	$15,000,000	248	$5,458	1
Moderate Income	$21,566,701	148	$0	0	$0	0	$44,627	8	$0	0	$0	0
Total	$81,894,589	618	$7,918,000	540	$101,600	53	$6,879,635	1627	$15,000,000	248	$446,992	85

REGION 8

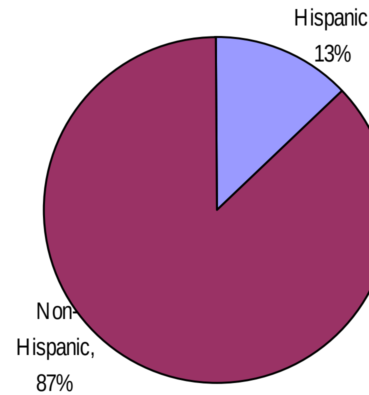
TDHCA allocated $34,441,280 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 50%. "Low Income" households was the most served income group, receiving 57% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 8

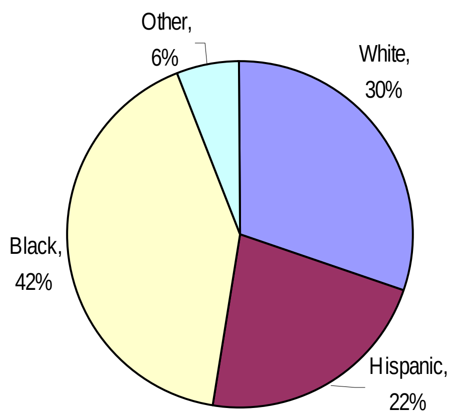


Percent of Committed Funds, by Ethnicity, Region 8



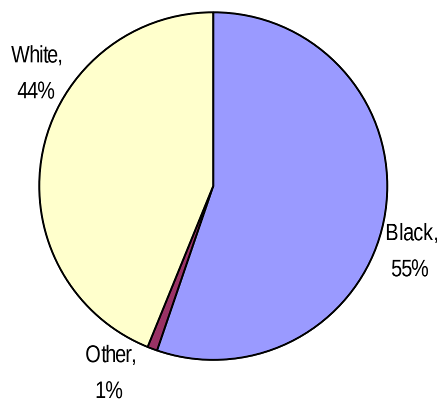
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 8

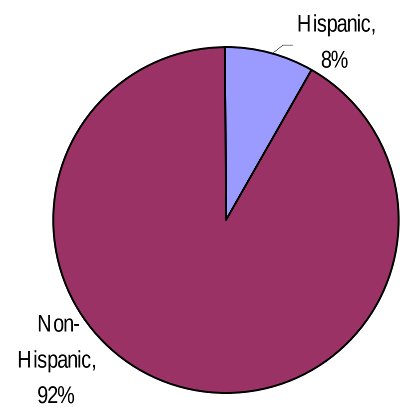


Rental Assistance

Percent of Committed Funds, by Race, Region 8



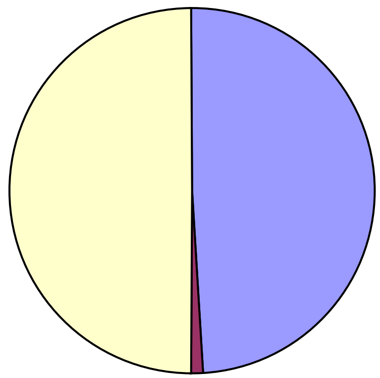
Percent of Committed Funds, by Ethnicity, Region 8



Funding and Households Served, by Activity, for All Housing Programs, Region 8

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$17,007,766	1,080	49%	77%
Rental Assistance	$309,475	100	1%	7%
Homeowner Programs	$17,124,039	219	50%	16%
Total	$34,441,280	1,399		

Percent of Committed Funds, by Activity, Region 8



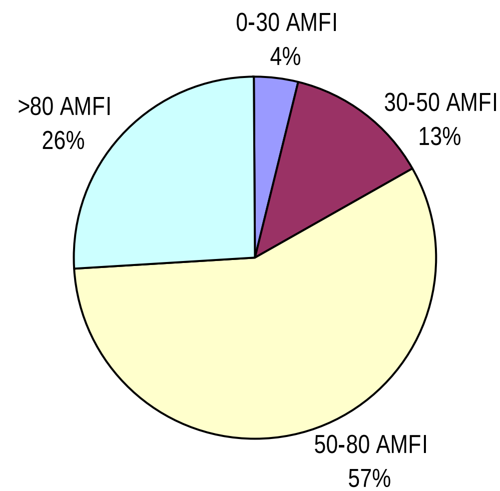
Funding and Households Served, by Activity and Housing Program, Region 8

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$2,922,678	152	$0	0	$3,785,088	748	$10,300,000	180	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$309,475	100
Homeowner Programs	$14,609,239	143	$1,944,800	57	$570,000	19	$0	0	$0	0	$0	0
Total	$14,609,239	143	$4,867,478	209	$570,000	19	$3,785,088	748	$10,300,000	180	$309,475	100

Funding and Households Served, by Income Category, for All Housing Programs, Region 8

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$1,274,454	128	4%	9%
Very Low Income (30-50 AMFI)	$4,579,554	199	13%	14%
Low Income (50-80 AMFI)	$19,666,210	950	57%	68%
Moderate Income (>80 AMFI)	$8,921,062	122	26%	9%
Total	$34,441,280	1,399		

Percent of Committed Funds, by Income Category, Region 8



Funding and Households Served, by Income Category and Housing Program, Region 8

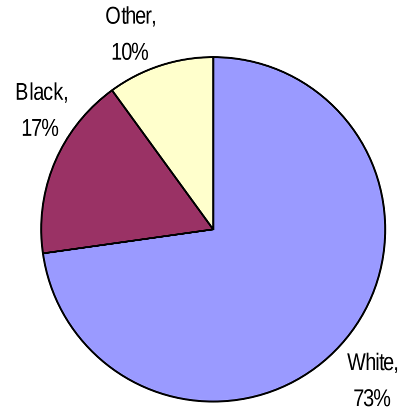
	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$90,000	3	$386,000	12	$270,000	9	$278,769	34	$0	0	$249,685	70
VeryLow Income	$779,442	17	$2,982,336	90	$270,000	9	$492,425	58	$0	0	$55,351	25
Low Income	$6,636,978	65	$1,499,142	107	$30,000	1	$2,912,318	622	$8,583,333	150	$4,439	5
Moderate Income	$7,102,819	58	$0	0	$0	0	$101,576	34	$1,716,667	30	$0	0
Total	$14,609,239	143	$4,867,478	209	$570,000	19	$3,785,088	748	$10,300,000	180	$309,475	100

REGION 9

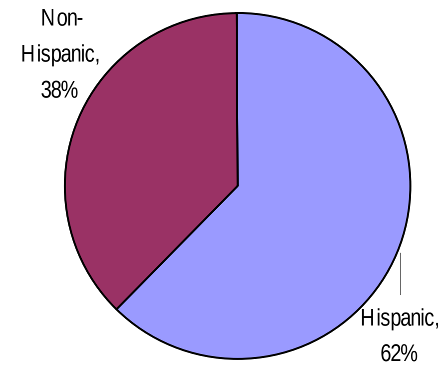
TDHCA allocated $19,405,323 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 53%. "Low income" households was the most served income group, receiving 71% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 9

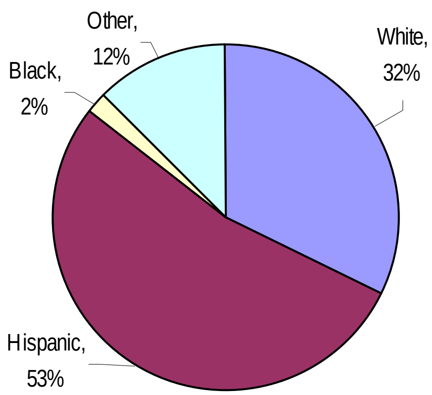


Percent of Committed Funds, by Ethnicity, Region 9



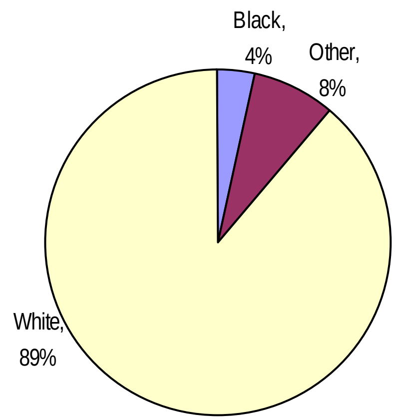
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 9

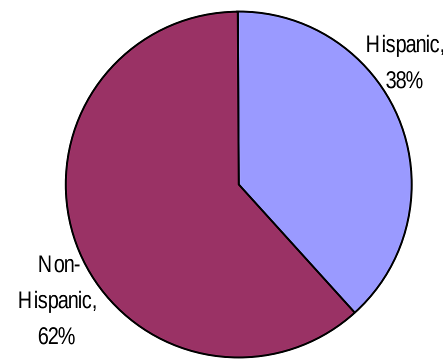


Rental Assistance

Percent of Committed Funds, by Race, Region 9



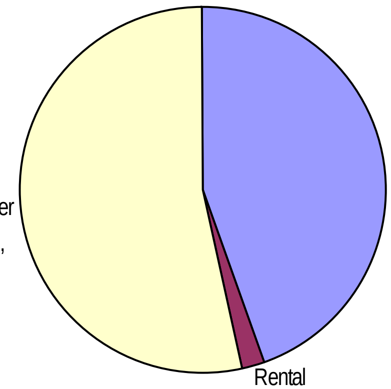
Percent of Committed Funds, by Ethnicity, Region 9



Funding and Households Served, by Activity, for All Housing Programs, Region 9

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$8,594,298	2,202	44%	93%
Rental Assistance	$472,422	74	2%	3%
Homeowner Programs	$10,338,603	104	53%	4%
Total	$19,405,323	2,380		

Percent of Committed Funds, by Activity, Region 9



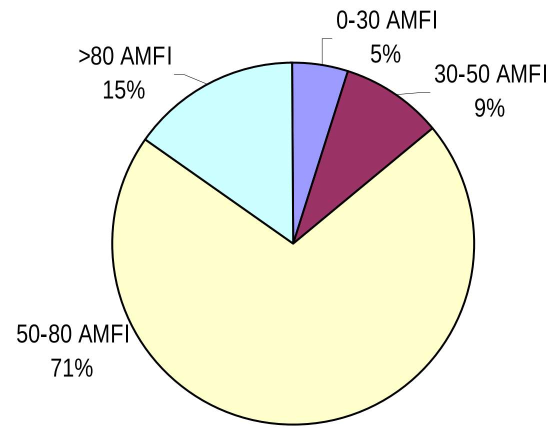
Funding and Households Served, by Activity and Housing Program, Region 9

Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Multifamily Rental Development	$0	0	$364,562	70	$0	0	$8,229,736	2132	$0	0	$0	0
Rental Assistance	$0	0	$286,000	20	$0	0	$0	0	$0	0	$186,422	54
Homeowner Programs	$9,766,603	94	$572,000	10	$0	0	$0	0	$0	0	$0	0
Total	$9,766,603	94	$1,222,562	100	$0	0	$8,229,736	2,132	$0	0	$186,422	54

Funding and Households Served, by Income Category, for All Housing Programs, Region 9

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$1,053,357	112	5%	5%
Very Low Income (30-50 AMFI)	$1,722,056	173	9%	7%
Low Income (50-80 AMFI)	$13,660,751	2,064	70%	87%
Moderate Income (>80 AMFI)	$2,969,159	31	15%	1%
Total	$19,405,323	2,380		

Percent of Committed Funds, by Income Category, Region 9



Funding and Households Served, by Income Category and Housing Program, Region 9

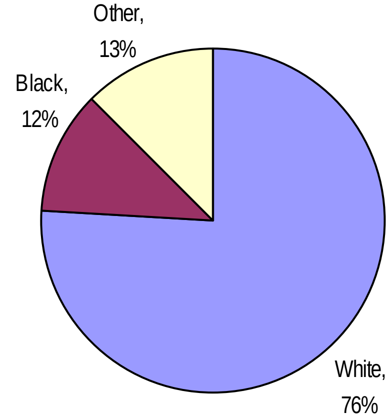
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$69,451	1	$572,000	25	$0	0	$253,264	43	$0	0	$158,642	43
VeryLow Income	$503,517	6	$410,993	29	$0	0	$779,766	127	$0	0	$27,780	11
Low Income	$6,245,308	60	$218,737	42	$0	0	$7,196,706	1962	$0	0	$0	0
Moderate Income	$2,948,327	27	$20,832	4	$0	0	$0	0	$0	0	$0	0
Total	$9,766,603	94	$1,222,562	100	$0	0	$8,229,736	2132	$0	0	$186,422	54

REGION 10

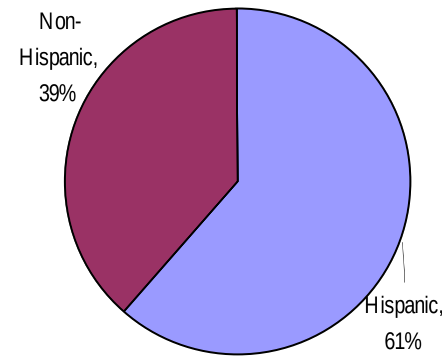
TDHCA allocated $9,335,655 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 54%. "Low Income" households was the most served income group, receiving 52% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 10

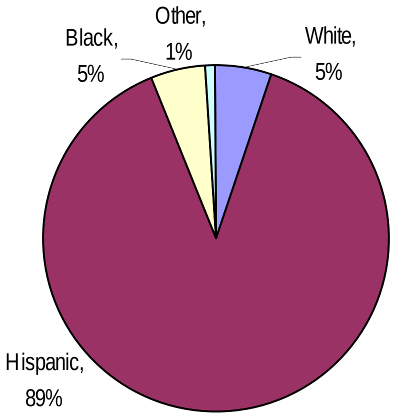


Percent of Committed Funds, by Ethnicity, Region 10



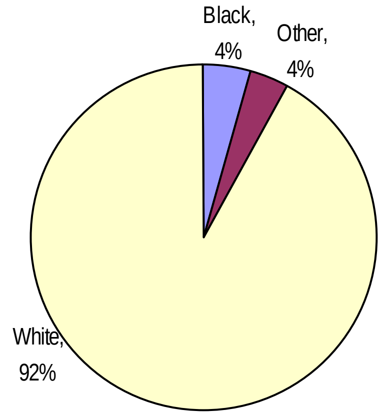
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 10

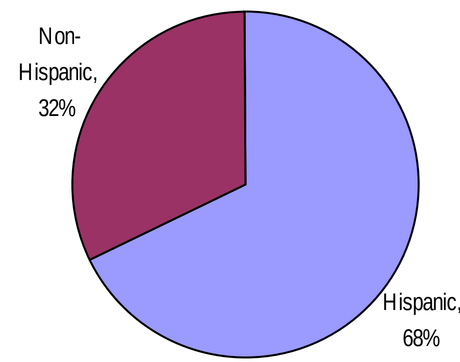


Rental Assistance

Percent of Committed Funds, by Race, Region 10



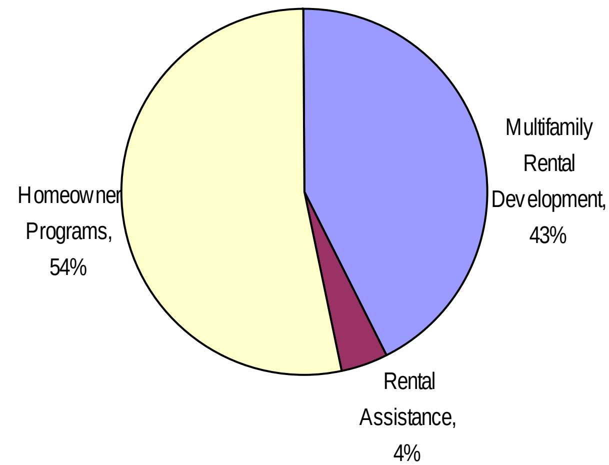
Percent of Committed Funds, by Ethnicity, Region 10



Funding and Households Served, by Activity, for All Housing Programs, Region 10

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$3,974,493	819	43%	85%
Rental Assistance	$343,065	38	4%	4%
Homeowner Programs	$5,018,097	105	54%	11%
Total	$9,335,655	962		

Percent of Committed Funds, by Activity, Region 10



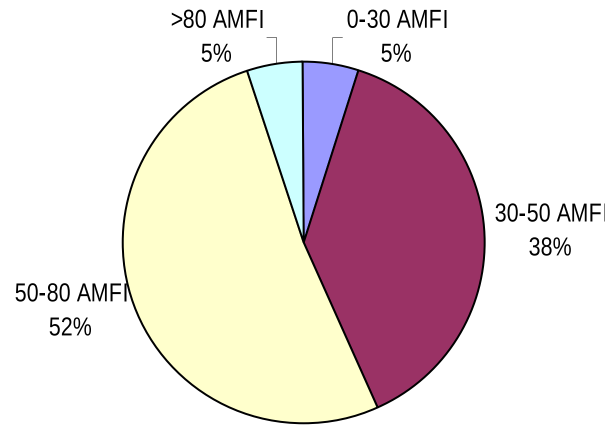
Funding and Households Served, by Activity and Housing Program, Region 10

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$170,000	48	$70,000	21	$3,734,493	750	$0	0	$0	0
Rental Assistance	$0	0	$286,000	25	$0	0	$0	0	$0	0	$57,065	13
Homeowner Programs	$1,904,097	23	$2,964,000	77	$150,000	5	$0	0	$0	0	$0	0
Total	$1,904,097	23	$3,420,000	150	$220,000	26	$3,734,493	750	$0	0	$57,065	13

Funding and Households Served, by Income Category, for All Housing Programs, Region 10

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$498,411	64	5%	7%
Very Low Income (30-50 AMFI)	$3,579,332	190	38%	20%
Low Income (50-80 AMFI)	$4,750,457	704	51%	73%
Moderate Income (>80 AMFI)	$507,455	4	5%	0%
Total	$9,335,655	962		

Percent of Committed Funds, by Income Category, Region 10



Funding and Households Served, by Income Category and Housing Program, Region 10

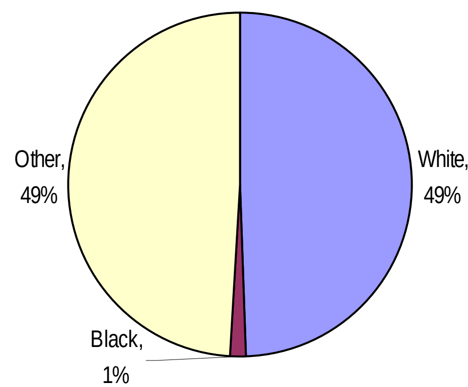
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$0	0	$220,508	23	$65,000	7	$162,553	23	$0	0	$50,350	11
VeryLow Income	$577,942	9	$1,934,400	50	$30,000	3	$1,030,275	126	$0	0	$6,715	2
Low Income	$818,700	10	$1,265,092	77	$125,000	16	$2,541,665	601	$0	0	$0	0
Moderate Income	$507,455	4	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$1,904,097	23	$3,420,000	150	$220,000	26	$3,734,493	750	$0	0	$57,065	13

REGION 11

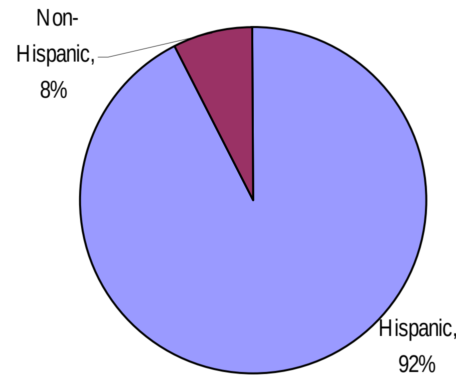
TDHCA allocated $30,743,913 in the region in FY 2006. Homeowner Programs accounted for the largest segment of this total with 79%. "Low income" households was the most served income group, receiving 50% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 11

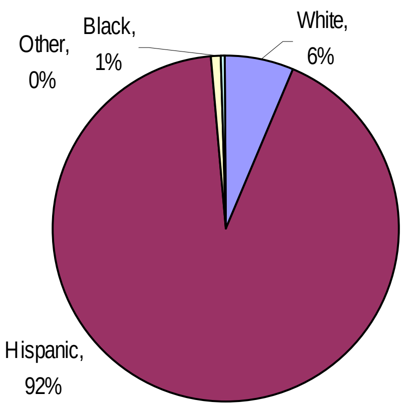


Percent of Committed Funds, by Ethnicity, Region 11



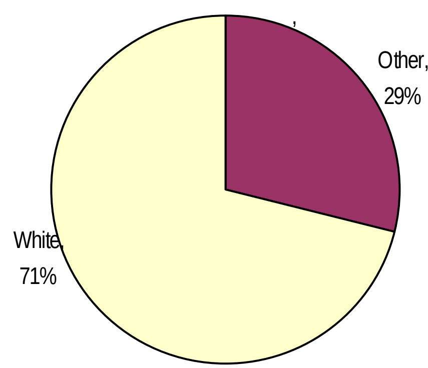
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 11

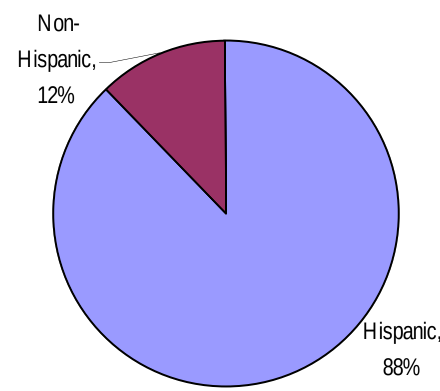


Rental Assistance

Percent of Committed Funds, by Race, Region 11



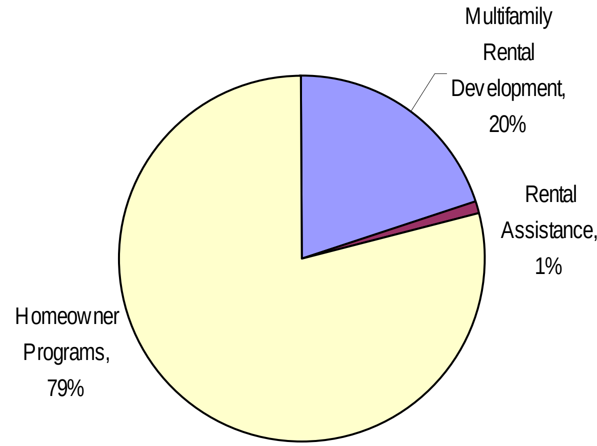
Percent of Committed Funds, by Ethnicity, Region 11



Funding and Households Served, by Activity, for All Housing Programs, Region 11

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$6,061,874	925	20%	65%
Rental Assistance	$324,944	37	1%	3%
Homeowner Programs	$24,357,095	461	79%	32%
Total	$30,743,913	1,423		

Percent of Committed Funds, by Activity, Region 11



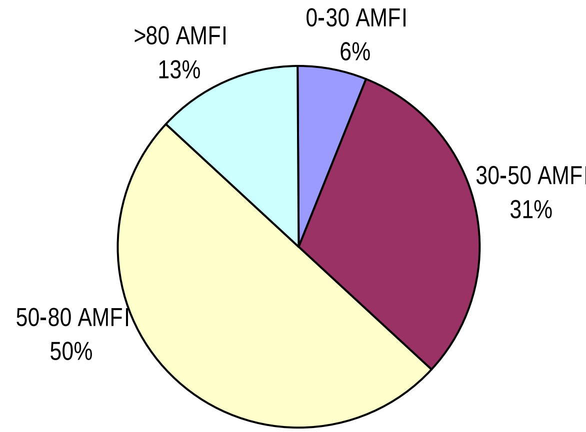
Funding and Households Served, by Activity and Housing Program, Region 11

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$389,868	58	$0	0	$5,672,006	867	$0	0	$0	0
Rental Assistance	$0	0	$286,000	30	$0	0	$0	0	$0	0	$38,944	7
Homeowner Programs	$19,895,693	285	$4,222,400	167	239,002	9	$0	0	$0	0	$0	0
Total	$19,895,693	285	$4,898,268	255	$239,002	9	$5,672,006	867	$0	0	$38,944	7

Funding and Households Served, by Income Category, for All Housing Programs, Region 11

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$1,890,637	209,147	6%	87%
Very Low Income (30-50 AMFI)	$9,483,832	30,294	31%	13%
Low Income (50-80 AMFI)	$15,430,113	924	50%	0%
Moderate Income (>80 AMFI)	$3,939,331	51	13%	0%
Total	$30,743,913	240,416		

Percent of Committed Funds, by Income Category, Region 11



Funding and Households Served, by Income Category and Housing Program, Region 11

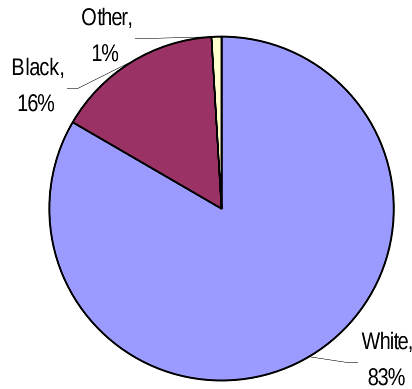
Activity	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC Committed Funds	HTC Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served
Extremely Low Income	$454,547	11	$611,519	42	$209,002	$209,002	$576,625	85	$0	0	$38,944	7
VeryLow Income	$7,861,522	128	$1,325,638	83	$30,000	$30,000	$266,672	83	$0	0	$0	0
Low Income	$7,681,087	104	$2,961,111	130	$0	0	$4,787,915	690	$0	0	$0	0
Moderate Income	$3,898,537	42	$0	0	$0	0	$40,794	9	$0	0	$0	0
Total	$19,895,693	285	$4,898,268	255	$239,002	239002	$5,672,006	867	$0	0	$38,944	7

REGION 12

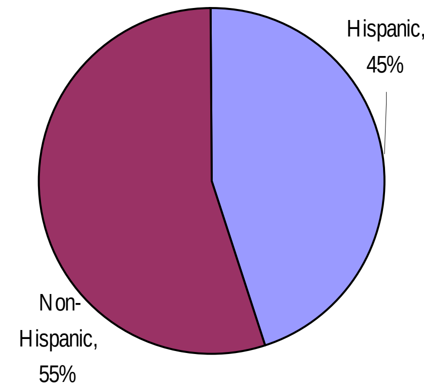
TDHCA allocated $3,170,939 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 50%. "Very Low Income" households was the most served income group, receiving 58% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 12

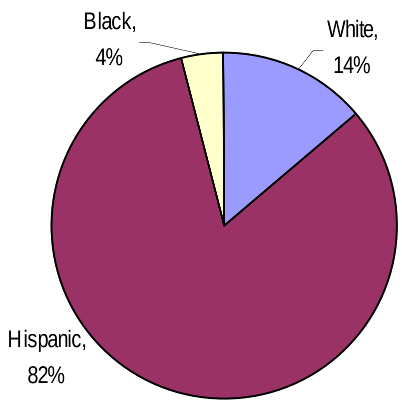


Percent of Committed Funds, by Ethnicity, Region 12



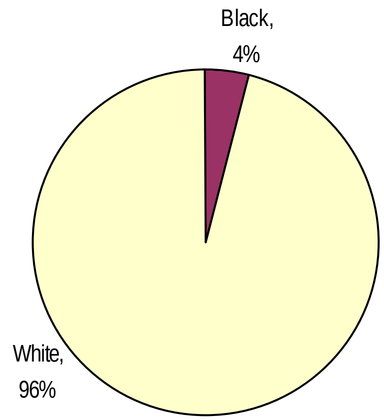
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 12

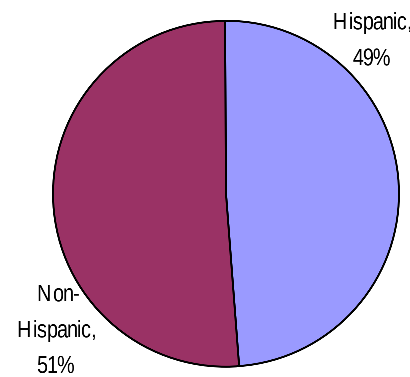


Rental Assistance

Percent of Committed Funds, by Race, Region 12



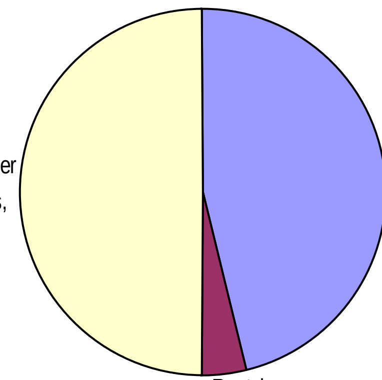
Percent of Committed Funds, by Ethnicity, Region 12



Funding and Households Served, by Activity, for All Housing Programs, Region 12

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$1,459,809	248	46%	80%
Rental Assistance	$125,131	23	4%	7%
Homeowner Programs	$1,586,000	40	50%	13%
Total	$3,170,940	311		

Percent of Committed Funds, by Activity, Region 12



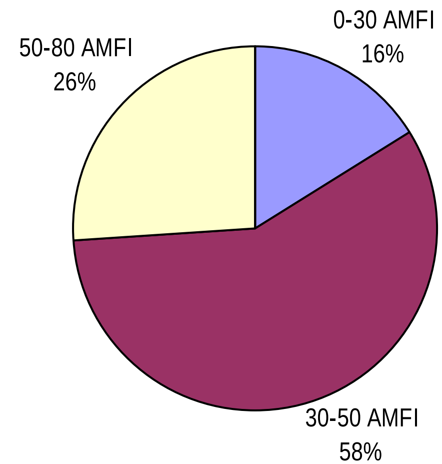
Funding and Households Served, by Activity and Housing Program, Region 12

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$0	0	$0	0	$1,459,809	248	$0	0	$0	0
Rental Assistance	$0	0	$83,283	5	$0	0	$0	0	$0	0	$41,848	18
Homeowner Programs	$0	0	$1,586,000	40	0	0	$0	0	$0	0	$0	0
Total	$0	0	$1,669,283	45	$0	0	$1,459,809	248	$0	0	$41,848	18

Funding and Households Served, by Income Category, for All Housing Programs, Region 12

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$494,953	34	16%	11%
Very Low Income (30-50 AMFI)	$1,848,083	152	58%	49%
Low Income (50-80 AMFI)	$818,787	124	26%	40%
Moderate Income (>80 AMFI)	$9,117	1	0%	0%
Total	$3,170,940	311		

Percent of Committed Funds, by Income Category, Region 12



Funding and Households Served, by Income Category and Housing Program, Region 12

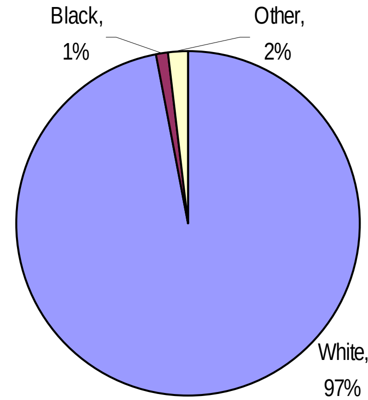
Activity	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC Committed Funds	HTC Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served
Extremely Low Income	$0	0	$410,883	14	$0	0	$45,583	5	$0	0	$38,487	15
VeryLow Income	$0	0	$1,206,400	26	$0	0	$638,322	123	$0	0	$3,361	3
Low Income	$0	0	$52,000	5	$0	0	$766,787	119	$0	0	$0	0
Moderate Income	$0	0	$0	0	$0	0	$9,117	1	$0	0	$0	0
Total	$0	0	$1,669,283	45	$0	0	$1,459,809	248	$0	0	$41,848	18

REGION 13

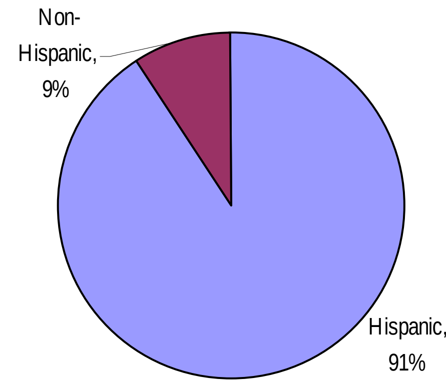
TDHCA allocated $12,920,192 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 72%. "Low Income" households was the most served income group, receiving 55% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 13

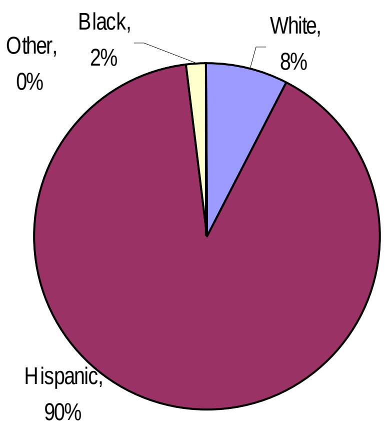


Percent of Committed Funds, by Ethnicity, Region 13



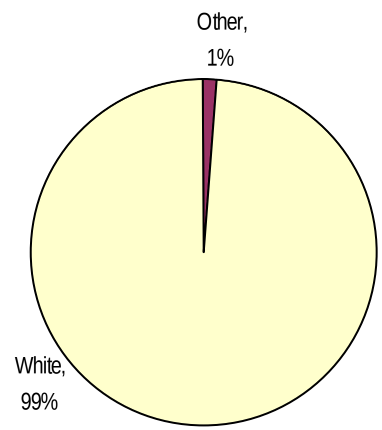
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 13

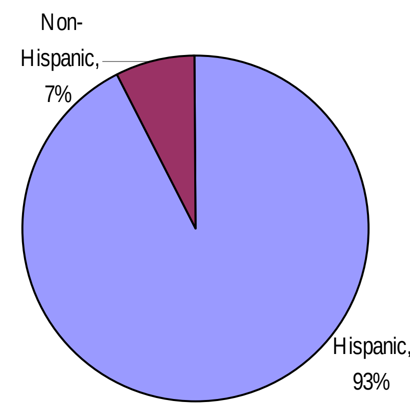


Rental Assistance

Percent of Committed Funds, by Race, Region 13



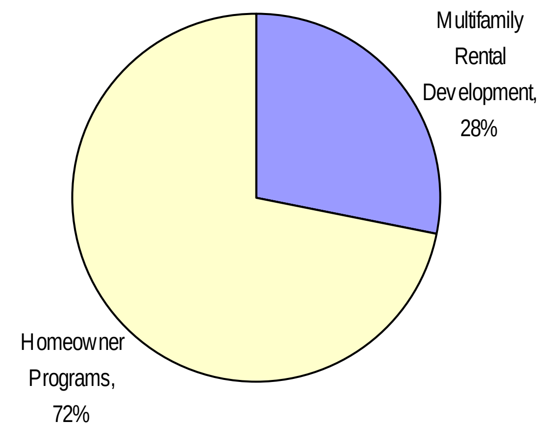
Percent of Committed Funds, by Ethnicity, Region 13



Funding and Households Served, by Activity, for All Housing Programs, Region 13

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$3,582,286	910	28%	87%
Rental Assistance	$0	0	0%	0%
Homeowner Programs	$9,337,906	135	72%	13%
Total	$12,920,192	1,045		

Percent of Committed Funds, by Activity, Region 13



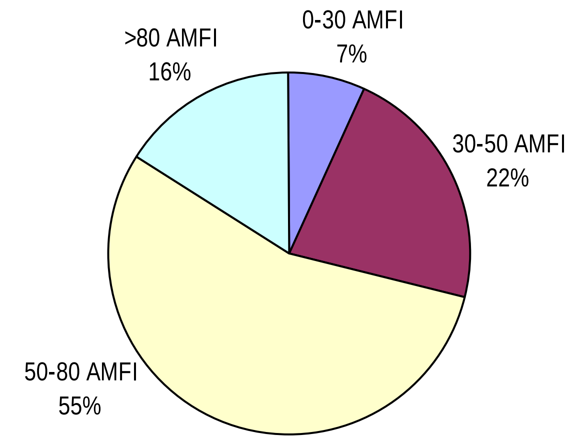
Funding and Households Served, by Activity and Housing Program, Region 13

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$0	0	$70,000	200	$3,512,286	710	$0	0	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Homeowner Programs	$8,569,706	113	$603,200	11	$165,000	11	$0	0	$0	0	$0	0
Total	$8,569,706	113	$603,200	11	$235,000	211	$3,512,286	710	$0	0	$0	0

Funding and Households Served, by Income Category, for All Housing Programs, Region 13

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$911,217	158	7%	15%
Very Low Income (30-50 AMFI)	$2,877,009	187	22%	18%
Low Income (50-80 AMFI)	$7,128,053	669	55%	64%
Moderate Income (>80 AMFI)	$2,003,913	31	16%	3%
Total	$12,920,192	1,045		

Percent of Committed Funds, by Income Category, Region 13



Funding and Households Served, by Income Category and Housing Program, Region 13

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$120,000	5	$348,400	6	$132,500	106	$310,317	41	$0	0	$0	0
VeryLow Income	$2,414,200	38	$0	0	$102,500	105	$360,309	44	$0	0	$0	0
Low Income	$4,094,017	51	$254,800	5	$0	0	$2,779,236	613	$0	0	$0	0
Moderate Income	$1,941,489	19	$0	0	$0	0	$62,424	12	$0	0	$0	0
Total	$8,569,706	113	$603,200	11	$235,000	211	$3,512,286	710	$0	0	$0	0

PARTICIPATION IN TDHCA PROGRAMS

Texas is an economically, regionally, and demographically diverse state. The Department recognizes this by establishing criteria to distribute funds based on the priorities established in TDHCA's governing statute. It is incumbent upon TDHCA to increase the public's awareness of available funding opportunities so that its funds will reach those in need across the state.

Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year, TDHCA staff reach out to interested parties informational workshops and conferences across the state to share information about TDHCA programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact the TDHCA for further technical assistance in accessing TDHCA programs.
- The Department's Division of Policy and Public Affairs is responsible for media releases, attends conferences and maintains conference information booths on behalf of TDHCA, as well as coordinates media interviews and speaking events.
- The TDHCA *Program Guide* provides a comprehensive, statewide housing resource guide for both individuals and organizations across the state. The *Program Guide* provides a list of housing and housing-related programs operated by TDHCA, HUD, and other federal and state agencies.
- The TDHCA website, through its provision of timely information to consumers, is one of TDHCA's most successful marketing tools and affordable housing resources.
- TDHCA also operates a listserv email service, where subscribed individuals and entities can receive email updated on TDHCA information, announcements, and trainings.
- A comprehensive database, including public housing authorities (PHAs), community development housing organizations (CHDOs), community development corporations (CDCs), area agencies on aging (AAAs), homebuyer education providers, local governments, and other community-based organizations, is used to streamline TDHCA efforts to inform interested parties of available funding, public hearings, and other activities.
- TDHCA establishes or serves on a wide variety of committees and workgroups, which serve as valuable resources to gather input from people working at the local level. These groups share information on affordable housing needs and available resources and help TDHCA to prioritize these needs.

CITIZEN PARTICIPATION IN PROGRAM PLANNING

TDHCA values and relies on community input to direct resources to meet its goals and objectives. In an effort to provide the public with an opportunity to more effectively give input on TDHCA's policies, rules, planning documents, and programs, TDHCA has consolidated its public hearings. Each year there will be at least one hearing per Uniform State Service Region that will cover all TDHCA programs, and an additional Board hearing is held with the consolidated hearings so that citizens may provide comment directly to the Board members. Staff is available at each regional hearing to answer questions and lend technical assistance to attendees. In addition to these 13 hearings, individual program sections hold various hearings and program workshops throughout the year. Furthermore, the TDHCA Board accepts extensive public comment on programmatic and related policy agenda items at monthly board meetings.

TDHCA ensures that all programs follow the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times accessible to both working and non-working persons. A database has been developed that includes citizen and nonprofit organizations, local governments, state legislators, public housing authorities, and local public libraries so that, when a public hearing or public comment period is scheduled, all interested parties are notified. Additionally, pertinent information is posted in the *Texas Register*, in *Breaking Ground* (the TDHCA newsletter), on TDHCA's website, in several association newsletters, and in the newspapers that are local to the hearing location. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, email, and, in some cases, directly at the TDHCA website.

For information on the citizen participation process for the *2007 State of Texas Low Income Housing Plan and Annual Report*, please see Section 5: Public Participation.

FAIR HOUSING SPONSOR REPORT ANALYSIS

TDHCA requires that housing developments of 20 units or more that receive financial assistance from TDHCA submit an annual housing sponsor report. This report includes the contact information for each property, the total number of units, the number of accessible units, the rents for units by type, the racial composition information for the property, the number of units occupied by individuals receiving supported housing assistance, the number of units occupied delineated by income group, and a statement as to whether there have been fair housing violations at the property. This information depicts the property information as of a specific date, December 31, of each year.

Because of the extensive nature of the information, TDHCA has elected to provide this report under a separate cover: the TDHCA *Housing Sponsor Report* (HSR). The HSR includes an analysis of the collected information, as well as the information submitted by each property. In addition, in fulfillment of §2306.072(c)(8), the HSR contains a list of average rents by Texas county, based on housing sponsor report responses from TDHCA-funded properties.

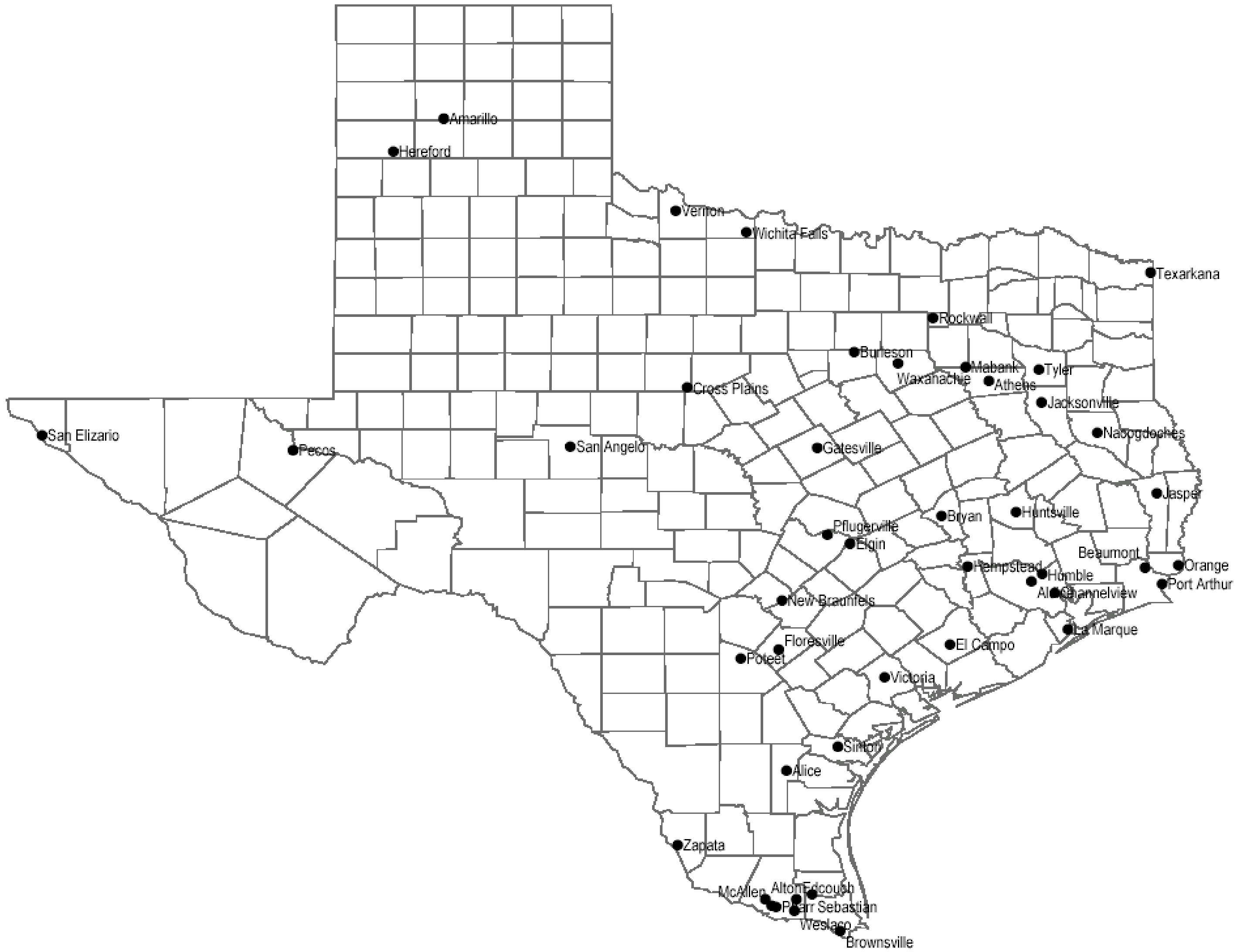
For more information and a copy of this report, please contact the TDHCA Division of Policy and Public Affairs at (512) 475-3976 or visit http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm.

GEOGRAPHIC DISTRIBUTION OF HOUSING TAX CREDITS

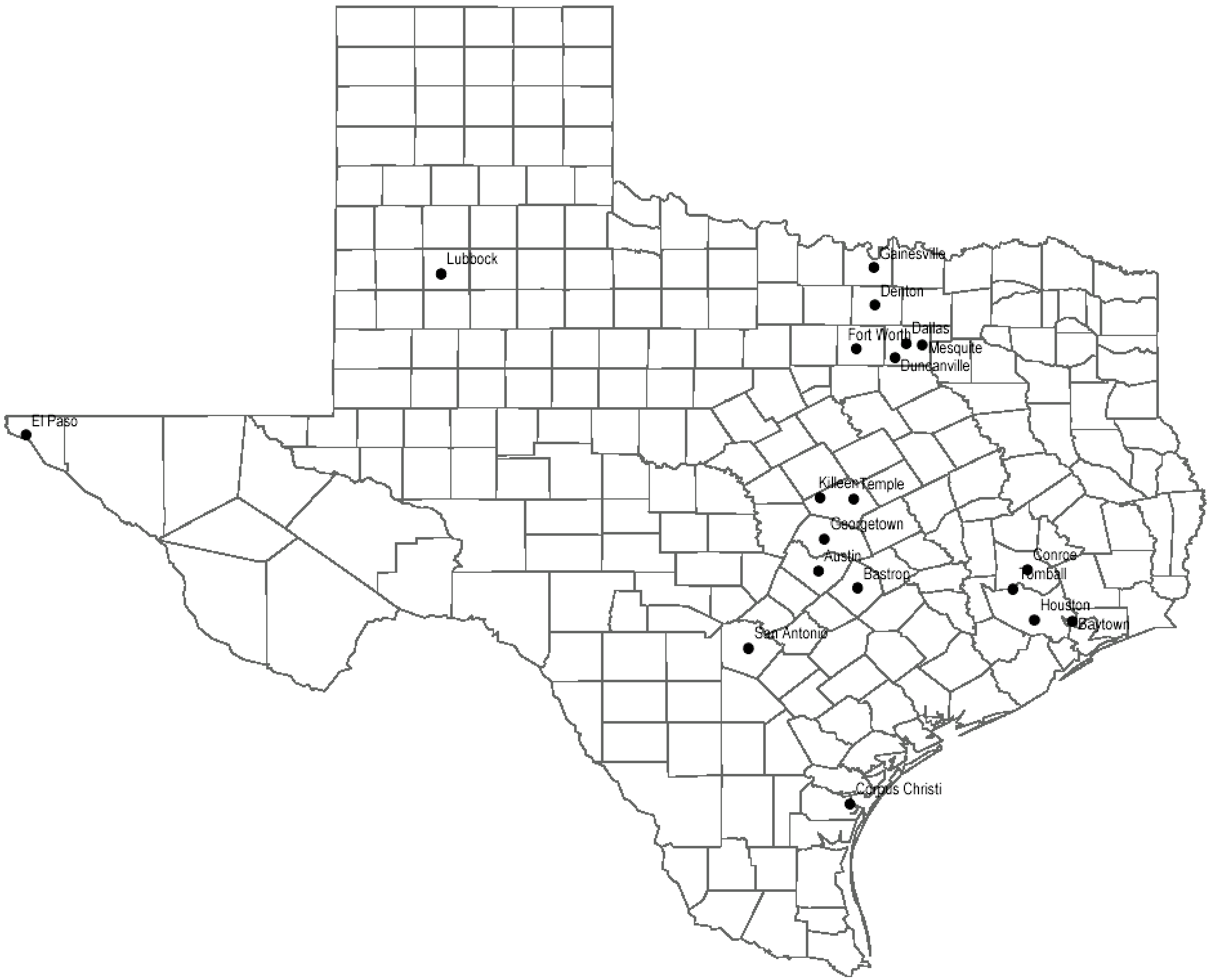
The Housing Tax Credit (HTC) Program receives authority from the US Treasury Department to provide tax credits to encourage the development and preservation of affordable rental housing. The Internal Revenue Code authorizes a state HTC volume cap based on a per capita amount of the state population. Tax credits are also awarded independently of the volume cap to developments with tax-exempt bond financing. These two credit types are typically referred to as the 9% and 4% HTCs, respectively. Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its 9 % HTCs to the Uniform State Service Regions it uses for planning purposes. Because of the level of funding and the impact of this program in financing the multifamily development of affordable housing, this section of the Plan discusses the geographical distribution of HTCs.

For FY 2006, TDHCA had $48,273,334 credits to allocate through the 9% application process. This amount was comprised of the annual volume cap, recaptured credits, additional credits received pursuant to HR 4440 Gulf Opportunity Zone Act of 2005 and $600,447 from the national pool of unused credits from other states. Over the course of the year, the total amount of 9% and 4% credits approved by the Board, including foreward commitments, was: $$77,258,988.00 In July 2006, the TDHCA Board approved 84 applications for 9% HTCs, totaling $54,306,491. Any remaining 2006 credit authority will be allocated to applicants on the 2006 waiting list. Alternately, if the credit balance meets the IRS de minimus requirements, it may be rolled into the 2007 credit ceiling. Under either scenario, TDHCA will be eligible to receive credits from the national pool of unused credits. The 4% awards, which are approved by the Board throughout the year, totaled $22,952,497 for FY 2006. Information on these awards, as well as the entire HTC inventory, can be found on the HTC Program's web page at www.tdhca.state.tx.us. The following maps display the geographic distribution of the FY 2006 4% and 9% awards.

HTC 9% Distribution by Place, FY 2006



HTC 4% Distribution by Place, FY 2006



Distribution of TDHCA Housing Tax Credit (HTC) Awards, 2006

The following charts show the distribution of TDHCA's 4% and 9% HTC awards for 2005. The racial composition of each census tract containing 2005 HTC award units was compared with the racial composition of the county in which the tract is located. In addition, the income level of each census tract receiving an award was compared with the income level of the county in which the tract is located.

Awards were made within the following counties: Atascosa, Bastrop, Bell, Bexar, Bowie, Brazos, Callahan, Cameron, Cherokee, Comal, Cooke, Coryell, Dallas, Deaf Smith, Denton, El Paso, Ellis, Galveston, Harris, Henderson, Hidalgo, Jasper, Jefferson, Jim Wells, Johnson, Kaufman, Lubbock, Montgomery, Nacogdoches, Nueces, Orange, Potter, Reeves, Rockwall, San Patricio, Smith, Tarrant, Tom Green, Travis, Victoria, Walker, Waller, Wharton, Wichita, Wilbarger, Willacy, Williamson, Wilson, Zapata

Methodology

Racial Characteristics

The percentage racial composition was determined according to the standards set by the U.S. Census. Accordingly, "race" is broken down into three subclassifications: White, Black, and Other. "Other" includes races other than White and Black, as well as individuals with two or more races. As ethnic origin is considered to be a separate concept from racial identity, the Hispanic population is represented in a separate chart. Persons of Hispanic origin may fall under any of the racial classifications. Households assisted through the HTC program have been delineated according to these categories.

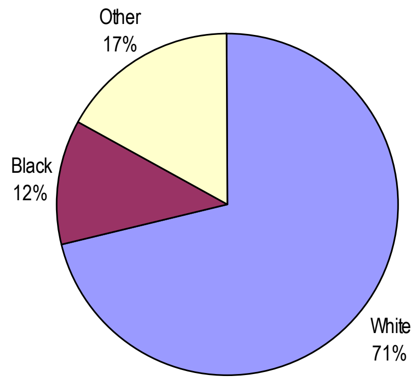
After determining which race comprised the largest percentage of the county's population, each census tract was categorized as a "Majority" or "Minority" tract. Majority tracts are those in which the race that comprised the highest percentage of the county population had an equal or greater percentage at the tract level. The "Majority" and "Minority" units in each county were then totaled to determine the percentage distribution. It should be noted that "White" was not always the majority county population. For example, in the San Antonio and El Paso areas, the Hispanic population comprised the majority county population.

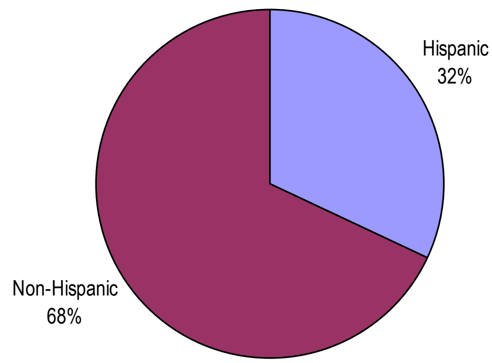
Income Characteristics

The median family income (MFI) of each tract awarded units was compared with the low income threshold of the county containing those tracts. A county's low income threshold was calculated as 60 percent of the MFI for the county. That is, tracts with an MFI that is less than 60 percent of the county's MFI are considered low income tracts. Tracts with an MFI that is greater than or equal to 60 percent of the county's MFI are considered non-low income tracts.

Racial Composition of the State of Texas | **Ethnic Composition of the State of Texas**

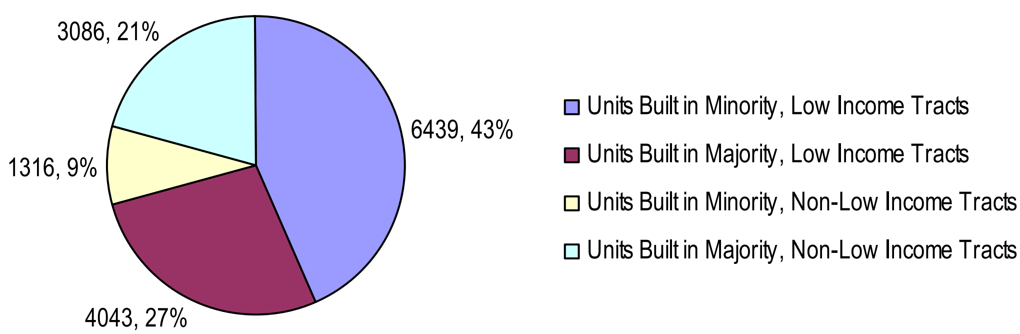
20,851,820 Total Individuals



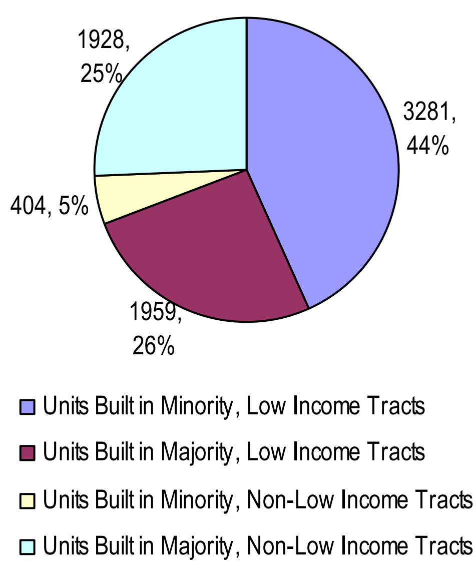


Source: 2000 Census

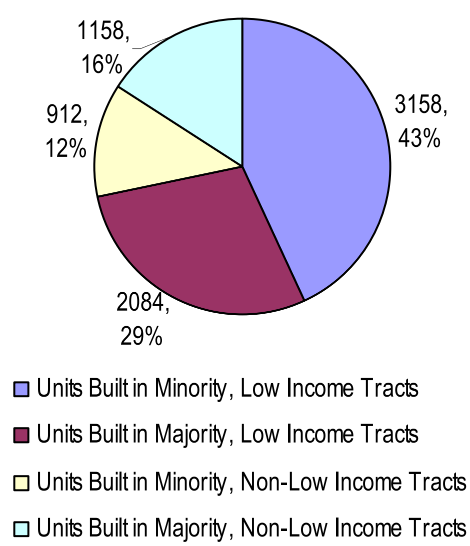
Total 2006 HTC Unit Distribution by Census Tract Racial Characteristics



Total 2006 4% HTC Unit Distribution by Census Tract Racial Characteristics



Total 2006 9% HTC Unit Distribution by Census Tract Racial Characteristics



EFFECT OF THE TWO TIMES PER CAPITA RULE

There are a number of conditions that affect a site's eligibility for HTCs. One of these conditions relates to the previous development of housing tax credits within a place or county as required by §2306.6703. Ineligibility for consideration is that an application will be ineligible if:

> *"(4) the development is located in a municipality or, if located outside a municipality, a county that has more than twice the state average of units per capita supported by housing tax credits or private activity bonds, unless the applicant:*
>
> > *(A) has obtained prior approval of the development from the governing body of the appropriate municipality or county containing the development; and*
> >
> > *(B) has included in the application a written statement of support from that governing body referencing this section and authorizing an allocation of housing tax credits for the development."*

As of the close of the state fiscal year on August 31, 2006, the following municipalities had more than twice the state average of units per capita supported by housing tax credits or private activity bonds. It should be noted that this list is subject to periodic revisions with changes in the HTC property inventory and in the population estimates used for the per capita calculation.

Alamo
Albany
Alpine
Alto
Anthony
Baird
Bandera
Baytown
Bellville
Big Sandy
Boerne
Bogata
Brackettville
Brownwood
Bryson
Bullard
Burnet
Caldwell
Calvert
Cameron
Carrizo Springs
Cedar Park
Chandler
Cleburne
Cleveland
Clifton
Clint
Coldspring
Commerce
Conroe
Corinth
Cotulla
Crockett
Cross Plains
Dallas
Dayton
De Kalb
Decatur
Denton
DeSoto
Detroit
Dilley
Donna
Dripping Springs
Eastland
Edcouch
Edgewood
Eldorado
Electra
Elgin
Elkhart
Ennis
Euless
Evant
Floresville
Fort Stockton
Fowlerton
Frankston
Fredericksburg
Gainesville
Georgetown
Godley
Goliad
Granbury
Grandview
Grapeland
Greenville
Groveton
Hemphill
Hempstead
Hereford
Hillsboro
Hitchcock
Hondo
Honey Grove
Hubbard
Hughes Springs
Humble
Ingleside
Jacinto City
Jersey Village
Joaquin
Johnson City
Katy
Keene
Kirbyville
La Villa
Laguna Vista
Lancaster
Lexington
Livingston
Llano
Lone Star
Mabank
Madisonville
Marble Falls
Martindale
Mathis
McKinney
Meadows Place
Menard
Mercedes
Mount Vernon
Nacogdoches
Navasota
Normangee
Orange
Orange Grove
Palacios
Palestine
Pearsall
Pflugerville
Pittsburg
Port Arthur
Port Isabel
Port Lavaca
Prairie View
Queen City
Quinlan
Refugio
Rhome
Rockport
Rosenberg
Runge
Rusk
San Augustine
San Marcos
Sanger
Santa Anna
Santa Rosa
Seven Points
Shepherd
Sinton
Somerset
Sonora

Sour Lake	Tatum	Troup	Waxahachie	Yantis
South Houston	Terrell	Valley View	Weatherford	
Springtown	Three Rivers	Venus	Webster	
St. Jo	Timpson	Waller	Willis	
Sweeny	Tomball	Wallis	Wills Point	

The table below provides the funding distribution of FY 2006 awards by region. The table shows that there were only minor differences between the 9% HTC RAF target and the actual distribution. The table also reveals the limited geographic distribution of the 4% HTCs.

Region	All HTCs	% of All HTCs	4% HTCs	% of All 4% HTCs	9%HTCs	% of All 9% HTCs	Targeted 9% Dist. Under RAF	Difference between Actual and Targeted
1	$2,654,085	3.3%	$629,797	2.1%	$2,024,288	3.9%	4.7%	-0.8%
2	$1,203,315	1.5%	-	0.0%	$1,203,315	2.3%	2.7%	-0.4%
3	$17,653,106	21.7%	$9,222,033	31.3%	$8,431,073	16.2%	16.4%	-0.2%
4	$2,587,426	3.2%	-	0.0%	$2,587,426	5.0%	5.0%	0.0%
5	$5,714,785	7.0%	-	0.0%	$5,714,785	11.0%	3.5%	7.5%
6	$18,276,776	22.5%	$8,407,130	28.5%	$9,869,646	19.0%	24.2%	-5.2%
7	$6,879,634	8.5%	$3,261,743	11.1%	$3,617,891	7.0%	7.6%	-0.6%
8	$3,785,088	4.7%	$759,591	2.6%	$3,025,497	5.8%	6.1%	-0.3%
9	$8,229,736	10.1%	$5,164,972	17.5%	$3,064,764	5.9%	5.8%	0.1%
10	$3,734,493	4.6%	$1,512,904	5.1%	$2,221,589	4.3%	4.1%	0.2%
11	$5,672,006	7.0%	-	0.0%	$5,672,006	10.9%	12.1%	-1.2%
12	$1,459,808	1.8%	-	0.0%	$1,459,808	2.8%	2.9%	-0.1%
13	$3,512,286	4.3%	$489,934	1.7%	$3,022,352	5.8%	4.8%	1.0%
Total	$81,362,544	100.0%	$29,448,104	100.0%	$51,914,440	100.0%	100.0%	-0.8%

SECTION 3: HOUSING ANALYSIS

This section of the Plan contains an overview of the affordable housing needs in the state and an estimate and analysis of the housing needs in each region.

DATA SOURCES AND LIMITATIONS

The information provided in this section should be considered within the context of its limitations. The Department recognizes that an undistorted assessment of housing need can be found only at the local level based on the direct experience of local households. The following issues should be considered when reviewing the information contained in this report:

- Nuances of housing need are lost when data is aggregated into regional, county, and statewide totals. For example, housing needs in rural communities are often distorted when reported at the county level because housing needs are often very different in rural and urban areas. The large population of urban metropolitan areas can skew the data and mask the needs of the rural areas.
- Reliable data available on the condition of the housing stock, the homeless population, and the housing needs of special needs populations is very limited.

2000 Census and 2000 CHAS data is primarily used in this report. The content and format of the Census-based tables, graphs, and maps provided in this section were derived, in part, from a methodology for housing needs assessment in the National Analysis of Housing Affordability, Adequacy, and Availability: A Framework for Local Housing Strategies. The Urban Institute prepared this document for the US Department of Housing and Urban Development (HUD). It provides a methodology with which to describe and analyze local housing markets in order to develop strategies for addressing housing problems and needs. The document served as a guide for the preparation of Comprehensive Housing Affordability Strategy (CHAS) reports. As such, it provides a systematic framework for housing market analysis. HUD collaborated with the US Census Bureau to develop special tabulations of the 2000 Census data.

The CHAS database classifies households into five relative income categories based on reported household income, the number of people in the household, and geographic location. These income categories are used to reflect income limits that define eligibility for HUD's major assistance programs, as well as for other housing programs, such as the Housing Tax Credit Program. Households are classified into income groups by comparing reported household income to HUD-Adjusted Median Family Income (HAMFI). The income limits are calculated by household size for each metropolitan area and non-metropolitan county in the United States and its territories. They are based on HUD estimates of median family income with several adjustments as required by statute. The income classifications are extremely low income, very low income, low income, moderate income, and above 95 percent of HAMFI.[1]

The income limits for metropolitan areas may not be less than limits based on the state non-metropolitan median family income level and must be adjusted accordingly. Income limits must be also adjusted for family size and may be adjusted for areas with unusually high or low family income or housing-cost-to-income relationships.

Unit affordability compares housing cost to local area HAMFI. Affordable units are defined as units for which a household would pay no more than 30 percent of its income for rent and no more than two and one-half times its annual income to purchase. Since HUD's adjusted median family incomes are estimated for a family of four, affordability levels are also adjusted to control for various-sized units based on the number of people that could occupy a unit without overcrowding. This adjustment is made by multiplying the threshold described above by 75 percent for a 0–1 bedroom unit, 90 percent for a two bedroom unit, and 104 percent for a 3+ bedroom unit.

Homeless figures are taken from 2000 Census group quarters population and type tables, contained in Census 2000 Summary File 1. Group quarters type designations include institutional quarters, which include correctional facilities, hospitals, and juvenile institutions, as well as noninstitutional quarters, which include military quarters, group homes, dormitories, and other situations. Based on the Definitions of Subject Characteristics contained in the Technical Documentation for Summary File 1: 2000 Census of Population and Housing published by the US Census Bureau, this report uses "other noninstitutional group quarters" and "other nonhousehold living situations" census figures to represent the homeless population in each region. "Other noninstitutional group quarters" counts individuals in shelters for abused women, soup kitchens, mobile food vans, and other targeted nonsheltered outdoor locations where there is evidence of human occupation. "Other nonhousehold living situations" counts individuals with no usual home residing in hostels and YMCAs who were not counted in other tabulations.

The US Census also completed a special tabulation, Emergency and Transitional Shelter Population: 2000, based on metropolitan areas with 100 or more people in emergency and transitional shelters. It must be noted that this data only refers to metropolitan areas with 100 or more people in shelters, so is not a comprehensive picture of the total population living in shelters. In the region sections of this document, if the Census counted individuals living in emergency shelters in a metropolitan area that is located in the region, those figures are provided.

[1] The CHAS figures for moderate and higher income households in Region 11 indicate that there are only 199 persons with incomes between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because, except for the first time homebuyer program which is done through a network of participating lenders, TDHCA programs serve persons below 80 percent AMFI.

It must be emphasized that the regional estimates of the homeless populations are not comprehensive. The various definitions of homeless and methods in counting the homelessness make definitive tabulations difficult. The Texas Interagency Council for the Homeless estimates that about 200,000 people, or 1 percent of the state's population, are homeless.[2] The Census figures for individuals living in "other noninstitutional group quarters" and "other nonhousehold living situations" count only 28,377 individuals statewide.

The needs assessment data is augmented with additional information from the perspective of local officials, where available. In March 2006, TDHCA conducted the 2006 State of Texas Community Needs Survey. This survey was designed to obtain a better understanding of housing and community development needs, issues, and problems at the state, regional, and local levels. The survey gave local officials, who are most familiar with the unique characteristics of their communities, a voice in determining how Texas's affordable housing, supportive service, and community development needs can be most effectively addressed.

[2] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed August 8, 2006).

STATE OF TEXAS

The state level housing analysis includes information on demographics, special needs populations, and affordable housing need indicators. Department plans reflect this statewide information as well as the consideration of affordable housing assistance from various sources.

DEMOGRAPHIC CHARACTERISTICS

Texas is one of the fastest growing states in the nation. According to recent Census data, Texas population expanded by nearly a quarter (22.8 percent) between 1990 and 2000, far exceeding the national growth average of 13.2 percent for the same decade. The increase in state population by 3,865,310 persons was the largest of any decade in Texas history. More than one of every nine persons added to the population of the United States in the 1990s was added in Texas.[3]

Projected Population Change and Implications for Housing Need

- Looking at long-term demographic projections, it is clear that the demand for affordable and subsidized housing will increase in the coming years.
- The 2000 state population of 20.9 million is expected to surge to 50.4 million by 2040.
- The Anglo population will account for only 3.9 percent of net population growth from 2000 to 2040, meaning that more than 96 percent of the total net increase in Texas population between 2000 and 2040 will be due to the non-Anglo population.
- Anglo population is expected to grow by 10.4 percent between 2000 and 2040, while blacks are expected to increase by 65.0 percent and Hispanics by 348.7 percent.
- The population is becoming older: the median age will increase from 32.3 in 2000 to 38.3 in 2040. The percentage of the population that was 65 or older was 9.9 percent in 2000 but will increase to 20 percent by 2040.
- Growth in the number of households, projected at 162.1 percent over the period 2000-2040, will outstrip population growth: 142.6 percent during the same period.

Expected housing demand is directly linked to projected changes in population characteristics. The current ethnic shift is significant because of the substantial differences between the races in terms of income level. The absolute difference in median household income between Anglos and Blacks was $13,602 in 1989, but $17,857 in 1999; and the Anglo-Hispanic difference was $12,242 in 1989, but $17,289 in 1999. Similarly, the poverty rates of 23.4 percent for Blacks and 25.4 percent for Hispanics were still roughly three times as high as the 7.8 percent of persons in poverty among Anglos. Because of these disparities,

[3] Information for the Housing Analysis comes from the 2000 US Census except where noted otherwise.

households in Texas will become poorer over the coming decades unless the relationship between ethnicity and income somehow changes.[4]

A correlation also exists between income and age. According to the 2000 Census, 13.1 percent of Texans age 65 and older live below the poverty level. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing. Approximately 30 percent of all elderly households spend more than 30 percent of their income on housing, while 14 percent spend more than 50 percent of their income on housing. These statistics take on new urgency when considered alongside the anticipated upsurge in the state's elderly population.

Not only will the demographics of the population be changing, but so will its needs. The faster growth in number of households than in total population is a reflection of the large number of non-Anglos who will enter household-formation ages during this time period. More young families mean an increased demand for housing.[5]

Poverty and Income

According to the 2000 Census, Texas has the ninth highest overall poverty rate in the nation, with a rate of 15.4 percent compared to the national rate of 12.4 percent. Poverty conditions along the Texas-Mexico border warrant special attention. Parts of the region, like McAllen-Edinburg-Mission, suffer from an unemployment rate double that of the state's (12 percent vs. 6.1 percent) and less than half of state's per capita income average. Fifteen counties along the border have a poverty rate of at least 25 percent, almost double the national average. Conditions are particularly acute in the colonias, unincorporated areas along the Texas-Mexico border lacking infrastructure and decent housing. It is estimated that 43 percent of colonia residents live below the poverty level.

The poverty rate for all family households in Texas, different from the overall poverty rate, is expected to increase from the 2000 figure of 11.4 percent to 15.4 percent by 2040.6 The primary reasons for this are the rapid growth of present minority populations and the dominance in the economy of low-paying, particularly service-industry, jobs.7 While manufacturing and mining continue to decline, Texas ranked third in the nation in 2003 for service industry job creation. According to US Bureau of Labor Statistics data, eight of the top ten most common jobs in Texas earn incomes that fall at least $10,000 below the state median income of $33,770.

Many families who rely on these low-wage occupations for a living find it difficult to cover all essential expenses. According to a study by the Center for Public Policy Priorities, "a

[4] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas*, by Steve H. Murdock et. al. (Texas A&M University System, December 2002), http://txsdc.utsa.edu/download/pdf/TxChall2002.pdf (accessed May 17, 2006).

[5] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*.

[6] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*.

[7] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas* (Austin, TX: Center for Public Policy Priorities, September 2002).

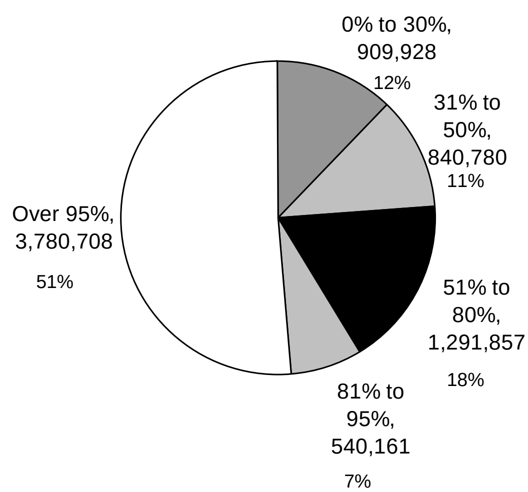
significant proportion of families throughout the state struggle paycheck-to-paycheck to make ends meet." The study examined a typical family's fundamental expenses, such as housing, food, child care, medical costs, transportation, taxes, etc., and compared the total bill to typical wages earned in the 27 Texas Metropolitan Statistical Areas. The study asserts that a family of four in Texas requires a household hourly income of $18 to $22 per hour (depending on the metro area in which the family lives) to simply meet its most basic needs. In a majority of Texas metro areas, however, half of the total employment is in occupations with a median wage under $10 per hour.8

The Texas Comptroller's Economic Update predicts that the fastest growing sector of the state economy over the next decade will be largely in industries requiring specialized education and skills. These industries include high tech communications, engineering, and research.

To provide a more detailed breakdown of the population by income level, this report will use the five income groups designated by HUD. Households are classified into these groups by comparing reported household incomes to HUD-adjusted median family incomes (HAMFI). The income level definitions are as follows:

- Extremely Low Income: At or below 30 percent of HAMFI
- Very Low Income: Between 31 percent and 50 percent of HAMFI
- Low Income: Between 51 percent and 80 percent of HAMFI
- Moderate Income: Between 81 percent and 95 percent of HAMFI
- Above 95 percent of HAMFI

Households by Income Group in Texas, 2000



Source: 2000 CHAS data

[8] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas.*

The chart above indicates the 2000 distribution of households by income group across Texas by number and percentage. A total of 41 percent of all households are in the low income range (0 to 80 percent of HAMFI). Meeting the needs of this large portion of the state's households is TDHCA's primary focus.

AFFORDABLE HOUSING NEED

When analyzing local housing markets and developing strategies for meeting housing problems, HUD suggests the consideration of several factors. These factors include how much a household spends on housing costs, the physical condition of the housing, and whether or not the household is overcrowded. The following table reveals the number and percentage of households with at least one housing need by income category and household type.

Households with Housing Need by Income Group

		Renter Households			Owner Households		
		At Least One Problem	Total Households	Percent with At Least One Problem	At Least One Problem	Total Households	Percent with At Least One Problem
0-30% AMFI	Elderly Households	59,065	95,130	62.1%	100,876	151,597	66.5%
	Small Related	162,308	204,534	79.4%	76,492	102,443	74.7%
	Large Related	63,879	69,467	92.0%	39,256	44,325	88.6%
	Other Households	133,429	183,124	72.9%	39,368	59,120	66.6%
	Total Households	**418,681**	**552,255**	**75.8%**	**255,992**	**357,485**	**71.6%**
31-50% AMFI	Elderly Households	36,578	61,305	59.7%	62,920	168,088	37.4%
	Small Related	133,605	180,725	73.9%	79,006	240,138	32.9%
	Large Related	58,132	67,274	86.4%	53,907	104,329	51.7%
	Other Households	102,090	127,074	80.3%	24,401	68,290	35.7%
	Total Households	**330,405**	**436,378**	**75.7%**	**220,234**	**406,282**	**54.2%**
51-80% AMFI	Elderly Households	19,934	47,527	41.9%	41,173	210,720	19.5%
	Small Related	98,014	250,309	39.2%	121,204	282,336	42.9%
	Large Related	57,987	81,881	70.8%	81,842	132,264	61.9%
	Other Households	79,147	210,629	37.6%	35,978	79,867	45.0%
	Total Households	**255,082**	**590,346**	**43.2%**	**280,197**	**705,187**	**39.7%**
81-95% AMFI	Elderly Households	3,638	13,761	26.4%	9,883	78,918	12.5%
	Small Related	18,310	91,694	20.0%	40,150	147,881	27.2%
	Large Related	14,142	24,917	56.8%	25,542	53,828	47.5%
	Other Households	11,784	90,223	13.1%	14,049	40,543	34.7%
	Total Households	**47,874**	**220,595**	**21.7%**	**89,624**	**321,170**	**27.9%**
More Than 95% AMFI	Elderly Households	8,169	54,143	15.1%	23,454	497,428	4.7%
	Small Related	43,853	400,026	11.0%	131,939	1,749,473	7.5%
	Large Related	35,490	74,662	47.5%	92,229	360,855	25.6%
	Other Households	17,060	338,469	5.0%	34,919	303,446	11.5%
	Total Households	**104,572**	**867,300**	**12.1%**	**282,541**	**2,911,202**	**9.7%**
Total Households	Elderly Households	127,384	399,250	31.9%	238,306	1,345,057	17.7%
	Small Related	456,090	1,583,378	28.8%	448,791	2,971,062	15.1%
	Large Related	229,630	547,831	41.9%	292,776	988,377	29.6%
	Other Households	343,510	1,293,029	26.6%	148,715	699,981	21.2%
	Total Households	**1,156,614**	**3,823,488**	**30.3%**	**1,128,588**	**5,829,914**	**19.4%**

Source: 2000 CHAS data

Physical Inadequacy (Lack of Kitchen and Plumbing Facilities)

The measure of physical inadequacy available from the CHAS database tabulation of the 2000 Census is the number of units lacking complete kitchen and/or plumbing facilities. While this is not a complete measure of physical inadequacy, the lack of plumbing and/or kitchen facilities can serve as a strong indication of one type of housing inadequacy. Figure

3.3 demonstrates that among the physically inadequate housing units for households under 80 percent of HAMFI, 44 percent are affordable to extremely low income households.

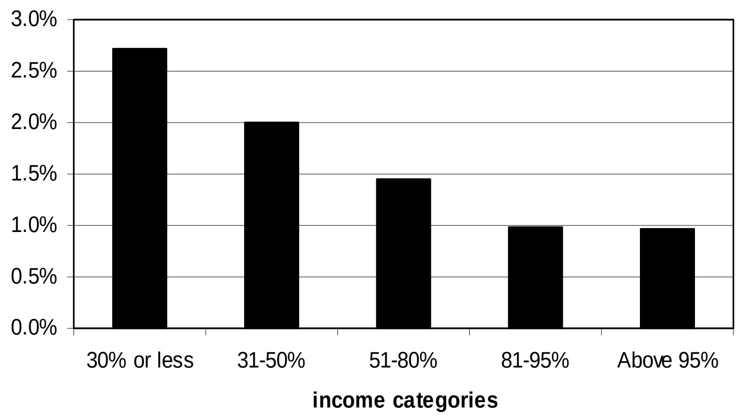
Units Lacking Kitchen and/or Plumbing Facilities by Affordability Category, 2000

	Number	Percent
0% to 30%	25,817	44%
31% to 50%	15,907	27%
51% to 80%	16,341	28%
Total	58,065	100%

Source: 2000 CHAS data

Slightly more than 1 percent of all renter households in Texas lack complete kitchen or plumbing facilities. The following table shows the distribution of this problem by income group. Households in the lowest income group, less than 30 percent HAMFI, have the highest incidence of physically inadequate housing.

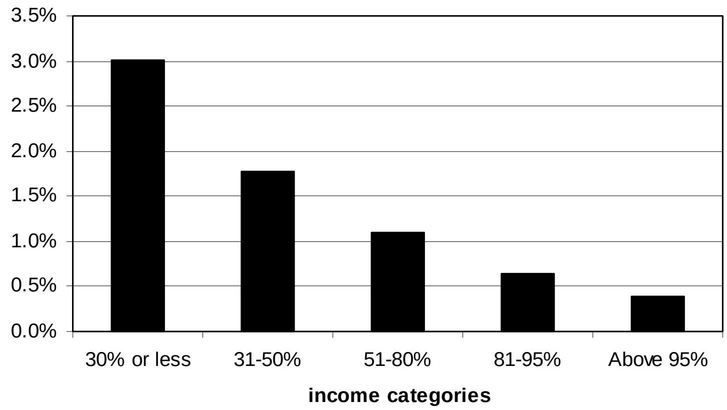
Renter-Occupied Units Lacking Complete Kitchen/Plumbing by Percent



Source: 2000 CHAS data

As is the case with renter households, inadequate kitchen and plumbing is a greater problem for the lowest income categories of owner households. A full 3 percent of owner households earning below 30 percent HAMFI lack full kitchen or plumbing facilities.

Owner-Occupied Units Lacking Complete Plumbing/Kitchen by Percent

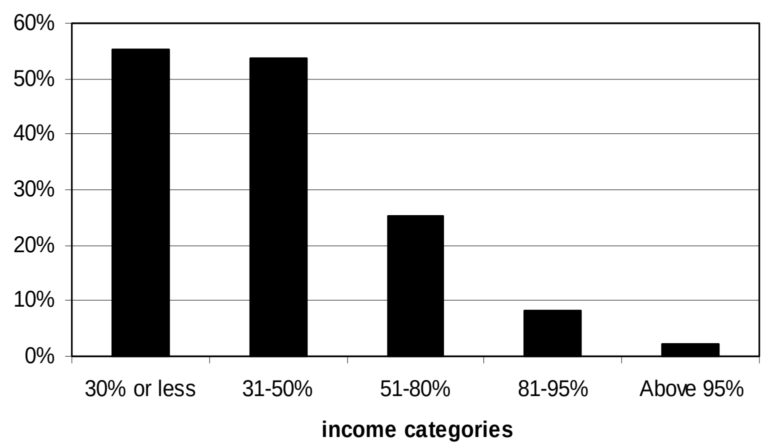


Source: 2000 CHAS data

Excess Housing Cost Burden

An excess cost burden is identified when a household pays more than 30 percent of its gross income for housing costs. When so much is spent on housing, other basic household needs may suffer. As the following graph shows, a majority of renter households in the lowest two income categories, totaling more than 540,000 households, is burdened by paying an excess portion of income toward housing. This is much greater than in the highest income category, above 95 percent HAMFI, where only 2.2 percent of households experience the problem.

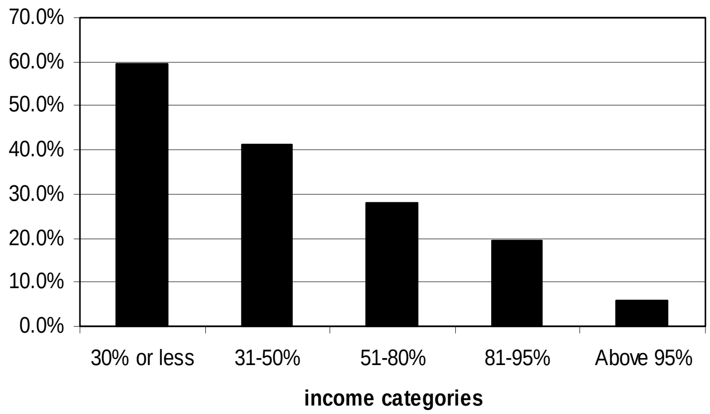
Renter Households with Excess Housing Cost Burden (>30% of Income) by percent



Source: 2000 CHAS data

As shown in the following graph, excess housing cost burden affects 59.3 percent of owner households in the lowest income category. This figure, representing a majority, is much higher than the 5.7 percent of households affected in the highest income category. The graph illustrates the direct correlation between owner income category and an owner household's likelihood of experiencing this problem.

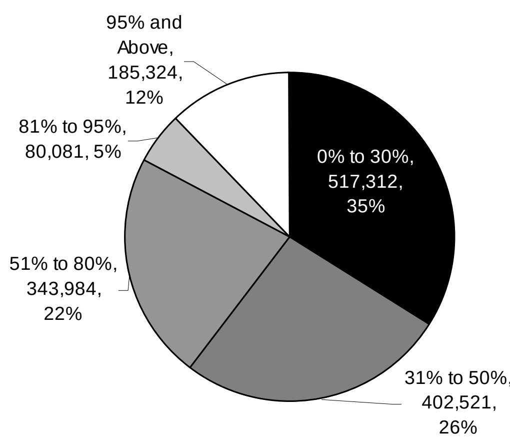
Owner Households with Excess Housing Cost Burden (>30% of Income) by percent



Source: 2000 CHAS data

The chart below shows the total number and percentage of households with excess housing cost burden by income group.

Excess Housing Cost Burden by Income Group, 2000



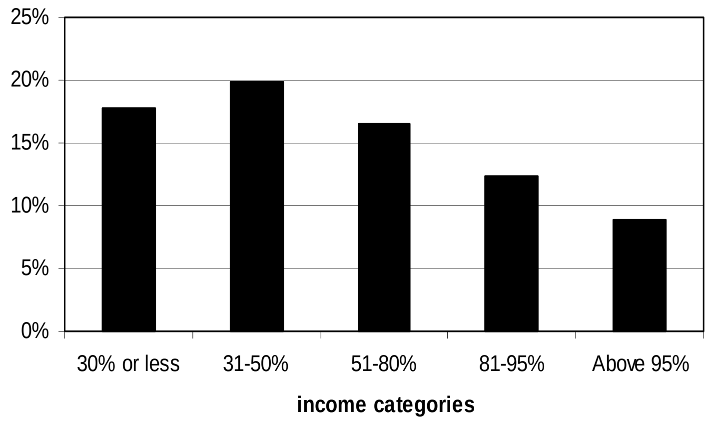
Source: 2000 CHAS Data

Overcrowding

Overcrowded housing conditions occur when a residence accommodates more than one person per each room in the dwelling. Overcrowding may indicate a general lack of affordable housing in a community where households have been forced to share space, either because other housing units are not available or because the units available are too expensive.

Lower income renter households experience overcrowded conditions more frequently than higher income households. Almost 18 percent of renter households in the extremely low income category and 19.9 percent of renter households in the low income category are afflicted by overcrowding.

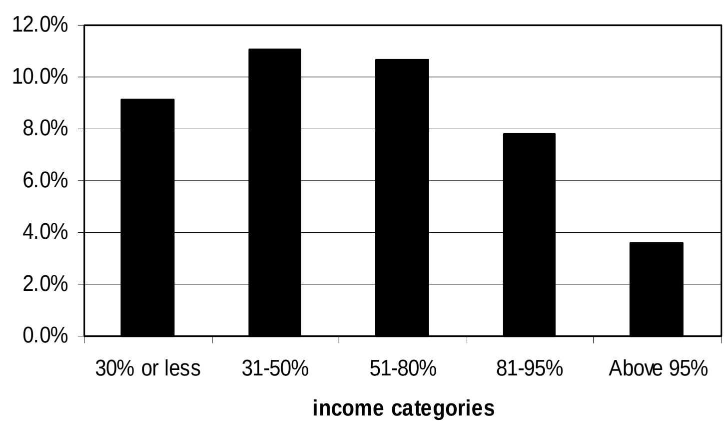
Renter Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

Lower income owner households also experience overcrowded conditions more frequently than higher income owner households. More than 21 percent of owner households earning less than 50 percent HAMFI live in overcrowded conditions compared to 11.4 percent of owner households over 80 percent HAMFI.

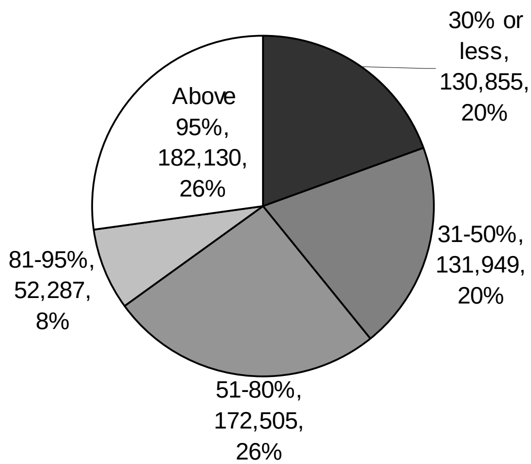
Owner Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

The chart below shows the total incidence of overcrowded households by income group.

Overcrowded Households by Income Group, 2000



Source: 2000 CHAS Database

HOUSING AVAILABILITY AND AFFORDABILITY

The following figures compare demand and supply of affordable housing by looking at the number of households and housing units in different affordability categories. Because higher income households often reside in units that could be affordable to the lowest income households, there are fewer units available at a cost that is affordable to lower income households. For example, as shown in Figure 3.12, 1.4 million households that have incomes greater than 80 percent AMFI occupy units that would be affordable to households at 0-50 percent AMFI. Households in this category can afford units in any of the defined affordability categories. Therefore, non-low income households often limit the supply of affordable housing units available to low income households.

The table below describes the housing market interaction of various income groups and housing costs. The table shows the income classifications of the occupants of housing units. The table also illustrates the housing market mismatch between housing units and income groups. For example, very low income households (0-50 percent of HAMFI) account for only about one-third of all the occupants of housing that is affordable to them. All low income households (0-80 percent of HAMFI) make up only 48 percent of all households occupying housing affordable to them. This table illustrates housing market mismatches as well as an implicit excessive cost burden for those households that are residing in units beyond their affordability category.

Occupied Affordable Housing Units by Income Group of Occupant, 2000, by percentage of HAMFI

Number of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	1,112,083	588,198	246,476	277,409
Affordable to 51-80% HAMFI	1,245,842	346,703	301,491	597,648
Affordable to >80% HAMFI	305,135	52,391	41,485	211,259

Percent of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	52.9%	22.2%	24.9%
Affordable to 51-80% HAMFI	100.0%	27.8%	24.2%	48.0%
Affordable to >80% HAMFI	100.0%	17.2%	13.6%	69.2%

Number of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	2,099,253	549,469	458,002	1,091,782
Affordable to 51-80% HAMFI	1,331,792	136,016	165,496	1,030,280
Affordable to >80% HAMFI	1,266,738	78,725	81,390	1,106,623

Percent of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	26.2%	21.8%	52.0%
Affordable to 51-80% HAMFI	100.0%	10.2%	12.4%	77.4%
Affordable to >80% HAMFI	100.0%	6.2%	6.4%	87.4%

Number of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	3,211,336	1,137,667	704,478	1,369,191
Affordable to 51-80% HAMFI	2,577,634	482,719	466,987	1,627,928
Affordable to >80% HAMFI	1,571,873	131,116	122,875	1,317,882

Percent of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	35.4%	21.9%	42.6%
Affordable to 51-80% HAMFI	100.0%	18.7%	18.1%	63.2%
Affordable to >80% HAMFI	100.0%	8.3%	7.8%	83.8%

Source: 2000 CHAS data

LOCAL PERCEPTION

TDHCA acknowledges that the greatest understanding of housing needs is found at the local level. TDHCA continuously strives to improve the methods used to identify regional affordable housing needs.

State of Texas Community Needs Survey

Beginning in March 2006 and ending May 2006, the Department conducted an online 2006 CNS to examine housing and community service needs at the local level. The survey contained 18 questions regarding housing, community affairs, and community development needs and was distributed to state representatives, state senators, mayors , county judges , city managers, housing/planning departments, USDA local offices, public housing authorities, councils of governments, community action agencies, and Housing Opportunities for Persons with AIDS (HOPWA) agencies—a total of 2,529 individuals an entities. There was a 17.2 percent response rate for the survey.

Analysis of the 2006 CNS demonstrates a strong need for housing and energy assistance. Of those respondents ranking their community's need for general assistance, approximately 31 percent indicated that housing assistance (including down payment assistance, home repair, and rental payment assistance) was their first or second priority need. Approximately 28 percent of question respondents ranked energy assistance activities as their first or second priority need. Approximately 18 percent of respondents indicated that the development of apartments was the priority needs, 15 percent chose capacity building assistance, and 7 percent chose homeless assistance.

A significant 49 percent indicated that home repair assistance was the greatest need when compared to home purchase assistance and rental payment assistance. Only 8 percent stated that there was a minimal need for these housing activities in their communities. Regarding rental development activities, 35 percent indicated that their community's greatest need was the construction of new rental units, while approximately 33 percent indicated that both rental construction and rehabilitation activities were the same priority. Only 13 percent identified rehabilitation of existing units as their priority need, which is the same percentage of respondents who stated that there was a minimal need for rental development in their areas.

When considering energy assistance activities, 43 percent indicated that utility payment assistance was the greatest need followed by weatherization and minor home repairs. For homeless assistance activities, a majority 48 percent indicated that there was a minimal need for this type of assistance in their communities and 16 percent did not have an opinion on the subject. Of respondents indicated a needed activity, homeless prevention services received the highest response with 12 percent indicating that it was their priority need.

The regional results from the CNS are incorporated into the regional plans. A final report on the survey, Report on the 2006 State of Texas Community Needs Survey, will be available from the Division of Policy and Public Affairs towards the end of 2006.

STATE HOUSING SUPPLY

The 2000 US Census reported 8.2 million housing units in Texas, of which 90.6 percent are occupied. The number of housing units increased 16 percent from 7.0 million units that were on the ground in 1990. The breakdown of occupied units by type is 4.7 million owner occupied (a 28 percent increase over 1990) and 2.8 million renter occupied (a 13 percent increase over 1990). The average household size for owner-occupied units increased to 2.87 persons per unit in 2000 as compared to 2.85 units in 1990. The average household size for renter units decreased slightly to 2.53 persons per unit in 2000 as compared to 2.55 units in 1990.

Almost 67 percent of the housing units in Texas are single family units, 14 percent are multifamily up to 19 units, and 10 percent are within multifamily structures with 20 units or more. An additional 9.4 percent are mobile homes, RVs, or boats.

Housing Type, 2000

	Total	Percent
Housing Units	8,157,575	
One Unit	5,420,910	66.50%
2 to 19 Units	1,151,599	14.10%
Over 20 Units	819,101	10.00%
Mobile Homes	731,652	9.00%
Boats, RVs	34,313	0.40%

Source: 2000 US Census

ASSISTED HOUSING INVENTORY

The following table shows the number of multifamily units in the state financed through state and federal sources, including TDHCA; the US Department of Housing and Urban Development (HUD); public housing authorities (PHAs); Section 8 Housing Choice Vouchers; the United States Department of Agriculture (USDA); and local housing finance corporations (HFCs), which includes the Texas State Affordable Housing Corporation. Please note that because some developments layer funding from multiple sources, there may be double counting.

TDHCA data includes multifamily developments awarded up until the end of FY 2005, so all units included in the total have not yet been built. Additionally, the TDHCA unit total only includes those units that have income restrictions, and does not include market-rate units that are available in some developments. TDHCA unit information will be updated in the final version of this document to include FY 2006 awards.

HUD unit data was obtained from HUD's March 2003 report, "Multifamily Inventory of Units for the Elderly and Persons and Disabilities," available at http://www.hud.gov/offices/hsg/mfh/hto/state/tx.pdf. Though this report specifically references units available to the elderly and persons with disabilities, the report also appears to contain information on family properties. Please note, however, that this may not be a current inventory of all HUD units, and that there may be double counting with units financed through other programs, including public housing. The total assisted units in each property are included.

Information on PHA units and Section 8 Housing Choice Vouchers were obtained directly from HUD staff by TDHCA in October 2005. TDHCA Section 8 vouchers are also included in this figure. USDA unit data was also obtained directly from USDA staff in October 2005. These figures will be updated with the most recent information in the final version of this document.

HFC data, including Texas State Affordable Housing Corporation data, was obtained from the Housing Finance Corporation Annual Report that HFCs are required to submit to TDHCA annually. The figure describes the total units financed by the HFCs through June 2005, and does not specify assisted units, so these unit totals will also include market-rate units in the area. Because the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final state total. 2006 HFC unit information will be included in the final version of this document.

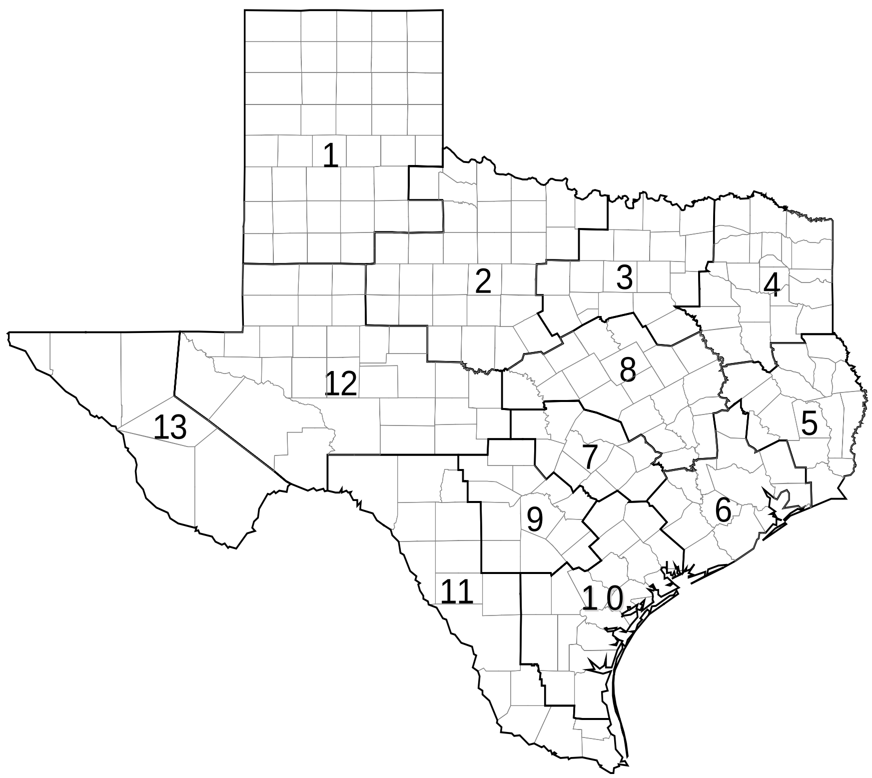
State Assisted Multifamily Units

	State Total	Percent of State Inventory
TDHCA Units	170,766	38.1 %
HUD Units	57,372	12.8%
PHA Units	59,431	13.3%
Section 8 Vouchers	133,944	29.9%
USDA Units	26,183	5.8%
HFC Units*	93,176	N/A
Total	447,696	100%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

UNIFORM STATE SERVICE REGIONS

The Department uses 13 Uniform State Service Regions for research and planning purposes. These regions follow the Texas Comptroller of Public Accounts' grouping that creates 13 regions to better identify the unique characteristics of the border counties and to treat larger metropolitan areas as distinct regions. The Uniform State Service Regions are shown below.

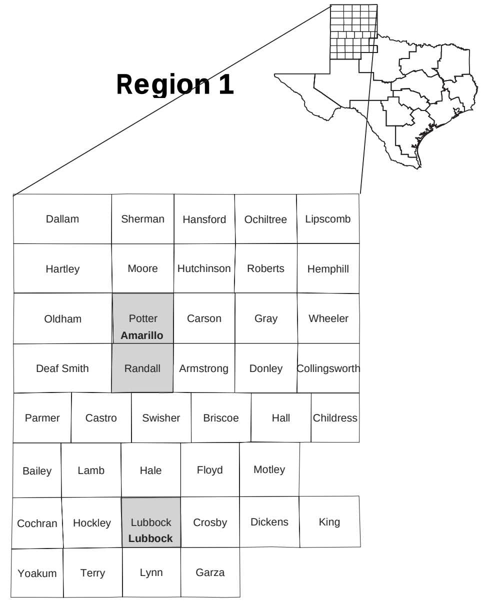


Map of the Uniform State Service Regions

The size and diversity of the state of Texas necessitates tailored regional sections. Each of the following Uniform State Service Region plans includes a general demographic description, which uses US Census housing data; a needs assessment, which examines housing problems in the area; an estimate of the existing housing supply; local input into the housing needs of the region; an estimate of the number of assisted multifamily units available, and the Department's resource allocation plans for the year.

REGION 1

This 41-county region in the northwest corner of Texas encompasses over 39,500 square miles of the Panhandle. According to the 2000 Census, the total population in Region 1 is 780,733, which represents 3.7 percent of the state's total population.



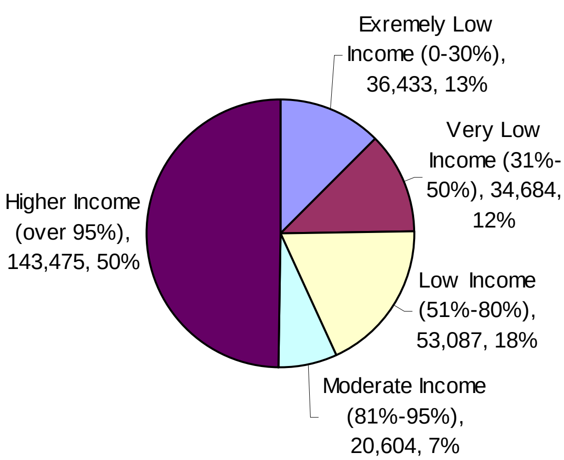
Region 1 Population Figures

	Region Total	Percent in Region	Percent of State Total
Total Population	780,733		3.7%
Persons with Disabilities	138,520	17.7%	3.8%
Elderly Persons (without disabilities)	50,862	6.5%	4.7%
Individuals in Poverty	122,991	15.8%	3.9%

Source: 2000 Census

Approximately 57 percent of the population lives in the urban areas, including Amarillo and Lubbock, and the rest live in rural areas of the region.

Region 1 Household Incomes



The pie chart to the left depicts the income breakdown of the 288,273 households in the region. Approximately 43 percent of households are low income. There are 122,991, or 15.8 percent, individuals living in poverty in the region.

2006 Multiple Listing Service data records the median home prices for Amarillo and Lubbock as $116,700 and $100,500, respectively.[9]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 128,520 persons with disabilities residing in the region, which is 16.5 percent of the total region population. In addition, there are 50,862 elderly individuals without disabilities in the region, which is 6.5 percent of the region.

[9] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[10] but figures vary. According to the 2000 Census, there are 1,068 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 167 homeless persons in Amarillo.

HOUSING SUPPLY

According to 2000 Census data, of the 322,045 housing units in the region, 288,175 are occupied, which is an 89.5 percent occupancy rate. Of the total housing stock, almost 75 percent are one unit; 15.9 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 66.3 percent are owner occupied and 33.7 percent are occupied by renters.

Region 1 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	322,045		3.9%
Total Occupied Housing Units	288,175	89.5%	3.9%
Owner-Occupied Units	191,161	66.3%	4.1%
Renter-Occupied Units	97,014	33.7%	3.6%

Source: 2000 Census

Data for the region shows that building permits for 2,375 single family units and 831 multifamily units were issued in 2005.[11]

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 288,273 households in the region, 79,798 owners and renters have housing problems; this represents 27.7 percent of all households.

[10] Texas Interagency Council for the Homeless, "Key Facts."
[11] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 1 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	29,555	14,026	9,256	5,092	1,181
Lacking Kitchen and/or Plumbing	1,638	553	322	301	88
Overcrowding	9,294	2,037	2,029	2,602	2,626
Owner Households					
Extreme Cost Burden	28,912	8,542	7,021	6,944	6,405
Lacking Kitchen and/or Plumbing	1,154	228	163	224	85
Overcrowding	9,245	897	1,223	2,399	4,726
Total	79,798	26,283	20,014	17,562	15,111

Source: 2000 CHAS

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 35 percent indicated that energy assistance was their first priority need, with 23 percent ranking housing assistance as their priority need. Approximately 21 percent of respondents indicated that the development of apartments was the first priority need, 15 percent indicated that capacity building assistance was their top need, and only 6 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 39 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 43 percent indicated that their community's greatest need was the construction of new rental units, while 5 percent indicated that there was a minimal need for rental development in their areas and 11 percent had no opinion on the subject. When considering energy assistance activities, 41 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 39 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 1 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,218	31.3%	2.5%
HUD Units	2,076	15.4%	3.6%
PHA Units	1,562	11.6%	2.6$
Section 8 Vouchers	3,987	29.6%	3.0%
USDA Units	1,612	12.0%	6.2%
HFC Units*	1,577		
Total	13,455	100%	3.0%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA ASSISTANCE FOR 2007

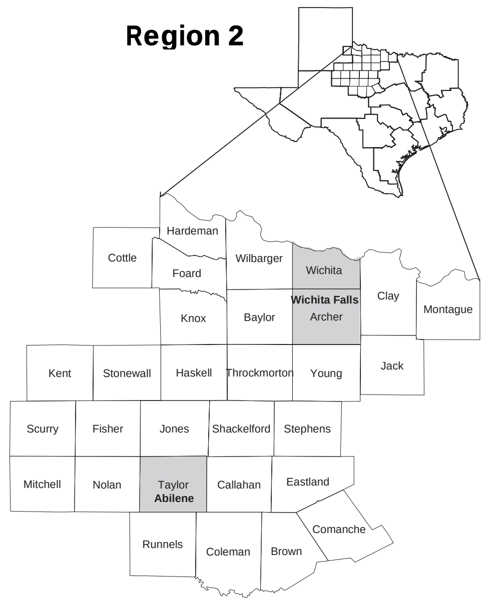
Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 9 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$2,096,376	6.1%
Housing Tax Credit	$2,096,099	4.9%
Housing Trust Fund	TBD	4.9%
Total	TBD	

REGION 2

Region 2 surrounds the metropolitan areas of Wichita Falls and Abilene, shaded in the figure to the right. According to the 2000 Census, the total population in Region 2 is 549,267, which represents 2.6 percent of the state's total population.



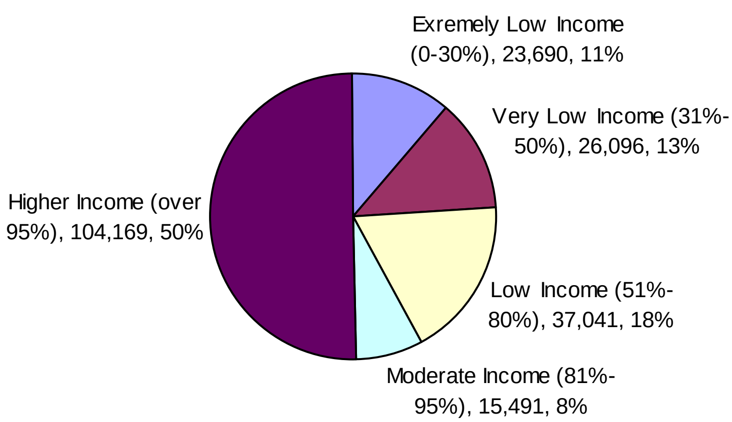
Region 2 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	549,267		2.6%
Persons with Disabilities	105,325	19.2%	2.9%
Elderly Persons (without disabilities)	42,485	7.7%	3.9%
Individuals in Poverty	77,647	14.1%	2.5%

Source: 2000 Census

Approximately 52 percent of the population lives in urban areas of the region.

Region 2 Household Incomes



The pie chart to the left depicts the income breakdown of the 206,459 households in the region. Approximately 42 percent of households are low income. There are 77,647, or 14.1 percent, individuals living in poverty in the region.

2006 Multiple Listing Service data records the median home prices for Wichita Falls and Abilene as $97,700 and $100,900, respectively.[12]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 105,325 persons with disabilities residing in the region, which is 19.2 percent of the total region population. In addition, there are 42,485 elderly individuals without disabilities in the region, which is 7.7 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless

[12] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

estimates that there are 200,000 homeless individuals in Texas,[13] but figures vary. According to the 2000 Census, there are 609 people in noninstitutional group homes, which include shelters, in the region. In a special tabulation on emergency and transitional shelters, the Census did not count any homeless persons in metro areas.

HOUSING SUPPLY

According to 2000 Census data, of the 243,506 housing units in the region, 206,388 are occupied, which is an 84.8 percent occupancy rate. Of the total housing stock, almost 77 percent are one unit; 12 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 69.1 percent are owner occupied and 30.9 percent are occupied by renters.

Region 2 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	243,506		3.0%
Total Occupied Housing Units	206,388	84.8%	2.8%
Owner-Occupied Units	142,603	69.1%	3.0%
Renter-Occupied Units	63,785	30.9%	2.4%

Source: 2000 Census

Data for the region shows that building permits for 659 single family units and 376 multifamily units were issued in 2005.[14]

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 206,459 households in the region, 49,146 owners and renters have housing problems; this represents 23.8 percent of all households.

[13] Texas Interagency Council for the Homeless, "Key Facts."
[14] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 2 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	16,557	7,546	5,733	2,699	559
Lacking Kitchen and/or Plumbing	968	330	161	237	71
Overcrowding	3,906	867	694	1,181	1,164
Owner Households					
Extreme Cost Burden	22,471	6,744	5,894	4,902	4,931
Lacking Kitchen and/or Plumbing	919	253	158	170	60
Overcrowding	4,325	411	558	1,159	2,197
Total	49,146	16,151	13,198	10,348	8,982

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 32 percent indicated that energy assistance was their first priority need, with 21 percent ranking housing assistance as their priority need. Approximately 18 percent of respondents indicated that the development of apartments was the first priority need, 18 percent indicated that capacity building assistance was their top need, and 12 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 54 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 40 percent indicated that their community's greatest need was the construction of new rental units, while 7 percent indicated that there was a minimal need for rental development in their areas and 9 percent had no opinion on the subject. When considering energy assistance activities, 47 percent indicated that weatherization and minor home repairs was the greatest need, as 47 percent indicated that utility assistance was the greatest need.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 2 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	2,753	26.9%	1.6%
HUD Units	1,655	16.2%	2.9%
PHA Units	3,905	38.1%	6.6%
Section 8 Vouchers	2,921	28.5%	2.2%
USDA Units	1,925	18.8%	7.4%
HFC Units*	280		
Total	10,241	100.0%	2.9%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 2 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$1,564,996	4.5%
Housing Tax Credit	$1,251,525	2.9%
Housing Trust Fund	TBD	2.9%
Total	TBD	

REGION 3

Region 3, including the metropolitan areas of Dallas, Fort Worth, Arlington, Sherman, and Denison, is the state's most populous region. According to the 2000 Census, the total population in Region 3 is 5,487,477, which represents 26.3 percent of the state's total population.

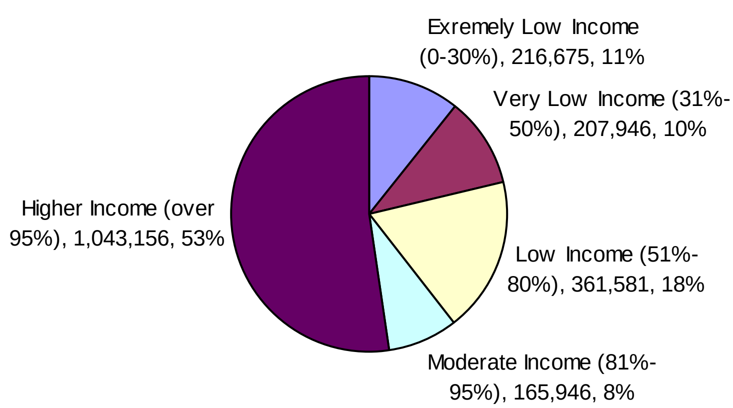
Region 3 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	5,487,477		26.3%
Persons with Disabilities	888,217	16.2%	24.6%
Elderly Persons (without disabilities)	245,186	4.5%	22.6%
Individuals in Poverty	588,688	10.7%	18.9%

Source: 2000 Census

Approximately 93 percent of the population resides in urban areas.

Region 3 Household Incomes



The pie chart to the left depicts the income breakdown of the 1,988,135 households in the region. Approximately 39 percent of households are low income. There are 588,688, or 10.7 percent, individuals living in poverty in the region.

According to 2006 Multiple Listing Service data, the highest median home price is in Collin County at $193,100, while the lowest is in Sherman-Denison at $99,100.[15]

SPECIAL NEEDS POPULATIONS

[15] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

According to 2000 Census data, there are 888,217 persons with disabilities residing in the region, which is 16.2 percent of the total region population. In addition, there are 245,186 elderly individuals without disabilities in the region, which is 4.5 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,16 but figures vary. According to the 2000 Census, there are 6,548 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 1,923 homeless persons in Tarrant and Dallas counties.

HOUSING SUPPLY

According to 2000 Census data, of the 2,140,641 housing units in the region, 2,004,826 are occupied, which is a 93.7 percent occupancy rate. Of the total housing stock, almost 64 percent are one unit; 30 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 60.9 percent are owner occupied and 39.1 percent are occupied by renters.

Region 3 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	2,140,641		26.2%
Total Occupied Housing Units	2,004,826	93.7%	27.1%
Owner-Occupied Units	1,220,939	60.9%	25.9%
Renter-Occupied Units	783,887	39.1%	29.3%

Source: 2000 Census

Data for the region shows that building permits for 50,307 single family units and 10,783 multifamily units were issued in 2005.17

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 1,988,135 households in the region, 610,655 owners and renters have housing problems; this represents 30.7 percent of all households.

[16] Texas Interagency Council for the Homeless, "Key Facts."
[17] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 3 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	206,011	78,911	67,156	48,746	11,198
Lacking Kitchen and/or Plumbing	10,144	2,968	2,087	2,247	675
Overcrowding	114,914	26,062	25,691	30,470	32,691
Owner Households					
Extreme Cost Burden	216,038	50,064	41,410	55,310	69,254
Lacking Kitchen and/or Plumbing	6,044	1,373	850	1,214	487
Overcrowding	57,504	5,876	9,070	16,460	26,098
Total	610,655	165,254	146,264	154,447	140,403

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, 50 percent indicated that housing assistance was their first priority need, followed by energy assistance with 35 percent. Approximately 5 percent of respondents indicated that the development of apartments was the first priority need, 8 percent indicated that capacity building assistance was their top need, and only 3 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 52 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 26 percent indicated that the need for construction and rehabilitation was approximately the same, while 19 percent indicated that there was a minimal need for rental development in their areas and 9 percent had no opinion on the subject. When considering energy assistance activities, 39 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 37 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 3 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	55,393	46.9%	32.4%
HUD Units	10,834	9.2%	18.9%
PHA Units	8,725	7.4%	14.7%
Section 8 Vouchers	39,149	33.1%	29.2%
USDA Units	4,076	3.4%	15.6%
HFC Units*	19,944		
Total	118,177	100.0%	26.4%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA ASSISTANCE FOR 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 3 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$6,158,445	17.8%
Housing Tax Credit	$8,598,298	20.0%
Housing Trust Fund	TBD	20.0%
Total	TBD	

REGION 4

Region 4, located in the northeast corner of the state, surrounds the urban areas of Texarkana, Longview-Marshall, and Tyler. According to the 2000 Census, the total population in Region 4 is 1,015,648, which represents 4.9 percent of the state's total population.

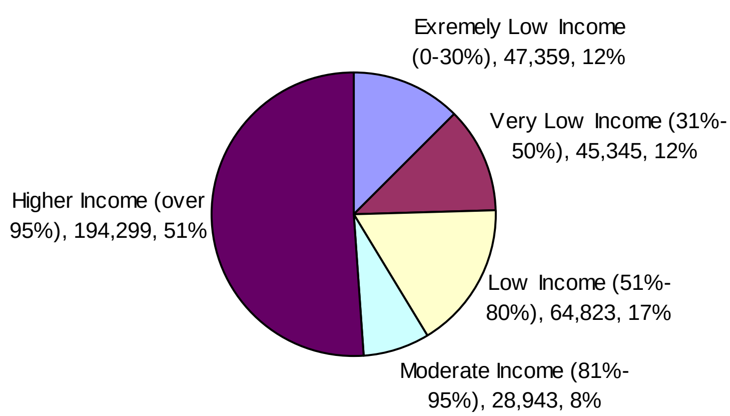
Region 4 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,015,648		4.9%
Persons with Disabilities	213,753	21.0%	5.9%
Elderly Persons (without disabilities)	77,528	7.6%	7.1%
Individuals in Poverty	152,036	15.0%	4.9%

Source: 2000 Census

Region 4 has the highest percentage of rural population in the state at 61 percent.

Region 4 Household Incomes



The pie chart to the left depicts the income breakdown of the 380,765 households in the region. Approximately 41 percent of households are low income. There are 152,036, or 15.0 percent, individuals living in poverty in the region.

2006 Multiple Listing Service data records the median home prices for Tyler and Longview-Marshall as $131,900 and $113,100, respectively.18

SPECIAL NEEDS POPULATIONS

[18] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

According to 2000 Census data, there are 213,753 persons with disabilities residing in the region, which is 21.0 percent of the total region population. In addition, there are 77,528 elderly individuals without disabilities in the region, which is 7.6 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[19] but figures vary. According to the 2000 Census, there are 1,309 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 110 homeless persons in Tyler. Region 4 also experienced damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $1,037,418.22 worth of damage was reported. Households affected by the hurricane have unexpected needs.

HOUSING SUPPLY

According to 2000 Census data, of the 434,792 housing units in the region, 380,468 are occupied, which is an 87.5 percent occupancy rate. Of the total housing stock, almost 71 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 73.8 percent are owner occupied and 26.2 percent are occupied by renters.

Region 4 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	434,792		5.3%
Total Occupied Housing Units	380,468	87.5%	5.1%
Owner-Occupied Units	280,896	73.8%	6.0%
Renter-Occupied Units	99,572	26.2%	3.7%

Source: 2000 Census

In the region, permits for 1,602 single family units and 231 multifamily units were issued in 2005.[20]

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 380,765 households in the region, 100,479 owners and renters have housing problems; this represents 26.4 percent of all households.

[19] Texas Interagency Council for the Homeless, "Key Facts."
[20] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 4 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	27,100	12,500	9,142	4,443	1,015
Lacking Kitchen and/or Plumbing	2,108	724	425	363	135
Overcrowding	8,851	1,951	1,688	2,215	2,997
Owner Households					
Extreme Cost Burden	49,419	15,258	11,379	11,530	11,152
Lacking Kitchen and/or Plumbing	2,742	775	429	508	187
Overcrowding	10,259	1,233	1,477	2,496	5,053
Total	100,479	32,441	24,540	21,555	20,539

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 43 percent indicated that housing assistance was their first priority need, with 29 percent ranking energy assistance as their priority need. Approximately 17 percent of respondents indicated that the development of apartments was the first priority need, 11 percent indicated that capacity building assistance was their top need, and 0 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 53 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 34 percent indicated that the need for construction and rehabilitation was the same, while 11 percent indicated that there was a minimal need for rental development in their areas and 11 percent had no opinion on the subject. When considering energy assistance activities, 41 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 40 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 4 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,182	23.6%	3.0
HUD Units	3,381	15.4%	5.9%
PHA Units	3,422	15.6%	5.8%
Section 8 Vouchers	6,090	27.7%	4.5%
USDA Units	3,872	17.6%	14.8%
HFC Units*	1,160		
Total	21,947	100.0%	4.9%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

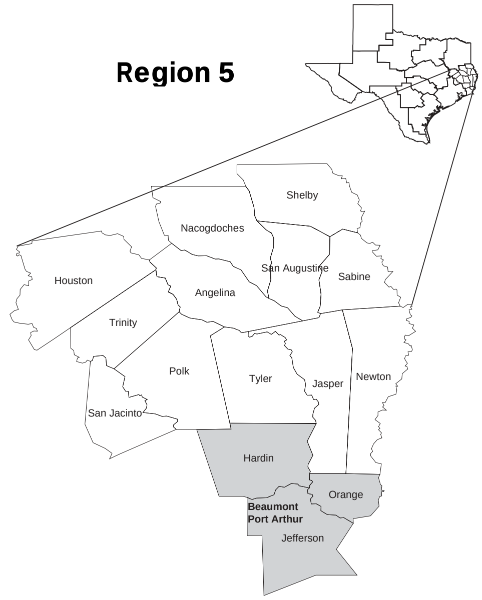
Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 4 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$4,209,442	12.1%
Housing Tax Credit	$2,286,522	5.3%
Housing Trust Fund	TBD	5.3%
Total	TBD	

REGION 5

Region 5 encompasses a 15-county area in east Texas including the urban areas of Beaumont and Port Arthur. According to the 2000 Census, the total population in Region 5 is 740,952, which represents 3.6 percent of the state's total population.



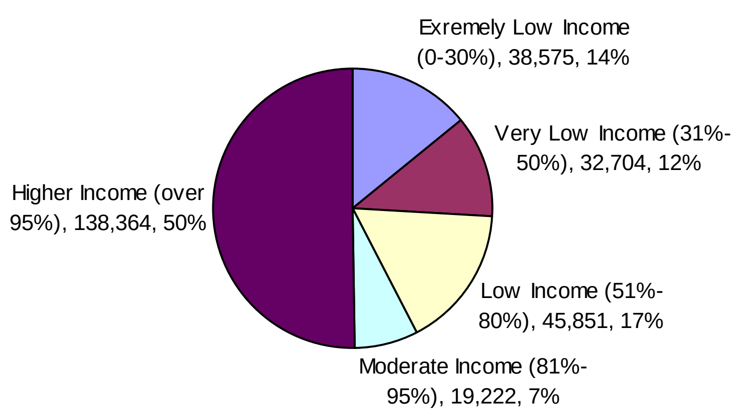
Region 5 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	740,952		3.6%
Persons with Disabilities	150,529	20.3%	4.2%
Elderly Persons (without disabilities)	53,148	7.2%	4.9%
Individuals in Poverty	120,585	16.3%	3.9%

Source: 2000 Census

The population in Region 5 is split, with 50 percent living in urban and 50 percent living in rural areas.

Region 5 Household Incomes



The pie chart to the left depicts the income breakdown of the 274,543 households in the region. Approximately 43 percent of households are low income. There are 120,585, or 16.3 percent, individuals living in poverty in the region.
2006 Multiple Listing Service data records the median home prices for Beaumont and Port Arthur as $113,200 and $89,500, respectively.[21]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 150,529 persons with disabilities residing in the region, which is 20.3 percent of the total region population. In addition, there are 53,148 elderly individuals without disabilities in the region, which is 7.2 percent of the region.

[21] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[22] but figures vary. According to the 2000 Census, there are 672 people in noninstitutional group homes, which include shelters, in the region. In its tabulation on emergency and transitional shelters, the Census did not count homeless persons in metropolitan areas. Region 5 also experienced significant damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $190,251,194.22 worth of damage was reported. Households affected by the hurricane have unexpected needs.

HOUSING SUPPLY

According to 2000 Census data, of the 325,047 housing units in the region, 275,233 are occupied, which is an 84.7 percent occupancy rate. Of the total housing stock, 69.3 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 73.4 percent are owner occupied and 26.6 percent are occupied by renters.

Region 5 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	325,047		4.0%
Total Occupied Housing Units	275,233	84.7%	3.7%
Owner-Occupied Units	201,971	73.4%	4.3%
Renter-Occupied Units	73,262	26.6%	2.7%

Source: 2000 Census

In the region, permits for 1,223 single family units and 398 multifamily units were issued in 2005.[23]

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 274,543 households in the region, 72,650 owners and renters have housing problems; this represents 26.5 percent of all households.

---

[22] Texas Interagency Council for the Homeless, "Key Facts."
[23] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 5 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	21,116	10,733	6,894	2,890	599
Lacking Kitchen and/or Plumbing	1,450	549	300	270	76
Overcrowding	6,868	1,988	1,246	1,477	2,157
Owner Households					
Extreme Cost Burden	32,849	11,845	7,609	7,044	6,351
Lacking Kitchen and/or Plumbing	1,876	555	250	367	90
Overcrowding	8,491	925	970	1,991	4,605
Total	72,650	26,595	17,269	14,039	13,878

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 59 percent indicated that housing assistance was their first priority need, and 10 percent ranking energy assistance as their priority need. Approximately 14 percent of respondents indicated that the development of apartments was the first priority need, 10 percent indicated that capacity building assistance was their top need, and 7 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 49 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 54 percent indicated that the need for construction and rehabilitation is the same, while 3 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 44 percent indicated that utility assistance was the greatest need followed

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 5 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,556	21.2%	2.7%
HUD Units	4,296	20.0%	7.5%
PHA Units	3,241	15.1%	5.5%
Section 8 Vouchers	7,992	37.2%	6.0%
USDA Units	1,371	6.4%	5.2%
HFC Units*	1,160		
Total	21,456	100.0%	4.8%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

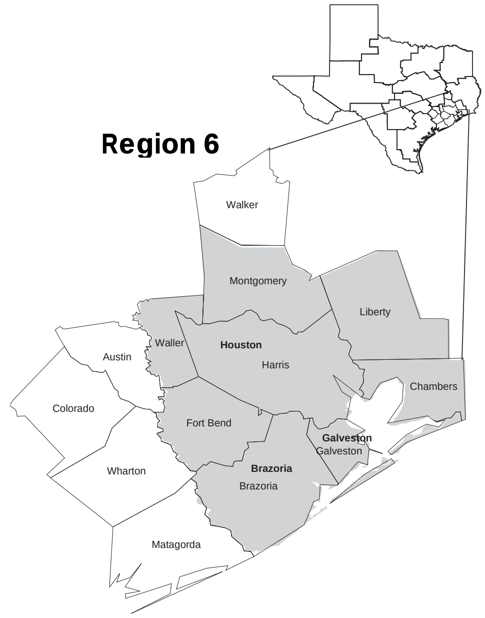
TDHCA ASSISTANCE FOR 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 5 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$2,087,440	6.0%
Housing Tax Credit	$1,365,191	3.2%
Housing Trust Fund	TBD	3.2%
Total	TBD	

REGION 6



Region 6 includes the urban areas of Houston, Brazoria, and Galveston. According to the 2000 Census, the total population in Region 6 is 4,854,454, which represents 23.3 percent of the state's total population.

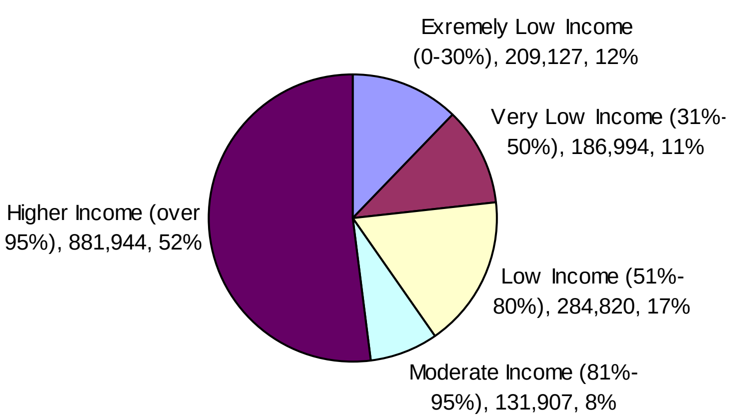
Region 6 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	4,854,454		23.3%
Persons with Disabilities	801,436	16.5%	22.2%
Elderly Persons (without disabilities)	206,438	4.3%	19.0%
Individuals in Poverty	656,239	13.5%	21.0%

Source: 2000 Census

Approximately 92 percent of the populations lives in the urban areas of Region 6.

Region 6 Household Income



The pie chart to the left depicts the income breakdown of the 1,691,811 households in the region. Approximately 40 percent of households are low income. There are 656,239, or 13.5 percent, individuals living in poverty in the region.
2006 Multiple Listing Service data records the median home prices for Houston and Galveston as $148,800 and $173,800, respectively.[24]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 801,436 persons with disabilities residing in the region, which is 16.3 percent of the total region population. In addition, there are 206,438 elderly individuals without disabilities in the region, which is 4.3 percent of the region.

[24] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[25] but figures vary. According to the 2000 Census, there are 7,792 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 1,756 homeless persons in the Houston area. Region 6 also experienced damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $28,325,647.98 worth of damage was reported. Households affected by the hurricane have unexpected needs.

HOUSING SUPPLY

According to 2000 Census data, of the 1,853,854 housing units in the region, 1,702,792 are occupied, which is a 91.9 percent occupancy rate. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 60.9 percent are owner occupied and 39.1 percent are occupied by renters.

Region 6 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	1,853,854		22.7%
Total Occupied Housing Units	1,702,792	91.9%	23.0%
Owner-Occupied Units	1,037,371	60.9%	22.0%
Renter-Occupied Units	665,421	39.1%	24.9%

Source: 2000 Census

In the region, permits for 51,525 single family units and 11,118 multifamily units were issued in 2005.[26]

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 1,691,811 households in the region, 541,869 owners and renters have housing problems; this represents 32.0 percent of all households.

[25] Texas Interagency Council for the Homeless, "Key Facts."

[26] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 6 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	168,355	71,699	55,967	31,103	9,586
Lacking Kitchen and/or Plumbing	9,614	3,228	1,892	2,034	492
Overcrowding	117,586	29,482	27,886	30,141	30,077
Owner Households					
Extreme Cost Burden	173,411	44,640	34,996	42,008	51,767
Lacking Kitchen and/or Plumbing	6,691	1,650	983	1,279	410
Overcrowding	66,212	7,391	10,243	18,303	23,006
Total	541,869	158,090	131,967	124,868	115,338

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 70 percent indicated that housing assistance was their first priority need, with 9 percent ranking energy assistance as their priority need. Approximately 14 percent of respondents indicated that the development of apartments was the first priority need, 9 percent indicated that capacity building assistance was their top need, and 0 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 46 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 31 percent indicated that the need for construction and rehabilitation was the same, while 21 percent indicated that there was a minimal need for rental development in their areas and 12 percent had no opinion on the subject. When considering energy assistance activities, 49 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 36 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 6 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	46,254	52.4%	27.1%
HUD Units	13,076	14.8%	22.8%
PHA Units	5,795	6.6%	9.8%
Section 8 Vouchers	19,713	22.3%	14.7%
USDA Units	3,484	3.9%	13.3%
HFC Units*	37,116		
Total	88,322	100.0%	19.7%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA ASSISTANCE FOR 2007

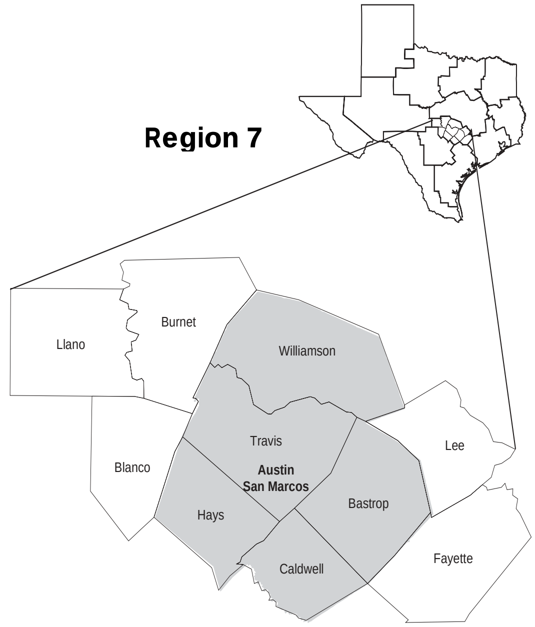
Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 6 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$2,390,795	6.9%
Housing Tax Credit	$10,182,859	23.7%
Housing Trust Fund	TBD	23.7%
Total	TBD	

REGION 7

The urban area of Austin-San Marcos is at the center of Region 7. According to the 2000 Census, the total population in Region 7 is 1,346,833, which represents 6.5 percent of the state's total population.



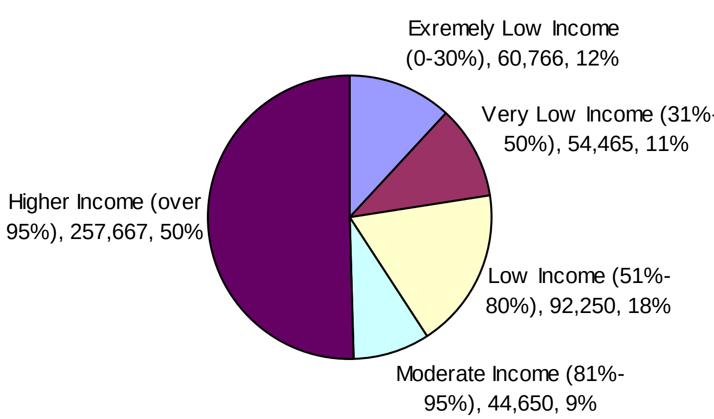
Region 7 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,346,833		6.5%
Persons with Disabilities	190,226	14.1%	5.3%
Elderly Persons (without disabilities)	61,229	4.5%	5.6%
Individuals in Poverty	145,060	10.8%	4.7%

Source: 2000 Census

Approximately 86 percent of the population lives in urban areas.

Region 7 Household Income



The pie chart to the left depicts the income breakdown of the 509,798 households in the region. Approximately 41 percent of households are low income. There are 145,060, or 10.8 percent, individuals living in poverty in the region.

The 2006 Multiple Listing Service median home price for Austin is $171,500.[27]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 190,226 persons with disabilities residing in the region, which is 14.1 percent of the total region population. In addition, there are 61,229 elderly individuals without disabilities in the region, which is 4.5 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless

[27] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

estimates that there are 200,000 homeless individuals in Texas,[28] but figures vary. According to the 2000 Census, there are 2,354 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 481 homeless persons in Austin.

HOUSING SUPPLY

According to 2000 Census data, of the 545,761 housing units in the region, 510,555 are occupied, which is a 93.5 percent occupancy rate. Of the total housing stock, 62 percent are one unit; 30 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 59.8 percent are owner occupied and 40.2 percent are occupied by renters.

Region 7 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	545,761		6.7%
Total Occupied Housing Units	510,555	93.5%	6.9%
Owner-Occupied Units	305,294	59.8%	6.5%
Renter-Occupied Units	205,261	40.2%	7.7%

Source: 2000 Census

Data for the region shows that building permits for 18,113 single family units and 6,091 multifamily units were issued in 2004.[29]

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 509,798 households in the region, 164,537 owners and renters have housing problems; this represents 32.3 percent of all households.

[28] Texas Interagency Council for the Homeless, "Key Facts."
[29] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 7 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	68,118	27,648	21,497	15,700	3,273
Lacking Kitchen and/or Plumbing	2,869	1,170	562	565	185
Overcrowding	22,581	5,433	5,070	5,645	6,433
Owner Households					
Extreme Cost Burden	56,638	11,452	10,018	16,282	18,884
Lacking Kitchen and/or Plumbing	2,013	519	291	423	110
Overcrowding	12,318	1,023	2,055	3,503	5,719
Total	164,537	47,245	39,493	42,118	34,604

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 32 percent indicated that the development of apartments was their first priority need, with 27 percent ranking housing assistance as their priority need. Approximately 14 percent of respondents indicated that energy assistance was the first priority need, 27 percent indicated that capacity building assistance was their top need, and 0 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 34 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 45 percent indicated that their community's greatest need was the construction of new rental units, while 14 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 38 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 34 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 7 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	15,315	49.0%	9.0%
HUD Units	2,889	9.2%	5.0%
PHA Units	3,522	11.3%	5.9%
Section 8 Vouchers	8,053	25.8%	6.0%
USDA Units	1,461	4.7%	5.6%
HFC Units*	8,076		
Total	31,240	100.0%	7.0%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

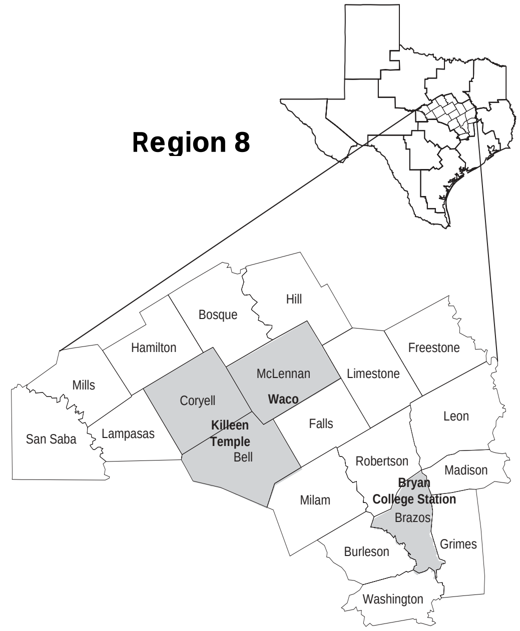
Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 7 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$1,432,347	4.1%
Housing Tax Credit	$1,919,458	4.5%
Housing Trust Fund	TBD	4.5%
Total	TBD	

REGION 8

Region 8, located in the center of the state, surrounds the urban areas of Waco, Bryan, College Station, Killeen, and Temple. According to the 2000 Census, the total population in Region 8 is 963,139 which represents 4.6 percent of the state's total population.



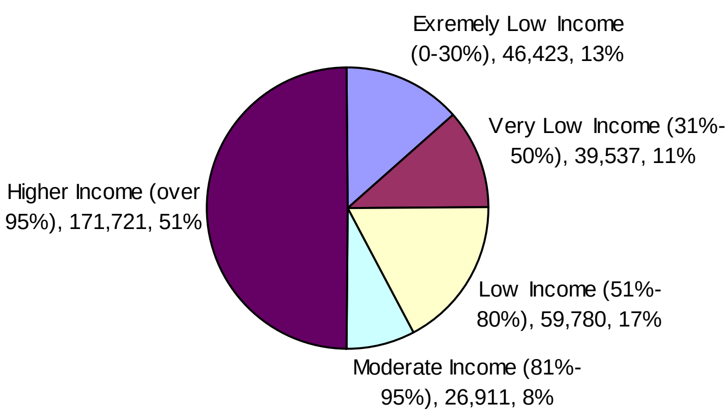
Region 8 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	963,139		4.6%
Persons with Disabilities	160,743	16.7%	4.5%
Elderly Persons (without disabilities)	55,854	5.8%	5.1%
Individuals in Poverty	149,480	15.5%	4.8%

Source: 2000 Census

Approximately 75 percent of the population lives in the urban areas of Region 8.

Region 8 Household Income



The pie chart to the left depicts the income breakdown of the 343,856 households in the region. Approximately 41 percent of households are low income. There are 149,480, or 15.5 percent, individuals living in poverty in the region.
2006 Multiple Listing Service data records the median home price for Bryan-College Station as $134,500.[30]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 160,743 persons with disabilities residing in the region, which is 16.7 percent of the total region population. In addition, there are 55,854 elderly individuals without disabilities in the region, which is 5.8 percent of the region.

[30] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[31] but figures vary. According to the 2000 Census, there are 1,003 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 129 homeless persons in the Killeen area.

HOUSING SUPPLY

According to 2000 Census data, of the 387,627 housing units in the region, 344,575 are occupied, which is an 88.9 percent occupancy rate. Of the total housing stock, 67 percent are one unit; 20 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 61.2 percent are owner occupied and 38.8 percent are occupied by renters.

Region 8 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	387,627		4.8%
Total Occupied Housing Units	344,575	88.9%	4.7%
Owner-Occupied Units	210,882	61.2%	4.5%
Renter-Occupied Units	133,693	38.8%	5.0%

Source: 2000 Census

Data for the region shows that building permits for 5,399 single family units and 2,054 multifamily units were issued in 2005.[32]

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 343,856 households in the region, 103,864 owners and renters have housing problems; this represents 30.2 percent of all households.

[31] Texas Interagency Council for the Homeless, "Key Facts."
[32] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 8 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	42,797	20,028	12,657	8,285	1,826
Lacking Kitchen and/or Plumbing	1,831	601	354	355	92
Overcrowding	12,409	2,903	2,232	3,502	3,772
Owner Households					
Extreme Cost Burden	36,129	9,754	7,763	9,069	9,543
Lacking Kitchen and/or Plumbing	1,798	477	346	331	112
Overcrowding	8,900	741	1,055	2,293	4,811
Total	103,864	34,504	24,407	23,835	20,156

Source: 2000 CHAS

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 26 percent indicated that housing assistance was their first priority need, with 22 percent ranking energy assistance as their priority need. Approximately 19 percent of respondents indicated that the development of apartments was the first priority need, 22 percent indicated that capacity building assistance was their top need, and 11 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 48 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 40 percent indicated that their community's greatest need was the construction of new rental units, while 20 percent indicated that there was a minimal need for rental development in their areas and 9 percent had no opinion on the subject. When considering energy assistance activities, 60 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 34 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 8 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,356	24.2%	3.1%
HUD Units	2,683	12.1%	4.7%
PHA Units	3,273	14.8%	5.5%
Section 8 Vouchers	8,053	36.3%	4.0%
USDA Units	2,804	12.6%	10.7%
HFC Units*	304		
Total	22,169	100.0%	4.4%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA ASSISTANCE FOR 2007

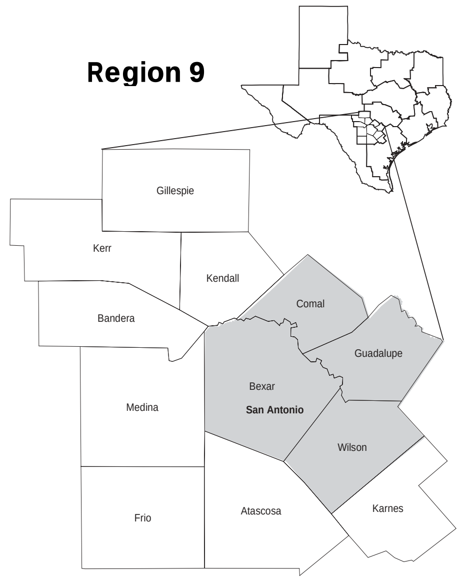
Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 8 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$1,163,474	3.4%
Housing Tax Credit	$2,358,376	5.5%
Housing Trust Fund	TBD	5.5%
Total	TBD	

REGION 9

San Antonio is the main metropolitan area in Region 9. According to the 2000 Census, the total population in Region 9 is 1,807,868, which represents 8.7 percent of the state's total population.



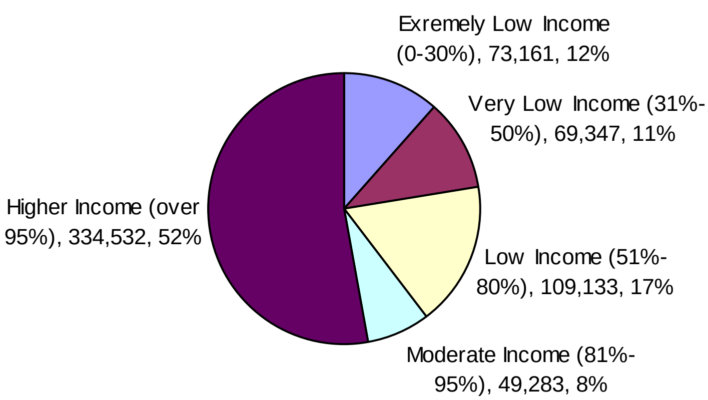
Region 9 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,807,868		8.7%
Persons with Disabilities	337,541	18.7%	9.4%
Elderly Persons (without disabilities)	107,974	6.0%	9.9%
Individuals in Poverty	267,118	14.8%	8.6%

Source: 2000 Census

Approximately 89 percent of the population lives in urban areas.

Region 9 Household Income



The pie chart to the left depicts the income breakdown of the 635,280 households in the region. Approximately 40 percent of households are low income. There are 267,118, or 14.8 percent, individuals living in poverty in the region.

The 2006 Multiple Listing Service records the median home price for San Antonio as $139,500.[33]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 337,541 persons with disabilities residing in the region, which is 18.7 percent of the total region population. In addition, there are 107,974 elderly individuals without disabilities in the region, which is 6.0 percent of the region.

[33] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[34] but figures vary. According to the 2000 Census, there are 2,919 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 850 homeless persons in San Antonio.

HOUSING SUPPLY

According to 2000 Census data, of the 689,862 housing units in the region, 636,796 are occupied, which is a 92.3 percent occupancy rate. Of the total housing stock, 69 percent are one unit; 22 percent are over two units; 8 percent are mobile homes; and the rest are boats and RVs. Approximately 65.0 percent are owner occupied and 35.0 percent are occupied by renters.

Region 9 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	689,862		8.5%
Total Occupied Housing Units	636,796	92.3%	8.6%
Owner-Occupied Units	414,009	65.0%	8.8%
Renter-Occupied Units	222,787	35.0%	8.3%

Source: 2000 Census

Data for the region shows that building permits for 14,901 single family units and 7,663 multifamily units were issued in 2005.[35]

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 635,280 households in the region, 194,512 owners and renters have housing problems; this represents 30.6 percent of all households.

[34] Texas Interagency Council for the Homeless, "Key Facts."
[35] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 9 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	62,012	24,095	19,495	14,458	3,964
Lacking Kitchen and/or Plumbing	3,284	1,137	484	751	241
Overcrowding	28,877	7,296	6,160	7,359	8,062
Owner Households					
Extreme Cost Burden	71,630	17,316	14,240	17,201	22,873
Lacking Kitchen and/or Plumbing	3,270	713	667	624	297
Overcrowding	25,439	2,644	4,107	6,555	12,133
Total	194,512	53,201	45,153	46,948	47,570

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 67 percent indicated that housing assistance was their first priority need, with 20 percent ranking energy assistance as their top need. Approximately 7 percent of respondents indicated that the development of apartments was the first priority need, 0 percent indicated that capacity building assistance was their top need, and 7 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 53 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 34 percent indicated that the need for construction and rehabilitation was the same, while 18 percent indicated that there was a minimal need for rental development in their areas and 18 percent had no opinion on the subject. When considering energy assistance activities, 41 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 29 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 9 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	13,847	32.7%	8.1%
HUD Units	5,321	12.6%	9.3%
PHA Units	7,321	17.3%	12.3%
Section 8 Vouchers	14,859	35.1%	11.1%
USDA Units	971	2.3%	3.7%
HFC Units*	21,974		
Total	42,319	100.0%	9.5%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA ASSISTANCE FOR 2007

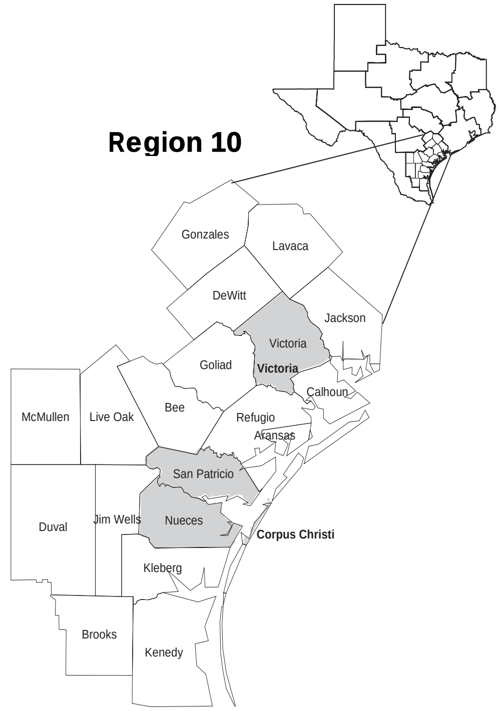
Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 9 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Total Program Funding
HOME	$1,941,552	5.6%
Housing Tax Credit	$2,448,901	5.7%
Housing Trust Fund	TBD	5.7%
Total	TBD	

REGION 10

Region 10, including the urban areas of Corpus Christi and Victoria, is located in the south eastern part of the state on the Gulf of Mexico. According to the 2000 Census, the total population in Region 10 is 732,917, which represents 3.5 percent of the state's total population.



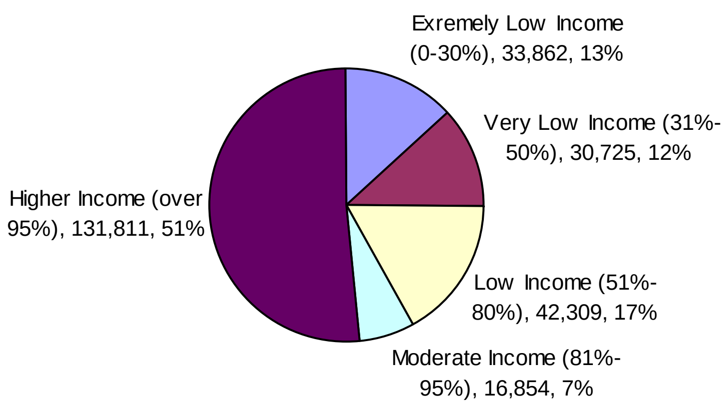
Region 10 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	732,917		3.5%
Persons with Disabilities	141,592	19.3%	3.9%
Elderly Persons (without disabilities)	46,900	6.4%	4.3%
Individuals in Poverty	132,214	18.0%	4.2%

Source: 2000 Census

In Region 10, 62 percent live in urban areas.

Region 10 Household Income



The pie chart to the left depicts the income breakdown of the 255,493 households in the region. Approximately 42 percent of households are low income. There are 132,214, or 18.0 percent, individuals living in poverty in the region.

The 2006 Multiple Listing Service records the median home price for Corpus Christi as $131,100.[36]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 141,592 persons with disabilities residing in the region, which is 19.3 percent of the total region population. In addition, there are 46,900 elderly individuals without disabilities in the region, which is 6.4 percent of the region.

[36] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,37 but figures vary. According to the 2000 Census, there are 1,456 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 272 homeless persons in Corpus Christi.

HOUSING SUPPLY

According to 2000 Census data, of the 298,494 housing units in the region, 256,428 are occupied, which is an 85.9 percent occupancy rate. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; 10 percent are mobile homes; and the rest are boats and RVs. Approximately 66.8 percent are owner occupied and 33.2 percent are occupied by renters.

Region 10 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	298,494		3.7%
Total Occupied Housing Units	256,428	85.9%	3.5%
Owner-Occupied Units	171,319	66.8%	3.6%
Renter-Occupied Units	85,109	33.2%	3.2%

Source: 2000 Census

Data for the region shows that building permits for 2,547 single family units and 807 multifamily units were issued in 2005.[38]

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 255,493 households in the region, 76,196 owners and renters have housing problems; this represents 29.8 percent of all households.

[37] Texas Interagency Council for the Homeless, "Key Facts."
[38] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 10 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	23,006	9,258	7,433	4,896	1,419
Lacking Kitchen and/or Plumbing	1,497	513	234	355	62
Overcrowding	10,429	3,082	2,112	2,289	2,946
Owner Households					
Extreme Cost Burden	28,552	8,706	6,387	6,181	7,278
Lacking Kitchen and/or Plumbing	1,783	588	407	323	66
Overcrowding	10,929	1,235	1,563	2,421	5,710
Total	76,196	23,382	18,136	16,465	17,481

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 40 percent indicated that housing assistance was their first priority need, with 15 percent ranking energy assistance as their priority need. Approximately 15 percent of respondents indicated that the development of apartments was the first priority need, 30 percent indicated that capacity building assistance was their top need, and 0 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 81 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 41 percent indicated that their community's greatest need was the construction of new rental units, while 18 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 54 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 36 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 10 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,968	23.1%	2.3%
HUD Units	3,811	22.2%	6.6%
PHA Units	3,976	23.1%	6.7%
Section 8 Vouchers	3,804	22.1%	2.8%
USDA Units	1,619	9.4%	6.2%
HFC Units*	968		
Total	17,178	100.0%	3.8%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 10 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$2,538,461	7.3%
Housing Tax Credit	$1,575,474	3.7%
Housing Trust Fund	TBD	3.7%
Total	TBD	

REGION 11

Region 11 is a 16-county area along the border of Mexico. The main urban areas in the region are Brownsville-Harlingen, McAllen-Edinburg, Del Rio, and Laredo. According to the 2000 Census, the total population in Region 11 is 1,343,330, which represents 6.4 percent of the state's total population.

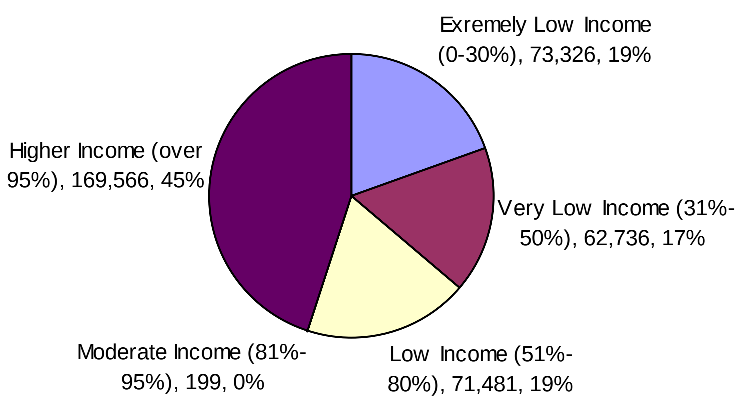
Region 11 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,343,330		6.4%
Persons with Disabilities	257,838	19.2%	7.2%
Elderly Persons (without disabilities)	67,505	5.0%	6.2%
Individuals in Poverty	455,366	33.9%	14.6%

Source: 2000 Census

About 68 percent of the population lives in urban areas.

Region 11 Household Income



The pie chart to the left depicts the income breakdown of the 377,276 households in the region. Approximately 55 percent of households are low income.[39] There are 455,366, or 33.9 percent, individuals living in poverty in the region.

2006 Multiple Listing Service data records the median home prices for Brownsville as $110,400 and McAllen as $109,700.[40]

[39] The CHAS figures for moderate and higher income households in Region 11 indicate that there are only 199 persons with incomes between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because, except for the first time homebuyer program which is done through a network of participating lenders, TDHCA programs serve persons below 80 percent AMFI.
[40] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 257,838 persons with disabilities residing in the region, which is 19.2 percent of the total region population. In addition, there are 67,505 elderly individuals without disabilities in the region, which is 5.0 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[41] but figures vary. According to the 2000 Census, there are 1,211 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 193 homeless persons in Laredo.

HOUSING SUPPLY

According to 2000 Census data, of the 457,406 housing units in the region, 378,275 are occupied, which is an 82.7 percent occupancy rate. Of the total housing stock, 66 percent are one unit; 14 percent are over two units; 18 percent are mobile homes; and the rest are boats and RVs. Approximately 70.8 percent are owner occupied and 29.2 percent are occupied by renters.

Region 11 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	457,406		5.6%
Total Occupied Housing Units	378,275	82.7%	5.1%
Owner-Occupied Units	267,716	70.8%	5.7%
Renter-Occupied Units	110,559	29.2%	4.1%

Source: 2000 Census

Data for the region shows that building permits for 12,171 single family units and 3,089 multifamily units were issued in 2005.[42]

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 377,276 households in the region, 161,609 owners and renters have housing problems; this represents 42.8 percent of all households.

[41] Texas Interagency Council for the Homeless, "Key Facts."
[42] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 11 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	25,023	13,381	7,343	3,335	964
Lacking Kitchen and/or Plumbing	4,751	2,474	1,099	636	0
Overcrowding	31,457	11,542	7,321	6,233	6,361
Owner Households					
Extreme Cost Burden	43,599	15,558	10,747	8,961	8,333
Lacking Kitchen and/or Plumbing	8,043	3,043	2,045	1,585	0
Overcrowding	48,736	8,375	9,672	12,299	18,390
Total	161,609	54,373	38,227	33,049	34,048

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 40 percent indicated that housing assistance was their first priority need, with 10 percent ranking energy assistance as their priority need. Approximately 20 percent of respondents indicated that the development of apartments was the first priority need, 20 percent indicated that capacity building assistance was their top need, and 10 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 46 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 50 percent indicated that the need for construction and rehabilitation was the same, while 0 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 59 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 29 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 11 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	7,400	22.2%	4.3%
HUD Units	3,695	11.1%	6.4%
PHA Units	7,223	21.6%	12.2%
Section 8 Vouchers	13,071	39.1%	9.8%
USDA Units	2,003	6.0%	7.7%
HFC Units*	204		
Total	33,392	100.0%	7.5%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

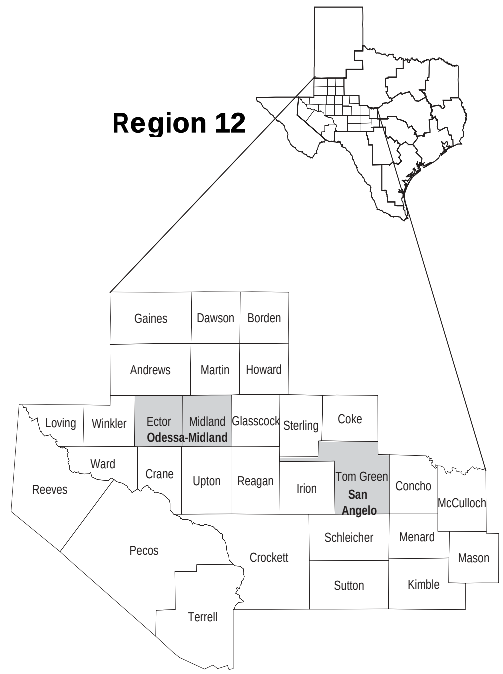
Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 11 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$6,245,987	18.0%
Housing Tax Credit	$5,600,674	13.0%
Housing Trust Fund	TBD	13.0%
Total	TBD	

REGION 12

Region 12 in west Texas surrounds the urban areas of Odessa-Midland and San Angelo. According to the 2000 Census, the total population in Region 12 is 524,884, which represents 2.5 percent of the state's total population.



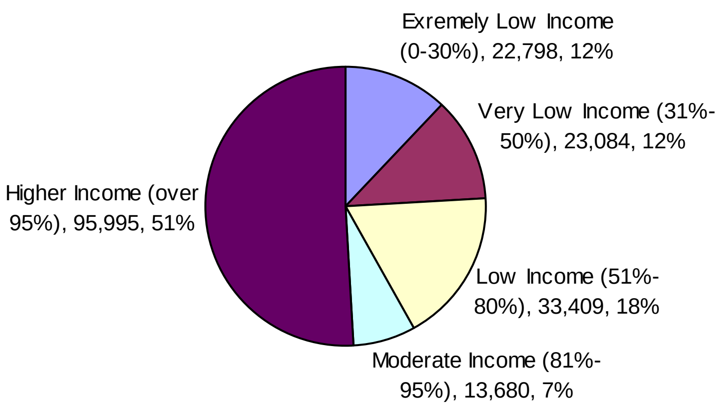
Region 12 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	524,884		2.5%
Persons with Disabilities	91,822	17.5%	2.5%
Elderly Persons (without disabilities)	35,764	6.8%	3.3%
Individuals in Poverty	85,063	16.2%	2.7%

Source: 2000 Census

Approximately 68 percent of the population lives in urban areas.

Region 12 Household Income



The pie chart to the left depicts the income breakdown of the 188,921 households in the region. Approximately 42 percent of households are low income. There are 85,063, or 16.2 percent, individuals living in poverty in the region.

Multiple Listing Service data records the median home prices for Odessa-Midland as $104,200.[43]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 91,822 persons with disabilities residing in the region, which is 17.5 percent of the total region population. In addition, there are 35,764 elderly individuals without disabilities in the region, which is 6.8 percent of the region.

[43] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,44 but figures vary. According to the 2000 Census, there are 414 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census did not count any homeless people in metropolitan areas.

HOUSING SUPPLY

According to 2000 Census data, of the 221,968 housing units in the region, 189,582 are occupied, which is an 85.4 percent occupancy rate. Of the total housing stock, 72 percent are one unit; 16 percent are over two units; 12 percent are mobile homes; and the rest are boats and RVs. Approximately 70.1 percent are owner occupied and 29.9 percent are occupied by renters.

Region 12 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	221,968		2.7%
Total Occupied Housing Units	189,582	85.4%	2.6%
Owner-Occupied Units	132,956	70.1%	2.8%
Renter-Occupied Units	56,626	29.9%	2.1%

Source: 2000 Census

Data for the region shows that building permits for 922 single family units and 179 multifamily units were issued in 2005.[45]

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 188,921 households in the region, 49,895 owners and renters have housing problems; this represents 26.4 percent of all households.

[44] Texas Interagency Council for the Homeless, "Key Facts."
[45] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 12 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	14,243	6,874	4,782	2,151	436
Lacking Kitchen and/or Plumbing	1,103	355	253	204	24
Overcrowding	5,372	1,392	983	1,364	1,633
Owner Households					
Extreme Cost Burden	20,719	6,228	5,142	4,727	4,622
Lacking Kitchen and/or Plumbing	1,138	265	223	264	64
Overcrowding	7,320	752	1,186	2,243	3,139
Total	49,895	15,866	12,569	10,953	9,918

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 45 percent indicated that housing assistance was their first priority need, with 9 percent ranking energy assistance as their priority need. Approximately 27 percent of respondents indicated that the development of apartments was the first priority need, 9 percent indicated that capacity building assistance was their top need, and 9 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 50 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 42 percent indicated that their community's greatest need was the construction of new rental units, while 17 percent indicated that there was a minimal need for rental development in their areas and 4 percent had no opinion on the subject. When considering energy assistance activities, 46 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 42 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 12 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	2,926	30.4%	1.7%
HUD Units	1,792	18.6%	3.1%
PHA Units	1,183	12.3%	2.0%
Section 8 Vouchers	3,039	31.6%	2.3%
USDA Units	687	7.1%	2.6%
HFC Units*	24		
Total	9,627	100.0%	2.2%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 12 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$1,871,449	5.4%
Housing Tax Credit	$1,300,187	3.0%
Housing Trust Fund	TBD	3.0%
Total	TBD	

REGION 13

El Paso is the main urban area in Region 13. The region spreads along the Texas-Mexico border in the southwestern tip of the state. According to the 2000 Census, the total population in Region 13 is 524,884, which represents 2.5 percent of the state's total population.

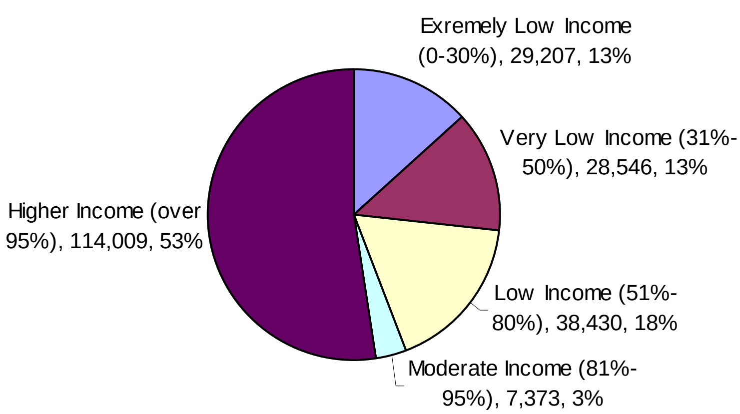
Region 13 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	704,318		3.4%
Persons with Disabilities	128,000	18.2%	3.6%
Elderly Persons (without disabilities)	35,421	5.0%	3.3%
Individuals in Poverty	165,122	23.4%	5.3%

Source: 2000 Census

Approximately 92 percent of the region population lives in the urban area of El Paso.

Region 13 Household Income



The pie chart to the left depicts the income breakdown of the 216,861 households in the region. Approximately 44 percent of households are low income. There are 165,122, or 23.4 percent, individuals living in poverty in the region.
The 2006 Multiple Listing Service data records the median home price for El Paso as $125,700.[46]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 128,000 persons with disabilities residing in the region, which is 18.2 percent of the total region population. In addition, there are 35,421 elderly individuals without disabilities in the region, which is 5.0 percent of the region.

[46] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[47] but figures vary. According to the 2000 Census, there are 1,022 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 356 homeless people in El Paso.

HOUSING SUPPLY

According to 2000 Census data, of the 236,572 housing units in the region, 219,261 are occupied, which is a 92.7percent occupancy rate. Of the total housing stock, 68 percent are one unit; 23 percent are over two units; 8 percent are mobile homes; and the rest are boats and RVs. Approximately 63.8 percent are owner occupied and 36.2 percent are occupied by renters.

Region 13 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	236,572		2.9%
Total Occupied Housing Units	219,261	92.7%	3.0%
Owner-Occupied Units	139,842	63.8%	3.0%
Renter-Occupied Units	79,419	36.2%	3.0%

Source: 2000 Census

Data for the region shows that building permits for 4,459 single family units and 1,074 multifamily units were issued in 2005.[48]

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 216,861 households in the region, 81,248 owners and renters have housing problems; this represents 37.5 percent of all households.

[47] Texas Interagency Council for the Homeless, "Key Facts."
[48] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Region 13 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	22,151	8,941	7,159	4,652	1,399
Lacking Kitchen and/or Plumbing	1,679	470	539	297	24
Overcrowding	15,170	15,170	3,728	3,575	3,653
Owner Households					
Extreme Cost Burden	26,451	6,254	5,872	7,268	7,057
Lacking Kitchen and/or Plumbing	1,879	366	411	523	84
Overcrowding	13,918	1,296	2,037	3,263	7,322
Total	81,248	32,497	19,746	19,578	19,539

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 47 percent indicated that housing assistance was their first priority need, with 0 percent ranking energy assistance as their priority need. Approximately 20 percent of respondents indicated that the development of apartments was the first priority need, 13 percent indicated that capacity building assistance was their top need, and 20 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 41 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 46 percent indicated that their community's greatest need was the construction of new rental units, while 12 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 52 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 24 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 13 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,598	20.1%	2.1%
HUD Units	1,863	10.4%	3.2%
PHA Units	6,284	35.1%	10.6%
Section 8 Vouchers	5,842	32.7%	4.4%
USDA Units	298	1.7%	1.1%
HFC Units*	378		
Total	17,885	100.0%	4.0%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 13 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Total Program Funding
HOME	$949,236	2.7%
Housing Tax Credit	$2,016,435	4.7%
Housing Trust Fund	TBD	4.7%
Total	TBD	

REGIONAL PLANS SUMMARY

The housing and community service needs of the different regions of Texas are as varied as the regions themselves. This section summarizes the information from the regional plans in the previous section.

POPULATION CHARACTERISTICS

The most populous regions of the state according to the 2000 Census are Regions 3 and 6, together representing almost 50 percent of the state. Regions 3, 7, and 11 are the fastest growing areas as indicated by population estimates.

Population by Region

Service Region	Population 2000 Census	Percent of State's Population	Population Estimate Jan 1, 2003	Percent Change 2000 to 2003
1	780,733	3.7%	789,292	1.1%
2	549,267	2.6%	548,013	-0.2%
3	5,487,477	26.3%	5,898,978	7.5%
4	1,015,648	4.9%	1,044,537	2.8%
5	740,952	3.6%	750,676	1.3%
6	4,854,454	23.3%	5,182,676	6.8%
7	1,346,833	6.5%	1,448,465	7.5%
8	963,139	4.6%	998,728	3.7%
9	1,807,868	8.7%	1,901,127	5.2%
10	732,917	3.5%	740,168	1.0%
11	1,343,330	6.4%	1,455,917	8.4%
12	524,884	2.5%	527,426	0.5%
13	704,318	3.4%	730,908	3.8%
State	20,851,820	100%	22,016,911	5.6%

Source: 2000 US Census and Texas State Data Center

The regions with the highest number of persons in poverty are Regions 6, 3, and 11. The state poverty rate is 15.4 percent. The regions with the highest rate of poverty are along the border, Regions 13 and 11 with poverty rates of 23.9 percent and 34.4 percent respectively.

Population and Poverty, 2000

Service Region	Persons in Poverty	Percent of State Poverty Total	Population for whom Poverty Status is Determined	Percent of Regional Population in Poverty
1	122,991	3.9%	748,227	16.4%
2	77,647	2.5%	514,399	15.1%
3	588,688	18.9%	5,389,443	10.9%
4	152,036	4.9%	971,222	15.7%
5	120,585	3.9%	705,774	17.1%
6	656,239	21.0%	4,763,150	13.8%
7	145,060	4.7%	1,310,221	11.1%
8	149,480	4.8%	897,160	16.7%
9	267,118	8.6%	1,759,653	15.2%
10	132,214	4.2%	708,646	18.7%
11	455,366	14.6%	1,324,854	34.4%
12	85,063	2.7%	503,813	16.9%
13	165,122	5.3%	690,738	23.9%
State	3,117,609	100.0%	20,287,300	15.4%

Source: 2000 US Census

The table below provides information on the income breakdowns of households in each region.

Households and Income, 2000

Service Region	Total Households	Extremely Low Income (0% to 30% AMFI)	Very Low Income (31% to 50% AMFI)	Low Income (51% to 80% AMFI)	Moderate Income (81% to 95% AMFI)	Higher Income (over 95% AMFI)
1	288,273	36,433	34,684	53,087	20,604	143,475
2	206,459	23,690	26,096	37,041	15,491	104,169
3	1,988,135	216,675	207,946	361,581	165,946	1,043,156
4	380,765	47,359	45,345	64,823	28,943	194,299
5	274,543	38,575	32,704	45,851	19,222	138,364
6	1,691,811	209,127	186,994	284,820	131,907	881,944
7	509,798	60,766	54,465	92,250	44,650	257,667
8	343,856	46,423	39,537	59,780	26,911	171,721
9	635,280	73,161	69,347	109,133	49,283	334,532
10	255,493	33,862	30,725	42,309	16,854	131,811
11	377,276	73,326	62,736	71,481	199	169,566
12	188,921	22,798	23,084	33,409	13,680	95,995
13	216,861	29,207	28,546	38,430	7,373	114,009
State	7,357,471	911,402	842,209	1,293,995	541,063	3,780,708

Source: CHAS Database

HOUSING SUPPLY

Of the state's housing stock, regions 1 and 2 have the highest percentage of one-unit housing; Regions 3, 6, and 7 have the highest levels of multifamily housing.

Housing Stock by Region, 2000

Service Region	Housing Units	One Unit	2 to 19 Units	Over 20 Units	Mobile Homes	Boats, RVs
1	322,045	240,418	30,163	20,997	29,683	784
		74.7%	9.4%	6.5%	9.2%	0.2%
2	243,506	186,932	21,599	7,974	25,365	1,636
		76.8%	8.9%	3.3%	10.4%	0.7%
3	2,140,641	1,373,780	385,269	259,402	118,078	4,112
		64.2%	18.0%	12.1%	5.5%	0.2%
4	434,792	307,802	32,153	13,754	78,312	2,771
		70.8%	7.4%	3.2%	18.0%	0.6%
5	325,047	225,213	23,868	12,709	60,328	2,929
		69.3%	7.3%	3.9%	18.6%	0.9%
6	1,853,854	1,175,460	265,188	293,889	115,535	3,782
		63.4%	14.3%	15.9%	6.2%	0.2%
7	545,761	339,272	96,402	66,390	41,991	1,706
		62.2%	17.7%	12.2%	7.7%	0.3%
8	387,627	259,909	58,646	19,960	47,492	1,620
		67.1%	15.1%	5.1%	12.3%	0.4%
9	689,862	476,751	101,504	52,139	57,339	2,129
		69.1%	14.7%	7.6%	8.3%	0.3%
10	298,494	212,067	36,198	17,165	30,936	2,128
		71.0%	12.1%	5.8%	10.4%	0.7%
11	457,406	303,046	45,937	18,112	80,947	9,364
		66.3%	10.0%	4.0%	17.7%	2.0%
12	221,968	159,092	21,931	13,796	26,240	909
		71.7%	9.9%	6.2%	11.8%	0.4%
13	236,572	161,168	32,741	22,814	19,406	443
		68.1%	13.8%	9.6%	8.2%	0.2%
State	8,157,575	5,420,910	1,151,599	819,101	731,652	34,313
		66.5%	14.1%	10.0%	9.0%	0.4%

Source: 2000 US Census

The homeownership rate for the State is 63.8 percent. The region with the lowest percentage of homeowners is Region 7 with 59.8 percent. The region with the highest percentage of homeowners is Region 4 with 73.8 percent.

Housing Units by Occupancy, 2000

		Owner Occupied		Renter Occupied	
Service Region	Total Tenure	Number	Percent	Number	Percent
1	288,175	191,161	66.3%	97,014	33.7%
2	206,388	142,603	69.1%	63,785	30.9%
3	2,004,826	1,220,939	60.9%	783,887	39.1%
4	380,468	280,896	73.8%	99,572	26.2%
5	275,233	201,971	73.4%	73,262	26.6%
6	1,702,792	1,037,371	60.9%	665,421	39.1%
7	510,555	305,294	59.8%	205,261	40.2%
8	344,575	210,882	61.2%	133,693	38.8%
9	636,796	414,009	65.0%	222,787	35.0%
10	256,428	171,319	66.8%	85,109	33.2%
11	378,275	267,716	70.8%	110,559	29.2%
12	189,582	132,956	70.1%	56,626	29.9%
13	219,261	139,842	63.8%	79,419	36.2%
State	7,393,354	4,716,959	63.8%	2,676,395	36.2%

Source: 2000 US Census

Information on the number of housing permits provides information on the regional housing industry. The regions with the highest share of the state's housing permits are also the most populous regions: 3 and 6. Across the state, there were nearly four times as many single family permits as multifamily permits.

Housing Permits, 2005

Service Region	Multifamily Housing Permits	Percent of State	Single Family Housing Permits	Percent of State	Total Housing Permits	Percent of State
1	824	1.9%	2,375	1.4%	3,199	1.5%
2	376	0.8%	659	0.4%	1,035	0.5%
3	10,924	24.6%	50,307	30.3%	61,231	29.1%
4	94	0.2%	1,602	1.0%	1,696	0.8%
5	398	0.9%	878	0.5%	1,276	0.6%
6	11,118	25.0%	51,525	31.0%	62,643	29.7%
7	6,091	13.7%	18,113	10.9%	24,204	11.5%
8	2,054	4.6%	5,399	3.2%	7,453	3.5%
9	7,663	17.2%	14,901	9.0%	22,564	10.7%
10	551	1.2%	2,547	1.5%	3,098	1.5%
11	3,089	7.0%	12,171	7.3%	15,260	7.2%
12	179	0.4%	922	0.6%	1,101	0.5%
13	1,074	2.4%	4,886	2.9%	5,960	2.8%
State	44,435	100.0%	166,285	100.0%	210,720	100.0%

Source: Real Estate Center at Texas A&M University

NEED INDICATORS

The chart below shows the number of renter households with cost burden greater than 30 percent by income group. The highest numbers of very low income households with extreme cost burden are found in Region 3 with a total of 206,011 households and Region 6 with 168,355 households.

Number of Renter Households with Extreme Cost Burden by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	29,555	14,026	9,256	5,092	636	545
2	16,557	7,546	5,753	2,699	263	296
3	206,011	78,911	67,156	48,746	5,773	5,425
4	27,100	12,500	9,142	4,443	606	409
5	21,116	10,733	6,894	2,890	254	345
6	168,355	71,699	55,967	31,103	4,751	4,835
7	68,118	27,648	21,497	15,700	1,808	1,465
8	42,797	20,028	12,657	8,285	1,123	704
9	62,012	24,095	19,495	14,458	1,834	2,130
10	23,006	9,258	7,433	4,896	744	675
11	25,023	13,381	7,343	3,335	0	964
12	14,243	6,874	4,782	2,151	223	213
13	22,151	8,941	7,159	4,652	270	1,129
State	726,044	305,640	234,534	148,450	18,285	19,135

Source: CHAS Database

The number of rental units lacking complete plumbing and/or kitchen facilities is one of the indicators of housing need that does not follow the pattern of population. Regions 3 and 6 have the highest number of units lacking facilities and are also the regions with the highest number of renter households. Region 11, however, is ranked sixth in terms of renter population and third in number of renter units lacking kitchen and/or plumbing facilities.

Number of Renter Units Lacking Kitchen and/or Plumbing by Affordability Category, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,638	553	322	301	88
2	968	330	161	237	71
3	10,144	2,968	2,087	2,247	675
4	2,108	724	425	363	135
5	1,460	549	300	270	76
6	9,614	3,228	1,892	2,034	492
7	2,869	1,170	562	565	185
8	1,831	601	354	355	92
9	3,284	1,137	484	751	241
10	1,497	513	234	355	62
11	4,751	2,474	1,099	636	0
12	1,103	355	253	204	24
13	1,679	470	539	297	24
State	42,946	15,072	8,712	8,615	2,165

Source: CHAS Database

The table below shows the number of overcrowded owner households by income group. Regions 3 and 6, the most populous regions in the state, have the highest number of overcrowded households. Region 11, sixth in population, ranks third in number of overcrowded renter households.

Number of Overcrowded Renter Households by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,294	2,037	2,029	2,602	639	1,987
2	3,906	867	694	1,181	283	881
3	114,914	26,062	25,691	30,470	9,536	23,155
4	8,851	1,951	1,688	2,215	874	2,123
5	6,868	1,988	1,246	1,477	534	1,623
6	117,586	29,482	27,886	30,141	8,837	21,240
7	22,581	5,433	5,070	5,645	1,895	4,538
8	12,409	2,903	2,232	3,502	1,089	2,683
9	28,877	7,296	6,160	7,359	2,039	6,023
10	10,429	3,082	2,112	2,289	643	2,303
11	31,457	11,542	7,321	6,233	0	6,361
12	5,372	1,392	983	1,364	566	1,067
13	15,170	4,214	3,728	3,575	511	3,142
State	387,714	98,249	86,840	98,053	27,446	77,126

Source: CHAS Database

The table below shows the number of owner households with housing cost burden of over 30 percent of income. Regions 3 and 6, the most populous regions, have the highest number of very low income households with extreme cost burden.

Number of Owner Households with Extreme Housing Cost Burden by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	28,912	8,542	7,021	6,944	1,748	4,657
2	22,471	6,744	5,894	4,902	1,555	3,376
3	216,038	50,064	41,410	55,310	19,764	49,490
4	49,419	15,358	11,379	11,530	3,628	7,524
5	32,849	11,845	7,609	7,044	1,990	4,361
6	173,411	44,640	34,996	42,008	13,606	38,161
7	56,638	11,452	10,018	16,282	6,004	12,882
8	36,129	9,754	7,763	9,069	3,088	6,455
9	71,630	17,316	14,240	17,201	6,436	16,437
10	28,552	8,706	6,387	6,181	1,854	5,424
11	43,599	15,558	10,747	8,961	63	8,270
12	20,719	6,228	5,142	4,727	1,407	3,215
13	26,451	6,254	5,872	7,268	1,120	5,937
State	806,818	212,461	168,478	197,427	62,263	166,189

Source: CHAS Database

The table below shows the number of owner units that are lacking kitchen and/or plumbing facilities. Region 11, with the sixth highest number of owner households, has the highest number of physically inadequate owner housing units. Region 6, the second most populous region, has the second highest number of units lacking kitchen and/or plumbing facilities.

Number of Owner Units Lacking Kitchen and/or Plumbing, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,154	228	163	224	85
2	919	253	158	170	60
3	6,044	1,373	850	1,214	487
4	2,742	775	439	508	187
5	1,876	555	250	367	90
6	6,691	1,650	983	1,279	410
7	2,013	519	291	423	110
8	1,798	477	346	331	112
9	3,270	713	667	624	297
10	1,783	588	407	323	66
11	8,043	3,043	2,045	1,585	0
12	1,138	265	223	264	64
13	1,879	366	411	523	84
State	39,350	10,805	7,233	7,835	2,052

Source: CHAS Database

The table below shows that Region 6 has the highest number of overcrowded owner households.

Number of Overcrowded Owner Households by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,245	897	1,223	2,399	966	3,760
2	4,325	411	558	1,159	443	1,754
3	57,504	5,876	9,070	16,460	6527	19,571
4	10,259	1,233	1,477	2,496	1116	3,937
5	8,491	925	970	1,991	949	3,656
6	66,212	7,391	10,243	18,303	7269	23,006
7	12,315	1,038	2,055	3,503	1459	4,260
8	8,900	741	1,055	2,293	942	3,869
9	25,439	2,644	4,107	6,555	3171	8,962
10	10,929	1,235	1,563	2,421	1000	4,710
11	48,736	8,375	9,672	12,299	20	18,370
12	7,320	752	1,186	2,243	605	2,534
13	13,918	1,296	2,037	3,263	707	6,615
State	283,593	32,814	45,216	75,385	25,174	105,004

Source: CHAS Database

The total number of households in poverty, elderly and non-elderly, is one of the need indicators for some of the Department's community service activities. Regions 3, 6, and 11 have the highest numbers of poverty households.

Number of Households in Poverty, 2000

Service Region	Number of Elderly Poverty Households	Percent of State's Elderly Poverty Households	Number of Non-Elderly Poverty Households	% of State's Non-Elderly Poverty Households	Total Number of Poverty Households	Percent of State's Poverty Households
1	8,897	4.6%	37,710	4.5%	46,607	4.5%
2	8,100	4.2%	23,414	2.8%	31,514	3.0%
3	32,129	16.6%	165,495	19.7%	197,624	19.1%
4	15,592	8.1%	43,499	5.2%	59,091	5.7%
5	11,148	5.8%	36,076	4.3%	47,224	4.6%
6	32,192	16.7%	179,586	21.4%	211,778	20.5%
7	6,601	3.4%	46,549	5.5%	53,150	5.1%
8	10,531	5.4%	47,640	5.7%	58,171	5.6%
9	17,887	9.3%	70,207	8.4%	88,094	8.5%
10	10,783	5.6%	34,422	4.1%	45,205	4.4%
11	23,614	12.2%	93,382	11.1%	116,996	11.3%
12	6,744	3.5%	24,217	2.9%	30,961	3.0%
13	9,083	4.7%	38,561	4.6%	47,644	4.6%
State	193,301	100.0%	840,758	100.0%	1,034,059	100.0%

Source: 2000 Census

ASSISTED HOUSING INVENTORY

The following table shows the number of multifamily units in the state financed through state and federal sources according to region. HFC units are not included in the total assisted units because this figure includes a considerable number of marker-rate units, and many HFC units are financed through TDHCA and already counted in the TDHCA units total. Please see the "Assisted Housing Inventory" under "State of Texas" for data explanations.

Assisted Multifamily Units

Region	TDHCA Units	HUD Units	PHA Units	Section 8 Vouchers	USDA Units	HFC units*	Total Assisted Units
1	4,218	2,076	1,562	3,987	1,612	1,577	13,455
2	2,753	1,655	3,904	2,921	1,925	280	13,158
3	55,393	10,834	8,725	39,149	4,076	19,944	118,177
4	5,182	3,381	3,422	6,090	3,872	1,160	21,947
5	4,556	4,296	3,241	7,992	1,371	1,171	21,456
6	46,254	13,076	5,795	19,713	3,484	37,116	88,322
7	15,315	2,889	3,522	8,053	1,461	8,076	31,240
8	5,356	2,683	3,273	5,424	2,804	304	19,540
9	13,847	5,321	7,321	14,859	971	21,974	42,319
10	3,968	3,811	3,976	3,804	1,619	968	17,178
11	7,400	3,695	7,223	13,071	2,003	204	33,392
12	2,926	1,792	1,183	3,039	687	24	9,627
13	3,598	1,863	6,284	5,842	298	378	17,885
State	170,766	57,372	59,431	133,944	26,183	93,176	447,696

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA ASSISTANCE FOR 2007

Based on allocation formulas, TDHCA can estimate the amount of 2007 funding that will be allocated to a region for certain programs. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally and thus are not included in this table. Community Affairs programs are also not included here because they are not allocated by the same 13 region system as other TDHCA programs. Projected dollar amounts for the Housing Trust Fund, while distributed according to a regional allocation formula like the HOME and HTC programs, were not available at the time of this document's publication.

Regional figures are total dollars to be allocated, less administrative fees and program set-asides or initiatives that are not subject to the allocation formula. State totals may not be exact due to rounding.

Projected 2007 Regional Funding by Housing Program

Region	HOME	HTC	Total HOME & HTC Funding Allocation
1	$2,096,376	$2,096,099	$4,192,475
2	$1,564,996	$1,251,525	$2,816,521
3	$6,158,445	$8,598,298	$14,756,743
4	$4,209,442	$2,286,522	$6,495,964
5	$2,087,440	$1,365,191	$3,452,631
6	$2,390,795	$10,182,859	$12,573,654
7	$1,432,347	$1,919,458	$3,351,805
8	$1,163,474	$2,358,376	$3,521,850
9	$1,941,552	$2,448,901	$4,390,453
10	$2,538,461	$1,575,474	$4,113,935
11	$6,245,987	$5,600,674	$11,846,661
12	$1,871,449	$1,300,187	$3,171,636
13	$949,236	$2,016,435	$2,965,671
State	$2,096,376	$2,096,099	$4,192,475

SECTION 4: ACTION PLAN

In response to the housing needs identified in the previous section, this plan outlines TDHCA's course of action designed to meet those underserved housing needs. This section discusses the following:

- TDHCA Purpose
- Obstacles to Meeting Housing Needs
- General Strategies to Overcome Obstacles
- Policy Focuses
- Program Plans
- TDHCA Allocation Plans
- TDHCA Goals and Objectives

TDHCA PURPOSE

Section 2306.001 of TDHCA's enabling legislation states that the purpose of the Department is to

(1) assist local governments in:

(A) providing essential public services for their residents; and

(B) overcoming financial, social, and environmental problems;

(2) provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income;

(3) contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income;

(4) assist the governor and the legislature in coordinating federal and state programs affecting local government;

(5) inform state officials and the public of the needs of local government;

(6) serve as the lead agency for:

(A) addressing at the state level the problem of homelessness in this state;

(B) coordinating interagency efforts to address homelessness; and

(C) addressing at the state level and coordinating interagency efforts to address any problem associated with homelessness, including hunger, and

(7) serve as a source of information to the public regarding all affordable housing resources and community support services in the state.

GENERAL STRATEGIES TO OVERCOME OBSTACLES

TDHCA is committed to exploring a variety of avenues to provide affordable housing and community services to assist those at the local level. TDHCA will continue to use the following general approaches to overcome obstacles to addressing housing need.

EFFECTIVE USE OF EXISTING RESOURCES

Programs administered by TDHCA provide housing and housing-related services, including community services. Housing activities consist of homebuyer assistance which includes down payment and closing costs, the rehabilitation of single family and multifamily units, rental assistance, the new construction of single family and multifamily housing, special needs housing, transitional housing, and emergency shelters. Housing-related and community services include energy assistance, weatherization assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and emergency assistance. Through these activities, the Department strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

PROVIDE INFORMATIONAL RESOURCES

Though TDHCA does not have regulatory authority the housing/building industry, save projects funded with TDHCA funds and certain aspects of the manufactured housing industry, TDHCA can act as an information resource to help identify or facilitate actions such as the following:

- Encourage localities to identify and address those regulations that lead to increased housing costs. For example, work through outreach efforts supported by convincing research to help local governments see the value in
  - setting aside undeveloped or underdeveloped land for affordable housing developments,
  - adopting zoning ordinances that do not have the effect of impeding affordable housing,
  - reviewing local amendments to building codes and modify those that restrict the use of new advances in construction materials and techniques.
- Continue education programs such as the Texas Statewide Homebuyer Education Program, which provides lenders, homebuyer educators, and consumers information and education on homebuyer education.
- Continue research on defining and eliminating or reducing both state and local policy barriers.
- Continue research on a variety of lending issues that affect the ability of households to purchase, maintain, and remain in their homes. A significant portion of this effort relates to a study required by HB 1582 of the 79th Legislature. This bill requires TDHCA to study

mortgage foreclosure rates in Bexar, Cameron, Dallas, El Paso, Harris, and Travis Counties. The study addresses the extent to which the terms of mortgages are related to the foreclosure rate and whether terms could be offered to reduce the likelihood of foreclosure; the socioeconomic and geographic elements characterizing foreclosures; the securitization of mortgages in the secondary market and its effect on foreclosures; consumer education efforts to prevent foreclosures; and recommendations to reduce foreclosures. For more information on this study, please contact the Division of Policy and Public Affairs at (512) 475-3976 or visit http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm. .

- Provide education and outreach to mitigate public opposition to affordable housing. TDHCA has developed a page on its website to provide interested persons with existing research on affordable housing issues that may be of concern.

COORDINATE RESOURCES

Understanding that no single entity can address the enormous needs of the state of Texas, TDHCA supports the formation of partnerships in the provision of housing and housing-related endeavors. The Department works with many housing partners including consumer groups, community-based organizations, neighborhood associations, community development corporations, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies.

There are many benefits to these partnerships: risk and commitment are shared; the principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems, therefore local communities play an active role in tailoring the project to their needs; partners are able to concentrate specifically on their area of expertise; and a greater variety of resources insure a well targeted more affordable product.

Coordination with Federal Agencies

Because the State receives the majority of its funding from federal sources, many TDHCA programs require coordination with federal agencies. Below is a listing of those federal agencies and an overview of the activities associated with these partnerships:

- *US Department of Housing and Urban Development*: TDHCA administers the HOME, ESGP, and Section 8 programs in Texas using HUD dollars. TDHCA also regulates the manufactured housing industry using HUD laws. TDHCA has established cooperative efforts with HUD's personnel in their field offices and with the Secretary's representative. This cooperation has led to the joint marketing of housing programs through conferences and workshops throughout the state, a mutual referral system, as well as technical assistance service by which each agency assists the other with workshops and other training efforts. Currently, HUD staff uses several TDHCA documents as their text on available housing resources and distribute these materials to the local governments and organizations they are serving.

- *US Treasury Department*: TDHCA administers the HTC Program, which was created by the Tax Reform act of 1986 (Section 42 of the Internal Revenue Code of 1986, as amended, is the federal law that governs the HTC Program). The HTC Program produces over 12,000 units of affordable housing each year. Additionally, TDHCA acts as an issuer of tax-exempt and taxable mortgage revenue bonds. The authority for these bonds comes again from the above cited act. Annually, single family bonds are used to provide below-market interest rate loans and multifamily bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties.
- *US Department of Health and Human Services*: The Department administers several programs funded by HHS that are aimed at serving extremely low income persons; specifically, the Community Services Block Grant Program, Comprehensive Energy Assistance Program, and the Weatherization Assistance Program.
- *US Department of Energy*: TDHCA administers the US Department of Energy's Weatherization Assistance Program for Low Income Persons. This program helps consumers control energy costs through the installation of weatherization measures and provides energy conservation education.
- *USDA Rural Development*: As a provider of services to rural Texas communities, TDHCA has an ongoing relationship with USDA Rural Development. Collaborations have been achieved through several TDHCA programs (HTC, HTF, HOME) in the form of multifamily developments and single family homeownership initiatives.

Coordination with State Agencies, Local Governments, and Other Parties

With the exception of most of its community services programs, TDHCA's funding resources are awarded through formal, competitive processes. As such, funding is distributed to entities that, in turn, provide assistance to households in need. This distribution is done using a number of techniques.

- Almost all housing development, rehabilitation, and rental assistance related funding is awarded through formal competitive request for proposals and notices of funding availability.
- First time homebuyer mortgage and down payment assistance is allocated through a network of participating lenders.
- Community services funds are predominantly allocated through a network of community based organizations who receive their funding on an annual, ongoing basis.

Because TDHCA does not fund individuals directly, coordination with outside entities is key to the success of its programs. Below are some examples of organizational cooperation outside of the funding of these entities.

- *Office of Rural Community Affairs (ORCA):* TDHCA and ORCA have entered into an interagency contract to jointly administer the rural regional allocation of the HTC Program. ORCA also participates in the evaluation and site inspection of rural developments proposed under the rural allocation. TDHCA and ORCA coordinate services with each of the seven Colonia Self-Help Centers (in Cameron/Willacy, El Paso, Hidalgo, Maverick, Starr, Val Verde, and Webb counties) to provide housing and technical assistance to improve the quality of life for colonia residents beyond the provision of basic infrastructure. The contracts are executed directly with the county where the center is located. In addition, TDHCA and ORCA jointly administer the CDBG disaster recovery funding awarded to Texas under the Department of Defense Appropriations Act, 2006, to rebuild the southeast Texas region devastated by Hurricane Rita.

- *Texas Homeless Network*: TDHCA collaborates with the Texas Homeless Network (THN) to build the capacity of homeless coalitions across the State of Texas, enabling them to become more effective in the communities they serve. The Department also provided funds through THN to support technical assistance workshops for the HUD Continuum of Care homeless application. The purpose of the workshops was to assist communities in creating a network of services to the homeless population.
- *Texas Interagency Council for the Homeless*: TDHCA serves as a member of, and provides administrative support to, the Texas Interagency Council for the Homeless—a council comprised of six member state agencies.
- *Interagency Housing Partnership of the Texas Mental Health Transformation Workgroup*. The Department is working with the Texas Department of Aging and Disability Services, the Texas Department of Assisted Rehabilitative Services, the Health and Human Services Commission, the Texas Department of Criminal Justice, the Texas Department of Family Protective Services, and several veterans affairs agencies to conduct a comprehensive study of existing housing programs and their delivery mechanisms, while focusing on any regulatory facets of policy which create barriers and may even make certain populations ineligible to benefit from various housing opportunities.
- *Texas Association of Realtors:* In December 2004, the Department entered into a partnership with the Texas Association of Realtors and Fannie Mae to educate Texas real estate agents on programs and develop an outreach campaign to help first time homebuyers access low-cost mortgage financing. TDHCA also sponsored a specialty license plate to support the association's Housing Opportunity Foundation.
- *Texas Home of Your Own Coalition:* TDHCA has historically partnered with United Cerebral Palsy's Texas Home of Your Own Coalition, which is a nonprofit organization that assists persons with disabilities purchase homes, to set aside HOME Homebuyer Assistance Program funds to support homeownership for persons with disabilities.
- *Texas Department of Aging and Disability Services:* TDHCA, in cooperation with the Texas Department of Aging and Disability Services, the Texas Health and Human Services Commission, and local public housing authorities, administers a housing voucher pilot program developed by HUD, the US Department of Health and Human Services, and the Institute on Disability at the University of New Hampshire. "Project Access" helps low income persons with disabilities transition from nursing facilities into the community by

providing Section 8 Housing Choice Vouchers that enable them to access affordable housing in the community.

- *Promoting Independence Advisory Board*. The Department has been working with the Promoting Independence Advisory Board to address issues related to *Olmstead v. L. C.* The group is working on initiatives that will serve the needs of persons with disabilities who want housing options outside of institutional settings. TDHCA has been working with the following agencies: Texas Health and Human Services Commission, Texas Department of Aging and Disability Services, Texas Council for Developmental Disabilities, Texas Department of State Health Services, Texas Education Agency, and Texas Department of Protective and Regulatory Services.
- *NeighborWorks America*. TDHCA continues to contract with NeighborWorks America to facilitate the Texas Statewide Homebuyer Education Program (TSHEP) training. TSHEP also collaborates with several other partners including the Texas State Affordable Housing Corporation, JP Morgan Chase, Fannie Mae, CitiMortgage, the Texas Home of Your Own Coalition, and Texas C-BAR to implement the trainings.
- *Texas State Affordable Housing Corporation (TSAHC):* TDHCA has entered into a memorandum of understanding with TSAHC to share data and information in the development of the State of Texas Low Income Housing Plan and Annual Report. TSAHC has also partnered with TDHCA to manage the financial account for Texas Statewide Homebuyer Education Program and is contracted with the Department to provide some asset management services.
- *Local Utility Companies*: Partnerships with financial commitments between the Weatherization Assistance Program and Southwestern Electric Power Company, Southwestern Public Service Company, Entergy, and El Paso Electric, provide energy conservation measures to very low and extremely low income utility customers.
- *CHDO Capacity Building Project*: TDHCA has committed to understanding the needs of CHDOs to ensure the success of single family and multifamily developments funded by TDHCA. To that end, TDHCA partnered with Training and Development Associates' (TDA's) Community Building Investment (CBI) II Program. The CBI II Program, implemented by TDA, provides direct technical assistance, training, and/or operating grants (pass-through funds) to existing and potential CHDOs that were awarded funding under the program.

TDHCA also commissioned a comprehensive plan to address technical assistance and capacity building needs of Texas CHDOs. Implementation of the plan will improve TDHCA's overall management and understanding of CHDOs, improve the capacity and performance of CHDOs, and establish effective systems to ensure long term quality housing production. The plan is primarily composed of two parts: (1) the provision of ongoing training and technical assistance to CHDOs and prospective CHDOs and (2) the recommended procedures needed to ensure the future capacity and success of Texas CHDOs.

FAIR HOUSING

The Texas Fair Housing Act of 1989 enables the State to remedy discriminatory public policies affecting housing affordability and access. The Act prohibits discrimination against individuals in their pursuit of homeownership or rental housing opportunities based on race, color, national origin, sex, religion, familial status, and physical or mental handicaps. Recent state activities or current objectives relating to fair housing are discussed below:

- Comply with the Texas Fair Housing Act in TDHCA administered programs.
- Coordinate fair housing efforts with the Texas Workforce Commission, Human Rights Division, which was created under the Texas Fair Housing Act to directly address public grievances related to fair housing.
- Section 8 Admittance Policy: In June 2000, TDHCA appointed a Section 8 Task Force and charged it to develop a policy for expanding housing opportunities for Section 8 voucher and certificate holders in TDHCA assisted properties. The policy adopted by the TDHCA Board is a follows:
  - Managers and owners of HTC properties are prohibited from having policies, practices, procedures and/or screening criteria that have the effect of excluding applicants because they have a Section 8 voucher or certificate.
  - The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
  - Any violation of program requirements relative to this policy will also impact the Owner's ability to participate in future TDHCA programs.

POLICY PRIORITIES

This section describes policies TDHCA will use to address specific types of housing need in each uniform state service region, including meeting the underserved needs of extremely low income households, the homeless, persons with disabilities, and other special needs populations. This section also discusses rural needs, energy efficiency, and lead-based paint. Because of the unique challenges associated with the housing needs of these varying populations, a considerable level of planning and consumer-need-based focus is required.

EXTREMELY LOW INCOME INDIVIDUALS AND HOUSEHOLDS

While one of the Department's charges is to serve the State's populations from extremely low income to moderate income, funding priority is given to those populations that are most in need of services: low, very low, and extremely low income individuals and households. Additionally, the Texas Legislature, through 2006/2007 Appropriations Act Rider 4, specifically calls upon TDHCA to focus funding toward individuals and families that are earning less than 60 percent of the area median family income. Rider 4 directs TDHCA to apply $30,000,000 annually towards assisting extremely low income households; and no less than 20 percent of the Department's total housing funds towards assisting very low income households. TDHCA works to meet these goals, by providing HOME and HTC scoring incentives for applicants to set aside units for very low and extremely low income households.

The data presented in the Housing Analysis section of this report shows that households with lower incomes have higher incidences of housing problems. There are minimal differences between the incidences of housing problems between the two lowest income groups (0-30 percent and 31-50 percent of median income). While incidences of housing problems for these two groups are significantly higher than those of the other low income group, households with incomes at 51-80 percent of median income have significant needs as well. Therefore, households at 0-80 percent of median income have been given higher priority than households above 80 percent of median income. This prioritization will allow the State to target resources to those households most in need, regardless of household type.

Poverty

According to the 2000 US Census, Texas has the ninth highest poverty rate among the states: 15.4 percent compared to the national rate of 12.4 percent. The US Department of Health and Human Services defines the 2005 poverty guideline as $19,350 in income for a family of four,[49] and many poor families make substantially less than this. Poverty can be

[49] US Department of Health and Human Services, "The 2005 HHS Poverty Guidelines," http://aspe.hhs.gov/poverty/05poverty.shtml (accessed July 28, 2006).

self-perpetuating, creating barriers to education, health, and the financial stability provided by homeownership.

Those groups showing the largest growth in proportion of population, the young and minority populations, continue to be overrepresented in the Texas poverty population. According to the 2000 US Census, 38 percent of the poverty population is between the ages of 0-17. Hispanics make up 41 percent of Texas children under the age of 18, but 62 percent of all poor children. African American children account for 12.5 percent of Texas children, but 18 percent of all poor children.

TDHCA recognizes that unemployment, the high cost of home energy, and lack of education are significant factors in the high rate of poverty.

TDHCA has an important role in addressing Texas poverty. The Department seeks to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means (1) trying to provide long-term solutions to the problems facing people in poverty and (2) targeting resources to those with the greatest need. The Department provides low income persons with energy, emergency, and housing assistance to meet the basic necessities.

An asset development approach to addressing poverty emphasizes the use of public assistance to facilitate long-term investments rather than incremental increases in income. In housing, this can mean gaining equity through homeownership. Several of TDHCA programs introduce the option of homeownership to lower income populations: the HOME Program offers down payment assistance and closing cost assistance, and the Single Family Bond Program offers below-market-rate loans.

Programs administered through TDHCA's Office of Colonia Initiatives (OCI) can be instrumental in creating self sufficiency in the colonias. OCI coordinates programs that improve the living conditions of the state's colonias. The Texas Bootstrap Loan program provides loans for self-help housing initiatives; the Contract for Deed Conversion Initiative facilitates homeownership by converting contracts for deed into traditional mortgages; the Colonia Model Subdivision Program provides loans to develop residential subdivisions as alternatives to colonias; and the Colonia Self-Help Centers provide outreach, education, and technical assistance to colonia residents.

SPECIAL NEEDS POPULATIONS

According to HUD, in addition to the homeless, according to HUD, special needs populations include persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, and public housing residents. TDHCA also considers colonia residents and migrant farmworkers as special needs populations.

TDHCA Strategies for Meeting the Needs of Persons with Special Needs

As further described in the "TDHCA goals and objectives" section of this plan, the following general research and policy goals are designed to help address housing and service issues of persons with special needs.

> *Goal 9: TDHCA will work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs Through Funding, research, and policy development efforts.*
>
> > *9.1 Strategy: Dedicate no less than 20 percent of the HOME project allocation for applicants that target persons with special needs.*
> >
> > *9.2 Strategy: Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.*
> >
> > *9.3 Strategy: Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.*
> >
> > *9.4 Strategy: Discourage the segregation of persons with special needs from the general public."*

The following sections describe each type of special need and actions taken by TDHCA to try to address specific issues the different special needs groups.

HOMELESS POPULATIONS

The Stewart B. McKinney Homeless Assistance Act of 1987, the legislation that created a series of homeless assistance programs, defined the term "homeless." The following definition is used by the US Department of Housing and Urban Development (HUD) and all other federal agencies responsible for administering McKinney programs:

The term "homeless" or "homeless individual" includes

- an individual who lacks a fixed, regular, and adequate night time residence; or
- an individual who has a primary nighttime residency that is
  - a supervised publicly or privately-operated shelter designed to provide temporary living accommodations;
  - an institution that provides a temporary residence for individuals intended to be institutionalized; or
  - a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

The Texas Interagency Council for the Homeless estimates that approximately 200,000 people in Texas, or about 1 percent of the population, are homeless.[50] Based on this estimate, TDHCA estimates that, of 3,159,940 total people living in rural areas, 1 percent of the rural population, approximately 32,000, are homeless. The 2000 Census counted 28,377 individuals residing in noninstitutional group homes in Texas, which include shelters. In its

[50] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed July 28, 2006).

special tabulation on emergency and transitional shelters in metropolitan areas, the Census counted 6,237 people.

As evidenced above, estimates of homeless populations vary widely. The migratory nature of the homeless population, the stigma associated with homelessness, and the fact that many homeless individuals lack basic documentation all contribute to the difficulty of making an accurate count. Most homeless counts are "point in time" estimates, which do not capture the revolving-door phenomenon of persons moving in and out of shelters over time. Furthermore, the homeless population can be classified into three categories: literally homeless, which describes those who have no permanent residence and stay in shelters or public places; marginally homeless, which includes those who live temporarily with other people and have no prospects for housing; and people at risk of homelessness. People at risk of homelessness generally have incomes below the poverty level, rely on utility and rental assistance, and may be unable to absorb unexpected events such as the loss of a job or serious illness.

Homeless Subpopulations

The following homeless subpopulations have special characteristics. Though these subpopulations may have different characteristics, the two main trends significant in the rise of homelessness can be connected to the increase in poverty (characterized by the decline in employment opportunities and public assistance programs) and a shortage of affordable housing.[51]

Homeless Families with Children

The number of homeless families with children has increased significantly over the past decade. A 2005 US Conference of Mayors survey of 25 American cities found that homeless families comprised 33 percent of the homeless population.[52] Additionally, single mothers and children make up the largest group of people who are homeless in rural areas.[53] Approximately 90 percent of homeless families are homeless due to a crisis.[54] Many parents with young children cannot work because of a lack of affordable childcare, which hinders their ability to earn an income to pay for suitable housing.

---

[51] National Coalition for the Homeless, ***Why are People Homeless?*** NCH Fact Sheet #1 (Washington, DC: National Coalition for the Homeless, June 2006) http://www.nationalhomeless.org/publications/facts/Why.pdf (accessed July 28, 2006).
[52] National Coalition for the Homeless, ***Who is Homeless?*** NCH Fact Sheet #3 (Washington DC: National Coalition for the Homeless, June 2006) http://www.nationalhomeless.org/publications/facts/Whois.pdf (accessed July 28, 2006).
[53] National Coalition for the Homeless, ***Who is Homeless?***
[54] Texas Homeless Network, "Finding the Way Home: Preventing and Reducing Homelessness in Texas," http://www.utdanacenter.org/theo/downloads/factsheets/rp2_finding_way_home.pdf (accessed July 28, 2006).

Homeless Youth

An estimated 12 percent of the homeless population is aged 13 to 24.[55] Of this age group, approximately 40 percent has a history of sexual abuse, 46 percent report mental illness, 25 percent have problems with alcohol abuse, and 33 percent spent time in juvenile detention. Furthermore, 28 percent have been in foster care at least once. Due to the challenges faced by homeless youth, they may particularly benefit from the provision of essential services, including job training, education, and employment services.

Homeless Minorities

A 2004 US Conference of Mayors survey of 27 American cities found that 49 percent of the homeless population was African American, 35 percent was white, 13 percent was Hispanic, 2 percent was Native American, and 1 percent was Asian.[56] However, the ethnic makeup of the homeless population will vary by geographic area.

Homeless in Rural Areas

TDHCA estimates that 1 percent of the rural population is homeless, or 32,000. Rural areas typically have fewer jobs and shelters than urban areas, which makes it especially difficult for homeless persons. The National Coalition for the Homeless reports that homeless persons in rural areas are more likely to be white, and homeless farm workers and Native Americans are also generally found in rural areas.[57] Migrant farm workers, because of their mobile lifestyle, extremely low incomes, and lack of affordable housing, are at a high risk for homelessness.

Homeless Victims of Domestic Violence

Battered women who live in poverty are often forced to choose between staying in abusive relationships or homelessness. According to the NCH, half of women with children experiencing homelessness left their last place of residence because of domestic violence.[58]

In 2004, there were 182,087 reported family violence incidents in Texas.[59] According to a TCFV statewide poll, 47 percent of all Texans report having experienced some form of domestic violence. In 2004, the Family Violence Program though the Texas Health and Human Services Commission served 83,349 adults and children and provided 948,610 direct services.[60] Furthermore, 7,201 were denied shelter due to lack of space.

---

[55] Texas Homeless Network, "Finding the Way Home."
[56] National Coalition for the Homeless, *Who is Homeless?*
[57] National Coalition for the Homeless, *Who is Homeless?*
[58] National Coalition for the Homeless, *Who is Homeless?*
[59] Texas Council on Family Violence, "Abuse in Texas," http://www.tcfv.org/info/abuse_in_texas.html (accessed August 9, 2006).
[60] Texas Health and Human Services Commission, "Fact Sheet: Intimate Partner Violence in Texas," http://www.hhsc.state.tx.us/programs/familyviolence/Facts/Texas_IPV_FactSheet.html (accessed August 9, 2006).

Homeless Persons with Mental Illnesses and Disabilities

According to the Texas Interagency Council for the Homeless, approximately 25 percent of homeless individuals suffer from a serious mental illness, and more than 65,000 persons with disabilities did not have a predictable means of shelter in 1999.[61] The general lack of affordable housing and the poverty of this population make it difficult for homeless persons with mental illness to access social service programs and leaves them highly susceptible to homelessness.

Homeless Elderly Persons

According to 2000 Census data, of those below the poverty level in Texas, an estimated 13.1 percent are age 65 and over. As a group, this makes the elderly the poorest of all Texans. Approximately 6 percent of persons aged 55 to 64 were homeless in 2004.[62]

Homeless Veterans

According to the Department of Veteran's Affairs[63] approximately, on any given day, as many as 250,000 veterans are living in shelters or on the street. Of the veterans who are homeless, approximately 56 percent are African American or Hispanic, 45 percent suffer from mental illness, and 70 percent suffer from alcohol or drug abuse problems.

Chronically Homeless Persons

According to the Texas Homeless Network, 27 percent of single homeless adults are chronically homeless, meaning that these persons have been homeless for an average of four years.[64] Furthermore, these persons have high rates of alcohol or drug abuse and mental illness.

Homeless Persons with HIV/AIDS

The National Coalition for the Homeless estimates that 3 to 20 percent homeless people are HIV positive.[65] People with HIV/AIDS may lose their jobs because of discrimination or have high health care costs, leading to homelessness. This population may require supportive health services or community care programs in addition to housing assistance.

---

[61] Texas Interagency Council for the Homeless, "Key Facts."
[62] National Coalition for the Homeless, *Who is Homeless?*
[63] US Department of Veterans Affairs, "Overview of Homelessness," (February 2006) http://www1.va.gov/homeless/page.cfm?pg=1 (accessed July 28, 2006).
[64] Texas Homeless Network, "Finding the Way Home."
[65] National Coalition for the Homeless, *HIV/AIDS and Homelessness* NCH Fact Sheet #9 (Washington DC: National Coalition for the Homeless, June 2006) http://www.nationalhomeless.org/publications/facts/HIV.pdf (accessed July 28, 2006).

Homeless Persons with Chronic Substance Abuse

The 2005 US Conference of Mayors survey reports that 30 percent of homeless persons has an addiction disorder.[66] The Texas Department of State Health Services (DSHS) reports that, of adult clients admitted to DSHS-funded programs in 2004, 11 percent were homeless and the average income at admission was $5,715.67 Homeless persons with substance abuse problems will require supportive services.

Homeless Needs

The "continuum of care" approach to fighting homelessness is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying unmet physical, economic, and social needs. A comprehensive system of services as well as permanent housing is needed to help homeless individuals and families reach independence using a combination of emergency shelters, transitional housing, social services, and permanent housing. The continuum of care system begins with outreach, intake, and assessment. It is followed by safe emergency shelter and/or transitional housing that provides a variety of services including job training, educational services, substance abuse services, mental health services, and family support. Ultimately, the goal is to assist the family or individual achieve permanent housing.

Specific Strategies for Meeting Homeless Needs

In order to meet the needs of homeless populations, TDHCA uses the following strategies.

Strategic Plan Goal

As further described in the "TDHCA Goals and Objectives" section of this plan, The following goal and associated strategy is aimed at reaching the homeless populations. Refer to the "Program Statements" in this section for more information on the Emergency Shelter Grants Program, which is TDHCA's main homelessness assistance program, and other related programs.

> ***GOAL 3:*** *TDHCA will improve living conditions for the poor and homeless and reduce the cost of home energy for very low income Texans.*
>
> > ***3.1 Strategy:*** *Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.*

Texas Interagency Council for the Homeless

The Texas Interagency Council for the Homeless (TICH) was created in 1989 to coordinate the State's homeless resources and services. TICH consists of representatives from all state agencies that serve the homeless. The council receives no funding and has no full-time staff,

---

[66] National Coalition for the Homeless, *Who is Homeless?*

[67] Texas Department of State Health Services, "Texas Statewide Totals," http://www.tcada.state.tx.us/research/statistics/statetotals.shtml (accessed July 28, 2006).

but receives clerical and advisory support from TDHCA. The council holds public hearings in various parts of the state to gather information useful to its members in administering programs. In addition, the Texas Homeless Network, a nonprofit organization, fulfills many of the council's statutory duties through a contract with TDHCA. The Council's major functions include:

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among separate providers and appropriate authorities;
- providing technical assistance to TDHCA in assessing the need for housing for people with special needs;
- developing, in coordination with TDHCA and the Health and Human Services Commission, a strategic plan to address the needs of the homeless;
- maintaining a central resource and information center for the homeless.

TICH has developed a 10-year state action plan to end chronic homelessness in Texas. A team of 10 TICH members attended the Federal Policy Academy on Improving Access to Mainstream Services for People Experiencing Chronic Homelessness in Chicago, Illinois, in May 2003. A result of their participation was that TICH developed a 10-year plan to end chronic homelessness and then conducted six public hearings in March 2004 to receive testimony on the plan. The public hearings were held at the request of the Office of the Governor and were intended to further the implementation of the state action plan on homelessness. The plan was developed as part of Texas's participation in the federal policy academy to improve access to mainstream services for people who are homeless, including people with serious mental health or substance abuse problems. The federal policy academies are led by the US Department of Health and Human Services, the US Department of Urban Development, and the US Department of Veterans Affairs.

The Three Priorities and the Strategies of the State Action Plan to End Chronic Homelessness are as follows:

Priority One: Increasing the Public and Political Investment

- Strategy 1.1 Improve data
- Strategy 1.2 Increase capacity of local homeless coalitions
- Strategy 1.3 Host public forums for state plan to end chronic homelessness

Priority Two: Prevent Chronic Homelessness

- Strategy 2.1 Identify common risk factors and definitions regarding persons at risk of chronic homelessness
- Strategy 2.2 Develop model discharge coordination plan for persons at-risk of chronic homelessness
- Strategy 2.3 Coordinate discharge-planning efforts

- Strategy 2.4 Develop a prevention strategy aimed at persons at risk of homelessness, currently homeless persons, and their providers that focus on education, awareness, and anti-stigma strategy

Priority Three: Develop, Expand, and Support Evidence-Based Service Interventions

- Strategy 3.1 "Set-aside" resources for ending chronic homelessness
- Strategy 3.2 Increase prioritization and targeting of persons experiencing chronic homelessness within mainstream services
- Strategy 3.3 Advocate for a uniform eligibility process
- Strategy 3.4 Increase and improve linkages between housing and services

- Information on TICH and the 10-Year Plan to End Chronic Homelessness can be found at http://www.tich.state.tx.us.

Emergency Shelter Grants Program

Through the Emergency Shelter Grants Program (ESGP), TDHCA funds organizations that provide shelter and related services for homeless persons, as well as intervention services to persons threatened with homelessness. Activities include renovating buildings for use as shelters; medical and psychological counseling; assistance in obtaining permanent housing; and homeless prevention services, such as rent and utility assistance. For 2007, TDHCA anticipates that it will receive $5,076,683 in funding to address homelessness, and disperses those funds according to a regional allocation formula based on the poverty percentage of each uniform state service region. Demonstrating the need for homeless shelter and services, for the 2006 ESGP application cycle, the Department received 123 applications and was able to fund only 76.

Community Services Block Grant Program

TDHCA provides administrative support funds to community action agencies (CAAs) that offer emergency and poverty-related programs to lower income persons. CAA services include child care, health and human services, job training, migrant farmworker assistance, nutrition services, and emergency assistance. These services can be instrumental in preventing homelessness in the lowest income populations.

HTC Program

The HTC Program (HTC) is a multifamily program that encourages the development of affordable multifamily housing. In addition to the construction, acquisition, and/or rehabilitation of new, existing, at-risk, and rural housing, this program can also be used to develop transitional housing. TDHCA gives scoring preferences for special needs activities, including transitional housing.

PERSONS WITH DISABILITIES

According to the US Department of Housing and Urban Development, 24 CFR 582.5:

> *"A person shall be considered to have a disability if such a person has a physical, mental, or emotional impairment that*
>
> - *is expected to be of long-continued and indefinite duration,*
> - *substantially impedes his or her ability to live independently,*
> - *is of such a nature that the ability could be improved by more suitable housing conditions."*

According to the 2000 US Census, there are approximately 3,605,542 disabled, civilian, non-institutionalized persons over the age of five (or approximately 19 percent of total population) in Texas. Of this figure, 663,300 have a sensory disability (severe vision or hearing impairment), 1,428,580 have a physical disability (condition that substantially limits a physical activity such as walking or carrying), 816,185 have a mental disability (learning or remembering impairment), 487,120 have a self-care disability (dressing, bathing, or getting around inside the home), 1,359,848 have a "going outside the home disability," and 1,651,821 have an employment disability.

Needs of Persons with Disabilities

Housing opportunities for people with disabilities may be complicated by low incomes. The 2000 census estimates that 553,934 disabled individuals over age five live below the poverty level in Texas. Many people with disabilities may be unable to work, and receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits as their principal source of income. According to Priced Out in 2004, an SSI recipient would have to pay an average of 102.7percent (calculated as $569) of his or her $564 monthly payment to rent a one-bedroom apartment in Texas.[68] According to the HUD definition of affordability that estimates that a household should pay no more than 30 percent of its income on housing expenses, an SSI recipient can afford a monthly rent of no more than $169.

The Olmstead Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the Americans with Disabilities Act (ADA). Furthermore, the Fair Housing Act, Section 504 of the Rehabilitation Act, ADA, and Section 2306.514 of the Texas Government Code all provide mandates for accessible residential housing for persons with disabilities. Housing developers may choose to provide "adaptive design" or "universal access" housing, which promotes basic, uniform standards in the design, construction, and alteration of structures that include

[68] Technical Assistance Collaborative Inc. and Consortium for Citizens with Disabilities Housing Task Force, *Priced Out in 2004*, by Ann O'Hara and Emily Cooper (Boston, MA: Technical Assistance Collaborative Inc., August 2005), 37, http://www.c-c-d.org/pricedout04.pdf (accessed July 28, 2006).

accessibility or simple modification for disabled individuals. While an "adaptable" unit may not be fully accessible at time of occupancy, it can easily and inexpensively be modified to meet the needs of any resident. Another option is to equip homes with special features designed for persons with disabilities, including ramps, extra-wide doors and hallways, hand rails and grab bars, raised toilets, and special door levers.

There is a significant shortage of housing that is physically accessible to persons with disabilities and an even greater shortage of accessible housing that has multiple bedrooms. Many persons with disabilities require larger housing units because they live with family, roommates, or attendants. The lack of multi-bedroom housing furthers their segregation. Moreover, accessible housing is an urgent and present need for not only citizens who currently have disabilities, but for the aging population in the US, which may develop disabilities in the future. Accessible housing will become increasingly more important as the ability for self-care and mobility decreases with age.

Advocates for the elderly and persons with disabilities continue to stress that the primary goal of these populations is to live independently and remain in their own homes. Access to rehabilitation funds for single family housing—to perform minor physical modifications such as extra handrails, grab bars, wheelchair-accessible bathrooms, and ramps, thus making existing units livable and providing a cost-effective and consumer-driven alternative to institutionalization—was considered as a priority. Likewise, the availability of rental vouchers that provide options beyond institutional settings was found to be a high priority.

Specific Strategies for Meeting the Needs of Persons with Disabilities

In order to meet the needs of persons with disabilities TDHCA uses the following strategies.

Disability Advisory Workgroup

TDHCA has found that directly involving program beneficiary representatives, community advocates, and potential applicants for funding in the process of crafting its policies and rules is extremely helpful. This process is often done through a "working group" format. The working groups provide an opportunity for staff to interact with various program stakeholders in a more informal environment than that provided by the formal public comment process. TDHCA will work to maintain a "Disability Advisory Workgroup" which will provide ongoing guidance to the Executive Director on how TDHCA's programs can most effectively serve persons with disabilities.

Promoting Independence Advisory Committee

With the advent of the *Olmstead* decision, the Health and Human Services Commission (HHSC) initiated the Promoting Independence Initiative and appointed the Promoting Independence Advisory Board, as directed by then-Governor George Bush's Executive Order GWB 99-2. The Promoting Independence Advisory Board (PIAB) assists the HHSC in creating the State's response to the *Olmstead* decision through the biannual Promoting Independence Plan. This plan highlights the State's efforts to assist those individuals desirous of community placement, appropriate for community placement as determined by the state's treatment professionals, and who do not constitute a fundamental alteration in the state's services, to live in the community. TDHCA attends and participates in PIAB meetings and is a member of the Housing subcommittee.

Project Access

TDHCA has taken a leadership role in the provision of funding for rental assistance to address the housing needs of persons seeking community-based alternatives to institutionalization. In FY 2002, TDHCA received 35 Section 8 Housing Choice rental vouchers to administer to the Olmstead population as part of a national pilot called "Project Access." As of July 2006, all vouchers have been issued, and 56 recipients through voucher recycling have made the transition from a nursing facility into their own home.

Integrated Housing Rule

An issue of particular concern for advocates for persons with disabilities involved the Department's policies related to integrated housing. Integrated housing, as defined by SB 367 and passed by the 77th Texas Legislature, is "housing in which a person with a disability resides or may reside that is found in the community but that is not exclusively occupied by persons with disabilities and their care providers." The Department, with the assistance of the TDHCA Disability Advisory Committee, developed an integrated housing rule to address this concern. In November 2003, the TDHCA Board approved an Integrated Housing Rule for use by all Department housing programs, 10 TAC 1.15. Below is a synopsis of the rule:

- A housing development may not restrict occupancy solely to people with disabilities or people with disabilities in combination with other special needs populations.
- Large housing developments (50 units or more) shall provide no more than 18 percent of the units of the development set aside exclusively for people with disabilities. The units must be dispersed throughout the development.
- Small housing developments (less than 50 units) shall provide no more than 36 percent of the units of the development set aside exclusively for people with disabilities. These units must be dispersed throughout the development.
- Set-aside percentages outlined above refer only to the units that are to be solely restricted for persons with disabilities. This section does not prohibit a property from having a higher percentage of occupants that are disabled.
- Property owners may not market a housing development entirely, nor limit occupancy to, persons with disabilities.

Exceptions to the above rule include (1) scattered site development and tenant-based rental assistance is exempt from the requirements of this section; (2) transitional housing that is time-limited with a clear and convincing plan for permanent integrated housing upon exit from the transitional situation; (3) housing developments designed exclusively for the elderly: (4) housing developments designed for other special needs populations; and (5) Board waivers of this rule to further the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause.

HOME Program

As further described in the "TDHCA Goals and Objectives" section of this plan, the HOME program has two specific funding strategies that directly serve persons with disabilities.

> ***"Goal 9:*** *TDHCA will work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs through funding, research, and policy development efforts...*
>
> > ***9.5 Strategy:*** *Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.*
> >
> > ***9.6 Strategy:*** *Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement."*

As established in Section 2306.111(c) of the Texas Government Code shown below and subject to the submission of qualified applications, up to 5 percent of the annual HOME Program allocation shall be allocated for applications serving persons with disabilities in HUD Participating Jurisdictions.

> *"c) In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), the department shall expend at least 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than non-participating areas."*

The "participating areas" described above are typically referred to as "Participating Jurisdictions (PJ)." PJs are large metropolitan counties and places that receive their HOME funds directly from HUD. Because much of the State's housing need for persons with disabilities is found in Participating Jurisdictions (PJs), to maximize the success of Strategies 9.5 and 9.6, the Department will limit all awards in PJs to those two activities. No other HOME activities will be eligible to apply in a PJ.

Additionally, in accordance with 10 TAC 53.61, applicants applying for HOME funds under the Owner-Occupied Housing Assistance and Tenant-Based Rental Assistance programs (in non-PJs) must propose targeting at least 5 percent of the number of units proposed in the application, to persons who meet the definition of persons with disabilities. A waiver of this requirement may be requested by the applicant to the Department, if applicant is unable to document persons with disabilities that meet the HOME eligible requirements.

HTC Program

HTC developments that are new construction must conform to Section 504 standards, which require that at least 5 percent of the development's units be accessible for persons with physical disabilities and at least 2 percent of the units be accessible for persons with hearing and visual impairments.

HTF Program

Rental developments funded with HTF resources must conform to Section 504 standards.

Multifamily Bond Program

Multifamily Bond Program developments must conform to Section 504 standards.

Comprehensive Energy Assistance Program

Priority for utility assistance through the Comprehensive Energy Assistance Program is given to the elderly, persons with disabilities, and families with young children; households with the highest energy costs in relation to income; and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

Weatherization Assistance Program

Like CEAP, priority for utility assistance through the Weatherization Assistance Program is given to the elderly, persons with disabilities, and families with young children; households with the highest energy costs in relation to income; and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

ELDERLY POPULATIONS

According to the 2000 US Census, 9.9 percent (approximately 2 million) of people in Texas are 65 years of age or older. The Texas Department on Aging (TDoA), now part of the Texas Department of Aging and Disability Services, estimates that by the year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas.[69] TDoA reports that females significantly outnumber males age 60 and over and, though the majority of elderly Texans live in urban areas, rural areas have a higher percentage of elderly relative to the local population.[70]

---

[69] Texas Department on Aging, Office of Aging Policy and Information, *Texas Demographics: Older Adults in Texas* (Austin, TX: Texas Department on Aging, April 2003), x, http://www.dads.state.tx.us/news_info/publications/studies/NewDemoProfileHi-Rez-4-03.pdf (accessed July 28, 2006).

[70] Texas Department on Aging, *Texas Demographics: Older Adults in Texas*, ix-x.

Nationwide, in 2004, the median income for individual elderly males was $21,102, elderly females was $12,080, and families headed by individuals 65 and over was $35,825.[71] According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas live below the poverty level. Low incomes in addition to rising healthcare costs may make housing unaffordable. Approximately 30 percent of all elderly households pay more than 30 percent of their income on housing, while 14 percent pay more than 50 percent of their income on housing.[72]

The 2003 State of Texas Senior Housing Assessment found that 91 percent of survey respondents expressed a desire to stay in their own homes as long as possible, and two-thirds believed that they would always live in their homes.[73] In 2003, of all elderly households nationwide, 73 percent owned their own homes free and clear.[74] However, elderly homeowners generally live in older homes than the majority of the population; in 2003, the median year of construction for homes owned by elderly households was 1965 and 5.3 percent had physical problems.[75] Due to their age, homes owned by the elderly are often in need of repair and weatherization.

Some elderly households may require in-house services such as medical treatment, meal preparation, or house cleaning. Community Care Services, administered by the Texas Department of Aging and Disability Services, provides services to meet the needs of elderly and disabled Texans avoiding premature nursing home placement, and proves to be more cost-effective than nursing home care. Statistics show that in fiscal year 2003, 65,202 nursing facility clients were assisted at an annual cost of $1,814,420,111, and 150,696 Community Care Services clients were at an annual cost of $1,332,477,707.[76] Though Medicaid covers nursing home care as well as assisted-living services, such assisted-living services are limited and waiting lists can be lengthy, which can prematurely place low income seniors in nursing home facilities.

Frail Elderly Persons

Frail elderly persons are defined as elderly persons who are unable to perform at least three activities of daily living. Activities of daily living include eating, dressing, bathing. According to the 2000 Census, 400,099 persons aged 65 to 74 (out of 1,131,163) have a disability as defined by the US Census, and 479,879 persons over the age of 75 (out of 835,109 total)

---

[71] US Department of Health and Human Services, Administration on Aging, ***A Profile of Older Americans: 2005*** (US Department of Health and Human Services), 1, http://www.aoa.dhhs.gov/PROF/Statistics/profile/2005/2005profile.pdf (accessed July 28, 2006).

[72] US Department of Housing and Urban Development, ***Housing Our Elders*** (HUD, November 1999), 29, http://www.huduser.org/publications/hsgspec/housec.html (accessed July 28, 2006).

[73] Texas Department of Aging and Disability Services, ***The State of Our State on Aging 2005*** (Austin, TX: Texas Department of Aging and Disability Services, May 2005), 27, http://www.dads.state.tx.us/news_info/publications/studies/2005_sos_exec_summary.pdf (accessed July 28, 2006).

[74] US Department of Health and Human Services, ***A Profile on Older Americans: 2005***, 11.

[75] US Department of Health and Human Services, ***A Profile on Older Americans: 2005***, 11.

[76] Texas Department of Human Services, ***2003 Annual Report***, 103.

have a disability as defined by the US Census. This population will require medical and social services; varying degrees of assistance are needed to maintain self-sufficiency and delay the need for nursing home care.

ALCOHOL AND DRUG ADDICTION

In 2001, the Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services (DSHS), estimated that approximately 1.8 million, or 12 percent, of adults in Texas have an alcohol-related problem, another 227,000 have drug-related problems, and an additional 495,000 have both alcohol and drug-related problems.[77] Of the 56,858 total admissions to DSHS-funded treatment programs during 2005, admitted individuals were 58.3 percent male with an average age of 31.6, an average 11th grade education, and an average annual income of $5,753.[78] Furthermore, 22.4 percent were employed, 9.7 percent were homeless, 52.4 had family or marital problems, and 45 percent reported psychological and emotional problems. The population of persons with alcohol or other drug addiction is diverse and often overlaps with the mentally disabled or homeless populations.

Supportive housing programs needed for persons with alcohol and/or other drug addiction problems range from short-term, in-patient services to long-term, drug-free residential housing environments for recovering addicts. Better recovery results may be obtained by placing individuals in stable living environments.

PERSONS WITH HIV/AIDS

Human Immunodeficiency Virus, or HIV, is the virus that causes AIDS (Acquired Immunodeficiency Syndrome). HIV infects cells and attacks the immune system, which weakens the body and makes it especially susceptible to other infections and diseases. According to DSHS, in 2005, there were 56,012 reported persons living with HIV/AIDS in Texas.[79] The majority of these cases were located in Bexar, Dallas, Harris, Tarrant, and Travis Counties. Because of increased medical costs or the loss of the ability to work, people with HIV/AIDS may be at risk of losing their housing arrangements.

DSHS addresses the housing needs of AIDS patients through the Housing Opportunities for Persons with AIDS Program (HOPWA), which is a federal program funded by HUD. In Texas, HOPWA funds provide emergency housing assistance, which funds short-term rent, mortgage, and utility payments to prevent homelessness; and tenant-based rental assistance, which enables low income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing. In addition to the TDH

[77] Texas Commission on Alcohol and Drug Abuse, ***2000 Texas Survey of Substance Use Among Adults***, by Lynn Wallisch (Austin, TX: Texas Commission on Alcohol and Drug Abuse, July 2001), 29, http://www.tcada.state.tx.us/research/AdultHousehold.pdf (accessed July 28, 2006).

[78] Jane Carlisle Maxwell, Substance Abuse Trends in Texas: June 2006 (Austin, TX: Gulf Coast Addition Technology Transfer Center, June 2006), 21, http://www.utexas.edu/research/cswr/gcattc/Trends/trends606.pdf (accessed August 2, 2006).

[79] Texas Department of State Health Services, HIV/STD Epidemiology and Surveillance Branch, ***Texas HIV/STD Surveillance Report: 2005 Annual Report*** (Austin, TX: Texas Department of State Health Services), 3, http://www.dshs.state.tx.us/hivstd/stats/pdf/surv_2005.pdf (accessed August 2, 2006).

statewide program, the cities of Austin, Dallas, Fort Worth, Houston, and San Antonio receive HOPWA funds directly from HUD.

PUBLIC HOUSING RESIDENTS

According to 2004 HUD data, there are 61,127 units of public housing and 141,982 Section 8 Housing Choice Vouchers in Texas.[80]

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

TDHCA has developed a strong relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials, which represent the public housing authorities of Texas. TDHCA has worked to promote programs that will repair substandard housing and develop additional affordable housing units.

In 1999, TDHCA, as required by 24 CFR §903.15, started a certification process to ensure that the annual plans submitted by public housing authorities in an area without a consolidated plan are consistent with the State's *Consolidated Plan*.

In an effort to keep public housing residents aware of State programs that might affect them, TDHCA sends notice of public comment periods and hearings regarding the *State of Texas Low Income Housing Plan and Annual Report* and the *State of Texas Consolidated Plan* to all Texas PHAs. PHA staff are targeted by the Texas Statewide Homebuyer Education Program (TSHEP) for training to provide self-sufficiency tools for tenants.

TDHCA served on the Project Advisory Committee with the Coalition of Texans with Disabilities, Texas Council for Developmental Disabilities, Advocacy Inc., and United Cerebral Palsy to oversee a three-year grant to provide training and technical assistance to PHAs. Activities of the grant were intended to result in a measurable increase in the number of integrated housing units available to persons with disabilities.

COLONIA RESIDENTS

According to Section 2306.581 of the Texas Government Code:

> "Colonia" means a geographic area located in a county some part of which is within 150 miles of the international border of this state and that
>
> - has a majority population composed of individuals and families of low income and very low income, based on the federal Office of

[80] HUD, "Public Housing Agency (HA) Profiles" http://www.hud.gov/offices/pih/systems/pic/haprofiles/index.cfm (accessed October 30, 2004).

Management and Budget poverty index, and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or

- has the physical and economic characteristics of a colonia, as determined by the department.

The Texas Secretary of State reports that there are more than 2,294 Texas colonias with 400,000 residents.[81] The Texas Office of the Comptroller estimates that median annual incomes for colonia residents range from $7,000 to $11,000.[82] Colonia residents are generally unskilled, lack a formal education, and do not have stable employment. The majority of colonia residents do fieldwork, construction work, or factory work, and the unemployment rate ranges from 20 to 60 percent.[83]

According to 2000 US Census data, colonias have a 75 percent homeownership rate. Despite this rate, however, colonia homes are inadequate; 4.9 percent of colonia dwellings lack kitchen facilities and 5.3 percent lack plumbing facilities. Some of these properties may have been purchased with contracts for deed, which are seller-financed transactions that do not transfer the title and ownership of the property to the buyer until the purchase price is paid in full.

Colonia residents have several needs that include increased affordable housing opportunities, such as down payment assistance and low-interest-rate loans, homeowner education, construction education and assistance, owner-occupied home repair, access to adequate infrastructure, and the conversion of remaining contracts for deed to conventional mortgages.

MIGRANT FARMWORKERS

According to the US Department of Health and Human Services *Migrant and Seasonal Farmworker Enumeration Profiles Study*, a seasonal farmworker describes an individual whose principal employment (at least 51 percent of time) is in agriculture on a seasonal basis and who has been so employed within the preceding twenty-four months; a migrant farmworker meets the same definition, but establishes temporary housing for purposes of employment.[84] The US Department of Health and Human Services estimates that there are 362,724 migrant and seasonal farm workers and families residing in Texas.[85] Of this population, 26 percent reside in Cameron, Hidalgo, and Starr Counties.

[81] Texas Secretary of State, "Colonia FAQ's," http://www.sos.state.tx.us/border/colonias/faqs.shtml (accessed August 10, 2006).

[82] Texas Office of the Comptroller, "Colonias: A Symptom, Not the Problem, http://www.window.state.tx.us/border/ch07/colonias.html (accessed August 10, 2006).

[83] Texas Secretary of State, "Colonia FAQ's."

[84] US Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health Care, *Migrant and Seasonal Farmworker Enumeration Profiles Study: Texas*, by Alice Larson, Larson Assistance Services (Vashon Island, WA: Larson Assistance Services, September 2000), 2, http://bphc.hrsa.gov/migrant/Enumeration/final-tx.pdf (accessed August 09, 2006).

[85] US Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study*, 13–18.

The National Agricultural Workers Survey, a national survey of 4,199 farmworkers conducted between 1997 and 1998, found that 61 percent lived below the poverty level.[86] The median annual income for individual workers was less than $7,500 and migrant families earned less than $10,000. Sixty percent of workers held only one farm job, which lasted only 24 weeks out of the year. Despite the short employment duration and low incomes, only 20 percent of workers received unemployment benefits and 10 percent received Medicaid or food stamps.

Farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and mobility. Many of the small, rural communities where migrant workers may seek employment do not have the rental units available for the seasonal influx. Overcrowding and substandard housing are significant housing problems for farmworkers.[87] In addition, migrant workers may not be able to afford security deposits, pass credit checks, or commit to long-term leases.

In HB 1099, the 79th Texas Legislative Session transferred the license and inspection of migrant farmworker housing facilities from the Texas Health and Human Services Commission to TDHCA. Additionally, the bill directs TDHCA to complete a study on quantity, availability, need, and quality of migrant farm labor housing facilities in Texas. Contact the TDHCA Division of Policy and Public Affairs at (512) 475-3975 for a copy of this report.

[86] US Department of Labor, Office of the Assistance Secretary for Policy, and Aguirre International, *Findings from the National Agricultural Workers Survey (NAWS) 1997-1998: A Demographic and Employment Profile of United States Farmworkers*, by Kala Mehta et al. (Washington, DC: US Department of Labor, March 2000), vii, http://www.dol.gov/asp/programs/agworker/report_8.pdf (accessed August 9, 2006).

[87] Christopher Holden. "Monograph no. 8: Housing" in *Migrant Health Issues* (Buda, TX: National Center for Farmworker Health Inc., October 2001), 40, http://www.ncfh.org/docs/08%20-%20housing.pdf (accessed August 9, 2006).

RURAL NEEDS

As the migration of populations and industries continues to urban and suburban areas, the less-populous areas of the state are left with a dilapidated housing stock and households with lower incomes than their urban or suburban counterparts. According to HUD, for FY 2006, the median income for Texas metropolitan statistical areas is $56,600 compared to $43,100 for non-metro households.[88]

Due to the lower incomes and lack of access to resources (e.g., bonds, large tax base, and investment capital) in less-populous areas, TDHCA gives special consideration to lower income individuals and households residing in rural areas. This focus is considered in the development of Department programs and in the distribution of associated funds. In the event that funding cannot be limited to rural areas because of rule or financial feasibility reasons, scoring criteria or set-asides are added to the applications or program rules to encourage the participation of these areas.

The Department works closely with several rural-based affordable housing organizations, private lenders, nonprofits, and units of local government in order to give funding priority to non-PJ and rural areas. It requires more effort to spark affordable housing activity in rural areas as the number of organizations available to assist with these activities is significantly fewer. With this in mind, the Department has developed specific strategies to address the needs of the rural populations of the state, which include rural set-asides or special scoring criteria for housing program funds, prioritization of activities that are most needed in rural areas, increasing awareness of TDHCA programs in rural areas, and building the capacity of rural service providers.

With the exception of up to 5 percent of the annual HOME Program allocation which shall be allocated for applicants serving persons with disabilities in HUD Participating Jurisdictions (as required by Section 2306.111(c) of the Texas Government Code), the TDHCA HOME funds primarily serve persons in rural areas. Participating jurisdictions are those large metropolitan counties and places that receive their HOME funds directly from HUD. Because much of the State's housing need for persons with disabilities is found in Participating Jurisdictions (PJs), to maximize the success of Strategies 9.5 and 9.6, the Department will limit all awards in PJs to those two activities. No other HOME activities will be eligible to apply in a PJ.

Section 2306.111(d) of the Texas Government Code requires that the TDHCA Regional Allocation Formula consider rural and urban/exurban areas in its distribution of program funding. Because of this, allocations for the HTC and HOME programs in allocated by rural and urban/exurban areas within each region.

[88] HUD, "Estimated Median Family Incomes for FY 2006," http://www.huduser.org/datasets/il/il06/MedianNotice_2006.pdf (accessed July 28, 2006).

TDHCA and the Office of Rural Community Affairs (ORCA) jointly administer the HTC Program rural regional allocation. ORCA assists in developing all thresholds, scoring, and underwriting criteria for rural regional allocation, and must approve the criteria. ORCA also participates in the evaluation and site inspection of rural developments proposed under the rural allocation.

The TDHCA Section 8 Housing Choice Voucher Program specifically serves households in small cities and rural communities that are not served by similar local or regional housing voucher programs.

ENERGY EFFICIENCY

Energy and water costs are often the largest single housing expense after food and shelter for lower income families. Utility costs typically represent 13 to 44 percent of lower income annual gross incomes and can account for nearly one-fourth of total housing costs. Proper use of existing technologies and management practices can reduce these utility costs significantly at a relatively low initial cost, thereby greatly increasing housing affordability for low and moderate income families.

The Department encourages, in each uniform state service region, energy efficiency in the construction of affordable housing by offering training, workshops, conferences, and other opportunities to learn about energy efficiency construction, and by encouraging applicants for Department programs to consider energy efficiency in their developments.

HOME Program applicants are required to certify that the development will be equipped with energy-saving devices that meet the 2000 IECC, which is the standard statewide energy code adopted by the state energy conservation office, unless historic preservation codes permit otherwise for a development involving historic preservation. In addition, applicants may qualify for points for the use of energy efficient alternative construction materials, 14 SEER HVAC or evaporative coolers in dry climates for new construction or radiant barrier in the attic for rehabilitation, and Energy Star or equivalently rated kitchen appliances.

The HTC Program requires applicants to adhere to the statewide energy code and also gives points for the use of energy-efficient alternative construction materials including R-15 wall and R-30 ceiling insulation, structurally insulated panels, and 14 SEER (seasonal energy efficiency ratio) cooling units.

The Weatherization Assistance Program allocates funding regionally, to help households in each region control energy costs through the installation on weatherization measures and energy conservation education. Weatherization services include the installation of storm windows, attic and wall insulation, and weather-stripping and sealing.

LEAD-BASED PAINT

The Consumer Product Safety Commission banned the use of lead-based paint in housing in 1978. According to the 2000 Census, there are 3,344,406 housing units in Texas that were built before 1979, many of which potentially contain lead-based paint. Of these homes, 2,764,745 are occupied by low income households and 579,661 are occupied by moderate income households. According to the National Safety Council, approximately 38 million US homes contain lead paint.[89]

The 1992 Community and Housing Development Act included Title X, a statute that represents a major change to existing lead-based paint regulations. HUD's final regulations for Title X (24. CFR.105) were published on September 15, 1999, and became effective September 15, 2000. Title X calls for a three pronged approach to target conditions that pose a hazard to households: (1) notification of occupants about the existence of hazards so they can take proper precautions, (2) identifications of lead-based paint hazards before a child can be poisoned and, (3) control of these lead-based paint hazards in order to limit exposure to residents. Title X mandated that HUD issue "The Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" to outline risk assessments, interim controls, and abatement of lead-based paint hazards in housing. Section 1018 required EPA and HUD to promulgate rules for disclosure of any known lead-based paint or hazards in target housing offered for sale or lease. These rules came into effect on March 6, 1996, in 40 CFR Part 745/24 CFR Part 35.

Pursuant to Section 1012 and 1013, HUD promulgated new regulations, "Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance," on September 15, 1999. The new regulation puts all of HUD's lead-based paint regulations in one part of the Code of Federal Regulations. The new requirements took effect on September 15, 2000.

The HOME Program, administered by TDHCA, requires lead screening in housing built before 1978. Requirements for acquisition and tenant-based rental assistance activities are distribution of the pamphlet "Protect Your Family from Lead in Your Home" prior to receipt of assistance; notification to property owners within 15 days if a visual assessment observes chipping, peeling or flaking paint; and, if detected, the paint must be stabilized using safe work practices and clearance must be provided.

Requirements for rehabilitation activities fall into three categories:

1) Federal assistance up to and including $5,000 per unit: Distribution of the pamphlet "Protect Your Family from Lead in Your Home" is required prior to renovation activities; notification within 15 days of lead hazard evaluation, reduction, and clearance must be provided; receipts for notification must be maintained in the administrator file; paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced or administrators may assume that lead-based paint exist; administrators must

[89] National Safety Council, "Lead Poisoning," (December 2004) http://www.nsc.org/library/facts/lead.htm (accessed August 9, 2006).

repair all painted surfaces that will be disturbed during rehabilitation; if lead-based paint is assumed or detected, safe work practices must be followed; and clearance is required only for the work area.

2) Federal assistance from $5,000 per unit up to and including $25,000 per unit: This category includes all the requirements for federal assistance up to and including $5,000 per unit with the addition of a risk assessment must be conducted prior to rehabilitation to identify hazards in assisted units, in common areas that serve those units, and exterior surfaces, or administrators can assume lead-based paint exists. Clearance is required for the completed unit, common areas which serve the units, and exterior surfaces where the hazard reduction took place.

3) Federal assistance over $25,000 per unit: This category includes all the requirements for federal assistance from $5,000 per unit up to and including $25,000 per unit and, if during the required evaluations lead-based paint hazards are detected on interior surfaces of assisted units, on the common areas that serve those units, or on exterior surfaces including soils, then abatement must be completed to permanently remove those hazards. If lead-based paint is detected during the risk assessment on exterior surfaces that are not disturbed by rehabilitation, then interim controls may be completed instead of abatement.

DISASTER INITIATIVES

Texas saw a variety of major disasters in 2005 and 2006. In August 2005, Hurricane Katrina made landfall in Louisiana, and then in September 2005, Hurricane Rita made landfall near Sabine Pass on the southeast Texas Gulf coast. Texas experienced an influx of evacuees from Louisiana escaping Hurricane Katrina, and over 75,000 homes in southeast Texas were severely damaged or destroyed as a result of Rita. According to the Federal Emergency Management Agency (FEMA), 640,968 Katrina and Rita applicants for assistance were residing in Texas as of February 1, 2006. In addition to the hurricanes, Texas also experienced several wildfires and wildfire threats as the result of dry, hot weather conditions. In January 2006, FEMA made a disaster declaration identifying an Extreme Wildfire Threat for all 254 Texas counties, and individual assistance for those counties experiencing fires.

In the event of future disasters in FY 2007 and beyond, TDHCA is committed to quickly, efficiently, and responsibly locating funds and developing programs and initiatives to assist affected households and communities. TDHCA performed the following in 2005 and 2006 in response to the disasters described above.

Community Development Block Grant Disaster Recovery Funds

As the lead agency in partnership with ORCA, TDHCA administers the Community Development Block Grant (CDBG) disaster recovery funding awarded to Texas under the Department of Defense Appropriations Act, 2006. A total of $74.5 million was awarded to Texas to rebuild the southeast Texas region devastated by Hurricane Rita. In July 2006, the TDHCA Board approved awards to four councils of governments (COGs) in the region to rebuild damaged homes, and five COGs will receive funds for infrastructure repairs. Of all funds awarded, 56.8 percent will be dedicated to housing activities including home rehabilitation, reconstruction, and other eligible activities to help the residents of southeast Texas recover from this disaster. In August 2006, HUD announced that Texas would receive an additional $428 million in CDBG disaster funding to promote long-term recovery in the area.

HOME Program

In January 2006, TDHCA, released a NOFA for $8.3 million in federal HOME Investment Partnerships Program funds for the repair or reconstruction of homes damaged by Hurricane Rita. These funds were obtained through a HUD waiver that allows the use of program year PY 2005 and 2006 CHDO set-aside funds for disaster relief efforts. An additional NOFA announcing $4.2 million in Hurricane Rita Disaster Relief funds was released in August 2006.

Under the HOME Program, funds are available to assist with disaster recovery in accordance with the de-obligation policy as passed by the TDHCA Governing Board on Janurary 17, 2002. The policy was created to address the re-obligation or de-obligation of unexpended HOME funds and program income. Eligible activities are prioritized in the following order: successful appeals, disaster relief, special needs, colonias, and other projects/uses as determined by the Executive Director and/or Board. For disaster purposes, de-obligated HOME Program funds are used for all weather-related disasters including but not limited to disasters as a result of floods, fires, hurricanes, tornadoes, and excessive wind damage. Applications are funded on a first-come, first-serve basis with priority given to state-recognized disasters.

HTC Program

In January 2006, TDHCA issued a NOFA related to Housing Tax Credits authorized through HR 4440, also known as the Gulf Opportunity Zone Act of 2005. This act amended the Internal Revenue Code of 1986 to provide tax benefits for certain areas affected by Hurricane Rita. The Act provided for an increase of $3,500,000 in the 2006 Housing Tax Credit Ceiling for the State of Texas. TDHCA determined that it would allocate that $3,500,000 solely in 21 of the 22 impacted counties for rehabilitation, reconstruction, or replacement new construction of rental units.

HTF

In August 2006, TDHCA released $1 million in Housing Trust Funds through the HTF Hurricane Rental Relief Program to finance the rehabilitation of qualified affordable housing developments in the Department's existing rental portfolio that received damage from Hurricane Rita.

Single Family Bond

In February 2006, TDHCA announced the release of $16 million in home loans made available to qualified homebuyers wishing to purchase a home within targeted areas including the 22 East Texas counties designated under the Gulf Opportunity Zone Act of 2005. In June 2006, an additional $108 million in First Time Homebuyer Program funds were released for use in the targeted 22-county area known as the Rita Go Zone.

Office of Colonia Initiatives

In December 2005, TDHCA released a NOFA for approximately $1,800,000 of State of Texas Housing Trust Funds to organizations assisting individuals or families that were victims of Hurricane Rita to purchase or refinance real property on which to build new residential or improve existing residential housing through self-help construction for very low and extremely low income individuals and/or families (owner-builders), including persons with special needs.

Community Affairs Division

In immediate response to the hurricanes, the Community Affairs Division released an additional $680,000 in CSBG funding to help with emergency needs as a result of the disasters. By October 2005, over 80,000 individuals were assisted through local community action agencies with this additional disaster funding.

TDHCA Program Plans

With the exception of the Housing Trust Fund, TDHCA receives the majority of its funding from federal sources. As such, the amount of funding that TDHCA receives is predetermined by the federal funding source. TDHCA has a commitment to expend all available housing resources to address the housing needs of the state. However, as evidenced by the oversubscription rate for many TDHCA programs, even when expending all available funding, there is still an unmet need.

Because of the limited amount of TDHCA funding and the possibility that funding levels may change, TDHCA encourages, and in some cases requires, that entities receiving TDHCA funds leverage or match those awards with additional funds from other sources. For example, the HOME Program and ESGP have match requirements for entities receiving awards through those programs.

Through program requirements and compliance monitoring, TDHCA works to ensure that housing programs benefit individuals without regard to race, ethnicity, sex, or national origin, as outlined in 10 TAC 1.60. Complaints involving all forms of housing discrimination are also referred to the Texas Workforce Commission Human Rights Division, which oversees the Texas Fair Housing Act. Additionally, it is the policy of TDHCA to not require its nonprofit recipients of funds to verify, as a condition of receiving federal funds, the citizenship or immigration status of applicants for funds. This policy is subject to change if the US Department of Housing and Urban Development revises its policy. This policy does not apply to the Section 8 Housing Choice Voucher Program.

The following TDHCA programs govern the use of available housing resources in meeting the housing needs of low income Texans. Program descriptions include information on the funding source, type of assistance, recipients, targeted beneficiaries, program activities, set-asides, and special initiatives.

HOME Investment Partnerships Program

The HOME Investment Partnerships (HOME) Program receives funding from the US Department of Housing and Urban Development (HUD) and provides loans and grants to units of local government, public housing authorities (PHAs), community housing development organizations (CHDOs), nonprofit organizations, and for-profit entities, with targeted beneficiaries being low, very low, and extremely low income households. The purpose of the HOME Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local governments and private and nonprofit organizations in order to strengthen their capacity to meet the housing needs of lower income Texans.

The State of Texas receives an annual allocation of HOME funds from HUD. TDHCA provides technical assistance to all recipients of the HOME Program to ensure that all participants meet and follow state implementation guidelines and federal regulations. In 2003, the Texas Legislature passed Senate Bill 264 (amending Sec. 2306.111 of the Government Code), which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the HOME, Housing Trust Fund, and HTC programs to each Uniform State Service Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance. Please see "2007 Regional Allocation Formula" in this section for further explanation.

The Department anticipates using open funding cycles for programs that have traditionally been undersubscribed. These may include but are not limited to the CHDO Set-Aside, Contract for Deed Conversion, Rental Housing Preservation, and Rental Housing Development activities.

Eligible Service Areas

Per Section 2306.111(c) the Department shall expend at least 95 percent of HOME funds for the benefit of non–PJ areas of the state. The remaining 5 percent of HOME funds may be expended in a PJ, but only if the funding serves persons with disabilities

HOME Program funding for FY 2007

The amount projected to be available from HUD in FY 2007 is $40,000,000. This is comprised of $39,350,000 of HOME funds plus $650,000 of ADDI funds. On February 15, 2006, the TDHCA Board approved the State HOME rules, 10 TAC 53. As part of this approval, applications submitted for Single Family non-development activities under a competitive application cycle may be accepted, reviewed, and recommended for an award, on an annual or biennial funding cycle. In FY 2006, HOME funds will be recommended for an award through a biennial funding cycle, and will include FY 2007 HOME funds.

2007 HOME Program Funding

TDHCA will use the following method for allocating funds.

Use of Funds	Estimated Available Funding	% of Total HOME Allocation
Administration Funds (10% of PY 2007)[1]	$4,000,000	10%
CHDO Project Funds Set Aside (15% of PY 2007) [1, 2]	$6,000,000	15%
CHDO Operating Expenses Set Aside (5% of CHDO Set Aside) [1]	$300,000	1%
State Mandated Funds for Contract for Deed Conversions[1]	$2,000,000	5%
Housing Program for Persons with Disabilities	$4,000,000	10%
Rental Housing Preservation Program	$2,000,000	5%
Rental Housing Development Program	$3,000,000	8%
General Funds for Single Family Activities	$18,700,000	47%
Total PY 2007 HOME Allocation	$40,000,000	100%
PY 2007 American Dream Downpayment Initiative (ADDI) Funds	$650,000	
Total Estimated Funding Available for Distribution	$40,650,000	

1 The funding for these activities is not subject to the Regional Allocation Formula.

2 $1,000,000 will be reserved from this set-aside for the Colonia Model Subdivision Program. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities. The Department may set aside 10% of the annual CHDO set-aside for Predevelopment Loans.

The following targets will be used to distribute General Funds for Single Family Activities and ADDI funds.

Activity	Funding Amount	% of Available Funding
Homebuyer Assistance	$2,902,500	15%
Owner Occupied Housing Assistance	$13,545,000	70%
Tenant Based Rental Assistance	$2,902,500	15%
Total Estimated Funding Available for Distribution	19,350,000	100%

Description of Activities

Owner-Occupied Housing Assistance (OCC)

Rehabilitation or reconstruction cost assistance is provided to homeowners for the repair or reconstruction of their existing homes. The homes must be the principal residence of the homeowner. At the completion of the assistance, all properties must meet the International Residential Code and local building codes. If a home is reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514, Texas Government Code, required for any applicants utilizing federal or state funds administered by TDHCA in the construction of single family homes.

The available funding for this activity is approximately $13.5 million, which may only be used in Non-PJs. This amount does not include the Housing Program for Persons with Disabilities OCC funding issued under a separate NOFA.

Tenant-Based Rental Assistance (TBRA)

Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed 24 months. TBRA allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance.

The available funding for this activity is approximately $2.9 million, which may only be used in Non-PJs. This amount does not include the TBRA Housing Program for Persons with Disabilities TBRA funding issued under a separate NOFA.

Homebuyer Assistance (HBA)

Down payment and closing cost assistance is provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for the following:

- Construction costs associated with architectural barrier removal in assisting homebuyers with disabilities by modifying a home purchased with HOME assistance to meet their accessibility needs.
- Acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents.
- Construction costs associated with the rehabilitation of a home purchased with HOME assistance.
- Acquisition or new construction costs for the replacement of manufactured housing.

The available funding for this activity is approximately $2.9 million, which may only be used in Non-PJs. PY 2007 ADDI funds are included in this amount. This amount does not include the Housing Program for Persons with Disabilities HBA funding issued under a separate NOFA.

Homebuyer Assistance may be awarded through the CHDO Set-Aside, Contract for Deed Set-Aside, and American Dream Downpayment Initiative.

Rental Housing Development

Awards for eligible applicants are to be used for the development of affordable rental housing. Owners are required to make the units available to extremely low, very low, and low income families, and must meet long-term rent restrictions.

The available funding for this activity is approximately $3 million, which may only be used in Non-PJs.

Rental Housing Preservation

Awards for eligible applicants are to be used for the acquisition and/or rehabilitation for the preservation of existing affordable or subsidized rental housing. Owners are required to make the units available to extremely low, very low, and low income families and must meet long-term rent restrictions.

The available funding for this activity is approximately $2 million, which may only be used in Non-PJs.

Special Mandates, Programs, and Initiatives

TDHCA will direct its remaining HOME funding to address federal and state legislative requirements or departmental program objectives as follows.

American Dream Downpayment Initiative (ADDI)

ADDI is a federal requirement that was signed into law on December 16, 2003, and was created to help homebuyers with down payment and closing cost assistance. ADDI aims to increase the homeownership rate, especially among lower income and minority households, and revitalize and stabilize communities.

Under ADDI, a first time homebuyer is an individual and his or her spouse who have not owned a home during the three year period prior to the purchase of a home with assistance under ADDI. The term also includes displaced homemakers and single parents. The minimum amount of ADDI funds in combination with HOME funds that must be invested in a project is $1,000. The amount of ADDI assistance provided to any family may not exceed the greater of 6 percent of the purchase price of a single family housing unit or $10,000. This assistance is in the form of a second- or third-lien loan.

The ADDI funding, approximately $650,000, is reserved for down payment assistance in non-PJs. ADDI funding may, at the discretion of the Department, include funds for rehabilitation for first time homebuyers in conjunction with home purchases assisted with ADDI funds. The rehabilitation may not exceed 20 percent of the annual ADDI allocation.

CHDO Set-Aside

A minimum of 15 percent, approximately $6,000,000 (plus $300,000 in CHDO operating expenses) of the annual HOME allocation is reserved for Community Housing Development Organizations (CHDOs). CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. These funds may only be used in non-PJs.

In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation will be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate application cycle not tied to a specific activity. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money.

Contract for Deed Conversions Set-Aside

The purpose of this program is to help Colonia residents become property owners by converting their contracts for deed into traditional mortgages. To help TDHCA meet this mandate, $2,000,000 of PY 2007 HOME Program funds will be targeted to assist households described under this initiative. These funds may only be used in non-PJs.

These funds are a State mandated set-aside and account for less than 10 percent of the funding available for allocation, therefore, they are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

Colonia Model Subdivision Loan Program Set-Aside

Per Subchapter GG of Chapter 2306, Texas Government Code, the intent of this program is to provide low-interest-rate or possible interest-free loans to promote the development of new, high-quality residential subdivisions or infill housing that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. The Department will only make loans to CHDOs certified by the Department and for the types of activities and costs described under the previous section regarding CHDO Set-Aside. $1,000,000 dollars will be targeted to assist households described under this initiative. These funds may only be used in non-PJs.

These funds are a State mandated set-aside and account for less than 10 percent of the funding available for allocation, therefore, they are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

Persons with Disabilities

Up to $4 million of directed assistance for persons with disabilities will be issued under separate NOFAs. The funds will be awarded through competitive application processes. These NOFAs will include directed funds for TBRA, HBA and OCC activities as described in the following strategies.

> ***"9.5 Strategy:*** *Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.*
>
> ***9.6 Strategy:*** *Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general*

> *HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement."*

Within the requirements of 2306.111(c) of the Texas Government Code as described below, applications may serve both PJ and non-PJ areas. The amount of funding that can be utilized for this purpose in PJ areas cannot exceed the associated 5 percent cap of approximately $2 million

In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 USC Section 12701 et. seq.), the Department shall expend at least 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set aside under this subsection shall be used for the benefit of persons with disabilities, and may be used to serve persons with disabilities in both participating and non-participating jurisdiction areas. Eligible applicants include nonprofits, for-profits, units of general local government, and public housing authorities with a documented history of working with special needs populations, or working in partnership with organizations with a documented history of working with special needs populations.

TDHCA will ensure that all housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will be limited to reserving no more than 18 percent of the units in developments with 50 or more units, and no more than 36 percent of the units in developments with less than 50 units, for persons with disabilities.

Additionally, in accordance with 10 TAC 53.61, applicants applying for HOME funds under the Owner-Occupied Housing Assistance and Tenant-Based Rental Assistance programs must propose targeting at least 5 percent of the number of units proposed in the application, to persons who meet the definition of persons with disabilities. A waiver of this requirement may be requested by the applicant to the Department, if applicant is unable to document persons with disabilities that meet the HOME eligible requirements.

Special Needs Populations

Subject to the availability of qualified applications, TDHCA has a goal of allocating 20 percent of the annual HOME allocation to applicants serving persons with special needs. All HOME program activities will be included in attaining this goal. Additional scoring criteria may be established under each of the eligible activities to target such activities and assist the Department in reaching its goal.

Regional Allocation Formula

All HOME funding awards under this plan are subject to Texas Government Code §2306.111 and as such will be distributed according the established Regional Allocation Formula. The 2007 RAF distributes funding for the following activities:

- Housing Program for Persons with Disabilities,
- Rental Housing Preservation Program,
- Rental Housing Development Program,
- Single Family Activity Program, and
- PY 2007 ADDI Funds.

The table below shows the combined regional funding distribution for all of the activities distributed under the RAF. Targeted funding amounts for each activity will also be established using the percentages generated by the RAF.

Targeted Distribution of Funds under the RAF

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$2,096,376	6.1%	$2,096,004	100.0%	$372	0.0%
2	Abilene	$1,564,996	4.5%	$1,528,397	97.7%	$36,599	2.3%
3	Dallas/Fort Worth	$6,158,445	17.8%	$1,697,219	27.6%	$4,461,226	72.4%
4	Tyler	$4,209,442	12.1%	$3,709,160	88.1%	$500,282	11.9%
5	Beaumont	$2,087,440	6.0%	$1,771,480	84.9%	$315,960	15.1%
6	Houston	$2,390,795	6.9%	$1,076,716	45.0%	$1,314,079	55.0%
7	Austin/Round Rock	$1,432,347	4.1%	$781,108	54.5%	$651,239	45.5%
8	Waco	$1,163,474	3.4%	$717,572	61.7%	$445,901	38.3%
9	San Antonio	$1,941,552	5.6%	$1,507,178	77.6%	$434,374	22.4%
10	Corpus Christi	$2,538,461	7.3%	$2,071,417	81.6%	$467,044	18.4%
11	Brownsville/Harlingen	$6,245,987	18.0%	$4,111,167	65.8%	$2,134,820	34.2%
12	San Angelo	$1,871,449	5.4%	$705,175	37.7%	$1,166,274	62.3%
13	El Paso	$949,236	2.7%	$609,876	64.2%	$339,360	35.8%
	Total	$34,650,000	100.0%	$22,382,470	64.6%	$12,267,530	35.4%

For more information regarding single family activities, contact Sandy Garcia, Single Family Finance Production Division, at (512) 475-1391 or sandy.garcia@tdhca.state.tx.us. For multifamily activity information, contact David Danenfelzer, Multifamily Finance Production Division, at (512) 475-3865 or david.danenfelzer@tdhca.state.tx.us.

HOUSING TRUST FUND

The Housing Trust Fund (HTF) receives funding from the State of Texas, multifamily bond issuance fees, loan repayments and other funds that are received and appropriated by the Department, and is the only State-authorized program for affordable housing, as created by the 72nd Legislature. HTF offers loans and grants to nonprofits; units of local government; public housing agencies; CHDOs; and for-profit entities. The targeted beneficiaries of the program are low, very low, and extremely low income households. Eligible program activities for the Housing Trust Fund include, but are not limited to the following:

- the acquisition, rehabilitation, and new construction of affordable rental housing. Refinancing or rehabilitation of properties constructed within the past 5 years and previously funded by the Department are not eligible;
- the acquisition, rehabilitation, and new construction of affordable homeownership developments. Developments may be completed by a contracted developer or through Self-Help Construction.
- tenant-based rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant-based rental assistance also includes security and utility deposits for rental of dwelling units;
- predevelopment loans to nonprofit housing development organizations for eligible reimbursable costs associated with the planning and implementation of affordable housing activities;
- credit enhancements or security for repayment of revenue bonds issued to finance affordable housing, including payments or reservations of funds to securitize loan fund investments; and
- technical assistance or other forms of capacity building to nonprofit housing developers.

While all of these are eligible activities under the program's rule, not all of these activities will occur each year and Notices of Funding Availability (NOFAs) will be released identifying the activities for which funds can actually be applied.

Pursuant to §2306.111(d-1) of the Texas Government Code, HTF programs will be regionally allocated unless the funding allocation for that program is mandated by state statute and the program's allocation represents less than 10 percent of the annual allocation for HTF.

Rental Housing Development

Rental Housing Development funds are primarily used to fund the acquisition, construction, and rehabilitation of affordable housing. Housing Trust Funds are typically used as gap financing in developments and combined with other Department programs, like the HOME Program and HTC Program.

Housing units assisted with HTF funds may remain affordable for a period up to 30 years, pursuant to Texas Government Code §2306.185(c). Applications are reviewed in accordance with the Department's applicable rules for either open or competitive application cycles. Rental developments funded with HTF resources must have a minimum of 5 percent of the units accessible for individuals with mobility impairments and an additional 2 percent of the units shall be accessible for individuals with hearing or vision impairments.

Capacity Building and Technical Assistance

The Department provided no funding for Capacity Building or Technical Assistance in FY 2006 due to expanded hurricane relief support. The Department may release a new NOFA in FY 2007, based on the annual funding plan approved by the Department's Board.

Predevelopment Loan Program

The purpose of the Housing Trust Fund Predevelopment Loan Program is to provide opportunities for nonprofits organizations to develop affordable housing by helping to eliminate the barriers predevelopment expenses may pose. To date, the program has managed to create more than $34 million in affordable housing development for an investment of less than $3 million over the past 8 years. The Department anticipates releasing a new NOFA for the program in September 2006.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program, as administered by the TDHCA Office of Colonia Initiatives, receives substantial funding from the Housing Trust Fund. This program is not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1) of the Texas Government Code.

Disaster Relief

The Department reserved approximately $2.8 million in HTF funding for the purpose of supporting disaster relief efforts in fiscal year 2006. The Department's Board approved the use of HTF funds for both homeowner assistance and rental rehabilitation activities.

Regional Allocation Formula

In accordance with Senate Bill 264, TDHCA allocates HTF Program funds to each region using a need-based formula developed by the Department. Please see "2007 Regional Allocation Formula" in this section for further explanation.

HTF Program RAF

Region	Place for Geographical Reference	Regional Funding %	Rural Funding %	Urban/ Exurban Funding %
1	Lubbock	4.9%	50.6%	49.4%
2	Abilene	2.9%	43.7%	56.3%
3	Dallas/Fort Worth	20.0%	7.7%	92.3%
4	Tyler	5.3%	59.3%	40.7%
5	Beaumont	3.2%	52.2%	47.8%
6	Houston	23.7%	4.2%	95.8%
7	Austin/Round Rock	4.5%	6.5%	93.5%
8	Waco	5.5%	18.2%	81.8%
9	San Antonio	5.7%	15.6%	84.4%
10	Corpus Christi	3.7%	51.9%	48.1%
11	Brownsville/Harlingen	13.0%	36.4%	63.6%
12	San Angelo	3.0%	29.3%	70.7%
13	El Paso	4.7%	13.2%	86.8%
	Total	100.0%	21.4%	78.6%

Projected Housing Trust Fund Funding for FY 2007: TBD

For more information, contact the Multifamily Finance Production Division, at (512) 475-2596

HOUSING TAX CREDIT PROGRAM

The Housing Tax Credit (HTC) Program receives authority from the US Treasury Department to provide tax credits to nonprofits, for-profit developers, and syndicators or investors. The targeted beneficiaries of the program are very low and extremely low income families at or below 60 percent AMFI. The program's purpose is to encourage the development and preservation of rental housing for low income families, provide for the participation of for-profit and nonprofit organizations in the program, maximize the number of units added to the state's housing supply, and prevent losses in the state's supply of affordable housing.

The HTC Program was created by the Tax Reform Act of 1986 and is governed by the Internal Revenue Code of 1986 (the "Code"), as amended, 26 USC Section 42. It authorizes tax credits in the amount of $1.85 per capita of the state population. Tax credits are also awarded to developments with tax-exempt bond financing and are made independent of the $1.85 state volume cap. TDHCA is the only entity in the state with the authority to allocate tax credits under this program. The State's distribution of the credits is administered by the TDHCA's *Qualified Allocation Plan and Rules* (QAP), as required by the Code. Per Section 2306.67022, the Governor shall approve, reject, or modify and approve the Board-approved QAP not later than December 1 of each year.

In 2003, the Texas Legislature passed Senate Bill 264, which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the HTC Program to each Uniform State Planning Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance.

To qualify for tax credits, the proposed development must involve new construction or undergo substantial rehabilitation of residential units, which is defined as at least $12,000 per rental unit of construction hard costs, unless financed with TX-USDA-RHS, in which case the minimum is $6,000. The credit amount for which a development may be eligible depends on the total amount of depreciable capital improvements, the percentage of units set aside for qualified tenants, and the funding sources available to finance the total development cost. Pursuant to the Code, a low income housing development qualifies for residential rental occupancy if it meets one of the following two criteria: (1) 20 percent or more of the residential units in the development are both rent-restricted and occupied by individuals whose income is 50 percent or less of AMFI; or (2) 40 percent or more of the residential units in the development are both rent-restricted and occupied by individuals whose income is 60 percent or less of AMFI. Typically, 60 to 100 percent of a development's units will be set aside for qualified tenants in order to maximize the amount of tax credits the development may claim.

Credits from the state volume cap are awarded through a competitive application process. Each application must satisfy a set of threshold criteria and is scored based on selection criteria. The selection criteria referenced in the QAP is approved by the TDHCA Board each year. The board considers the recommendations of the TDHCA staff and determines a final award list. Credits to developments with tax-exempt bond financing are awarded through a similar application review process, but because these credits are not awarded from a limited credit pool, the process is noncompetitive and the selection criteria are not part of the application.

The Department requires recipients of tax credits to document the participation of minority-owned businesses in the development and management of tax credit developments, and has established a minimum goal of 30 percent participation. The selection criteria for 2006 awards extra points to developments owned by historically underutilized businesses (HUBs) or that have a plan in place for utilizing HUBs, and also development location criteria including areas located in colonias. Efforts are made in the planning process and allocation of funds to ensure the involvement of housing advocates, community-based institutions, developers, and local municipalities. The Department also encourages the participation of community development corporations and other neighborhood-based groups.

Regional Allocation Formula

In accordance with Senate Bill 264, TDHCA allocates HTC Program funds to each region using a need-based formula developed by the Department. Please see "2007 Regional Allocation Formula" in this section for further explanation. Using the 2007 Regional Allocation Formula, each region will receive the following amount of funding for use with activites subject to the formula. Funding figures will be included in the final document.

HTC Program RAF

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$2,096,099	4.9%	$1,060,188	50.6%	$1,035,911	49.4%
2	Abilene	$1,251,525	2.9%	$546,878	43.7%	$704,647	56.3%
3	Dallas/Fort Worth	$8,598,298	20.0%	$659,991	7.7%	$7,938,307	92.3%
4	Tyler	$2,286,522	5.3%	$1,354,984	59.3%	$931,538	40.7%
5	Beaumont	$1,365,191	3.2%	$712,447	52.2%	$652,744	47.8%
6	Houston	$10,182,859	23.7%	$430,557	4.2%	$9,752,302	95.8%
7	Austin/Round Rock	$1,919,458	4.5%	$125,682	6.5%	$1,793,776	93.5%
8	Waco	$2,358,376	5.5%	$429,432	18.2%	$1,928,945	81.8%
9	San Antonio	$2,448,901	5.7%	$381,410	15.6%	$2,067,492	84.4%
10	Corpus Christi	$1,575,474	3.7%	$817,776	51.9%	$757,698	48.1%
11	Brownsville/Harlingen	$5,600,674	13.0%	$2,039,229	36.4%	$3,561,445	63.6%
12	San Angelo	$1,300,187	3.0%	$381,485	29.3%	$918,702	70.7%
13	El Paso	$2,016,435	4.7%	$267,150	13.2%	$1,749,284	86.8%
	Total	$43,000,000	100.0%	$9,207,210	21.4%	$33,792,790	78.6%

Projected HTC Program Funding for FY 2007: $43,000,000

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

MULTIFAMILY BOND PROGRAM

The Multifamily Bond Program issues tax-exempt and taxable housing mortgage revenue bonds (MRBs) under the Private Activity Bond Program (PAB) to fund loans to nonprofit and for-profit developers. The proceeds of the bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties with the targeted beneficiaries being very low, low, and moderate income households. Owners elect to set aside units in each development according to §1372, Texas Government Code. Rental developments must comply with Section 504 unit standards. Property owners are also required to offer a variety of services to benefit the residents of the development. Specific tenant programs must be designed to meet the needs of the current tenant profile and must be approved annually by TDHCA.

TDHCA issues tax-exempt, multifamily MRBs through two different authorities defined by the Internal Revenue Code. Under one authority, tax-exempt bonds used to create housing developments are subject to the State's private activity volume cap. The State will allocate 22 percent of the annual private activity volume cap for multifamily developments. Approximately $402 million in issuance authority will be made available to various issuers to finance multifamily developments, of which 20 percent, or approximately $80 million, will be made available exclusively to TDHCA. On August 15th of each year, any allocations in the subcategories of the bond program that have not been reserved pool into one allocation fund. This is an opportunity for TDHCA to apply for additional allocation and which allows TDHCA to issue more bonds than the set-aside of $80 million. PAB Issuance authority per individual development is allocated and administered by the Texas Bond Review Board (BRB). Initially, applications submitted to the BRB are allocated by a lottery. TDHCA, local issuers, local housing authorities, and other eligible bond issuers submit applications for specific developments on behalf of development owners. Applications submitted to TDHCA for the private activity bond 2006 program year will be scored and ranked by priority and highest score. TDHCA will be accepting applications throughout the 2007 program year. Developments that receive 50 percent or more of their funding from the proceeds of tax-exempt bonds under the private activity volume cap are also eligible to apply for Housing Tax Credits.

Under the second authority, TDHCA may issue tax-exempt MRBs to finance properties that are owned entirely by nonprofit organizations. Bonds issued under this authority are exempt from the private activity volume cap. This is a noncompetitive application process and applications may be received at any time throughout the year. In addition to the set-asides above, 75 percent of development units financed under the 501(c)(3) authority must be occupied by households earning 80 percent or less of the area median income.

Projected Multifamily Bond Program Funding for FY 2007: $150,000,000

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

First Time Homebuyer Program

The First Time Homebuyer Program receives funding from tax-exempt and taxable mortgage revenue bonds. The program offers 30-year fixed-rate mortgage financing at below-market rates for very low, low, and moderate income residents purchasing their first home or residents who have not owned a home within the preceding three years. Qualified applicants access First Time Homebuyer Program funds by contacting any participating lender, which is then responsible for the loan application process and subsequent loan approval. After closing, the lender transfers the mortgage loan to a Master Servicer designated by TDHCA.

The First Time Homebuyer Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI (area median family income) limitations, based on IRS adjusted income limits, and the purchase price of the home must not exceed stipulated maximum purchase price limits. Program funds may be allocated on a regional basis based on population percentage per Uniform State Service Region. A minimum of 30 percent of program funds will be set aside to assist Texans earning 60 percent or less of program income limits.

TDHCA currently offers Assisted Mortgage Loans and Non-Assisted Mortgage Loans. The Assisted Mortgage Loans have a slightly higher interest rate than the Non-Assisted Loans and may include down payment and closing cost assistance in the form of a grant or second lien loan. The type of assistance and amount varies by bond issuance. Assisted Mortgage Loans are available exclusively to low income homebuyers earning 60 percent or less or 115 percent or less of program income limits, depending on the program. Non-Assisted Mortgage Loans have a slightly lower interest rate than the Assisted Loans and do not offer down payment or closing cost assistance.

In an effort to assist borrowers with impaired credit histories, the First Time Homebuyer Program may be used in conjunction with Fannie Mae's My Community Mortgage. My Community Mortgage offers flexible terms, including flexibility on credit histories and the acceptance of nontraditional credit histories. These loans may be used with all TDHCA mortgage revenue bond programs, thus giving households with slight credit blemishes the opportunity to qualify for a homebuyer loan with interest rates lower than that of alternative financing arrangements

Income limits for the program are set by the IRS Tax Code (1986) based on income figures determined by the US Department of Housing and Urban Development. The first time homebuyer restriction is established by federal Internal Revenue Service regulations, which also require that program recipients may be subject to a recapture tax on any capital gain realized from a sale of the home during the first nine years of ownership. Certain exceptions to the first time homebuyer restriction, income ceiling, and maximum purchase price limitation apply in targeted areas. Such targeted areas are qualified census tracts in which 70 percent or more of the families have an income of 80 percent or less of the statewide median income and/or are areas of chronic economic distress as designated by the state and approved by the Secretaries of Treasury and Housing and Urban Development, respectively.

Projected Texas First Time Homebuyer Program funding for FY 2007: $125,000,000

For more information, contact Eric Pike, Single Family Finance Production Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

GRANT ASSISTANCE PROGRAM

The Texas Department of Housing and Community Affairs offers grant funds for down payment and closing cost assistance on a first-come, first-served basis for mortgage loans originated through the First Time Homebuyer Program. The Grant Assistance Program (GAP) currently provides up to 5 percent of the amount of the mortgage loan, but may vary depending on the program. Assistance is available to eligible borrowers whose incomes do not exceed 60 percent or 115 percent AMFI, depending on the program.

Projected Grant Assistance Program funding for FY 2007: Varies by bond issuance.

For more information, contact Eric Pike, Single Family Finance Production Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

MORTGAGE CREDIT CERTIFICATE PROGRAM

A mortgage credit certificate (MCC) provides a tax credit that will reduce the federal income taxes, dollar-for-dollar, of qualified buyers purchasing a qualified residence. As a result, the MCC effectively reduces the monthly mortgage payment and increases the buyer's disposable income by reducing his or her federal income tax obligation. This tax savings provides a family with more available income to qualify for a loan and meet mortgage payment requirements.

The amount of the annual tax credit will equal 35 percent of the annual interest paid on a mortgage loan; however, the maximum amount of the credit cannot exceed $2,000 per year. The credit cannot be greater than the annual federal income tax liability, after all other credits and deductions have been taken into account. MCC tax credits in excess of a borrower's current year tax liability may, however, be carried forward for use during the subsequent three years.

The MCC Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI limitations, based on IRS adjusted income limits. In order to participate in the MCC Program, homebuyers must meet certain eligibility requirements and obtain a mortgage loan through a participating lender. The mortgage loan must be financed from sources other than tax-exempt revenue bonds. The mortgage may be a conventional, FHA, VA, or RHS loan at prevailing market rates, but may not be used in connection with the refinancing of an existing loan.

Projected Mortgage Credit Certificate Program funding for FY 2007: $60,000,000

For more information, contact Eric Pike, Single Family Finance Production Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us.

LOAN STAR LOAN PROGRAM

The Loan Star Mortgage Program offers conventional, conforming first lien purchase mortgage loans, at market level interest rates, with second lien amortizing loans providing 8 percent down payment assistance. Target populations include low and moderate income households who may or may not have previously owned a home and require down payment assistance and seek minimal paperwork. Participating lenders statewide originate the mortgage loans.

The program is offered in conjunction with CitiMortgage Inc. using external market sources, and is intended to serve segments of the Texas homebuyer market not currently served by TDHCA's present tax-exempt bond program. An essential component of the Loan Star Mortgage Program is the down payment assistance achieved through a Fannie Mae MyCommunity second lien mortgage.

Projected Loan Star Lone Program funding for FY 2007: $20,000,000

For more information, contact Martha Sudderth, Single Family Finance Production Division, at (512) 475-3444 or martha.sudderth@tdhca.state.tx.us.

TEXAS STATEWIDE HOMEBUYER EDUCATION PROGRAM

The Texas Statewide Homebuyer Education Program (TSHEP) offers provider certification training to nonprofit organizations including Texas Agriculture Extension Agents, units of local government, faith-based organizations, CHDOs, community development corporations, community-based organizations, and other organizations with a proven interest in community building. In addition, a referral service for individuals interested in taking a homebuyer education class is available through TDHCA. The targeted beneficiaries of the program include extremely low, very low, low, and moderate income individuals; minority populations; and persons with disabilities.

To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA contracts with training professionals to teach local nonprofit organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education. The training professionals and TDHCA also certify the participants as homebuyer education providers.

Projected Texas Statewide Homebuyer Education Program funding for FY 2007: $70,000.

For more information, contact the Division of Policy and Public Affairs at (512) 475-3976.

OFFICE OF COLONIA INITIATIVES

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all Department and legislative initiatives involving border and colonia issues and managing a portion of the Department's existing programs targeted at colonias. The fundamental goal of the OCI is to improve the living conditions and lives of border and colonia residents, and to educate the public regarding the services that the Department has to offer.

"Colonia" is a term borrowed from Spanish that is commonly used in Mexico to describe a type of neighborhood. In the United States, it is a geographic area located within 150 miles of the US-Mexico border that has a majority population comprised of individuals and families of low and very low income who commonly lack one or more public infrastructure services and safe, sanitary, and sound housing.

Border Field Offices

OCI oversees three Border Field Offices (BFOs) located in Edinburg, El Paso, and Laredo that serve a 75-county area with a primary purpose to provide technical assistance to units of local governments, nonprofits, for-profits, colonia residents, and the general public on Department's programs and services through on-site visits and other outreach activities along the Texas-Mexico border region. Each BFO is responsible for marketing Department programs and services to colonia and border residents. In addition, BFOs conduct on-site loan packaging and processing, homebuyer counseling, inspections, and administration of the various contracts regarding the Department's border and colonia initiatives such as the Colonia Self-Help Centers, Contract for Deed Conversion Program, and the Texas Bootstrap Loan Program. This collaboration of efforts serves as a mechanism for community improvements that is responsive to the needs of colonia residents.

Colonia Self-Help Centers

The Colonia Self-Help Center (SHC) program was created in 1995 by the 74th Legislature Senate Bill 1509, Texas Government Code Subchapter Z §2306.581 – §2306.591. Operation of the colonia self-help centers are funded from nonentitlement Community Development Block Grant (CDBG) 2.5 percent colonia set-aside fund, which is approximately $2.2 million per year and are transferred to the Department from the Office of Rural Community Affairs (ORCA) through a Memorandum of Understanding. CDBG funds can only be provided to eligible units of general local governments. The Tex. Gov. Code Ann §2306.582 authorizes the Department to establish SHCs in Cameron/Willacy, Hidalgo, Starr, Webb, and El Paso counties. Additionally, the Department, if it determines it necessary and appropriate, may establish a self-help center in any other county if the county is designated as an economically distressed area by the Texas Department Water Board. Since creation of the program, two additional SHCs have since been established in Val Verde County and Maverick County. The SHC program serves 28 colonias in the five counties designated by statute and two additional counties; the counties have approximately 10,000 colonia residents whom qualify as beneficiaries of these services.

The goal of a SHC is to improve the living conditions of residents in the colonias through key services including concentrated technical assistance in the areas of housing rehabilitation; new construction; surveying and platting; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; grant writing; infrastructure constructions and access; contract-for-deed conversions; and capital access for mortgages to improve the quality of life for colonia residents in ways that go beyond the provision of basic infrastructure. Participants in the program must not earn more than 80 percent of the area median family income. Additionally, the properties proposed for this initiative must be located in a colonia area as identified by the Texas Water Development Board colonia list or meet the Department's definition of a colonia.

Colonia Resident Advisory Committee

The SHC program is advised by the Colonia Resident Advisory Committee (C-RAC). Established by the Tex. Gov. Code Ann. §2306.584, the C-RAC is required to advise the Department of the needs of colonia residents, activities to be provided and programs to be administered in the selected colonias of the Colonia SHCs. Each county selects two colonia residents to serve on the committee. One of the two residents must reside in a colonia being serviced by the self-help center. C-RAC members meet 30 days prior to making an award to a Colonia SHC. The C-RAC has been instrumental in voicing the concerns of the targeted populations and assisting in the development of useful tools and programs to address the needs of colonia residents.

Contract for Deed Conversion Initiative

The intent of this program is to facilitate colonia-resident property ownership by converting contracts for deed into traditional mortgages. The Department is required through legislative directive to spend no less than $4 million on contract for deed conversions for colonia families. The same legislation indicated that the Department must convert at least 400 of these contracts for deed into traditional notes and deeds of trust by August 31, 2007; however, the directive is funded through the HOME program. HOME program rules require that any residence that participates in the program must be brought up to specific housing standards – for colonia areas, this standard is typically the Colonia Housing Standards. This requirement increases the total costs of the combined conversion and housing rehabilitation activities to approximately $55,000 per participating household. Therefore, the Department estimates that 73 homes will be served through the $4 million earmarked for this purpose. Participants of this program must earn 60 percent or less of the applicable area median family income, live in a colonia, and the property must be their principal residence. Pre- and post-conversion counseling is available, as well as funding for housing reconstruction and rehabilitation.

For FY 2007, the Department will set aside $2 million from the HOME Investment Partnership Program and anticipates releasing a NOFA in the fall of 2007. Units of general local government, public housing agencies, and nonprofit organizations are eligible entities to apply to provide deferred forgivable loans or grant funds to eligible colonia residents to achieve the goals of the CFD program.

Colonia Consumer Education Services

OCI continues the consumer education program and has expanded its educational goals, although OCI is no longer required by legislation to provide education for contract for deed participants. With the statewide expansion of this program, OCI recognized the need for additional education topics, such as filing homestead exemptions and instruction in other aspects of homeownership. Education services are available through the Colonia Self-Help Centers and OCI Border Field Offices.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program is required under Subchapter FF, Chapter 2306, Texas Government Code, to make available $3 million for mortgage loans to very low income families (those earning 60 percent or less of the area median family income), not to exceed

$30,000 per unit. This program is a self-help construction program, which is designed to provide very low income families an opportunity to help themselves through the form of sweat equity. All participants under this program are required to provide at least 60 percent of labor that is necessary to construct or rehabilitate the home, and all applicable building codes must be adhered to under this program. In addition, participants may combine these funds with other sources, such as those from private lending institutions, local governments, or any other sources; however, all combined monthly amortized loans may not exceed $60,000 per unit.

The Department is required to set aside at least two-thirds, or $2,000,000, of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The remainder of the funding, one-third, or $1,000,000, will be available to Department-certified nonprofit owner-builder programs statewide.

Colonia Model Subdivision Program

The intent of this program, created in 2001 by the 77th Legislature, is to provide low-interest or interest-free loans to promote the development of new, high-quality subdivisions that provide alternatives to substandard colonias. The Department has allocated $2 million from the HOME Program to implement this initiative for the 2005-2006 biennium.

Consumer Information Resources

OCI operates a toll-free hotline, 1-800-462-4251, in both English and Spanish that enables colonia residents to voice their concerns and/or request information. In addition, this hotline is available to colonia residents who may be having trouble making their monthly mortgage programs under the Contract for Deed Conversion Initiative and Texas Bootstrap Loan Program.

Projected Office of Colonia Initiatives funding for FY 2007: $7,200,000.

For additional information, contact Homero V. Cabello, Office of Colonia Initiatives, at 1-800-462-4251 or homero.cabello@tdhca.state.tx.us.

COMPREHENSIVE ENERGY ASSISTANCE PROGRAM

The Comprehensive Energy Assistance Program (CEAP) receives funding from the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) and offers grants to community action agencies, nonprofits, and local units of government. The targeted beneficiaries of the program in Texas are households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

CEAP combines case management, energy education, and financial assistance to help very low and extremely low income consumers reduce utility bills to an affordable level. By statute, 10 percent of total funding is allocated for administration and 5 percent is allocated to case-management activities. The remaining 85 percent of the funding is used for direct client services, which includes 5 percent for outreach.

There are four basic components to meet consumers' needs:

- The co-payment component assists households achieve energy self-sufficiency by helping households set goals for reducing utility bills, giving advice on improving household budgets, and assisting with utility bills for six to twelve months.
- The heating and cooling systems component repairs or replaces heating and cooling appliances to increase energy efficiency.
- The energy crisis component provides assistance during an energy crisis caused by extreme weather conditions or an energy supply shortage.
- The elderly and persons with disabilities component assists vulnerable households during fluctuations in energy costs by paying up to four of the highest bills during the year.

CEAP providers are expected to create partnerships with programs within and outside their agencies and with private entities. The program also requires that providers refer CEAP clients to the Department's Weatherization Assistance Program. Because CEAP is designed to help clients achieve energy self-sufficiency, it encourages the consumer to control future energy costs without having to rely on other government programs for energy assistance.

Projected Comprehensive Energy Assistance Program funding for FY 2007: $38,700,738.

For more information, contact Amy Oehler, Energy Assistance Section, at (512) 475-3864 or amy.oehler@tdhca.state.tx.us. To apply for CEAP, call 1-877-399-8939, toll free, using a land phone.

WEATHERIZATION ASSISTANCE PROGRAM

The Weatherization Assistance Program (WAP) is funded through the US Department of Energy Weatherization Assistance Program for Low Income Persons grant and the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) grant. WAP offers grants to community action agencies, nonprofits, and local units of government with targeted beneficiaries being households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption. Local providers must implement special outreach efforts to reach these priority populations. Applicants who have special needs receive additional points in the application process. To help consumers control energy costs, WAP funds the installation of weatherization measures and provides energy conservation education. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.

The Department of Energy allows up to 15 percent of the funds for administration. The Department of Health and Human Services LIHEAP grant allows 10 percent for administration. The remaining funds are used for direct client services.

Partnerships between the Weatherization Assistance Program and the Southwestern Electric Power Company, the Southwestern Public Service Company, Entergy, and El Paso Electric provide energy conservation measures to very low and extremely low income utility customers. These partnerships increase the total number of low income households receiving weatherization services and provide consumers the opportunity to receive more comprehensive energy-efficiency measures.

Projected Weatherization Assistance Program funding for FY 2007: $13,542,228.

For more information, contact Amy Oehler, Energy Assistance Section, at (512) 475-3864 or amy.oehler@tdhca.state.tx.us. To apply for weatherization, call 1-888-606-8889, toll free, using a land phone.

EMERGENCY SHELTER GRANTS PROGRAM

The Emergency Shelter Grants Program (ESGP) receives funding from the US Department of Housing and Urban Development and awards grants to units of local government and private nonprofit entities that provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. Activities eligible for ESGP funding include the rehabilitation or conversion of buildings for use as emergency shelters for the homeless; the provision of essential services to the homeless; costs related to the development and implementation of homeless prevention activities; costs related to operation administration; and costs related to maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings.

TDHCA also participates in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas; assisting in the coordination and provision of services for homeless persons throughout the state; increasing the flow of information among separate service providers and appropriate authorities; developing guidelines to monitor services for the homeless; providing technical assistance to the housing finance divisions of TDHCA in order to assess housing needs for persons with special needs; establishing a central resource and information center for the state's homeless; and developing, in cooperation with the Department and the Health and Human Services Commission, a strategic plan to address the needs of the homeless.

The Department provided funds to the Texas Homeless Network (THN) to provide in-depth technical assistance on refining a collaborative network of local service providers, assessing the needs of the homeless population, and developing priorities for addressing those needs.

Projected Emergency Shelter Grants Program funding for FY 2007: TBD.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905 or rita.garza@tdhca.state.tx.us.

COMMUNITY SERVICES BLOCK GRANT PROGRAM

The Community Services Block Grant Program (CSBG) receives funding from the US Department of Health and Human Services (USHHS), and funds are utilized to fund CSBG-eligible entities and to fund activities that support the intent of the CSBG Act. The targeted beneficiaries of the program are low income families and individuals, homeless families and individuals, migrant and seasonal farmworkers, and elderly low income individuals and families whose income does not exceed 125 percent of the current federal income poverty guidelines issued by USHHS.

CSBG provides administrative support to 47 CSBG-eligible entities that provide services to very low income persons. The funding assists with in providing essential services, including access to child care, health and human services, nutrition, transportation, job training and employment services, education services, activities designed to make better use of available income, housing services, emergency assistance, activities to achieve greater participation in the affairs of the community, youth development programs, information and referral services, activities to promote self-sufficiency; and other related services.

Five percent of the State's CSBG allocation may be used to fund activities that support the intent of the Community Services Block Grant Act, which may include providing training or technical assistance to eligible entities or short-term financial support for innovative projects that address the causes of poverty, promote client self-sufficiency, or promote community revitalization. These funds may also be used to support nonprofit organizations that assist low income Native Americans and migrant or seasonal farm workers. In addition, local contractors may use CSBG funds to assist homeless persons and other special needs populations.

Community Services Block Grant Program funding for FY 2007: TBD.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905 or rita.garza@tdhca.state.tx.us.

COMMUNITY FOOD AND NUTRITION PROGRAM

The Community Food and Nutrition Program (CFNP) receives funding from the US Department of Health and Human Services, and the grant supports efforts to address hunger issues in low income neighborhoods on a statewide basis.

CFNP coordinates statewide efforts to address hunger and related issues by distributing surplus commodities through the Share Our Surplus Service (SOS) and game donated by hunters through Hunters for the Hungry Program (HFHP). CFNP funds are also used to support the expansion of child-feeding programs and the creation of farmers markets designed to serve low income neighborhoods.

The SOS program is a food recovery program where donations of surplus and unsaleable food donations are distributed to needy Texas. HFHP is a collaborative effort among hunters, meat processors, and nonprofit organizations to distribute meat to local food banks, food pantries and other organizations feeding the needy.

As of printing of this draft Plan, no funds have been allocated from the Community Food and Nutrition Program. However, funding for this program may be restored later in the year, or for FY 2008.

Community Food and Nutrition Program funding for FY 2007: $0.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905 or rita.garza@tdhca.state.tx.us.

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

The Section 8 Housing Choice Voucher Program (HCVP) receives funding from HUD and offers rental assistance subsidies to families and individuals, including the elderly and persons with disabilities, earning 50 percent or less of area median income. At least 75 percent of HCVP tenants must have incomes at or below 30 percent of the area median income. Qualified households are afforded the opportunity to select the best available housing through direct negotiations with landlords to ensure accommodations that meet their needs. The statewide HCVP is designed specifically for needy families in small cities and rural communities not served by similar local or regional programs.

TDHCA administers vouchers in 37 counties. TDHCA contracts with community action agencies, public housing authorities, and units of local government to assist the Department with the administration of vouchers.

Projected Section 8 Program funding for FY 2007: $9,000,000

For more information, contact the Section 8 Program at (512) 475-2634.

MANUFACTURED HOUSING DIVISION

The Manufactured Housing Division regulates the manufactured housing industry in Texas by ensuring that manufactured homes are well constructed, safe, and correctly installed; by providing consumers with fair and effective remedies; and by providing economic stability to manufacturers, retailers, installers, and brokers. The Division licenses manufactured housing professionals and maintains records of the ownership, location, real or personal property status, and lien status (on personal property homes) on manufactured homes. It also records tax liens on manufactured homes. Because of its regulatory nature, the Division has its own governing board and executive director.

Relying on a team of trained inspectors operating from eight locations around the state, the Division inspects manufactured homes throughout the state. Those inspectors also assist TDHCA by inspecting properties for the Portfolio Management and Compliance Division and by inspecting and processing license applications for migrant farm worker housing facilities. The Division also handles approximately 2,000 consumer complaints a year, many of those requiring investigation and enforcement action.

For more information, contact the Manufactured Housing Division at 1-800-500-7074.

TDHCA ALLOCATION PLANS

The Department has developed allocation formulas for many TDHCA programs in order to target available housing resources to the neediest households in each uniform state service region. These formulas are based on objective measures of need in order to ensure an equitable distribution of funding.

2007 REGIONAL ALLOCATION FORMULA

Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, HTC, and HTF funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. Within each region, the RAF further targets funding to rural and urban/exurban areas.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data; respond to public comment; and better assess regional housing needs and available resources. The RAF is submitted annually for public comment.

Slightly modified versions of the RAF are used for the HOME and HTF/HTC because the programs have different eligible activities, households, and geographical service areas. For example, because at least 95 percent of HOME funding must be set aside for non-PJs, the HOME RAF only uses need and available resource data for non-PJs.

For the 2007 fiscal year, the RAF uses the following 2000 US Census data to calculate this regional need distribution:

- Poverty: Number of persons in the region who live in poverty.
- Cost Burden: Number of households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.
- Overcrowded Units: Number of occupied units with more than one person per room.
- Units with Incomplete Kitchen or Plumbing: Number of occupied units that do not have all of the following: sink with piped water; range or cook top and oven; refrigerator, hot and cold piped water, flush toilet, and bathtub or shower.

There are a number of local, state, and federal funding sources that can be used to address affordable housing needs. To mitigate any inherent inequities in the regional allocation of these funds, the RAF compares each region's level of need to its level of resources. In the 2006 fiscal year, resources from the following sources were used in the RAF: HTC, HTF, HUD (HOME, Housing Opportunities for Persons with AIDS (HOPWA), public housing authority (PHA) capital funding, and Section 8 funding), Bond Financing, and United States Department of Agriculture (USDA) housing programs.

Please see the HOME, HTC, and HTF program sections for distribution figures. For more information on the RAF and further description of the formula, please contact the Division of Policy and Public Affairs, at (512) 475-3976.

2007 Emergency Shelter Grants Program Allocation Formula

ESGP funds are reserved according to the percentage of poverty population identified in each of the 13 state service regions (i.e., 3.95 percent of the available ESGP funds were reserved for Region 1 with 3.95 percent of the state's poverty population). The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region. Any application that receives a score below 70 percent of the highest raw score from the region is not considered for funding.

2007 Community Services Block Grant Allocation Formula

Allocations to the 47 CSBG–eligible entities are based primarily on two factors: (1) the number of persons living in poverty within the designated service delivery area for each organization and (2) a calculation of population density. Poverty population is given 98 percent weight, and the ratio of inverse population density is given 2 percent weight. The formula also includes a base award for each organization before the factors are applied, as well as a floor, or minimum award. In FY 2007, the Department will utilize the 2000 Census population figures at 125 percent of poverty, a base of $50,000, and a floor at $150,000.

2007 Comprehensive Energy Assistance Program and Weatherization Assistance Program Allocation Formula

The allocation formula for the Comprehensive Energy Assistance and Weatherization Assistance programs uses the following five factors and corresponding weights to distribute its funds by county: county non-elderly poverty household factor (40 percent); county elderly poverty household factor (40 percent); county inverse poverty household density factor (5 percent); county median income variance factor (5 percent); and county weather factor (10 percent).

TDHCA Goals and Objectives

The Strategic Plan goals reflect program performance based upon measures developed with the State's Legislative Budget Board and Governor's Office of Budget and Planning. The goals are also based upon Riders attached to the Department's Appropriations. The Department believes that the goals and objectives for the various TDHCA programs should be consistent with its mandated performance requirements.

The State's Strategic Planning and Performance Budgeting System (SPPB) is a mission- and goal-driven results-oriented system combining strategic planning and performance budgeting. The system has three major components including strategic planning, performance budgeting, and performance monitoring. As an essential part of the system, performance measures are part of TDHCA's strategic plan; they are used by decision makers in allocating resources; they are intended to focus the Department's efforts on achieving goals and objectives; and they are used as monitoring tools providing information on accountability. Performance measures are reported quarterly to the Legislative Budget Board.

The State's Strategic Planning and Performance Budgeting System is based on a two-year cycle; goals and targets are revisited each biennium. The targets reflected in this document are based on the Department's requests for 2006–2007.

All applicants for funding are eligible and are encouraged to apply for and leverage funds from multiple agency programs. There will be a considerable amount of leveraging of HUD funds with those from other federal and State sources. The following affordable housing goals and objectives present TDHCA's approach to addressing the state's affordable housing needs. While the HOME Program funds may be used in conjunction with other TDHCA programs, there is no way to determine the extent of the overlap. Because of this, each program reports their performance separately, with its particular intention/use listed separately.

AFFORDABLE HOUSING GOALS AND OBJECTIVES

The following goals address performance measures established by the 79th Legislature. Refer to program-specific statements outlined in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives listed below. Included are the 2006 goal and actual performance and the 2007 goal. Actual 2006 numbers were not available at the printing of this draft document, but will be included in the final document.

Goals one through five are established through interactions between TDHCA, the Legislative Budget Board, and the Legislature. They are referenced in the General Appropriations Act enacted during the most recent legislative session.

Note: 2005 Measures marked with an "*" were added to the 2006 Performance Measures by the 79th Legislature.

GOAL 1: TDHCA WILL INCREASE AND PRESERVE THE AVAILABILITY OF SAFE, DECENT, AND AFFORDABLE HOUSING FOR VERY LOW, LOW, AND MODERATE INCOME PERSONS AND FAMILIES

1.1 Strategy: Provide mortgage financing and homebuyer assistance through the Single Family Mortgage Revenue Bond Program.

Strategy Measure: *Number of single family households assisted through the First Time Homebuyer Program.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
1,727	2,255	131%	1,727

***1.2 Strategy:** Provide funding through the HOME Program for affordable single family housing.

Strategy Measure: *Number of single family households assisted with HOME funds.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
1,834	1,235	67%	1,834

***1.3 Strategy:** Provide funding through the HTF program for affordable single family housing.

Strategy Measure: *Number of single family households assisted through the Housing Trust Fund.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
100	66	66%	100

1.4 Strategy: Provide tenant-based rental assistance through Section 8 certificates.

Strategy Measure: *Number of multifamily households assisted with tenant-based rental assistance.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
2,100	1,025	49%	2,100

1.5 Strategy: Provide federal tax credits to develop rental housing.

Strategy Measure: *Number of multifamily households assisted with HTCs.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
18,832	17,250	92%	20,151

***1.6 Strategy:** Provide funding through the HOME Program for affordable multifamily housing.

Strategy Measure: *Number of multifamily households assisted with HOME funds.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
741	466	63%	647

***1.7 Strategy:** Provide funding through the Housing Trust Fund for affordable multifamily housing.

Strategy Measure: *Number of multifamily households assisted through the Housing Trust Fund.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
255	794	311%	262

1.8 Strategy: Provide funding through the Multifamily Mortgage Revenue Bond program for affordable multifamily housing.

Strategy Measure: *Number of households assisted through the Mortgage Revenue Bond program.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
3,500	3,127	89%	3,500

GOAL 2: TDHCA WILL PROMOTE IMPROVED HOUSING CONDITIONS FOR EXTREMELY LOW, VERY LOW, AND LOW INCOME HOUSEHOLDS BY PROVIDING INFORMATION AND TECHNICAL ASSISTANCE.

***2.1 Strategy:** Provide information and technical assistance to the public through the Division of Policy and Public Affairs.

Strategy Measure: *Number of information and technical assistance requests completed.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
5,400	5,005	93%	5,400

2.2 Strategy: To provide technical assistance to colonias through field offices.

***(A) Strategy Measure**: Number of on-site technical assistance visits conducted annually from the field offices.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
600	1,326	221%	600

****(B) Strategy Measure:*** *Number of colonia residents receiving assistance.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
1,700	918	54%	1,700

****(C) Strategy Measure:*** *Number of entities and/or individuals receiving informational resources.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
1,200	1,279	106.6%	1,200

GOAL 3: TDHCA WILL IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.

3.1 Strategy: Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

(A) Strategy Measure*: Number of persons assisted through homeless and poverty related funds.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
440,000	549,162	125%	440,000

(B) Strategy Measure*: Number of persons assisted that achieve incomes above poverty level.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
2,000	1,658	83%	2,000

(C) Strategy Measure: *Number of shelters assisted through the Emergency Shelter Grant Program.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
70	76	109%	70

3.2 Strategy: Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy related emergencies.

(A) Strategy Measure: *Number of households assisted through the Comprehensive Energy Assistance Program.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
63,200	86,988	138%	63,200

(B) Strategy Measure: *Number of dwelling units weatherized through the Weatherization Assistance Program.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
4,800	3,904	81%	4,800

GOAL 4: TDHCA WILL ENSURE COMPLIANCE WITH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' FEDERAL AND STATE PROGRAM MANDATES.

4.1 Strategy: The Portfolio Management and Compliance Division will monitor and inspect for Federal and State housing program requirements.

***(A) Strategy Measure:** *Total number of monitoring reviews conducted.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
4,700	5,504	117.1%	4,554

(B) Strategy Measure: *Total number of units administered.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
227,195	232,067	102.1%	237,195

4.2 Strategy: The Portfolio Management and Compliance Division will administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

***(A) Strategy Measure:** *Total number of monitoring reviews conducted.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
10,725	13,409	125%	9,220

(B) Strategy Measure: *Number of contracts administered.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
400	443	110.8%	350

GOAL 5: to protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

5.1 Strategy: Provide titling and licensing services in a timely and efficient manner.

(A) Strategy Measure: *Number of manufactured housing statements of ownership and location issued.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
89,000	106,138	119%	89,000

(B) Strategy Measure: *Number of licenses issued.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
4,435	4,075	92%	4,435

5.2 Strategy: Conduct inspections of manufactured homes in a timely manner.

(A) Strategy Measure: *Number of routine installation inspections conducted.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
8,000	5,103	64%	8,000

****(B) Strategy Measure:*** *Number of non-routine installation inspections conducted.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
2,500	1,894	75.76%	2,500

5.3 Strategy: To process consumer complaints, conduct investigations, and take administrative actions to protect the general public and consumers.

Strategy Measure: *Number of complaints resolved.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
1,700	1,002	59%	1,700

Goals Six through Eight are established in legislation as riders to TDHCA's appropriations, as found in the General Appropriations Act.

GOAL 6: TDHCA will target its housing finance programs resources for assistance to extremely low income households.

6.1 Strategy: The housing finance divisions shall adopt an annual goal to apply $30,000,000 of the division's total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.

Strategy Measure: *Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
$30,000,000	$28,660,669	95.54%	$30,000,000

(See Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

GOAL 7: TDHCA will target its housing finance resources for assistance to very low income households.

7.1 Strategy: The housing finance divisions shall adopt an annual goal to apply no less than 20 percent of the division's total housing funds toward housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.

Strategy Measure: *Percent of housing finance division funds applied towards housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
20%	52.7%	263.38%	20%

(See Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

GOAL 8: TDHCA will provide contract for deed conversions for families who reside in a colonia and earn 60 percent or less of the applicable area median family income

8.1 Strategy: Help colonia residents become property owners by converting their contracts for deed into traditional mortgages.

Strategy Measure: *Amount of TDHCA funds applied towards contract for deed conversions for colonia families earning less than 60 percent of median family income.*

FY 2006-2007 Measure	FY 2006 Actual	% of Goal	FY 2006-2007 Measure
$4,000,000	$4,684,300	117.1%	$4,000,000

(See Rider 11 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

The following TDHCA-designated goal addresses the housing needs of persons with special needs.

GOAL 9: TDHCA will work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs Through Funding, research, and policy development efforts.

9.1 Strategy: Dedicate no less than 20 percent of the HOME project allocation for applicants that target persons with special needs.

Strategy Measure: *Percent of the HOME project allocation awarded to applicants that target persons with special needs.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
≥20%	24%	120%	≥20%

9.2 Strategy: Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

Strategy Activities:

- Assist counties and local governments in assessing local needs for persons with special needs
- Work with State and local providers to compile a statewide database of available affordable and accessible housing.
- Set up a referral service to provide this information at no cost to the consumer.
- Promote awareness of the database to providers and potential clients throughout the State through public hearings, the TDHCA web site as well as other provider web sites, TDHCA newsletter, and local informational workshops.

9.3 Strategy: Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.

Strategy Activities:

- Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
- Continue working with agencies, advocates, and other interested parties in the development of programs that will address the needs of persons with special needs.
- Increase the awareness of potential funding sources for organizations to access, to serve special needs populations, through the use of TDHCA planning documents, web site, and newsletter.

9.4 Strategy: Discourage the segregation of persons with special needs from the general public.

Strategy Activities:

- Increase the awareness of the availability of conventional housing programs for persons with special needs.
- Support the development of housing options and programs, which enable persons with special needs to reside in noninstitutional settings.

9.5 Strategy: Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

Strategy Measure: Amount of HOME project allocation awarded through a NOFA to provide TBRA assistance to persons with disabilities.

2006 Measure	2006 Actual	% of Goal	2007 Measure
Not Applicable	Not Applicable	Not Applicable	$2 million

9.6 Strategy: Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

Strategy Measure: Amount of HOME project allocation awarded through a NOFA to provide HBA and OCC assistance to persons with disabilities.

2006 Measure	2006 Actual	% of Goal	2007 Measure
Not Applicable	Not Applicable	Not Applicable	$2 million

SECTION 5: PUBLIC PARTICIPATION

TDHCA strives to include the public in policy, program, and resource allocation decisions that concern the Department. This section outlines how the public is involved with the preparation of the plan and a summary of public comment.

PREPARATION OF THE PLAN

Section 2306.0722 of the Texas Government Code mandates that the Department meet with various organizations concerning the prioritization and allocation of the Department's housing resources prior to preparation of the Plan. As this is a working document, there is no time at which the Plan is static. Throughout the year, research was performed to analyze housing needs across the state, focus meetings were held to discuss ways to prioritize funds to meet specific needs, and public comment was received at program-level public hearings as well as at every Governing Board meeting.

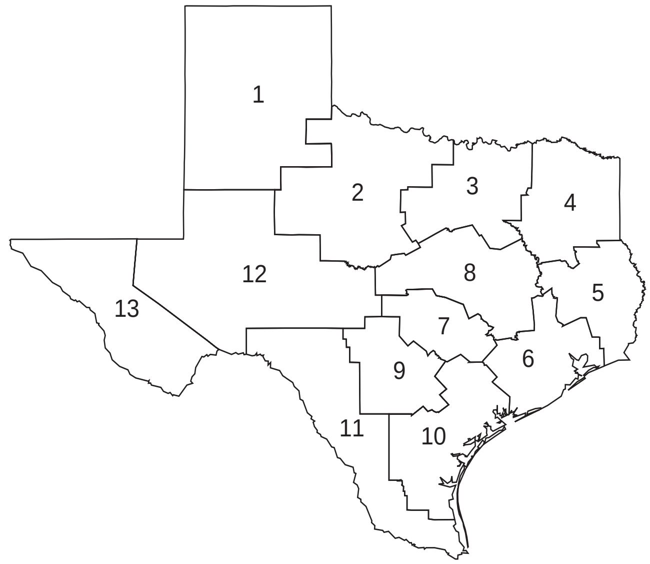
The Department met with various organizations concerning the prioritization and allocation of the Department's resources, and all forms of public input were taken into account in its preparation. Several program areas conducted workgroups and public hearings in order to receive input that impacted policy and shaped the direction of TDHCA programs.

Communication between TDHCA and numerous organizations results in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. In March 2006, TDHCA mailed out the 2006 Community Needs Survey to approximately 2,500 state representatives and senators, mayors, county judges, city managers, housing/planning departments, USDA local offices, public housing authorities, councils of governments, community action agencies, and Housing Opportunities for Persons with AIDS (HOPWA) agencies to gather preliminary input on local perceptions of housing, community affairs, and community development needs. TDHCA uses this input when preparing the Plan and in program planning and development.

PUBLIC HEARINGS

From July to September 2006, TDHCA worked on the draft version of the *2007 State of Texas Low Income Housing Plan and Annual Report.* Once completed, the draft was submitted to the TDHCA Board of Directors at the August 30, 2006, board meeting for approval, and then released for public comment in accordance with §2306.0732 and §2306.0661. The hearing notice was published in the September 1, 2006, edition of the *Texas Register*.

The formal citizen participation process for the *2007 State of Texas Low Income Housing Plan and Annual Report* will begin September 13, 2006, and end October 12, 2006. Constituents are encouraged to give input regarding the Plan and all Department programs in writing or at one of the 13 public hearings to be held across the state, one in each of the 13 Uniform State Service Regions.



Reg. 1: Panhandle Regional Planning Commission,
3rd Floor Conference Room
415 W. 8th St., Amarillo
Wednesday, September 27, 2006,
12:00 pm

Reg. 2: Brownwood City Hall
501 Center Ave., Brownwood
Wednesday, October 4, 2006,
12:00 pm

Reg. 3: Dallas Public Library,
Dallas West Room
1515 Young St., Dallas
Wednesday, September 27, 2006,
11:00 am

Reg. 4: Tyler Junior College, West Campus
Room 110
1530 SSW Loop 323, Tyler
Wednesday, September 27, 2006,
5:30 pm

Reg. 5: South East Texas Regional Planning Commission
2210 Eastex Freeway, Beaumont
Wednesday, October 4, 2006, 5:30 pm

Reg. 6: Houston City Hall
901 Bagby, Houston
Thursday, October 5, 2006, 11:00

Reg. 7: Joe C. Thompson Conference Center,
Second Floor, Room 210
2405 Robert Dedman Dr., Austin
Monday, October 2, 2006, 5:30 pm

Reg. 8: Brazos Valley Council of Governments,
Brazos B Room
3991 East 29th St., Bryan
Thursday, September 28, 2006,
11:00 am

Reg. 9: Bazan Library
2200 W. Commerce St., San Antonio
Friday, September 22, 2006, 11:00 am

Reg. 10: Omni Bayfront Hotel
900 North Shoreline Blvd.,
Corpus Christi
Thursday, September 21, 2006,
3:30 pm

Reg. 11: Harlingen Public Library, Auditorium
410 76th Dr., Harlingen
Tuesday, October 10, 2006, 11:30 am

Reg. 12: Permian Basin Regional Planning Commission
2910 LaForce Blvd., Midland
Thursday, October 5, 2006, 11:00 am

Reg. 13: El Paso City Council Chambers,
2nd Floor
2 Civic Center Plaza, El Paso
Thursday, September 28, 2006,
11:00 am

Each public hearing will address the Plan, as well as the following topics:

- 2007 State of Texas Consolidated Plan: One-Year Action Plan
- TDHCA Compliance Monitoring Policies and Procedures
- Energy Assistance Rules
- Community Services Block Grant Rules
- Emergency Shelter Grants Program Rules
- Housing Tax Credit (HTC) Qualified Allocation Plan and Rules (QAP)
- Housing Trust Fund (HTF) Program Rules
- Multifamily Bond Program Rules
- HOME, HTC, and HTF Affordable Housing Needs Score
- HOME, HTC, and HTF Regional Allocation Formula
- TDHCA Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines
- Comments on the Plan and all TDHCA programs may also be submitted in writing:

MAIL: Division of Policy and Public Affairs
TDHCA
PO Box 13941
Austin, TX 78711-3941

FAX: (512) 475-3746

EMAIL: info@tdhca.state.tx.us

PUBLIC COMMENT

The only comments on the SLIHP related to programming of TDHCA HOME funds. A summary of these comments and the Staff's reasoned responses are below provided. The names and organizations that provided comment are provided in Table A.1 Commenter Information at the end of this section.

1. HOME Program Funding Amount for Applicants Serving Persons with Disabilities Are Unacceptable

Numerous people provided comment that the programming of the 2007 HOME funds does not set aside a minimum of 5%, approximately $2,225,000, of TDHCA's annual allocation for applicants serving persons with disabilities. Also, there is a concern that the Department is not continuing to set aside $500,000 solely for Home of Your Own (HOYO) Program activities. Concern was also voiced over the removal of the HOME Olmstead Tenant Based Rental Assistance (TBRA) program from the SLIHP two years ago. Extensive and passionate comment was provided that all of these funds needed to be restored or increased and that the Department was not adequately serving the disability community's needs.

Staff Response: The following changes are being recommended.

1. Staff recommends increasing the amount of funds dedicated to applicants serving persons with disabilities from $750,000 as originally proposed to $4 million. Based on the Department's statute, these funds will be regionally allocated and available through competitive grant acquisition processes. This will be done through the following strategies.

> *"9.5 Strategy: Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.*
>
> *9.6 Strategy: Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement."*

These strategies will provide a variety of applicants, including HOYO, an opportunity to serve persons with disabilities across the state while fulfilling TDHCA's statutory responsibility to allocate HOME funding according to the regional allocation methodology required by Texas Government Code §2306.111.

The ability to use HOME funding in the larger metropolitan areas of the State is governed by Section 2306.111(c) of the Texas Government Code as shown below:

"c) In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), the department shall expend at least 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than non-participating areas."

Because much of the State's housing need for persons with disabilities is found in Participating Jurisdictions (PJs), to maximize the success of the above described NOFAs, the Department will limit all awards in PJs to those two activities. No other HOME activities will be eligible to apply in a PJ. Additionally, the Department is committed to providing technical assistance to any applicant or awardee to enhance their program delivery and build capacity.

2. TDHCA Is Not Committed to Providing Assistance for the Olmstead Population

Numerous people commented that the Department is no longer committed to serving the Olmstead population because funds specifically targeted for this purpose were removed from the SLIHP two years ago. The Olmstead Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the Americans with Disabilities Act (ADA). Further comment stated tenant based rental assistance is a critical component in helping transition persons from institutions into communities.

Staff Response: For Program Year 2004, TDHCA specifically dedicated $2,000,000 under the Set Aside for Olmstead Populations. The Department eliminated this set aside in 2005 due to low expenditure rates. However, staff acknowledges the importance of serving this need as well as the challenges inherent with administering this complex activity which may have affected the use of funds from the set aside. Therefore, as noted in item "1" above, the Department will publish a Notice of Funding Availability (NOFA), separate from the general HOME TBRA activity funding. This NOFA will provide up to $2 million for TBRA directed to assist persons with disabilities meeting the Texas State definition used by the Promoting Independence Advisory Board. To ensure that these funds are utilized, staff will seek recommendations from the Disability Advisory Workgroup as well as the disability stakeholder community at large in drafting the NOFA to improve program efficiency and expenditure rates. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

3. Clarifying Sections of the SLIHP that Reflect Efforts to Assist Persons with Special Needs

From reviewing the public comment, it appears that sections of the SLIHP that relate to TDHCA's efforts to provide assistance to persons with special needs could be clarified. As the resulting changes involve multiple relatively minor revisions in narrative and do not relate to specific public comments, these changes are not shown below. However, they are shown as blackline changes in Attachment B - Summary of Substantive Changes from the Draft 2007 SLIHP.

4. Percentage Allocation of HOME Single Family Activities

Numerous people and organizations protested the reduction of the Home Buyer Assistance (HBA) activity from 20% of the available single family activity funds in PY 2006 to 10% in PY 2007. In summary, the following comments were provided. (125-157)

a) Reducing the amount of funding for HBA will result in fewer applicants because when the approximate $2.26 million is divided amongst the 13 state service regions the available amount yields an average of $174,000 or 17 homebuyer loans per Region.

b) Comment expressed a specific need for, and interest in applying for, HBA funds in the future. For example, letters were received from nine Habitat for Humanity organizations that explained that they need the funds to provide HBA in their community.

c) The changes in the percentage distribution are unnecessary as it only limits the ability of TDHCA to respond to programmatic demand and market forces in the future.

d) If the goal of the proposed change is to get more funding into OCC, this change is not necessary because if TBRA or HBA activity funding in a particular region is under subscribed, then the remaining funds will be used for OCC awards within that region.

e) With the recent and untried change from issuing OCC assistance as grant to a deferred forgivable or zero interest loan, moving more funding to OCC at this time seems premature.

f) The HBA activity is the only HOME single family program that leverages significant private sector investment and creates new properties to enhance the local and state tax base. For every HBA household served at $10,000, the program leverages private mortgages for the remaining cost of the home. On the other hand, the OCC program rehabilitates or rebuilds a home up to $55,000 with no additional private sector investment.

g) The HBA program can leverage homeownership for more families. For every OCC household served, approximately 5.5 families can be helped with HBA assistance.

Staff Response: After reviewing the public comment, staff is recommending that the HBA percentage should be increased from 10 percent to 15 percent, which is the same level as TBRA. It should be noted that HBA's percentage of the single family activity funds could eventually exceed 15 percent based on the amount of additional HBA activity associated with the proposed NOFA for HBA and OCC assistance for persons with disabilities.

SECTION 6: COLONIA ACTION PLAN

POLICY GOALS

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the TDHCA Office of Colonia Initiatives (OCI) was established to administer and coordinate efforts to enhance living conditions in colonias along the Texas-Mexico border region. OCI's fundamental goal is to improve the living conditions and lives of colonia residents, and to educate the public regarding the services that TDHCA has to offer.

The OCI Division was created to do the following:

- Expand housing opportunities to colonia and border residents living along the Texas-Mexico border.
- Increase knowledge and awareness of programs and services available through the Department.
- Implement initiatives that promote improving the quality of life of colonia residents and border communities.
- Empower and enhance organizations in order to better serve the targeted colonia population.
- Provide consumer education to colonia and border residents.
- Develop cooperative working relationships between other state, federal, and local organizations to leverage resources and exchange information.
- Promote comprehensive planning of communities along the Texas-Mexico border to meet current and future community needs.
- Serve as a conduit for colonia residents by soliciting input into major funding decisions that will affect border communities.

OVERVIEW

The US-Mexico border region is dotted with hundreds of rural subdivisions characterized by high levels of poverty and substandard living conditions. These communities are commonly called "colonias." Some colonias are newly formed, but many have been in existence for over 40 years. A few colonia developments began as small communities of farm laborers employed by a single rancher or farmer while others originated as town sites established by land speculators as early as the 1900s. However, a majority of the colonias emerged in the 1950s as developers discovered a large market of aspiring homebuyers who could not afford homes in cities or access to conventional financing mechanisms.

Several different definitions of colonias are used by various funding sources and agencies due to differing mandates. Generally, these definitions include the concepts that colonias are rural, mostly unincorporated communities principally located along the US-Mexico border in the states of California, Arizona, New Mexico, and Texas (with the vast majority located in Texas). Colonias frequently exhibit high poverty rates and substandard living conditions relative to US standards; however, colonias are primarily defined primarily by what they lack, including services such as public water and wastewater systems, paved streets, drainage, and safe and sanitary housing.

POPULATION AND POVERTY

Data updated in 2006 by the Texas Office of the Attorney General recorded 2,060 colonias in 30 counties within 150 miles of the Texas-Mexico border; however, approximately 1,700 of those colonias are concentrated in just seven counties directly abutting the international boundary. It should be noted that these figures represent only the documented colonias; there may be many small, rural colonias that have, as of yet, gone unidentified. Currently, Hidalgo County has the largest group of colonias, at 847 known colonias for 2006. From US Census data, counties representing the largest colonia populations (El Paso, Starr, Hidalgo, and Cameron) also have Hispanic or Latino groups of over 88 percent; the state average is at 34.6 percent. The 13 counties running along the Texas-Mexico border have an average Hispanic or Latino population of 74.2 percent.

According to 2000 US Census records, the population of counties representing the largest amount of colonias had an estimated 1,890,505 persons. 2005 estimations show an increase of 237,869 for these counties elevating the population to 2,128,374. El Paso, Maverick, Webb, Zapata, Starr, Hidalgo, and Cameron counties have shown an increase in population of 12.3 percent, which surpasses the state average increase of 9.6 percent. A 5.4 percent average decrease in population has actually occurred in several counties that are adjacent to the border counties over the same time period. Counties experiencing large decreases include Hudspeth, Reeves, Pecos, Terrell, Edwards, Kinney, Duval, Jim Hogg, and Brooks.[90]

US Census data for the 2003 median household income for Texas was $39,967, while the median household income for the Texas-Mexico border averaged $26,606 based on county averages for Texas. Zavala County had the lowest median household income of $18,553 while Collin County (Northeast Texas) had the highest median household income of $74,136. Of the larger border cities such as El Paso, McAllen, Brownsville, Corpus Christi, and Laredo, the 2000 average median values of owner-occupied housing units was $69,640 with Laredo presenting the highest values at $77,900.[2]

Affordable housing has been hard to come by in the Border region mainly because the rapidly growing population still remains poor. Counties running along the Texas-Mexico border account for some of the highest poverty rates in the state and in some counties are double than the state average rate for 2003. According to US Census data, in 2003, the state average rate for persons below poverty was 16.2 percent, while the average poverty

[90] U.S. Census Bureau: State and County Quickfacts. http://quickfacts.census.gov/qfd/states/48000.html (Viewed July 27, 2006).
[2] U.S. Census Bureau: State and County Quickfacts. http://quickfacts.census.gov/qfd/states/48000.html. Viewed July 27, 2006.

level of counties running along the Texas-Mexico border was at 25.3 percent. Counties with the highest amount of colonias (El Paso, Starr, Hidalgo, and Cameron) however, show averaged poverty levels at 31.5 percent--a doubling of the state poverty rate. Counties like Dimmit and Starr, at 32.7 percent and 36.2 percent respectively, are even higher. While there are many pockets of poverty throughout Texas, no other counties in Texas show countywide poverty rates as high as those along the Texas-Mexico border.

HOUSING

According to a review completed by the Texas Comptroller's Office, most builders would have a difficult time building houses for a sale price of less than $60,000 to $70,000. Houses in this price range would typically be affordable to workers earning $12 to $14 an hour (assuming a housing debt to income ratio of 33 percent with no additional debts). Some homebuilders indicate that it is difficult to build lower-priced homes because many of the construction costs, including the cost of acquisition and site development, are fixed, regardless of the size of the home.[3] Land acquisition and development can add $10,000 to $20,000 to the cost of a house. For a new subdivision, the acquisition cost may be only a few thousand dollars per lot. But the 1998 cost of infrastructure—such as streets, power, and water—could be as much as $15,000 per lot or higher in some areas.[4]

Owner construction in colonias can face significant obstacles. First, federal rules, such as those that govern the HOME Program, prohibit the use of affordable housing funds to acquire land unless the affordable structure is to be built within a short, sometimes impractical time. Second, lenders are typically reluctant to lend funds for owner construction because there is no collateral. Third, owner builders may not be sufficiently skilled and may end up building substandard housing without appropriate supervision or guidance. Some governmental housing programs limit the private housing market from serving border residents because they offer no profit incentive for housing professionals, builders, lenders, and real estate agents to serve low-wage workers. Program administrators acknowledge profit as an ingredient in encouraging home construction.

ACTION PLAN

TDHCA, through its Office of Colonia Initiatives, administers various programs designed to improve the lives of colonia residents. This action plan outlines how carious initiatives and programs will be implemented for 2006-2007.

---

[3] Bordering the Future: Homes of Our Own. Windows on State Government. Texas Comptroller of Public Accounts. July 1998. Interview with Clark Wilson Homebuilders, November 20, 1997.
[4] Bordering the Future: House Prices Reflect Production Costs. Window on State Government. Texas Comptroller of Public Accounts. July 1998. Interview with Clark Wilson Homebuilders, Nov. 20, 1997.

TEXAS BOOTSTRAP LOAN PROGRAM

The Texas Bootstrap Loan Program is a statewide loan program that funds certified nonprofit organizations and enables owner-builders to purchase real estate, and construct or renovate a home. The 77th Legislature amended this program under Senate Bill 322 (2001) with a legislative directive requiring continuation of an Owner Builder Loan Program through 2010.

In accordance with Section 2306.753(d) of the Texas Government Code, Title 10, as amended, the Department shall set aside at least two-thirds of the available funds for owner-builders whose property is located in an Economically Distressed Area Program (EDAP) county, as defined under Subchapter K, Chapter 17, Water Code. The remainder of the funding will be available to the Department certified nonprofit Owner-Builder Housing Programs in the State of Texas. The maximum amount of funding per organization will be $600,000.

The program promotes and enhances homeownership for low income Texans by providing funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing throughout Texas. Participating owner-builders must provide a minimum of 60 percent of the labor required to build or rehabilitate the home. Total loans from the Department and from other entities cannot exceed $60,000 per unit. The Department committed over $8.4 million over the biennium (FY 2006-2007) to implement this initiative from the Housing Trust Fund. TDHCA anticipates releasing another NOFA in the amount of $6,000,000 for FY 2008-2009 in August 2007.

CONTRACT FOR DEED CONVERSION PROGRAM

The Contract for Deed Conversion (CFD) Program is designed to help colonia residents become property owners by converting their contracts for deeds into warranty deeds. Participants in the program must not earn more than 60 percent of the area median family income, and the property must be their primary residence. The properties proposed for this initiative must be located in a colonia as identified by the Texas Water Development Board colonia list or meet the Texas Department of Housing and Community Affairs' definition of a colonia. By converting contracts for deed into traditional mortgages, this program enables colonia residents to build equity in their homes.

The 79th Legislature passed a Rider 11 to the Department's appropriation in the General Appropriations Act requiring the Department to spend no less than $4 million and convert no less than 400 contracts for deeds into warranty deeds for the biennium September 1, 2005 through August 31, 2007. The Department cannot meet the 400 required contracts for deed conversions due to the amount and source of funding dedicated to this program. The Department utilizes the HOME Investment Partnerships Program as the source of funds to finance the CFD program. HOME Program rules and regulations also require the home to meet a certain standard, which requires additional funds. The Department estimates approximately 73 conversions will be achieved with the $4 million due to the cumulative cost of each conversion approximating $20,000 with an additional $35,000 in owner-occupied housing rehabilitation to meet, at a minimum, Colonia Housing Standards. In order to meet this legislative mandate, the Department will need to set aside approximately $20,000,000 of HOME funds to meet this mandate, which represents approximately half of the total annual HOME allocation to the Department.

For FY 2007, the Department will set aside $2 million from the HOME Program and anticipates releasing a NOFA in fall 2007. Units of general local government, public housing authorities, and nonprofit organizations are eligible entities to apply to provide deferred forgivable loans or grant funds to eligible colonia residents to achieve the goals of the CFD program.

COLONIA SELF-HELP CENTERS

In 1995, the 74th Legislature passed Senate Bill 1509 (Texas Government Code Subchapter Z §2306.581 - §2306.591), a legislative directive to establish colonia self-help centers (SHCs) in Cameron/Willacy, Hidalgo, Starr, Webb, and El Paso counties. This program also allows the Department to establish a colonia SHC in any other county if the county is designated as an economically distressed area. Five colonias in each county are identified to receive concentrated attention from its respective SHC. Operation of the colonia SHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to carry out the functions of a SHC.

These colonia SHCs provide concentrated on-site technical assistance to low and very low income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach, and education. In addition, on-site technical assistance is provided to colonia residents. Key services to the designated colonias within each county receive technical assistance in the areas of housing rehabilitation; new construction; surveying and platting; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; grant writing; infrastructure constructions and access; contract for deed conversions; and capital access for mortgages to improve the quality of life for colonia residents in ways that go beyond the provision of basic infrastructure. The three OCI border field offices provide technical assistance to the counties and SHC.

The SHC program serves 28 colonias in the five counties designated by statute and two additional counties of Maverick and Val Verde. Each county has approximately 10,000 colonia residents whom qualify as beneficiaries of these services. County officials conduct a needs assessment to prioritize needs within the colonias and publish a Request for Proposal (RFP) to provide services as identified by organizations in the county. Nonprofits in the county respond to the RFP, and in addition, the nonprofits and colonia residents also recommend to the county which colonias should receive services in each county. Each

SHC is allocated sufficient funds to provide services within the designated colonias, and if applicable can provide limited assistance outside the service area. The Department contracts with the counties that subcontract with nonprofit organizations to administer the SHC program. The county oversees their implementation of contractual responsibilities and insures accountability.

The operations of the colonia SHCs are funded by HUD through the Texas Community Development Block Grant Program 2.5 percent colonia set-aside, which is approximately $2.2 million per year. The CDBG funds are transferred to the Department through a memorandum of understanding with the Office of Rural Community Affairs. CDBG funds can only be provided to eligible units of general local governments; therefore, the Department must enter into a contract with each affected county government. The Department provides administrative and general oversight to ensure programmatic and contract compliance to meet legislative intent. The Department maintains a relationship with the unit of general local government and SHC operator(s) to ensure that the housing and community development activities within each respective contract are achieved. In addition, colonia SHCs are encouraged to seek funding from other sources to help them achieve their goals and performance measures.

This legislation also requires the establishment of a Colonia Resident Advisory Committee (C-RAC) to advise the Department on the needs of colonia residents, activities to be provided, and programs to be undertaken in the selected colonias. Each county selects two colonia residents to serve on the committee; one of the two residents must reside in a colonia being serviced by the SHC. The Department's board of directors appointed the current members to the C-RAC on September 19, 2001, and the committee includes a primary and secondary representative from each county. The C-RAC members meet 30 days prior to making an award to a colonia SHC. The Colonia Resident Advisory Committee (C-RAC) has been instrumental in voicing the concerns of the targeted populations and has helped both the Department and the colonia SHCs to develop useful tools and programs to address colonia resident needs. Most recently, the Department has assisted the Texas Secretary of State to coordinate meetings with the C-RAC to address concerns of the colonias as mandated by Senate Bill 1202. The Department is also updating the MITAS and Central Data Systems to track funding in the colonias as mandated by Senate Bill 827.

BORDER FIELD OFFICES

OCI manages three border field offices located in El Paso, Laredo, and Edinburg. These border field offices administer, at the local level, various OCI programs and services and provide technical assistance to nonprofits, for profits, units of general local government, other community organizations and colonia residents along the Texas-Mexico border region. Current funding for the border field offices is partially funded from General Revenue, Bond Funds, and the HOME and CDBG programs. OCI will continue to maintain these three border field offices and will continue to act as a liaison between nonprofit organizations and units of local government.

Occasionally, there is funding available to communities and organizations in the colonias to support local programs. Technical assistance will be produced to assist nonprofit organizations to locate funding and, once the funding is identified, assistance on how to write a successful grant proposal will also be provided. However, the most important aspect in seeking funding is the ability of the communities or organizations to manage the funding within its rules and program guidelines. Many communities and organizations struggle to deliver service to its colonia residents due to capacity and financial issues, therefore, the Border Field Offices anticipate approximately 700 technical assistance visits for FY 2007 to nonprofit organizations and units of local government.

The Department recognized the need for consumer education topics such as filing homestead exemptions, knowing their property rights under contract for deed, and homeownership counseling. The Department will provide homebuyers under its Contract for Deed Conversion and Texas Bootstrap Loan Programs a form to file their homestead exemption at the time of closing on their homes. The Department will create an educational campaign regarding House Bill 1823, which was passed during the 79th Regular Legislative Session (2005) and allows residential contract for deed buyers to have their contacts converted from a deed to a deed in trust. The educational campaign will be directed to colonia residents along the Texas-Mexico Border Region. Education services are available through the colonia SHCs and OCI Border Field Offices.

CONCLUSION

Border Texans choose life in colonias because they want what other Texans want—to live the "American Dream" and have a home they can call their own—and they will make tremendous sacrifices to accomplish this goal. In steadfast pursuit of their dreams, colonia residents sometimes have fallen victim to unscrupulous developers. Household by household, family by family, colonia residents demonstrate an admirable and extremely practical commitment to making a home.

According to Adam Carasso, "no asset is more important in achieving these objectives than owner-occupied housing. Home equity is the primary source of private saving for most-middle income households, exceeding both retirement plans and savings accounts." While 69 percent of all households are headed by homeowners, a record high reached in 2004, many low income populations are left out. Only half of the households in the lowest fifth of the income scale are homeowners, and the homeownership rates among both Blacks and Hispanics are slightly under 50 percent.[9]

[9] Carraso, Adam., Bell, Elizabeth., Olsen, Edgar O., Steuerle, Eugene C. Improving Homeownership among Poor and Moderate-Income Households. The Urban Institute. No.2. June 2005.

While the effort to increase affordable housing has been successful so far, the issues surrounding border colonias and their residents still persist. The Department continues to work with various organizations, units of local government, state and federal agencies to provide every possible mean available to assist residents in the colonias. TDHCA housing programs have helped fuel the Texas economy. According to the National Association of Home Builders, estimations from the building of 100 single-family homes generates 250 full-time jobs in construction and construction-related industries, $11.6 million in local income, and $1.4 million in taxes and other revenue for local government.[6]

[6] Community Reinvestment and State Agency Programs: An Update on Community Reinvestment in Texas. Window on State Government. Texas Comptrollers of Public Accounts. February 2005. Taken from National Association of Homebuilders, The Local Impact of Homebuilding in Average City, USA, http://www.nahb.org/fileUload_details.aspx?contentID-544. Viewed November 8, 2004.

SECTION 7: TEXAS STATE AFFORDABLE HOUSING CORPORATION ANNUAL ACTION PLAN

In accordance with Section 2306.0721(h), the Texas State Affordable Housing Corporation (TSAHC) Annual Action Plan is included in the 2006 SLIHP.

Sec. 2306.566 of the Texas Government Code reads:

COORDINATION REGARDING STATE LOW INCOME HOUSING PLAN.

a) *The corporation shall review the needs assessment information provided to the corporation by the department under Section 2306.0722(b).*
b) *The corporation shall develop a plan to meet the state's most pressing housing needs identified in the needs assessment information and provide the plan to the department for incorporation into the state low income housing plan.*
c) *The corporation's plan must include specific proposals to help serve rural and other underserved areas of the state.*

OVERVIEW

This report is prepared in accordance with SB 284, Legislative 78th Session, which requires the Texas Department of Housing and Community Affairs ("TDHCA") and the Texas State Affordable Housing Corporation ("Corporation") to coordinate regarding the State Low Income Housing Plan ("SLIHP"). The bill amends Section 2306.0722(b) to require TDHCA to provide the needs assessment information compiled for the report and plan to the Corporation. Section 2306.566 is added to require the Corporation to then review the information and develop a plan to meet "the state's most pressing housing needs identified in the needs assessment information" and provide the plan to TDHCA for incorporation into the resource allocation plan in the SLIHP. The Corporation's plan must include specific proposals to help serve rural and other underserved areas of the state. The bill also adds Section 2306.0721(h) to require TDHCA to incorporate the specific results of the Corporation's programs in TDHCA's estimate and analysis of housing supply in each uniform state service region under Section 2306.0721(c)(9).

HISTORY OF THE CORPORATION

The Texas State Legislature created the Corporation as a self-sustaining non-profit entity to facilitate the provision of affordable housing for low income Texans who do not have comparable housing options through conventional financial channels. Enabling legislation, as amended, may be found in the Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq. All operations of the Corporation are conducted within the state of Texas. Corporate offices are located in Austin, Texas. A five-member board of directors appointed by the Governor with the advice and consent of the Senate oversees the business of the Corporation.

The Corporation issues mortgage revenue bonds and private activity bonds to finance the creation of affordable multifamily housing units, and to finance the purchase of single family homes under three separate programs: (1) the Professional Educators Home Loan Program, (2) the Fire Fighter and Law Enforcement or Security Officer Home Loan Program, and the newest program, (3) the Nursing Faculty Home Loan Program. Since April 2001, the corporation has issued over $125 million in single family and approximately $500 million multifamily mortgage revenue bonds. To date, the Corporation has provided over 8,362 units of affordable multifamily housing to low income Texans. The Corporation has also served 1190 income eligible individuals and/or families through its single family first-time homebuyer programs. This affordable housing has been provided at no cost to the state and its taxpayers. The Corporation does not receive any state funding, and is not subject to the legislative appropriations process.

The Corporation is organized, operated, and administered in accordance with its enabling legislation as a 501(c)(3) nonprofit corporation in order to access additional sources of funding to accomplish its mission. The Corporation is an approved originating seller/servicer for single family loans with Fannie Mae, Freddie Mac, Ginnie Mae, U.S. Rural Development, FHA, and VA. The Corporation has conduit sales agreements with Countrywide Home Loans, Inc., and Wells Fargo Funding, and with the Community Development Trust, Inc., for multifamily mortgage loans. The Corporation is also a non-member borrower of the Federal Home Loan Bank of Dallas.

NEEDS ASSESSMENT REVIEW

According to an analysis of the Texas Department of Housing and Community Affairs' (TDHCA) Needs Assessment and other published studies on the subject, the following represent the most pressing housing needs in the state.

GENERAL HOUSING NEEDS

By 2000, Texas had the second largest total population, 20.9 million, among the states in the United States. By 2010, the population is projected to be between 24.2 and 25.9 million and by 2040 between 35.0 and 50.6 million.[91]

As a result of the growing population, housing demands will change substantially in the coming years with both owner and renter housing growing at nearly equal rates.[92]

Affordable housing is in short supply for the extremely low, very low, low, and moderate income brackets, which was caused primarily by the private sector's concentration of

[91] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
[92] Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas, 2002*.

development, both single family and multifamily development, in larger metropolitan areas and targeting higher income individuals and families.[93]

Many HUD-financed or HUD-subsidized properties, which represent a significant portion of the state's affordable housing portfolio, are at risk of becoming market rate properties.[94]

SINGLE FAMILY HOUSING NEEDS

Texas may add nearly 3.8 million more students over the next 40 years creating a high demand for educators.[95]

Population growth will mean increased public service demands and expanding markets for Texas.[96]

Lack of funds for down payment and closing costs has created one of the greatest obstacles that prevents first-time homebuyers of low-to-moderate-income families, such as the teachers, police officers, and firefighters, from achieving the American dream of owning a home.[97]

The Texas Education Code establishes a state minimum salary schedule that must be accommodated by all Texas schools for specific public education professionals. The state minimum salary for 2006-2007 ranges from $27,320 per year for 0 years experience to $44270 per year for 20 or more years of experience.[98]

A base salary for Texas police officers ranges from $35,544 per year to $53,569.[99]

A base salary for Texas firefighters ranges from $26,432 per year to $44,054. [100]

A base salary for Texas correctional officers ranges from $22,440 per year to $33,276.[101]

The Texas nursing education system is operating close to capacity and faces several impediments to producing more graduates—faculty shortages due to retirement, inadequate salaries, and fewer faculty applicants.[102]

---

93 Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
94 Ibid.
95 Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas, 2002.*
96 Ibid
97 National Association of Home Builders, *News Details; March 24, 2004.*
98 Texas Classroom Teachers Association: *State Minimum for 2006-2007school year.*
99 Salary.com
100 Ibid.
101 Texas Department of Criminal Justice Human Resources Division: http://www.tdcj.state.tx.us/vacancy/coinfo/cosalary06.htm.
102 Health and Nurses in Texas – The Future of Nursing: Data for Action (Vol. 3 No. 1. 2000. San Antonio, TX: The Center for Health Economics and Policy (CHEP), the University of Texas Health Science Center at San Antonio).

MULTIFAMILY HOUSING NEEDS

Renter households are, on average, a lower income group than owner households. More than 37 percent of renter households earn less than 50 percent of the Area Median Family Income, compared to only 16.3 percent of owner households. As a result, renter households are more likely to be in need of housing assistance.[103]

According to the results of the 2003 Community Needs Survey distributed by TDHCA to cities, counties, local housing departments, public housing authorities, and the US Department of Agriculture/Rural Development field offices, approximately 78 percent of respondents felt that there was a severe or significant affordable housing problem in their area and that new rental housing development and the renovation of existing multifamily housing are more important than rental payment assistance.[104]

The lack of affordable housing opportunities leads to severe and extreme housing cost burdens for lower-income groups; in particular, extremely low-income renter households.[105]

Overcrowding may indicate a general lack of affordable housing in a community and lower income renter households experience overcrowded conditions more frequently than higher income households.[106]

In the 2005-2009 State of Texas Consolidated Plan, it is estimated that 2 million people or 9.9% of the total population are 65 years of age and older. The Texas Department of Aging and Disability Services estimates that by year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas. Though the majority of the elderly Texans live in urban areas, rural areas have a higher percentage of elderly relative to the local population. According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas live below the poverty level. Approximately 30% of all elderly households pay more than 30% of their income on housing with 14% paying more than 50% of their income on housing. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing.[107]

There is a shortage of affordable housing in the extremely low, very low, low and moderate income brackets. This is primarily caused by the private sector's concentration of development in larger metropolitan areas and targeting higher income individuals and families.[108] Cities with populations between 20,000 and 50,000 have a particularly hard time

[103] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).

[104] Ibid.
[105] Ibid.
[106] Ibid.
[107] Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).
[108] Texas Department of Housing and Community Affairs, Strategic Plan for Fiscal Years 2005-2009.

accessing funds. They cannot access USDA funding and are too small to effectively compete for other funding opportunities.[109]

According to the US Census Related Comprehensive Housing Affordability Strategy (CHAS) Data, there are approximately 2,903,671 people living in rural areas of Texas. Of these, 574,843 people or 20% are living below the poverty level; 83,454 low income households live with the cost burden of paying more than 30% of their income on housing expenses; 26,999 occupied units are "overcrowded"; and 5,211 units were found to have substandard conditions such as lack of piped water, utilities, and waste facilities.[110]

Preservation of existing affordable and subsidized housing stock is an important element of providing safe, decent and affordable housing. The explosive population growth in the metropolitan areas as well as the lack of new construction during the late 80's and early 90's created a huge demand for housing at all income levels. Adding to this problem is the loss of units in the federally subsidized Section 8 portfolio, the USDA/Rural Development portfolio and the pools of tax credit units that have reached their 15 year affordability periods. The USDA/Rural Development portfolio contains smaller rural rental properties which, in many cases, represent the sole affordable housing stock in Texas' smallest towns.[111]

As of the most recent statistical information available, there were 2,676,060 renter occupied housing units in Texas. Eighty-four percent of these were constructed before 1990 with the highest production of rental housing (50.8%) built between 1970 and 1989. Therefore, the majority of rental housing stock in Texas is between 15-35 years old and may be in need of some type of moderate to substantial rehabilitation in order to preserve its functionality.[112]

HURRICANE-AFFECTED AREA HOUSING NEEDS

Many Texas Gulf Coast residents were left with damaged or destroyed homes after Hurricane Rita came through the state. On Wednesday, December 21, 2005, the President signed into law, H.R. 4440, the "Gulf Opportunity Zone Act of 2005," to assist the Gulf Coast in its recovery from the past year's hurricane season. The Act defines three "GO Zones" for the areas hit by hurricanes Katrina, Rita, and Wilma.

According to the U.S. Census Bureau, the estimated population for the state of Texas in 2005 was 22,859,968. Of this figure, 5,416,433 live in the twenty-two designated targeted areas in the GO Zone. Areas designated as "targeted" include the following counties: Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Harris, Jasper, Jefferson, Liberty,

[109] Texas Department of Housing and Community Affairs, Report on the 2004 Regional Advisory Committee Meetings on Affordable Housing and Community Services Issues, November 2004.
[110] 2000 U.S. CHAS Data, Texas Department of Housing and Community Affairs
[111] Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).
[112] 2000 U.S. Census Data

Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler, and Walker.

The Corporation will address these pressing housing needs through the following single family, multifamily, and grant programs for 2007. The following summary of Corporation programs gives the history and accomplishments of our programs to date and a plan for achieving greater success with these programs in 2007. A few of the programs mentioned are mandated by the state legislature, as noted, and a few have been undertaken upon the Corporation's own initiative to fulfill housing needs for identified underserved areas of the state.

TSAHC Program Descriptions

- **Texas Professional Educators Home Loan Program**
- **Texas Fire Fighter and Law Enforcement or Security Officer Home Loan Program**
- **Nursing Faculty Home Loan Program**
- **Home Sweet Texas Loan Program**

These Programs are the Corporation's Single Family Mortgage Revenue Private Activity Bond Programs. The first three Programs were established by the Legislature in 2001, 2003, and 2005, respectively, and allocate a total of $55 million of the State's Ceiling for Private Activity Bond Cap for the exclusive purpose of making single family mortgage loans to Texas Professional Educators ($25 million); Fire Fighters, Law Enforcement Officers, and Corrections Officers ($25 million); and Nursing Faculty ($5 million) who are first-time home buyers.

The Programs are available statewide on a first come, first-served basis, to first-time homebuyers who wish to purchase a newly constructed or existing home. Through each Program, eligible borrowers are able to apply for a 30 year fixed rate mortgage loan and receive 5 percent of the total loan amount as down payment assistance in the form of a grant. The programs are accessible to eligible borrowers by directly contacting a trained, participating mortgage lender.

The 2005 Professional Educator Home Loan Program fully originated the $25,000,000 bond fund allocation. The Corporation released the 2006 Professional Educator Home Loan Program allocation in February, totaling $25,000,000 in additional mortgage revenue private activity bonds. This program was extremely successful, fully originating in three months. Since its inception in 2001, the program has financed 746 homes for teachers, teacher's aides, school counselors, school nurses and school librarians.

Additionally, the 2005 Fire Fighter and Law Enforcement or Security Officer Home Loan Program fully originated $25,000,000 in loan commitments. The 2006 Fire Fighter and Law Enforcement or Security Officer Home Loan Program was released in June, and has committed $10.2 million to date. Since the inception of this program in 2003, the program has financed 443 homes for fire fighters, peace officers, correctional officers, county jailers, and public security officers.

The Nursing Faculty Home Loan Program was established by the Legislature in 2005. The Corporation released a pilot program of $3 million in the form of low interest rate loans in May 2006. These funds are made available to eligible faculty members of either an undergraduate or graduate nursing program in the state of Texas. No loans have been issued to date.

Since the inception of both the Professional Educator Home Loan Program in 2001 and the Fire Fighter and Law Enforcement or Security Officer Home Loan Program in 2003, the Corporation has only seen the demand for these programs increase.

Given the success of the Programs and the rate of loan origination, the Corporation submitted an application requesting an additional allocation of funds to the Texas Bond Review Board in August 2006. The Corporation was successful, and was awarded $25 million. This new allocation, called the Home Sweet Texas Loan Program, will assist individuals or households whose annual income does not exceed 80% Area Median Family Income (AFMI) purchase homes. Release date for this program is October 2006.

The Corporation is confident that this allocation will be fully utilized by borrowers at 80% AMFI or below. Over 60% of all loans originated through the 2005 and 2006 Programs served borrowers at 80% AMFI or below. In the 2005 Program Year, 259 loans totaling $26.8M went specifically to borrowers at this income level. With Program Year 2006 not yet over, the Corporation has to date assisted 188 borrowers at this income level, totaling $20.4M.

The Gulf Opportunity Zone Act of 2005 expanded the eligibility for our single family bond programs significantly. Some of the principal provisions included in the Gulf Opportunity Zone Act of 2005 relate to private activity bonds for financing residential property located in a GO Zone, specifically, but not limited to, those funds used for "targeted area" residences. "Targeted area" means that part of the Eligible Loan Area that has been or may be designated from time to time as a qualified census tract or an area of chronic economic distress in accordance with section 143(j) of the Internal Revenue Code.

Section 1400T of the Gulf Opportunity Zone Act provides that for purposes of section 143, each residence in a designated area is treated as a "targeted" area residence (for financing provided from 12/21/05 through 12/31/2010), thus eliminating the first-time homebuyer requirement, and applying the higher targeted area purchase price and income limitations (state income limitation of 140% AMFI).

As a result of the designation of "targeted areas", coupled with the elimination of the first-time homebuyer requirement and increased income and purchase price limitations, the funds set aside for "targeted areas" have been originating quickly. In 2006, the Corporation allocated over $9.6 million to targeted areas. To date, 73 loans totaling $8.6 million have been committed.

2007 Implementation Plan

The Corporation's primary goal for 2007 will be to continue to develop a financing structure that minimizes the Programs' mortgage interest rate and offers the best possible down payment assistance grant to the borrowers. Down payment assistance is especially critical when the spread between conventional mortgage rates and tax-exempt mortgage rates have reached historical lows. The Corporation will also continue to advertise and to receive input about the Programs by attending home builder, real estate agent, lender, and the various professional trade associations' conventions and trade shows in 2006 and 2007.

In addition, the Corporation will continue to train and develop relationships with mortgage lenders and realtors who represent the Programs to the borrowers.

Given the demand for first-time homebuyer programs, other financing options available to the Corporation through its enabling legislation will be explored. In fact, the Corporation has submitted an application, totaling $100 million, to the Texas Bond Review Board requesting additional volume cap to specifically serve qualifying borrowers under the Professional Educators Home Loan Program. The outcome of this application is still to be determined.

AFFORDABLE HOMEOWNERSHIP PROGRAM FOR TEXAS

One of the Corporation's main initiatives is to provide housing opportunities to Texans that do not have comparable housing options through conventional financial channels. Many families throughout Texas seeking to purchase a home are not able to meet the traditional lending requirements and, up to now, have had no other option but to rent. In order to meet this need and provide deserving families with a financing alternative for achieving the American dream of homeownership, the Corporation developed the Affordable Homeownership Program for Texas ("Program").

The Program, developed through a partnership between Ameriquest Mortgage Company ("Ameriquest") and the Corporation, provides borrowers with an affordable mortgage financing option that will allow them the opportunity to achieve homeownership. As a result of this partnership, Ameriquest has committed up to $100 million dollars for mortgage loans and the Corporation has committed $1 million dollars for down payment assistance.

The Program was established to serve those individuals and/or families in Texas that have FICO scores between 525 and 610 and who are at or below 80% of the AMFI by providing them access to an affordable mortgage loan product and down payment assistance in an amount up to seven percent (7%) of the mortgage loan amount. In addition, the Program rewards borrowers who make timely mortgage payments with lower interest rates and lower mortgage payments. Borrowers will receive a 50 basis point (.5%) reduction in their mortgage interest rate for every 12 months of on-time payments. As a result, Borrowers can reduce their mortgage interest rate by up to two percent (2%) during the first 48 months of their mortgage loan.

The Corporation and Ameriquest believe homebuyer education is an essential component to the success of home ownership. Under the Program, borrowers will be provided pre- and post-closing Homebuyer Education Training by ACORN Housing. ACORN Housing is a national housing counseling organization, helping low and moderate income homebuyers and homeowners since 1986. Additionally, borrowers will have intervention assistance available to them during the life of the mortgage loan. We believe this training and assistance is crucial to the success of this Program.

Since 2004, the Program has provided 52 loans to individuals and families who otherwise might not have achieved the dream of home ownership.

2007 Implementation Plan

The initial release of the Program in 2004 was limited to south Texas through a local affordable housing provider (CDC Brownsville). In 2005, the Corporation released the Program statewide and continues to market the program to local community development corporations, non-profits and other entities involved in affordable housing. The Corporation will also begin an aggressive marketing campaign in 2006 and 2007, by starting a 1-800 phone number in conjunction with an on-line application system and through the issuance of press releases and other marketing materials.

MULTIFAMILY PRIVATE ACTIVITY BOND PROGRAM

The Texas Legislature in 2003 allocated 10 percent of the multifamily private activity bond cap to the Corporation. The available amount for funding in 2006 was approximately $40 million, and a similar amount will be available for 2007. Nonprofit and for profit developers can use the funds to finance acquisition and rehabilitation or new construction of multifamily residential rental units across the state. Developers are encouraged to leverage the private activity bond funds by using Low Income Housing Tax Credits (LIHTC) available through TDHCA.

The Corporation's Private Activity Bond program statute requires the Corporation to target areas with the greatest housing need that have expressed local community support for affordable multifamily housing. The statute also requires the Corporation to solicit proposals from developers who would provide the specific housing development that would address the targeted housing need outlined in the request, whether for senior, rehabilitation, rural, supportive, migrant farm worker, or other specific housing need. Applications received in response to the request for proposals issued by the Corporation will be scored and ranked using criteria that analyzes the Developer's qualifications, experience and willingness to provide the types of multifamily housing targeted by the Corporation. Tax-exempt private activity bond financing will be allocated to the highest-scoring proposal that meets the identified housing needs of the Request for Proposals, subject to available allocation.

The Corporation issued requests for proposals in 2006 to Developers for the provision of rural, senior, rehabilitation, and hurricane-affected area multifamily housing. The Corporation did not receive proposals in response to these four statewide requests for proposals.

2007 Implementation Plan

In previous years, the Corporation targeted multifamily housing by specific geographic areas and by housing need and attempted to meet these targets by issuing requests for proposals per development. Attempting to meet targeted housing needs by issuing requests for proposals per development has not been as efficient or effective as the Corporation had hoped. As a result, for the 2007 program the Corporation will issue a single request for proposals to Developers who, if chosen, would agree to meet the Corporation's targeted housing needs by using the Corporation's entire bond cap allocation. Choosing one or more developers to receive the allocation will enable the Corporation to partner with the developers to meet the specific housing needs of the State.

The targeted areas of housing are anticipated to be rehabilitation, senior housing, supportive housing and rural housing. These targeted areas are based on current research and information received in previous years. In 2004 and 2005 the Corporation solicited participation in the private activity bond program by sending letters to mayors of all cities with a population over 10,000 people and all county judges. Discussing the various needs with each interested city and county highlighted the diversity of needs for different areas of Texas. The larger metropolitan areas believed they were saturated with multifamily housing, but were interested in rehabilitation or redevelopment of existing multifamily housing that had fallen into disrepair. Cities with a lower population, generally not in urban areas, expressed interest in developing new multifamily housing to fill their affordable housing needs. Similarly, Corporation staff has identified senior housing and migrant farmworker housing as potential target areas for which specific requests for proposals could be issued.

For some of the targeted areas of housing need mentioned above, 4 percent tax credits and tax-exempt bonds together are not sufficient to provide a positive cash flow to developments in areas where the area median income is lower than the state average. Funding sources from outside these traditional financing methods must be obtained. Possible sources of funds may include monies from the HOME and Housing Trust Fund programs, USDA/Rural Housing Service, and grants from other interested groups specific to the housing need.

The Corporation will issue the requests for proposals to Developers, which will include the targeted areas of housing need, in November of 2006.

MULTIFAMILY 501(C)(3) BOND PROGRAM

The Corporation's 501(c)(3) Multifamily Bond Program was created to finance the acquisition and rehabilitation, or new construction, of affordable multifamily housing units throughout the state of Texas. Unlike the Corporation's PAB program, 501(c)(3) financing does not use volume cap allocation and applications can be considered year-round. Also different from the PAB program is that 501(c)(3) financing may not be used in conjunction with low income housing tax credits. Only qualified nonprofit developers, designated under the internal revenue code as 501(c)(3) organizations, are eligible to apply for 501(c)(3) financing.

In addition to providing safe, decent, and affordable rental housing to residents of the state of Texas, recipients of 501(c)(3) financing must adopt a dollar-for-dollar public benefit program, investing at least one dollar in rent reduction, capital improvement projects, or social, educational, or economic development services for every dollar of abated property tax revenue they receive.

In 2001 and 2002 the Corporation provided $487 million in financing for the preservation or creation of 7,700 units of affordable housing in the state of Texas. Since 2002 the Corporation has not considered applications or issued bonds under the 501(c)(3) program as a result of market changes and legislatively mandated changes.

2007 Implementation Plan

The Corporation will monitor market conditions and will reactivate the program if demand shows the need for this type of financing to create needed multifamily affordable housing. Non-profit developers may choose to apply under the Corporation's Multifamily Private Activity Bond Program to be eligible for bond financing in addition to 4 percent tax credit equity.

MULTIFAMILY DIRECT LENDING PROGRAM

The Corporation's Multifamily Direct Lending Program provides permanent financing for the purpose of increasing and preserving the stock of affordable multifamily housing units throughout the state of Texas. The major focus of this program is to provide financing for smaller developments in rural and underserved areas of the state where bond financing is not practical. The Corporation's ability to offer permanent financing is facilitated through existing relationships with real estate investment companies that invest in affordable multifamily housing. The Community Development Trust, Inc. and the Federal Home Loan Bank of Dallas have been the Corporation's principal partners for this program.

In 2003 and 2004, the Corporation provided permanent financing in the aggregate amount of $5,628,000 for five (5) separate developments in Odessa, Wichita Falls, Big Spring, Brady, and Stephenville. These developments have provided 412 units of affordable housing to low income Texans.

2007 Implementation Plan

The Corporation is committed to administering and marketing our capabilities under this program in 2007. To this effort, the Corporation will market the program on its website and at public hearings across the state and will provide information to current and previous clients of the Corporation.

ASSET OVERSIGHT AND COMPLIANCE

Asset oversight of properties is required by many bond issuers, including the Corporation and TDHCA, to monitor the financial and physical health of a property and to provide suggestions for improvement. Compliance monitoring ensures that the borrowers are providing the required number of affordable units to income eligible households and that quality resident services are being provided to all residents of the property. Periodic on-site inspections and resident file reviews of affordable units ensure that federal requirements relating to the tax-exempt status of the bonds are followed.

The Corporation is currently providing asset oversight for 133 properties and compliance oversight for 35 properties. In May of 2006 TDHCA contracted with the Corporation to provide asset oversight services for multifamily properties financed through their bond program. As a result, the Corporation is performing asset oversight services for 54 more properties than last year and has added an additional staff person to help perform these added duties. The Corporation staff performs annual on-site compliance reviews and at least yearly on-site asset oversight reviews for these properties.

2007 Implementation Plan

The Corporation will continue to provide asset oversight and compliance monitoring for our current portfolio. The Corporation will also work to contract with other entities to expand our asset oversight and compliance monitoring portfolio of business.

GRANT PROGRAM

Although the Corporation has been a 501(c)(3) nonprofit entity since 2001, the Corporation had not actively pursued fundraising and grant opportunities until this year. A number of program shortfalls made it clear the contribution a grant program could make to the success of our affordable housing programs. First, the Corporation provided the Single Family Professional Educator, Fire Fighter, Police Officer and Security Officer Programs $400,000 from its cash reserves for down payment assistance in 2002, $200,000 in 2004, and over $400,000 in 2005. In addition, for the 2004 Private Activity Bond Program the Corporation provided from cash reserves a $500,000 soft second loan for the Providence at Marshall Meadows development in San Antonio. The Corporation does not receive state appropriations and cannot sustain this level of subsidy for its programs and continue to stay in business. Both of these experiences, as well as reviewing other critical unmet housing needs identified by TDHCA and the Corporation, prompted us to pursue the creation of a

Grant Program to fund the following programs: Single Family Down Payment Assistance, Multifamily Gap Financing Assistance, Homebuyer Education, and an Interim Construction and Land Acquisition Program.

In 2006 the Corporation made considerable strides in this area by developing a Fundraising and Grant Program Action Plan and by searching out available grant funding for affordable housing. In addition, the Corporation received a low-interest loan from Wells Fargo for three areas: the Interim Construction and Land Acquisition Loan Program, Single Family Down Payment Assistance, and Multifamily Gap Financing Assistance.

2007 Implementation Plan

The Corporation's mission of affordable housing matches many foundation and grant objectives, and provides multiple opportunities for corporate sponsorship and cross-promoting. In 2007 the Corporation, through its newly hired Manager of Marketing and Development, will execute its Fundraising and Grant Program Action Plan and will use the $1.05 million award from Wells Fargo to further affordable housing in the state. In addition, the Corporation will solicit corporate partners in the home improvement, home appliance, and large retail business sectors for down payment assistance for our Professional Educator, Fire Fighter, Police Officer, Security Officer, and Nursing Faculty bond programs. We will request a grant for down payment assistance and coupons for participating borrowers, such as $50 off a refrigerator, or a $100 coupon to the home improvement store. The Corporation will also work with national computer manufacturers to contribute a computer to every teacher, firefighter, police officer, corrections officer, or nurse educator that closes a loan through our program, and negotiate with telecommunications companies to contribute phone/internet service packages. These are just a few of the fundraising activities and initiatives that the Corporation will undertake in 2007.

APPENDIX A

LEGISLATIVE REQUIREMENTS FOR THE STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

SEC. 2306.072. ANNUAL LOW INCOME HOUSING REPORT

1) Not later than December 18 of each year, the director shall prepare and submit to the board an annual report of the department's housing activities for the preceding year.
2) Not later than the 30th day after the date the board receives the report, the board shall submit the report to the governor, lieutenant governor, speaker of the house of representatives, and members of any legislative oversight committee.
3) The report must include
   a) a complete operating and financial statement of the department;
   b) a comprehensive statement of the activities of the department during the preceding year to address the needs identified in the state low income housing plan prepared as required by Section 2306.0721, including:
      i) a statistical and narrative analysis of the department's performance in addressing the housing needs of individuals and families of low and very low income;
      ii) the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by the department; and
      iii) the department's progress in meeting the goals established in the previous housing plan;
   c) an explanation of the efforts made by the Department to ensure the participation of persons of low income and their community-based institutions in department programs that affect them;
   d) a statement of the evidence that the Department has made an affirmative effort to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process;
   e) a statistical analysis, delineated according to each ethnic and racial group served by the department, that indicates the progress made by the department in implementing the state low income housing plan in each of the uniform state service regions; and
   f) an analysis, based on information provided by the fair housing sponsor reports required under Section 2306.0724 and other available data, of fair housing opportunities in each housing development that receives financial assistance from the department that includes the following information for each housing development that contains twenty or more living units:
      i) the street address and municipality or county where the property is located;
      ii) the telephone number of the property management of leasing agent;
      iii) the total number of units reported by bedroom size;

- iv) the total number of units, reported by bedroom size, designed for individuals who are physically challenged or who have special needs and the number of these individuals served annually as reported by each housing sponsor;
- v) the rent for each type of rental unit, reported by bedroom size;
- vi) the race or ethnic makeup of each project;
- vii) the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;
- viii) the number of units occupied by individuals and families of extremely low income, very low income, low income, moderate income, and other levels of income;
- ix) a statement as to whether the department has been notified of a violation of the fair housing law that has been filed with the United States Department of Housing and Urban Development, the Commission on Human Rights, or the United State Department of Justice; and
- x) a statement as to whether the development has any instances of material noncompliance with bond indentures or deed restrictions discovered though the normal monitoring activities and procedures that include meeting occupancy requirements or rent restrictions imposed by deed restrictions or financing agreements.

g) a report on the geographic distribution of low income housing tax credits, the amount of unused low income housing tax credits, and the amount of low income housing tax credits received from the federal pool of unused funds from other states.

h) A statistical analysis, based on information provided by the fair housing sponsor reports required by Section 2306.0724 and other available data, of average rents reported by county.

4) Repealed by Acts 2003, 78th Leg., ch. 330, §31(1).

SEC. 2306.0721. LOW INCOME HOUSING PLAN

1) Not later than December 18 of each year, the director shall prepare and submit to the board an integrated state low income housing plan for the next year.
2) Not later than the 30th day after the date the board receives the plan, the board shall submit the plan to the governor, lieutenant governor, and the speaker of the house of representatives.
3) The plan must include:
   a) an estimate and analysis of the housing needs of the following populations in each uniform state service region:
      - i) individuals and families of moderate, low, very low income, and extremely low income;
      - ii) individuals with special needs; and
      - iii) homeless individuals;

b) a proposal to use all available housing resources to address the housing needs of the populations described by Subdivision (1) by establishing funding levels for all housing-related programs;
c) an estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region;
d) a description of state programs that govern the use of all available housing resources;
e) a resource allocation plan that targets all available housing resources to individuals and families of low and very low income and individuals with special needs in each uniform state service region;
f) a description of the department's efforts to monitor and analyze the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and the department's recommendations to endorse the full use by the state of all available federal resources for those services in each uniform state service region;
g) strategies to provide housing for individuals and families with special needs each uniform state service region;
h) a description of the department's efforts in each uniform state service region to encourage the construction of housing units that incorporate energy efficient construction and appliances;
i) an estimate and analysis of the housing supply in each uniform state service region;
j) an inventory of all publicly and, where possible, privately funded housing resources, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies;
k) strategies for meeting rural housing needs;
l) a biennial action plan
    i) addresses current policy goals for colonia programs, strategies to meet the policy goals, and the projected outcomes with respect to policy goals; and
    ii) includes information on the demand for contract-for-deed conversions, services from self-help centers, consumer education, and other colonia resident services in counties some part of which is within 150 miles of the international border of this state;
m) a summary of public comments received at a hearing under this chapter or from another source that concern the demand for colonia resident services described by Subdivision (12); and
n) any other housing-related information that the state is required to include in the one-year action plan of the consolidated plan submitted annually to the United States Department of Housing and Urban Development.

4) The priorities and policies in another plan adopted by the department must be consistent to the extent practical with the priorities and policies established in the state low income housing plan.
5) To the extent consistent with federal law, the preparation and publication of the state low income housing plan shall be consistent with the filing and publication deadlines required of the department for the consolidated plan; and
6) The director may subdivide the uniform state service regions as necessary for the purposes of the state low income housing plan.
7) The department shall include the plan developed by the Texas State Affordable Housing Corporation under Section 2306.566 in the department's resource allocation plan under Subsection (c)(5).
8) The department shall consider and incorporate the specific results of the programs of the Texas State Affordable Housing Corporation in the department's estimate and analysis of the housing supply in each uniform state service region under Subsection (c)(9).

SEC. 2306.0722. PREPARATION OF PLAN AND REPORT

1) Before preparing the annual low income housing report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the department shall meet with regional planning commissions created under Chapter 391, Local Government Code, representatives of groups with an interest in low income housing, nonprofit housing organizations, managers, owners, and developers of affordable housing, local government officials, and residents of low income housing. The department shall obtain the comments and suggestions of the representatives, officials, and residents about the prioritization and allocation of the department's resources in regard to housing.
2) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:
   a) coordinate local, state, and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;
   b) set priorities for the available housing resources to help the neediest individuals;
   c) evaluate the success of publicly supported housing programs;
   d) survey and identify the unmet housing needs of persons the department is required to assist;
   e) ensure that housing programs benefit a person regardless of the persons' race, ethnicity, sex, or national origin;
   f) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;
   g) develop housing programs through an open, fair, and public process;
   h) set priorities for assistance in a manner that is appropriate and consistent with the housing needs of the populations described by Section 2306.0721(c)(1);

i) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;
j) identify the organizations and individuals consulted by the department in preparing the annual report and state low income housing plan and summarize and incorporate comments and suggestions provided under Subsection (a) as the board determines to be appropriate;
k) develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;
l) use the following standardized categories to describe the income of program applicants and beneficiaries:
    i) to 30 percent of area median income adjusted for family size;
    ii) more than 30 to 60 percent of area median income adjusted for family size;
    iii) more than 60 to 80 percent of area median income adjusted for family size;
    iv) more than 80 to 115 percent of area median income adjusted for family size; or
    v) more than 115 percent of area median income adjusted for family size; and
m) use the most recent census data combined with existing data from local housing and community service providers in the state, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies.
n) provide the needs assessment information compiled for the report and plan to the Texas State Affordable Housing Corporation.

SEC. 2306.0723. PUBLIC PARTICIPATION REQUIREMENTS

1) The department shall hold public hearings on the annual state low income housing plan and report before the director submits the report and the plan to the board. The department shall provide notice of the public hearings as required by Section 2306.0661. The department shall accept comments on the report and plan at the public hearings and for at least 30 days after the date of the publication of the notice of the hearings.
2) In addition to any other necessary topics relating to the report and the plan, each public hearing required by Subsection (a) must address:
    a) infrastructure needs;
    b) home ownership programs;
    c) rental housing programs;
    d) housing repair programs; and
    e) the concerns of individuals with special needs, as defined by Section 2306.511.
3) The board shall hold a public hearing on the state low income housing report and plan before the board submits the report and the plan to the governor, lieutenant governor, speaker of the house of representatives, members of the legislature.
4) The board shall include with the report and the plan the board submits to the governor, lieutenant governor, speaker of the house of representatives, members of the legislature,

and members of the advisory board formed by the department to advise on the consolidated plan a written summary of public comments on the report and the plan.

SEC. 2306.0724. FAIR HOUSING SPONSOR REPORT

1) The department shall require the owner of each housing development that receives financial assistance from the department and that contains 20 or more living units to submit an annual fair housing sponsor report. The report must include the relevant information necessary for the analysis required by Section 2306.072(c)(6). In compiling the information for the report, the owner of each housing development shall use data current as of January 1 of the reporting year.
2) The department shall adopt rules regarding the procedure for filing the report.
3) The department shall maintain the reports in electronic and hard-copy formats readily available to the public at no cost.
4) A housing sponsor who fails to file a report in a timely manner is subject to the following sanctions, as determined by the department:
   a) denial of a request for additional funding; or
   b) an administrative penalty in an amount not to exceed $1,000, assessed in the manner provided for an administrative penalty under Section 2306.6023.

APPENDIX B

GLOSSARY OF SELECTED TERMS

Accessible: A definition used by HUD in Section 504 with respect to the design, construction, or alteration of an individual dwelling unit. It means that the unit is located on an accessible route and when designed, constructed, altered, or adapted, it can be approached, entered, and used by individuals with physical disabilities. A unit that is on an accessible route and is adaptable and otherwise in compliance with the standards set forth in the Uniform Federal Accessibility Standards (UFAS, 23 CFR Subpart 40 for residential structures) is considered accessible. When a unit in an existing facility that is being made accessible as a result of alterations intended for use by a specific qualified person with a disability, the unit will be deemed accessible if it meets the requirements of applicable standards that address the particular disability or impairment of such person.

Accessible Route: Unobstructed path that connects accessible elements and spaces in a building or facility and complies with the space and reach requirements prescribed by the Uniform Federal Accessibility Standards (UFAS). An accessible route that serves only accessible units occupied by persons with hearing or vision impairments need not comply with those requirements intended to affect accessibility for persons with mobility requirements.

Acquisition: Acquisition of standard housing (at a minimum, meeting HUD Section 8 Housing Quality Standards) only with no expectation of other activities being carried out in conjunction with the acquisition.

Adaptability: A definition used by HUD in Section 504 meaning the ability of certain elements of a dwelling unit (such as kitchen counters, sinks, and grab bars) to be added to, raised, lowered, or otherwise altered, to accommodate the needs of persons with or without disability or to accommodate the needs of persons with different degrees of disability.

Administrative Costs Reasonable and necessary costs, as described in OMB Circular A-87, incurred by the participating jurisdiction in carrying out its eligible program activities in accordance with prescribed regulations. Administrative costs include any project delivery costs, such as new construction and rehabilitation counseling, preparing work specifications, loan processing, inspections, and other entities applying for or receiving HOME funds. Administrative costs do not include eligible project-related costs that are incurred by and charged to project owners.

Affordable Housing: Housing where the occupant is paying no more than 30 percent of his/her gross monthly income for gross housing costs, including utility costs. Housing that is for purchase (with or without rehabilitation) qualifies as affordable housing if it (1) is purchased by a low income, first-time home buyer who will make the housing his or her principal residence; and (2) has a sale price that does not exceed the mortgage limit for type of single family housing for the area under HUD's single family insuring authority under the National Housing Act.

Area Median Family Income (AMFI): Income limits for MSAs and counties that are based on HUD's estimates of the area's median income adjusted for family size. Calculated yearly by HUD and used to determine an applicant's eligibility with regard to HUD programs.

Assisted Household or Person: For the purpose of identification of goals, an assisted household or person is one in which, during the periods covered by the annual plan, will receive benefits through the investment of federal funds, either alone or in conjunction with the investment of other public or private funds. A renter is benefited if the household or person takes occupancy of affordable housing that is newly acquired (standard housing) or new rehabilitation is completed. A first-time home buyer is benefited if a home is purchased during the year. A homeless person is benefited if the person becomes an occupant of transitional or permanent housing. A non-homeless person with special needs is considered as being benefited if the provision of supportive services is linked to the acquisition, rehabilitation, or new construction of a housing unit and/or the provision of rental assistance during the year.

Capacity Building: Educational and organizational support assistance to promote the ability of an organization to maintain, rehabilitate, and construct housing for low and very low income persons and families. This activity may include, but is not limited to: 1) Organizational support to cover expenses for training, technical, and other assistance to the board of directors, staff, and members of the organization, 2) Program support including technical assistance and training related to housing development, housing management, or other subjects related to the provision of housing or housing services, and 3) Studies and analyses of housing needs.

Community Housing Development Organization (CHDO): A nonprofit organization, certified by a city or the state, that provides decent, affordable housing to low income individuals within a designated geographic area.

Colonia: An identifiable unincorporated area located within 150 miles of the Texas-Mexico border that lacks infrastructure and decent housing.

Consolidated Plan: A document submitted to the US Department of Housing and Urban Development (HUD) containing housing needs assessments and strategic plans for the state. It is required of the State of Texas by HUD in order to receive federal CDBG, HOME, ESGP, and HOPWA program funds.

Contract for Deed: A financing arrangement for the sale of property whereby land ownership remains with the seller until the total purchase price is paid.

Disability: According to the US Department of Housing and Urban

Development, a person shall be considered to have a disability if the person is determined to have a physical, mental, or emotional impairment that: (1) is expected to be of long-continued and indefinite duration, (2) substantially impeded his or her ability to live independently, and (3) is of such a nature that the ability could be improved by more suitable housing conditions. A person shall also be considered to have a disability or he or she has a developmental disability as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 USC. 6001-6006). The term also includes the surviving member(s) or any household described in the first sentence of this paragraph who is (were) living in an assisted unit with the disabled member of the household at the time of his or her death. Disabilities reflect the consequences of a bodily impairment in terms of functional performance. Also see "Person with Disability."

Disabled Household: A household composed of one or more persons at least one of whom is an adult (a person of at least 18 years of age) who has a disability.

Economic Independence and Self-Sufficiency Programs: Programs undertaken by public housing agencies (PHAs) to promote economic independence and self-sufficiency for participating families. Such programs may include Project Self-sufficiency and Operation Bootstrap programs that originated under earlier Section 8 initiatives, as well as the Family Self-Sufficiency program. In addition, PHAs may operate locally developed programs or special projects designed to promote economic independence and self-sufficiency.

Elderly Household: According to HUD, a family in which the head of the household or a spouse is at
least 62 years of age, by HUD's definition. This definition may change according to specific program.

Extremely Low Income: Individual of family with a household income less than or equal to 30 percent of the area median family income (AMFI)

Fair Housing Act Prohibits discrimination in housing because of race, national origin, religion, sex, familial status, or disability.

Federal Preference for Admission: The preference given to otherwise eligible applicants under HUD's rental assistance programs who, at the time they seek housing assistance, are involuntarily displaced, living in substandard housing, or paying more than 50 percent of family income for rent.

First Time Home Buyer: An individual or family who has not owned a home during the three-year period preceding the HUD-assisted purchase of a home that must be used as the principal residence of the homebuyer.

Frail Elderly Persons: Includes elderly persons who are unable to perform one or more Activities of Daily Living (ADL) without help.

Household: One or more persons occupying a housing unit (US Census definition).

Housing Development Costs: The total of all costs incurred in financing, creating, or purchasing any housing development, which are approved by the department as reasonable and necessary. The costs may include, but are not limited to, the value of land and any buildings on the land, cost of land acquisition, options, deposits, or contracts to purchase; cost of site preparation demolition and development; fee paid or payable in connection with the planning, execution, and financing of the development, such as those to architects, engineers, attorneys, accountants; cost of necessary studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs, and other operating and carrying costs during construction; cost of construction, rehabilitation, reconstruction, fixtures, furnishings, equipment, machines, and apparatus related to the real property; cost of land improvements, including without limitation, landscaping and off-site improvements; necessary expenses in connection with initial occupancy of the housing development; an allowance established by the Department for contingency reserves; and the cost of the other items, including tenant relocation, if tenant relocation costs are not otherwise being provided for, as determined by the department to be reasonable and necessary for the development of the housing development, less any and all net rents and other net revenues received from the operation of the real and personal property on the development site during construction.

Housing Development or Housing Project: Any real or personal property, project, building structure, or facilities work or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards consistent with those prescribed in the federal HOME Program for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, use, or purchase by persons and families of low and very low income and persons with special needs. This term may include buildings, structure, land, equipment, facilities, or other real or personal properties that are necessary, convenient, or desirable appurtenances, such as but not limited to streets, water, sewers, utilities, parks, site preparation, landscaping, stores, offices, and other non-housing facilities, such as administrative, community, and recreational facilities the Department determines to be necessary, convenient, or desirable appurtenances.

Housing Problems: Households with housing problems include those that: (1) occupy units with physical defects; (2) meet the definition of overcrowded; or (3) meet the definition of cost burdened (>30 percent of income spent on housing).

Jurisdiction: A unit of state or local government

Local Government: A county; an incorporated municipality; a special district; any other legally constituted political subdivision of the State; a public,

	nonprofit housing finance corporation created under Chapter 394, Local Government code Texas revised Civil Statues; or a combination of any of the entities described here.
Low Income Neighborhood:	A neighborhood that has at least 51 percent of its households at or below 80 percent of AMFI.
Low Income:	Household with an annual income that does not exceed 80 percent of the area median family income for the area. HUD may establish income ceilings higher or lower than the 80 percent figure on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents or unusually high or low family incomes.
Metropolitan Statistical Area (MSA):	US Census term used to identify a metropolitan area, which is a large population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Also described as an "urbanized area" of at least 50,000 inhabitants and/or a total metropolitan population of 100,000.
Migrant Farmworkers:	Persons who travel from place to place in order to take advantage of work opportunities provided by various agricultural seasons across the country.
Moderate Income:	Households whose incomes are between 81 percent and 115 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families, except that HUD may establish income ceilings higher or lower than 95 percent of the prevailing levels of construction costs or fair market rents, or unusually high of low family incomes. May differ by program.
Neighborhood:	A geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government. If the general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.
Nonprofit Organization:	A nonprofit corporation is created by filing articles of incorporation with the Secretary of State in accordance with the Texas Non-Profit Corporation Act. "Non-profit corporation" means a corporation in which no part of the earned income is distributable to members, directors, or officers. A nonprofit corporation may be created for any lawful purposes and are entitled to exemption from state or federal taxes.
***Olmstead*:**	The US Supreme Court in *Olmstead v. L. C.* held that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the ADA.
Overcrowded:	A housing unit containing more than one person per room. (US Census definition)

Participating Jurisdiction (PJ): Term for any state or local government that has been designated by HUD to receive HOME Program funds.

Person with Disability: (1) A person is considered to have a disability if the person has a physical, mental, or emotional impairment that (i) is expected to be of long-continued and indefinite duration; (ii) substantially impedes his or her ability to live independently; and (iii) is of such a nature that such ability could be improved by more suitable housing conditions. (2) A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that (i) is attributable to a mental or physical impairment or combination of mental and physical impairments; (ii) is manifested before the person attains age twenty-two; (iii) is likely to continue indefinitely; (iv) results in substantial functional limitations in three or more of the following areas of major life activity; self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency, and (v) reflects the person's need for a combination and sequence of special interdisciplinary, or generic care, treatment, or other services that are lifelong or extended duration and are individually planned and coordinated.

Physical Defects: A housing unit lacking complete kitchen or bathroom facilities (US Census definition).

Poverty: Term to describe the poor. The Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is poor. If a family's total income is less than that family's threshold, then that family, and every individual in it, is considered poor or in poverty. Varies by year.

Predevelopment Costs: Costs related to a specific eligible housing project including: a) expenses necessary to determine project feasibility (including costs of an initial feasibility study), consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance; and b) reconstruction housing project costs that the board determines to be customary and reasonable, including but not limited to the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies, and legal fees. Predevelopment costs does not include general operational or administrative costs.

Primary Housing Activity: A means of providing or producing affordable housing - such as rental assistance, production, rehabilitation, or acquisition - that will be allocated significant resources and/or pursued intensively for addressing a particular housing need. (See also, "Secondary Housing Activity.")

Project: A site or an entire building, including a manufactured housing unit or two or more buildings together with the site or sites on which the building or buildings is located, that are under common ownership, management, and financing (i.e., a project assisted with HOME funds, under a commitment by the owner, as a single undertaking). Project includes all the activities associated with the site and building. If there is more than one site associated with a project, the sites must be within a four-block area.

Project Completion: All necessary title transfer requirements and construction work have been performed and the project, in HUD's judgment, complies with specified requirements (including the property standards adopted under HOME 92.251); the final drawdown has been disbursed for the project; and a project completion report has been submitted and processed in the Cash and Management Information System (92.501) as prescribed by HUD. For tenant-based rental assistance, the final drawdown has been disbursed for the project and the final payment certification has been submitted and processed in the Cash and Management Information System (92.502) as prescribed by HUD.

Project-Based Rental Assistance: Rental Assistance provided for a project, not for a specific tenant. Tenants receiving project-based rental assistance give up the right to that assistance upon moving from the project.

Public Housing: Any state, county, municipality, or other government entity or public body (or its agency or instrumentality) that is authorized to engage in or assist in the development or operation of low income housing. The term includes any Indian Housing Authority.

Qualified Allocation Plan: The Qualified Allocation Plan is utilized by the Low Income Housing Tax Credit Program in setting threshold and selection criteria points for the allocation of tax credits.

Real Property: All land, including improvements and fixtures and property of any nature appurtenant, or used in connection therewith, and every estate, interest, and right legal or equitable therein, including leasehold interests, terms for years, and liens by way of judgment, mortgage or otherwise.

Reconstruction: HUD guidelines regarding reconstruction are as follows: *The regulation defines reconstruction as the rebuilding of housing on the same foundation. Therefore, the foundation must be used, if possible. If the building has no foundation or if it is not possible to rebuild on the foundation, then the "foundation" will be the same location as the building that is being reconstructed. Construction of housing on a different portion of the land parcel would be new construction. The reconstructed housing must be substantially similar to the structure that is being replaced, regardless of whether an existing foundation is used (i.e. a single family house must be replaced with a structure containing the same number of units). Rooms may be added to a building outside of the foundation or footprint of the original housing if needed to meet local codes. However, additional units cannot be constructed as part of a reconstruction project. A structure must be present prior to reconstruction. This structure should be documented by pictures and an explanation of why rehabilitation of the existing structure is not feasible.*

Rental Assistance: Rental assistance payments provided as either project-based rental assistance or tenant-based rental assistance.

Rental Housing (Affordable): A rental housing unit is considered to be an affordable housing unit if it is occupied by a low income family or individual and bears a rent that is the lesser of (1) the Existing Section 8 Fair Market Rent (FMR) for comparable units in the area; or (2) 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area, except that HUD may establish income ceilings higher or lower than 65 percent of the median because of prevailing levels of construction costs or fair market rents, or usually high or low family incomes.

Rural Area: Rural areas are considered areas outside of Metropolitan Statistical Areas. Definition may differ according to program.

Service Needs: The particular services identified for special needs populations, which may include transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response, and other services to prevent premature institutionalization and assist individuals to continue living independently.

Severe Cost Burden: Refers to households and individuals who spend more than 50 percent of their gross income on housing costs.

Sheltered: Families and persons whose primary nighttime residence is a supervised, publicly or privately operated shelter, including emergency shelters, transitional housing for the homeless, domestic violence shelters, residential shelters for runaway and homeless youth, and any hotel/motel/apartment voucher arrangement paid because the person is homeless. This term does not include persons living in overcrowded or substandard conventional housing. Any facility offering permanent housing is not a shelter, nor are its residents homeless.

Special Needs Populations: In addition to the homeless, according to HUD, special needs populations include persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, and public housing residents. TDHCA also considers colonia residents and migrant farmworkers as special needs populations.

State Recipient: A unit of local government designated by a state to receive HOME funds from the state in which to carry out HOME Program activities.

Subrecipient: A public agency or nonprofit organization selected by the participating jurisdiction's HOME program. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of housing is not a sub-recipient. The participating jurisdiction's selection of a sub-recipient is not subject to the procurement procedures and requirements.

Substandard Condition but Suitable for Rehabilitation: By local definition, dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction or minor livability problems, or maintenance work. The jurisdiction must define this term (i.e., standard condition, financially and structurally feasible for rehab) and include this definition in the Appendix (Glossary of Terms) portion of its CHAS submission.

Substantial Rehabilitation: Rehabilitation of residential property at an average cost for the project in excess of $25,000 per dwelling unit.

Supportive Housing: Housing, including housing units and group quarters, that has a supportive environment and includes a planned service component.

Supportive Services: Services provided to residents of supportive housing for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.

Tenant-Based Rental Assistance: A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. The assistance is provided for the tenant, not for the project.

Threshold Criteria: To be considered for funding, a housing project must first demonstrate that it meets all the threshold criteria set forth as follows: a) the project is consistent with the requirements established in this rule; b) the applicant provides evidence of their ability to carry out the project in the areas of financing, acquiring, rehabilitating, developing, or managing affordable housing developments; and c) the project addresses an identified housing need. This assessment will be based on statistical data, surveys, or other indicators of needs as appropriate.

Total Bonded Indebtedness: All single family mortgage revenue bonds (including collateralized mortgage obligations), multifamily mortgage revenue bonds, and other debt obligations issued or assumed by the Department and outstanding as of August thirty-one of the year of calculation, excluding; all such bonds rated AAA by Moody's Investors Service or AAA by Standard & Poors Corporation for which the Department has no direct or indirect financial liability form the Department's unencumbered fund balances, and all other such bonds, whether rated or unrated, for which the Department has no direct or indirect financial liability from the Departments unencumbered fund balances, unless Moody's' or Standard & Poors has advised the Department in writing that all or portion of the bonds excluded by this clause should be included in a determination of total bonded indebtedness.

Unencumbered Fund Balances: A) The sum of the balances resulting at the end of each Department fiscal year form deducting the sum of bond indenture and credit rating restrictions and liabilities for the sum of amounts on deposit in indenture funds and other tangible and intangible assets of each department housing bond program, and b) uncommitted amounts of deposit in each independent or separate unrestricted fund established by the housing finance division or its administrative component units.

Very Low Income: Households whose incomes do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families and for areas with unusually high or low incomes or where needed because of prevailing levels of construction costs or fair market rents. Definition may differ according to program; the State of Texas designates very-low income as 60 percent or less AMFI.

Work Disability: A condition that prevents a person from working or limits a person's ability to work.

Texas Department of Housing and Community Affairs
Division of Policy and Public Affairs
PO Box 13941
Austin, TX 78711-3941
Phone: (800) 525-0657
www.tdhca.state.tx.us

2008 State of Texas
Low Income Housing Plan and Annual Report

Fairlake Cove Apts, Huffman, TX

Texas Department of Housing and Community Affairs
March 2008

2008 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

TABLE OF CONTENTS

SECTION 1: INTRODUCTION

The Texas Department of Housing and Community Affairs (TDHCA, Department, Agency) is the State's lead agency responsible for affordable housing. TDHCA is also responsible for administering a wide variety of community affairs, energy assistance, and colonia programs and activities.

INSTITUTIONAL STRUCTURE

In 1991, the 72nd Texas Legislature created the Texas Department of Housing and Community Affairs. The Department's enabling legislation combined programs from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant Program from the Texas Department of Commerce.

On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP). Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant (CDBG) and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (ORCA). However, TDHCA, through an interagency contract with ORCA, administers 2.5 percent of the CDBG funds used for the Self-Help Centers along the Texas-Mexico border. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

AGENCY MISSION AND CHARGE

TDHCA's mission is as follows: To help Texans achieve an improved quality of life through the development of better communities.

TDHCA accomplishes this mission by administering a variety of housing and community affairs programs. A primary function of TDHCA is to act as a conduit for federal grant funds for housing and community services. However, because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

More specific policy guidelines are provided in §2306.002 of TDHCA's enabling legislation.

> *(a) The legislature finds that:*
>
> *(1) every resident of this state should have a decent, safe, and affordable living environment;*
>
> *(2) government at all levels should be involved in assisting individuals and families of low income in obtaining a decent, safe, and affordable living environment; and*
>
> *(3) the development and diversification of the economy, the elimination of unemployment or underemployment, and the development or expansion of commerce in this state should be encouraged.*
>
> *(b) The highest priority of the department is to provide assistance to individuals and families of low and very low income who are not assisted by private enterprise or other governmental programs so that they may obtain affordable housing or other services and programs offered by the department.*

TDHCA's services address a broad spectrum of housing and community affairs issues that include homebuyer assistance, the rehabilitation of single family and multifamily units, rental assistance, the new construction of single family and multifamily housing, special needs housing, transitional housing, and emergency shelters. Community services include energy assistance, weatherization assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and emergency assistance.

Funding sources for the services listed above include the US Department of Housing and Urban Development (HUD), US Treasury Department, US Department of Health and Human Services, and US Department of Energy, and State of Texas general revenue funds. With this funding, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process. Recognizing that all the need may not ever be met, the Department looks at where the federal programs and state resources at its disposal could provide the most benefit by managing these limited resources to have the greatest impact.

TDHCA is only one organization in a network of housing and community services providers located throughout the state. This document focuses on programs within TDHCA's jurisdiction, which are intended to either work in cooperation with or as complements to the services provided by other organizations.

ADMINISTRATIVE STRUCTURE

Agency programs are grouped into the following divisions: Multifamily Finance Production, Texas Homeownership Program, HOME Program, Office of Colonia Initiatives, Disaster Recovery, and Community Affairs. In addition, TDHCA includes the following divisions: Administrative Support; Bond Finance; Financial Administration; Information Systems; Internal Audit; Legal Services; Portfolio Management and Compliance; Real Estate Analysis; the Division of Public Affairs; and the Housing Resource Center. The Manufactured Housing Division is administratively attached to TDHCA, though it is an independent entity with its own governing board.

The following table outlines TDHCA's programs. For more detailed program information, please see "TDHCA Program Plans" in the Action Plan section of this document.

Activity	Program	Program Description	Eligible Households
Multifamily Development	HOME Investment Partnerships Program (HOME)	Loans or grants to develop or preserve affordable rental housing	<80% AMFI
	Housing Trust Fund (HTF)	Loans or grants for rental housing development, predevelopment, and other industry innovations	<80% AMFI
	Housing Tax Credit (HTC)	Tax credits to develop or preserve affordable rental housing	<60% AMFI
	Multifamily Bond (MFB)	Loans to develop or preserve affordable rental housing	<60% AMFI
	Community Development Block Grant (CDBG)	Targeted disaster recovery assistance to preserve affordable rental housing	<80% AMFI
Rental Assistance	HOME Program	Loans or grants for entities to provide tenant-based rental assistance for two years	<80% AMFI
	Section 8 Housing Choice Vouchers	Acts as a public housing authority to offer tenant-based rental assistance vouchers in certain areas	<50% AMFI
Single Family Development	HOME Program	Loans or grants for entities to construct single family housing and offer down payment assistance	<80% AMFI
	Colonia Model Subdivision	Loans for Community Housing Development Organizations (CHDOs) to develop residential subdivisions as an alternative to colonias	<60% AMFI
Home Purchase Assistance and Home Repair Assistance	Contract for Deed Conversion Initiative	Facilitates colonia-resident ownership by converting contracts for deed into traditional mortgages	<60% AMFI
	Grant Assistance	Grants in conjunction with the First Time Homebuyer Program for down payment and closing costs	<80% AMFI
	HOME Program	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	HOME Program	Loans and grants for entities to provide home repair assistance	<80% AMFI
	Lone Star Loan	Market-rate loans with second liens for down payment assistance	<115% AMFI
	Mortgage Credit Certificate	Annual tax credit based on the interest paid on the homebuyer’s mortgage loan	<115% AMFI
	Texas Bootstrap Loan	Funds entities to offer owner-builder loans programs	<60% AMFI
	Texas First Time Homebuyer	Low-interest loans for first time homebuyers	<115% AMFI
	Community Development Block Grant (CDBG)	Targeted disaster recovery funding to provide home repair assistance	<80% AMFI
Homebuyer Education	Colonia Consumer Education Services	Homebuyer education offered through Colonia Self-Help Centers and Office of Colonia Initiatives (OCI) field offices	<115% AMFI (All)
	Texas Statewide Homebuyer Education	Training for nonprofits to provide homebuyer education	<115% AMFI (All)
Community Affairs Activities	Community Services Block Grant (CSBG)	Funds local agencies to provide essential services and poverty programs	<50% AMFI
	Emergency Shelter Grants (ESGP)	Funds entities to provide shelter and related services to the homeless	<30% AMFI (Homeless)
	Comprehensive Energy Assistance (CEAP)	Funds local agencies to offer energy education, financial assistance, and HVAC replacement	<50% AMFI
	Weatherization Assistance (WAP)	Funds local agencies to provide minor home repairs to increase energy efficiency	<50% AMFI
Manufactured Housing	Manufactured Housing Division	Regulates the manufactured housing industry. Licenses manufactured housing professionals, titles homes, inspects homes, and investigates manufactured housing complaints.	All

2008 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

The *2008 State of Texas Low Income Housing Plan and Annual Report* (SLIHP, Plan) is prepared annually in accordance with §2306.072–2306.0724 of the Texas Government Code (TGC). This statute requires that TDHCA provide a comprehensive statement of activities in the preceding year, an overview of statewide housing needs, and a resource allocation plan to meet the state's housing needs. It offers policy makers, affordable housing providers, and local communities a comprehensive reference on statewide housing need, housing resources, and performance-based funding allocations. The format is intended to help these entities measure housing needs, understand general housing issues, formulate policies, and identify available resources. As such, the Plan is a working document whose annual changes reflect input received throughout the year.

The Plan is organized into eight sections:

- *Introduction:* An overview of TDHCA and the Plan
- *Annual Report:* A comprehensive statement of activities for 2007, including performance measures, actual numbers served, and a discussion of TDHCA's Strategic Plan goals
- *Housing Analysis:* An analysis of statewide and regional demographic information, housing characteristics, and housing needs
- *TDHCA Action Plan:* A description of TDHCA's initiatives, resource allocation plans, program descriptions, and goals
- *Public Participation:* Information on the Plan preparation and a summary of public comment
- *Colonia Action Plan:* A revised biennial plan for 2008–2009, which discusses housing and community development needs in the colonias, describes TDHCA's policy goals, summarizes the strategies and programs designed to meet these goals, and describes projected outcomes to support the improvement of living conditions of colonia residents
- *Texas State Affordable Housing Corporation (TSAHC) Plan:* This section outlines TSAHC's plans and programs for 2008, and is included in accordance with legislation
- *Appendix:* Includes TDHCA's enabling legislation

Because the Plan's legislative requirements are rather extensive, TDHCA has prepared a collection of separate publications in order to fulfill requirements. TDHCA produces the following publications in compliance with §2306.072–2306.0724 of the Texas Government Code:

- State of Texas Low Income Housing Plan and Annual Report
- Basic Financial Statements and Operating Budget: Produced by TDHCA's Financial Administration Division and fulfill §2306.072(c)(1)
- TDHCA Program Guide: A description of TDHCA's housing programs and other state and federal housing and housing-related programs, which fulfills §2306.0721(c)(4) and §2306.0721(c)(10)
- TDHCA Housing Sponsor Report: A report that provides property and occupant profiles of developments that have received assistance from TDHCA, which fulfills §2306.072(c)(6), §2306.072(c)(8), and §2306.0724

SECTION 2: ANNUAL REPORT

The Annual Report required by §2306.072 of the Texas Government Code includes the following sections:

- TDHCA's Operating and Financial Statements
- *Statement of Activities*: Describes TDHCA activities during the preceding year that worked to address housing and community service needs
- *Statement of Activities by Region*: Describes TDHCA activities by region
- *Housing Sponsor Report*: Describes fair housing opportunities offered by TDHCA's multifamily development inventory
- *Analysis of the Distribution of Tax Credits*: Provides an analysis of the sources, uses, and geographic distribution of housing tax credits
- *Average Rents Reported by County*: Provides a summary of the average rents reported by the TDHCA multifamily inventory

OPERATING AND FINANCIAL STATEMENTS

TDHCA's Operating Budgets and Basic Financial Statements are prepared and maintained by the Financial Administration Division. For copies of these reports, visit http://www.tdhca.state.tx.us/finan.htm.

STATEMENT OF ACTIVITIES

The Department has many programs that provide an array of services. This section of the Plan highlights TDHCA's activities and achievements during the preceding fiscal year through a detailed analysis of the following:

- TDHCA's performance in addressing the housing needs of low, very low, and extremely low income households
- TDHCA's progress in meeting its housing and community services goals

This analysis is provided at the State level and within each of the 13 service regions TDHCA uses for planning purposes (see Figure 2.1). For general information about each region, including housing needs and housing supply, please see the Housing Analysis section of this document.

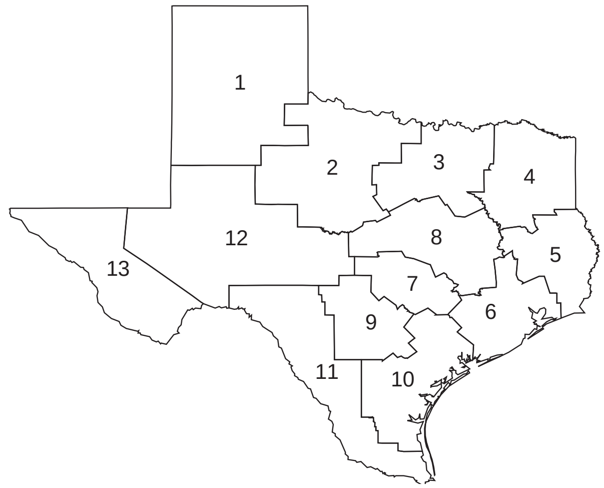


Figure 2.1 State Service Regions

FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY ACTIVITY AND PROGRAM

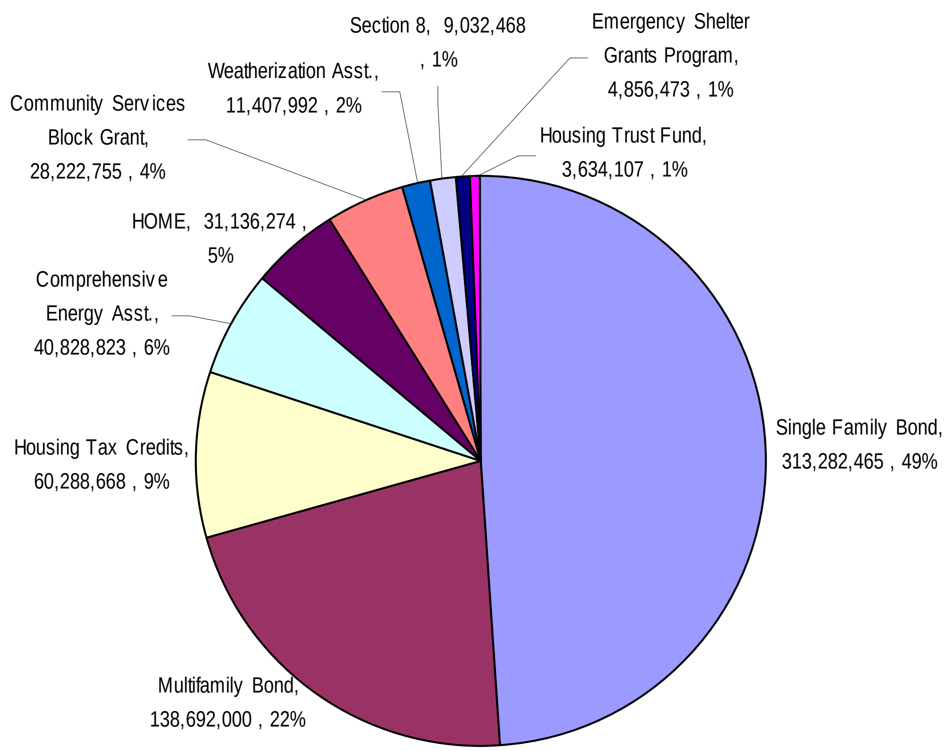
For the state and each region, a description of funding allocations, amounts committed, target numbers, and actual number of persons or households served for each program is provided. Along with the summary performance information, data on the following activity subcategories is provided.

- Renter
  - New Construction activities support multifamily development, such as the funding of developments and predevelopment funding.
  - Rehabilitation Construction activities support the acquisition, rehabilitation, and preservation of multifamily units.
  - Tenant Based Assistance is direct rental payment assistance.
- Owner
  - Single family development includes funding for housing developers, nonprofits, or other housing organizations to support the development of single family housing.
  - Single family financing and homebuyer assistance helps households purchase a home, through such activities as mortgage financing, and down payment assistance.
  - Single family owner-occupied assistance helps existing homeowners who need home rehabilitation and reconstruction assistance.
  - Community services includes supportive services, energy assistance, and homeless assistance activities.

In FY 2007, TDHCA committed $641,337,025 in total funds. Almost all of this funding, over 99 percent of the total, came from federal sources. TDHCA committed funding for activities that predominantly benefited extremely low, very low, and low income individuals. The chart below displays the distribution of this funding by program activity.

Total Funding By Program, FY 2007

Total Funds Committed: $641,337,025



Funding and Households/Persons Served by Activity, FY 2007, All Activities

Household Type	Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Renter	New Construction	$168,850,824	9,081	26%	1%
	Rehab Construction	$36,490,721	3,517	6%	1%
	Rental Assistance	$9,032,468	1,153	1%	0%
Owner	Financing & Down Payment	$319,519,278	2,896	50%	0%
	Rehabilitation Assistance	$22,172,691	378	3%	0%
	Supportive Services	$28,177,755	503,179	4%	72%
	Energy Related	$52,236,815	73,151	8%	10%
	Homeless Services	$4,856,473	104,414	1%	15%
Total		$641,337,025	460,196	100%	100%

Funding and Households/Persons Served by Housing Program, FY 2007

House-hold Type	Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC* Committed Funds	HTC* # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8* Committed Funds	Section 8* # of Households Served
Renter	New Construction	$0	-	$4,718,752	102	$0	-	$47,100,072	6,989	$117,032,000	1,990	$0	-
	Rehab. Construction	$0	-	$1,642,125	65	$0	-	$13,188,596	2,905	$21,660,000	547	$0	-
	Rental Assistance	$0	-	$0	-	$0	-	$0	-	$0	-	$9,032,468	1,153
Owner	Financing & Down Pmt.	$313,282,465	2,727	$2,940,843	47	$3,295,970	122	$0	-	$0	-	$0	-
	Rehabilitation Asst.	$0	-	$21,834,554	366	$338,137	12	$0	-	$0	-	$0	-
Total		$313,282,465	2,727	$31,136,274	580	$3,634,107	134	$60,288,668	9,894	$138,692,000	2,537	$9,032,468	1,153

**Includes $2,009,754 awarded to several 2004 developments. The households served were reported in 2004, and are not reported for 2007.*

Funding and Households/Persons Served by Community Affairs Program, FY 2007

	Activity	ESGP^ Committed Funds	ESGP^ # of Individuals Served	CSBG^* Committed Funds	CSBG^* # of Ind ividuals Served	CEAP Committed Funds	CEAP # of Households Served	WAP* Committed Funds	WAP* # of Households Served
	Supportive Services	$0	0	$28,222,755	503,179	$0	0	$0	0
	Energy Related	$0	0	$0	0	$40,828,823	68,179	$11,407,992	4,972
	Homeless Services	$4,856,473	104,414	$0	0	$0	0	$0	0
Total		$4,856,473	104,414	$28,222,755	503,179	$40,828,823	68,179	$11,407,992	4,972

**For these programs, funds and households served reflect different 12 month periods.*

^ ESGP and CSBG programs represent individuals served, not households

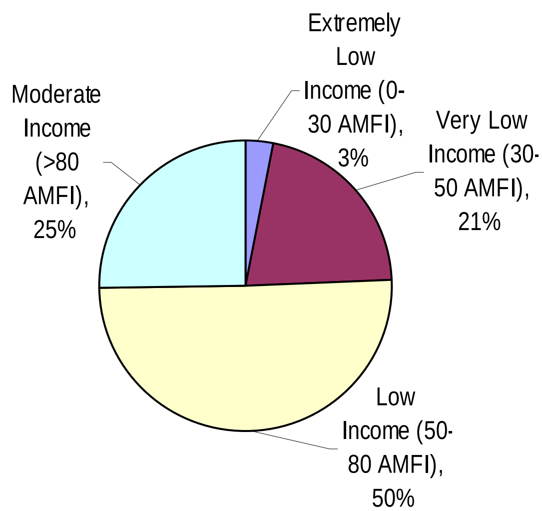
FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY INCOME GROUP

The SLIHP uses the following subcategories to refer to the needs of households or persons within specific income groups.

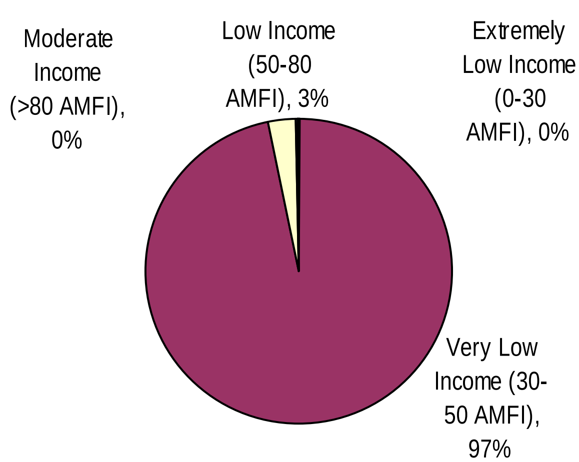
- Extremely Low Income (ELI): 0% to 30% area median family income (AMFI)
- Very Low Income (VLI): 31% to 50% (AMFI)
- Low Income (LI): 51% to 80% (AMFI)
- Moderate Income and Up (MI): >80% (AMFI)

The vast majority of households and individuals served through CEAP, WAP, and ESGP earn less than 30 percent area median family income. However, federal tracking of assistance from these programs is based on poverty guidelines, which do not translate easily to an AMFI equivalent. For conservative reporting purposes, assistance in these programs is reported in the VLI category.

Total Funding by Income Level, FY 2007



Total Households Served by Income Level, FY 2007



Funding and Households/Persons Served by Income Category, FY 2007

All Activities

Activity	Committed Funds*	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Extremely Low Income (0-30 AMFI)	$19,605,793	1,491	3%	0%
Very Low Income (30-50 AMFI)	$136,010,258	682,277	21%	98%
Low Income (50-80 AMFI)	$321,261,371	12,732	50%	2%
Moderate Income (>80 AMFI)	$162,494,849	1269	25%	0%
Total	$639,372,271	697,769	100%	100%

*Does not include $2,009,745 of HTC awarded to 2004 developments.

Housing Activities

Activity	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$1,816,037	33	$4,120,150	72	$1,197,000	42	4,215,969	485	$462,857	9	$7,793,780	850
Very Low Income (30-50 AMFI)	$25,695,359	324	$18,316,052	345	$2,207,107	83	3,300,661	515	$0	-	$1,175,036	266
Low Income (50-80 AMFI)	$125,474,856	1,157	$8,700,072	163	$170,000	7	50,762,284	8,894	$136,090,507	2,474	$63,652	37
Moderate Income (>80 AMFI)	$160,296,213	1,213	$0	-	$60,000	2	-	0	$2,138,636	54	$0	-
Total	$313,282,465	2,727	$31,136,274	580	$3,634,107	134	$58,278,914	9,894	$138,692,000	2,537	$9,032,468	1,153

*Does not include $2,009,745 of HTC awarded to 2004 developments.

Community Affairs Activities

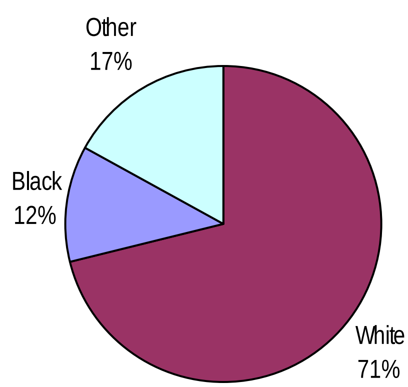
Activity	ESGP*		CSBG*		CEAP		WAP	
	Committed Funds	# of Individuals Served	Committed Funds	# of Ind ividuals Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$0	-	$0	-	$0		$0	-
Very Low Income (30-50 AMFI)	$4,856,473	104,414	$28,222,755	503,179	$40,828,823	68,179	$11,407,992	4,972
Low Income (50-80 AMFI)	$0	-	$0		$0	-	$0	-
Moderate Income (>80 AMFI)	$0	-	$0	-	$0	-	$0	-
Total	$4,856,473	104,414	$28,222,755	503,179	$40,828,823	68,179	$11,407,992	4,972

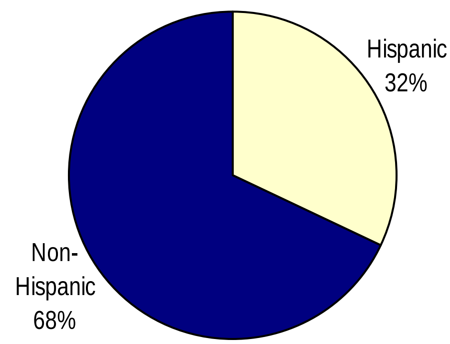
RACIAL AND ETHNIC COMPOSITION OF HOUSEHOLDS RECEIVING ASSISTANCE

As required by legislation, TDHCA reports on the racial and ethnic composition of individuals and families receiving assistance. These demographic categories are delineated according to the standards set by the U.S. Census. Accordingly, "race" is broken down into three subclassifications: White, Black, and Other. "Other" includes races other than White and Black, as well as individuals with two or more races. As ethnic origin is considered to be a separate concept from racial identity, the Hispanic population is represented in a separate chart. Persons of Hispanic origin may fall under any of the racial classifications. Households assisted through each TDHCA program or activity have been delineated according to these categories. Regional analyses of this racial data are included in the Statement of Activities by Uniform State Service Region section that follows. Note that the state population racial composition charts examine individuals, while the many program racial composition charts examine households.

Racial Composition of the State of Texas | **Ethnic Composition of the State of Texas**

20,851,820 Total Individuals





Housing Programs

Racial and ethnic data on housing programs is presented below using two general categories: Renter Programs and Homeowner Programs. Office of Colonia Initiatives programs are reported in the Homeowner Programs category under the following funding sources: HOME Program for Contract for Deed loans, Single Family Bond for some Contract for Deed loans and some Texas Bootstrap Program loans, and the Housing Trust Fund for some Texas Bootstrap loans.

Renter Programs

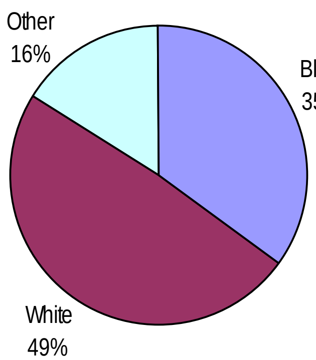
The following charts depict the racial and ethnic composition of households receiving assistance from all TDHCA renter programs. Included in this category are households participating in TDHCA's Tenant Based Rental Assistance Program (TBRA) and Section 8 Housing Choice Voucher Program, as well as households residing in TDHCA-funded multifamily properties.

Multifamily properties receive funding through one or more of the following TDHCA programs: the Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnership Program, and Multifamily Bond Program. Data for these programs is collected from the Fair Housing Sponsor Report, which is gathered each year from TDHCA-funded housing developments. The report includes information about each property, including the racial composition of the tenant population as of

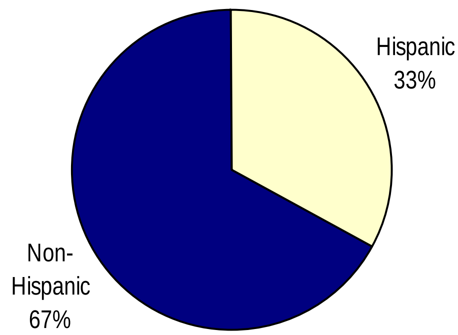
December 31 of the given year. Accordingly, the 2007 report is a snapshot of property characteristics on December 31, 2006.

It should be noted that the Housing Sponsor Report does not report on or represent all units financed by TDHCA. Some submitted reports describe properties under construction, which do not yet have occupied units. Some properties did not submit a report, and still others did not fill out the report accurately. Therefore, TDHCA is left with usable data for only a portion of existing multifamily units. For racial and ethnicity analysis, only 82% of the unit data received from the monitored properties could be used. As a result, the following charts present a picture of race and ethnicity based on samples, and may not represent actual percentages.

Racial Composition of TDHCA-Assisted Renter Households



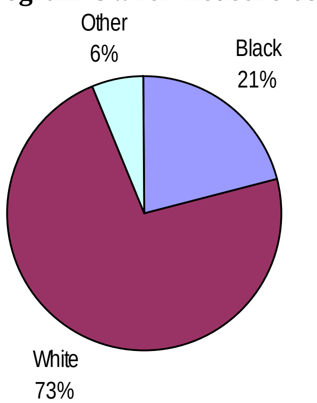
Ethnic Composition of TDHCA-Assisted Renter Households



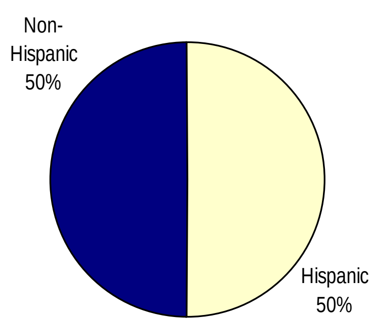
Homeowner Programs

The following charts depict the racial and ethnic composition of households receiving assistance from all TDHCA homeowner programs. TDHCA homeowner assistance comes in the form of three programs: the Single Family Bond Program, HOME Owner-Occupied Home Repair Program, and HOME Homebuyer Assistance Program. Due to the data reporting techniques of the Single Family Bond Program, race and ethnicity are combined into one category.

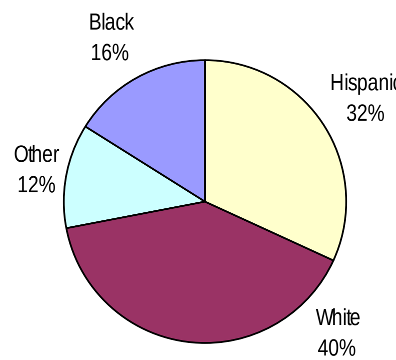
Racial Composition of HOME Program Owner Households



Ethnic Composition of HOME Program Owner Households



Ethnic Composition of SF Bond Program Owner Households



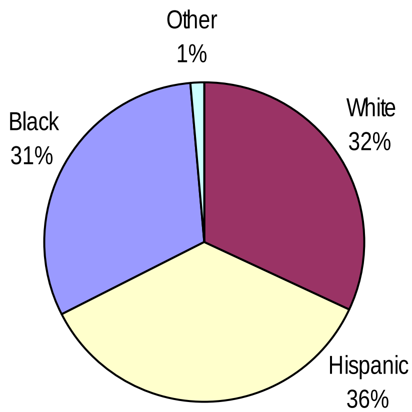
Community Affairs Programs

The Community Affairs programs allocate funding to entities with service areas that span across two or more uniform state service regions, so racial data for these programs is reported by entity rather than region. Due to the data reporting techniques of the Weatherization Assistance Program (WAP), Energy Assistance Program (CEAP), and Community Services Block Grant (CSBG) Program race and ethnicity are combined into one category. The Emergency Shelter Grant Program (ESGP) reports race and ethnicity as two separate categories

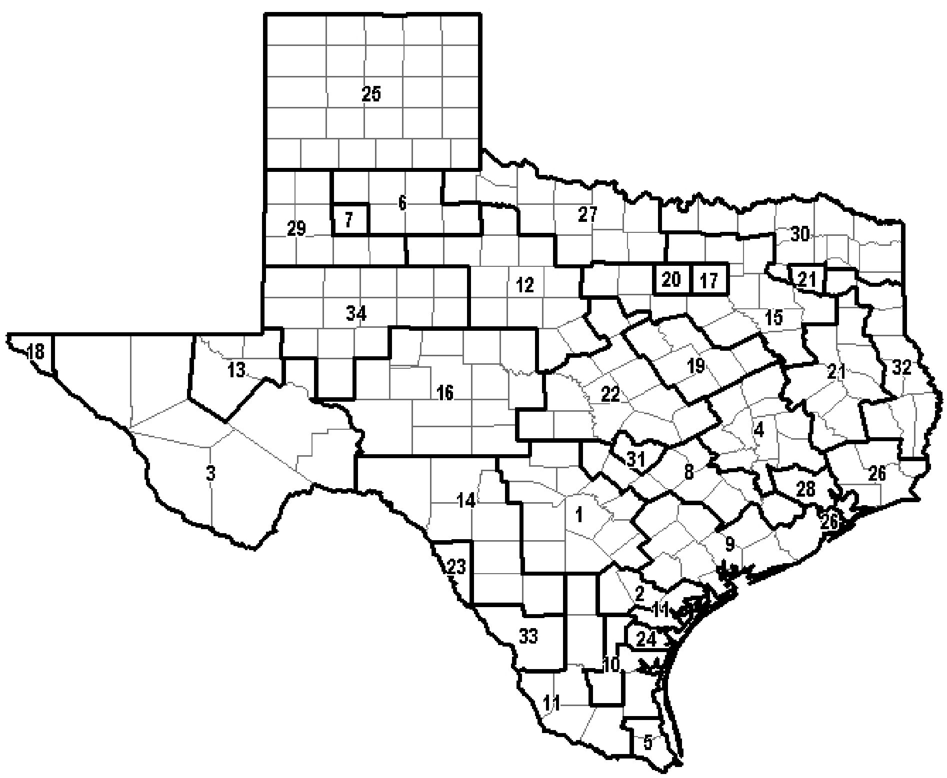
Weatherization Assistance Program

The Weatherization Assistance Program (WAP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. Because of this, WAP racial composition data for FY 2007 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial and ethnic composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of WAP Assisted Households, Statewide, 2007



WAP Subcontractor Service Areas, FY 2007



Racial and Ethnic Composition of Households Receiving WAP Assistance by Subcontractor, Statewide, PY 2007

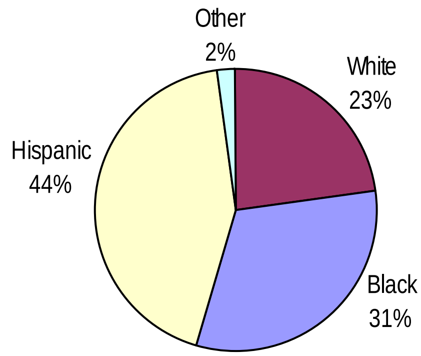
# on Map	Subcontractor	Counties Served	PY 2007 Allocations (4/07 – 3/08)	Households Served	White*	Hispanic*	Black*	Other*
1	Alamo Area Council of Governments	Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	$912,393	440	172	179	23	6
2	Bee Community Action Agency	Bee, Live Oak, Refugio	$47,417	9	1	6	2	0
3	Big Bend Community Action Committee, Inc.	Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	$142,797	26	4	20	2	0
4	Brazos Valley Community Action Agency	Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	$373,186	83	20	3	47	0
5	Cameron and Willacy Counties Community Projects, Inc.	Cameron, Willacy	$325,106	112	2	110	0	0
6	Caprock Community Action Association, Inc.	Crosby, Dickens, Floyd, Hale, King, Motley	$113,817	34	5	26	3	0
7	Combined Community Action, Inc.	Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	$211,561	51	26	20	1	4
8	Community Action Committee of Victoria	Aransas, Brazoria, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton	$294,262	112	48	27	17	0
9	Community Action Corporation of South Texas	Brooks, Jim Wells	$55,584	13	0	13	0	0
10	Community Action Council of South Texas*	Duval, Hidalgo, Jim Hogg, Kenedy, Kleberg, McMullen, San Patricio, Starr, Zapata	$773,835	224	14	210	0	0
11	Community Action Program, Inc.	Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton	$252,816	95	61	21	13	0
12	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	$42,878	36	6	28	2	0
13	Community Services Agency of South Texas	Dimmit, Edwards, Kinney, LaSalle, Real, Uvalde, Val Verde, Zavala	$164,994	71	4	65	0	0
14	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	$611,904	262	167	13	66	2
15	Concho Valley Community Action Agency	Coke, Coleman, Concho, Crockett, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	$221,596	57	28	27	2	0
16	DALLAS COUNTY DEPT. OF HUMAN SERVICES	Dallas	$846,245	288	38	50	177	23
17	Economic Opportunities Advancement Corporation of Planning Region XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	$233,042	111	41	2	63	0

# on Map	Subcontractor	Counties Served	PY 2007 Allocations (4/07 – 3/08)	Households Served	White*	Hispanic*	Black*	Other*
18	El Paso Community Action Program-Project Bravo, Inc	El Paso	$453,044	166	6	156	4	0
19	Fort Worth Housing Dept.	Tarrant	$475,408	114	15	18	79	2
20	Greater East Texas Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	$362,824	170	93	5	66	0
21	Hill Country Community Action Association, Inc.	Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	$273,142	64	60	0	0	4
22	Lubbock, City of, Community Development Dpt.	Lubbock	$153,425	42	10	19	13	0
23	Maverick County Human Services Department	Maverick	$60,733	17	0	17	0	0
24	Nueces County Community Action Agency	Nueces	$193,007	39	4	30	5	0
25	Panhandle Community Services	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	$384,223	102	47	37	18	0
26	Programs for Human Services	Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	$397,630	146	75	2	67	2
27	Rolling Plains Management Corporation	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young	$202,621	130	88	24	16	0
28	Sheltering Arms Senior Services, Inc.	Harris	$1,408,776	409	16	46	345	2
29	South Plains Community Action Association, Inc.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	$96,285	61	22	38	1	0
30	Texoma Council of Governments	Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	$370,100	191	100	4	87	0
31	Travis County HHS	Travis	$285,129	137	40	55	38	4
32	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	$213,305	57	15	0	42	0
33	Webb County Community Action Agency	Webb	$145,908	42	0	42	0	0
34	West Texas Opportunities	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	$308,982	98	12	68	17	0
	WAP TOTAL	STATE	$11,407,992	4009	1240	1381	1216	49

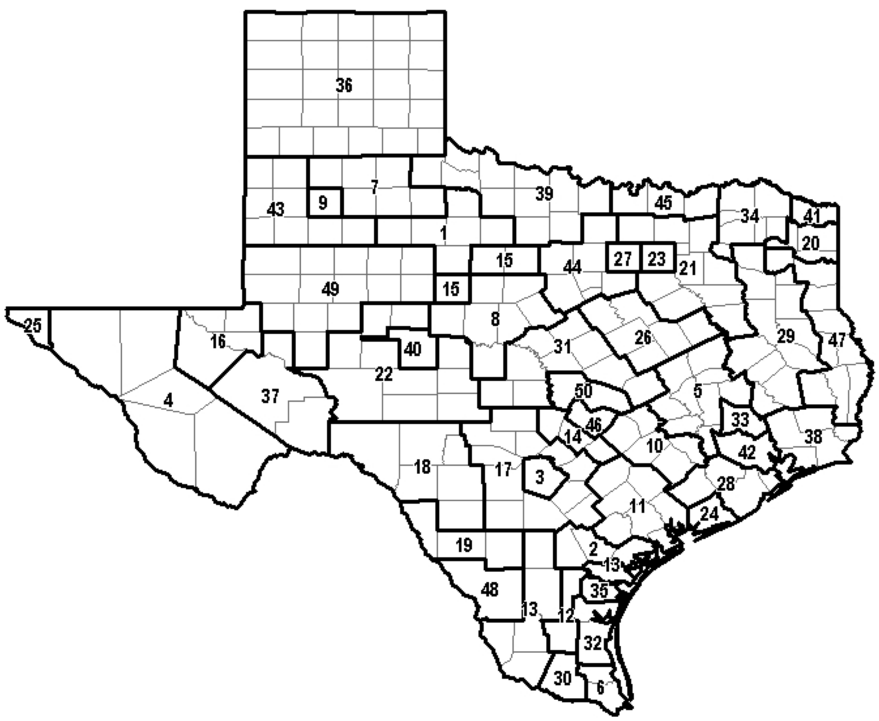
Comprehensive Energy Assistance Program

The Comprehensive Energy Assistance Program (CEAP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. Because of this, CEAP racial composition data for FY 2007 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of CEAP Assisted Households, Statewide, PY 2007



CEAP Subcontractor Service Areas, FY 2007



Racial and Ethnic Composition of Households Receiving CEAP Assistance by Subcontractor, Statewide, FY 2007

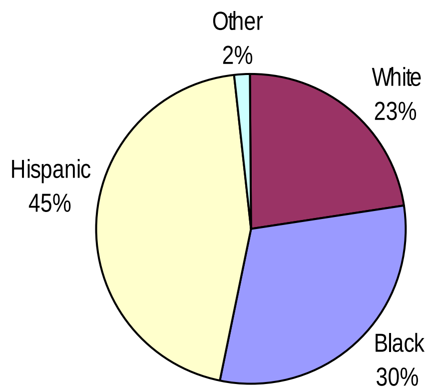
# on Map	Subcontractor	Counties Served	PY 2007 Allocation	House-holds Served	White*	Hisp-anic*	Black*	Other*
1	Aspermont Small Business Development Center, Inc.	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	$307,154	446	205	68	171	2
2	Bee Community Action Agency	Bee, Live Oak, Refugio	$169,705	313	55	20	234	4
3	Bexar County HHS	Bexar	$2,457,675	3707	281	582	2827	25
4	Big Bend Community Action Committee, Inc.	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	$336,349	841	85	1	752	3
5	Brazos Valley Community Action Agency	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Walker, Waller, Washington	$991,790	1521	375	1005	131	10
6	Cameron and Willacy Counties Community Projects, Inc.	Cameron, Willacy	$1,163,543	3310	39	96	3175	0
7	Caprock Community Action Association, Inc.	Crosby, Dickens, Floyd, Hale, King, Motley	$407,345	1140	238	133	766	3
8	Central Texas Opportunities, Inc.	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels	$463,577	770	604	50	113	3
9	Combined Community Action, Inc.	Austin, Bastrop, Colorado, Fayette, Lee	$325,556	458	145	271	42	0
10	Community Action Committee of Victoria	Aransas, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Victoria	$567,518	1131	323	332	472	4
11	Community Action Corporation of South Texas	Brooks, Jim Wells	$198,934	630	29	11	590	0
12	Community Action Council of South Texas*	Duval, Jim Hogg, McMullen, San Patricio, Starr, Zapata	$670,759	999	23	8	968	0
13	Community Action Inc., of Hays, Caldwell and Blanco Counties	Blanco, Caldwell, Hays	$224,146	353	112	117	123	1
14	Community Action Program, Inc.	Shackelford, Stephens, Taylor	$306,770	480	188	107	182	3
15	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	$153,461	349	48	18	282	1
16	Community Council of South Central Texas, Inc.	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	$807,748	1723	557	75	1078	13
17	Community Council of Southwest Texas, Inc.	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	$470,759	460	21	5	430	4
18	Community Services Agency of South Texas	Dimmit, La Salle, Maverick	$337,112	477	7	0	470	0
19	Community Services of Northeast Texas	Camp, Cass, Marion, Morris	$268,622	519	174	331	10	4
20	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	$1,452,319	2042	1046	742	213	41
21	Concho Valley Community Action Agency	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton	$395,237	594	219	4	367	4
22	DALLAS COUNTY DEPT. OF HUMAN SERVICES	Dallas	$3,028,684	3093	362	2440	238	53
23	ECONOMIC ACTION COMMITTEE OF GULF COAST	Matagorda	$103,281	155	25	100	30	0
24	Economic Opportunities Advancement Corporation of Planning Region XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	$834,052	4695	154	130	4382	29
25	El Paso Community Action Program-Project Bravo, Inc	El Paso	$1,621,431	1073	423	548	100	2
26	Fort Worth, City of, Parks & Community Services Department	Tarrant	$1,701,470	2219	514	1286	396	23

# on Map	Subcontractor	Counties Served	PY 2007 Allocation	House-holds Served	White*	Hisp-anic*	Black*	Other*
27	Galveston County Community Action Council, Inc.	Brazoria, Fort Bend, Galveston, Wharton	$1,005,146	1348	267	786	286	9
28	Greater East Texas Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	$1,633,902	2996	1033	1806	146	11
29	Hidalgo County Community Services Agency	Hidalgo	$1,762,226	3439	43	3	3386	7
30	Hill Country Community Action Association, Inc.	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	$705,023	1217	704	303	188	22
31	KLEBERG COUNTY HUMAN SERVICES	Kenedy, Kleberg	$336,545	387	30	43	313	1
32	Lubbock, City of, Community Development Dpt.	Lubbock	$549,103	1017	252	327	427	11
33	MONTGOMERY COUNTY EMERGENCY ASSISTANCE	Montgomery	$343,829	1362	874	408	63	17
34	NORTHEAST TEXAS OPPORTUNITIES, INC	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	$461,686	790	411	371	8	0
35	Nueces County Community Action Agency	Nueces	$690,768	878	75	178	621	4
36	Panhandle Community Services	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	$1,375,124	2903	1327	425	1149	2
37	Pecos County Community Action Agency	Crane, Pecos, Terrell	$174,717	396	48	0	348	0
38	PROGRAMS FOR HUMAN SERVICES	Chambers, Hardin, Jefferson, Liberty, Orange	$1,007,783	1294	332	866	20	76
39	Rolling Plains Management Corporation	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	$660,170	908	545	211	134	18
40	SAN ANGELO/TOM GREEN COUNTY HEALTH DEPT	Tom Green	$225,169	294	142	19	133	0
41	SENIOR CITIZENS SERVICES OF TEXARKANA	Bowie	$216,821	382	116	263	3	0
42	SHELTERING ARMS SENIOR SVCS, INC, THE	Harris	$5,041,964	7070	729	4735	805	801
43	South Plains Community Action Association, Inc.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	$344,604	713	133	90	484	6
44	Texas Neighborhood Services	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	$560,536	500	428	26	43	3
45	Texoma Council of Governments	Cooke, Fannin, Grayson	$377,447	525	358	156	10	1
46	Travis County HHS	Travis	$1,020,469	1608	347	741	484	36
47	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	$763,412	1180	455	712	11	2
48	Webb County Community Action Agency	Webb	$522,201	1007	6	0	1001	0
49	West Texas Opportunities	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	$1,105,839	2105	579	373	1144	9
50	Williamson-Burnet County Opportunities, Inc.	Burnet, Williamson	$179,316	362	195	78	81	8
	TOTAL	**STATE**	$40,828,823	68,179	15,681	21,400	29,830	1,276
					23%	31%	44%	2%

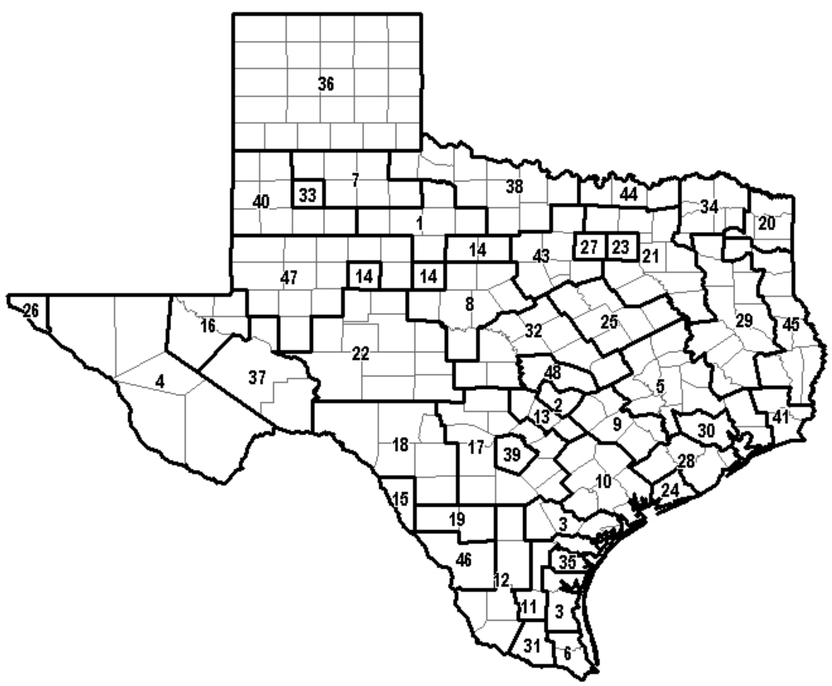
Community Services Block Grant Program

The Community Services Block Grant Program (CSBG) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. In addition, some CSBG subcontractors have been awarded funding for special projects that overlap existing service areas. Because of this, CSBG racial composition data for FY 2007 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of Individuals Receiving CSBG Assistance, Statewide, FY 2007



CSBG Subcontractor Service Areas, FY 2007



Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor, Statewide, FY 2007

# on Map	Contractor	County Served	FY 2007 Funding	Individuals Served	White	Hispanic	Black	Other
1	Alabama-Coushatta Indian Reservation	Polk, Tyler	$60,834	157	2	0	1	154
2	Asociacion Pro Servicios Sociales	Jim Hogg, Starr, Webb, Zapata	$105,538	945	0	945	0	0
3	Aspermont Small Business Development Center, Inc.	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	$150,000	1289	517	563	171	38
4	Austin, City of, Health and Human Services Department	Travis	$803,132	7056	781	3657	2443	175
5	Bee Community Action Agency	Aransas, Bee, Kenedy, Kleberg, Live Oak, Refugio	$249,242	2595	672	1713	155	55
6	Big Bend Community Action Committee, Inc.	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	$150,000	2812	208	2584	13	7
7	Brazos Valley Community Action Agency	Brazos, Burleson, Chambers, Grimes, Leon, Liberty, Madison, Montgomery, Robertson, Walker, Waller, Washington	$861,501	7210	1977	1586	3530	117
8	*Cameron and Willacy Counties Community Projects, Inc.	Cameron, Willacy	$955,808	10944	106	10814	22	2
9	Caprock Community Action Association, Inc.	Crosby, Dickens, Floyd, Hale, King, Motley	$167,590	3318	446	2576	287	9
10	Central Texas Opportunities, Inc.	Brown, Callahn, Coleman, Comanche, Eastland, McCulloch, Runnels	$204,296	2312	1643	505	138	26
11	Combined Community Action, Inc.	Austin, Bastrop, Colorado, Fayette, Lee	$186,713	1098	319	188	589	2
12	Community Action Committee of Victoria Texas	Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Victoria	$270,870	5414	1320	2767	1288	39
13	Community Action Corporation of South Texas	Brooks, Jim Wells, San Patricio	$231,597	1369	76	1263	30	0
14	Community Action Council of South Texas	Duval, Jim Hogg, McMullen, Starr, Zapata	$318,302	2858	33	2819	5	1
15	Community Action Inc., of Hays, Caldwell and Blanco Counties	Blanco, Caldwell, Hays	$186,655	2146	682	1109	307	48
16	Community Action Program, Inc.	Mitchell, Shackelford, Stephens, Taylor	$221,975	1521	470	664	366	21
17	*Community Action Social Services & Education	Maverick	$229,176	1647	0	1647	0	0
18	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	$197,754	1203	159	980	57	7
19	*Community Council of South Central Texas, Inc.	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	$566,643	7323	1920	5032	313	58

20	*Community Council of Southwest Texas, Inc.	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	$328,579	1966	78	1849	20	19
21	*Community Services Agency of South Texas	Dimmit, La Salle	$164,927	864	11	852	1	0
22	Community Services of Northeast Texas, Inc.	Bowie, Cass, Marion, Morris,Camp	$255,259	1962	863	120	933	46
23	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	$939,568	7776	3437	1180	2888	271
24	Concho Valley Community Action Agency	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, Tom Green	$254,407	1062	364	646	44	8
25	Dallas Inter-Tribal Center	Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall	$109,559	971	39	53	9	870
26	Dallas Urban League	Dallas	$2,353,454	8028	709	1885	5270	164
27	Economic Action Committee of The Gulf Coast	Matagorda	$150,000	698	107	253	330	8
28	Economic Opportunities Advancement Corporation of Planning Region XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	$461,053	3817	877	466	2440	34
29	El Paso Community Action Program, Project BRAVO, Inc.	El Paso	$1,272,051	17428	454	16467	393	114
30	Fort Worth, City of, Parks & Community Services Department	Tarrant	$1,227,340	24460	2977	12906	8267	310
31	Galveston County Community Action Council, Inc.	Brazoria, Fort Bend, Galveston, Wharton	$739,845	5100	865	1335	2781	119
32	Greater East Texas Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	$845,636	14131	4924	1298	7711	198
33	Guadalupe Economic Services Corporation	Bailey, Briscoe, Castro, Cochran, Crosby, Deaf Smith, Dickens, Floyd, Garza, Hale, Hall, Hockley, Lamb, Lubbock, Lynn, Motley, Parmer, Swisher, Terry, Yoakum	$180,405	13210	3989	8173	1039	9
34	Gulf Coast Community Services Association	Harris	$3,934,736	12886	664	5514	6584	124
35	*Hidalgo County Community Services Agency	Hidalgo	$1,608,880	19252	108	19085	18	41
36	Hill Country Community Action Association, Inc.	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	$427,824	2787	1395	510	800	82
37	Kickapoo Traditional Tribe of Texas	Maverick	$48,734	0	0	0	0	0
38	Lubbock, City of, Community Development Department	Lubbock	$364,445	302	113	120	30	39
39	Northeast Texas Opportunities, Inc.	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	$238,373	3114	1459	151	1366	138

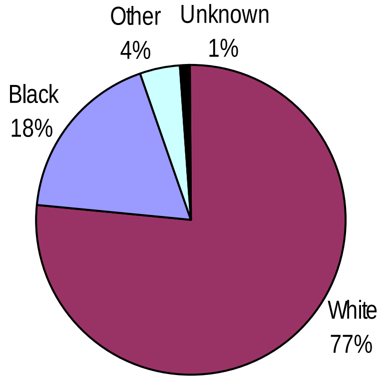
40	Nueces County Community Action Agency	Nueces	$477,423	2501	159	1944	328	70
41	Panhandle Community Services	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallum, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	$553,135	9601	4211	4121	1211	58
42	Pecos County Community Action Agency	Crane, Pecos, Terrell	$150,000	1084	132	945	6	1
43	Rolling Plains Management Corporation	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	$295,387	2998	1635	577	612	174
44	San Antonio, City of, Community Action Division	Bexar	$1,726,883	18290	1433	13759	2840	258
45	Sin Fronteras Organizing Project	El Paso	$107,995	2034	0	2034	0	0
46	South Plains Community Action Association, Inc.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	$183,055	3456	472	2455	479	50
47	Southeast Texas Regional Planning Commission	Hardin, Jefferson, Orange	$488,798	2085	666	98	1271	50
48	Texas Neighborhood Services	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	$344,270	5882	4873	637	313	59
49	Texoma Council of Governments	Cooke, Fannin, Grayson	$215,994	1501	912	84	490	15
50	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	$357,066	8758	3612	229	4815	102
51	Webb County Community Action Agency	Webb	$495,750	6946	3	6938	5	0
52	West Texas Opportunities, Inc.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Nolan, Scurry, Upton	$582,835	7670	1720	4691	1194	65
53	Williamson-Burnet County Opportunities, Inc.	Burnet, Williamson	$176,463	2293	1120	716	400	57
	TOTAL	State	$28,177,755	278,130	55,712	153,503	64,603	4,312
					23%	30%	45%	2%

*These contractors receive some additional funding to fund specialized activities for a few counties that fall outside their service area.

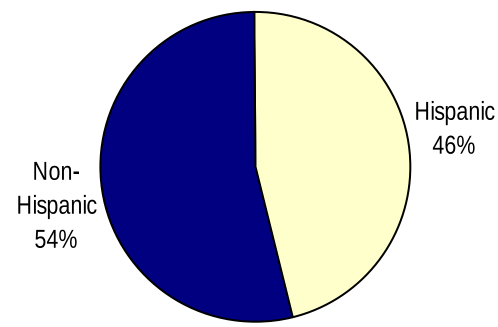
Emergency Shelter Grants Program

The Emergency Shelter Grants Program (ESGP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions, or multiple subcontractors serve the same area. Because of this, ESGP racial composition data for FY 2007 is listed according to subcontractor. Racial composition for the state is available, but is unavailable at the regional level.

Racial Composition of Individuals Receiving ESGP Assistance, Statewide, FY 2007



Ethnic Composition of Individuals Receiving ESGP Assistance, Statewide, FY 2007



Racial and Ethnic Composition of Individuals Receiving ESGP Assistance by Subcontractor, Statewide, FY 2007

Contractor	County Served	FY 2007 Funding	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
Abilene Hope Haven, Inc.	Taylor	$80,000	1063	904	127	4	28	207
Advocacy Outreach	Bastrop	$85,210	1094	936	156	2	0	663
Advocacy Resource Center for Housing	Hidalgo	$53,395	4364	4360	2	1	1	4361
Amistad Family Violence and Rape Crisis Center	Val Verde	$63,700	1342	1310	9	23	0	1237
Bridge Over Troubled Waters, Inc., The	Harris	$65,000	223	169	46	8	0	101
Brownsville, City of	Cameron	$143,834	11764	11684	51	29	0	11200
Caprock Community Action Association, Inc.	Crosby	$30,000	171	160	11	0	0	149
Catholic Charities, Archdiocese of San Antonio, Inc.	Bexar	$56,725	338	271	63	4	0	232
Center Against Family Violence, Inc.	El Paso	$46,097	773	735	21	17	0	688
Child Crisis Center of El Paso	El Paso	$36,864	611	556	42	13	0	494
Childrens Center, Inc., The	Galveston	$113,750	1189	435	498	89	165	184
Collin Intervention to Youth	Collin	$65,000	170	84	50	36	0	11
Comal County Family Violence Shelter	Comal	$52,000	1650	1482	23	119	26	697
Community Council of South Central Texas, Inc.	Guadalupe	$65,000	216	215	0	1	0	194
Compassion Ministries of Waco, Inc.	McLennan	$40,000	155	98	27	28	0	56
Connections Individual and Family Services	Comal	$65,000	434	375	37	3	19	175
Corpus Christi Hope House	Nueces	$42,107	1923	1844	79	0	0	1040
Corpus Christi Metro Ministries, Inc.	Nueces	$65,000	4508	3720	685	100	0	1985
Covenant House Texas	Harris	$65,000	2041	715	1285	41	0	283
Dallas Jewish Coalition, Inc.	Dallas	$45,500	337	101	227	9	0	65

Contractor	County Served	FY 2007 Funding	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
Denton, City of	Denton	$137,393	1458	1103	300	54	0	261
Driskell Halfway House, Inc.	Swisher	$65,000	180	168	10	2	0	79
East Texas Crisis Center, Inc.	Smith	$64,263	579	408	122	49	0	94
Faith Mission and Help Center, Inc.	Washington	$64,997	407	204	201	2	0	57
Families In Crisis, Inc.	Bell	$43,622	777	372	310	84	11	122
Family Crisis Center	Cameron	$160,000	4018	3888	74	55	1	3335
Family Gateway, Inc.	Dallas	$56,250	389	51	307	31	0	7
Family Place, The	Dallas	$53,250	658	291	304	63	0	171
Family Services of Southeast Texas, Inc.	Jefferson	$60,765	1061	514	502	45	0	88
Focusing Families	Waller	$37,992	365	253	103	9	0	116
Fort Bend County Womens Center, Inc.	Fort Bend	$56,200	515	264	202	48	1	183
Hale County Crisis Center	Hale	$51,572	620	282	74	68	196	196
Harmony House, Inc.	Harris	$69,853	18	6	10	2	0	4
Hays County Womens Center	Hays	$61,561	477	388	47	42	0	267
Highland Lakes Family Crisis Center	Burnet	$45,000	762	708	16	34	4	283
Hope Action Care	Bexar	$65,000	144	78	66	0	0	49
Houston Area Womens Center	Harris	$65,000	5146	3596	1333	180	37	2681
Institute of Cognitive Development	Tom Green	$30,000	582	490	38	54	0	299
Johnson County Family Crisis Center	Johnson	$65,000	206	188	9	9	0	71
Kilgore Community Crisis Center	Gregg	$50,852	733	431	275	27	0	92
Mid-Coast Family Services	Victoria	$50,262	384	100	49	30	205	207
Midland Fair Havens, Inc.	Midland	$65,600	1185	804	368	13	0	448
Mission Granbury, Inc.	Hood	$55,922	118	91	0	27	0	3
Montgomery County Emergency Assistance, Inc.	Montgomery	$74,263	285	219	66	0	0	53
Montgomery County Womens Center	Montgomery	$128,963	661	437	161	56	0	177
Opportunity Center for the Homeless	El Paso	$65,000	2016	1745	211	58	0	1181
Panhandle Crisis Center, Inc.	Ochiltree	$65,475	579	567	0	12	0	318
Pecan Valley Regional Domestic Violence Shelter	Brown	$38,844	364	331	27	6	0	106
Port Cities Rescue Mission Ministries	Jefferson	$67,265	450	166	257	4	23	10
Project Vida	El Paso	$40,000	1131	1127	4	0	0	1109
Promise House, Inc.	Dallas	$65,000	226	104	122	0	0	49
Providence Ministry Corporation	Cameron	$47,320	216	183	30	3	0	194
Randy Sams Outreach Shelter	Bowie	$65,000	3124	1447	1587	74	16	44
Sabine Valley Center	Gregg	$52,800	38	28	10	0	0	0
Safe Haven of Tarrant County	Tarrant	$80,000	2631	1508	864	250	9	789
Safe Place of the Permian Basin	Midland	$60,450	1570	1345	163	62	0	770
Salvation Army of Abilene	Taylor	$30,000	7486	5581	1417	403	85	1879
Salvation Army of Dallas	Dallas	$60,779	194	99	85	10	0	79
Salvation Army of Fort Worth	Tarrant	$62,052	139	77	61	1	0	17
Salvation Army of Galveston	Galveston	$66,744	7669	5661	1930	78	0	0
Salvation Army of McAllen	Hidalgo	$64,971	1431	1382	43	6	0	1263
Salvation Army of Sherman	Grayson	$50,000	4162	2379	616	820	347	226
Salvation Army of Victoria	Victoria	$45,000	299	248	51	0	0	115
San Antonio Metropolitan Ministry, Inc.	Bexar	$65,000	4688	3436	678	573	1	2105
SEARCH	Harris	$131,442	2642	1015	1573	53	1	270
Seton Home	Bexar	$40,308	162	130	31	1	0	107
Sin Fronteras Organizing Project	El Paso	$65,000	795	794	0	1	0	795
Texas Homeless Network	Travis	$50,000	0	0	0	0	0	0
Travis County Domestic Violence and Sexual Assault Survival Center	Travis	$46,352	896	589	193	92	22	432
Twin City Mission	Brazos	$80,000	993	595	359	34	0	151
Westside Homeless Partnership	Harris	$130,000	362	208	150	4	0	165
Williamson-Burnet County Opportunities, Inc.	Williamson	$45,375	167	128	34	5	0	60

Contractor	County Served	FY 2007 Funding	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
Wintergarden Women's Shelter, Inc.	Dimmit	$65,000	1465	1430	0	35	0	1269
Women's Shelter of East Texas, Inc.	Nacogdoches	$56,679	548	309	186	53	0	113
Womens Shelter of South Texas	Nueces	$30,000	1728	1475	11	206	36	1037
YMCA of Metropolitan Dallas	Dallas	$66,855	149	82	62	5	0	31
ESGP Total	State	$4,856,473	104,414	79,657	19,141	4,360	1,234	48,049
				77%	18%	4%	46%	54%

PROGRESS IN MEETING TDHCA HOUSING AND COMMUNITY SERVICES GOALS

The goals, strategies, and objectives established in the Legislative Appropriations Act, the TDHCA *Strategic Plan*, and the *State of Texas Consolidated Plan*, guide TDHCA's annual activities through the establishment of objective performance measures. TDHCA's resulting goals are as follows:

1) Increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families
2) Promote improved housing conditions for extremely low, very low, and low income households by providing information and technical assistance.
3) Improve living conditions for the poor and homeless and reduce the cost of home energy for very low income Texans.
4) Ensure compliance with the TDHCA's federal and state program mandates.
5) Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.
6) Target its housing finance programs resources for assistance to extremely low income households.
7) Target its housing finance resources for assistance to very low income households.
8) Provide contract for deed conversions for families who reside in a colonia and earn 60 percent or less of the applicable area median family income
9) Work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs through funding, research, and policy development efforts.

To avoid duplication of information, progress made towards meeting those goals, the upcoming year's goals, and information on TDHCA's actual performance in satisfying in FY 2007 goals and strategies is provided in Section 4: Action Plan.

STATEMENT OF ACTIVITIES BY UNIFORM STATE SERVICE REGION

This section describes TDHCA's FY 2007 activities by Uniform State Service Region. The regional tables do not include information for WAP, CEAP, ESGP, CSBG, and CFNP because figures are not available for these programs at the regional level. Additionally, for purposes of reporting, Office of Colonia Initiatives figures do not appear as an independent category, but rather the figures are grouped under their respective funding sources. For example, most Contracts for Deed Conversion are reported under HOME Program Homebuyer Assistance.

As required by legislation, TDHCA reports on the racial composition of individuals and families receiving assistance. Regional information has been organized into two generalized categories of housing activity type.

Renter Programs

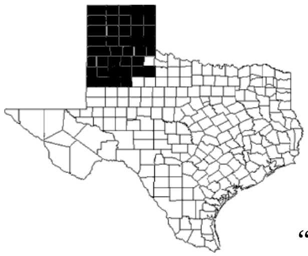
Includes the Housing Tax Credit Program, the Multifamily Bond Program, Housing Trust Fund multifamily activities, HOME multifamily activities, the Section 8 Program and HOME Tenant Based Rental Assistance program

Homeowner Programs

Includes the First Time Homebuyer Program, HOME Owner-Occupied Housing Assistance, HOME Homebuyer Assistance, and Housing Trust Fund single family activities (Bootstrap Loan Program)

For more information on racial reporting and these categories, please see "Racial Composition of Households Receiving Assistance" under the Statement of Activities section.

REGION 1



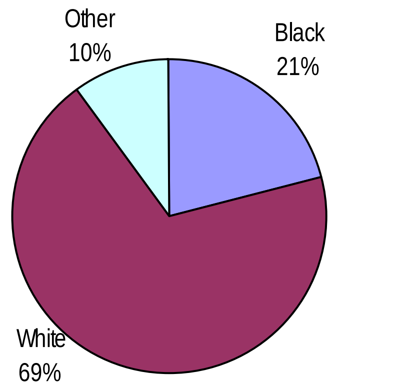
TDHCA allocated $9,546,973 in the region in FY 2007.

Homeowner programs accounted for the largest segment of this total, while “Low Income” households (50-80% AMFI) was the most served income group.

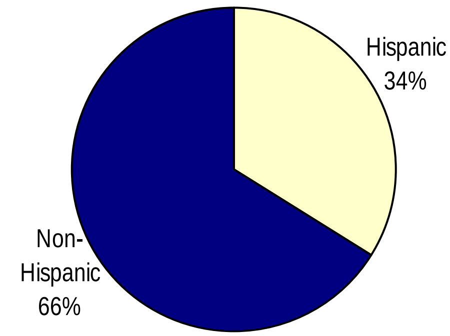
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

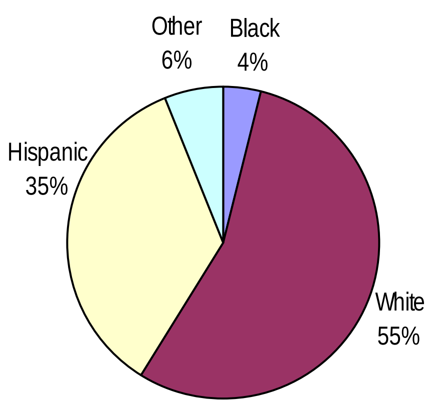


ERCENT OF COMMITTED FUNDS BY ETHNICITY



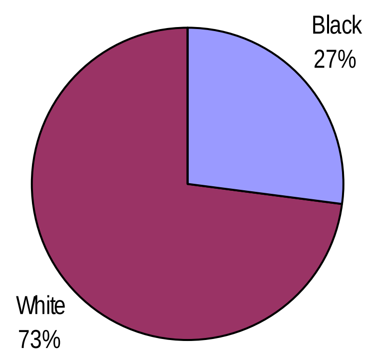
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

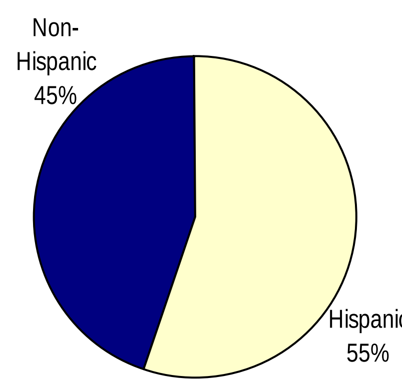


HOME PROGRAM OWNER PROGRAMS

ERCENT OF COMMITTED FUNDS BY RACE



ERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 1

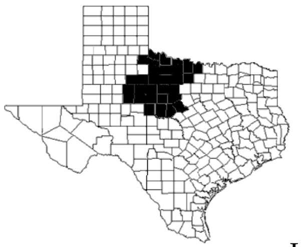
	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$3,323,285	51	$2,698,554	47	$0	0	$0	0	$0	0	$0	0	$6,021,839	98
Renter Programs	$0	0	$0	0	$0	0	$3,525,134	532	$0	0	$0	0	$3,525,134	532
Total	$3,323,285	51	$2,698,554	47	$0	0	$3,525,134	532	$0	0	$0	0	$9,546,973	630

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 1

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$261,050	6	$1,788,554	32	$0	0	$339,246	35	$0	0	$0	0	$2,388,850	73
30-50% AMFI	$1,016,905	19	$910,000	15	$0	0	$0	0	$0	0	$0	0	$1,926,905	34
50-80% AMFI	$1,292,924	19	$0	0	$0	0	$3,160,212	497	$0	0	$0	0	$4,453,136	516
>80% AMFI	$752,406	7	$0	0	$0	0	$0	0	$0	0	$0	0	$752,406	7
Total	$3,323,285	51	$2,698,554	47	$0	0	$3,499,458	532	$0	0	$0	0	$9,521,297	630

*The HTC data by income category does not include the region’s portion of $2,009,745 allocated in FY 2007 to awardees from FY 2004.

REGION 2



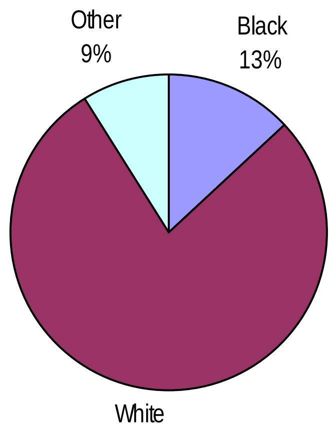
TDHCA allocated $5,029,185 in the region in FY 2007.

Homeowner programs accounted for the largest segment of this total, while “Low Income” households (50-80% AMFI) was the most served income group.

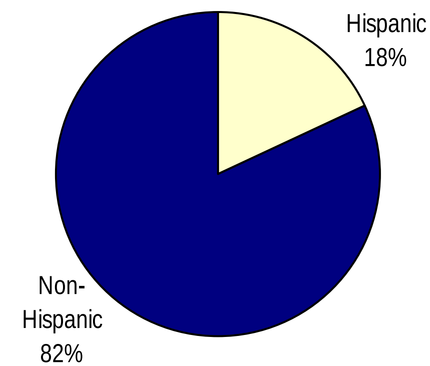
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

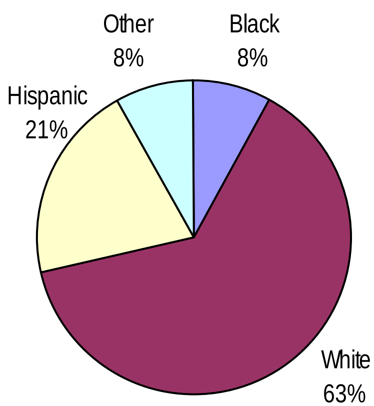


ERCENT OF COMMITTED FUNDS BY ETHNICITY



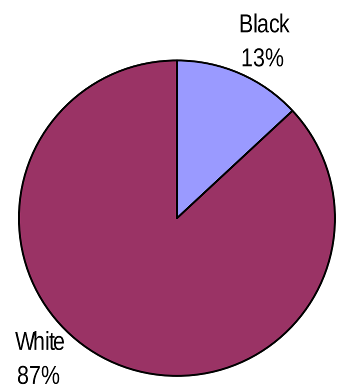
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

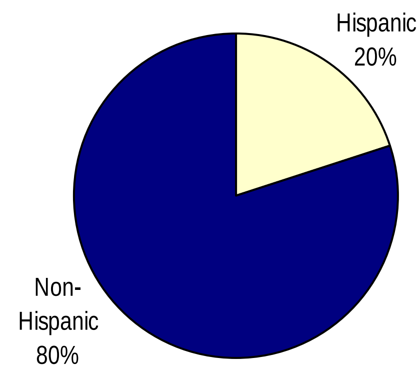


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



ERCENT OF COMMITTED FUNDS BY ETHNICITY



Funding and Households Served, by Activity and Housing Program Type, Region 2

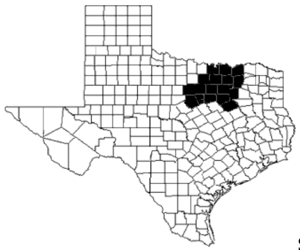
Activity	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC Committed Funds	HTC Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served	All Activities Committed Funds	All Activities Number of Households Served
Homeowner Programs	$2,197,523	39	$572,000	10	$0	0	$0	0	$0	0	$0	0	$2,769,523	49
Renter Programs	$0	0	$0	0	$0	0	$2,080,922	211	$0	0	$178,740	36	$2,259,662	247
Total	$2,197,523	39	$572,000	10	$0	0	$2,080,922	211	$0	0	$178,740	36	$5,029,185	296

Funding and Households Served, by Income Category and Housing Program, Region 2

Income	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC* Committed Funds	HTC* Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served	All Activities Committed Funds	All Activities Number of Households Served
0-30% AMFI	$198,114	4	$0	0	$0	0	$226,942	23	$0	0	$140,684	24	$565,740	51
30-50% AMFI	$849,481	16	$0	0	$0	0	$0	0	$0	0	$38,056	11	$887,537	27
50-80% AMFI	$1,149,928	19	$572,000	10	$0	0	$1,843,641	188	$0	0	$0	1	$3,565,569	218
>80% AMFI	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$2,197,523	39	$572,000	10	$0	0	$2,070,583	211	$0	0	$178,740	36	$5,018,846	296

*The HTC data by income category does not include the region's portion of $2,009,745 allocated in FY 2007 to awardees from FY 2004.

REGION 3



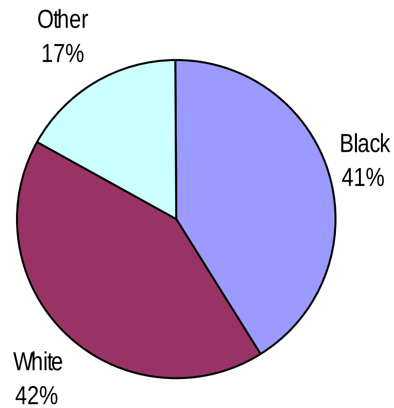
TDHCA allocated $86,597,191 in the region in FY 2007.

Homeowner programs accounted for the largest segment of this total, while “Low Income” households (50-80% AMFI) was the most served income group.

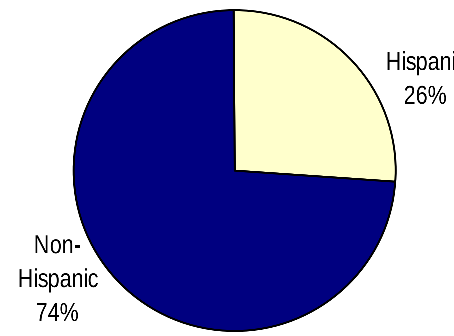
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

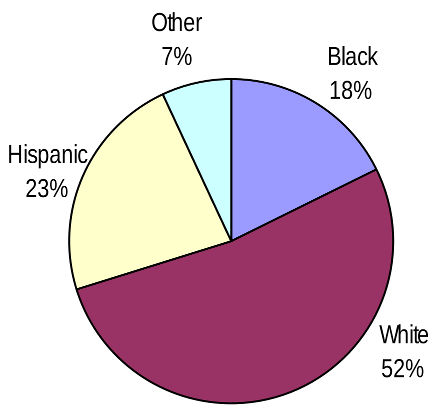


ERCENT OF COMMITTED FUNDS BY ETHNICITY



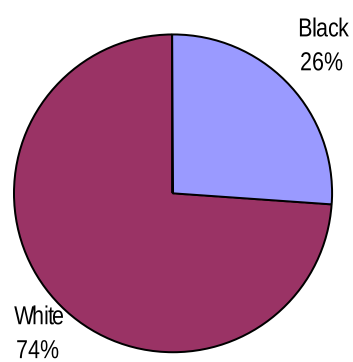
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

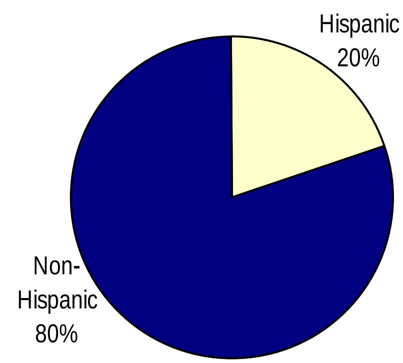


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



ERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 3

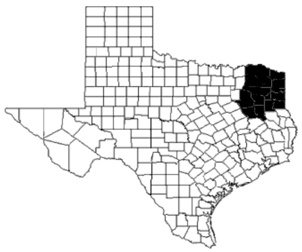
	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$47,814,984	424	$738,400	12	$656,470	22	$0	0	$0	0	$0	0	$49,209,854	458
Renter Programs	$0	0	$2,338,752	22	$0	0	$7,264,675	1,243	$24,410,000	392	$3,373,910	355	$37,387,337	2012
Total	$47,814,984	424	$3,077,152	34	$656,470	22	$7,264,675	1243	$24,410,000	392	$3,373,910	355	$86,597,191	2470

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 3

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$162,622	3	$0	0	$120,000	4	$463,550	52	$462,857	9	$2,853,780	249	$4,062,809	317
30-50% AMFI	$5,835,869	68	$1,261,841	16	$506,470	17	$22,283	6	$0	0	$482,910	92	$8,109,373	199
50-80% AMFI	$22,638,394	207	$1,815,311	18	$0	0	$6,350,893	1,185	$23,947,143	383	$37,220	14	$54,788,961	1807
>80% AMFI	$19,178,099	146	$0	0	$30,000	1	$0	0	$0	0	$0	0	$19,208,099	147
Total	$47,814,984	424	$3,077,152	34	$656,470	22	$6,836,726	1243	$24,410,000	392	$3,373,910	355	$86,169,242	2470

*The HTC data by income category does not include the region's portion of $2,009,745 allocated in FY 2007 to awardees from FY 2004.

REGION 4



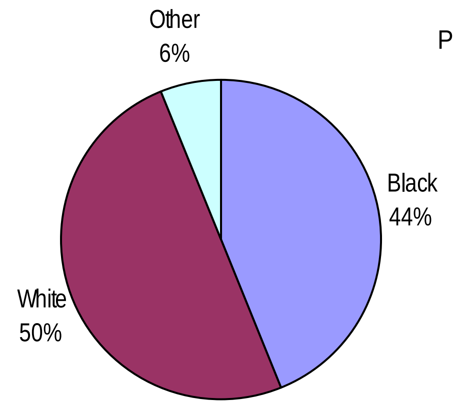
TDHCA allocated $8,705,995 in the region in FY 2007.

Homeowner programs accounted for the largest segment of this total, while “Very Low Income” households (30-50% AMFI) was the most served income group.

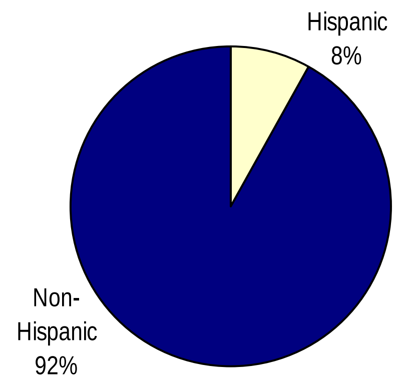
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

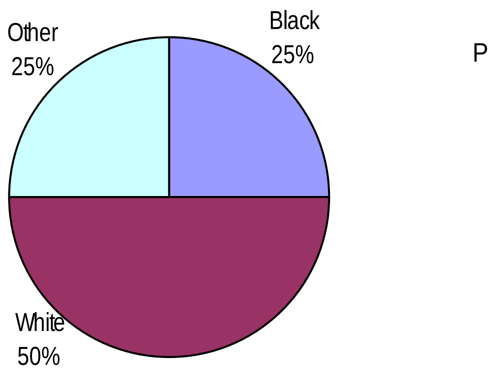


ERCENT OF COMMITTED FUNDS BY ETHNICITY



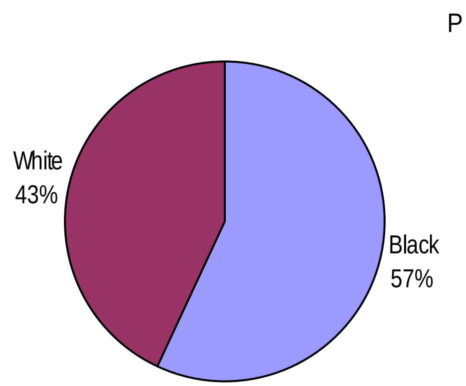
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

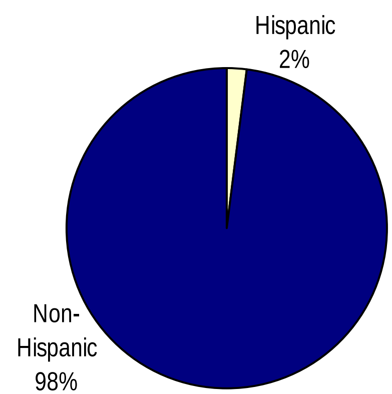


HOME PROGRAM OWNER PROGRAMS

ERCENT OF COMMITTED FUNDS BY RACE



ERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 4

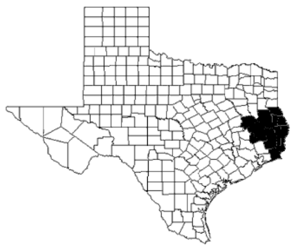
Activity	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC Committed Funds	HTC Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served	All Activities Committed Funds	All Activities Number of Households Served
Homeowner Programs	$304,327	4	$7,098,000	125	$0	0	$0	$0	$0	0	$0	0	$7,402,327	129
Renter Programs	$0	0	$0	0	$0	0	$1,303,668	$136	$0	0	$0	0	$1,303,668	136
Total	$304,327	4	$7,098,000	125	$0	0	$1,303,668	136	$0	0	$0	0	$8,705,995	265

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 4

Income	SF Bond Commited Funds	SF Bond Number of Households Served	HOME Commited Funds	HOME Number of Households Served	HTF Commited Funds	HTF Number of Households Served	HTC* Commited Funds	HTC* Number of Households Served	MF Bond Commited Funds	MF Bond Number of Households Served	Section 8 Commited Funds	Section 8 Number of Households Served	All Activities Commited Funds	All Activities Number of Households Served
0-30% AMFI	$0	0	$884,000	15	$0	0	$140,923	$15	$0	0	$0	0	$1,024,923	30
30-50% AMFI	$42,750	1	$6,089,200	98	$0	0	$0	$0	$0	0	$0	0	$6,131,950	99
50-80% AMFI	$114,594	1	$124,800	12	$0	0	$1,137,773	$121	$0	0	$0	0	$1,377,167	134
>80% AMFI	$146,983	2	$0	0	$0	0	$0	$0	$0	0	$0	0	$146,983	2
Total	$304,327	4	$7,098,000	125	$0	0	$1,278,696	136	$0	0	$0	0	$8,681,023	265

*The HTC data by income category does not include the region's portion of $2,009,745 allocated in FY 2007 to awardees from FY 2004.

REGION 5



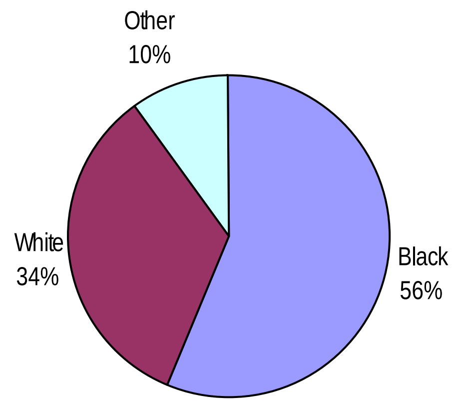
TDHCA allocated $14,465,206 in the region in FY 2007.

Homeowner programs accounted for the largest segment of this total, while "Moderate Income" households (>80% AMFI) was the most served income group.

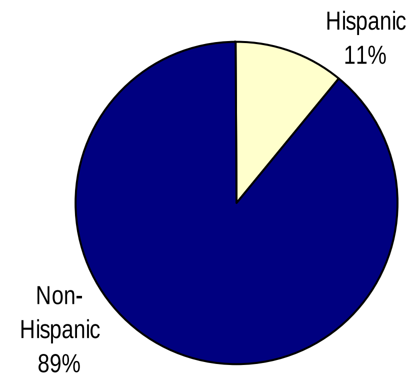
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

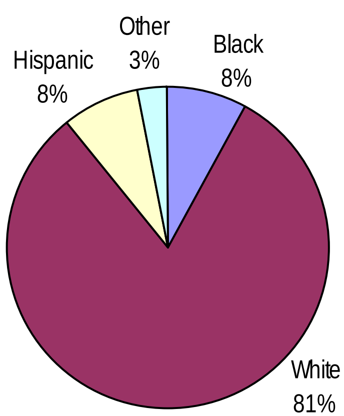


ERCENT OF COMMITTED FUNDS BY ETHNICITY



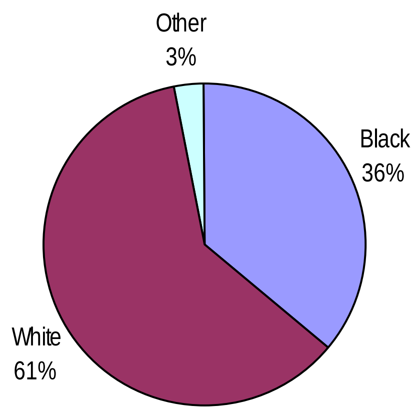
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

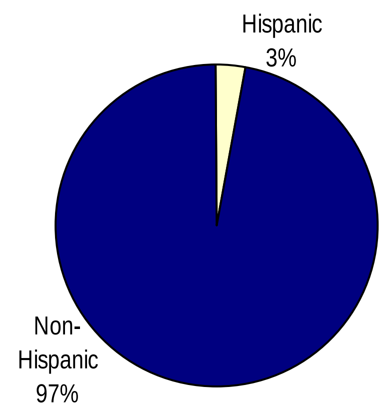


HOME PROGRAM OWNER PROGRAMS

ERCENT OF COMMITTED FUNDS BY RACE



ERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 5

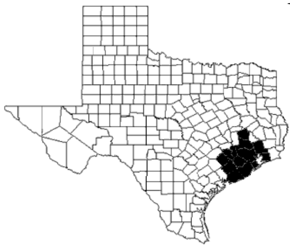
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$10,059,932	120	$3,432,000	60	$70,000	7	$0	0	$0	0	$0	0	$13,561,932	187
Renter Programs	$0	0	$0	0	$0	0	$903,274	160	$0	0	$0	0	$903,274	160
Total	$10,059,932	120	$3,432,000	60	$70,000	7	$903,274	160	$0	0	$0	0	$14,465,206	347

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 5

Income	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$34,803	1	$822,545	14	$0	0	$0	0	$0	0	$0	0	$857,348	15
30-50% AMFI	$575,196	10	$1,815,273	32	$50,000	5	$0	0	$0	0	$0	0	$2,440,469	47
50-80% AMFI	$2,521,744	36	$794,182	14	$20,000	2	$810,175	160	$0	0	$0	0	$4,146,101	212
>80% AMFI	$6,928,189	73	$0	0	$0	0	$0	0	$0	0	$0	0	$6,928,189	73
Total	$10,059,932	120	$3,432,000	60	$70,000	7	$810,175	160	$0	0	$0	0	$14,372,107	347

*The HTC data by income category does not include the region's portion of $2,009,745 allocated in FY 2007 to awardees from FY 2004.

REGION 6



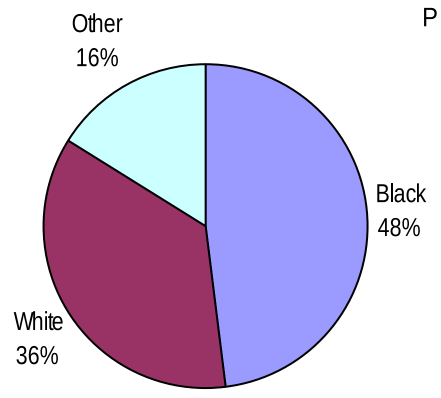
TDHCA allocated $237,593,406 in the region in FY 2007.

Homeowner programs accounted for the largest segment of this total, while "Low Income" households (50-80% AMFI) was the most served income group.

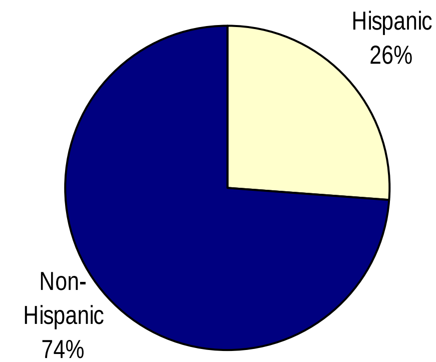
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart

Renter Programs

Percent of Committed Funds by Race

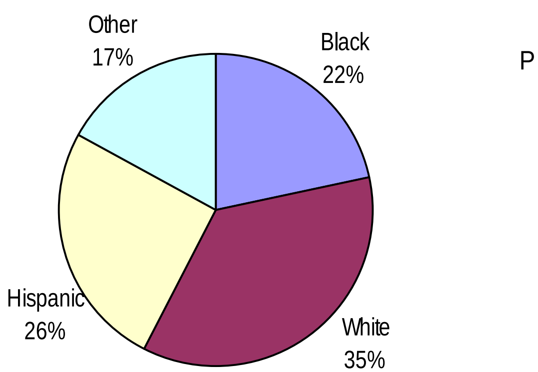


ercent of Committed Funds by ethnicity



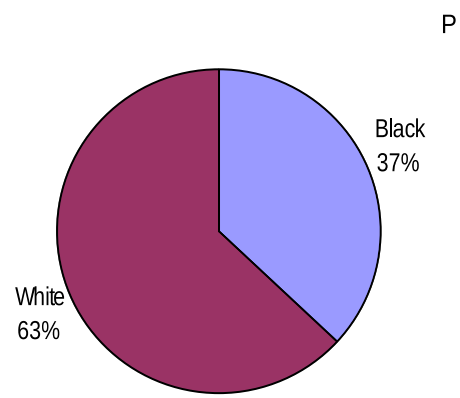
Single Family Bond Program

Percent of Committed Funds by Race and Ethnicity

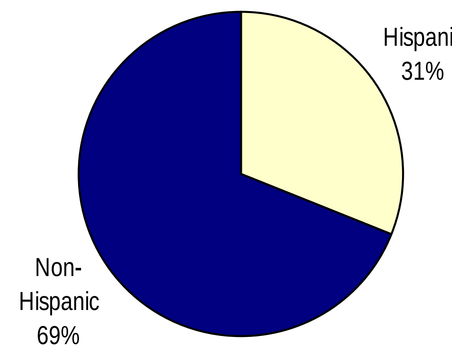


HOME Program Owner Programs

ercent of Committed Funds by Race



ercent of Committed Funds by Ethnicity



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 6

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$135,737,757	1104	$2,184,000	37	$0	0	$0	$0	$0	0	$0	0	$137,921,757	1141
Renter Programs	$0	0	$0	0	$0	0	$17,547,427	$2,779	$78,210,000	1551	$3,914,222	477	$99,671,649	4807
Total	$135,737,757	1104	$2,184,000	37	$0	0	$17,547,427	2779	$78,210,000	1551	$3,914,222	477	$237,593,406	5948

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 6

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$337,403	5	$567,273	10	$0	0	$908,608	$96	$0	0	$3,404,082	356	$5,217,366	467
30-50% AMFI	$4,971,525	57	$1,389,818	23	$0	0	$1,957,099	$303	$0	0	$490,722	105	$8,809,164	488
50-80% AMFI	$42,732,129	385	$226,909	4	$0	0	$14,131,396	$2,380	$76,071,364	1497	$19,418	16	$133,181,216	4282
>80% AMFI	$87,696,700	657	$0	0	$0	0	$0	$0	$2,138,636	54	$0	0	$89,835,336	711
Total	$135,737,757	1104	$2,184,000	37	$0	0	$16,997,103	2779	$78,210,000	1551	$3,914,222	477	$237,043,082	5948

*The HTC data by income category does not include the region's portion of $2,009,745 allocated in FY 2007 to awardees from FY 2004.

REGION 7

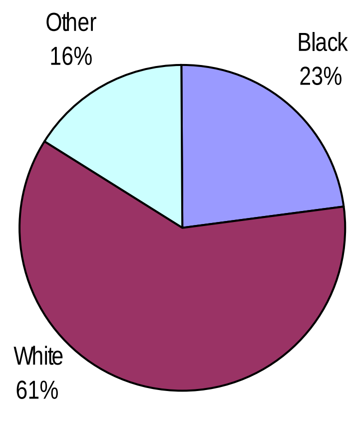
TDHCA allocated $98,775,869 in the region in FY 2007.

Homeowner programs accounted for the largest segment of this total, while "Low Income" (50-80% AMFI) households was the most served income group.

Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart

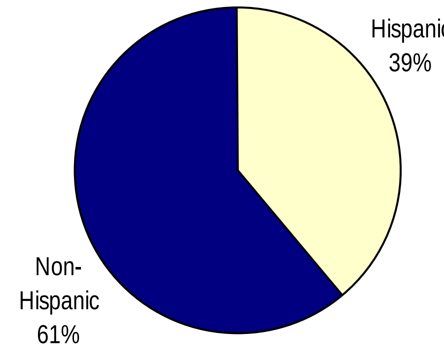
RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



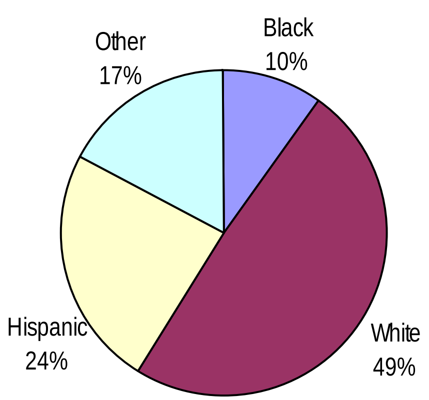
P

ERCENT OF COMMITTED FUNDS BY ETHNICITY



SINGLE FAMILY BOND PROGRAM

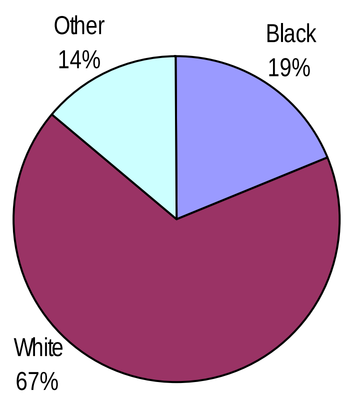
PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY



P

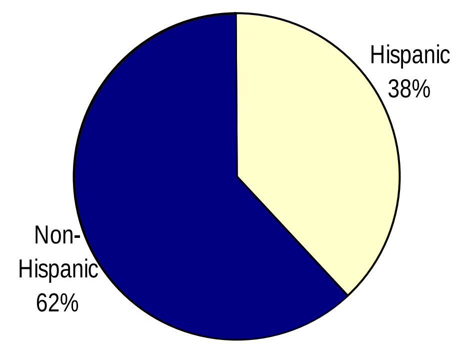
HOME PROGRAM OWNER PROGRAMS

ERCENT OF COMMITTED FUNDS BY RACE



P

ERCENT OF COMMITTED FUNDS BY ETHNICITY



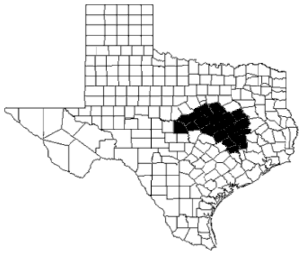
FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 7

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$63,276,437	461	$0	0	$270,000	9	$0	0	$0	0	$0	0	$63,546,437	470
Renter Programs	$0	0	$2,025,000	68	$0	0	$4,467,409	891	$28,072,000	444	$665,023	87	$35,229,432	1490
Total	$63,276,437	461	$2,025,000	68	$270,000	9	$4,467,409	891	$28,072,000	444	$665,023	87	$98,775,869	1960

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 7

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$381,909	3	$0	0	$120,000	4	$351,679	47	$0	0	$619,060	71	$1,472,648	125
30-50% AMFI	$5,506,125	47	$2,025,000	68	$150,000	5	$690,309	96	$0	0	$45,963	15	$8,417,397	231
50-80% AMFI	$32,903,087	249	$0	0	$0	0	$3,425,421	748	$28,072,000	444	$0	1	$64,400,508	1442
>80% AMFI	$24,485,316	162	$0	0	$0	0	$0	0	$0	0	$0	0	$24,485,316	162
Total	$63,276,437	461	$2,025,000	68	$270,000	9	$4,467,409	891	$28,072,000	444	$665,023	87	$98,775,869	1960

REGION 8



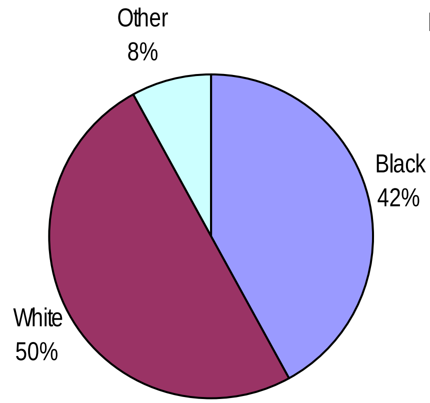
TDHCA allocated $18,864,520 in the region in FY 2007.

Homeowner programs accounted for the largest segment of this total, while "Moderate Income" households (>80% AMFI) was the most served income group.

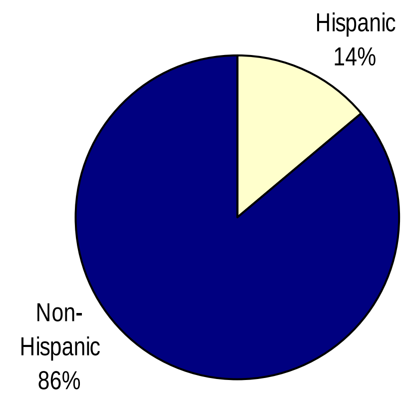
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

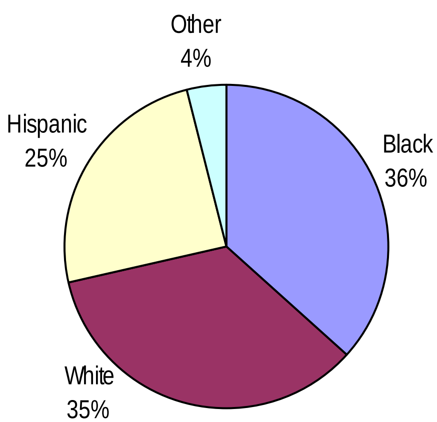


ERCENT OF COMMITTED FUNDS BY ETHNICITY



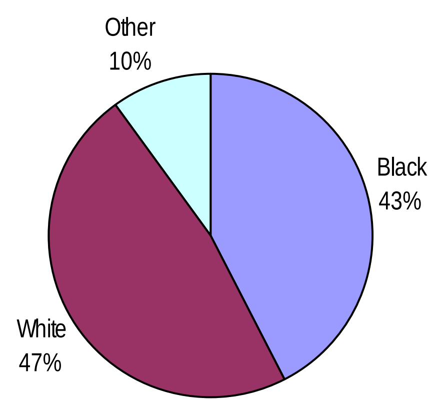
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

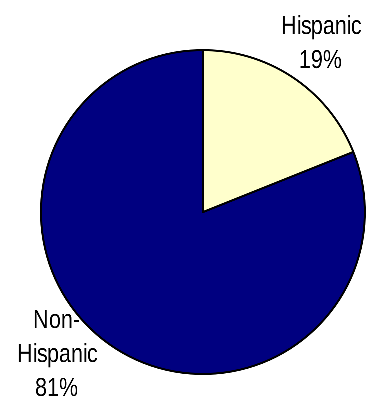


HOME PROGRAM OWNER PROGRAMS

ERCENT OF COMMITTED FUNDS BY RACE



ERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 8

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$13,458,731	112	$2,121,600	34	$420,000	14	$0	0	$0	$0	$0	0	$16,000,331	160
Renter Programs	$0	0	$225,000	6	$0	0	$2,170,875	324	$0	$0	$468,314	104	$2,864,189	434
Total	$13,458,731	112	$2,346,600	40	$420,000	14	$2,170,875	324	$0	0	$468,314	104	$18,864,520	594

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 8

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$30,324	1	$0	0	$60,000	2	$146,863	15	$0	$0	$388,432	76	$625,619	94
30-50% AMFI	$382,032	6	$2,271,600	38	$360,000	12	$128,671	7	$0	$0	$75,024	24	$3,217,327	87
50-80% AMFI	$5,206,211	49	$75,000	2	$0	0	$1,787,028	302	$0	$0	$4,858	4	$7,073,097	357
>80% AMFI	$7,840,164	56	$0	0	$0	0	$0	0	$0	$0	$0	0	$7,840,164	56
Total	$13,458,731	112	$2,346,600	40	$420,000	14	$2,062,562	324	$0	0	$468,314	104	$18,756,207	594

*The HTC data by income category does not include the region's portion of $2,009,745 allocated in FY 2007 to awardees from FY 2004.

REGION 9

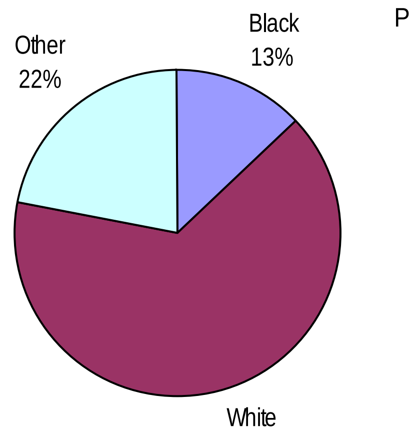
TDHCA allocated $29,466,836 in the region in FY 2007.

Homeowner programs accounted for the largest segment of this total, while "Low Income" households (50-80% AMFI) was the most served income group.

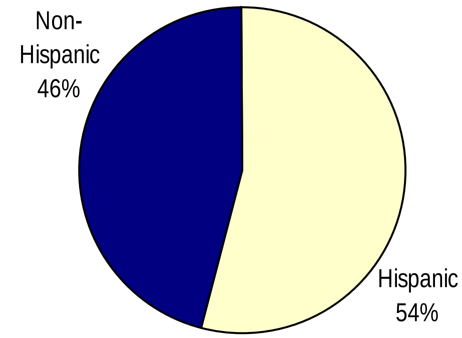
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

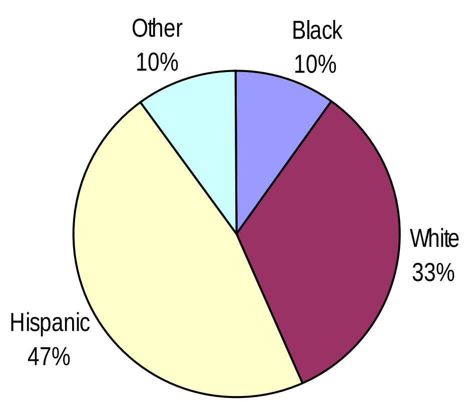


ERCENT OF COMMITTED FUNDS BY ETHNICITY



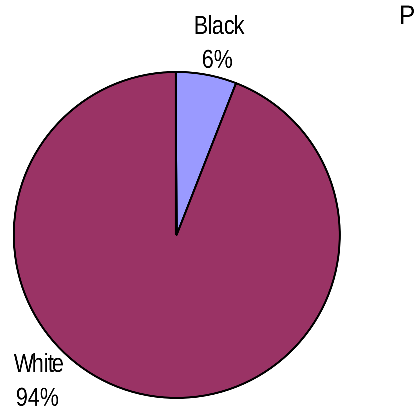
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

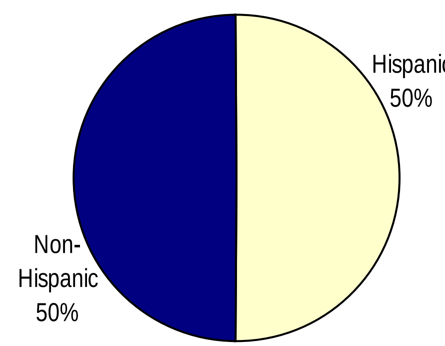


HOME PROGRAM OWNER PROGRAMS

ERCENT OF COMMITTED FUNDS BY RACE



ERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 9

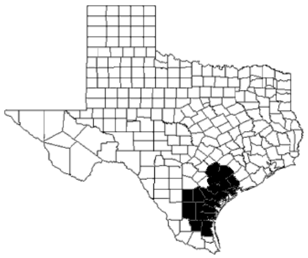
	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$14,491,251	127	$0	0	$300,000	10	$0	0	$0	0	$0	0	$14,791,251	137
Renter Programs	$0	0	$0	0	$0	0	$6,408,367	1279	$8,000,000	150	$267,218	64	$14,675,585	1493
Total	$14,491,251	127	$0	0	$300,000	10	$6,408,367	1279	$8,000,000	150	$267,218	64	$29,466,836	1630

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 9

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$91,547	2	$0	0	$90,000	3	$321,063	40	$0	0	$229,134	48	$731,744	93
30-50% AMFI	$990,640	14	$0	0	$180,000	6	$51,686	12	$0	0	$35,928	15	$1,258,254	47
50-80% AMFI	$5,937,401	56	$0	0	$30,000	1	$5,774,379	1227	$8,000,000	150	$2,156	1	$19,743,936	1435
>80% AMFI	$7,471,663	55	$0	0	$0	0	$0	0	$0	0	$0	0	$7,471,663	55
Total	$14,491,251	127	$0	0	$300,000	10	$6,147,128	1279	$8,000,000	150	$267,218	64	$29,205,597	1630

*The HTC data by income category does not include the region's portion of $2,009,745 allocated in FY 2007 to awardees from FY 2004.

REGION 10



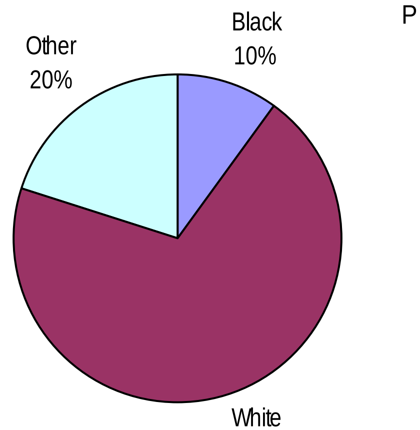
TDHCA allocated $6,540,992 in the region in FY 2007.

Homeowner programs accounted for the largest segment of this total, while "Low Income" households (50-80% AMFI) was the most served income group.

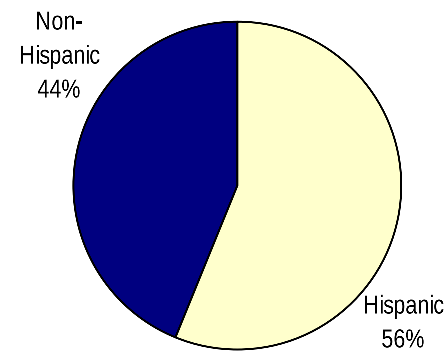
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

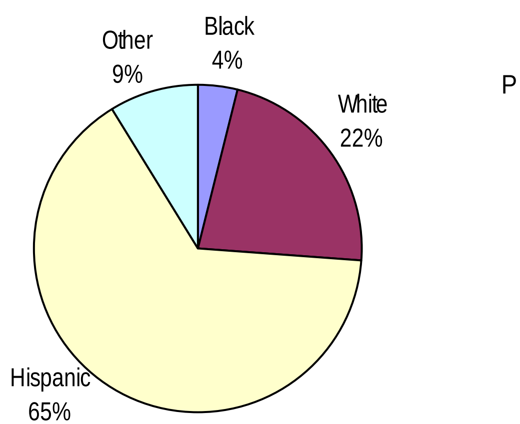


ERCENT OF COMMITTED FUNDS BY ETHNICITY



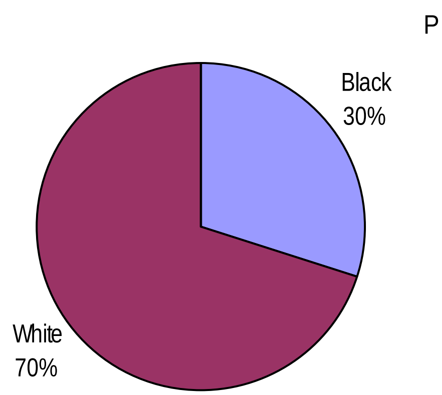
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

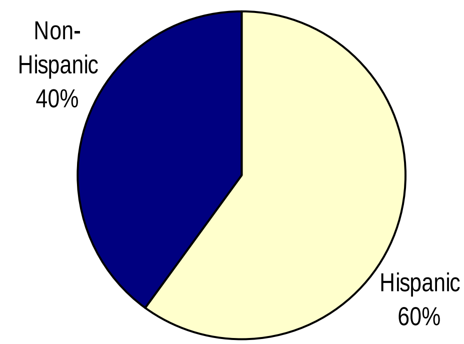


HOME PROGRAM OWNER PROGRAMS

ERCENT OF COMMITTED FUNDS BY RACE



ERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 10

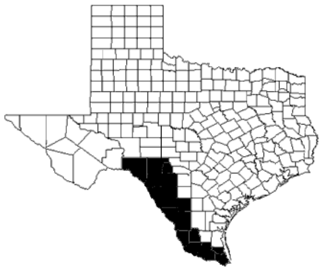
	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$1,708,040	23	$1,560,000	25	$90,000	3	$0	0	$0	0	$0	0	$3,358,040	51
Renter Programs	$0	0	$1,042,125	34	$0	0	$2,070,873	469	$0	0	$69,954	12	$3,182,952	515
Total	$1,708,040	23	$2,602,125	59	$90,000	3	$2,070,873	469	$0	0	$69,954	12	$6,540,992	566

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 10

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$0	0	$0	0	$30,000	1	$147,153	23	$0	0	$64,039	9	$241,192	33
30-50% AMFI	$308,153	5	$2,022,526	40	$60,000	2	$0	0	$0	0	$5,915	3	$2,396,594	50
50-80% AMFI	$859,992	12	$579,599	19	$0	0	$1,896,263	446	$0	0	$0	0	$3,335,854	477
>80% AMFI	$539,895	6	$0	0	$0	0	$0	0	$0	0	$0	0	$539,895	6
Total	$1,708,040	23	$2,602,125	59	$90,000	3	$2,043,416	469	$0	0	$69,954	12	$6,513,535	566

*The HTC data by income category does not include the region's portion of $2,009,745 allocated in FY 2007 to awardees from FY 2004.

REGION 11



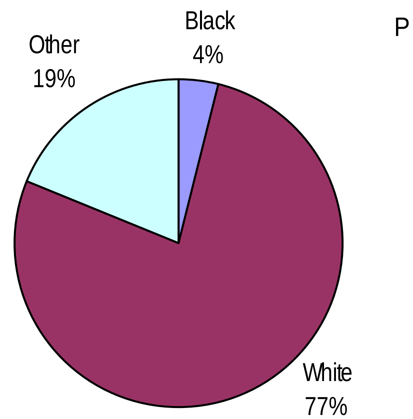
TDHCA allocated $28,099,471 in the region in FY 2007.

Homeowner programs accounted for the largest segment of this total, while "Low Income" households (50-80%) was the most served income group.

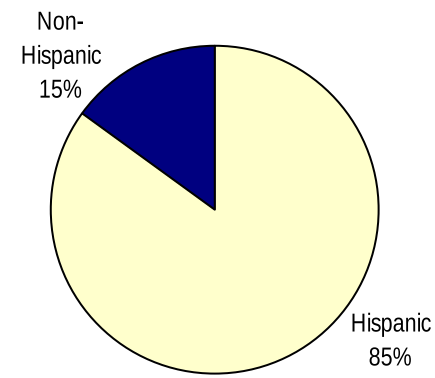
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

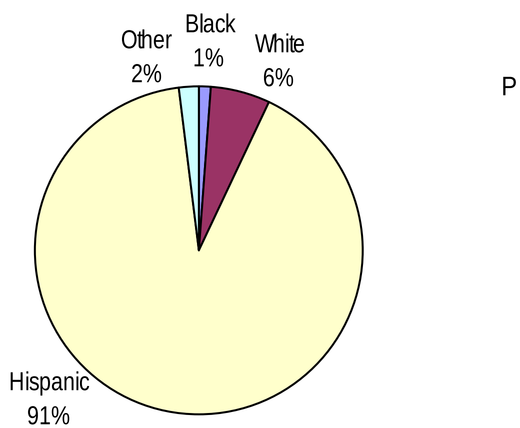


ERCENT OF COMMITTED FUNDS BY ETHNICITY



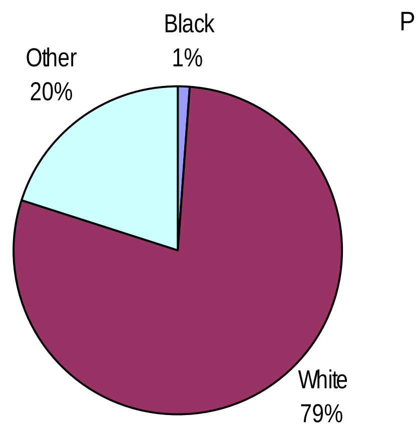
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

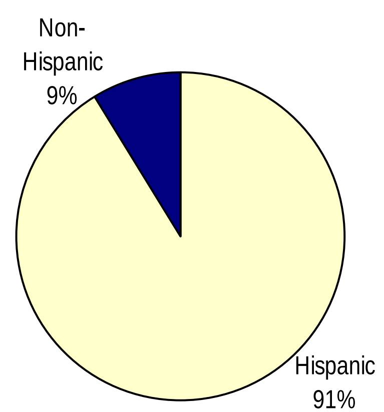


HOME PROGRAM OWNER PROGRAMS

ERCENT OF COMMITTED FUNDS BY RACE



ERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 11

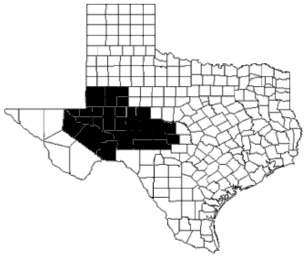
	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$15,374,586	199	$4,370,843	63	$1,058,137	36	$0	0	$0	0	$0	0	$20,803,566	298
Renter Programs	$0	0	$0	0	$0	0	$7,244,607	894	$0	0	$51,298	7	$7,295,905	901
Total	$15,374,586	199	$4,370,843	63	$1,058,137	36	$7,244,607	894	$0	0	$51,298	7	$28,099,471	1199

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 11

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$276,965	7	$57,778	1	$540,000	18	$778,103	85	$0	0	$51,298	7	$1,704,144	118
30-50% AMFI	$3,696,938	60	$372,956	7	$398,137	14	$0	0	$0	0	$0	0	$4,468,031	81
50-80% AMFI	$6,846,185	88	$3,940,110	55	$90,000	3	$6,120,533	809	$0	0	$0	0	$16,996,828	955
>80% AMFI	$4,554,498	44	$0	0	$30,000	1	$0	0	$0	0	$0	0	$4,584,498	45
Total	$15,374,586	199	$4,370,844	63	$1,058,137	36	$6,898,636	894	$0	0	$51,298	7	$27,753,501	1199

*The HTC data by income category does not include the region’s portion of $2,009,745 allocated in FY 2007 to awardees from FY 2004.

REGION 12



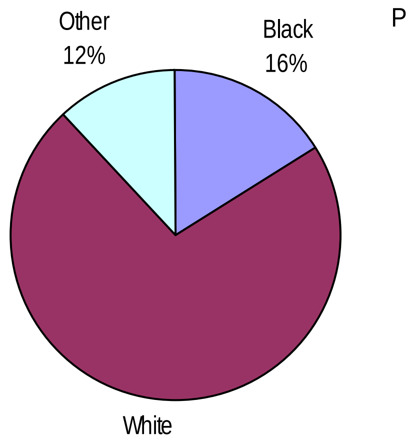
TDHCA allocated $2,899,051 in the region in FY 2007.

Renter programs accounted for the largest segment of this total, while "Low Income" households (50-80% AMFI) was the most served income group.

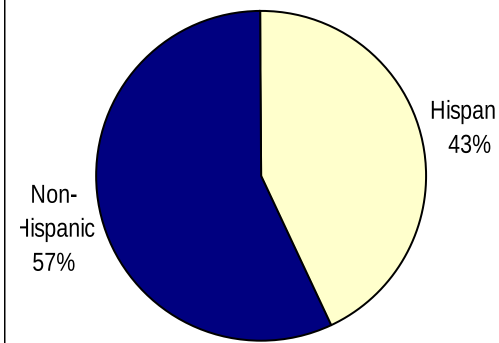
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

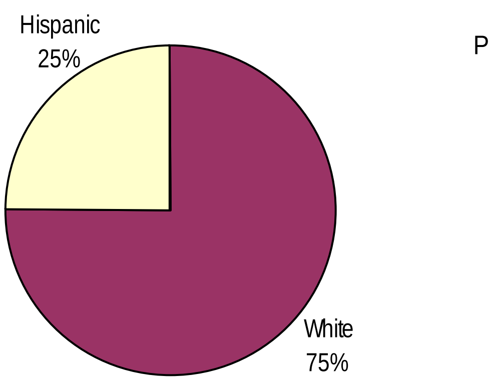


ERCENT OF COMMITTED FUNDS BY ETHNICITY



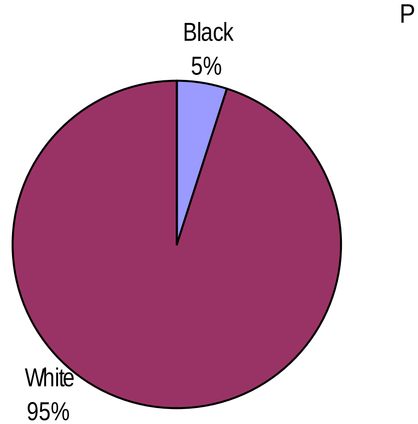
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

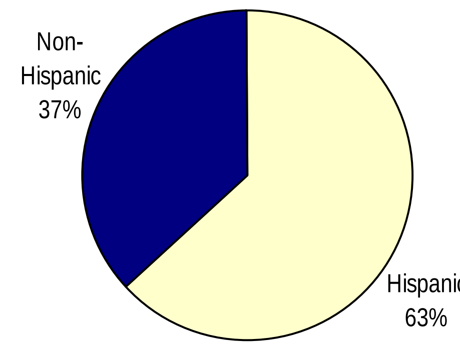


HOME PROGRAM OWNER PROGRAMS

ERCENT OF COMMITTED FUNDS BY RACE



ERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 12

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$245,967	4	$0	0	$60,000	2	$0	0	$0	0	$0	0	$305,967	6
Renter Programs	$0	0	$730,000	37	$0	0	$1,819,295	294	$0	0	$43,789	11	$2,593,084	342
Total	$245,967	4	$730,000	37	$60,000	2	$1,819,295	294	$0	0	$43,789	11	$2,899,051	348

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 12

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$0	0	$0	0	$0	0	$163,205	23	$0	0	$43,271	10	$206,476	33
30-50% AMFI	$177,967	3	$157,838	8	$60,000	2	$104,362	15	$0	0	$518	1	$500,685	29
50-80% AMFI	$68,000	1	$572,162	29	$0	0	$1,535,908	256	$0	0	$0	0	$2,176,070	286
>80% AMFI	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$245,967	4	$730,000	37	$60,000	2	$1,803,475	294	$0	0	$43,789	11	$2,883,231	348

*The HTC data by income category does not include the region's portion of $2,009,745 allocated in FY 2007 to awardees from FY 2004.

REGION 13

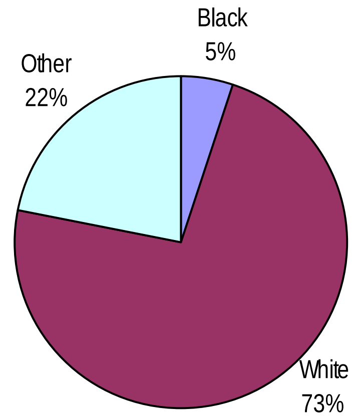
TDHCA allocated $9,481,287 in the region in FY 2007.

Homeowner programs accounted for the largest segment of this total, while "Low Income" households (50-80% AMFI) was the most served income group.

Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

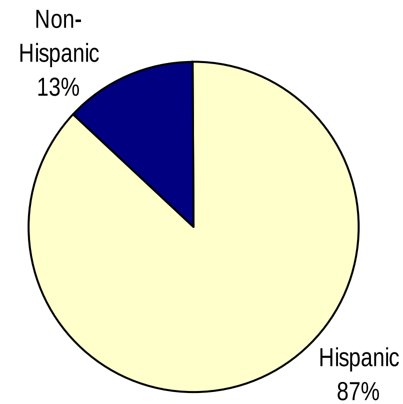
Renter Programs

Percent of Committed Funds by Race



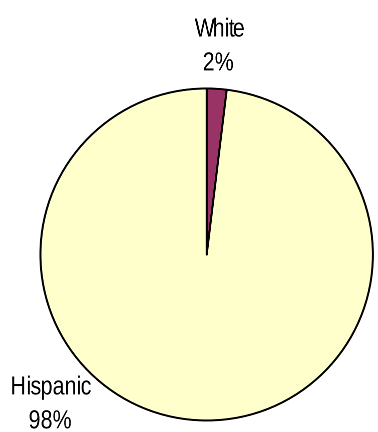
P

ercent of Committed Funds by Ethnicity



Single Family Bond Program

Percent of Committed Funds by Race and Ethnicity

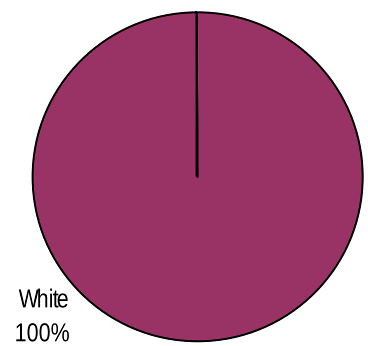


P

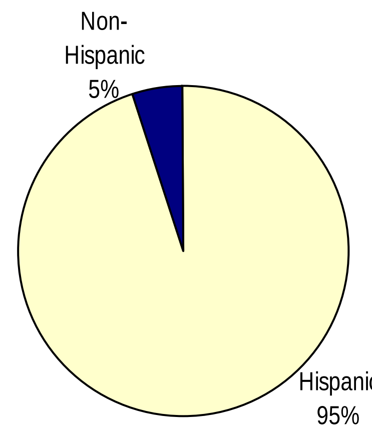
HOME Program Owner Programs

ercent of Committed Funds by Race

P



ercent of Committed Funds by Ethnicity



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 13

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$5,289,645	59	$0	0	$709,500	31	$0	0	$0	0	$0	0	$5,999,145	90
Renter Programs	$0	0	$0	0	$0	0	$3,482,142	682	$0	0	$0	0	$3,482,142	682
Total	$5,289,645	59	$0	0	$709,500	31	$3,482,142	682	$0	0	$0	0	$9,481,287	772

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 13

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$41,300	1	$0	0	$237,000	10	$228,633	31	$0	0	$0	0	$506,933	42
30-50% AMFI	$1,341,778	18	$0	0	$442,500	20	$346,251	76	$0	0	$0	0	$2,130,529	114
50-80% AMFI	$3,204,267	35	$0	0	$30,000	1	$2,788,662	575	$0	0	$0	0	$6,022,929	611
>80% AMFI	$702,300	5	$0	0	$0	0	$0	0	$0	0	$0	0	$702,300	5
Total	$5,289,645	59	$0	0	$709,500	31	$3,363,546	682	$0	0	$0	0	$9,362,691	772

*The HTC data by income category does not include the region's portion of $2,009,745 allocated in FY 2007 to awardees from FY 2004.

Fair Housing Sponsor Report Analysis

TDHCA requires that housing developments of 20 units or more that receive financial assistance from TDHCA submit an annual housing sponsor report. This report includes the contact information for each property, the total number of units, the number of accessible units, the rents for units by type, the racial composition information for the property, the number of units occupied by individuals receiving supported housing assistance, the number of units occupied delineated by income group, and a statement as to whether there have been fair housing violations at the property. This information depicts the property information as of a specific date, December 31, of each year.

Because of the extensive nature of the information, TDHCA has elected to provide this report under a separate cover: the TDHCA *Housing Sponsor Report* (HSR). The HSR includes an analysis of the collected information, as well as the information submitted by each property. In addition, in fulfillment of §2306.072(c)(8), the HSR contains a list of average rents by Texas county, based on housing sponsor report responses from TDHCA-funded properties.

For more information and a copy of this report, please contact the TDHCA Housing Resource Center at (512) 475-3976 or visit http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm.

GEOGRAPHIC DISTRIBUTION OF HOUSING TAX CREDITS

Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its 9% HTCs to the Uniform State Service Regions it uses for planning purposes. Because of the level of funding and the impact of this program in financing the multifamily development of affordable housing, this section of the Plan discusses the geographical distribution of HTCs.

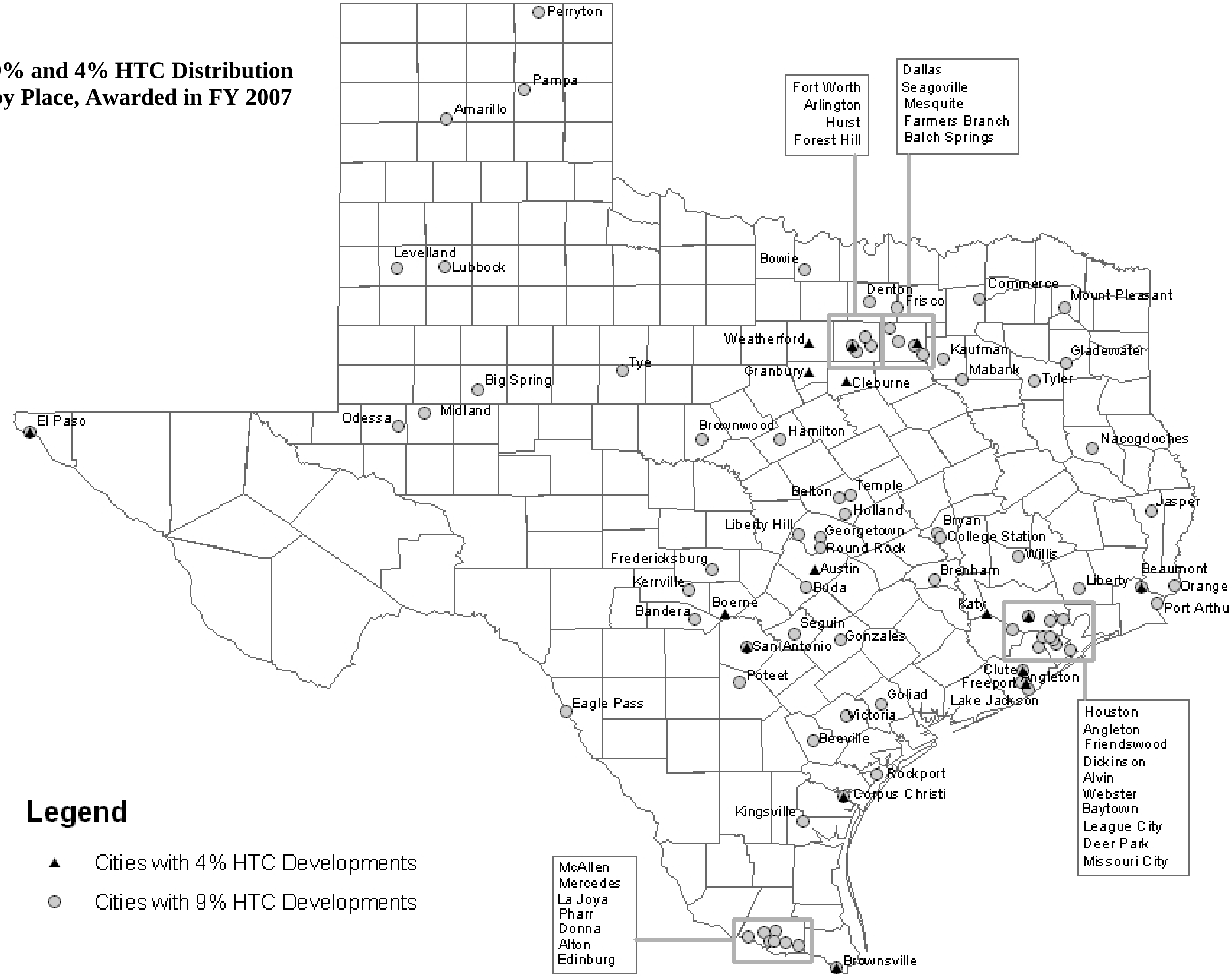
For FY 2007, the Department had $49,085,817 in housing tax credits to allocate through the Competitive Housing Tax Credit application process. This amount was comprised of the annual volume cap, recaptured and returned credits, and $548,821 from the national pool of unused tax credits from other states. Over the course of the year, the total amount of Competitive and 4% tax credits approved by the Board, including binding agreements to 2004 applications using 2007 tax credits and forward commitments, was: $80,786,887. In July 2007, the Department's Board approved 53 applications for Competitive HTCs, 8 forward commitments made out of the 2007 State Housing Credit Ceiling, and 52 binding agreements of housing tax credits to 2004 applications using the 2007 State Housing Credit Ceiling, totaling $47,695,110. Any remaining 2007 credit authority will be allocated to applicants on the 2007 waiting list. Alternately, if the credit balance meets the IRS de minimus requirements, it may be rolled into the 2008 State Housing Credit Ceiling. Under either scenario, the Department will be eligible to receive credits from the national pool of unused credits. The 4% awards, which are approved by the Board throughout the year, totaled $28,132,472 for FY 2007. Information on these awards, as well as the entire HTC inventory, can be found on the HTC Program's web page at http://www.tdhca.state.tx.us/multifamily/htc/index.htm. The map on the following page displays the geographic distribution of the FY 2007 9% and 4% awards

REGIONAL ALLOCATION FORMULA

The table below shows the funding distribution of FY 2007 awards by region and includes the variations between the actual distribution and the 9% HTC RAF targets. The Department plans the credit distributions to match the HTC RAF targets as closely as possible; the RAF targets apply to the 9% HTC program. To that end, as many whole awards as possible are made in each Uniform State Service Region's urban and rural subregions, based on the RAF target for each. The total remainder in each region is then collapsed into 13 regional pools. The subregion with the highest original target percentage is determined within each region and, if possible, additional awards are made in these subregions out of the region's pool. If a region does not have enough qualified applications to meet its regional credit distribution target, then those credits will be apportioned to the other regions from a statewide pool of remaining credits.

Region	All HTCs	% of All HTCs	4% HTCs	% of All 4% HTCs	9%HTCs	% of All 9% HTCs	Targeted 9% Dist. Under RAF	Difference between Actual and Targeted
1	$2,654,085	3.3%	$629,797	2.1%	$2,024,288	3.9%	4.7%	-0.8%
2	$1,203,315	1.5%	-	0.0%	$1,203,315	2.3%	2.7%	-0.4%
3	$17,653,106	21.7%	$9,222,033	31.3%	$8,431,073	16.2%	16.4%	-0.2%
4	$2,587,426	3.2%	-	0.0%	$2,587,426	5.0%	5.0%	0.0%
5	$5,714,785	7.0%	-	0.0%	$5,714,785	11.0%	3.5%	7.5%
6	$18,276,776	22.5%	$8,407,130	28.5%	$9,869,646	19.0%	24.2%	-5.2%
7	$6,879,634	8.5%	$3,261,743	11.1%	$3,617,891	7.0%	7.6%	-0.6%
8	$3,785,088	4.7%	$759,591	2.6%	$3,025,497	5.8%	6.1%	-0.3%
9	$8,229,736	10.1%	$5,164,972	17.5%	$3,064,764	5.9%	5.8%	0.1%
10	$3,734,493	4.6%	$1,512,904	5.1%	$2,221,589	4.3%	4.1%	0.2%
11	$5,672,006	7.0%	-	0.0%	$5,672,006	10.9%	12.1%	-1.2%
12	$1,459,808	1.8%	-	0.0%	$1,459,808	2.8%	2.9%	-0.1%
13	$3,512,286	4.3%	$489,934	1.7%	$3,022,352	5.8%	4.8%	1.0%
Total	$81,362,544	100.0%	$29,448,104	100.0%	$51,914,440	100.0%	100.0%	-0.8%

9% and 4% HTC Distribution by Place, Awarded in FY 2007



SECTION 3: HOUSING ANALYSIS

This section of the Plan contains an overview of the affordable housing needs in the state and an estimate and analysis of the housing needs in each region.

DATA SOURCES AND LIMITATIONS

The information provided in this section should be considered within the context of its limitations. The Department recognizes that an undistorted assessment of housing need can be found only at the local level based on the direct experience of local households. The following issues should be considered when reviewing the information contained in this report:

- Nuances of housing need are lost when data is aggregated into regional, county, and statewide totals. For example, housing needs in rural communities are often distorted when reported at the county level because housing needs are often very different in rural and urban areas. The large population of urban metropolitan areas can skew the data and mask the needs of the rural areas.
- Reliable data available on the condition of the housing stock, the homeless population, and the housing needs of special needs populations is very limited.

2000 Census and 2000 CHAS data is primarily used in this report. The content and format of the Census-based tables, graphs, and maps provided in this section were derived, in part, from a methodology for housing needs assessment in the National Analysis of Housing Affordability, Adequacy, and Availability: A Framework for Local Housing Strategies. The Urban Institute prepared this document for the US Department of Housing and Urban Development (HUD). It provides a methodology with which to describe and analyze local housing markets in order to develop strategies for addressing housing problems and needs. The document served as a guide for the preparation of Comprehensive Housing Affordability Strategy (CHAS) reports. As such, it provides a systematic framework for housing market analysis. HUD collaborated with the US Census Bureau to develop special tabulations of the 2000 Census data.

The CHAS database classifies households into five relative income categories based on reported household income, the number of people in the household, and geographic location. These income categories are used to reflect income limits that define eligibility for HUD's major assistance programs, as well as for other housing programs, such as the Housing Tax Credit Program. Households are classified into income groups by comparing reported household income to HUD-Adjusted Median Family Income (HAMFI). The income limits are calculated by household size for each metropolitan area and non-metropolitan county in the United States and its territories. They are based on HUD estimates of median family income with several adjustments as required by statute. The income classifications are extremely low income, very low income, low income, moderate income, and above 95 percent of HAMFI.[1]

The income limits for metropolitan areas may not be less than limits based on the state non-metropolitan median family income level and must be adjusted accordingly. Income limits must be also adjusted for family size and may be adjusted for areas with unusually high or low family income or housing-cost-to-income relationships.

Unit affordability compares housing cost to local area HAMFI. Affordable units are defined as units for which a household would pay no more than 30 percent of its income for rent and no more than two and one-half times its annual income to purchase. Since HUD's adjusted median family incomes are estimated

[1] The CHAS figures for moderate and higher income households in Region 11 indicate that there are only 199 persons with incomes between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because, except for the first time homebuyer program which is done through a network of participating lenders, TDHCA programs serve persons below 80 percent AMFI.

for a family of four, affordability levels are also adjusted to control for various-sized units based on the number of people that could occupy a unit without overcrowding. This adjustment is made by multiplying the threshold described above by 75 percent for a 0–1 bedroom unit, 90 percent for a two bedroom unit, and 104 percent for a 3+ bedroom unit.

Homeless figures are taken from 2000 Census group quarters population and type tables, contained in Census 2000 Summary File 1. Group quarters type designations include institutional quarters, which include correctional facilities, hospitals, and juvenile institutions, as well as noninstitutional quarters, which include military quarters, group homes, dormitories, and other situations. Based on the Definitions of Subject Characteristics contained in the Technical Documentation for Summary File 1: 2000 Census of Population and Housing published by the US Census Bureau, this report uses "other noninstitutional group quarters" and "other nonhousehold living situations" census figures to represent the homeless population in each region. "Other noninstitutional group quarters" counts individuals in shelters for abused women, soup kitchens, mobile food vans, and other targeted nonsheltered outdoor locations where there is evidence of human occupation. "Other nonhousehold living situations" counts individuals with no usual home residing in hostels and YMCAs who were not counted in other tabulations.

The US Census also completed a special tabulation, Emergency and Transitional Shelter Population: 2000, based on metropolitan areas with 100 or more people in emergency and transitional shelters. It must be noted that this data only refers to metropolitan areas with 100 or more people in shelters, so is not a comprehensive picture of the total population living in shelters. In the region sections of this document, if the Census counted individuals living in emergency shelters in a metropolitan area that is located in the region, those figures are provided.

It must be emphasized that the regional estimates of the homeless populations are not comprehensive. The various definitions of homeless and methods in counting the homelessness make definitive tabulations difficult. The Texas Interagency Council for the Homeless estimates that about 200,000 people, or 1 percent of the state's population, are homeless.[2] The Census figures for individuals living in "other noninstitutional group quarters" and "other nonhousehold living situations" count only 28,377 individuals statewide.

The needs assessment data is augmented with additional information from the perspective of local officials, where available. In March 2006, TDHCA conducted the 2006 State of Texas Community Needs Survey. This survey was designed to obtain a better understanding of housing and community development needs, issues, and problems at the state, regional, and local levels. The survey gave local officials, who are most familiar with the unique characteristics of their communities, a voice in determining how Texas's affordable housing, supportive service, and community development needs can be most effectively addressed.

[2] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed August 8, 2006).

STATE OF TEXAS

The state level housing analysis includes information on demographics, special needs populations, and affordable housing need indicators. Department plans reflect this statewide information as well as the consideration of affordable housing assistance from various sources.

DEMOGRAPHIC CHARACTERISTICS

Texas is one of the fastest growing states in the nation. According to recent Census data, Texas population expanded by nearly a quarter (22.8 percent) between 1990 and 2000, far exceeding the national growth average of 13.2 percent for the same decade. The increase in state population by 3,865,310 persons was the largest of any decade in Texas history. More than one of every nine persons added to the population of the United States in the 1990s was added in Texas.[3]

Projected Population Change and Implications for Housing Need

- Looking at long-term demographic projections, it is clear that the demand for affordable and subsidized housing will increase in the coming years.
- The 2000 state population of 20.9 million is expected to surge to 50.4 million by 2040.
- The Anglo population will account for only 3.9 percent of net population growth from 2000 to 2040, meaning that more than 96 percent of the total net increase in Texas population between 2000 and 2040 will be due to the non-Anglo population.
- Anglo population is expected to grow by 10.4 percent between 2000 and 2040, while blacks are expected to increase by 65.0 percent and Hispanics by 348.7 percent.
- The population is becoming older: the median age will increase from 32.3 in 2000 to 38.3 in 2040. The percentage of the population that was 65 or older was 9.9 percent in 2000 but will increase to 20 percent by 2040.
- Growth in the number of households, projected at 162.1 percent over the period 2000-2040, will outstrip population growth: 142.6 percent during the same period.

Expected housing demand is directly linked to projected changes in population characteristics. The current ethnic shift is significant because of the substantial differences between the races in terms of income level. The absolute difference in median household income between Anglos and Blacks was $13,602 in 1989, but $17,857 in 1999; and the Anglo-Hispanic difference was $12,242 in 1989, but $17,289 in 1999. Similarly, the poverty rates of 23.4 percent for Blacks and 25.4 percent for Hispanics were still roughly three times as high as the 7.8 percent of persons in poverty among Anglos. Because of these disparities, households in Texas will become poorer over the coming decades unless the relationship between ethnicity and income somehow changes.[4]

A correlation also exists between income and age. According to the 2000 Census, 13.1 percent of Texans age 65 and older live below the poverty level. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing. Approximately 30 percent of all elderly households spend more than 30 percent of their income on housing, while 14 percent spend more than 50 percent of their income on housing. These statistics take on new urgency when considered alongside the anticipated upsurge in the state's elderly population.

---

[3] Information for the Housing Analysis comes from the 2000 US Census except where noted otherwise.
[4] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas*, by Steve H. Murdock et. al. (Texas A&M University System, December 2002), http://txsdc.utsa.edu/download/pdf/TxChall2002.pdf (accessed May 17, 2006).

Not only will the demographics of the population be changing, but so will its needs. The faster growth in number of households than in total population is a reflection of the large number of non-Anglos who will enter household-formation ages during this time period. More young families mean an increased demand for housing.[5]

Poverty and Income

According to the 2000 Census, Texas has the ninth highest overall poverty rate in the nation, with a rate of 15.4 percent compared to the national rate of 12.4 percent. Poverty conditions along the Texas-Mexico border warrant special attention. Parts of the region, like McAllen-Edinburg-Mission, suffer from an unemployment rate double that of the state's (12 percent vs. 6.1 percent) and less than half of state's per capita income average. Fifteen counties along the border have a poverty rate of at least 25 percent, almost double the national average. Conditions are particularly acute in the colonias, unincorporated areas along the Texas-Mexico border lacking infrastructure and decent housing. It is estimated that 43 percent of colonia residents live below the poverty level.

The poverty rate for all family households in Texas, different from the overall poverty rate, is expected to increase from the 2000 figure of 11.4 percent to 15.4 percent by 2040.[6] The primary reasons for this are the rapid growth of present minority populations and the dominance in the economy of low-paying, particularly service-industry, jobs.[7] While manufacturing and mining continue to decline, Texas ranked third in the nation in 2003 for service industry job creation. According to US Bureau of Labor Statistics data, eight of the top ten most common jobs in Texas earn incomes that fall at least $10,000 below the state median income of $33,770.

Many families who rely on these low-wage occupations for a living find it difficult to cover all essential expenses. According to a study by the Center for Public Policy Priorities, "a significant proportion of families throughout the state struggle paycheck-to-paycheck to make ends meet." The study examined a typical family's fundamental expenses, such as housing, food, child care, medical costs, transportation, taxes, etc., and compared the total bill to typical wages earned in the 27 Texas Metropolitan Statistical Areas. The study asserts that a family of four in Texas requires a household hourly income of $18 to $22 per hour (depending on the metro area in which the family lives) to simply meet its most basic needs. In a majority of Texas metro areas, however, half of the total employment is in occupations with a median wage under $10 per hour.[8]

The Texas Comptroller's Economic Update predicts that the fastest growing sector of the state economy over the next decade will be largely in industries requiring specialized education and skills. These industries include high tech communications, engineering, and research.

To provide a more detailed breakdown of the population by income level, this report will use the five income groups designated by HUD. Households are classified into these groups by comparing reported household incomes to HUD-adjusted median family incomes (HAMFI). The income level definitions are as follows:

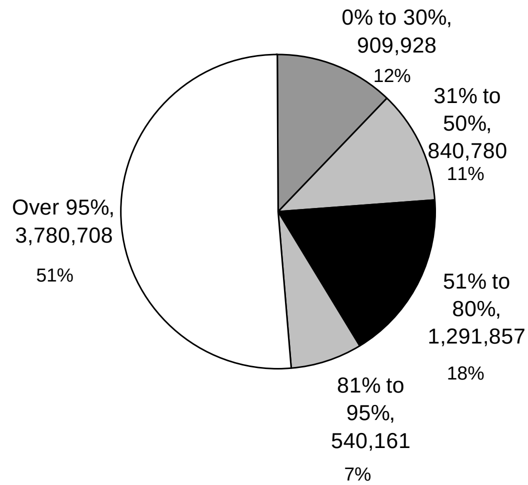
- Extremely Low Income: At or below 30 percent of HAMFI
- Very Low Income: Between 31 percent and 50 percent of HAMFI
- Low Income: Between 51 percent and 80 percent of HAMFI
- Moderate Income: Between 81 percent and 95 percent of HAMFI

---

[5] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*.
[6] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*.
[7] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas* (Austin, TX: Center for Public Policy Priorities, September 2002).
[8] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas*.

- Above 95 percent of HAMFI

Households by Income Group in Texas, 2000



Source: 2000 CHAS data

The chart above indicates the 2000 distribution of households by income group across Texas by number and percentage. A total of 41 percent of all households are in the low income range (0 to 80 percent of HAMFI). Meeting the needs of this large portion of the state's households is TDHCA's primary focus.

AFFORDABLE HOUSING NEED

When analyzing local housing markets and developing strategies for meeting housing problems, HUD suggests the consideration of several factors. These factors include how much a household spends on housing costs, the physical condition of the housing, and whether or not the household is overcrowded. The following table reveals the number and percentage of households with at least one housing need by income category and household type.

Households with Housing Need by Income Group

		Renter Households			Owner Households		
		At Least One Problem	Total Households	Percent with At Least One Problem	At Least One Problem	Total Households	Percent with At Least One Problem
0-30% AMFI	Elderly Households	59,065	95,130	62.1%	100,876	151,597	66.5%
	Small Related	162,308	204,534	79.4%	76,492	102,443	74.7%
	Large Related	63,879	69,467	92.0%	39,256	44,325	88.6%
	Other Households	133,429	183,124	72.9%	39,368	59,120	66.6%
	Total Households	**418,681**	**552,255**	**75.8%**	**255,992**	**357,485**	**71.6%**
31-50% AMFI	Elderly Households	36,578	61,305	59.7%	62,920	168,088	37.4%
	Small Related	133,605	180,725	73.9%	79,006	240,138	32.9%
	Large Related	58,132	67,274	86.4%	53,907	104,329	51.7%
	Other Households	102,090	127,074	80.3%	24,401	68,290	35.7%
	Total Households	**330,405**	**436,378**	**75.7%**	**220,234**	**406,282**	**54.2%**
51-80% AMFI	Elderly Households	19,934	47,527	41.9%	41,173	210,720	19.5%
	Small Related	98,014	250,309	39.2%	121,204	282,336	42.9%
	Large Related	57,987	81,881	70.8%	81,842	132,264	61.9%
	Other Households	79,147	210,629	37.6%	35,978	79,867	45.0%
	Total Households	**255,082**	**590,346**	**43.2%**	**280,197**	**705,187**	**39.7%**
81-95% AMFI	Elderly Households	3,638	13,761	26.4%	9,883	78,918	12.5%
	Small Related	18,310	91,694	20.0%	40,150	147,881	27.2%
	Large Related	14,142	24,917	56.8%	25,542	53,828	47.5%
	Other Households	11,784	90,223	13.1%	14,049	40,543	34.7%
	Total Households	**47,874**	**220,595**	**21.7%**	**89,624**	**321,170**	**27.9%**
More Than 95% AMFI	Elderly Households	8,169	54,143	15.1%	23,454	497,428	4.7%
	Small Related	43,853	400,026	11.0%	131,939	1,749,473	7.5%
	Large Related	35,490	74,662	47.5%	92,229	360,855	25.6%
	Other Households	17,060	338,469	5.0%	34,919	303,446	11.5%
	Total Households	**104,572**	**867,300**	**12.1%**	**282,541**	**2,911,202**	**9.7%**
Total Households	Elderly Households	127,384	399,250	31.9%	238,306	1,345,057	17.7%
	Small Related	456,090	1,583,378	28.8%	448,791	2,971,062	15.1%
	Large Related	229,630	547,831	41.9%	292,776	988,377	29.6%
	Other Households	343,510	1,293,029	26.6%	148,715	699,981	21.2%
	Total Households	**1,156,614**	**3,823,488**	**30.3%**	**1,128,588**	**5,829,914**	**19.4%**

Source: 2000 CHAS data

Physical Inadequacy (Lack of Kitchen and Plumbing Facilities)

The measure of physical inadequacy available from the CHAS database tabulation of the 2000 Census is the number of units lacking complete kitchen and/or plumbing facilities. While this is not a complete measure of physical inadequacy, the lack of plumbing and/or kitchen facilities can serve as a strong indication of one type of housing inadequacy. The following figure demonstrates that among the physically inadequate housing units for households under 80 percent of HAMFI, 44 percent are affordable to extremely low income households.

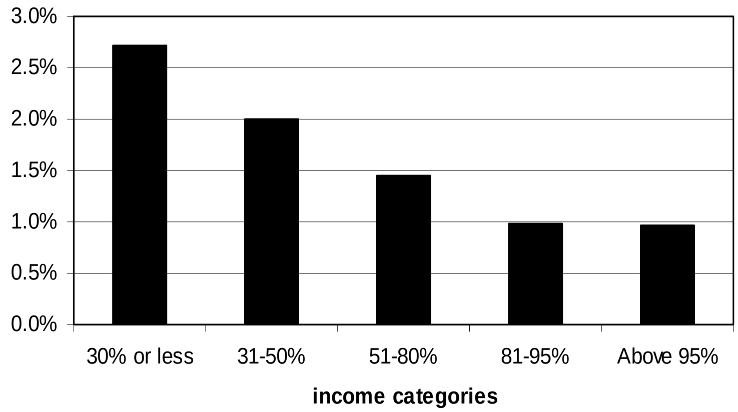
Units Lacking Kitchen and/or Plumbing Facilities by Affordability Category, 2000

	Number	Percent
0% to 30%	25,817	44%
31% to 50%	15,907	27%
51% to 80%	16,341	28%
Total	58,065	100%

Source: 2000 CHAS data

Slightly more than 1 percent of all renter households in Texas lack complete kitchen or plumbing facilities. The following table shows the distribution of this problem by income group. Households in the lowest income group, less than 30 percent HAMFI, have the highest incidence of physically inadequate housing.

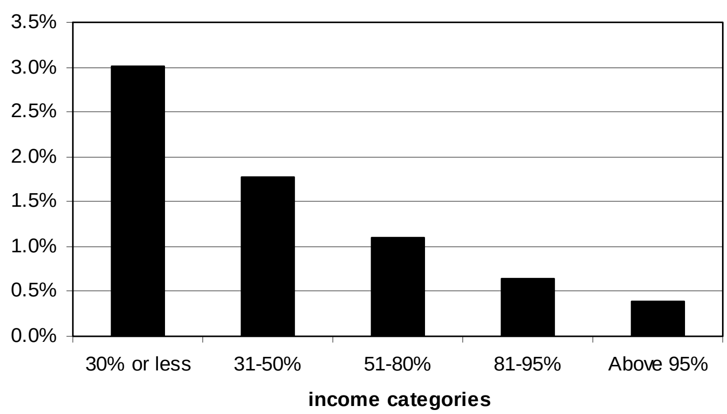
Renter-Occupied Units Lacking Complete Kitchen/Plumbing by Percent



Source: 2000 CHAS data

As is the case with renter households, inadequate kitchen and plumbing is a greater problem for the lowest income categories of owner households. A full 3 percent of owner households earning below 30 percent HAMFI lack full kitchen or plumbing facilities.

Owner-Occupied Units Lacking Complete Plumbing/Kitchen by Percent

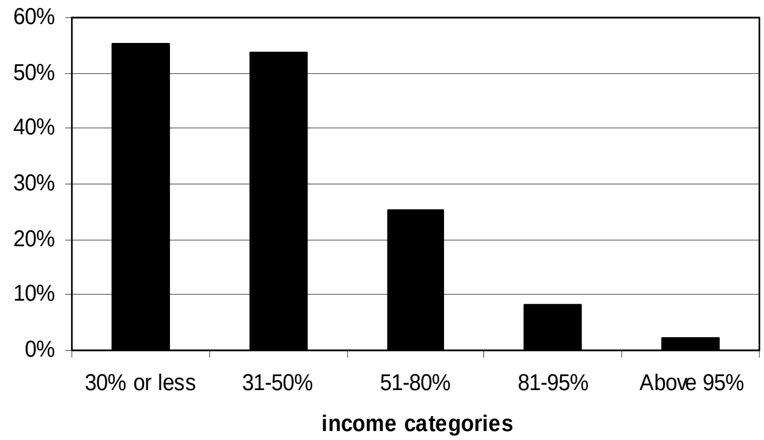


Source: 2000 CHAS data

Excess Housing Cost Burden

An excess cost burden is identified when a household pays more than 30 percent of its gross income for housing costs. When so much is spent on housing, other basic household needs may suffer. As the following graph shows, a majority of renter households in the lowest two income categories, totaling more than 540,000 households, is burdened by paying an excess portion of income toward housing. This is much greater than in the highest income category, above 95 percent HAMFI, where only 2.2 percent of households experience the problem.

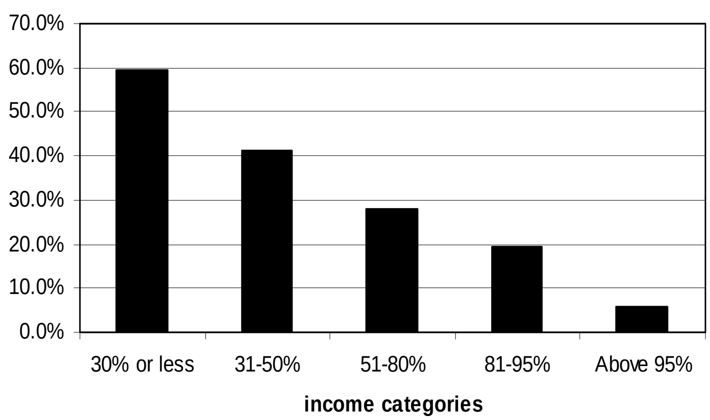
Renter Households with Excess Housing Cost Burden (>30% of Income) by percent



Source: 2000 CHAS data

As shown in the following graph, excess housing cost burden affects 59.3 percent of owner households in the lowest income category. This figure, representing a majority, is much higher than the 5.7 percent of households affected in the highest income category. The graph illustrates the direct correlation between owner income category and an owner household’s likelihood of experiencing this problem.

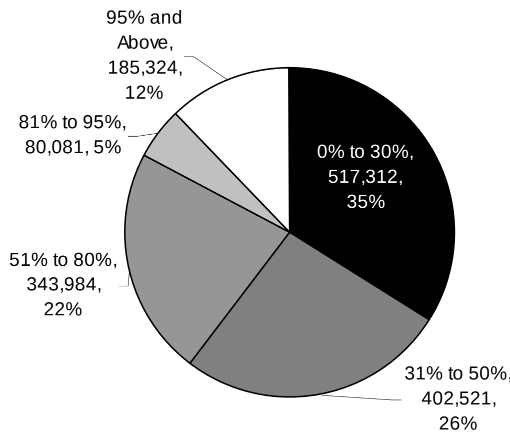
Owner Households with Excess Housing Cost Burden (>30% of Income) by percent



Source: 2000 CHAS data

The chart below shows the total number and percentage of households with excess housing cost burden by income group.

Excess Housing Cost Burden by Income Group, 2000



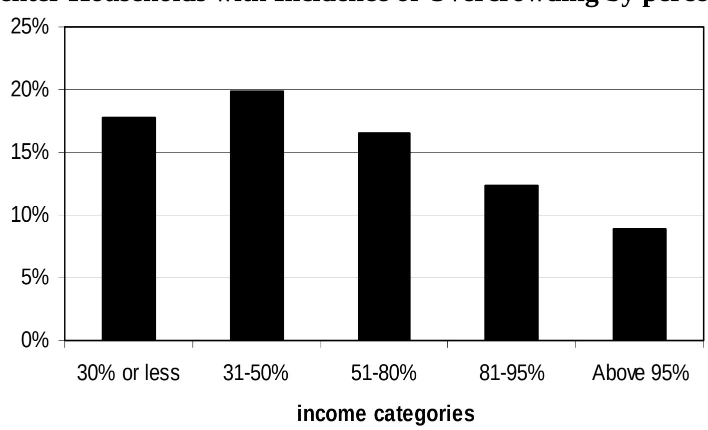
Source: 2000 CHAS Data

Overcrowding

Overcrowded housing conditions occur when a residence accommodates more than one person per each room in the dwelling. Overcrowding may indicate a general lack of affordable housing in a community where households have been forced to share space, either because other housing units are not available or because the units available are too expensive.

Lower income renter households experience overcrowded conditions more frequently than higher income households. Almost 18 percent of renter households in the extremely low income category and 19.9 percent of renter households in the low income category are afflicted by overcrowding.

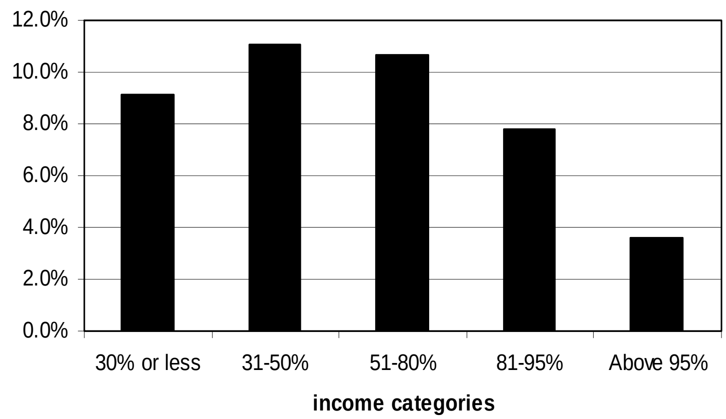
Renter Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

Lower income owner households also experience overcrowded conditions more frequently than higher income owner households. More than 21 percent of owner households earning less than 50 percent HAMFI live in overcrowded conditions compared to 11.4 percent of owner households over 80 percent HAMFI.

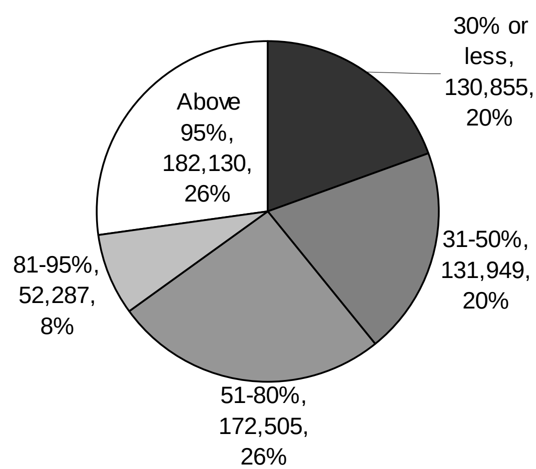
Owner Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

The chart below shows the total incidence of overcrowded households by income group.

Overcrowded Households by Income Group, 2000



Source: 2000 CHAS Database

HOUSING AVAILABILITY AND AFFORDABILITY

The following figures compare demand and supply of affordable housing by looking at the number of households and housing units in different affordability categories. Because higher income households often reside in units that could be affordable to the lowest income households, there are fewer units available at a cost that is affordable to lower income households. For example, as shown in Figure 3.12, 1.4 million households that have incomes greater than 80 percent AMFI occupy units that would be affordable to households at 0-50 percent AMFI. Households in this category can afford units in any of the defined affordability categories. Therefore, non-low income households often limit the supply of affordable housing units available to low income households.

The table below describes the housing market interaction of various income groups and housing costs. The table shows the income classifications of the occupants of housing units. The table also illustrates the housing market mismatch between housing units and income groups. For example, very low income households (0-50 percent of HAMFI) account for only about one-third of all the occupants of housing that is affordable to them. All low income households (0-80 percent of HAMFI) make up only 48 percent of all households occupying housing affordable to them. This table illustrates housing market mismatches as well as an implicit excessive cost burden for those households that are residing in units beyond their affordability category.

Occupied Affordable Housing Units by Income Group of Occupant, 2000, by percentage of HAMFI

Number of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	1,112,083	588,198	246,476	277,409
Affordable to 51-80% HAMFI	1,245,842	346,703	301,491	597,648
Affordable to >80% HAMFI	305,135	52,391	41,485	211,259

Percent of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	52.9%	22.2%	24.9%
Affordable to 51-80% HAMFI	100.0%	27.8%	24.2%	48.0%
Affordable to >80% HAMFI	100.0%	17.2%	13.6%	69.2%

Number of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	2,099,253	549,469	458,002	1,091,782
Affordable to 51-80% HAMFI	1,331,792	136,016	165,496	1,030,280
Affordable to >80% HAMFI	1,266,738	78,725	81,390	1,106,623

Percent of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	26.2%	21.8%	52.0%
Affordable to 51-80% HAMFI	100.0%	10.2%	12.4%	77.4%
Affordable to >80% HAMFI	100.0%	6.2%	6.4%	87.4%

Number of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	3,211,336	1,137,667	704,478	1,369,191
Affordable to 51-80% HAMFI	2,577,634	482,719	466,987	1,627,928
Affordable to >80% HAMFI	1,571,873	131,116	122,875	1,317,882

Percent of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	35.4%	21.9%	42.6%
Affordable to 51-80% HAMFI	100.0%	18.7%	18.1%	63.2%
Affordable to >80% HAMFI	100.0%	8.3%	7.8%	83.8%

Source: 2000 CHAS data

LOCAL PERCEPTION

TDHCA acknowledges that the greatest understanding of housing needs is found at the local level. TDHCA continuously strives to improve the methods used to identify regional affordable housing needs.

State of Texas Community Needs Survey

Beginning in March 2006 and ending May 2006, the Department conducted the 2006 Community Needs Survey (CNS) online to examine housing and community service needs at the local level. The survey contained 18 questions regarding housing, community affairs, and community development needs and was distributed to state representatives, state senators, mayors, county judges, city managers, housing/planning departments, USDA local offices, public housing authorities, councils of governments, community action agencies, and Housing Opportunities for Persons with AIDS (HOPWA) agencies—a total of 2,529 individuals and entities. There was a 17.2 percent response rate for the survey.

Analysis of the 2006 CNS demonstrates a strong need for housing and energy assistance. Of those respondents ranking their community's need for general assistance, approximately 31 percent indicated that housing assistance (including down payment assistance, home repair, and rental payment assistance) was their first or second priority need. Approximately 28 percent of question respondents ranked energy assistance activities as their first or second priority need. Approximately 18 percent of respondents indicated that the development of apartments was the priority need, 15 percent chose capacity building assistance, and 7 percent chose homeless assistance.

A significant 49 percent indicated that home repair assistance was the greatest need when compared to home purchase assistance and rental payment assistance. Only 8 percent stated that there was a minimal need for these housing activities in their communities. Regarding rental development activities, 35 percent indicated that their community's greatest need was the construction of new rental units, while approximately 33 percent indicated that both rental construction and rehabilitation activities were the same priority. Only 13 percent identified rehabilitation of existing units as their priority need, which is the same percentage of respondents who stated that there was a minimal need for rental development in their areas.

When considering energy assistance activities, 43 percent indicated that utility payment assistance was the greatest need followed by weatherization and minor home repairs. For homeless assistance activities, a majority 48 percent indicated that there was a minimal need for this type of assistance in their communities and 16 percent did not have an opinion on the subject. Of respondents indicated a needed activity, homeless prevention services received the highest response with 12 percent indicating that it was their priority need.

The regional results from the CNS are incorporated into the regional plans in the next section of this report. A final report on the survey, the “Report on the 2006 State of Texas Community Needs Survey,” is available online from the TDHCA Housing Resource Center at http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#reports.

STATE HOUSING SUPPLY

The 2000 US Census reported 8.2 million housing units in Texas, of which 90.6 percent are occupied. The number of housing units increased 16 percent from 7.0 million units that were on the ground in 1990. The breakdown of occupied units by type is 4.7 million owner occupied (a 28 percent increase over 1990) and 2.8 million renter occupied (a 13 percent increase over 1990). The average household size for owner-occupied units increased to 2.87 persons per unit in 2000 as compared to 2.85 units in 1990. The average household size for renter units decreased slightly to 2.53 persons per unit in 2000 as compared to 2.55 units in 1990.

Almost 67 percent of the housing units in Texas are single family units, 14 percent are multifamily up to 19 units, and 10 percent are within multifamily structures with 20 units or more. An additional 9.4 percent are mobile homes, RVs, or boats.

Housing Type, 2000

	Total	Percent
Housing Units	8,157,575	
One Unit	5,420,910	66.50%
2 to 19 Units	1,151,599	14.10%
Over 20 Units	819,101	10.00%
Mobile Homes	731,652	9.00%
Boats, RVs	34,313	0.40%

Source: 2000 US Census

Assisted Housing Inventory

The following table shows the number of multifamily units in the state financed through state and federal sources, including TDHCA, the US Department of Housing and Urban Development (HUD), public housing authorities (PHAs), Section 8 Housing Choice Vouchers, and the United States Department of Agriculture (USDA). The table also includes local housing finance corporations (HFCs), a category which encompasses the Texas State Affordable Housing Corporation. Please note that because some developments layer funding from multiple sources, there may be double counting.

TDHCA data includes multifamily developments awarded up until the end of FY 2007, so not all units included in the total had been built at the time of this document's publication. Additionally, the TDHCA unit total only includes those units that have income restrictions, and does not include market-rate units that are available in some developments.

HUD unit data was obtained from HUD's April 2007 report, "Multifamily Housing Inventory Survey of Units for the Elderly and Disabled," available at http://www.hud.gov/offices/hsg/mfh/hto/state/tx.pdf. Though the report title specifically references units available to the elderly and persons with disabilities, the report also contains information on family properties, and therefore encompasses the full scope of HUD properties. Please note, however, that there may be double counting with units financed through other programs, including public housing.

Numbers for current PHA units and Section 8 Housing Choice Vouchers were obtained from HUD's "Housing Authority Profiles" data at https://pic.hud.gov/pic/haprofiles/haprofilelist.asp. TDHCA Section 8 vouchers are also included in this figure. USDA unit data was obtained directly from USDA staff in October 2007.

HFC data, including Texas State Affordable Housing Corporation data, was obtained from the Housing Finance Corporation Annual Report that HFCs are required to submit to TDHCA annually. The figure describes the total units financed by the HFCs through June 2007, and does not specify assisted units, so these unit totals will also include market-rate units in the area. Because the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final state total.

State Assisted Multifamily Units

	State Total	Percent of State Inventory
TDHCA Units	188,107	36.4%
HUD Units	102,349	19.8%
PHA Units	55,098	10.6%
Section 8 Vouchers	145,416	28.1%
USDA Units	26,435	5.1%
HFC Units*	96,001	N/A
Total	517,405	100%

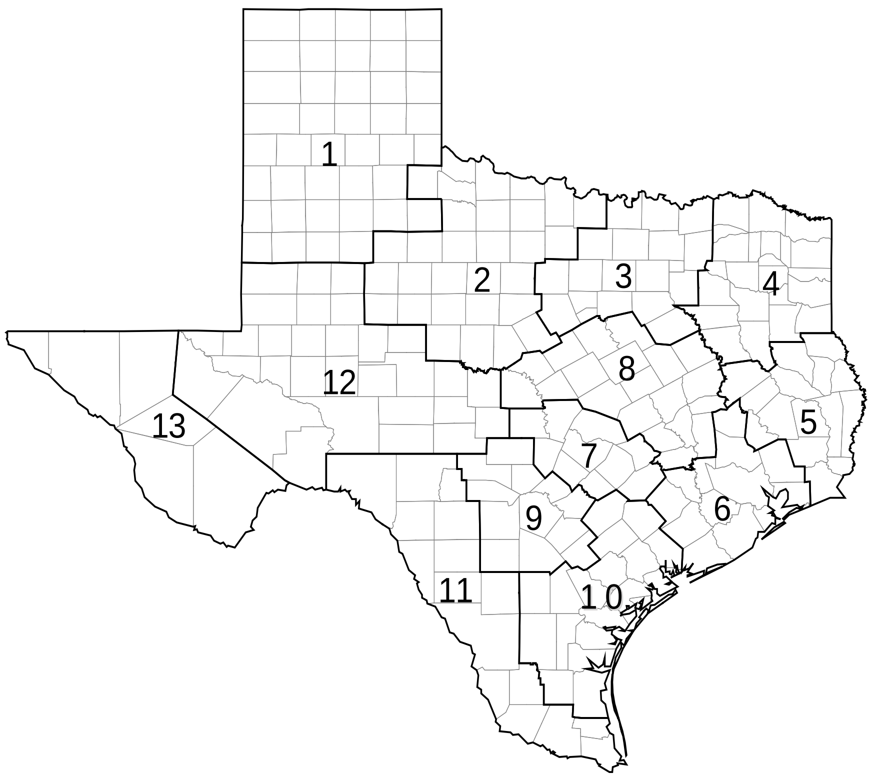
*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

UNIFORM STATE SERVICE REGIONS

The Department uses 13 Uniform State Service Regions for research and planning purposes. These regions follow the Texas Comptroller of Public Accounts' grouping that creates 13 regions to better identify the unique characteristics of the border counties and to treat larger metropolitan areas as distinct regions. The Uniform State Service Regions are shown below.

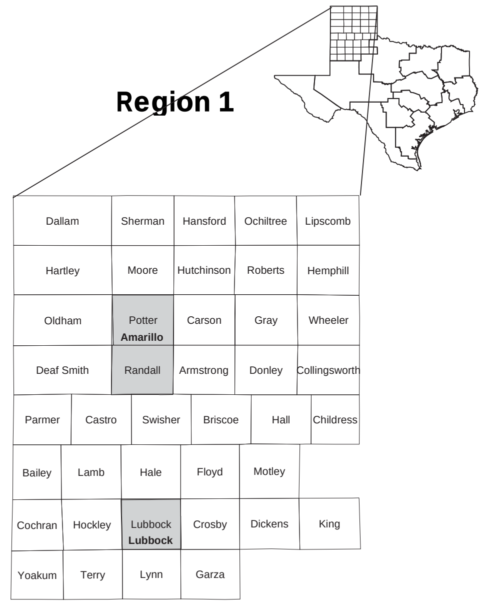
Map of the Uniform State Service Regions

The size and diversity of the state of Texas necessitates tailored regional sections. Each of the following



Uniform State Service Region plans includes a general demographic description, which uses US Census housing data; a needs assessment, which examines housing problems in the area; an estimate of the existing housing supply; local input into the housing needs of the region; an estimate of the number of assisted multifamily units available, and the Department's resource allocation plans for the year.

REGION 1



This 41-county region in the northwest corner of Texas encompasses over 39,500 square miles of the Panhandle. According to the 2000 Census, the total population in Region 1 is 780,733, which represents 3.7 percent of the state's total population.

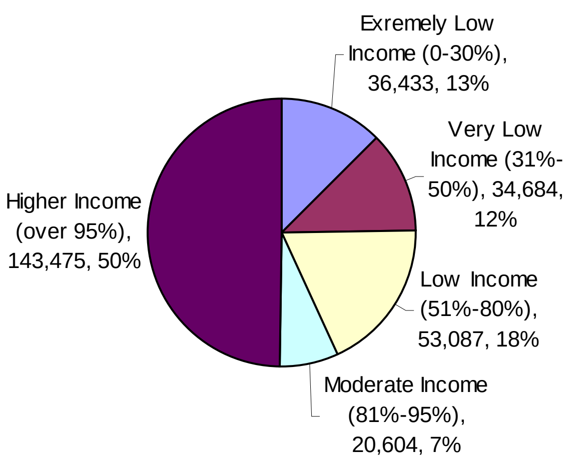
Region 1 Population Figures

	Region Total	Percent in Region	Percent of State Total
Total Population	780,733		3.7%
Persons with Disabilities	138,520	17.7%	3.8%
Elderly Persons (without disabilities)	50,862	6.5%	4.7%
Individuals in Poverty	122,991	15.8%	3.9%

Source: 2000 Census

Approximately 57 percent of the population lives in the urban areas, including Amarillo and Lubbock, and the rest live in rural areas of the region.

Region 1 Household Incomes



The pie chart to the left depicts the income breakdown of the 288,273 households in the region. Approximately 43 percent of households are low income. There are 122,991, or 15.8 percent, individuals living in poverty in the region. 2007 Multiple Listing Service data records the median home prices for Amarillo and Lubbock as $133,100 and $104,900, respectively.[9]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 128,520 persons with disabilities residing in the region, which is 16.5 percent of the total region population. In addition, there are 50,862 elderly individuals without disabilities in the region, which is 6.5 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[10] but figures vary. According to the 2000 Census, there are 1,068 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 167 homeless persons in Amarillo.

[9] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 16, 2007).
[10] Texas Interagency Council for the Homeless, "Key Facts."

HOUSING SUPPLY

According to 2000 Census data, of the 322,045 housing units in the region, 288,175 are occupied, which is an 89.5 percent occupancy rate. Of the total housing stock, almost 75 percent are one unit; 15.9 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 66.3 percent are owner occupied and 33.7 percent are occupied by renters.

Region 1 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	322,045		3.9%
Total Occupied Housing Units	288,175	89.5%	3.9%
Owner-Occupied Units	191,161	66.3%	4.1%
Renter-Occupied Units	97,014	33.7%	3.6%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 288,273 households in the region, 79,798 owners and renters have housing problems; this represents 27.7 percent of all households.

Region 1 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	29,555	14,026	9,256	5,092	1,181
Lacking Kitchen and/or Plumbing	1,638	553	322	301	88
Overcrowding	9,294	2,037	2,029	2,602	2,626
Owner Households					
Extreme Cost Burden	28,912	8,542	7,021	6,944	6,405
Lacking Kitchen and/or Plumbing	1,154	228	163	224	85
Overcrowding	9,245	897	1,223	2,399	4,726
Total	79,798	26,283	20,014	17,562	15,111

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 35 percent indicated that energy assistance was their first priority need, with 23 percent ranking housing assistance as their priority need. Approximately 21 percent of respondents indicated that the development of apartments was the first priority need, 15 percent indicated that capacity building assistance was their top need, and only 6 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 39 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 43 percent indicated that their community's greatest need was the construction of new rental units, while 5 percent indicated that there was a minimal need for rental development in their areas and 11 percent had no opinion on the subject. When considering energy assistance activities, 41 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 39 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

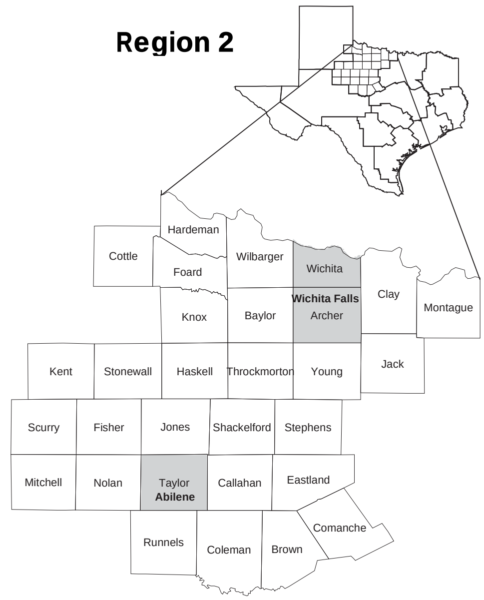
Region 1 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,834	28.5%	2.6%
HUD Units	3,451	20.4%	3.4%
PHA Units	1,304	7.7%	2.4%
Section 8 Vouchers	5,679	33.5%	3.9%
USDA Units	1,676	9.9%	6.3%
HFC Units*	1,577		
Total	16,944	100%	3.1%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 2

Region 2 surrounds the metropolitan areas of Wichita Falls and Abilene, shaded in the figure to the right. According to the 2000 Census, the total population in Region 2 is 549,267, which represents 2.6 percent of the state's total population.



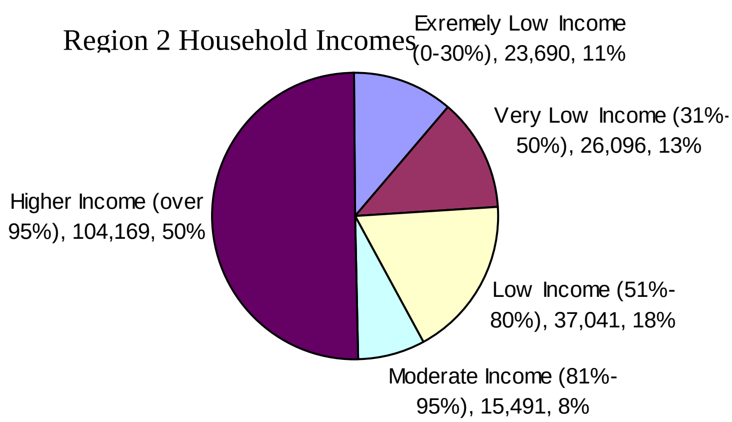
Region 2 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	549,267		2.6%
Persons with Disabilities	105,325	19.2%	2.9%
Elderly Persons (without disabilities)	42,485	7.7%	3.9%
Individuals in Poverty	77,647	14.1%	2.5%

Source: 2000 Census

Approximately 52 percent of the population lives in urban areas of the region.

Region 2 Household Incomes



The pie chart to the left depicts the income breakdown of the 206,459 households in the region. Approximately 42 percent of households are low income. There are 77,647, or 14.1 percent, individuals living in poverty in the region.

2007 Multiple Listing Service data records the median home prices for Wichita Falls and Abilene as $109,300 and $113,700, respectively.[12]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 105,325 persons with disabilities residing in the region, which is 19.2 percent of the total region population. In addition, there are 42,485 elderly individuals without disabilities in the region, which is 7.7 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[13] but figures vary. According to the 2000 Census, there are 609 people in noninstitutional group homes, which include shelters, in the region. In a special tabulation on emergency and transitional shelters, the Census did not count any homeless persons in metro areas.

[12] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 16, 2007).

[13] Texas Interagency Council for the Homeless, "Key Facts."

HOUSING SUPPLY

According to 2000 Census data, of the 243,506 housing units in the region, 206,388 are occupied, which is an 84.8 percent occupancy rate. Of the total housing stock, almost 77 percent are one unit; 12 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 69.1 percent are owner occupied and 30.9 percent are occupied by renters.

Region 2 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	243,506		3.0%
Total Occupied Housing Units	206,388	84.8%	2.8%
Owner-Occupied Units	142,603	69.1%	3.0%
Renter-Occupied Units	63,785	30.9%	2.4%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 206,459 households in the region, 49,146 owners and renters have housing problems; this represents 23.8 percent of all households.

Region 2 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	16,557	7,546	5,733	2,699	559
Lacking Kitchen and/or Plumbing	968	330	161	237	71
Overcrowding	3,906	867	694	1,181	1,164
Owner Households					
Extreme Cost Burden	22,471	6,744	5,894	4,902	4,931
Lacking Kitchen and/or Plumbing	919	253	158	170	60
Overcrowding	4,325	411	558	1,159	2,197
Total	49,146	16,151	13,198	10,348	8,982

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 32 percent indicated that energy assistance was their first priority need, with 21 percent ranking housing assistance as their priority need. Approximately 18 percent of respondents indicated that the development of apartments was the first priority need, 18 percent indicated that capacity building assistance was their top need, and 12 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 54 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 40 percent indicated that their community's greatest need was the construction of new rental units, while 7 percent indicated that there was a minimal need for rental development in their areas and 9 percent had no opinion on the subject. When considering energy assistance activities, 47 percent indicated that weatherization and minor home repairs was the greatest need, as 47 percent indicated that utility assistance was the greatest need.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 2 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,039	23.4%	1.6%
HUD Units	1,979	15.2%	1.9%
PHA Units	3,026	23.3%	5.5%
Section 8 Vouchers	3,009	23.2%	2.1%
USDA Units	1,925	14.8%	7.3%
HFC Units*	280		
Total	12,978	100.0%	2.5%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 3

Region 3, including the metropolitan areas of Dallas, Fort Worth, Arlington, Sherman, and Denison, is the state's most populous region. According to the 2000 Census, the total population in Region 3 is 5,487,477, which represents 26.3 percent of the state's total population.

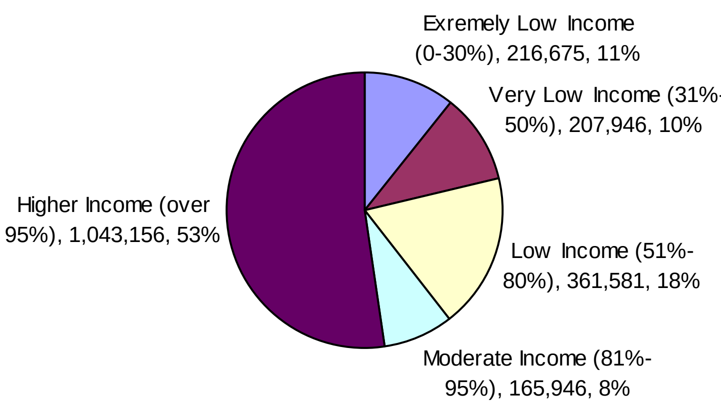
Region 3 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	5,487,477		26.3%
Persons with Disabilities	888,217	16.2%	24.6%
Elderly Persons (without disabilities)	245,186	4.5%	22.6%
Individuals in Poverty	588,688	10.7%	18.9%

Source: 2000 Census

Approximately 93 percent of the population resides in urban areas.

Region 3 Household Incomes



The pie chart to the left depicts the income breakdown of the 1,988,135 households in the region. Approximately 39 percent of households are low income. There are 588,688, or 10.7 percent, individuals living in poverty in the region.

According to 2007 Multiple Listing Service data, the highest median home price is in Collin County at $211,600, while the lowest is in Sherman-Denison at $112,200.[15]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 888,217 persons with disabilities residing in the region, which is 16.2 percent of the total region population. In addition, there are 245,186 elderly individuals without disabilities in the region, which is 4.5 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[16] but figures vary. According to the 2000 Census, there are 6,548 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on

[15] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 16, 2007).
[16] Texas Interagency Council for the Homeless, "Key Facts."

emergency and transitional shelters, the Census counted 1,923 homeless persons in Tarrant and Dallas counties.

HOUSING SUPPLY

According to 2000 Census data, of the 2,140,641 housing units in the region, 2,004,826 are occupied, which is a 93.7 percent occupancy rate. Of the total housing stock, almost 64 percent are one unit; 30 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 60.9 percent are owner occupied and 39.1 percent are occupied by renters.

Region 3 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	2,140,641		26.2%
Total Occupied Housing Units	2,004,826	93.7%	27.1%
Owner-Occupied Units	1,220,939	60.9%	25.9%
Renter-Occupied Units	783,887	39.1%	29.3%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 1,988,135 households in the region, 610,655 owners and renters have housing problems; this represents 30.7 percent of all households.

Region 3 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	206,011	78,911	67,156	48,746	11,198
Lacking Kitchen and/or Plumbing	10,144	2,968	2,087	2,247	675
Overcrowding	114,914	26,062	25,691	30,470	32,691
Owner Households					
Extreme Cost Burden	216,038	50,064	41,410	55,310	69,254
Lacking Kitchen and/or Plumbing	6,044	1,373	850	1,214	487
Overcrowding	57,504	5,876	9,070	16,460	26,098
Total	610,655	165,254	146,264	154,447	140,403

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, 50 percent indicated that housing assistance was their first priority need, followed by energy assistance with 35 percent. Approximately 5 percent of respondents indicated that the development of apartments was the first priority need, 8 percent indicated that capacity building assistance was their top need, and only 3 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 52 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 26 percent indicated that the need for construction and rehabilitation was approximately the same, while 19 percent indicated that there was a minimal need for rental development in their areas and 9 percent had no opinion on the subject. When considering energy assistance activities, 39 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 37 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 3 Multifamily Assisted Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	58,600	41.0%	31.2%
HUD Units	28,032	19.6%	27.4%
PHA Units	8,485	5.9%	15.4%
Section 8 Vouchers	43,833	30.6%	30.1%
USDA Units	4,076	2.8%	15.4%
HFC Units*	20,744		
Total	143,026		27.6%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 4

Region 4, located in the northeast corner of the state, surrounds the urban areas of Texarkana, Longview-Marshall, and Tyler. According to the 2000 Census, the total population in Region 4 is 1,015,648, which represents 4.9 percent of the state's total population.

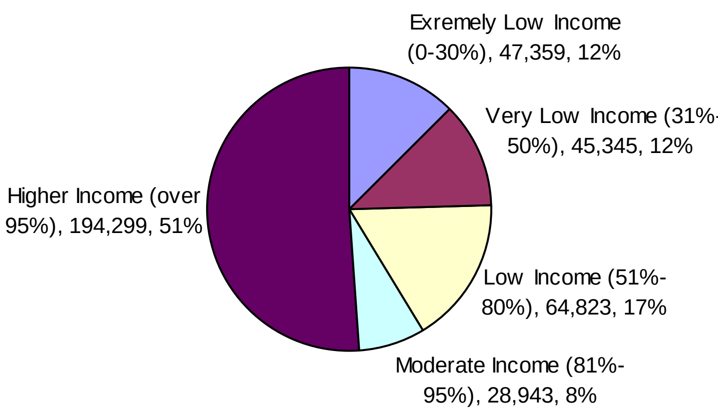
Region 4 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,015,648		4.9%
Persons with Disabilities	213,753	21.0%	5.9%
Elderly Persons (without disabilities)	77,528	7.6%	7.1%
Individuals in Poverty	152,036	15.0%	4.9%

Source: 2000 Census

Region 4 has the highest percentage of rural population in the state at 61 percent.

Region 4 Household Incomes



The pie chart to the left depicts the income breakdown of the 380,765 households in the region. Approximately 41 percent of households are low income. There are 152,036, or 15.0 percent, individuals living in poverty in the region.

2007 Multiple Listing Service data records the median home prices for Tyler and Longview-Marshall as $132,800 and $119,700, respectively.[18]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 213,753 persons with disabilities residing in the region, which is 21.0 percent of the total region population. In addition, there are 77,528 elderly individuals without disabilities in the region, which is 7.6 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[19] but figures vary. According to the 2000 Census, there are 1,309 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 110 homeless persons in Tyler. Region 4 also experienced damage from Hurricane Rita, which hit the southeast Texas area in September 2005.

[18] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 16, 2007).
[19] Texas Interagency Council for the Homeless, "Key Facts."

According to FEMA, $1,037,418.22 worth of damage was reported. Households affected by the hurricane have unexpected needs.

HOUSING SUPPLY

According to 2000 Census data, of the 434,792 housing units in the region, 380,468 are occupied, which is an 87.5 percent occupancy rate. Of the total housing stock, almost 71 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 73.8 percent are owner occupied and 26.2 percent are occupied by renters.

Region 4 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	434,792		5.3%
Total Occupied Housing Units	380,468	87.5%	5.1%
Owner-Occupied Units	280,896	73.8%	6.0%
Renter-Occupied Units	99,572	26.2%	3.7%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 380,765 households in the region, 100,479 owners and renters have housing problems; this represents 26.4 percent of all households.

Region 4 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	27,100	12,500	9,142	4,443	1,015
Lacking Kitchen and/or Plumbing	2,108	724	425	363	135
Overcrowding	8,851	1,951	1,688	2,215	2,997
Owner Households					
Extreme Cost Burden	49,419	15,258	11,379	11,530	11,152
Lacking Kitchen and/or Plumbing	2,742	775	429	508	187
Overcrowding	10,259	1,233	1,477	2,496	5,053
Total	100,479	32,441	24,540	21,555	20,539

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 43 percent indicated that housing assistance was their first priority need, with 29 percent ranking energy assistance as their priority need. Approximately 17 percent of respondents indicated that the development of apartments was the first priority need, 11 percent indicated that capacity building assistance was their top need, and 0 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 53 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 34 percent indicated that the need for construction and rehabilitation was the same, while 11 percent indicated that there was a minimal need for rental development in their areas and 11 percent had no opinion on the subject. When considering energy assistance activities, 41 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 40 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

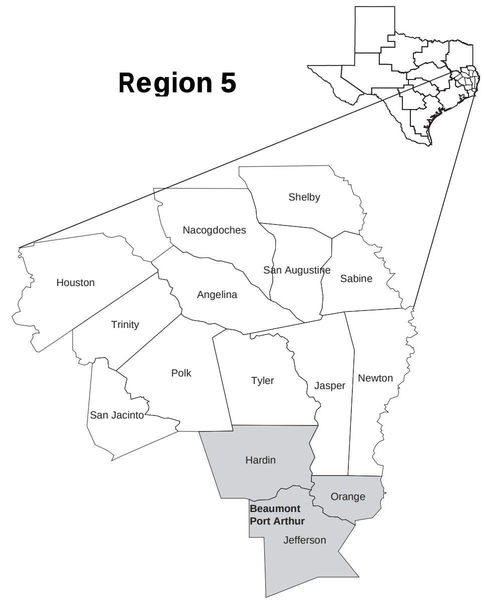
Region 4 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,367	25.5%	2.9%
HUD Units	3,577	17.0%	3.5%
PHA Units	2,252	10.7%	4.1%
Section 8 Vouchers	5,988	28.4%	4.1%
USDA Units	3,872	18.4%	14.6%
HFC Units*	1,160		
Total	21,056		4.1%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 5

Region 5 encompasses a 15-county area in east Texas including the urban areas of Beaumont and Port Arthur. According to the 2000 Census, the total population in Region 5 is 740,952, which represents 3.6 percent of the state's total population.



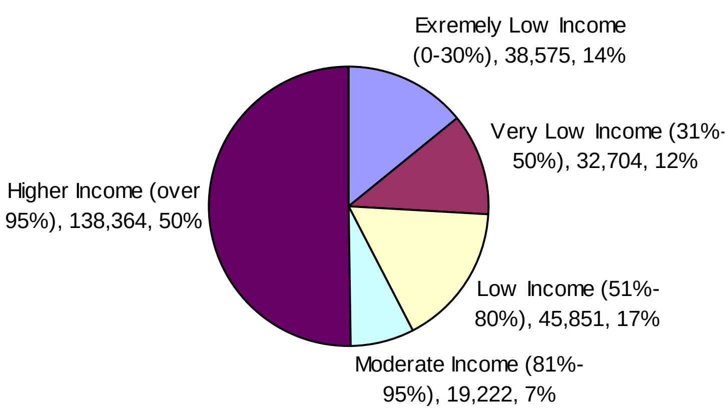
Region 5 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	740,952		3.6%
Persons with Disabilities	150,529	20.3%	4.2%
Elderly Persons (without disabilities)	53,148	7.2%	4.9%
Individuals in Poverty	120,585	16.3%	3.9%

Source: 2000 Census

The population in Region 5 is split, with 50 percent living in urban and 50 percent living in rural areas.

Region 5 Household Incomes



The pie chart to the left depicts the income breakdown of the 274,543 households in the region. Approximately 43 percent of households are low income. There are 120,585, or 16.3 percent, individuals living in poverty in the region. 2007 Multiple Listing Service data records the median home prices for Beaumont and Port Arthur as $130,900 and $112,700, respectively.[21]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 150,529 persons with disabilities residing in the region, which is 20.3 percent of the total region population. In addition, there are 53,148 elderly individuals without disabilities in the region, which is 7.2 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[22] but figures vary. According to the 2000 Census, there are 672 people in noninstitutional group homes, which include shelters, in the region. In its tabulation on emergency and transitional shelters, the Census did not count homeless persons in metropolitan areas.

[21] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 16, 2007).

[22] Texas Interagency Council for the Homeless, "Key Facts."

Region 5 also experienced significant damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $190,251,194.22 worth of damage was reported. Households affected by the hurricane have unexpected needs.

HOUSING SUPPLY

According to 2000 Census data, of the 325,047 housing units in the region, 275,233 are occupied, which is an 84.7 percent occupancy rate. Of the total housing stock, 69.3 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 73.4 percent are owner occupied and 26.6 percent are occupied by renters.

Region 5 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	325,047		4.0%
Total Occupied Housing Units	275,233	84.7%	3.7%
Owner-Occupied Units	201,971	73.4%	4.3%
Renter-Occupied Units	73,262	26.6%	2.7%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 274,543 households in the region, 72,650 owners and renters have housing problems; this represents 26.5 percent of all households.

Region 5 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	21,116	10,733	6,894	2,890	599
Lacking Kitchen and/or Plumbing	1,450	549	300	270	76
Overcrowding	6,868	1,988	1,246	1,477	2,157
Owner Households					
Extreme Cost Burden	32,849	11,845	7,609	7,044	6,351
Lacking Kitchen and/or Plumbing	1,876	555	250	367	90
Overcrowding	8,491	925	970	1,991	4,605
Total	72,650	26,595	17,269	14,039	13,878

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 59 percent indicated that housing assistance was their first priority need, and 10 percent ranking energy assistance as their priority need. Approximately 14 percent of respondents indicated that the development of apartments was the first priority need, 10 percent indicated that capacity building assistance was their top need, and 7 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 49 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 54 percent indicated that the need for construction and rehabilitation is the same, while 3 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 44 percent indicated that utility assistance was the greatest need followed

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

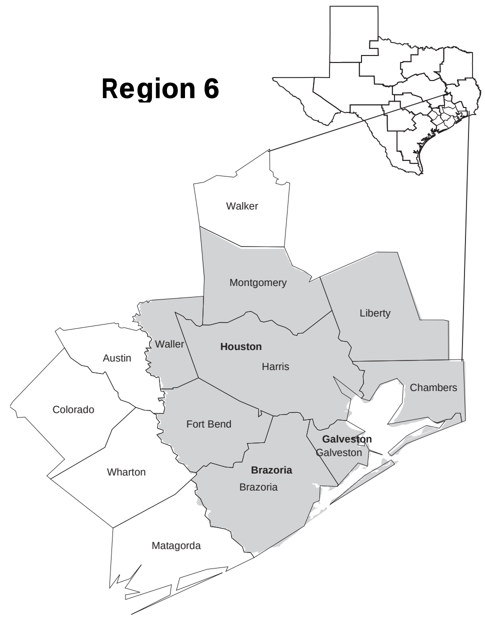
Region 5 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,289	25.4%	2.8%
HUD Units	4,134	19.8%	4.0%
PHA Units	2,368	11.4%	4.3%
Section 8 Vouchers	7,598	36.5%	5.2%
USDA Units	1,443	6.9%	5.5%
HFC Units*	1,160		
Total	20,832	100.0%	4.0%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 6

Region 6 includes the urban areas of Houston, Brazoria, and Galveston. According to the 2000 Census, the total population in Region 6 is 4,854,454, which represents 23.3 percent of the state's total population.



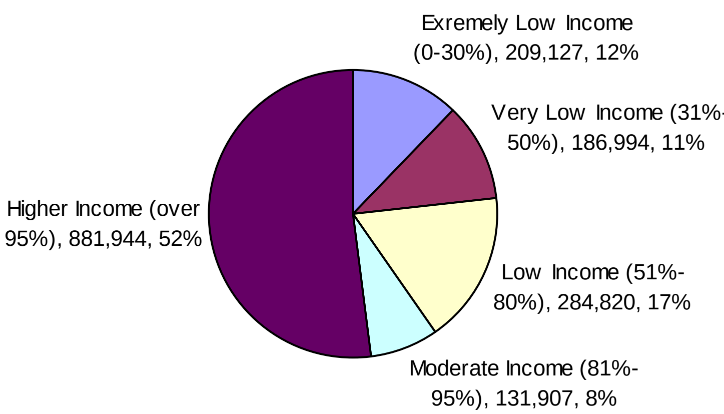
Region 6 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	4,854,454		23.3%
Persons with Disabilities	801,436	16.5%	22.2%
Elderly Persons (without disabilities)	206,438	4.3%	19.0%
Individuals in Poverty	656,239	13.5%	21.0%

Source: 2000 Census

Approximately 92 percent of the populations lives in the urban areas of Region 6.

Region 6 Household Income



The pie chart to the left depicts the income breakdown of the 1,691,811 households in the region. Approximately 40 percent of households are low income. There are 656,239, or 13.5 percent, individuals living in poverty in the region. 2007 Multiple Listing Service data records the median home prices for Houston and Galveston as $157,000 and $182,200, respectively.[24]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 801,436 persons with disabilities residing in the region, which is 16.3 percent of the total region population. In addition, there are 206,438 elderly individuals without disabilities in the region, which is 4.3 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[25] but figures vary. According to the 2000 Census, there are 7,792 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 1,756 homeless persons in the Houston area. Region 6 also experienced damage from Hurricane Rita, which hit the southeast Texas area in September

[24] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 16, 2007).
[25] Texas Interagency Council for the Homeless, "Key Facts."

2005. According to FEMA, $28,325,647.98 worth of damage was reported. Households affected by the hurricane have unexpected needs.

HOUSING SUPPLY

According to 2000 Census data, of the 1,853,854 housing units in the region, 1,702,792 are occupied, which is a 91.9 percent occupancy rate. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 60.9 percent are owner occupied and 39.1 percent are occupied by renters.

Region 6 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	1,853,854		22.7%
Total Occupied Housing Units	1,702,792	91.9%	23.0%
Owner-Occupied Units	1,037,371	60.9%	22.0%
Renter-Occupied Units	665,421	39.1%	24.9%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 1,691,811 households in the region, 541,869 owners and renters have housing problems; this represents 32.0 percent of all households.

Region 6 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	168,355	71,699	55,967	31,103	9,586
Lacking Kitchen and/or Plumbing	9,614	3,228	1,892	2,034	492
Overcrowding	117,586	29,482	27,886	30,141	30,077
Owner Households					
Extreme Cost Burden	173,411	44,640	34,996	42,008	51,767
Lacking Kitchen and/or Plumbing	6,691	1,650	983	1,279	410
Overcrowding	66,212	7,391	10,243	18,303	23,006
Total	541,869	158,090	131,967	124,868	115,338

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 70 percent indicated that housing assistance was their first priority need, with 9 percent ranking energy assistance as their priority need. Approximately 14 percent of respondents indicated that the development of apartments was the first priority need, 9 percent indicated that capacity building assistance was their top need, and 0 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 46 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 31 percent indicated that the need for construction and rehabilitation was the same, while 21 percent indicated that there was a minimal need for rental development in their areas and 12 percent had no opinion on the subject. When considering energy assistance activities, 49 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 36 percent.

ASSISTED HOUSING INVENTORY

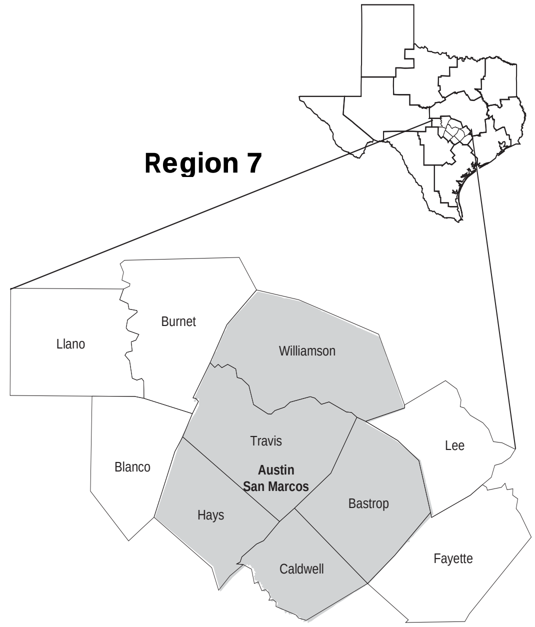
The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 6 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	51,528	47.1%	27.4%
HUD Units	27,284	25.0%	26.7%
PHA Units	5,138	4.7%	9.3%
Section 8 Vouchers	21,884	20.0%	15.0%
USDA Units	3,484	3.2%	13.2%
HFC Units*	38,122		
Total	109,318	100.0%	21.1%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 7



The urban area of Austin-San Marcos is at the center of Region 7. According to the 2000 Census, the total population in Region 7 is 1,346,833, which represents 6.5 percent of the state's total population.

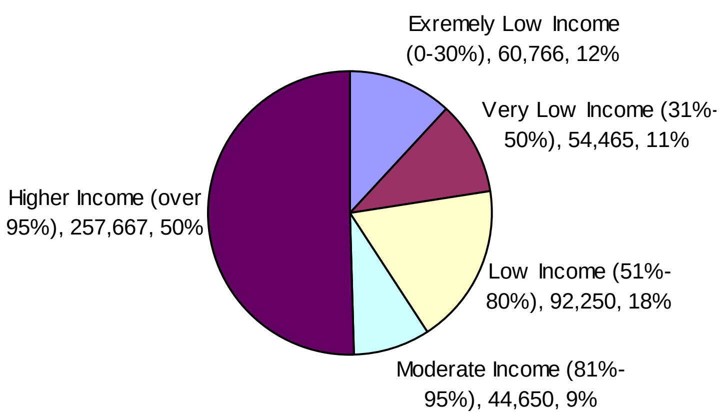
Region 7 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,346,833		6.5%
Persons with Disabilities	190,226	14.1%	5.3%
Elderly Persons (without disabilities)	61,229	4.5%	5.6%
Individuals in Poverty	145,060	10.8%	4.7%

Source: 2000 Census

Approximately 86 percent of the population lives in urban areas.

Region 7 Household Income



The pie chart to the left depicts the income breakdown of the 509,798 households in the region. Approximately 41 percent of households are low income. There are 145,060, or 10.8 percent, individuals living in poverty in the region. The 2007 Multiple Listing Service median home price for Austin is $190,800.[27]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 190,226 persons with disabilities residing in the region, which is 14.1 percent of the total region population. In addition, there are 61,229 elderly individuals without disabilities in the region, which is 4.5 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[28] but figures vary. According to the 2000 Census, there are 2,354 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 481 homeless persons in Austin.

[27] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 16, 2007).
[28] Texas Interagency Council for the Homeless, "Key Facts."

HOUSING SUPPLY

According to 2000 Census data, of the 545,761 housing units in the region, 510,555 are occupied, which is a 93.5 percent occupancy rate. Of the total housing stock, 62 percent are one unit; 30 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 59.8 percent are owner occupied and 40.2 percent are occupied by renters.

Region 7 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	545,761		6.7%
Total Occupied Housing Units	510,555	93.5%	6.9%
Owner-Occupied Units	305,294	59.8%	6.5%
Renter-Occupied Units	205,261	40.2%	7.7%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 509,798 households in the region, 164,537 owners and renters have housing problems; this represents 32.3 percent of all households.

Region 7 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	68,118	27,648	21,497	15,700	3,273
Lacking Kitchen and/or Plumbing	2,869	1,170	562	565	185
Overcrowding	22,581	5,433	5,070	5,645	6,433
Owner Households					
Extreme Cost Burden	56,638	11,452	10,018	16,282	18,884
Lacking Kitchen and/or Plumbing	2,013	519	291	423	110
Overcrowding	12,318	1,023	2,055	3,503	5,719
Total	164,537	47,245	39,493	42,118	34,604

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 32 percent indicated that the development of apartments was their first priority need, with 27 percent ranking housing assistance as their priority need. Approximately 14 percent of respondents indicated that energy assistance was the first priority need, 27 percent indicated that capacity building assistance was their top need, and 0 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 34 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 45 percent indicated that their community's greatest need was the construction of new rental units, while 14 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 38 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 34 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

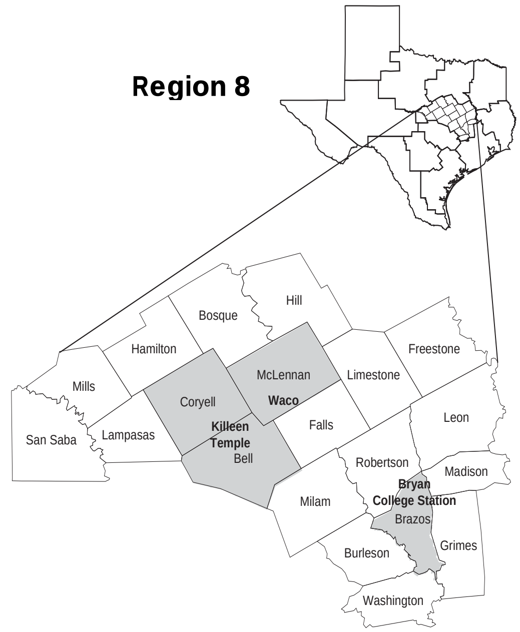
Region 7 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	16,398	47.6%	8.7%
HUD Units	5,032	14.6%	4.9%
PHA Units	3,506	10.2%	6.4%
Section 8 Vouchers	8,053	23.4%	5.5%
USDA Units	1,477	4.3%	5.6%
HFC Units*	8,276		
Total	34,466	100.0%	6.7%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 8

Region 8, located in the center of the state, surrounds the urban areas of Waco, Bryan, College Station, Killeen, and Temple. According to the 2000 Census, the total population in Region 8 is 963,139 which represents 4.6 percent of the state's total population.



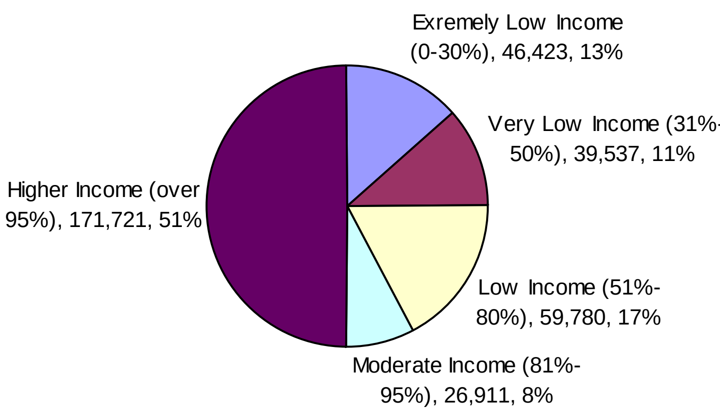
Region 8 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	963,139		4.6%
Persons with Disabilities	160,743	16.7%	4.5%
Elderly Persons (without disabilities)	55,854	5.8%	5.1%
Individuals in Poverty	149,480	15.5%	4.8%

Source: 2000 Census

Approximately 75 percent of the population lives in the urban areas of Region 8.

Region 8 Household Income



The pie chart to the left depicts the income breakdown of the 343,856 households in the region. Approximately 41 percent of households are low income. There are 149,480, or 15.5 percent, individuals living in poverty in the region. 2007 Multiple Listing Service data records the median home price for Bryan-College Station as $144,800.[30]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 160,743 persons with disabilities residing in the region, which is 16.7 percent of the total region population. In addition, there are 55,854 elderly individuals without disabilities in the region, which is 5.8 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[31] but figures vary. According to the 2000 Census, there are 1,003 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 129 homeless persons in the Killeen area.

[30] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 16, 2007).
[31] Texas Interagency Council for the Homeless, "Key Facts."

HOUSING SUPPLY

According to 2000 Census data, of the 387,627 housing units in the region, 344,575 are occupied, which is an 88.9 percent occupancy rate. Of the total housing stock, 67 percent are one unit; 20 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 61.2 percent are owner occupied and 38.8 percent are occupied by renters.

Region 8 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	387,627		4.8%
Total Occupied Housing Units	344,575	88.9%	4.7%
Owner-Occupied Units	210,882	61.2%	4.5%
Renter-Occupied Units	133,693	38.8%	5.0%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 343,856 households in the region, 103,864 owners and renters have housing problems; this represents 30.2 percent of all households.

Region 8 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	42,797	20,028	12,657	8,285	1,826
Lacking Kitchen and/or Plumbing	1,831	601	354	355	92
Overcrowding	12,409	2,903	2,232	3,502	3,772
Owner Households					
Extreme Cost Burden	36,129	9,754	7,763	9,069	9,543
Lacking Kitchen and/or Plumbing	1,798	477	346	331	112
Overcrowding	8,900	741	1,055	2,293	4,811
Total	103,864	34,504	24,407	23,835	20,156

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 26 percent indicated that housing assistance was their first priority need, with 22 percent ranking energy assistance as their priority need. Approximately 19 percent of respondents indicated that the development of apartments was the first priority need, 22 percent indicated that capacity building assistance was their top need, and 11 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 48 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 40 percent indicated that their community's greatest need was the construction of new rental units, while 20 percent indicated that there was a minimal need for rental development in their areas and 9 percent had no opinion on the subject. When considering energy assistance activities, 60 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 34 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

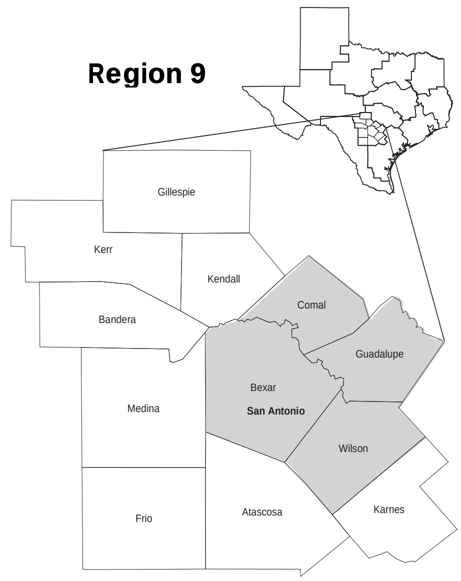
Region 8 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,906	25.3%	3.1%
HUD Units	4,178	17.9%	4.1%
PHA Units	2,780	11.9%	5.0%
Section 8 Vouchers	7,621	32.7%	5.2%
USDA Units	2,820	12.1%	10.7%
HFC Units*	304		
Total	23,305		4.5%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 9

San Antonio is the main metropolitan area in Region 9. According to the 2000 Census, the total population in Region 9 is 1,807,868, which represents 8.7 percent of the state's total population.



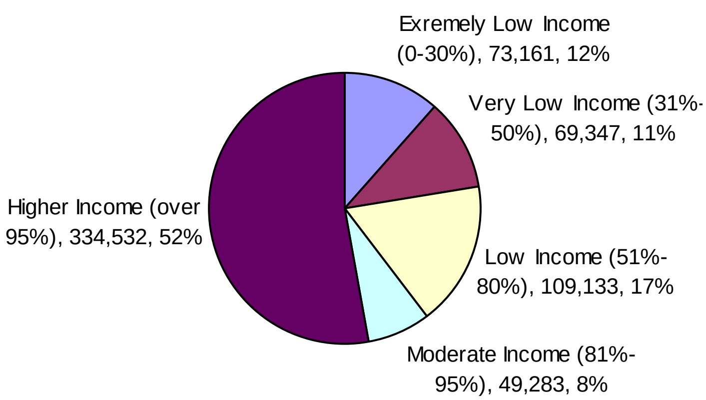
Region 9 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,807,868		8.7%
Persons with Disabilities	337,541	18.7%	9.4%
Elderly Persons (without disabilities)	107,974	6.0%	9.9%
Individuals in Poverty	267,118	14.8%	8.6%

Source: 2000 Census

Approximately 89 percent of the population lives in urban areas.

Region 9 Household Income



The pie chart to the left depicts the income breakdown of the 635,280 households in the region. Approximately 40 percent of households are low income. There are 267,118, or 14.8 percent, individuals living in poverty in the region. The 2007 Multiple Listing Service records the median home price for San Antonio as $154,200.[33]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 337,541 persons with disabilities residing in the region, which is 18.7 percent of the total region population. In addition, there are 107,974 elderly individuals without disabilities in the region, which is 6.0 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[34] but figures vary. According to the 2000 Census, there are 2,919 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 850 homeless persons in San Antonio.

[33] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).
[34] Texas Interagency Council for the Homeless, "Key Facts."

HOUSING SUPPLY

According to 2000 Census data, of the 689,862 housing units in the region, 636,796 are occupied, which is a 92.3 percent occupancy rate. Of the total housing stock, 69 percent are one unit; 22 percent are over two units; 8 percent are mobile homes; and the rest are boats and RVs. Approximately 65.0 percent are owner occupied and 35.0 percent are occupied by renters.

Region 9 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	689,862		8.5%
Total Occupied Housing Units	636,796	92.3%	8.6%
Owner-Occupied Units	414,009	65.0%	8.8%
Renter-Occupied Units	222,787	35.0%	8.3%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 635,280 households in the region, 194,512 owners and renters have housing problems; this represents 30.6 percent of all households.

Region 9 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	62,012	24,095	19,495	14,458	3,964
Lacking Kitchen and/or Plumbing	3,284	1,137	484	751	241
Overcrowding	28,877	7,296	6,160	7,359	8,062
Owner Households					
Extreme Cost Burden	71,630	17,316	14,240	17,201	22,873
Lacking Kitchen and/or Plumbing	3,270	713	667	624	297
Overcrowding	25,439	2,644	4,107	6,555	12,133
Total	194,512	53,201	45,153	46,948	47,570

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 67 percent indicated that housing assistance was their first priority need, with 20 percent ranking energy assistance as their top need. Approximately 7 percent of respondents indicated that the development of apartments was the first priority need, 0 percent indicated that capacity building assistance was their top need, and 7 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 53 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 34 percent indicated that the need for construction and rehabilitation was the same, while 18 percent indicated that there was a minimal need for rental development in their areas and 18 percent had no opinion on the subject. When considering energy assistance activities, 41 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 29 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

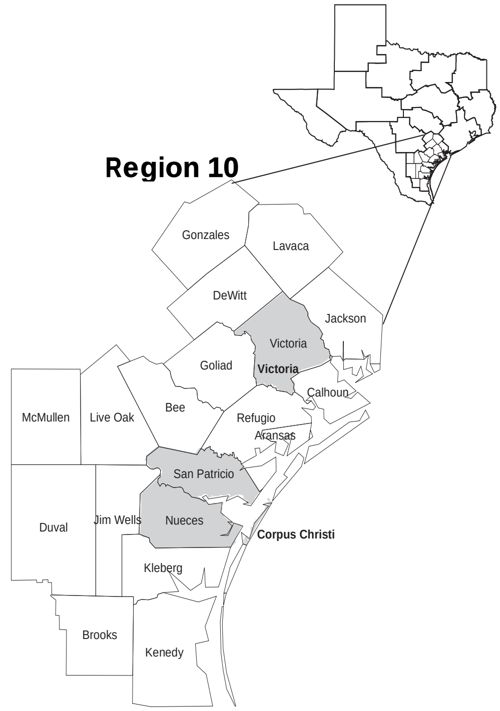
Region 9 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	15,455	30.3%	8.2%
HUD Units	12,080	23.7%	11.8%
PHA Units	7,458	14.6%	13.5%
Section 8 Vouchers	15,046	29.5%	10.3%
USDA Units	1,007	2.0%	3.8%
HFC Units*	22,382		
Total	51,046	100.0%	9.9%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 10

Region 10, including the urban areas of Corpus Christi and Victoria, is located in the south eastern part of the state on the Gulf of Mexico. According to the 2000 Census, the total population in Region 10 is 732,917, which represents 3.5 percent of the state's total population.



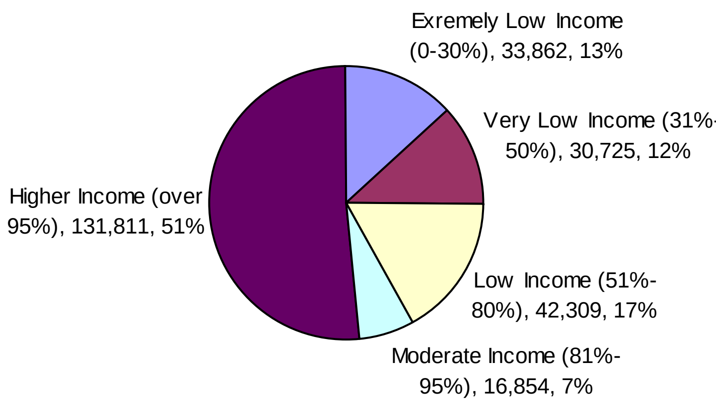
Region 10 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	732,917		3.5%
Persons with Disabilities	141,592	19.3%	3.9%
Elderly Persons (without disabilities)	46,900	6.4%	4.3%
Individuals in Poverty	132,214	18.0%	4.2%

Source: 2000 Census

In Region 10, 62 percent live in urban areas.

Region 10 Household Income



The pie chart to the left depicts the income breakdown of the 255,493 households in the region. Approximately 42 percent of households are low income. There are 132,214, or 18.0 percent, individuals living in poverty in the region. The 2007 Multiple Listing Service records the median home price for Corpus Christi as $147,800.[36]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 141,592 persons with disabilities residing in the region, which is 19.3 percent of the total region population. In addition, there are 46,900 elderly individuals without disabilities in the region, which is 6.4 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[37] but figures vary. According to the 2000 Census, there are 1,456 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 272 homeless persons in Corpus Christi.

[36] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 16, 2007).
[37] Texas Interagency Council for the Homeless, "Key Facts."

HOUSING SUPPLY

According to 2000 Census data, of the 298,494 housing units in the region, 256,428 are occupied, which is an 85.9 percent occupancy rate. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; 10 percent are mobile homes; and the rest are boats and RVs. Approximately 66.8 percent are owner occupied and 33.2 percent are occupied by renters.

Region 10 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	298,494		3.7%
Total Occupied Housing Units	256,428	85.9%	3.5%
Owner-Occupied Units	171,319	66.8%	3.6%
Renter-Occupied Units	85,109	33.2%	3.2%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 255,493 households in the region, 76,196 owners and renters have housing problems; this represents 29.8 percent of all households.

Region 10 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	23,006	9,258	7,433	4,896	1,419
Lacking Kitchen and/or Plumbing	1,497	513	234	355	62
Overcrowding	10,429	3,082	2,112	2,289	2,946
Owner Households					
Extreme Cost Burden	28,552	8,706	6,387	6,181	7,278
Lacking Kitchen and/or Plumbing	1,783	588	407	323	66
Overcrowding	10,929	1,235	1,563	2,421	5,710
Total	76,196	23,382	18,136	16,465	17,481

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 40 percent indicated that housing assistance was their first priority need, with 15 percent ranking energy assistance as their priority need. Approximately 15 percent of respondents indicated that the development of apartments was the first priority need, 30 percent indicated that capacity building assistance was their top need, and 0 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 81 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 41 percent indicated that their community's greatest need was the construction of new rental units, while 18 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 54 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 36 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 10 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,718	24.8%	2.5%
HUD Units	4,236	22.3%	4.1%
PHA Units	4,459	23.5%	8.1%
Section 8 Vouchers	3,977	20.9%	2.7%
USDA Units	1,619	8.5%	6.1%
HFC Units*	968		
Total	19,009	100.0%	3.7%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 11

Region 11 is a 16-county area along the border of Mexico. The main urban areas in the region are Brownsville-Harlingen, McAllen-Edinburg, Del Rio, and Laredo. According to the 2000 Census, the total population in Region 11 is 1,343,330, which represents 6.4 percent of the state's total population.

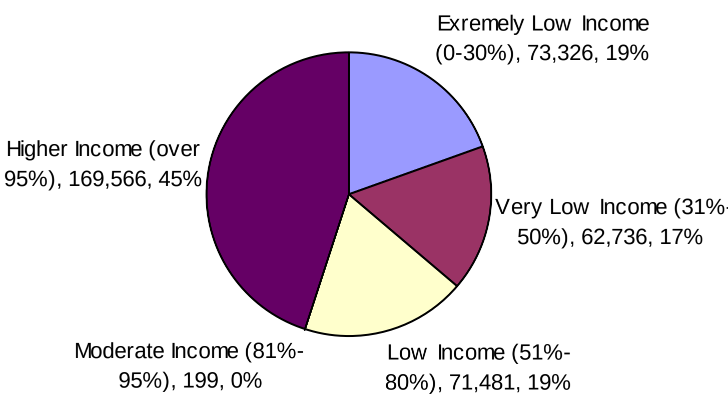
Region 11 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,343,330		6.4%
Persons with Disabilities	257,838	19.2%	7.2%
Elderly Persons (without disabilities)	67,505	5.0%	6.2%
Individuals in Poverty	455,366	33.9%	14.6%

Source: 2000 Census

About 68 percent of the population lives in urban areas.

Region 11 Household Income



The pie chart to the left depicts the income breakdown of the 377,276 households in the region. Approximately 55 percent of households are low income.[39] There are 455,366, or 33.9 percent, individuals living in poverty in the region. 2007 Multiple Listing Service data records the median home prices for Brownsville as $131,400 and McAllen as $124,200.[40]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 257,838 persons with disabilities residing in the region, which is 19.2 percent of the total region population. In addition, there are 67,505 elderly individuals without disabilities in the region, which is 5.0 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[41] but figures vary. According to the 2000 Census, there are 1,211

[39] The CHAS figures for moderate and higher income households in Region 11 indicate that there are only 199 persons with incomes between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because, except for the first time homebuyer program which is done through a network of participating lenders, TDHCA programs serve persons below 80 percent AMFI.
[40] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 16, 2007).
[41] Texas Interagency Council for the Homeless, "Key Facts."

people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 193 homeless persons in Laredo.

HOUSING SUPPLY

According to 2000 Census data, of the 457,406 housing units in the region, 378,275 are occupied, which is an 82.7 percent occupancy rate. Of the total housing stock, 66 percent are one unit; 14 percent are over two units; 18 percent are mobile homes; and the rest are boats and RVs. Approximately 70.8 percent are owner occupied and 29.2 percent are occupied by renters.

Region 11 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	457,406		5.6%
Total Occupied Housing Units	378,275	82.7%	5.1%
Owner-Occupied Units	267,716	70.8%	5.7%
Renter-Occupied Units	110,559	29.2%	4.1%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 377,276 households in the region, 161,609 owners and renters have housing problems; this represents 42.8 percent of all households.

Region 11 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	25,023	13,381	7,343	3,335	964
Lacking Kitchen and/or Plumbing	4,751	2,474	1,099	636	0
Overcrowding	31,457	11,542	7,321	6,233	6,361
Owner Households					
Extreme Cost Burden	43,599	15,558	10,747	8,961	8,333
Lacking Kitchen and/or Plumbing	8,043	3,043	2,045	1,585	0
Overcrowding	48,736	8,375	9,672	12,299	18,390
Total	161,609	54,373	38,227	33,049	34,048

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 40 percent indicated that housing assistance was their first priority need, with 10 percent ranking energy assistance as their priority need. Approximately 20 percent of respondents indicated that the development of apartments was the first priority need, 20 percent indicated that capacity building assistance was their top need, and 10 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 46 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 50 percent indicated that the need for construction and rehabilitation was the same, while 0 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 59 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 29 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

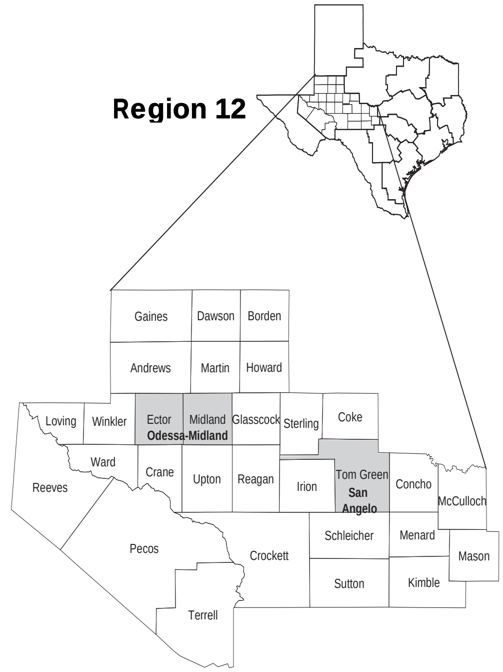
Region 11 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	9,202	25.6%	4.9%
HUD Units	4,208	11.7%	4.1%
PHA Units	6,949	19.3%	12.6%
Section 8 Vouchers	13,553	37.7%	9.3%
USDA Units	2,003	5.6%	7.6%
HFC Units*	312		
Total	35,915		6.9%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 12

Region 12 in west Texas surrounds the urban areas of Odessa-Midland and San Angelo. According to the 2000 Census, the total population in Region 12 is 524,884, which represents 2.5 percent of the state's total population.



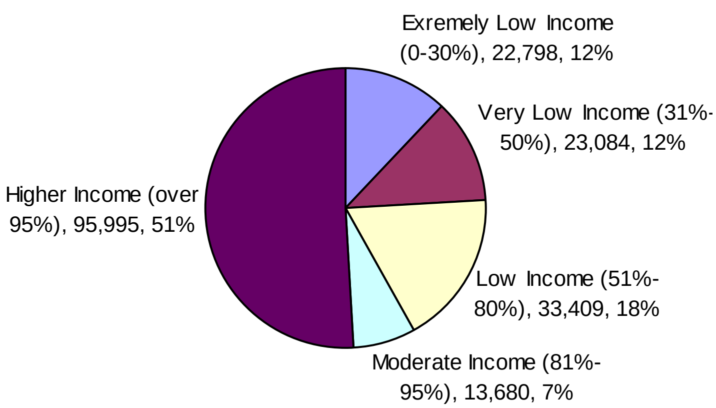
Region 12 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	524,884		2.5%
Persons with Disabilities	91,822	17.5%	2.5%
Elderly Persons (without disabilities)	35,764	6.8%	3.3%
Individuals in Poverty	85,063	16.2%	2.7%

Source: 2000 Census

Approximately 68 percent of the population lives in urban areas.

Region 12 Household Income



The pie chart to the left depicts the income breakdown of the 188,921 households in the region. Approximately 42 percent of households are low income. There are 85,063, or 16.2 percent, individuals living in poverty in the region. Multiple Listing Service data records the median home prices for Odessa-Midland as $145,000.[43]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 91,822 persons with disabilities residing in the region, which is 17.5 percent of the total region population. In addition, there are 35,764 elderly individuals without disabilities in the region, which is 6.8 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[44] but figures vary. According to the 2000 Census, there are 414 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census did not count any homeless people in metropolitan areas.

[43] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 16, 2007).
[44] Texas Interagency Council for the Homeless, "Key Facts."

HOUSING SUPPLY

According to 2000 Census data, of the 221,968 housing units in the region, 189,582 are occupied, which is an 85.4 percent occupancy rate. Of the total housing stock, 72 percent are one unit; 16 percent are over two units; 12 percent are mobile homes; and the rest are boats and RVs. Approximately 70.1 percent are owner occupied and 29.9 percent are occupied by renters.

Region 12 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	221,968		2.7%
Total Occupied Housing Units	189,582	85.4%	2.6%
Owner-Occupied Units	132,956	70.1%	2.8%
Renter-Occupied Units	56,626	29.9%	2.1%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 188,921 households in the region, 49,895 owners and renters have housing problems; this represents 26.4 percent of all households.

Region 12 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	14,243	6,874	4,782	2,151	436
Lacking Kitchen and/or Plumbing	1,103	355	253	204	24
Overcrowding	5,372	1,392	983	1,364	1,633
Owner Households					
Extreme Cost Burden	20,719	6,228	5,142	4,727	4,622
Lacking Kitchen and/or Plumbing	1,138	265	223	264	64
Overcrowding	7,320	752	1,186	2,243	3,139
Total	49,895	15,866	12,569	10,953	9,918

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 45 percent indicated that housing assistance was their first priority need, with 9 percent ranking energy assistance as their priority need. Approximately 27 percent of respondents indicated that the development of apartments was the first priority need, 9 percent indicated that capacity building assistance was their top need, and 9 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 50 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 42 percent indicated that their community's greatest need was the construction of new rental units, while 17 percent indicated that there was a minimal need for rental development in their areas and 4 percent had no opinion on the subject. When considering energy assistance activities, 46 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 42 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 12 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,269	32.8%	1.7%
HUD Units	1,763	17.7%	1.7%
PHA Units	1,145	11.5%	2.1%
Section 8 Vouchers	3,058	30.7%	2.1%
USDA Units	735	7.4%	2.8%
HFC Units*	24		
Total	9,970	100.0%	1.9%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 13

El Paso is the main urban area in Region 13. The region spreads along the Texas-Mexico border in the southwestern tip of the state. According to the 2000 Census, the total population in Region 13 is 524,884, which represents 2.5 percent of the state's total population.

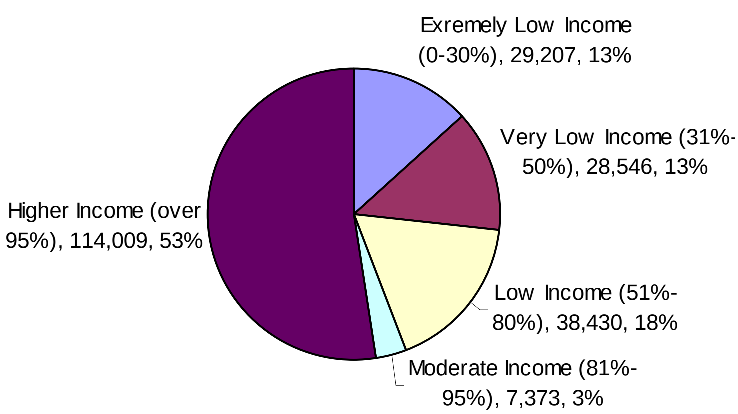
Region 13 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	704,318		3.4%
Persons with Disabilities	128,000	18.2%	3.6%
Elderly Persons (without disabilities)	35,421	5.0%	3.3%
Individuals in Poverty	165,122	23.4%	5.3%

Source: 2000 Census

Approximately 92 percent of the region population lives in the urban area of El Paso.

Region 13 Household Income



The pie chart to the left depicts the income breakdown of the 216,861 households in the region. Approximately 44 percent of households are low income. There are 165,122, or 23.4 percent, individuals living in poverty in the region. The 2007 Multiple Listing Service data records the median home price for El Paso as $138,900.[46]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 128,000 persons with disabilities residing in the region, which is 18.2 percent of the total region population. In addition, there are 35,421 elderly individuals without disabilities in the region, which is 5.0 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[47] but figures vary. According to the 2000 Census, there are 1,022 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 356 homeless people in El Paso.

[46] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 16, 2007).
[47] Texas Interagency Council for the Homeless, "Key Facts."

HOUSING SUPPLY

According to 2000 Census data, of the 236,572 housing units in the region, 219,261 are occupied, which is a 92.7percent occupancy rate. Of the total housing stock, 68 percent are one unit; 23 percent are over two units; 8 percent are mobile homes; and the rest are boats and RVs. Approximately 63.8 percent are owner occupied and 36.2 percent are occupied by renters.

Region 13 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	236,572		2.9%
Total Occupied Housing Units	219,261	92.7%	3.0%
Owner-Occupied Units	139,842	63.8%	3.0%
Renter-Occupied Units	79,419	36.2%	3.0%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 216,861 households in the region, 81,248 owners and renters have housing problems; this represents 37.5 percent of all households.

Region 13 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	22,151	8,941	7,159	4,652	1,399
Lacking Kitchen and/or Plumbing	1,679	470	539	297	24
Overcrowding	15,170	4,214	3,728	3,575	3,653
Owner Households					
Extreme Cost Burden	26,451	6,254	5,872	7,268	7,057
Lacking Kitchen and/or Plumbing	1,879	366	411	523	84
Overcrowding	13,918	1,296	2,037	3,263	7,322
Total	81,248	32,497	19,746	19,578	19,539

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 47 percent indicated that housing assistance was their first priority need, with 0 percent ranking energy assistance as their priority need. Approximately 20 percent of respondents indicated that the development of apartments was the first priority need, 13 percent indicated that capacity building assistance was their top need, and 20 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 41 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 46 percent indicated that their community's greatest need was the construction of new rental units, while 12 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 52 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 24 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 13 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,502	23.0%	2.4%
HUD Units	2,395	12.3%	2.3%
PHA Units	6,228	31.9%	11.3%
Section 8 Vouchers	6,117	31.3%	4.2%
USDA Units	298	1.5%	1.1%
HFC Units*	689		
Total	19,540	100.0%	3.8%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units, and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGIONAL PLANS SUMMARY

This section summarizes the information from the regional plans in the previous section.

POPULATION CHARACTERISTICS

The most populous regions of the state according to the 2000 Census are Regions 3 and 6, together representing almost 50 percent of the state. Regions 3, 6, 7, and 11 are the fastest growing regions.

Population and Poverty, 2000

Service Region	Population 2000 Census	Percent of State's Population	Population Estimate Jan 1, 2007	Percent Change 2000 to 2007	Persons in Poverty	Percent of State Poverty Total	Population for whom Poverty Status is Determined	Percent of Regional Population in Poverty
1	780,733	3.7%	803,319	2.9%	122,991	3.9%	748,227	16.4%
2	549,267	2.6%	548,496	-0.1%	77,647	2.5%	514,399	15.1%
3	5,487,477	26.3%	6,451,517	17.6%	588,688	18.9%	5,389,443	10.9%
4	1,015,648	4.9%	1,084,491	6.8%	152,036	4.9%	971,222	15.7%
5	740,952	3.6%	750,261	1.3%	120,585	3.9%	705,774	17.1%
6	4,854,454	23.3%	5,734,497	18.1%	656,239	21.0%	4,763,150	13.8%
7	1,346,833	6.5%	1,660,876	23.3%	145,060	4.7%	1,310,221	11.1%
8	963,139	4.6%	1,046,000	8.6%	149,480	4.8%	897,160	16.7%
9	1,807,868	8.7%	2,070,722	14.5%	267,118	8.6%	1,759,653	15.2%
10	732,917	3.5%	748,032	2.1%	132,214	4.2%	708,646	18.7%
11	1,343,330	6.4%	1,620,621	20.6%	455,366	14.6%	1,324,854	34.4%
12	524,884	2.5%	537,846	2.5%	85,063	2.7%	503,813	16.9%
13	704,318	3.4%	777,528	10.4%	165,122	5.3%	690,738	23.9%
State	20,851,820	100%	23,834,206	12.5%	3,117,609	100.0%	20,287,300	15.4%

Source: 2000 US Census and Texas State Data Center

The table below provides information on the income breakdowns of households in each region.

Households and Income, 2000

Service Region	Total Households	Extremely Low Income (0% to 30% AMFI)	Very Low Income (31% to 50% AMFI)	Low Income (51% to 80% AMFI)	Moderate Income (81% to 95% AMFI)	Higher Income (over 95% AMFI)
1	288,273	36,433	34,684	53,087	20,604	143,475
2	206,459	23,690	26,096	37,041	15,491	104,169
3	1,988,135	216,675	207,946	361,581	165,946	1,043,156
4	380,765	47,359	45,345	64,823	28,943	194,299
5	274,543	38,575	32,704	45,851	19,222	138,364
6	1,691,811	209,127	186,994	284,820	131,907	881,944
7	509,798	60,766	54,465	92,250	44,650	257,667
8	343,856	46,423	39,537	59,780	26,911	171,721
9	635,280	73,161	69,347	109,133	49,283	334,532
10	255,493	33,862	30,725	42,309	16,854	131,811
11	377,276	73,326	62,736	71,481	199	169,566
12	188,921	22,798	23,084	33,409	13,680	95,995
13	216,861	29,207	28,546	38,430	7,373	114,009
State	7,357,471	911,402	842,209	1,293,995	541,063	3,780,708

Source: CHAS Database

HOUSING SUPPLY

Of the state's housing stock, regions 1 and 2 have the highest percentage of one-unit housing; Regions 3, 6, and 7 have the highest levels of multifamily housing.

Housing Stock by Region, 2000

Service Region	Housing Units	One Unit	2 to 19 Units	Over 20 Units	Mobile Homes	Boats, RVs
1	322,045	240,418	30,163	20,997	29,683	784
		74.7%	9.4%	6.5%	9.2%	0.2%
2	243,506	186,932	21,599	7,974	25,365	1,636
		76.8%	8.9%	3.3%	10.4%	0.7%
3	2,140,641	1,373,780	385,269	259,402	118,078	4,112
		64.2%	18.0%	12.1%	5.5%	0.2%
4	434,792	307,802	32,153	13,754	78,312	2,771
		70.8%	7.4%	3.2%	18.0%	0.6%
5	325,047	225,213	23,868	12,709	60,328	2,929
		69.3%	7.3%	3.9%	18.6%	0.9%
6	1,853,854	1,175,460	265,188	293,889	115,535	3,782
		63.4%	14.3%	15.9%	6.2%	0.2%
7	545,761	339,272	96,402	66,390	41,991	1,706
		62.2%	17.7%	12.2%	7.7%	0.3%
8	387,627	259,909	58,646	19,960	47,492	1,620
		67.1%	15.1%	5.1%	12.3%	0.4%
9	689,862	476,751	101,504	52,139	57,339	2,129
		69.1%	14.7%	7.6%	8.3%	0.3%
10	298,494	212,067	36,198	17,165	30,936	2,128
		71.0%	12.1%	5.8%	10.4%	0.7%
11	457,406	303,046	45,937	18,112	80,947	9,364
		66.3%	10.0%	4.0%	17.7%	2.0%
12	221,968	159,092	21,931	13,796	26,240	909
		71.7%	9.9%	6.2%	11.8%	0.4%
13	236,572	161,168	32,741	22,814	19,406	443
		68.1%	13.8%	9.6%	8.2%	0.2%
State	8,157,575	5,420,910	1,151,599	819,101	731,652	34,313
		66.5%	14.1%	10.0%	9.0%	0.4%

Source: 2000 US Census

The homeownership rate for the State is 63.8 percent. The region with the lowest percentage of homeowners is Region 7 with 59.8 percent. The region with the highest percentage of homeowners is Region 4 with 73.8 percent.

Housing Units by Occupancy, 2000

Service Region	Total Tenure	Owner Occupied Number	Owner Occupied Percent	Renter Occupied Number	Renter Occupied Percent
1	288,175	191,161	66.3%	97,014	33.7%
2	206,388	142,603	69.1%	63,785	30.9%
3	2,004,826	1,220,939	60.9%	783,887	39.1%
4	380,468	280,896	73.8%	99,572	26.2%
5	275,233	201,971	73.4%	73,262	26.6%
6	1,702,792	1,037,371	60.9%	665,421	39.1%
7	510,555	305,294	59.8%	205,261	40.2%
8	344,575	210,882	61.2%	133,693	38.8%
9	636,796	414,009	65.0%	222,787	35.0%
10	256,428	171,319	66.8%	85,109	33.2%
11	378,275	267,716	70.8%	110,559	29.2%
12	189,582	132,956	70.1%	56,626	29.9%
13	219,261	139,842	63.8%	79,419	36.2%
State	7,393,354	4,716,959	63.8%	2,676,395	36.2%

Source: 2000 US Census

NEED INDICATORS

The chart below shows the number of renter households with cost burden greater than 30 percent by income group. The highest numbers of very low income households with extreme cost burden are found in Region 3 with a total of 206,011 households and Region 6 with 168,355 households.

Number of Renter Households with Extreme Cost Burden by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	29,555	14,026	9,256	5,092	636	545
2	16,557	7,546	5,753	2,699	263	296
3	206,011	78,911	67,156	48,746	5,773	5,425
4	27,100	12,500	9,142	4,443	606	409
5	21,116	10,733	6,894	2,890	254	345
6	168,355	71,699	55,967	31,103	4,751	4,835
7	68,118	27,648	21,497	15,700	1,808	1,465
8	42,797	20,028	12,657	8,285	1,123	704
9	62,012	24,095	19,495	14,458	1,834	2,130
10	23,006	9,258	7,433	4,896	744	675
11	25,023	13,381	7,343	3,335	0	964
12	14,243	6,874	4,782	2,151	223	213
13	22,151	8,941	7,159	4,652	270	1,129
State	726,044	305,640	234,534	148,450	18,285	19,135

Source: CHAS Database

The number of rental units lacking complete plumbing and/or kitchen facilities is one of the indicators of housing need that does not follow the pattern of population. Regions 3 and 6 have the highest number of units lacking facilities and are also the regions with the highest number of renter households. Region 11, however, is ranked sixth in terms of renter population and third in number of renter units lacking kitchen and/or plumbing facilities.

Number of Renter Units Lacking Kitchen and/or Plumbing by Affordability Category, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,264	553	322	301	88
2	799	330	161	237	71
3	7,977	2,968	2,087	2,247	675
4	1,647	724	425	363	135
5	1,195	549	300	270	76
6	7,646	3,228	1,892	2,034	492
7	2,482	1,170	562	565	185
8	1,402	601	354	355	92
9	2,613	1,137	484	751	241
10	1,164	513	234	355	62
11	4,209	2,474	1,099	636	0
12	836	355	253	204	24
13	1,330	470	539	297	24
State	34,564	15,072	8,712	8,615	2,165

Source: CHAS Database

The table below shows the number of overcrowded owner households by income group. Regions 3 and 6, the most populous regions in the state, have the highest number of overcrowded households. Region 11, sixth in population, ranks third in number of overcrowded renter households.

Number of Overcrowded Renter Households by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,294	2,037	2,029	2,602	639	1,987
2	3,906	867	694	1,181	283	881
3	114,914	26,062	25,691	30,470	9,536	23,155
4	8,851	1,951	1,688	2,215	874	2,123
5	6,868	1,988	1,246	1,477	534	1,623
6	117,586	29,482	27,886	30,141	8,837	21,240
7	22,581	5,433	5,070	5,645	1,895	4,538
8	12,409	2,903	2,232	3,502	1,089	2,683
9	28,877	7,296	6,160	7,359	2,039	6,023
10	10,429	3,082	2,112	2,289	643	2,303
11	31,457	11,542	7,321	6,233	0	6,361
12	5,372	1,392	983	1,364	566	1,067
13	15,170	4,214	3,728	3,575	511	3,142
State	387,714	98,249	86,840	98,053	27,446	77,126

Source: CHAS Database

The table below shows the number of owner households with housing cost burden of over 30 percent of income. Regions 3 and 6, the most populous regions, have the highest number of very low income households with extreme cost burden.

Number of Owner Households with Extreme Housing Cost Burden by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	28,912	8,542	7,021	6,944	1,748	4,657
2	22,471	6,744	5,894	4,902	1,555	3,376
3	216,038	50,064	41,410	55,310	19,764	49,490
4	49,419	15,358	11,379	11,530	3,628	7,524
5	32,849	11,845	7,609	7,044	1,990	4,361
6	173,411	44,640	34,996	42,008	13,606	38,161
7	56,638	11,452	10,018	16,282	6,004	12,882
8	36,129	9,754	7,763	9,069	3,088	6,455
9	71,630	17,316	14,240	17,201	6,436	16,437
10	28,552	8,706	6,387	6,181	1,854	5,424
11	43,599	15,558	10,747	8,961	63	8,270
12	20,719	6,228	5,142	4,727	1,407	3,215
13	26,451	6,254	5,872	7,268	1,120	5,937
State	806,818	212,461	168,478	197,427	62,263	166,189

Source: CHAS Database

The table below shows the number of owner units that are lacking kitchen and/or plumbing facilities. Region 11, with the sixth highest number of owner households, has the highest number of physically inadequate owner housing units. Region 6, the second most populous region, has the second highest number of units lacking kitchen and/or plumbing facilities.

Number of Owner Units Lacking Kitchen and/or Plumbing, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,154	228	163	224	85
2	919	253	158	170	60
3	6,044	1,373	850	1,214	487
4	2,742	775	439	508	187
5	1,876	555	250	367	90
6	6,691	1,650	983	1,279	410
7	2,013	519	291	423	110
8	1,798	477	346	331	112
9	3,270	713	667	624	297
10	1,783	588	407	323	66
11	8,043	3,043	2,045	1,585	0
12	1,138	265	223	264	64
13	1,879	366	411	523	84
State	39,350	10,805	7,233	7,835	2,052

Source: CHAS Database

The table below shows that Region 6 has the highest number of overcrowded owner households.

Number of Overcrowded Owner Households by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,245	897	1,223	2,399	966	3,760
2	4,325	411	558	1,159	443	1,754
3	57,504	5,876	9,070	16,460	6527	19,571
4	10,259	1,233	1,477	2,496	1116	3,937
5	8,491	925	970	1,991	949	3,656
6	66,212	7,391	10,243	18,303	7269	23,006
7	12,315	1,038	2,055	3,503	1459	4,260
8	8,900	741	1,055	2,293	942	3,869
9	25,439	2,644	4,107	6,555	3171	8,962
10	10,929	1,235	1,563	2,421	1000	4,710
11	48,736	8,375	9,672	12,299	20	18,370
12	7,320	752	1,186	2,243	605	2,534
13	13,918	1,296	2,037	3,263	707	6,615
State	283,593	32,814	45,216	75,385	25,174	105,004

Source: CHAS Database

The total number of households in poverty, elderly and non-elderly, is one of the need indicators for some of the Department’s community service activities. Regions 3, 6, and 11 have the highest numbers of poverty households.

Number of Households in Poverty, 2000

Service Region	Number of Elderly Poverty Households	Percent of State's Elderly Poverty Households	Number of Non-Elderly Poverty Households	% of State's Non-Elderly Poverty Households	Total Number of Poverty Households	Percent of State's Poverty Households
1	8,897	4.6%	37,710	4.5%	46,607	4.5%
2	8,100	4.2%	23,414	2.8%	31,514	3.0%
3	32,129	16.6%	165,495	19.7%	197,624	19.1%
4	15,592	8.1%	43,499	5.2%	59,091	5.7%
5	11,148	5.8%	36,076	4.3%	47,224	4.6%
6	32,192	16.7%	179,586	21.4%	211,778	20.5%
7	6,601	3.4%	46,549	5.5%	53,150	5.1%
8	10,531	5.4%	47,640	5.7%	58,171	5.6%
9	17,887	9.3%	70,207	8.4%	88,094	8.5%
10	10,783	5.6%	34,422	4.1%	45,205	4.4%
11	23,614	12.2%	93,382	11.1%	116,996	11.3%
12	6,744	3.5%	24,217	2.9%	30,961	3.0%
13	9,083	4.7%	38,561	4.6%	47,644	4.6%
State	193,301	100.0%	840,758	100.0%	1,034,059	100.0%

Source: 2000 Census

ASSISTED HOUSING INVENTORY

The following table shows the number of multifamily units in the state financed through state and federal sources according to region. Please see the "Assisted Housing Inventory" under "State of Texas" for data explanations.

Assisted Multifamily Units

Region	TDHCA Units	HUD Units	PHA Units	Section 8 Vouchers	USDA Units	HFC units*	Total Assisted Units
1	4,834	3,451	1,304	5,679	1,676	1,577	16,944
2	3,039	1,979	3,026	3,009	1,925	280	12,978
3	58,600	28,032	8,485	43,833	4,076	20,744	143,026
4	5,367	3,577	2,252	5,988	3,872	1,160	21,056
5	5,289	4,134	2,368	7,598	1,443	1,160	20,832
6	51,528	27,284	5,138	21,884	3,484	38,125	109,318
7	16,398	5,032	3,506	8,053	1,477	8,276	34,466
8	5,906	4,178	2,780	7,621	2,820	304	23,305
9	15,455	12,080	7,458	15,046	1,007	22,382	51,046
10	4,718	4,236	4,459	3,977	1,619	968	19,009
11	9,202	4,208	6,949	13,553	2,003	312	35,915
12	3,269	1,763	1,145	3,058	735	24	9,970
13	4,502	2,395	6,228	6,117	298	689	19,540
State	188,107	102,349	55,098	145,416	26,435	96,001	517,405

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

SECTION 4: ACTION PLAN

In response to the housing needs identified in the previous section, this plan outlines TDHCA's course of action designed to meet those underserved housing needs. This section discusses the following:

- Policy Focuses
- Program Plans
- TDHCA Allocation Plans
- TDHCA Goals and Objectives

FAIR HOUSING

Through program requirements and compliance monitoring, TDHCA works to ensure that housing programs benefit individuals without regard to race, ethnicity, sex, or national origin, as outlined in 10 TAC 1.60. Complaints involving all forms of housing discrimination are also referred to the Texas Workforce Commission Human Rights Division, which oversees the Texas Fair Housing Act. Additionally, it is the policy of TDHCA to not require its nonprofit recipients of funds to verify, as a condition of receiving federal funds, the citizenship or immigration status of applicants for funds. This policy is subject to change if the US Department of Housing and Urban Development revises its policy. This policy does not apply to the Section 8 Housing Choice Voucher Program.

The Texas Fair Housing Act of 1989 enables the State to remedy discriminatory public policies affecting housing affordability and access. The Act prohibits discrimination against individuals in their pursuit of homeownership or rental housing opportunities based on race, color, national origin, sex, religion, familial status, and physical or mental handicaps. Recent state activities or current objectives relating to fair housing are discussed below:

- Comply with the Texas Fair Housing Act in TDHCA administered programs.
- Coordinate fair housing efforts with the Texas Workforce Commission, Human Rights Division, which was created under the Texas Fair Housing Act to directly address public grievances related to fair housing.
- Section 8 Admittance Policy: The policy adopted by the TDHCA Board is a follows:
  - Managers and owners of HTC properties are prohibited from having policies, practices, procedures and/or screening criteria that have the effect of excluding applicants because they have a Section 8 voucher or certificate.
  - The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
  - Any violation of program requirements relative to this policy will also impact the Owner's ability to participate in future TDHCA programs.

POLICY PRIORITIES

This section describes policies TDHCA will use to address specific types of housing need in each uniform state service region, including meeting the underserved needs of extremely low income households, the homeless, persons with disabilities, and other special needs populations. This section also discusses rural needs, energy efficiency, and lead-based paint.

EXTREMELY LOW INCOME INDIVIDUALS AND HOUSEHOLDS

While one of the Department's charges is to serve the State's populations from extremely low income to moderate income, funding priority is given to those populations that are most in need of services: low, very low, and extremely low income individuals and households. Additionally, the Texas Legislature, through 2006-2007 Appropriations Act Rider 4 (Rider 5 in the 2008-2009 Appropriations Act), specifically calls upon TDHCA to focus funding toward individuals and families that are earning less than 60 percent of the area median family income. This rider directs TDHCA to apply $30,000,000 annually towards assisting extremely low income households; and no less than 20 percent of the Department's total housing funds towards assisting very low income households. TDHCA works to meet these goals, by providing incentives for applicants to set aside units for very low and extremely low income households.

The data presented in the Housing Analysis section of this report shows that households with lower incomes have higher incidences of housing problems. There are minimal differences between the incidences of housing problems between the two lowest income groups (0-30 percent and 31-50 percent of median income). While incidences of housing problems for these two groups are significantly higher than those of the other low income group, households with incomes at 51-80 percent of median income have significant needs as well. Therefore, households at 0-80 percent of median income have been given higher priority than households above 80 percent of median income. This prioritization will allow the State to target resources to those households most in need, regardless of household type.

Poverty

According to the 2000 US Census, Texas has the ninth highest poverty rate among the states: 15.4 percent compared to the national rate of 12.4 percent. The US Department of Health and Human Services defines the 2007 poverty guideline as $20,650 in income for a family of four,[49] and many poor families make substantially less than this. Poverty can be self-perpetuating, creating barriers to education, health, and the financial stability provided by homeownership.

TDHCA has an important role in addressing Texas poverty. The Department seeks to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means (1) trying to provide long-term solutions to the problems facing people in poverty and (2) targeting resources to those with the greatest need. The Department provides low income persons with energy, emergency, and housing assistance to meet the basic necessities.

An asset development approach to addressing poverty emphasizes the use of public assistance to facilitate long-term investments rather than incremental increases in income. In housing, this can mean gaining equity through homeownership. Several of TDHCA programs introduce the option of homeownership to lower income populations: the HOME Program offers down payment assistance and closing cost assistance, and the Single Family Bond Program offers below-market-rate loans.

Programs administered through TDHCA's Office of Colonia Initiatives (OCI) can be instrumental in creating self sufficiency in the colonias. OCI coordinates programs that improve the living conditions of

[49] US Department of Health and Human Services, "The 2005 HHS Poverty Guidelines," http://aspe.hhs.gov/poverty/05poverty.shtml (accessed July 28, 2006).

the state's colonias. The Texas Bootstrap Loan program provides loans for self-help housing initiatives; the Contract for Deed Conversion Initiative facilitates homeownership by converting contracts for deed into traditional mortgages; the Colonia Model Subdivision Program provides loans to develop residential subdivisions as alternatives to colonias; and the Colonia Self-Help Centers provide outreach, education, and technical assistance to colonia residents.

SPECIAL NEEDS POPULATIONS

According to HUD, in addition to the homeless, special needs populations include persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, and public housing residents. TDHCA also considers colonia residents and migrant farmworkers as special needs populations.

The following sections describe each type of special need and actions taken by TDHCA to try to address the specific issues of the different special needs groups.

HOMELESS POPULATIONS

The Stewart B. McKinney Homeless Assistance Act of 1987, the legislation that created a series of homeless assistance programs, defined the term "homeless." The following definition is used by the US Department of Housing and Urban Development (HUD) and all other federal agencies responsible for administering McKinney programs:

The term "homeless" or "homeless individual" includes

- an individual who lacks a fixed, regular, and adequate night time residence; or
- an individual who has a primary nighttime residency that is
    - a supervised publicly or privately-operated shelter designed to provide temporary living accommodations;
    - an institution that provides a temporary residence for individuals intended to be institutionalized; or
    - a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Estimates of homeless populations vary widely. The migratory nature of the homeless population, the stigma associated with homelessness, and the fact that many homeless individuals lack basic documentation all contribute to the difficulty of making an accurate count. Most homeless counts are "point in time" estimates, which do not capture the revolving-door phenomenon of persons moving in and out of shelters over time. Furthermore, the homeless population can be classified into three categories: literally homeless, which describes those who have no permanent residence and stay in shelters or public places; marginally homeless, which includes those who live temporarily with other people and have no prospects for housing; and people at risk of homelessness. People at risk of homelessness generally have incomes below the poverty level, rely on utility and rental assistance, and may be unable to absorb unexpected events such as the loss of a job or serious illness.

[68] Technical Assistance Collaborative Inc. and Consortium for Citizens with Disabilities Housing Task Force, *Priced Out in 2004*, by Ann O'Hara and Emily Cooper (Boston, MA: Technical Assistance Collaborative Inc., August 2005), 37,

Specific Strategies for Meeting Homeless Needs

The following TDCHA activities are targeted to meet the needs of homeless populations.

Emergency Shelter Grants Program

Through the Emergency Shelter Grants Program (ESGP), TDHCA funds organizations that provide shelter and related services for homeless persons, as well as intervention services to persons threatened with homelessness. Activities include renovating buildings for use as shelters; medical and psychological counseling; assistance in obtaining permanent housing; and homeless prevention services, such as rent and utility assistance. For 2007, TDHCA anticipates that it will receive $5,076,683 in funding to address homelessness, and disperses those funds according to a regional allocation formula based on the poverty percentage of each uniform state service region. Demonstrating the need for homeless shelter and services, for the 2006 ESGP application cycle, the Department received 123 applications and was able to fund only 76.

Community Services Block Grant Program

TDHCA provides administrative support funds to community action agencies (CAAs) that offer emergency and poverty-related programs to lower income persons. CAA services include child care, health and human services, job training, migrant farmworker assistance, nutrition services, and emergency assistance. These services can be instrumental in preventing homelessness in the lowest income populations.

HTC Program

The HTC Program (HTC) is a multifamily program that encourages the development of affordable multifamily housing. In addition to the construction, acquisition, and/or rehabilitation of new, existing, at-risk, and rural housing, this program can also be used to develop transitional housing. TDHCA gives scoring preferences for special needs activities, including transitional housing.

Texas Interagency Council for the Homeless

The Texas Interagency Council for the Homeless (TICH) was created in 1989 to coordinate the State's homeless resources and services. TICH consists of representatives from all state agencies that serve the homeless. The council receives no funding and has no full-time staff, but receives clerical and advisory support from TDHCA. The council holds public hearings in various parts of the state to gather information useful to its members in administering programs. The Council's major functions include:

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among separate providers and appropriate authorities;
- providing technical assistance to TDHCA in assessing the need for housing for people with special needs;
- developing, in coordination with TDHCA and the Health and Human Services Commission, a strategic plan to address the needs of the homeless;
- maintaining a central resource and information center for the homeless.

PERSONS WITH DISABILITIES

According to the 2000 US Census, there are approximately 3,605,542 disabled, civilian, non-institutionalized persons over the age of five (or approximately 19 percent of total population) in Texas. Of this figure, 663,300 have a sensory disability (severe vision or hearing impairment), 1,428,580 have a physical disability (condition that substantially limits a physical activity such as walking or carrying), 816,185 have a mental disability (learning or remembering impairment), 487,120 have a self-care disability (dressing, bathing, or getting around inside the home), 1,359,848 have a "going outside the home disability," and 1,651,821 have an employment disability.

Housing opportunities for people with disabilities may be complicated by low incomes. The 2000 census estimates that 553,934 disabled individuals over age five live below the poverty level in Texas. Many people with disabilities may be unable to work, and receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits as their principal source of income. According to Priced Out in 2004, an SSI recipient would have to pay an average of 102.7percent (calculated as $569) of his or her $564 monthly payment to rent a one-bedroom apartment in Texas.[68] According to the HUD definition of affordability that estimates that a household should pay no more than 30 percent of its income on housing expenses, an SSI recipient can afford a monthly rent of no more than $169.

The Olmstead Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the Americans with Disabilities Act (ADA). Furthermore, the Fair Housing Act, Section 504 of the Rehabilitation Act, ADA, and Section 2306.514 of the Texas Government Code all provide mandates for accessible residential housing for persons with disabilities. Housing developers may choose to provide "adaptive design" or "universal access" housing, which promotes basic, uniform standards in the design, construction, and alteration of structures that include accessibility or simple modification for disabled individuals. While an "adaptable" unit may not be fully accessible at time of occupancy, it can easily and inexpensively be modified to meet the needs of any resident. Another option is to equip homes with special features designed for persons with disabilities, including ramps, extra-wide doors and hallways, hand rails and grab bars, raised toilets, and special door levers.

Advocates for the elderly and persons with disabilities continue to stress that the primary goal of these populations is to live independently and remain in their own homes. Access to rehabilitation funds for single family housing—to perform minor physical modifications such as extra handrails, grab bars, wheelchair-accessible bathrooms, and ramps, thus making existing units livable and providing a cost-effective and consumer-driven alternative to institutionalization—was considered as a priority. Likewise, the availability of rental vouchers that provide options beyond institutional settings was found to be a high priority.

The following TDHCA activities are targeted to meeting the needs of persons with disabilities.

Disability Advisory Workgroup

TDHCA has found that directly involving program beneficiary representatives, community advocates, and potential applicants for funding in the process of crafting its policies and rules is extremely helpful. This process is often done through a "working group" format. The working groups provide an opportunity for staff to interact with various program stakeholders in a more informal environment than that provided by the formal public comment process. TDHCA has actively maintained a "Disability Advisory Workgroup" which provides ongoing guidance to the Executive Director on how TDHCA's programs can most effectively serve persons with disabilities.

Promoting Independence Advisory Committee

With the advent of the *Olmstead* decision, the Health and Human Services Commission (HHSC) initiated the Promoting Independence Initiative and appointed the Promoting Independence Advisory Board, as directed by then-Governor George Bush's Executive Order GWB 99-2. Governor Rick Perry's Executive Order RP 13 complements GWB 99-2. Now known as the Promoting Independence Advisory Committee, the PIAC assists the Health and Human Services Commission in creating the State's response to the *Olmstead* decision through the biannual Promoting Independence Plan. This plan highlights the State's efforts to assist those individuals desirous of community placement, appropriate for community placement as determined by the state's treatment professionals, and who do not constitute a fundamental alteration in the state's services, to live in the community. TDHCA participates in PIAC meetings and is a member of the Housing subcommittee.

Project Access

TDHCA has taken a leadership role in the provision of funding for rental assistance to address the housing needs of persons seeking community-based alternatives to institutionalization. In 2002, TDHCA received 35 Section 8 Housing Choice rental vouchers to administer to the Olmstead population as part of a national pilot called "Project Access."

Integrated Housing Rule

An issue of particular concern for advocates for persons with disabilities involved the Department's policies related to integrated housing. Integrated housing, as defined by SB 367 and passed by the 77th Texas Legislature, is "housing in which a person with a disability resides or may reside that is found in the community but that is not exclusively occupied by persons with disabilities and their care providers." The Department, with the assistance of the TDHCA Disability Advisory Workgroup, developed an integrated housing rule to address this concern. The Integrated Housing Rule for use by all Department housing programs, is found at 10 TAC 1.15 and is summarized as follows

- A housing development may not restrict occupancy solely to people with disabilities or people with disabilities in combination with other special needs populations.
- Large housing developments (50 units or more) shall provide no more than 18 percent of the units of the development set aside exclusively for people with disabilities. The units must be dispersed throughout the development.
- Small housing developments (less than 50 units) shall provide no more than 36 percent of the units of the development set aside exclusively for people with disabilities. These units must be dispersed throughout the development.
- Set-aside percentages outlined above refer only to the units that are to be solely restricted for persons with disabilities. This section does not prohibit a property from having a higher percentage of occupants that are disabled.
- Property owners may not market a housing development entirely, nor limit occupancy to, persons with disabilities.

Exceptions to the above rule include (1) scattered site development and tenant-based rental assistance is exempt from the requirements of this section; (2) transitional housing that is time-limited with a clear and convincing plan for permanent integrated housing upon exit from the transitional situation; (3) housing developments designed exclusively for the elderly: (4) housing developments designed for other special needs populations; and (5) Board waivers of this rule to further the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause.

HOME Program

As established in Section 2306.111(c) of the Texas Government Code shown below and subject to the submission of qualified applications, 5 percent of the annual HOME Program allocation shall be allocated for applications serving persons with disabilities living in any part of the state.

Additionally, in accordance with 10 TAC 53, applicants applying for HOME funds under the Tenant-Based Rental Assistance programs should propose targeting at least 5 percent of the number of units proposed in the application, to persons who meet the definition of persons with disabilities.

HTC, HTF and Multifamily Bond Programs

HTC, HTF and Multifamily Bond developments that are new construction must conform to Section 504 standards, which require that at least 5 percent of the development's units be accessible for persons with physical disabilities and at least 2 percent of the units be accessible for persons with hearing and visual impairments.

Comprehensive Energy Assistance and Weatherization Assistance Programs

Priority for assistance through these programs is given to the elderly, persons with disabilities, and families with young children; households with the highest energy costs in relation to income; and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

ELDERLY POPULATIONS

According to the 2000 US Census, 9.9 percent (approximately 2 million) of people in Texas are 65 years of age or older. The State of Texas Senior Housing Assessment found that 91 percent of survey respondents expressed a desire to stay in their own homes as long as possible, and two-thirds believed that they would always live in their homes.[73] Of all elderly households nationwide, 73 percent owned their own homes free and clear.[74] However, elderly homeowners generally live in older homes than the majority of the population; the median year of construction for homes owned by elderly households was 1965 and 5.3 percent had physical problems.[75] Due to their age, homes owned by the elderly are often in need of repair and weatherization.

Owner-occupied housing assistance through the HOME Program provides funds for the repair and rehabilitation of homes owned by very low income households in mainly rural areas of the state, many of the assisted households are elderly. The Department's weatherization and utility assistance programs give preference to the elderly, persons with disabilities, and families with young children.

ALCOHOL AND DRUG ADDICTION

The Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services (DSHS), estimated that approximately 1.8 million, or 12 percent, of adults in Texas have an alcohol-related problem, another 227,000 have drug-related problems, and an additional 495,000

[73] Texas Department of Aging and Disability Services, *The State of Our State on Aging 2005* (Austin, TX: Texas Department of Aging and Disability Services, May 2005), 27, http://www.dads.state.tx.us/news_info/publications/studies/2005_sos_exec_summary.pdf (accessed July 28, 2006).
[74] US Department of Health and Human Services, *A Profile on Older Americans: 2005,* 11.
[75] US Department of Health and Human Services, *A Profile on Older Americans: 2005*, 11.

have both alcohol and drug-related problems.[77] Of the 56,858 total admissions to DSHS-funded treatment programs during 2005, admitted individuals were 58.3 percent male with an average age of 31.6, an average 11th grade education, and an average annual income of $5,753.[78] Furthermore, 22.4 percent were employed, 9.7 percent were homeless, 52.4 had family or marital problems, and 45 percent reported psychological and emotional problems. The population of persons with alcohol or other drug addiction is diverse and often overlaps with the mentally disabled or homeless populations.

Supportive housing programs needed for persons with alcohol and/or other drug addiction problems range from short-term, in-patient services to long-term, drug-free residential housing environments for recovering addicts. Better recovery results may be obtained by placing individuals in stable living environments.

PERSONS WITH HIV/AIDS

Human Immunodeficiency Virus, or HIV, is the virus that causes AIDS (Acquired Immunodeficiency Syndrome). HIV infects cells and attacks the immune system, which weakens the body and makes it especially susceptible to other infections and diseases. According to DSHS, in 2005, there were 56,012 reported persons living with HIV/AIDS in Texas.[79] The majority of these cases were located in Bexar, Dallas, Harris, Tarrant, and Travis Counties. Because of increased medical costs or the loss of the ability to work, people with HIV/AIDS may be at risk of losing their housing arrangements.

DSHS addresses the housing needs of AIDS patients through the Housing Opportunities for Persons with AIDS Program (HOPWA), which is a federal program funded by HUD. In Texas, HOPWA funds provide emergency housing assistance, which funds short-term rent, mortgage, and utility payments to prevent homelessness; and tenant-based rental assistance, which enables low income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing. In addition to the TDH statewide program, the cities of Austin, Dallas, Fort Worth, Houston, and San Antonio receive HOPWA funds directly from HUD.

PUBLIC HOUSING RESIDENTS

According to HUD data, there are 55,098 units of public housing and 145,416 Section 8 Housing Choice Vouchers in Texas.[80]

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

TDHCA has developed a strong relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials, which represent the public housing authorities of Texas. TDHCA has worked to promote programs that will repair substandard housing and develop additional affordable housing units.

---

[77] Texas Commission on Alcohol and Drug Abuse, *2000 Texas Survey of Substance Use Among Adults*, by Lynn Wallisch (Austin, TX: Texas Commission on Alcohol and Drug Abuse, July 2001), 29, http://www.tcada.state.tx.us/research/AdultHousehold.pdf (accessed July 28, 2006).

[78] Jane Carlisle Maxwell, Substance Abuse Trends in Texas: June 2006 (Austin, TX: Gulf Coast Addition Technology Transfer Center, June 2006), 21, http://www.utexas.edu/research/cswr/gcattc/Trends/trends606.pdf (accessed August 2, 2006).

[79] Texas Department of State Health Services, HIV/STD Epidemiology and Surveillance Branch, *Texas HIV/STD Surveillance Report: 2005 Annual Report* (Austin, TX: Texas Department of State Health Services), 3, http://www.dshs.state.tx.us/hivstd/stats/pdf/surv_2005.pdf (accessed August 2, 2006).

[80] HUD, “Public Housing Agency (HA) Profiles” http://www.hud.gov/offices/pih/systems/pic/haprofiles/index.cfm (accessed November 1, 2007).

Colonia Residents

According to Section 2306.581 of the Texas Government Code:

> "Colonia" means a geographic area located in a county some part of which is within 150 miles of the international border of this state, that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, and that
>
> - has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or
> - has the physical and economic characteristics of a colonia, as determined by the department.

The Texas Secretary of State reports that there are more than 2,294 Texas colonias with 400,000 residents.[81] Colonia residents are generally unskilled, lack a formal education, and do not have stable employment. The majority of colonia residents do fieldwork, construction work, or factory work, and the unemployment rate ranges from 20 to 60 percent.[83]

According to 2000 US Census data, colonias have a 75 percent homeownership rate. Despite this rate, however, colonia homes are inadequate; 4.9 percent of colonia dwellings lack kitchen facilities and 5.3 percent lack plumbing facilities. Some of these properties may have been purchased with contracts for deed, which are seller-financed transactions that do not transfer the title and ownership of the property to the buyer until the purchase price is paid in full.

The Office of Colonia Initiatives at TDHCA provides programs that assist colonia residents with their housing needs, including increased affordable housing opportunities, such as down payment assistance and low-interest-rate loans, homeowner education, construction education and assistance, owner-occupied home repair, access to adequate infrastructure, and the conversion of remaining contracts for deed to conventional mortgages.

Migrant Farmworkers

According to the US Department of Health and Human Services *Migrant and Seasonal Farmworker Enumeration Profiles Study*, a seasonal farmworker describes an individual whose principal employment (at least 51 percent of time) is in agriculture on a seasonal basis and who has been so employed within the preceding twenty-four months; a migrant farmworker meets the same definition, but establishes temporary housing for purposes of employment.[84] The US Department of Health and Human Services estimates that there are 362,724 migrant and seasonal farm workers and families residing in Texas.[85]

Farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and frequent mobility. Many of the small, rural communities where migrant workers may seek employment do not have the rental units available for the seasonal influx. Overcrowding and substandard housing are significant housing problems for farmworkers.[87] In addition,

---

[81] Texas Secretary of State, "Colonia FAQ's," http://www.sos.state.tx.us/border/colonias/faqs.shtml (accessed August 10, 2006).
[83] Texas Secretary of State, "Colonia FAQ's."
[84] US Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health Care, *Migrant and Seasonal Farmworker Enumeration Profiles Study: Texas*, by Alice Larson, Larson Assistance Services (Vashon Island, WA: Larson Assistance Services, September 2000), 2, http://bphc.hrsa.gov/migrant/Enumeration/final-tx.pdf (accessed August 09, 2006).
[85] US Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study,* 13–18.
[87] Christopher Holden. "Monograph no. 8: Housing" in *Migrant Health Issues* (Buda, TX: National Center for Farmworker Health Inc., October 2001), 40, http://www.ncfh.org/docs/08%20-%20housing.pdf (accessed August 9, 2006).

migrant workers may not be able to afford security deposits, pass credit checks, or commit to long-term leases.

In HB 1099, the 79th Texas Legislative Session transferred the license and inspection of migrant farmworker housing facilities from the Texas Health and Human Services Commission to TDHCA. Additionally, the bill directed TDHCA to complete a study on quantity, availability, need, and quality of migrant farm labor housing facilities in Texas, see http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#reports for a copy of the report.

RURAL NEEDS

As the migration of populations and industries continues to urban and suburban areas, the less-populous areas of the state are left with a dilapidated housing stock and households with lower incomes than their urban or suburban counterparts. According to HUD, for FY 2007, the median income for Texas metropolitan statistical areas is $54,800 compared to $41,800 for non-metro households.[88]

The Department works closely with several rural-based affordable housing organizations, private lenders, nonprofits, and units of local government in order to give funding priority to rural areas. It requires more effort to generate affordable housing activity in rural areas as the number of organizations available to assist with these activities is significantly fewer. With this in mind, the Department has developed specific strategies to address the needs of the rural populations of the state, which include rural allocations for housing program funds, prioritization of activities that are most needed in rural areas, and increasing awareness of TDHCA programs in rural areas.

With the exception of the 5 percent of the annual HOME Program allocation which shall be allocated for applicants serving persons with disabilities in any area of the state (as required by Section 2306.111(c) of the Texas Government Code), the TDHCA HOME funds primarily serve persons in rural areas. Participating jurisdictions are those large metropolitan counties and places that receive their HOME funds directly from HUD.

Section 2306.111(d) of the Texas Government Code requires that the TDHCA Regional Allocation Formula consider rural and urban areas in its distribution of program funding. Because of this, allocations for the HTC and HOME programs in allocated by rural and urban areas within each region. Additionally, the HTC Regional Allocation Formula provides for a minimum of $500,000 rural allocation in each uniform state service region and a minimum of 20 percent of the state's tax credit amount is reserved for rural areas.

TDHCA and the Office of Rural Community Affairs (ORCA) administer the HTC Program rural regional allocation. ORCA assists in developing all thresholds, scoring, and underwriting criteria for rural regional allocation, and must approve the criteria. ORCA also participates in the evaluation and site inspection of rural developments proposed under the rural allocation.

The TDHCA Section 8 Housing Choice Voucher Program specifically serves households in small cities and rural communities that are not served by similar local or regional housing voucher programs.

ENERGY EFFICIENCY

Energy and water costs are often the largest single housing expense after food and shelter for lower income families. Utility costs typically represent 13 to 44 percent of lower income annual gross incomes and can account for nearly one-fourth of total housing costs. Proper use of existing technologies and

[88] HUD, "Estimated Median Family Incomes for FY 2006," http://www.huduser.org/datasets/il/il06/MedianNotice_2006.pdf (accessed July 28, 2006).

management practices can reduce these utility costs significantly at a relatively low initial cost, thereby greatly increasing housing affordability for low and moderate income families.

The Department encourages, in each uniform state service region, energy efficiency in the construction of affordable housing by offering training, workshops, conferences, and other opportunities to learn about energy efficiency construction, and by encouraging applicants for Department programs to consider energy efficiency in their developments.

The HTC and HOME Programs require applicants for multifamily developments to adhere to the statewide energy code and provide Energy Star Rated appliance. The HTC Program also gives points for the use of energy-efficient alternative construction materials including R-15 wall and R-30 ceiling insulation, structurally insulated panels, and 14 SEER (seasonal energy efficiency ratio) cooling units.

The Weatherization Assistance Program allocates funding regionally, to help households in each region control energy costs through the installation on weatherization measures and energy conservation education. Weatherization services include the installation of storm windows, attic and wall insulation, and weather-stripping and sealing.

LEAD-BASED PAINT

The Consumer Product Safety Commission banned the use of lead-based paint in housing in 1978. According to the 2000 Census, there are 3,344,406 housing units in Texas that were built before 1979, many of which potentially contain lead-based paint. Of these homes, 2,764,745 are occupied by low income households and 579,661 are occupied by moderate income households. According to the National Safety Council, approximately 38 million US homes contain lead paint.[89]

The HOME Program, administered by TDHCA, requires lead screening in housing built before 1978. Requirements for acquisition and tenant-based rental assistance activities are distribution of the pamphlet “Protect Your Family from Lead in Your Home” prior to receipt of assistance; notification to property owners within 15 days if a visual assessment observes chipping, peeling or flaking paint; and, if detected, the paint must be stabilized using safe work practices and clearance must be provided. Requirements for rehabilitation activities fall into three categories based on the amount of federal assistance.

[89] National Safety Council, “Lead Poisoning,” (December 2004) http://www.nsc.org/library/facts/lead.htm (accessed August 9, 2006).

DISASTER INITIATIVES

In the event of disasters TDHCA is committed to quickly, efficiently, and responsibly locating funds and developing programs and initiatives to assist affected households and communities. Below are descriptions of the disaster recovery initiatives the Department has developed.

Community Development Block Grant Disaster Recovery Funds

In August 2005, Hurricane Katrina made landfall in Louisiana, and then in September 2005, Hurricane Rita made landfall near Sabine Pass on the southeast Texas Gulf coast. Texas experienced an influx of evacuees from Louisiana escaping Hurricane Katrina, and over 75,000 homes in southeast Texas were severely damaged or destroyed as a result of Rita. According to the Federal Emergency Management Agency (FEMA), 640,968 Katrina and Rita applicants for assistance were residing in Texas as of February 1, 2006.

As the lead agency in partnership with ORCA, the city of Houston, Harris County, and southeast Texas, TDHCA is the administrator of two Community Development Block Grants (CDBG) for disaster recovery funding in Texas under the Department of Defense Appropriations Act, 2006, Public Laws 109-148 and 109-234.

Under Public Law 109-148, a total of $74.5 million was awarded to Texas to rebuild the southeast Texas region devastated by Hurricane Rita. In July 2006, the TDHCA Board approved awards to three councils of governments (COGs) in the region to rebuild damaged homes, and in August 2006 funds were awarded to four COGs that applied for the CDBG funds on behalf of cities, counties, and Indian tribes for infrastructure repairs. Of all funds awarded, 56.8 percent is dedicated to housing activities including home rehabilitation, reconstruction, and other eligible activities to help the residents of southeast Texas recover from this disaster.

In August 2006, under Public Law 109-234, HUD announced that Texas would receive an additional $428 million in CDBG disaster funding to promote long-term recovery in the areas affected by the disaster. The action plan for the second round of CDBG funding was approved by HUD on April 13, 2007. The funds of the second round will be used to provide assistance to homeowners of low to moderate income whose houses were damaged by Hurricane Rita, restore and protect owner occupied housing stock in the community of Sabine Pass which was severely damaged by the storm, to repair, rehabilitate and reconstruct affordable rental housing stock in the impacted areas, to restore critical infrastructure damaged by the hurricane where no other funds were available, and to provide assistance to the City of Houston and Harris County for increased demands in public services, law enforcement and judicial services, and community development in areas that have experienced a dramatic population increase due to an influx of Katrina activities.

HOME Program

In the unfortunate event of a natural disaster, the Department may use deobligated HOME funds for disaster relief awards to communities in Texas that are non-Participating Jurisdictions. A Participating Jurisdiction receives HOME funds directly from the federal government and, therefore, would be ineligible for this assistance.

In accordance with Texas Administrative Code, Title 10, Part 1 Chapter 1, subchapter A §1.19, and TAC Section 2306.111, the Department may use HOME deobligated funds for disaster relief through its HOME Owner Occupied Housing Assistance Program. HOME disaster funds are designed specifically to assist eligible homeowners in the repair, rehabilitation and reconstruction of their existing home affected by the natural disaster, with emphasis on assisting those who have no other means of assistance, or as gap financing after any federal assistance. Assisted homeowners must have an income that is below 80% of the Area Median Family Income (AMFI), as defined by HUD, must occupy the property as their principal residence and must have been directly affected by the disaster.

There are two types of disaster declarations, a Federal declared disaster and a State declared disaster. Communities in federally declared disaster areas must first apply to the federal government in order to allow counties to access any available federal funds to provide assistance to eligible victims of the disaster. After 90 days, the Department's HOME deobligated funds may be made available to these areas. For State declared disasters, the Department receives a State disaster declaration from the Governor's Office. The Department will notify county officials in the affected areas of the availability of disaster relief funds for which they may apply.

Housing Trust Fund

In September 2007, the TDHCA Governing Board approved the allocation of $1 million in the 2008 Housing Trust Fund Plan toward the Disaster Recovery Homeowner Repair Gap Financing Program. The purpose of the program is to assist otherwise qualified households, who are lacking only a small portion of funds to fulfill their full cost of construction to participate in the Community Development Block Grant (CDBG) Disaster Recovery Program, to reconstruct or complete their home from damages sustained during Hurricane Rita.

Single Family Bond

In June 2007, TDHCA announced the release of $15.6 million in home loans made available to qualified homebuyers wishing to purchase a home within the 22 East Texas counties designated under the Gulf Opportunity Zone Act of 2005. In September 2007, an additional $32 million in First Time Homebuyer Program funds were released for use within targeted areas including the 22-county area known as the Rita Go Zone.

Office of Colonia Initiatives

TDHCA released a NOFA in December 2005 for approximately $1,800,000 of State of Texas Housing Trust Funds to organizations assisting individuals or families that were victims of Hurricane Rita. The funds were intended to help very low and extremely low income individuals and/or families (owner-builders), including persons with special needs purchase or refinance real property on which to build new residential or improve existing residential housing through self-help construction. Office of Colonia Initiatives staff continues to work with the nonprofit organizations awarded contracts to assist victims of Hurricane Rita.

Community Affairs Division

The Department reserves a portion of the State's Community Services Block Grant (CSBG) funds to provide emergency disaster relief to assist low-income persons at 125% and below of the Federal Poverty Income Guidelines that live in communities impacted by a natural or man-made disaster. The CSBG emergency disaster relief funds are distributed to CSBG eligible entities and are to be utilized to provide persons with emergency shelter, food, clothing, pharmaceutical supplies, bedding, cleaning supplies, personal hygiene items, and replacement of essential appliances including stoves, refrigerators and water heaters. In the event of a disaster, persons should contact the local CSBG eligible entity in the affected area.

TDHCA PROGRAM PLANS

The following TDHCA programs govern the use of available housing resources in meeting the housing needs of low income Texans. Program descriptions include information on the funding source, type of assistance, recipients, targeted beneficiaries, program activities, set-asides, and special initiatives.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The HOME Investment Partnerships (HOME) Program is authorized under the Cranston-Gonzalez National Affordable Housing Act (42 USC Section 12701 et. seq.) and receives funding from the US Department of Housing and Urban Development (HUD).

The purpose of the HOME Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local governments and private and nonprofit organizations in order to strengthen their capacity to meet the housing needs of lower income Texans. To achieve this purpose, the HOME Program provides loans and grants to units of local government, public housing authorities (PHAs), community housing development organizations (CHDOs), nonprofit organizations, and for-profit entities. TDHCA provides technical assistance to all recipients of the HOME Program to ensure that all participants meet and follow state implementation guidelines and federal regulations.

According to §2306.111, Texas Government Code, in administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (Act), the Department shall expend 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Act directly from the United States Department of Housing and Urban Development. The remaining 5 percent of HOME funds may be expended in any area of the state, but only if the funding serves persons with disabilities. Additionally, this section mandates the allocation of HOME funds to each Uniform State Service Region using a regional allocation formula.

Description of Activities

There are four major activities in the HOME program including: Owner-Occupied (OCC) Rehabilitation Housing Assistance, Tenant-Based Rental Assistance (TBRA), Homebuyer Assistance (HBA), and Rental Housing Development (RHD).

Owner-Occupied Rehabilitation (OCC)

OCC Rehabilitation or reconstruction cost assistance is provided to homeowners for the repair or reconstruction of their existing home, which must be the principal residence of the homeowner. At the completion of the assistance, all properties must meet the Texas Minimum Construction Standards, the International Residential Code (IRC) and local building codes. If a home is reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514, Texas Government Code.

Tenant Based Rental Assistance (TBRA)

TBRA provides rental subsidy, security, and utility deposit assistance. TBRA allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance, in accordance with written tenant selection policies, for a period not to exceed 24 months. The tenant should also participate in a self-sufficiency program while receiving TBRA assistance.

Homebuyer Assistance (HBA)

HBA includes down payment and closing cost assistance and is provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for the following:

- Construction costs associated with architectural barrier removal in assisting homebuyers with disabilities by modifying a home purchased with HOME assistance to meet their accessibility needs.
- Acquisition costs associated with Contract for Deed conversions to serve colonia residents.
- Acquisition or new construction costs for the replacement of manufactured housing.

Rental Housing Development (RHD)

RHD funds are awarded to eligible applicants for the development of affordable rental housing. Owners are required to make the units available to extremely low, very low, and low income families, and must meet long-term rent restrictions as defined by HUD.

Regional Allocation Formula

All HOME funding awards under this plan are subject to Texas Government Code §2306.111 and as such will be distributed according the established Regional Allocation Formula (RAF). The 2008 RAF distributes funding for all HOME-funded activities except federal and state mandates for set-asides for Community Housing Development Organizations (CHDO), Housing Programs for Persons with Disabilities, Contract for Deed Conversion, and Colonia Model Subdivision Loan Programs. The following table demonstrates the combined regional funding distribution for all of the HOME activities distributed under the RAF.

Targeted Distribution of Funds under the RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,806,138	5.6%	$1,805,803	100.0%	$335	0.0%
2	Abilene	$1,185,677	3.7%	$1,160,586	97.9%	$25,091	2.1%
3	Dallas/Fort Worth	$5,659,827	17.7%	$1,737,644	30.7%	$3,922,182	69.3%
4	Tyler	$4,068,199	12.7%	$3,172,779	78.0%	$895,420	22.0%
5	Beaumont	$1,880,350	5.9%	$1,702,882	90.6%	$177,468	9.4%
6	Houston	$2,272,433	7.1%	$932,492	41.0%	$1,339,941	59.0%
7	Austin/Round Rock	$1,361,443	4.3%	$766,555	56.3%	$594,888	43.7%
8	Waco	$1,501,825	4.7%	$798,792	53.2%	$703,033	46.8%
9	San Antonio	$1,633,550	5.1%	$1,025,036	62.7%	$608,514	37.3%
10	Corpus Christi	$2,314,752	7.2%	$1,917,919	82.9%	$396,832	17.1%
11	Brownsville/Harlingen	$5,624,379	17.6%	$4,078,419	72.5%	$1,545,960	27.5%
12	San Angelo	$1,624,679	5.1%	$1,133,886	69.8%	$490,793	30.2%
13	El Paso	$1,066,747	3.3%	$592,177	55.5%	$474,570	44.5%
	Total	$32,000,000	100.0%	$20,824,970	65.1%	$11,175,030	34.9%

See the *State of Texas Consolidated Plan: One Year Action Plan* at http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#consolidated for further details on the HOME Program. The HOME Program rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/home-division/index.htm. For more information regarding HOME single family activities, contact Sandy Garcia, Production Manager, at (512) 475-1391 or sandy.garcia@tdhca.state.tx.us. For HOME multifamily activity information, contact Barbara Skinner, Multifamily Program Specialist, at (512) 475-1643 or barbara.skinner@tdhca.state.tx.us.

HOUSING TRUST FUND

The Housing Trust Fund (HTF) receives several sources of funding from the State of Texas including: multifamily bond issuance fees, loan repayments and other funds that are received and appropriated by the Department or Legislature. HTF is the only State-authorized program for affordable housing development. Funding is awarded as loans and grants to nonprofits; units of local government; public housing agencies; and for-profit entities. The targeted beneficiaries of the program are low, very low, and extremely low income households. Eligible program activities for the Housing Trust Fund include, but are not limited to the following:

- The acquisition, rehabilitation, and new construction of affordable rental housing. Housing Trust Funds have typically been used as gap financing in developments and combined with other Department programs, like the HOME Program and Housing Tax Credit Program. Refinancing or rehabilitation of properties constructed within the past 5 years and previously funded by the Department are not eligible;
- The acquisition, rehabilitation, and new construction of affordable homeownership developments. Developments may be completed by a contracted developer or through Self-Help Construction; and
- Tenant-based rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant-based rental assistance also includes security and utility deposits for rental of dwelling units.

While all of these are eligible activities under the program's rule, not all of these activities will occur each year and Notices of Funding Availability (NOFAs) will be released identifying the activities for which funds can actually be applied.

Pursuant to §2306.111(d-1) of the Texas Government Code, HTF programs will be regionally allocated unless the funding allocation for that program is mandated by state statute and the program's allocation represents less than 10 percent of the annual allocation for HTF; or serves people with disabilities; or do not exceed $3 million.

Housing Trust Fund Program RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$47,052	4.7%	$19,531	41.5%	$27,520	58.5%
2	Abilene	$20,175	2.0%	$12,087	59.9%	$8,089	40.1%
3	Dallas/Fort Worth	$222,580	22.3%	$15,039	6.8%	$207,541	93.2%
4	Tyler	$65,181	6.5%	$34,450	52.9%	$30,731	47.1%
5	Beaumont	$26,664	2.7%	$16,327	61.2%	$10,337	38.8%
6	Houston	$185,413	18.5%	$13,634	7.4%	$171,779	92.6%
7	Austin/Round Rock	$35,475	3.5%	$3,116	8.8%	$32,358	91.2%
8	Waco	$55,523	5.6%	$13,932	25.1%	$41,591	74.9%
9	San Antonio	$73,831	7.4%	$9,422	12.8%	$64,409	87.2%
10	Corpus Christi	$49,076	4.9%	$21,585	44.0%	$27,491	56.0%
11	Brownsville/Harlingen	$146,542	14.7%	$57,775	39.4%	$88,767	60.6%
12	San Angelo	$33,137	3.3%	$13,255	40.0%	$19,882	60.0%
13	El Paso	$39,352	3.9%	$5,713	14.5%	$33,639	85.5%
	Total	$1,000,000	100.0%	$235,867	23.6%	$764,133	76.4%

Note: At the time of publishing this document there were not sufficient funds in the Housing Trust Fund to require allocation under the formula. This formula and estimate of $1,000,000 is merely a model of what the RAF would be for Housing Trust Fund dollars if the program funds were increased.

The HTF Rule and Funding Plan may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/home-division/htf/index.htm. For more information on the HTF program, contact the HOME division at (512) 463-8921.

HOUSING TAX CREDIT PROGRAM

The Housing Tax Credit (HTC) Program receives authority from the US Treasury Department to provide tax credits to nonprofits, for-profit developers, and syndicators or investors. The targeted beneficiaries of the program are very low and extremely low income families at or below 60 percent Area Median Family Income (AMFI). The program's purpose is to encourage the development and preservation of rental housing for low income families, provide for the participation of for-profit and nonprofit organizations in the program, maximize the number of units added to the state's housing supply, and prevent losses in the state's supply of affordable housing.

The HTC Program was created by the Tax Reform Act of 1986 and is governed by the Internal Revenue Code of 1986 (the "Code"), as amended, 26 USC Section 42. It authorizes tax credits in the amount of $1.95 per capita of the state population. Tax credits are also awarded to developments with tax-exempt bond financing and are made independent of the state annual tax credit allocation. TDHCA is the only entity in the state with the authority to allocate housing tax credits under this program. The State's distribution of the credits is administered by TDHCA's *Qualified Allocation Plan and Rules* (QAP), as required by the Code. Per Section 2306.67022, the Governor shall approve, reject, or modify and approve the Board-approved QAP not later than December 1 of each year.

To qualify for tax credits, the proposed development must involve new construction or undergo substantial rehabilitation of residential units, which is defined as at least $12,000 per rental unit of construction hard costs, unless financed with TX-USDA-RHS, in which case the minimum is $6,000. The credit amount for which a development may be eligible depends on the total amount of depreciable capital improvements, the percentage of units set aside for qualified tenants, and the funding sources available to finance the total development cost. Pursuant to the Code, a low income housing development qualifies for residential rental occupancy if it meets one of the following two criteria: (1) 20 percent or more of the residential units in the development are both rent-restricted and occupied by individuals whose income is 50 percent or less of AMFI; or (2) 40 percent or more of the residential units in the development are both rent-restricted and occupied by individuals whose income is 60 percent or less of AMFI. Typically, 60 to 100 percent of a development's units will be set aside for qualified tenants in order to maximize the amount of tax credits the development may claim.

Credits from the state annual tax credit allocation are awarded through a competitive application process. Each application must satisfy a set of threshold criteria and is scored based on selection criteria. The selection criteria referenced in the QAP is approved by the TDHCA Board each year. The board considers the recommendations of the TDHCA staff and determines a final award list. Tax credits to developments with tax-exempt bond financing are awarded through a similar application review process, but because these credits are not awarded from a limited credit pool, the process is noncompetitive and the selection criteria are not part of the application.

The Department requires recipients of tax credits to document the participation of minority-owned businesses in the development and management of tax credit developments, and has established a minimum goal of 30 percent participation. The selection criteria awards extra points to developments owned by historically underutilized businesses (HUBs) or that have a plan in place for utilizing HUBs, and also development location criteria including areas located in colonias. Efforts are made in the planning process and allocation of funds to ensure the involvement of housing advocates, community-based institutions, developers, and local municipalities. The Department also encourages the participation of community development corporations and other neighborhood-based groups.

Regional Allocation Formula

In accordance with Senate Bill 264, TDHCA allocates HTC Program funds to each region using a need-based formula developed by the Department. Please see "2007 Regional Allocation Formula" in this section for further explanation. Using the 2007 Regional Allocation Formula, each region will receive the following amount of funding for use with activities subject to the formula. Funding figures will be included in the final document.

HTC Program RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,747,065	4.4%	$613,023	35.1%	$1,134,042	64.9%
2	Abilene	$924,236	2.3%	$512,937	55.5%	$411,299	44.5%
3	Dallas/Fort Worth	$8,702,058	21.8%	$615,708	7.1%	$8,086,350	92.9%
4	Tyler	$2,087,620	5.2%	$1,204,415	57.7%	$883,205	42.3%
5	Beaumont	$966,742	2.4%	$577,144	59.7%	$389,598	40.3%
6	Houston	$8,582,808	21.5%	$712,927	8.3%	$7,869,882	91.7%
7	Austin/Round Rock	$2,187,352	5.5%	$525,404	24.0%	$1,661,948	76.0%
8	Waco	$2,512,174	6.3%	$534,363	21.3%	$1,977,811	78.7%
9	San Antonio	$2,940,389	7.4%	$532,411	18.1%	$2,407,978	81.9%
10	Corpus Christi	$1,701,220	4.3%	$737,767	43.4%	$963,454	56.6%
11	Brownsville/Harlingen	$4,980,069	12.5%	$1,792,170	36.0%	$3,187,899	64.0%
12	San Angelo	$1,051,645	2.6%	$515,859	49.1%	$535,786	50.9%
13	El Paso	$1,566,623	3.9%	$525,873	33.6%	$1,040,749	66.4%
	Total	$39,950,000	100.0%	$9,400,000	23.5%	$30,550,000	76.5%

The estimated total tax credit ceiling for this table is $43 million. As required by state statute, 15% ($6,450,000) of that ceiling is deducted for the At-Risk Set-Aside, which is not awarded regionally. The balance of the estimated ceiling, $36,550,000 is regionally allocated using this formula.

Projected HTC Program Funding for FY 2008: $46,000,000

The Qualified Allocation Plan and Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/multifamily/htc/index.htm. For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

MULTIFAMILY BOND PROGRAM

The Multifamily Bond Program issues tax-exempt and taxable housing mortgage revenue bonds (MRBs) under the Private Activity Bond Program (PAB) to fund loans to nonprofit and for-profit developers. The proceeds of the bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties with the targeted beneficiaries being very low, low, and moderate income households. Owners elect to set aside units in each development according to §1372, Texas Government Code. Rental developments must comply with Section 504 unit standards. Property owners are also required to offer a variety of services to benefit the residents of the development. Specific tenant programs must be designed to meet the needs of the current tenant profile and must be approved annually by TDHCA.

TDHCA issues tax-exempt, multifamily MRBs through two different authorities defined by the Internal Revenue Code. Under one authority, tax-exempt bonds used to create housing developments are subject to the State's private activity volume cap. The State will set aside 22 percent of the annual private activity volume cap for multifamily developments. Approximately $440 million in issuance authority will be made available to various issuers to finance multifamily developments, of which 20 percent, or approximately $88 million, will be made available exclusively to TDHCA. On August 15th of each year, any allocations in the subcategories of the bond program that have not been reserved pool into one allocation fund. This is an opportunity for TDHCA to apply for additional allocation and which allows TDHCA to issue more bonds than the set-aside of $88 million. PAB Issuance authority per individual development is allocated and administered by the Texas Bond Review Board (BRB). Initially, applications submitted to the BRB are allocated by a lottery. TDHCA, local issuers, local housing authorities, and other eligible bond issuers submit applications for specific developments on behalf of development owners. Applications submitted to TDHCA for the private activity bond program will be scored and ranked by priority and highest score. TDHCA will be accepting applications throughout the 2008 program year. Developments that receive 50 percent or more of their funding from the proceeds of tax-exempt bonds under the private activity volume cap are also eligible to apply for Housing Tax Credits.

Under the second authority, TDHCA may issue tax-exempt MRBs to finance properties that are owned entirely by nonprofit organizations. Bonds issued under this authority are exempt from the private activity volume cap. This is a noncompetitive application process and applications may be received at any time throughout the year. In addition to the set-asides above, 75 percent of development units financed under the 501(c)(3) authority must be occupied by households earning 80 percent or less of the area median income.

Projected Multifamily Bond Program Funding for FY 2007: $140,000,000

The Multifamily Housing Revenue Bond Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/multifamily/bond/index.htm. For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

FIRST TIME HOMEBUYER PROGRAM

The First Time Homebuyer Program receives funding from tax-exempt and taxable mortgage revenue bonds. The program offers 30-year fixed-rate mortgage financing at below-market rates for very low, low, and moderate income residents purchasing their first home or residents who have not owned a home within the preceding three years. Qualified applicants access First Time Homebuyer Program funds by contacting any participating lender, which is then responsible for the loan application process and subsequent loan approval. After closing, the lender transfers the mortgage loan to a Master Servicer designated by TDHCA.

The First Time Homebuyer Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI (area median family income) limitations, based on IRS adjusted income limits, and the purchase price of the home must not exceed stipulated maximum purchase price limits. A minimum of 30 percent of program funds will be set aside to assist Texans earning 60 percent or less of program income limits. A portion of the funds will also be set-aside for borrowers earning between 61% and 80% of the program income limits.

Income limits for the program are set by the IRS Tax Code (1986) based on income figures determined by the US Department of Housing and Urban Development. The first time homebuyer restriction is established by federal Internal Revenue Service regulations, which also require that program recipients may be subject to a recapture tax on any capital gain realized from a sale of the home during the first nine years of ownership. Certain exceptions to the first time homebuyer restriction, income ceiling, and maximum purchase price limitation apply in targeted areas. Such targeted areas are qualified census tracts in which 70 percent or more of the families have an income of 80 percent or less of the statewide median income and/or are areas of chronic economic distress as designated by the state and approved by the Secretaries of Treasury and Housing and Urban Development, respectively.

Projected Texas First Time Homebuyer Program funding for FY 2007: $125,000,000

For more information, contact Eric Pike, Texas Homeownership Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

GRANT ASSISTANCE PROGRAM

The Texas Department of Housing and Community Affairs offers grant funds for down payment and closing cost assistance on a first-come, first-served basis for mortgage loans originated through the First Time Homebuyer Program. The Grant Assistance Program (GAP) currently provides up to 5 percent of the amount of the mortgage loan, but may vary depending on the program. Assistance is available to eligible borrowers whose incomes do not exceed 80 percent of the program income limits.

Projected Grant Assistance Program funding for FY 2007: Varies by bond issuance.

The Texas First Time Homebuyer Program Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/homeownership/index.htm. For more information, contact Eric Pike, Texas Homeownership Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

MORTGAGE CREDIT CERTIFICATE PROGRAM

A mortgage credit certificate (MCC) provides a tax credit that will reduce the federal income taxes, dollar-for-dollar, of qualified buyers purchasing a qualified residence. As a result, the MCC effectively reduces the monthly mortgage payment and increases the buyer’s disposable income by reducing his or her federal income tax obligation. This tax savings provides a family with more available income to qualify for a loan and meet mortgage payment requirements.

The amount of the annual tax credit may equal 35 percent of the annual interest paid on a mortgage loan; however, the maximum amount of the credit cannot exceed $2,000 per year. The credit cannot be greater than the annual federal income tax liability, after all other credits and deductions have been taken into account. MCC tax credits in excess of a borrower’s current year tax liability may, however, be carried forward for use during the subsequent three years.

The MCC Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI limitations, based on IRS adjusted income limits. In order to participate in the MCC Program, homebuyers must meet certain eligibility requirements and obtain a mortgage loan through a participating lender. The mortgage loan must be financed from sources other than tax-exempt revenue bonds. The mortgage may be a conventional, FHA, VA, or RHS loan at prevailing market rates, but may not be used in connection with the refinancing of an existing loan.

Projected Mortgage Credit Certificate Program funding for FY 2008: $0

The Texas First Time Homebuyer Program Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/homeownership/index.htm. For more information, contact Eric Pike, Texas Homeownership Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us.

LOAN STAR LOAN PROGRAM

The Loan Star Mortgage Program offers conventional, conforming first lien purchase mortgage loans, at market level interest rates, with second lien amortizing loans providing 8 percent down payment assistance. Target populations include low and moderate income households who may or may not have previously owned a home and require down payment assistance and seek minimal paperwork. Participating lenders statewide originate the mortgage loans.

The program is offered in conjunction with CitiMortgage Inc. using external market sources, and is intended to serve segments of the Texas homebuyer market not currently served by TDHCA's present tax-exempt bond program. An essential component of the Loan Star Mortgage Program is the down payment assistance achieved through a Fannie Mae MyCommunity second lien mortgage.

Projected Loan Star Lone Program funding for FY 2008: $20,000,000

The Texas First Time Homebuyer Program Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/homeownership/index.htm. For more information, contact Martha Sudderth, Texas Homeownership Division, at (512) 475-3444 or martha.sudderth@tdhca.state.tx.us.

TEXAS STATEWIDE HOMEBUYER EDUCATION PROGRAM

The Texas Statewide Homebuyer Education Program (TSHEP) offers provider certification training to nonprofit organizations including Texas Agriculture Extension Agents, units of local government, faith-based organizations, CHDOs, community development corporations, community-based organizations, and other organizations with a proven interest in community building. In addition, a referral service for individuals interested in taking a homebuyer education class is available through TDHCA. The targeted beneficiaries of the program include extremely low, very low, low, and moderate income individuals; minority populations; and persons with disabilities.

To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA contracts with training professionals to teach local nonprofit organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education. The training professionals and TDHCA also certify the participants as homebuyer education providers.

Projected Texas Statewide Homebuyer Education Program funding for FY 2008: $70,000.

For more information, contact Dina Gonzalez, Texas Homeownership Division at (512) 475-3993 or dina.gonzalez@tdhca.state.tx.us.

OFFICE OF COLONIA INITIATIVES

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all Department and legislative initiatives involving border and colonia issues and managing a portion of the Department's existing programs targeted at colonias. The fundamental goal of the OCI is to improve the living conditions and lives of border and colonia residents, and to educate the public regarding the services that the Department has to offer.

Projected Office of Colonia Initiatives funding for FY 2007: $7,200,000.

See the 2008-2009 Colonia Action Plan in Section 6 of this document for more information on the specific programs and activities of the Office of Colonia Initiatives. For additional information, contact Homero V. Cabello, Office of Colonia Initiatives, at 1-800-462-4251 or homero.cabello@tdhca.state.tx.us.

COMPREHENSIVE ENERGY ASSISTANCE PROGRAM

The Comprehensive Energy Assistance Program (CEAP) is funded by the U.S. Department of Health and Human Services' Low Income Home Energy Assistance Program (LIHEAP). TDHCA administers the program through a network of 49 CEAP Subrecipients. The Subrecipients consist of community action agencies, nonprofit entities, and units of local government. The targeted beneficiaries of the CEAP in Texas are households with an income at or below 125 percent of federal poverty guidelines, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption. Subrecipients must conduct outreach activities for these special needs populations.

The purpose of the CEAP is to provide utility assistance to eligible households. Additionally, some households qualify for repair, replacement, or retrofit of inefficient heating and cooling appliances. An applicant seeking utility assistance applies to the local CEAP subrecipient for assistance. The subrecipient determines income-eligibility, prioritizes status (this includes a review of billing history to determine energy burden and consumption), and determines which CEAP component is most appropriate for the eligible applicant. If the CEAP applicant is eligible and meets program priorities, the CEAP subrecipient makes a utility payment to a utility company through a vendor agreement with utility providers.

Services to Clients

There are four CEAP components:

- The Elderly and/or Disabled Component is designed to assist households with at least one member who is elderly and/or disabled. Households can receive up to four utility payments in a program year. Assistance is based on energy consumption in the previous 12 months, energy burden (percentage of income used for energy), and the income category for which the household qualifies.
- The Co-Payment Component is designed to assist households by providing client education, budget counseling, and assisting households with utility payments for six to twelve months.
- The Heating and Cooling Component is designed to address inefficient heating and cooling appliances through repair, replacement, or retrofit for households that have high energy consumption
- The Energy Crisis Component is designed to provide one-time utility assistance to households during a period of extreme temperatures or an energy supply shortage. In some instances, Energy Crisis funds can be used to address natural disasters.

The allocation formula for the Comprehensive Energy Assistance program uses the following five factors and corresponding weights to distribute its funds by county: county non-elderly poverty household factor (40 percent); county elderly poverty household factor (40 percent); county inverse poverty household density factor (5 percent); county median income variance factor (5 percent); and county weather factor (10 percent).

Comprehensive Energy Assistance Program funding for FY 2008: $38,700,738.

The Energy Assistance plans and rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/ea/index.htm. For more information contact the Energy Assistance Section at (512) 475-3951. To apply for CEAP, call 1-877-399-8939, toll free, using a land phone.

WEATHERIZATION ASSISTANCE PROGRAM

The Weatherization Assistance Program (WAP) is funded by the U.S. Department of Energy and the U.S. Department of Health and Human Services' Low Income Home Energy Assistance Program (LIHEAP). The Texas Department of Housing and Community Affairs (the Department) administers the WAP through a network of 33 WAP Subrecipients. The Subrecipients consist of community action agencies, nonprofit entities, and units of local government. The targeted beneficiaries of the CEAP in Texas are households with an income at or below 125 percent of federal poverty

The purpose of the WAP is to provide cost effective weatherization measures to improve the energy efficiency of eligible client households. Typical weatherization measures include attic and wall insulation, weather-stripping and air sealing measures, heating and cooling unit repair and/or replacement, refrigerator replacement, and minor roof repair.

Partnerships between the Department and the following Investor Owned Utility companies: Entergy, El Paso Electric, Southwest Electric Power Company, Southwest Public Service provide weatherization measures to low income utility customers. These partnerships increase the total number of low-income households that receive weatherization services and allow the Department to leverage the federal weatherization funds with the utility company funds.

Services to Clients

To help consumers control energy costs, WAP funds the installation of weatherization measures such as attic and wall insulation, energy efficient appliances, weather-stripping, caulking, and replacement of inefficient heating and cooling units. WAP also provides energy conservation education. In order to provide weatherization measures for a dwelling, the household must meet income-eligibility criteria and the measures must meet specific energy-savings goals.

The allocation formula for the Weatherization Assistance program uses the following five factors and corresponding weights to distribute its funds by county: county non-elderly poverty household factor (40 percent); county elderly poverty household factor (40 percent); county inverse poverty household density factor (5 percent); county median income variance factor (5 percent); and county weather factor (10 percent).

Projected Weatherization Assistance Program funding for FY 2007: $13,484,871.

The Energy Assistance plans and rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/ea/index.htm. For more information, contact the Energy Assistance Section at (512) 475-3951. To apply for weatherization, call 1-888-606-8889, toll free, using a land phone.

EMERGENCY SHELTER GRANTS PROGRAM

The Emergency Shelter Grants Program (ESGP) receives funding from the US Department of Housing and Urban Development and awards grants to units of local government and private nonprofit entities that provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. Activities eligible for ESGP funding include the rehabilitation or conversion of buildings for use as emergency shelters for the homeless; the provision of essential services to the homeless; costs related to the development and implementation of homeless prevention activities; costs related to operation administration; and costs related to maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings.

ESGP funds are reserved according to the percentage of poverty population identified in each of the 13 state service regions. The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region. Any application that receives a score below 70 percent of the highest raw score from the region is not considered for funding.

Projected Emergency Shelter Grants Program funding for FY 2008: TBD.

See the *State of Texas Consolidated Plan: One Year Action Plan* at http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#consolidated for further details on the ESG Program. For more information, contact the Community Services Section at (512) 475-3905.

COMMUNITY SERVICES BLOCK GRANT PROGRAM

The Community Services Block Grant Program (CSBG), received from the U.S. Department of Health and Human Services (USHHS), is utilized to fund CSBG-eligible entities and to fund activities that support the intent of the CSBG Act. Ninety-percent of the funds are targeted to low income individuals and funds are also utilized to provide assistance to Native Americans and migrant and seasonal farmworkers. Income eligibility is for persons at or below 125 percent of the current federal income poverty guidelines issued by USHHS.

CSBG provides administrative support to 46 CSBG-eligible entities. The funding assists in providing essential services, including access to child care, health and human services, nutrition, transportation, job training and employment services, education services, activities designed to make better use of available income, housing services, emergency assistance, activities to achieve greater participation in the affairs of the community, youth development programs, information and referral services, activities to promote self-sufficiency; and other related services.

Five percent of the State's CSBG allocation is used to fund innovative projects that address the causes of poverty, promote client self-sufficiency, or promote community revitalization; to provide emergency disaster relief assistance to persons impacted by a natural or man-made disaster; to provide funding to organizations serving Native Americans and migrant or seasonal farm workers; and to provide funding for other eligible discretionary activities as authorized by the Department's Board.

Allocations to the 46 CSBG–eligible entities are based on two factors: (1) the number of persons living in poverty within the designated service delivery area for each organization and (2) a calculation of population density. Poverty population is given 98 percent weight, and the ratio of inverse population density is given 2 percent weight. The formula also includes a base award for each organization before the factors are applied, as well as a floor, or minimum award. In FY 2008, the Department will utilize the 2000 Census population figures at 125 percent of poverty, a base of $50,000, and a floor at $150,000.

Community Services Block Grant Program funding for FY 2008: TBD.

Additional documentation, including the CSBG Plan, may be accessed at the TDHCA website at http://www.tdhca.state.tx.us/pubs.htm#cs. For more information, contact the Community Services Section at (512) 475-3905.

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

The Section 8 Housing Choice Voucher Program provides rental assistance payments on behalf of low income individuals and families, including the elderly and persons with disabilities. The program provides financial assistance for decent, safe and sanitary housing to eligible households whose gross income does not exceed 50% of HUD's median income guidelines. HUD requires 75% of all new households admitted to the program be at or below 30% of the area median income. Eligibility is based on several factors, including the household's income, size and composition, citizenship status, assets, medical and childcare expenses. Qualified households may select the best available housing through direct negotiations with landlords to ensure accommodations that meet their needs. TDHCA pays approved rent amounts directly to property owners.

The Section 8 Housing Choice Voucher Program currently contracts with units of local governments, community action agencies and public housing authorities to assist with the administration of approximately 1,000 housing choice vouchers. The Department administers vouchers in 28 counties.

Projected Section 8 Program funding for FY 2008: *The dollar amount will be included in the final version of this document*

Additional documentation, including the Section 8 Plan, may be accessed at the TDHCA website at http://www.tdhca.state.tx.us/pubs.htm#sec8. For more information, contact the Section 8 Program at (512) 475-3892.

MANUFACTURED HOUSING DIVISION

The Manufactured Housing Division regulates the manufactured housing industry in Texas by ensuring that manufactured homes are well constructed, safe, and correctly installed; by providing consumers with fair and effective remedies; and by providing economic stability to manufacturers, retailers, installers, and brokers. The Division licenses manufactured housing professionals and maintains records of the ownership, location, real or personal property status, and lien status (on personal property homes) on manufactured homes. It also records tax liens on manufactured homes. Because of its regulatory nature, the Division has its own governing board and executive director.

Relying on a team of trained inspectors operating from eight locations around the state, the Division inspects manufactured homes throughout the state. Those inspectors also assist TDHCA by inspecting properties for the Portfolio Management and Compliance Division and by inspecting and processing license applications for migrant farm worker housing facilities. The Division also handles approximately 1,200 consumer complaints a year, many of those requiring investigation and enforcement action.

For more information, contact the Manufactured Housing Division at 1-800-500-7074.

TDHCA ALLOCATION PLANS

The Department has developed allocation formulas for many TDHCA programs in order to target available housing resources to the neediest households in each uniform state service region. These formulas are based on objective measures of need in order to ensure an equitable distribution of funding.

2008 REGIONAL ALLOCATION FORMULA

Sections 2306.111(d) and 2306.1115 of the Government Code require that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, HTC, and HTF funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. Within each region, the RAF further targets funding to rural and urban areas.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data; respond to public comment; and better assess regional housing needs and available resources. The RAF is submitted annually for public comment.

Slightly modified versions of the RAF are used for HOME, HTC, and HTF because the programs have different eligible activities, households, and geographical service areas. For example, because 95 percent of HOME funding must be set aside for non-PJs, the HOME RAF only uses need and available resource data for non-PJs.

For the 2008 fiscal year, the RAF uses the following 2000 US Census data to calculate this regional need distribution:

- Poverty: Number of persons in the region who live in poverty.
- Cost Burden: Number of households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.
- Overcrowded Units: Number of occupied units with more than one person per room.
- Units with Incomplete Kitchen or Plumbing: Number of occupied units that do not have all of the following: sink with piped water; range or cook top and oven; refrigerator, hot and cold piped water, flush toilet, and bathtub or shower.

There are a number of other funding sources that can be used to address affordable housing needs. To mitigate any inherent inequities in the regional allocation of these funds, the RAF compares each region's level of need to its level of resources. In the 2007 fiscal year, resources from the following sources were used in the RAF: HTC, HTF, HUD (HOME, Housing Opportunities for Persons with AIDS (HOPWA), public housing authority (PHA) capital funding, and Section 8 funding), Bond Financing, and United States Department of Agriculture (USDA) housing programs.

Please see the HOME, HTC, and HTF program sections for distribution figures. For more information on the RAF and further description of the formula, please contact the Housing Resource Center, at (512) 475-3976.

TDHCA GOALS AND OBJECTIVES

The Strategic Plan goals reflect program performance based upon measures developed with the State's Legislative Budget Board and Governor's Office of Budget and Planning. The goals are also based upon Riders attached to the Department's Appropriations. The Department believes that the goals and objectives for the various TDHCA programs should be consistent with its mandated performance requirements.

The State's Strategic Planning and Performance Budgeting System (SPPB) is a goal-driven, results-oriented system. The system has three major components including strategic planning, performance budgeting, and performance monitoring. As an essential part of the system, performance measures are part of TDHCA's strategic plan, are used by decision makers in allocating resources, are intended to focus the Department's efforts on achieving goals and objectives, and are used as monitoring tools providing information on accountability. Performance measures are reported quarterly to the Legislative Budget Board.

The State's Strategic Planning and Performance Budgeting System is based on a two-year cycle; goals and targets are revisited each biennium. The targets reflected in this document are based on the Department's requests for 2006–2007.

Because all applicants for funding are encouraged to apply for and leverage funds from multiple agency programs, HUD funds are frequently leveraged along with funds from other federal and State sources. TDHCA HOME Program funds may be used in conjunction with other TDHCA programs, however, each program area reports its performance separately.

AFFORDABLE HOUSING GOALS AND OBJECTIVES

The following goals address performance measures established by the 79th Legislature. Refer to program-specific statements outlined in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives listed below. Included for each strategy are the target numbers for the 2007 goal, the 2007 actual performance, and the goal for 2008.

Goals one through five are established through interactions between TDHCA, the Legislative Budget Board, and the Legislature. They are referenced in the General Appropriations Act enacted during the most recent legislative session.

GOAL 1: TDHCA will increase and preserve the availability of safe, decent and affordable housing for very low, low, and moderate income persons and families.

Strategy 1.1
Provide mortgage financing and homebuyer assistance through the Single Family Mortgage Revenue Bond Program

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of single family households assisted through the First Time Homebuyer Program	1,727	2,727	158%	2,016

Explanation of Variance: Loan originations were higher in 2007 than anticipated due to the receipt of additional volume cap. Additionally, increased market interest rates generated higher demand for the Department's lower interest rate products.

Strategy 1.2
Provide funding through the HOME Program for affordable single family housing

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of single family households assisted with HOME funds	1,834	413	22.5%	1,255

Explanation of Variance: The total number of assisted units was lower than anticipated in 2007 due to a biennial funding cycle for 2006-2007 which resulted in fewer applications for the homebuyer assistance and tenant-based rental assistance activities.

Strategy 1.3
Provide funding through the HTF program for affordable single family housing

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of single family households assisted through the Housing Trust Fund	100	115	115%	228

Explanation of Variance: Performance was higher than anticipated in 2007 due to the closing out of previous fiscal year contracts and an elevated amount of technical assistance provided by the Department to ensure that the nonprofit organizations are meeting their performance benchmarks.

Strategy 1.4
Provide tenant-based rental assistance through Section 8 certificates

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of multifamily households assisted with tenant-based rental assistance	2,100	1,064	51%	1,494

Explanation of Variance: The targeted number was developed prior to a change in how the U.S. Department of Housing and Urban Development provides Section 8 Housing Assistance Program (HAP) funds. Provided funds are no longer based on the number of Housing Choice Vouchers available. In addition, the target was developed prior to the transfer of 560 vouchers to a local public housing authority.

Strategy 1.5 Provide federal tax credits to develop rental housing				
Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of multifamily households assisted with HTCs	18,832	12,998	69%	12,291

Explanation of Variance: Approximately $3.7 million credits out of the 2007 credit allocation were awarded to developments that had previously received credits in 2004. These additional credits were due to substantial increases in construction costs associated with hurricane disasters. Because of the increase in construction costs, fewer units are produced on an annual basis.

Strategy 1.6 Provide funding through the HOME Program for affordable multifamily housing				
Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of multifamily households assisted with HOME funds	647	144	22.3%	500

Explanation of Variance: The HOME and Housing Tax Credit programs operated concurrent application cycles. Due to the competitiveness of the cycle, not all applicants that applied for both sources of funds were competitive in the Housing Tax Credit round and eligible for an award. Therefore, the awarding of HOME funds was limited to those applications that were competitive and received a Housing Tax Credit award.

Strategy 1.7 Provide funding through the Housing Trust Fund for affordable multifamily housing				
Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of multifamily households assisted through the Housing Trust Fund	255	0	0%	784

Explanation of Variance: The 2007 funding for the HTF was utilized to meet the statutorily required minimum of $3,000,000 funding for the Bootstrap Loan Program.

Strategy 1.8 Provide funding through the Mortgage Revenue Bond Program for affordable multifamily housing				
Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of households assisted through the Mortgage Revenue Bond Program	3,500	2,997	86%	2,393

Explanation of Variance: Due to overall market and economic conditions, the bond program has not been as attractive as it has been in the past. This lead to a reduction in the applications submitted. In the past, the Department has received several applications towards the end of the year which enable the Department to CarryForward additional allocation into the following year. In 2006, the Department did not receive additional applications at the end of the year and therefore did not have the additional allocation to CarryForward into 2007. This reduced the total amount of bond allocation issued by the Department. The increase in construction costs also affected the bond program, by reducing the number of units produced due to higher costs.

GOAL 2: TDHCA will promote improved housing conditions for extremely low, very low, and low income households by providing information and technical assistance.

Strategy 2.1
Provide information and technical assistance to the public through the Public Affairs Division and the Housing Resource Center

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of information and technical assistance requests completed	5,400	3,824	70.8%	4,900

Explanation of Variance: A new toll free number for the entire agency has resulted in more calls being directly routed to the appropriate division instead of being forwarded to the Housing Resource Center. The Department has also continued to improve its website so that potential requests can be resolved via the internet instead of through the Housing Resource Center.

Strategy 2.2
To provide technical assistance to colonias through field offices

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of on-site technical assistance visits conducted annually from the field offices	600	963	160.5%	800

Explanation of Variance: Technical assistance visits to units of local government and nonprofit organizations continued to increase due to various changes to the programs administered through the field offices.

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target*
Number of colonia residents receiving assistance	1,700	827	48.6%	7,650

Explanation of Variance: The Border Field Offices focus on empowering the non-profit organizations to work with the colonia residents on a one-on-one basis. The units of local government and non-profit organizations provide the direct assistance to colonia residents on behalf of the Department. Therefore, the number of direct contacts between the Department and the colonia residents has decreased.

*Note that the definition of the measure has changed for 2008 and now includes assistance provided through the Colonia Self-Help Centers as well as the Colonia field offices.

Strategy Measure (C)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of entities and/or individuals receiving informational resources	1,200	631	52.5%	1,000

Explanation of Variance: Marketing of Colonia Initiatives, including the number of entities and/or individuals requesting and receiving information resources is a key performance goal. These figures were expected to increase upon the release of the Texas Bootstrap Loan Program NOFA in 2007. However, the new Texas Bootstrap Reservation System has delayed the release of the NOFA.

GOAL 3: TDHCA will improve living conditions for the poor and homeless and reduce the cost of home energy for very low income Texans.

Strategy 3.1
Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of persons assisted through homeless and poverty related funds.	440,000	565,822	128.6%	512,244

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). The Department revised the reporting procedures for CSBG subrecipients allowing subrecipients to report all individuals assisted by all programs operated by the CSBG subrecipient. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds.

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of persons assisted that achieve incomes above poverty level.	2,000	3,087	154.4%	2,200

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

Strategy Measure (C)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of shelters assisted through the Emergency Shelter Grant Program.	70	76	108.5%	73

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded. It is difficult to determine how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score.

Strategy 3.2
Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy related emergencies.

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of households assisted through the Comprehensive Energy Assistance Program.	63,200	83,529	132%	51,502

Explanation of Variance: High home energy prices contributed to higher demand for energy assistance.

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of dwelling units weatherized through the Weatherization Assistance Program.	4,800	5,404	112%	3,004

Explanation of Variance: The Department is above target for the year as a result of advantageous weather enabling higher weatherization production.

GOAL 4: TDHCA will ensure compliance with the Texas Department of Housing and Community Affairs' federal and state program mandates.

Strategy 4.1
The Portfolio Management and Compliance Division will monitor and inspect for Federal and State housing program requirements.

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Total number of monitoring reviews conducted.	4,554	5,555	122%	5,072

Explanation of Variance: More onsite monitoring reviews were scheduled than were anticipated.

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target
Total number of units administered	237,195	229,744	96.9%	242,766

Strategy 4.2
The Portfolio Management and Compliance Division will administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Total number of monitoring reviews conducted	9,220	11,474	124.5%	12,715

Explanation of Variance: All monitoring requests received by the Department require a review. Monitoring reviews include set up and draw reviews. As contracts near their expiration date, contractors submit more set up and draw reviews in order to complete them before contract expiration. Because several contracts expired during the quarter, the Department received a larger number of draw requests than projected.

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of contracts administered	350	358	102.3%	430

GOAL 5: To protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

Strategy 5.1
Provide titling and licensing services in a timely and efficient manner.

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of manufactured housing statements of ownership and location issued.	89,000	86,035	96.7%	90,000

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of licenses issued	4,435	2,602	58.7%	4,000

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Strategy 5.2
Conduct inspections of manufactured homes in a timely manner.

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of routine installation inspections conducted	8,000	4,603	57.5%	6,000

Explanation of Variance: The Department has experienced a higher level of non-routine inspection activity including an increased amount of affordable housing property inspections and complaint/investigative inspections. In addition, there have been several inspectors out on extended leave due to injuries. Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 30.76%.

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of non-routine installation inspections conducted	2,500	2,100	84%	2,200

Explanation of Variance: Education and enforcement keep the number of inspections with deviations low, which is desirable.

Strategy 5.3
To process consumer complaints, conduct investigations, and take administrative actions to protect the general public and consumers.

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of complaints resolved	1,700	1,052	61.9%	1,250

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

Goals Six through Eight are established in legislation as riders to TDHCA's appropriations, as found in the General Appropriations Act.

GOAL 6: TDHCA will target its housing finance programs resources for assistance to extremely low income households.*

Strategy 6.1
The housing finance divisions shall adopt an annual goal to apply $30,000,000 of the division's total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income.	$30,000,000	$19,535,526	65.12%	$30,000,000

Explanation of Variance: Fewer Section 8 vouchers and a lower than anticipated number of units assisted by the HOME program contributed to the 2007 performance for this target. HUD transferred a large number of Section 8 vouchers to a large consortium and also adjusted the methodology for distributing Section 8 funds. Both of these contributed to the lower than anticipated assistance for households earning less than 30 percent of median family income. In addition, a double funding cycle for the HOME single family funds resulted in fewer applications for 2007, the second year of the double year cycle.

Note: For more information, see Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.

GOAL 7: TDHCA will target its housing finance resources for assistance to very low income households.*

Strategy 7.1
The housing finance divisions shall adopt an annual goal to apply no less than 20% of the division's total housing funds toward housing assistance for individuals and families earning between 31% and 60% of median family income.

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Percent of housing finance division funds applied towards housing assistance for individuals and families earning between 31% and 60% of median family income.	20%	50.5%	253%	20%

Explanation of Variance: The majority of TDHCA housing programs serve households under 60% of median family income.

GOAL 8: TDHCA will provide contract for deed conversions for families who reside in a colonia and earn 60 percent or less of the applicable area median family income

Strategy 8.1
Help colonia residents become property owners by converting their contracts for deed into traditional mortgages.

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Amount of TDHCA funds applied towards contract for deed conversions for colonia families earning less than 60% of median family income.	$2,000,000	$0	0%	$2,000,000

Explanation of Variance: TDHCA has delayed the release of additional funds pending changes to encourage the efficient allocation of program funds. TDHCA has updated the program rules and anticipates the release of a NOFA for the 2006 and 2007 funding in FY 2008.

Note: For more information, see Rider 11 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.

The following TDHCA-designated goal addresses the housing needs of persons with special needs.

GOAL 9: TDHCA will work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs.

Strategy 9.1
Dedicate no less than 20% of the HOME project allocation for applicants that target persons with special needs.

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Percent of the HOME project allocation awarded to applicants that target persons with special needs.	20%	24%	122%	20%

Strategy 9.2:
Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

Strategy Activities:

- Assist counties and local governments in assessing local needs for persons with special needs.
- Work with State and local providers to compile a statewide database of available affordable and accessible housing.
- Set up a referral service to provide this information at no cost to the consumer.
- Promote awareness of the database to providers and potential clients throughout the State through public hearings, the TDHCA web site as well as other provider web sites, TDHCA newsletter, and local informational workshops.

Strategy 9.3:
Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.

Strategy Activities:

- Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.

- Continue working with agencies, advocates, and other interested parties in the development of programs that will address the needs of persons with special needs.
- Increase the awareness of potential funding sources for organizations to access, to serve special needs populations, through the use of TDHCA planning documents, web site, and newsletter.

Strategy 9.4:
Discourage the segregation of persons with special needs from the general public.

Strategy Activities:

- Increase the awareness of the availability of conventional housing programs for persons with special needs.
- Support the development of housing options and programs, which enable persons with special needs to reside in noninstitutional settings.

SECTION 5: PUBLIC PARTICIPATION

TDHCA strives to include the public in policy, program, and resource allocation decisions that concern the Department. This section outlines how the public is involved with the preparation of the plan and includes a summary of public comment.

- *Participation in TDHCA Programs*: Discusses efforts to ensure that individuals of low income and their community-based institutions participate in TDHCA programs
- *Citizen Participation in Program Planning*: Discusses affirmative efforts to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process

PARTICIPATION IN TDHCA PROGRAMS

Texas is an economically, regionally, and demographically diverse state. The Department recognizes this by establishing criteria to distribute funds based on the priorities established in TDHCA's governing statute. It is incumbent upon TDHCA to increase the public's awareness of available funding opportunities so that its funds will reach those in need across the state.

Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year, the TDHCA staff reaches out to interested parties at informational workshops and conferences across the state to share information about TDHCA programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact TDHCA for further technical assistance in accessing TDHCA programs.
- The Department's Division of Public Affairs is responsible for media releases, attends conferences and maintains conference information booths on behalf of TDHCA, as well as coordinates media interviews and speaking events.
- The TDHCA *Program Guide* provides a comprehensive, statewide housing resource guide for both individuals and organizations across the state. The *Program Guide* provides a list of housing and housing-related programs operated by TDHCA, HUD, and other federal and state agencies.
- The TDHCA website, through its provision of timely information to consumers, is one of TDHCA's most successful marketing tools and affordable housing resources.
- TDHCA also operates a listserv e-mail service, where subscribed individuals and entities can receive email updated on TDHCA information, announcements, and trainings.
- TDHCA is involved with a wide variety of committees and workgroups, which serve as valuable resources to gather input from people working at the local level. These groups share information on affordable housing needs and available resources and help TDHCA to prioritize these needs.

CITIZEN PARTICIPATION IN PROGRAM PLANNING

The Department values and relies on community input to direct resources to meet its goals and objectives. In an effort to provide the public with an opportunity to more effectively give input on The Department's policies, rules, planning documents, and programs, the Department has consolidated its public hearings. In addition to these annual public hearings, individual program sections hold various hearings and program workshops throughout the year. Furthermore, the TDHCA Board accepts extensive public comment on programmatic and related policy agenda items at monthly board meetings.

The Department ensures that all programs follow the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times accessible to both working and non-working persons. The Department maintains a voluntary membership e-mail list which it uses to notify all interested parties of public hearings and public comment periods. Additionally, pertinent information is posted as an announcement in the *Texas Register*, in *Breaking Ground* (the TDHCA newsletter), and on TDHCA's website. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, or email.

PREPARATION OF THE PLAN

Section 2306.0722 of the Texas Government Code mandates that the Department meet with various organizations concerning the prioritization and allocation of the Department's housing resources prior to preparation of the Plan. As this is a working document, there is no time at which the Plan is static. Throughout the year, research was performed to analyze housing needs across the state, focus meetings were held to discuss ways to prioritize funds to meet specific needs, and public comment was received at program-level public hearings as well as at every Governing Board meeting.

The Department met with various organizations concerning the prioritization and allocation of the Department's resources, and all forms of public input were taken into account in its preparation. Several program areas conducted workgroups and public hearings in order to receive input that impacted policy and shaped the direction of TDHCA programs.

Communication between TDHCA and numerous organizations results in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. In March 2006, TDHCA mailed out the 2006 Community Needs Survey to approximately 2,500 state representatives and senators, mayors, county judges, city managers, housing/planning departments, USDA local offices, public housing authorities, councils of governments, community action agencies, and Housing Opportunities for Persons with AIDS (HOPWA) agencies to gather preliminary input on local perceptions of housing, community affairs, and community development needs. TDHCA uses this input when preparing the Plan and in program planning and development.

PUBLIC HEARING

From October to December 2007, TDHCA worked on the draft version of the *2008 State of Texas Low Income Housing Plan and Annual Report.* The draft was submitted to the TDHCA Board of Directors for approval at the December 2007 Board meeting, and was then released for public comment in accordance with §2306.0732 and §2306.0661. The hearing notice was published in the January 4, 2008, edition of the *Texas Register*. The formal citizen participation process for the *2008 State of Texas Low Income Housing Plan and Annual Report* began January 4, 2008, and ended February 6, 2008. During the comment period, the public was encouraged to submit input toward the Plan in writing via mail, fax, or e-mail or in person at the public hearing held in Austin. The hearing was attended by staff from the TDHCA Housing Resource Center, as well as representatives from the Texas State Affordable Housing Corporation. The time and location were as follows:

Tuesday, January 8, 2008
10:00am
Rusk Building
208 E. 10th St.
Austin, TX 78701

PUBLIC COMMENT

The Department received no comment from the public regarding the SLIHP during the designated comment period.

SECTION 6: 2008-2009 COLONIA ACTION PLAN

POLICY GOALS

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the TDHCA Office of Colonia Initiatives (OCI) was established to administer and coordinate efforts to enhance living conditions in colonias along the Texas-Mexico border region. OCI's fundamental goal is to improve the living conditions of colonia residents, and to educate the public regarding the services that TDHCA has to offer.

The OCI Division was created to do the following:

- Expand housing opportunities to colonia and border residents living along the Texas-Mexico border.
- Increase knowledge and awareness of programs and services available through the Department.
- Implement initiatives that promote improving the quality of life of colonia residents and border communities.
- Empower and enhance organizations that serve the targeted colonia population.
- Provide consumer education to colonia and border residents.
- Develop cooperative working relationships between other state, federal, and local organizations to leverage resources and exchange information.
- Promote comprehensive planning of communities along the Texas-Mexico border to meet current and future community needs.
- Solicit input from colonia residents on major funding decisions that will affect border communities.

OVERVIEW

The US-Mexico border region is dotted with hundreds of rural subdivisions called colonias, which are characterized by high levels of poverty and substandard living conditions. Several different definitions of colonias are used by various funding sources and agencies due to differing mandates. Generally, these definitions include the concepts that colonias are rural and lacking services such as public water and wastewater systems, paved streets, drainage, and safe and sanitary housing. Colonias are mostly unincorporated communities located along the US-Mexico border in the states of California, Arizona, New Mexico, and Texas, with the vast majority located in Texas

While new colonias continue to develop, many have been in existence for over 40 years. A few colonia developments began as small communities of farm laborers employed by a single rancher or farmer while others originated as town sites established by land speculators as early as the 1900s. A majority of the colonias, however, emerged in the 1950s as developers discovered a large market of aspiring homebuyers who could not afford to purchase in cities or who did not have access to conventional financing mechanisms.

POPULATION AND POVERTY

Data updated in 2006 by the Texas Office of the Attorney General recorded 2,060 colonias in 30 counties within 150 miles of the Texas-Mexico border. However, approximately 1,700 of those colonias are concentrated in just seven counties directly abutting the international boundary. It should be noted that these figures represent only the documented colonias. There may be many small, rural colonias that have gone unidentified. Currently, Hidalgo County has the largest number of colonias, with 847 counted in

2006. The 13 counties running along the Texas-Mexico border have an average Hispanic or Latino population of 74.2 percent, as compared to the statewide average of 34.6 percent.

Between 2000 and 2005 many Texas border counties experienced rapid population growth. El Paso, Maverick, Webb, Zapata, Starr, Hidalgo, and Cameron counties have shown an average increase in population of 12.3 percent, surpassing the state average increase of 9.6 percent. Simultaneously, a 5.4 percent average decrease in population has actually occurred in several counties that are adjacent to the border counties over the same time period. Counties experiencing large decreases include Hudspeth, Reeves, Pecos, Terrell, Edwards, Kinney, Duval, Jim Hogg, and Brooks.[90]

2003 US Census data placed the median household income for Texas at $39,967, while the median household income for the Texas-Mexico border counties averaged a much lower $26,606. Zavala County, near the border, posted the lowest median household income at $18,553. In the larger border-region cities El Paso, McAllen, Brownsville, Corpus Christi, and Laredo, the average median values of owner-occupied housing units in 2000 was $69,640. Laredo had the highest home values at $77,900.[2]

The particular need for affordable housing in the border region can be largely attributed to the poverty level of the rapidly growing population. Counties along the Texas-Mexico border shoulder some of the highest poverty rates in the state. According to 2003 US Census data, the poverty level in the state of Texas stood at 16.2 percent, while the average poverty level of counties along the Texas-Mexico border was 25.3 percent. Furthermore, the four counties with the greatest number of colonias (Hidalgo, El Paso, Starr, and Cameron), had an average poverty level of 31.5 percent, nearly double the state rate. Counties like Dimmit and Starr, at 32.7 percent and 36.2 percent respectively, were even higher.

HOUSING

According to a review completed by the Texas Comptroller's Office, most homebuilders would have a difficult time constructing houses for a sale price of less than $60,000 to $70,000. Houses in this price range would typically be affordable to workers earning $12 to $14 an hour (assuming a housing debt to income ratio of 33 percent with no additional debts). Some builders indicate that it is difficult to build lower-priced homes because many of the construction costs, including the cost of acquisition and site development, are fixed, regardless of the size of the home.[3] Land acquisition and development can add $10,000 to $20,000 to the cost of a house. For a new subdivision, the acquisition cost may be only a few thousand dollars per lot. But the 1998 cost of infrastructure—such as streets, power, and water—could be as much as $15,000 per lot or higher in some areas.[4]

Owner-builder construction in colonias can face additional significant obstacles. First, federal rules, such as those that govern the HOME Program, prohibit the use of affordable housing funds to acquire land unless the affordable structure is to be built within a short, sometimes impractical time. Second, lenders are typically reluctant to lend funds for owner-builder construction because these borrowers may have little or no collateral. Third, owner-builders may not be sufficiently skilled and may end up building substandard housing without appropriate supervision or guidance. Some governmental housing programs limit the private housing market from serving border residents because they offer no profit incentive for housing professionals, builders, lenders, and real estate agents to serve low-wage workers. Program administrators acknowledge profit as an ingredient in encouraging home construction.

[1] U.S. Census Bureau: State and County Quickfacts. http://quickfacts.census.gov/qfd/states/48000.html (Viewed July 27, 2006).
[2] U.S. Census Bureau: State and County Quickfacts. http://quickfacts.census.gov/qfd/states/48000.html. Viewed July 27, 2006.
[3] Bordering the Future: Homes of Our Own. Windows on State Government. Texas Comptroller of Public Accounts. July 1998. Interview with Clark Wilson Homebuilders, November 20, 1997.
[4] Bordering the Future: House Prices Reflect Production Costs. Window on State Government. Texas Comptroller of Public Accounts. July 1998. Interview with Clark Wilson Homebuilders, Nov. 20, 1997.

COLONIA NEEDS ASSESSMENT

The following table displays housing quality data from 14 of the 28 colonias served by the Department's Self-Help Center Program. This sample of data, reported by the participating counties as part of their colonia needs assessments, provides a representation of the acute need for housing-related assistance in these communities. Each county conducted its own needs assessment by different methods, and not all counties reported specific data figures. As a result, the table below contains only the data that is available. For the purposes of this assessment, "substandard homes" refers to structures in need of repair or rehabilitation, while "dilapidated homes" refers to structures necessitating total replacement.

Housing Structural Quality by Colonia, Selected Border Counties

County	Colonia Name	Total Number of Homes	Number of Substandard Homes	Number of Dilapidated Homes
Hidalgo	Chula Vista Acres	34	15	5
Hidalgo	El Flaco Chiquito	105	37	13
Hidalgo	El Charro	143	81	15
Hidalgo	Schroeder	210	90	22
Hidalgo	Southside	59	24	30
Val Verde	Val Verde Park Estates	865	113	22
Val Verde	Cienegas Terrace	510	108	36
Val Verde	Villareal	12	3	0
Val Verde	Escondido Estates	33	0	0
Starr	Casita/Garciasville	28	3	7
Starr	Camargito	91	32	13
Starr	La Puerta 1 & 2	210	43	33
Starr	Refugio	54	16	5
Starr	West Alto Bonito	174	41	35
	TOTAL	2528	606 24% of total	236 9.3% of total

PROGRAM PLAN

TDHCA, through its Office of Colonia Initiatives, administers various programs designed to improve the lives of colonia residents. This action plan outlines how various initiatives and programs will be implemented for 2008.

FY 2008 and 2009 Office of Colonia Initiatives Funding

	Estimated Available Funding for FY 2008	Estimated Available Funding for FY 2009
Texas Bootstrap Loan Program	$6,500,000	$3,000,000
Colonia Self-Help Centers	$1,800,000	$1,800,000
Total	$8,300,000	$4,800,000

TEXAS BOOTSTRAP LOAN PROGRAM

The Texas Bootstrap Loan Program is a statewide loan program that funds certified non-profit organizations and enables owner-builders to purchase real estate, and construct or renovate a home. In 2001 the 77th Legislature amended this program under Senate Bill 322 with a legislative directive requiring continuation of an Owner Builder Loan Program through 2010.TDHCA is required under Section 2306.753(d) of the Texas Government Code, to set aside two-thirds of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, of the Water Code. The Texas Water Development Board has determined that eligible areas are Economically Distressed Areas (EDA) which have a median household income that is not greater than 75% of the median state household income. For the purposes of the Texas Bootstrap Loan Program EDAs will be identified by census tracts. The eligible census tracts are listed on the TDHCA website. The remaining one-third will be available statewide.

The program promotes and enhances homeownership for low income Texans by providing funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing throughout Texas. Participating owner-builders must provide a minimum of 60 percent of the labor required to build or rehabilitate the home. Section 2306.753(a) of the Texas Government Code directs TDHCA to establish a priority in directing funds to Owner-Builders with an annual income of less than $17,500. The maximum loan amount using TDHCA funds may not exceed $30,000 per Owner-Builder. The total amount of loans made with TDHCA and any other source may not exceed a combined $60,000 per household. The Department committed over $8.4 million over the biennium (FY 2006-2007) to implement this initiative from the Housing Trust Fund. TDHCA released another NOFA in the amount of $6,500,000 for FY 2008, the funding for which will be available starting November 1, 2007 .

In an effort to increase the Department's ability to more promptly assist households and expend funds, and to better disseminate Bootstrap funds across a broader network of providers, the Office of Colonia Initiatives (OCI) Division of TDHCA is utilizing a new reservation system concept similar to the TDHCA First Time Homebuyer Bond Program in order to distribute the new allocation of funding. This type of system will allow program funds to be expended more rapidly and efficiently. Under the reservation system, participating nonprofit organizations must be certified by TDHCA as a Nonprofit Owner-Builder Housing Program (NOHP) in accordance with Section 2306.755 of the Texas Government Code and must execute a Loan Origination Agreement with the Department in order to assure full compliance with program rules and guidelines. After being certified as an NOHP, the NOHP will then be able to submit individual loan applications to TDHCA on behalf of the owner-builder applicant on a first-come, first-served basis. A nonprofit will be allowed to have up to ten reservations at any given time. Funds may be reserved up to twelve months for each reservation; however, the nonprofits are required to meet specific performance benchmarks within that time period in order to retain the funding. The Department is actively working with Bootstrap recipients to garner feedback on the new system to ensure the ongoing success of the program.

COLONIA SELF-HELP CENTERS

In 1995, the 74th Legislature passed Senate Bill 1509 (Texas Government Code Subchapter Z §2306.581 - §2306.591), a legislative directive to establish colonia self-help centers (SHCs) in Cameron/Willacy, Hidalgo, Starr, Webb, and El Paso counties. This program also allows the Department to establish a colonia SHC in any other county if the county is designated as an economically distressed area. Five colonias in each county are identified to receive concentrated attention from its respective SHC. Operation of the colonia SHCs is managed by a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the capacity to operate a center.

These colonia SHCs provide concentrated on-site technical assistance to low and very low income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach, and education. In addition, on-site technical assistance is provided to colonia residents. Key services to the designated colonias within each county receive technical assistance in the areas of housing rehabilitation; new construction; surveying and platting; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; grant writing; infrastructure constructions and access; contract for deed conversions; and capital access for mortgages to improve the quality of life for colonia residents in ways that go beyond the provision of basic infrastructure. The three OCI border field offices provide technical assistance to the counties and SHCs.

The Colonia SHC program serves 28 colonias in the five counties designated by statute and two additional counties of Maverick and Val Verde, which were added to the program at the discretion of the Department. Each county has approximately 10,000 colonia residents who qualify as beneficiaries of these services. The Department contracts with the counties, which in turn subcontract with nonprofit organizations to administer the Colonia SHC program or specific activities. The counties oversee the implementation of contractual responsibilities and ensure accountability. Before selecting subcontractor organizations, County officials conduct a needs assessment to prioritize needed services within the colonias and publish a Request for Proposal (RFP) to provide these services.

The Department designates a geographic area to receive the services provided by the Colonia SHCs based upon funding proposals submitted by the counties. In consultation with the Colonia Residents Advisory Committee (C-RAC) and the appropriate unit of local government, the Department designates up to five colonias in each service area to receive concentrated attention from the Colonia SHCs. The C-RAC is a committee of colonia residents appointed by the TDHCA Governing Board which advises the Board regarding the needs of colonia residents and the types of programs and activities which should be undertaken by the Colonia SHCs. Each county nominates two colonia residents to serve on the committee, one of whom must reside in a colonia being serviced by the county's SHC. The committee also includes a primary and secondary representative from each county. The Department's Board of Directors appointed the current members to the C-RAC on September 19, 2001.The C-RAC meets thirty days before a contract is scheduled to be considered for award by the Board in order for their concerns, if any, to be relayed to and evaluated by the Board.

Each SHC is allocated sufficient funds to provide services within the designated colonias, and if applicable, can provide limited assistance outside the service area.

The operations of the colonia SHCs are funded by HUD through the Texas Community Development Block Grant Program 2.5 percent colonia set-aside, which is approximately $2.2 million per year. The CDBG funds are transferred to the Department through a memorandum of understanding with the Office of Rural Community Affairs. CDBG funds can only be provided to eligible units of general local governments. Therefore, the Department must enter into a contract with each participating county government. The Department provides administrative and general oversight to ensure programmatic and contract compliance. In addition, colonia SHCs are encouraged to seek funding from other sources to help them achieve their goals and performance measures.

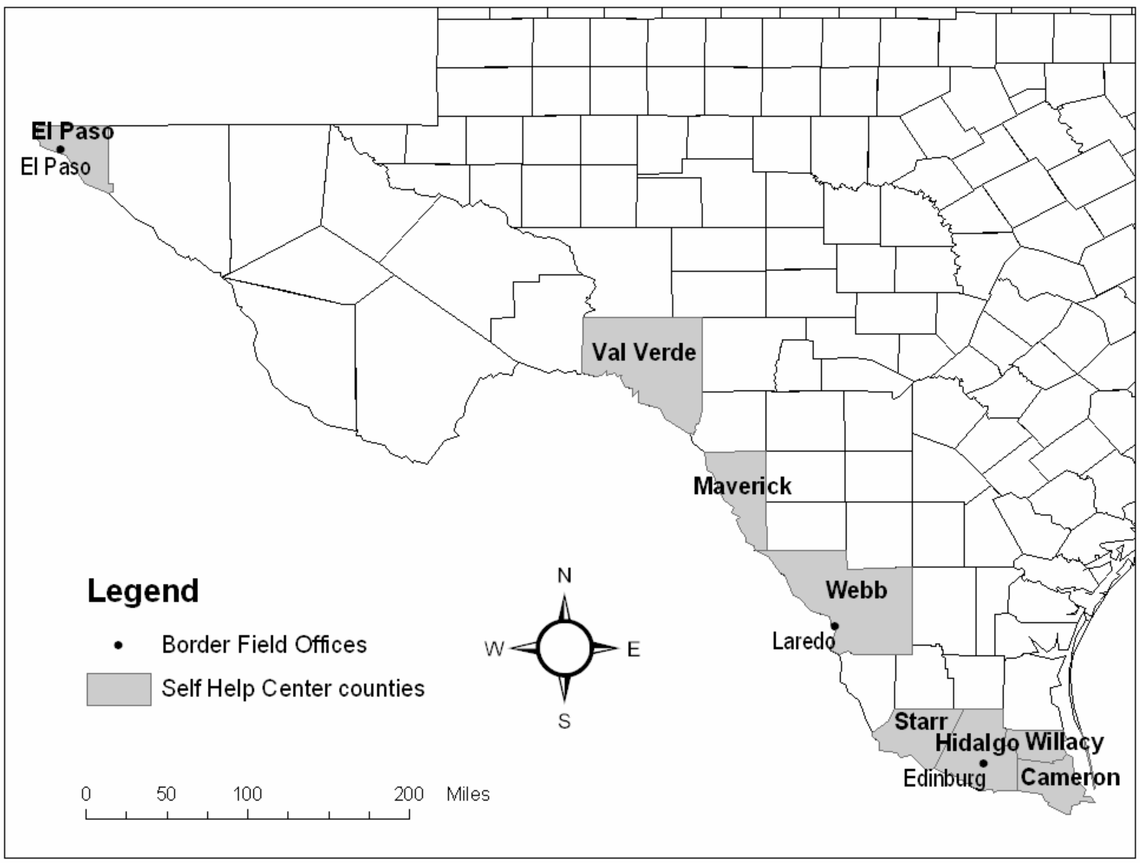
Border Field Offices

OCI manages three border field offices located in El Paso, Laredo, and Edinburg. These border field offices administer, at the local level, various OCI programs and services and provide technical assistance to nonprofits, for profits, units of general local government, other community organizations and colonia residents along the Texas-Mexico border region. Current funding for the border field offices is partially funded from General Revenue, Bond Funds, and the HOME and CDBG programs. OCI will continue to maintain these three border field offices and will continue to act as a liaison between non-profit organizations and units of local government.

Occasionally, there is funding available to communities and organizations in the colonias to support local programs. Technical assistance is provided to help non-profit organizations locate funding and learn to write successful grant proposals. However, the most important aspect in seeking funding is the ability of the communities or organizations to manage the funding within its rules and program guidelines. Many communities and organizations struggle to deliver services to their colonia residents due to capacity and financial issues. Therefore, the Border Field Offices anticipate approximately 800 technical assistance visits for FY 2008 to nonprofit organizations and units of local government.

The Department recognizes the need for consumer education on topics such as filing homestead exemptions, knowing one's property rights under Contract for Deed, and the challenges of homeownership. The Department will provide homebuyers under its Contract for Deed Conversion and Texas Bootstrap Loan Programs a form to file their homestead exemption at the time of closing on their homes. The Department will create an educational campaign regarding House Bill 1823, which was passed during the 79th Regular Legislative Session (2005) and allows residential contract for deed buyers to have their contacts converted from a deed to a deed in trust. The educational campaign will be directed to colonia residents along the Texas-Mexico Border Region. Education services are available through the colonia SHCs and OCI Border Field Offices.

Border Field Offices and Colonia Self Help Centers



[91] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).

SECTION 7: TEXAS STATE AFFORDABLE HOUSING CORPORATION ANNUAL ACTION PLAN

According to Section 2306.0721(h), the Texas State Affordable Housing Corporation (TSAHC) Annual Action Plan must be included as part of the 2008 SLIHP.

OVERVIEW

This report is prepared in accordance with SB 284, Legislative 78th Session, which requires the Texas Department of Housing and Community Affairs ("TDHCA") and the Texas State Affordable Housing Corporation ("Corporation") to coordinate regarding the State Low Income Housing Plan ("SLIHP"). The bill amends Section 2306.0722(b) to require TDHCA to provide the needs assessment information compiled for the report and plan to the Corporation. Section 2306.566 is added to require the Corporation to then review the information and develop a plan to meet "the state's most pressing housing needs identified in the needs assessment information" and provide the plan to TDHCA for incorporation into the resource allocation plan in the SLIHP. The Corporation's plan must include specific proposals to help serve rural and other underserved areas of the state. The bill also adds Section 2306.0721(h) to require TDHCA to incorporate the specific results of the Corporation's programs in TDHCA's estimate and analysis of housing supply in each uniform state service region under Section 2306.0721(c)(9).

Sec. 2306.566 of the Texas Government Code reads:

> *COORDINATION REGARDING STATE LOW INCOME HOUSING PLAN.*
>
> *The corporation shall review the needs assessment information provided to the corporation by the department under Section 2306.0722(b).*
>
> The corporation shall develop a plan to meet the state's most pressing housing needs identified in the needs assessment information and provide the plan to the department for incorporation into the state low income housing plan.
>
> *The corporation's plan must include specific proposals to help serve rural and other underserved areas of the state.*

HISTORY OF THE CORPORATION

The Texas State Legislature created the Corporation as a self-sustaining non-profit entity to facilitate the provision of affordable housing for low income Texans who do not have comparable housing options through conventional financial channels. Enabling legislation, as amended, may be found in the Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq. All operations of the Corporation are conducted within the state of Texas. Corporate offices are located in Austin, Texas. A five-member board of directors appointed by the Governor with the advice and consent of the Senate oversees the business of the Corporation.

The Corporation issues mortgage revenue bonds and private activity bonds to finance the creation of affordable multifamily housing units, and to finance the purchase of single family homes under three separate programs: (1) the Professional Educators Home Loan Program, (2) the Fire Fighter, Law Enforcement or Security Officer, and Emergency Medical Services Personnel Home loan Program (more commonly referred to as the Homes for Texas Heroes Program), and (3) the Home Sweet Texas Loan Program. Since April 2001, the Corporation has issued over $291 million in single family and approximately $540 million in multifamily mortgage revenue bonds. To date, the Corporation has provided over 9,362 units of affordable multifamily rental housing to low income Texans. The Corporation has also served 2650 income eligible individuals and/or families through its single family first-time homebuyer programs. This affordable housing has been provided at no cost to the state and its taxpayers. The Corporation does not receive any state funding, and is not subject to the legislative appropriations process.

The Corporation is organized, operated, and administered in accordance with its enabling legislation as a 501(c)(3) nonprofit corporation in order to access additional sources of funding to accomplish its mission. The Corporation is an approved originating seller/servicer for single family loans with Fannie Mae, Freddie Mac, Ginnie Mae, U.S. Rural Development, FHA, and VA. The Corporation has conduit sales agreements with Countrywide Home Loans, Inc., and Wells Fargo Funding, and with the Community Development Trust, Inc., for multifamily mortgage loans. The Corporation is also a associate member borrower of the Federal Home Loan Bank of Dallas.

NEEDS ASSESSMENT REVIEW

According to an analysis of the Texas Department of Housing and Community Affairs' (TDHCA) Needs Assessment and other published studies on the subject, the following represent the most pressing housing needs in the state:

GENERAL HOUSING NEEDS

- By 2000, Texas had the second largest total population, 20.9 million, among the states in the United States. By 2010, the population is projected to be between 24.2 and 25.9 million and by 2040 between 35.0 and 50.6 million.[91]
- As a result of the growing population, housing demands will change substantially in the coming years with both owner and renter housing growing at nearly equal rates.[92]
- Affordable housing is in short supply for the extremely low, very low, low, and moderate income brackets, which was caused primarily by the private sector's concentration of development, both single family and multifamily development, in larger metropolitan areas and targeting higher income individuals and families.[93]
- Many HUD-financed or HUD-subsidized properties, which represent a significant portion of the state's affordable housing portfolio, are at risk of becoming market rate properties.[94]

SINGLE FAMILY HOUSING NEEDS

- Texas may add nearly 3.8 million more students over the next 40 years creating a high demand for educators.[95]
- Population growth will mean increased public service demands and expanding markets for Texas.[96] The Texas nursing education system is operating close to capacity and faces several impediments to producing more graduates—faculty shortages due to retirement, inadequate salaries, and fewer faculty applicants.[97]

---

92 Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas, 2002*.
93 Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
94 Ibid.
95 Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas, 2002*.
96 Ibid
97 Health and Nurses in Texas – The Future of Nursing: Data for Action (Vol. 3 No. 1. 2000. San Antonio, TX: The Center for Health Economics and Policy (CHEP), the University of Texas Health Science Center at San Antonio).

- Lack of funds for down payment and closing costs has created one of the greatest obstacles that prevents first-time homebuyers of low-to-moderate-income families, such as the teachers, police officers, and firefighters, from achieving the American dream of owning a home.[98]
- The Texas Education Code establishes a state minimum salary schedule that must be accommodated by all Texas schools for specific public education professionals. The state minimum salary for 2007-2008 ranges from $27,320 per year for 0 years experience to $44,270 per year for 20 or more years of experience.[99]
- The base salary for Texas fire fighters differs across the State, but on average ranges from $19,400 per year to $58,214.[100]
- The base salary for Texas police officers ranges across the State, but on average ranges from $29,969 per year to $61,438. [101]
- The base salary for Texas correctional officers ranges from $20,844 per year to $42,127.[102]
- The base salary for Texas juvenile correctional officers ranges from $20,844 per year to $47,529.[103]

MULTIFAMILY HOUSING NEEDS

- Renter households are, on average, a lower income group than owner households. More than 37 percent of renter households earn less than 50 percent of the Area Median Family Income, compared to only 16.3 percent of owner households. As a result, renter households are more likely to be in need of housing assistance.[104]
- According to the results of the 2003 Community Needs Survey distributed by TDHCA to cities, counties, local housing departments, public housing authorities, and the US Department of Agriculture/Rural Development field offices, approximately 78 percent of respondents felt that there was a severe or significant affordable housing problem in their area and that new rental housing development and the renovation of existing multifamily housing are more important than rental payment assistance.[105]
- The lack of affordable housing opportunities leads to severe and extreme housing cost burdens for lower-income groups; in particular, extremely low-income renter households.[106]
- Overcrowding may indicate a general lack of affordable housing in a community and lower income renter households experience overcrowded conditions more frequently than higher income households.[107]
- In the 2005-2009 State of Texas Consolidated Plan, it is estimated that 2 million people or 9.9% of the total population are 65 years of age and older. The Texas Department of Aging and Disability Services estimates that by year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas. Though the majority of the elderly Texans live in urban areas, rural areas have a higher percentage of elderly relative to the local population. According to the 2000 Census,

[98] National Association of Home Builders, *News Details; March 24, 2004.*
[99] Texas Classroom Teachers Association: http://www.tcta.org/teacher_resources/salary_schedule.html.
[100] Salary.com
[101] Ibid.
[102] Texas Department of Criminal Justice Human Resources Division: http://www.tdcj.state.tx.us/vacancy/coinfo/cosalary06.htm.
[103] Texas Youth Commission: http://austin.tyc.state.tx.us/cfinternet/jobopening/classifications.html.
[104] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).

[105] Ibid.
[106] Ibid.
[107] Ibid.

13.1 percent of seniors age 65 and over in Texas live below the poverty level. Approximately 30% of all elderly households pay more than 30% of their income on housing with 14% paying more than 50% of their income on housing. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing.[108]

- There is a shortage of affordable housing in the extremely low, very low, low and moderate income brackets. This is primarily caused by the private sector's concentration of development in larger metropolitan areas and targeting higher income individuals and families.[109] Cities with populations between 20,000 and 50,000 have a particularly hard time accessing funds. They cannot access USDA funding and are too small to effectively compete for other funding opportunities.[110]
- According to the US Census Related Comprehensive Housing Affordability Strategy (CHAS) Data, there are approximately 2,903,671 people living in rural areas of Texas. Of these, 574,843 people or 20% are living below the poverty level; 83,454 low income households live with the cost burden of paying more than 30% of their income on housing expenses; 26,999 occupied units are "overcrowded"; and 5,211 units were found to have substandard conditions such as lack of piped water, utilities, and waste facilities.[111]
- Preservation of existing affordable and subsidized housing stock is an important element of providing safe, decent and affordable housing. The explosive population growth in the metropolitan areas as well as the lack of new construction during the late 80's and early 90's created a huge demand for housing at all income levels. Adding to this problem is the loss of units in the federally subsidized Section 8 portfolio, the USDA/Rural Development portfolio and the pools of tax credit units that have reached their 15 year affordability periods. The USDA/Rural Development portfolio contains smaller rural rental properties which, in many cases, represent the sole affordable housing stock in Texas' smallest towns.[112]
- As of the most recent statistical information available, there were 2,676,060 renter occupied housing units in Texas. Eighty-four percent of these were constructed before 1990 with the highest production of rental housing (50.8%) built between 1970 and 1989. Therefore, the majority of rental housing stock in Texas is between 15-35 years old and may be in need of some type of moderate to substantial rehabilitation in order to preserve its functionality.[113]

HURRICANE-AFFECTED AREA HOUSING NEEDS

- Many Texas Gulf Coast residents were left with damaged or destroyed homes after Hurricane Rita came through the state. On Wednesday, December 21, 2005, the President signed into law, H.R. 4440, the "Gulf Opportunity Zone Act of 2005," to assist the Gulf Coast in its recovery from the past year's hurricane season. The Act defines three "GO Zones" for the areas hit by hurricanes Katrina, Rita, and Wilma.
- According to the U.S. Census Bureau, the estimated population for the state of Texas in 2005 was 22,859,968. Of this figure, 5,416,433 live in the twenty-two designated targeted areas in the GO Zone. Areas designated as "targeted" include the following counties: Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Harris, Jasper, Jefferson, Liberty, Montgomery,

[108] Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).
[109] Texas Department of Housing and Community Affairs, Strategic Plan for Fiscal Years 2005-2009.
[110] Texas Department of Housing and Community Affairs, Report on the 2004 Regional Advisory Committee Meetings on Affordable Housing and Community Services Issues, November 2004.
[111] 2000 U.S. CHAS Data, Texas Department of Housing and Community Affairs
[112] Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).
[113] 2000 U.S. Census Data

Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler, and Walker.

The Corporation will address these pressing housing needs through the following single family, multifamily, and grant programs for 2008. The following summary of Corporation programs gives the history and accomplishments of our programs to date and a plan for achieving greater success with these programs in 2008. A few of the programs mentioned are mandated by the state legislature, as noted, and a few have been undertaken upon the Corporation's own initiative to fulfill housing needs for identified underserved areas of the state.

CORPORATION PROGRAM DESCRIPTIONS

- Texas Professional Educators Home Loan Program
- Texas Fire Fighter, Law Enforcement or Security Officer, and EMS Personnel Home Loan Program
- Home Sweet Texas Loan Program

These Programs are the Corporation's Single Family Mortgage Revenue Private Activity Bond Programs. The first two Programs were established by the Legislature in 2001 and 2003, respectively, and allocated, until this recent legislative session in 2007, a total of $55 million of the State's Ceiling for Private Activity Bond Cap for the exclusive purpose of making single family mortgage loans to Texas Professional Educators ($25 million); Fire Fighters, Law Enforcement Officers, and Corrections Officers ($25 million); and Nursing Faculty ($5 million) who are first-time home buyers.

In the 80th legislative session in 2007 changes were made to the Programs, including adding new eligible professionals to both programs (adding emergency medical services personnel and juvenile corrections officers to the Texas Fire Fighter, Law Enforcement or Security Office, and Emergency Medical Services Personnel Home Loan Program, and adding allied health faculty and nursing faculty to the Professional Educators Home Loan Program) and changing the way private activity bonds are allocated to the Programs. In the past, both the Professional Educators and Homes for Texas Heroes Programs received $25 million each and the Nursing Faculty Home Loan Program received a $5 million set aside on bond cap.

In 2008, the Corporation will receive 10 percent of the bond cap set aside for issuers of single family mortgage revenue bonds. In addition, the new law specifies that of that 10 percent, 54.5 percent shall be allotted to the Professional Educators Home Loan Program and 45.5 percent shall be allotted to the Texas Fire Fighter, Law Enforcement or Security Officer, and Emergency Medical Services Personnel Home Loan Program. The Nursing Faculty Home Loan Program was repealed and nursing faculty are now eligible under the Professional Educators Home Loan Program.

In 2006 the Corporation created the Home Sweet Texas Loan Program by applying for, and receiving, $25 million in bond cap after the collapse of the set-asides for all state issuers of bonds. The Home Sweet Texas Loan Program is available statewide with no professional requirements to those at or below 80 percent of the AMFI.

The Programs are available statewide on a first come, first-served basis, to first-time homebuyers who wish to purchase a newly constructed or existing home. Through each Program, eligible borrowers are able to apply for a 30 year fixed rate mortgage loan and receive 5 percent of the total loan amount as down payment assistance in the form of a grant. The programs are accessible to eligible borrowers by directly contacting a trained, participating mortgage lender.

The 2005 and 2006 Professional Educators Home Loan Programs fully originated the $50,000,000 bond fund allocation. In 2007, the Corporation released a total of $101 million for the Professional Educators Home Loan Program. This amount includes $76,000,000 that the Corporation applied for during the bond collapse. This program continues to be extremely successful. Since its inception in 2001, the program has financed over 1500 homes for teachers, teacher's aides, school counselors, school nurses and school librarians.

Additionally, the 2005 and 2006 Fire Fighter and Law Enforcement or Security Officer Home Loan Program fully originated $50,000,000 in loan commitments. The 2007 Fire Fighter and Law Enforcement or Security Officer Home Loan Program was released in May, and has committed the full $25 million allocation. Since the inception of this program in 2003, the program has financed over 750 homes for fire fighters, peace officers, correctional officers, county jailers, public security officers, and emergency medical services personnel.

Since the inception of both the Professional Educator Home Loan Program in 2001 and the Fire Fighter and Law Enforcement or Security Officer Home Loan Program in 2003, the Corporation has only seen the demand for these programs increase.

The Gulf Opportunity Zone Act of 2005 expanded the eligibility for our single family bond programs significantly. Some of the principal provisions included in the Gulf Opportunity Zone Act of 2005 relate to private activity bonds for financing residential property located in a GO Zone, specifically, but not limited to, those funds used for "targeted area" residences. "Targeted area" means that part of the Eligible Loan Area that has been or may be designated from time to time as a qualified census tract or an area of chronic economic distress in accordance with section 143(j) of the Internal Revenue Code.

Section 1400T of the Gulf Opportunity Zone Act provides that for purposes of section 143, each residence in a designated area is treated as a "targeted" area residence (for financing provided from 12/21/05 through 12/31/2010), thus eliminating the first-time homebuyer requirement, and applying the higher targeted area purchase price and income limitations (state income limitation of 140% AMFI).

As a result of the designation of "targeted areas", coupled with the elimination of the first-time homebuyer requirement and increased income and purchase price limitations, the funds set aside for "targeted areas" have been originating quickly. In 2006 and 2007, the Corporation allocated over $44 million to targeted areas. To date $40.6 million have been committed, assisting over 360 individuals.

2008 Implementation Plan

The Corporation's primary goal for 2008 will be to continue to develop a financing structure that minimizes the Programs' mortgage interest rate and offers the best possible down payment assistance grant to the borrowers. Down payment assistance is especially critical when the spread between conventional mortgage rates and tax-exempt mortgage rates have reached historical lows. The Corporation will also continue to advertise and to receive input about the Programs by attending home builder, real estate agent, lender, and the various professional trade associations' conventions and trade shows in 2008.

In addition, the Corporation will continue to train and develop relationships with mortgage lenders and realtors who represent the Programs to the borrowers.

Given the demand for first-time homebuyer programs, other financing options available to the Corporation through its enabling legislation will be explored. If demand continues, the Corporation will continue to submit applications to the Texas Bond Review Board requesting additional volume cap during the collapse to serve new first-time homeowners.

Affordable Homeownership Program For Texas

One of the Corporation's main initiatives is to provide housing opportunities to Texans that do not have comparable housing options through conventional financial channels. Many families throughout Texas seeking to purchase a home are not able to meet the traditional lending requirements and, up to now, have had no other option but to rent. In order to meet this need and provide deserving families with a financing alternative for achieving the American dream of homeownership, the Corporation developed the Affordable Homeownership Program for Texas ("Program").

The Program, developed through a partnership with a national lender and the Corporation, provided borrowers with an affordable mortgage financing option that allows them the opportunity to achieve homeownership. As a result of this partnership, the national lender committed up to $100 million dollars for mortgage loans and the Corporation committed $1 million dollars for down payment assistance.

The Program was established to serve those individuals and/or families in Texas that have FICO scores between 525 and 610 and who are at or below 80% of the AMFI by providing them access to an affordable mortgage loan product and down payment assistance in an amount up to seven percent (7%) of the mortgage loan amount. In addition, the Program rewards borrowers who make timely mortgage payments with lower interest rates and lower mortgage payments. Borrowers receive a 50 basis point (.5%) reduction in their mortgage interest rate for every 12 months of on-time payments. As a result, Borrowers can reduce their mortgage interest rate by up to two percent (2%) during the first 48 months of their mortgage loan.

Homebuyer education is an essential component to the success of home ownership. Under the Program, borrowers are provided pre- and post-closing Homebuyer Education Training by ACORN Housing. ACORN Housing is a national housing counseling organization, helping low and moderate income homebuyers and homeowners since 1986. Additionally, borrowers will have intervention assistance available to them during the life of the mortgage loan. We believe this training and assistance is crucial to the success of this Program.

Since 2004, the Program has provided __ loans to individuals and families who otherwise might not have achieved the dream of home ownership. At this time, the Corporation has put the program on hold as we search for a new national lender to step in to provide the mortgage loans for this important program.

2008 Implementation Plan

At this time, the program is on hold as the Corporation searches for a new national lender to step in to provide the mortgage loans for this important program.

Interim Construction and Land Acquisition Program

The Corporation's Interim Construction and Land Acquisition Loan Program supports our mission to serve the housing needs of low, very low and extremely low-income Texans who do not have comparable housing opportunities in rural and underserved communities. The program accomplishes this by providing short-term financing for site acquisition and interim construction to non-profit and for-profit developers to increase or preserve the stock of affordable single family homes in Texas.

The Corporation only considers proposals for a development that involves the sale of housing units to unrelated third party households. This includes developments involving, but not limited to, single-family or multi-unit residential structures, condominiums, limited equity co-operatives, subdivisions, infill construction, new construction and rehabilitation.

Funding for this program comes from investments made by public and private entities into the Corporation's single family loan pool. The Corporation may also commit its own funds to the program or borrow funds from public or private entities to finance loans. The availability of funds is dependant upon the Corporation's ability to find new investments, and/or borrow funds at reasonable rates and terms. All loan commitments are conditioned upon the availability of funds.

In December 2007 the Corporation's Board approved loan policies to govern the program that provide guidance to staff, borrowers and investors of our process for administering the program. The program policies were a significant step forward in the development of the program and will assist us in increasing investments in the program from private and public entities and with creating application materials, loan documents and marketing materials for the program.

2008 Implementation Plan

The program will require new investments in order to continue operations; therefore the primary goal for the next year will be to raise at least $1 million dollars in new funding. To assist in this goal, the Corporation will create a loan loss reserve pool that can act as insurance on the repayment of funds to investors. The Corporation intends to lend at least 70% of its available loan pool to qualified affordable housing developments. As the funding for the program increases, the Corporation will create a marketing campaign for the program that includes the development of web-based materials, marketing brochures, presentation materials, and clear document packages for borrowers. Staff will work with regional and statewide associations to promote the program at conferences and training events. The Corporation will track the number, cost and location of affordable housing units produced by the program to determine if the Corporation is fulfilling its mission to serve underserved populations and areas in Texas.

Multifamily Private Activity Bond Program

The Texas Legislature in 2003 allocated 10 percent of the multifamily private activity bond cap to the Corporation. The available amount for funding in 2007 was approximately $44 million, and a similar amount will be available for 2008. Nonprofit and for profit developers can use the program to finance the acquisition and rehabilitation or new construction of multifamily residential rental units across the state. Developers are encouraged to leverage the private activity bond funds by using Low Income Housing Tax Credits (LIHTC) available through TDHCA.

The Corporation's Private Activity Bond program statute requires the Corporation to target areas with the greatest housing need that have expressed local community support for affordable multifamily housing. The statute also requires the Corporation to solicit proposals from developers who would provide the specific housing development that would address the targeted housing need outlined in the request, whether for senior, rehabilitation, rural, supportive, migrant farm worker, or other specific housing need. Applications received in response to the request for proposals issued by the Corporation will be scored and ranked using criteria that analyzes the Developer's qualifications, experience and willingness to provide the types of multifamily housing targeted by the Corporation. Tax-exempt private activity bond financing will be allocated to the highest-scoring proposal that meets the identified housing needs of the Request for Proposals, subject to available allocation.

The Corporation issued requests for proposals in 2007 to Developers for the provision of rural, senior, preservation of at-risk housing (rehabilitation), and supportive housing. The Corporation received two applications and issued $34,900,000 to one developer to finance the acquisition and rehabilitation of 13 properties around the state. Since 2003, the Corporation has awarded $49,200,000 to create or preserve 1,258 units of affordable rental housing.

2008 Implementation Plan

The targeted areas of housing for 2008 are Preservation of At-Risk Housing, Senior Housing, Supportive Housing, and Rural Housing. These targeted areas are based on current research and information received throughout the last few years. In 2004 and 2005 the Corporation solicited participation in the private activity bond program by sending letters to mayors of all cities with a population over 10,000 people and all county judges. Discussing the various needs with each interested city and county highlighted the diversity of needs for different areas of Texas. The larger metropolitan areas believed they were saturated with multifamily housing, but were interested in rehabilitation or redevelopment of existing multifamily housing that had fallen into disrepair. Cities with a lower population, generally not in urban areas, expressed interest in developing new multifamily housing to fill their affordable housing needs.

Most recently, the Corporation conducted an electronic survey by email to known stakeholders, and the targeted housing needs from 2007 were confirmed as those still most needed in the state. As a result of this fact-finding, the Corporation targeted housing needs for 2008 and included those in its 2008 Request for Proposal (RFP). The 2008 RFP is an evergreen RFP that will stay outstanding until all volume cap set aside for this program is allocated.

MULTIFAMILY 501(C)(3) BOND PROGRAM

The Corporation's 501(c)(3) Multifamily Bond Program was created to finance the acquisition and rehabilitation, or new construction, of affordable multifamily housing units throughout the state of Texas. Unlike the Corporation’s PAB program, 501(c)(3) financing does not use volume cap allocation and applications can be considered year-round. Also different from the PAB program is that 501(c)(3) financing may not be used in conjunction with low income housing tax credits. Only qualified nonprofit developers, designated under the internal revenue code as 501(c)(3) organizations, are eligible to apply for 501(c)(3) financing.

In addition to providing safe, decent, and affordable rental housing to residents of the state of Texas, recipients of 501(c)(3) financing must adopt a dollar-for-dollar public benefit program, investing at least one dollar in rent reduction, capital improvement projects, or social, educational, or economic development services for every dollar of abated property tax revenue they receive.

In 2001 and 2002 the Corporation provided $487 million in financing for the preservation or creation of 7,700 units of affordable housing in the state of Texas. Since 2002 the Corporation has not considered applications or issued bonds under the 501(c)(3) program as a result of market changes and legislatively mandated changes.

2008 IMPLEMENTATION PLAN

The Corporation will monitor market conditions and will reactivate the program if demand shows the need for this type of financing to create needed multifamily affordable housing. Non-profit developers may choose to apply under the Corporation’s Multifamily Private Activity Bond Program to be eligible for bond financing in addition to 4 percent tax credit equity.

MULTIFAMILY DIRECT LENDING PROGRAM

The Multifamily Direct Lending Program supports the Corporation’s mission to promote equal access to safe, decent, and affordable housing with an emphasis on serving rural and underserved markets. The program provides long-term financing to non-profit and for-profit developers for the purpose of increasing and preserving the stock of affordable rental housing throughout the state of Texas.

The primary sources of funds available to this program are from investments made by public and private entities into the Corporation’s multifamily loan pool. The Corporation may also commit its own funds to the program, borrow funds from public or private entities to finance loans, or act as a conduit lender for pubic or private financial institutions. The availability of funds is dependant upon the Corporation’s ability to find new investments, borrow funds at reasonable rates and terms, or identify secondary purchasers of loans.

The Corporation only considers proposals for developments involving the acquisition, construction and/or rehabilitation of affordable rental housing projects containing at least 10 housing units located within the state of Texas. Developments may be comprised of scattered-sites, senior apartments, affordable assisted living, limited-equity cooperatives, single-family rental units and other nontraditional multifamily rental housing.

This program helps to expand the flow of much-needed long-term capital to the community development industry by providing fixed rate mortgages that may not be efficiently priced by traditional secondary markets- whether because of their small size ($5M and under), configuration (scattered site and urban rehabs), affordable aspects, or lack of rated credit enhancement.

The Corporation has provided over $6.5 million in financing to over 1,500 units of affordable housing since the program's inception. In 2003 and 2004, the Corporation provided permanent financing in the aggregate amount of $5,628,000 for five (5) separate developments in Odessa, Wichita Falls, Big Spring, Brady, and Stephenville. These developments provided 412 units of affordable housing to low income Texans. The last transaction financed, the RHAC Texas Portfolio, included more than 1,000 units and was completed in September 2007. Staff believes that the market for the Direct Lending Program will continue to be strong. The need for financing of multifamily developments in rural and underserved areas is acute. To ensure the Corporation can continue to provide flexibility in its financing strategy, staff has proposed new policies for the program that will continue to allow a wide variety of strategies to be employed to meet market challenges.

2008 Implementation Plan

The Corporation is committed to administering and marketing our capabilities under this program in 2008. The Corporation has included the following goals in its 2007-2009 Business Plan for this Program. First, the Corporation intends to establish and update yearly lending policies that will guide our utilization and management of the program. Second, to expand our impact in the market, the Corporation will actively fund raise for new sources of investment, and secondary market purchasers for the Corporation's loan portfolio. The Corporation has set a goal of raising $2 million for the Corporation's Multifamily Direct Lending loan pool over the next two years.

Asset Oversight and Compliance

Asset oversight of properties is required by many bond issuers, including the Corporation and TDHCA, to monitor the financial and physical health of a property and to provide suggestions for improvement. Compliance monitoring ensures that the borrowers are providing the required number of affordable units to income eligible households and that quality resident services are being provided to all residents of the property. Periodic on-site inspections and resident file reviews of affordable units ensure that federal requirements relating to the tax-exempt status of the bonds are followed.

For those properties funded by the Corporation, the Corporation has developed a convenient way for property managers/owners to submit their compliance reports online. All properties started reporting online on or before February 2005. Since that time, properties have been reporting as required on a monthly and quarterly basis and serves to streamline paper and provide convenience to the properties.

The Corporation is currently providing asset oversight for 131 properties and compliance oversight for 36 properties. In May of 2006 TDHCA contracted with the Corporation to provide asset oversight services for multifamily properties financed through their bond program. The number of asset oversight reviews conducted by the Corporation for the Texas Department of Housing and Community Affairs are as follows:

2005	50 site visits	11,568 units
2006	73 site visits	16,956 units
2007	86 site visits	19,727 units

2008 Implementation Plan

The Corporation will continue to provide high quality asset oversight and compliance monitoring services to the properties in our current portfolio and intends to increase the effectiveness and efficiency of the program. First, the Corporation intends to develop and implement compliance software for better tracking purposes. The Corporation will also work to contract with other entities to expand our asset oversight and compliance monitoring portfolio of business. The Corporation will pursue new asset oversight and/or compliance business relationships with public agencies such as HUD, the Texas Department of Housing and Community Affairs, Housing Authorities, or partnering with private owners and property management companies.

Grant Program

Although the Corporation has been a 501(c)(3) nonprofit entity since 2001, the Corporation did not actively pursue fundraising and grant opportunities until last year. The Corporation needs to fundraise to sustain current programs and to add new programs. In 2006 the Corporation made considerable strides in this area by developing a Fundraising and Grant Program Action Plan and by searching out available grant funding for affordable housing. In 2006, the Corporation hired a Manager of Marketing and Development to actively pursue fundraising opportunities. In addition, the Corporation received a low-interest loan from Wells Fargo in the amount of $1.05 million for three areas: the Interim Construction and Land Acquisition Loan Program, Single Family Down Payment Assistance, and Multifamily Gap Financing Assistance. The Corporation has used $500,000 of this award for the Multifamily Gap Financing Assistance Program (now part of our Multifamily Direct Lending Program) to help finance the acquisition and rehabilitation of 13 properties around the state. The Corporation has committed $542,000 of this award for the Interim Construction and Land Acquisition Program to help finance the development of 170 single family homes.

The Corporation intends to fund two new programs described more fully below, the HomeWorks Loan Program and the Texas Foundations Fund, with grants and donations.

2008 Implementation Plan

The Corporation's mission of affordable housing matches many foundation and grant objectives, and provides multiple opportunities for corporate sponsorship and cross-promoting. The Corporation will work to fundraise for grants and will pursue low-interest loans for the Texas Foundations Fund, the HomeWorks Loan Program, the Multifamily Direct Lending Program, and the Interim Construction and Land Acquisition Program. In addition, the Corporation will solicit corporate partners in the home improvement, home appliance, and large retail business sectors for down payment assistance for our Professional Educator, Fire Fighter, Police Officer, Security Officer, and Nursing Faculty bond programs. We will request a grant for down payment assistance and coupons for participating borrowers, such as $50 off a refrigerator, or a $100 coupon to the home improvement store. The Corporation will also work with national computer manufacturers to contribute a computer to every teacher, firefighter, police officer, corrections officer, or nurse educator that closes a loan through our program, and negotiate with telecommunications companies to contribute phone/internet service packages. These are just a few of the fundraising activities and initiatives that the Corporation will undertake in 2008.

NEW PROGRAM INITIATIVES FOR 2008

HOMEWORKS PROGRAM

The Corporation will explore the possibility of creating an employer assisted housing program. Employer assisted housing programs are aimed not only at providing an affordable financing product to potential homebuyers, but aid in recruiting new businesses to the State while enhancing existing business by allowing such businesses to offer incentives not otherwise possible to employees they would like to recruit and retain.

This program would be a partnership between the Corporation and participating employers and their employees. The program, *HomeWorks*, would offer a 30-year fixed rate mortgage through the mortgage lender of the borrower's choice. The program would offer up to $4,000 in matching funds for downpayment and closing cost assistance courtesy of the Corporation and participating employers across Texas.

The Corporation and the employer will match dollar for dollar, up to $2,000 each, of an employee's contribution toward downpayment and closing costs. Matching assistance would be provided to the employee in the form of a 3-year deferred forgivable second lien loan *(33.33% is forgiven each year).* If the employee leaves or is terminated by the employer, the remaining balance of the assistance is to be paid back to the Corporation and/or the employer.

The employer would contribute a maximum amount to the program, and offer it to employees on a first-come, first-served basis. The employee must be employed by a participating employer for at least 6 months, with a 3 year commitment to the employer. The employee must participate in a homebuyer education course approved by the Corporation prior to closing on the loan. The employee must meet income and purchase price limits set by the Corporation, while meeting standard mortgage underwriting requirements demonstrating credit worthiness. The employee must occupy the purchased home as his or her primary residence.

TEXAS FOUNDATIONS FUND

The Corporation is developing, and will present for board approval in early 2008, the Texas Foundations Fund (TFF). The TFF will support housing initiatives for very low-income families, currently expected to be at or below 50 percent of the area median income. The Corporation intends to fund TFF through revenues generated from existing programs and donations received. This program is intended to meet the Corporation's goal of providing low-income housing options for very low-income Texans, which is best met through a grant program. Our plan is to seek applications from housing nonprofits whose mission is to serve very low- income Texans. Every year the Texas Foundations Fund would build up funds from program revenue and donations, and a notice of funding availability (NOFA) would be issued when the fund reaches a certain level. The NOFA would be issued to nonprofits that provide very low-income housing. Applications would be evaluated according to guidelines established by the Board

Before presenting the TFF Program to the board, Corporation staff will explore the best legal options for creating the Texas Foundations Fund, including the possible creation of an irrevocable trust. Staff will also explore the creation of an endowment portion of the Texas Foundations Fund to ensure long-term viability and maximum impact of the fund on future generations. Most importantly, Staff will evaluate how to fund the Texas Foundations Fund, including the Corporation's revenue from existing programs and methods for fundraising specifically for this new Fund. In addition, Guidelines will be developed for evaluating grant applications.

APPENDIX A

LEGISLATIVE REQUIREMENTS FOR THE STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

Sec. 2306.072. Annual Low Income Housing Report

1) Not later than March 18 of each year, the director shall prepare and submit to the board an annual report of the department's housing activities for the preceding year.
2) Not later than the 30th day after the date the board receives the report, the board shall submit the report to the governor, lieutenant governor, speaker of the house of representatives, and members of any legislative oversight committee.
3) The report must include
   a) a complete operating and financial statement of the department;
   b) a comprehensive statement of the activities of the department during the preceding year to address the needs identified in the state low income housing plan prepared as required by Section 2306.0721, including:
      i) a statistical and narrative analysis of the department's performance in addressing the housing needs of individuals and families of low and very low income;
      ii) the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by the department; and
      iii) the department's progress in meeting the goals established in the previous housing plan;
   c) an explanation of the efforts made by the Department to ensure the participation of persons of low income and their community-based institutions in department programs that affect them;
   d) a statement of the evidence that the Department has made an affirmative effort to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process;
   e) a statistical analysis, delineated according to each ethnic and racial group served by the department, that indicates the progress made by the department in implementing the state low income housing plan in each of the uniform state service regions; and
   f) an analysis, based on information provided by the fair housing sponsor reports required under Section 2306.0724 and other available data, of fair housing opportunities in each housing development that receives financial assistance from the department that includes the following information for each housing development that contains twenty or more living units:
      i) the street address and municipality or county where the property is located;
      ii) the telephone number of the property management of leasing agent;
      iii) the total number of units reported by bedroom size;
      iv) the total number of units, reported by bedroom size, designed for individuals who are physically challenged or who have special needs and the number of these individuals served annually as reported by each housing sponsor;
      v) the rent for each type of rental unit, reported by bedroom size;
      vi) the race or ethnic makeup of each project;
      vii) the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;
      viii) the number of units occupied by individuals and families of extremely low income, very low income, low income, moderate income, and other levels of income;
      ix) a statement as to whether the department has been notified of a violation of the fair housing law that has been filed with the United States Department of Housing and Urban

Development, the Commission on Human Rights, or the United State Department of Justice; and

x) a statement as to whether the development has any instances of material noncompliance with bond indentures or deed restrictions discovered though the normal monitoring activities and procedures that include meeting occupancy requirements or rent restrictions imposed by deed restrictions or financing agreements.

g) a report on the geographic distribution of low income housing tax credits, the amount of unused low income housing tax credits, and the amount of low income housing tax credits received from the federal pool of unused funds from other states.

h) A statistical analysis, based on information provided by the fair housing sponsor reports required by Section 2306.0724 and other available data, of average rents reported by county.

Sec. 2306.0721. Low Income Housing Plan

1) Not later than March 18 of each year, the director shall prepare and submit to the board an integrated state low income housing plan for the next year.
2) Not later than the 30th day after the date the board receives the plan, the board shall submit the plan to the governor, lieutenant governor, and the speaker of the house of representatives.
3) The plan must include:
   a) an estimate and analysis of the housing needs of the following populations in each uniform state service region:
      i) individuals and families of moderate, low, very low income, and extremely low income;
      ii) individuals with special needs; and
      iii) homeless individuals;
   b) a proposal to use all available housing resources to address the housing needs of the populations described by Subdivision (1) by establishing funding levels for all housing-related programs;
   c) an estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region;
   d) a description of state programs that govern the use of all available housing resources;
   e) a resource allocation plan that targets all available housing resources to individuals and families of low and very low income and individuals with special needs in each uniform state service region;
   f) a description of the department's efforts to monitor and analyze the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and the department's recommendations to endorse the full use by the state of all available federal resources for those services in each uniform state service region;
   g) strategies to provide housing for individuals and families with special needs each uniform state service region;
   h) a description of the department's efforts in each uniform state service region to encourage the construction of housing units that incorporate energy efficient construction and appliances;
   i) an estimate and analysis of the housing supply in each uniform state service region;
   j) an inventory of all publicly and, where possible, privately funded housing resources, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies;
   k) strategies for meeting rural housing needs;
   l) a biennial action plan
      i) addresses current policy goals for colonia programs, strategies to meet the policy goals, and the projected outcomes with respect to policy goals; and

ii) includes information on the demand for contract-for-deed conversions, services from self-help centers, consumer education, and other colonia resident services in counties some part of which is within 150 miles of the international border of this state;

m) a summary of public comments received at a hearing under this chapter or from another source that concern the demand for colonia resident services described by Subdivision (12); and

n) any other housing-related information that the state is required to include in the one-year action plan of the consolidated plan submitted annually to the United States Department of Housing and Urban Development.

4) The priorities and policies in another plan adopted by the department must be consistent to the extent practical with the priorities and policies established in the state low income housing plan.

5) To the extent consistent with federal law, the preparation and publication of the state low income housing plan shall be consistent with the filing and publication deadlines required of the department for the consolidated plan; and

6) The director may subdivide the uniform state service regions as necessary for the purposes of the state low income housing plan.

7) The department shall include the plan developed by the Texas State Affordable Housing Corporation under Section 2306.566 in the department's resource allocation plan under Subsection (c)(5).

Sec. 2306.0722. Preparation of Plan and Report

1) Before preparing the annual low income housing report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the department shall meet with regional planning commissions created under Chapter 391, Local Government Code, representatives of groups with an interest in low income housing, nonprofit housing organizations, managers, owners, and developers of affordable housing, local government officials, and residents of low income housing. The department shall obtain the comments and suggestions of the representatives, officials, and residents about the prioritization and allocation of the department's resources in regard to housing.

2) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:

a) coordinate local, state, and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;

b) set priorities for the available housing resources to help the neediest individuals;

c) evaluate the success of publicly supported housing programs;

d) survey and identify the unmet housing needs of persons the department is required to assist;

e) ensure that housing programs benefit a person regardless of the persons' race, ethnicity, sex, or national origin;

f) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;

g) develop housing programs through an open, fair, and public process;

h) set priorities for assistance in a manner that is appropriate and consistent with the housing needs of the populations described by Section 2306.0721(c)(1);

i) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;

j) identify the organizations and individuals consulted by the department in preparing the annual report and state low income housing plan and summarize and incorporate comments and suggestions provided under Subsection (a) as the board determines to be appropriate;

k) develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;

l) use the following standardized categories to describe the income of program applicants and beneficiaries:

i) to 30 percent of area median income adjusted for family size;
ii) more than 30 to 60 percent of area median income adjusted for family size;
iii) more than 60 to 80 percent of area median income adjusted for family size;
iv) more than 80 to 115 percent of area median income adjusted for family size; or
v) more than 115 percent of area median income adjusted for family size; and

m) use the most recent census data combined with existing data from local housing and community service providers in the state, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies.

n) provide the needs assessment information compiled for the report and plan to the Texas State Affordable Housing Corporation.

Sec. 2306.0723. Public Participation Requirements

1) The Department shall consider the annual low income housing report to be a rule and in developing the report shall follow rulemaking procedures required by Chapter 2001.

Sec. 2306.0724. Fair Housing Sponsor Report

1) The department shall require the owner of each housing development that receives financial assistance from the department and that contains 20 or more living units to submit an annual fair housing sponsor report. The report must include the relevant information necessary for the analysis required by Section 2306.072(c)(6). In compiling the information for the report, the owner of each housing development shall use data current as of January 1 of the reporting year.
2) The department shall adopt rules regarding the procedure for filing the report.
3) The department shall maintain the reports in electronic and hard-copy formats readily available to the public at no cost.
4) A housing sponsor who fails to file a report in a timely manner is subject to the following sanctions, as determined by the department:
   a) denial of a request for additional funding; or
   b) an administrative penalty in an amount not to exceed $1,000, assessed in the manner provided for an administrative penalty under Section 2306.6023.

Texas Department of Housing and Community Affairs
Housing Resource Center
PO Box 13941
Austin, TX 78711
Phone: 1-800-525-0657

ATTACHMENT 3
Relating to Key Functions, Powers, and Duties

3. A copy of each internal or external newsletter published by the agency from FY 2007 – 2008.

TDHCA *Breaking Ground* Electronic News Letter, FY 2007 – FY 2008

September 2007 Texas Department of Housing and Community Affairs

Breaking Ground

Breaking Ground Main

TDHCA Announces Major Funding Commitment to Disability Community

The Department has released $3.7 million in grants to 14 nonprofit organizations through TDHCA's HOME Program which will help persons with disabilities purchase a home or make monthly rent payments. more »

Patricia Murphy Named Director of Compliance

The Department has announced that Patricia Murphy has been promoted to the position of Director of Portfolio Management and Compliance. She will oversee the 38-member division responsible for ensuring the Department's business partners comply with a multitude of federal and state housing and financial mandates. more »

State Releases $160 Million in Homebuyer Funds, Waives Homebuyer Status Rule for Texas Veterans

TDHCA has released $160 million in Homebuyer funds through its popular First Time Homebuyer Program which offers home loans with interest rates beginning as low as 5.75 percent for qualifying first time homebuyers. more »

Texas Receiving $2.4 Million in Additional Energy Assistance Funds

The U.S. Department of Health and Human Services (HHS) has informed TDHCA that it is allocating $2.4 million in supplemental federal energy assistance funds to Texas. more »

August 2007 Texas Department of Housing and Community Affairs

Breaking Ground

Breaking Ground Main

Department to Accept Comment on Rules, Policy Documents

Beginning September 24, TDHCA will provide all Texans interested in affordable housing an opportunity to provide comment on a wide ranging set of program rules, planning guidelines, and policy documents at a series of six public hearings. more »

Department Grants Emergency Disaster Recovery Funds to City of D'Hanis

TDHCA has awarded $15,000 in special emergency disaster relief funds to the Community Council of South Central Texas (CCSCT), a nonprofit community action agency. The funds will go toward helping residents of D'Hanis recover from devastating flooding in July which displaced an estimated 300 residents. more »

State Awards Additional $3.5 Million in Tax Credits to Support Seniors, Workforce Rental Housing Developments

With an eye toward providing reasonably priced rental housing for the state's growing workforce and senior populations, the Texas Department of Housing and Community Affairs (TDHCA) today awarded $3.5 million in additional tax credits to support the construction of affordable rental housing developments in Alamo, Dalhart, Odessa, Pharr, Poteet and San Antonio. more »

July 2007 Texas Department of Housing and Community Affairs

Breaking Ground

Breaking Ground Main

TDHCA Institutes Section 8 Preference for Flood Victims

TDHCA has approved an emergency measure authorizing a Section 8 Housing Choice Voucher Program preference for disaster assistance to low income households displaced by recent floods. more »

Department awards $14.8 million in rural home repair, homebuyer funds

TDHCA recently awarded $14.8 million to 52 rural cities, counties, and nonprofit housing organizations to help repair or replace 249 deteriorating homes owned and lived in by low income households. more »

Community Development Block Grant Disaster Recovery Funding Begins to Flow

On June 11, 2007, two women in southeast Texas were the first to receive assistance under the Community Development Block Grant (CDBG) Disaster Recovery Program. Both of these applicants had been forced to live in their devastated units because they had no other options. more »

June 2007 Texas Department of Housing and Community Affairs

Breaking Ground

Breaking Ground Main

How to Celebrate Homeownership Month? Buy a Home!

June is Homeownership Month, and you're wondering how to best celebrate in style. Why not buy your first home? TDHCA can make it happen. more »

TDHCA, Veterans Commission team up to help vets access homebuyer program

TDHCA is joining forces with the Texas Veterans Commission to ensure Texas veterans are aware that they might qualify for a share of $97 million in below-market interest rate home loans through TDHCA's Texas First Time Homebuyer Program. Loans through this program begin at a low 5.25 percent interest rate. more »

Department awards Starr County with $514,800 in disaster relief funds

TDHCA has awarded $514,800 in disaster recovery funds to Starr County to help make needed repairs to 10 homes damaged by severe flooding last September. The award was made through a portion of TDHCA's HOME Investment Partnerships (HOME) Program reserved for income eligible households who own the home in which they live. more »

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Breaking Ground Main

Breaking Ground

Texas Veterans of Afghanistan, Iraq Wars to receive Essential Housing Assistance

Texas may soon repay veterans of recent overseas conflicts for their sacrifices with decent, affordable housing through a pioneering program that will provide $1 million in rental and homebuyer assistance to help low income veterans make the transition from military to civilian life. more »

Rural Economic Development Efforts to Receive Housing Boost

Rural Texas may soon benefit from more jobs, greater economic opportunities, an increased tax base, and a higher quality of life through an innovative housing program to be tied directly to job creation in rural communities. more »

TDHCA Energy Assistance Programs: "An Answer to a Prayer."

I lost all hope and life had become drudgery. All I did was work two jobs and come home to get in my 'PJs.' When the WAP program qualified me for an air conditioner it was an answer to a prayer that gave me and my kids hope. Since then I have repainted my home and installed a screen door. My whole outlook on life has changed and I believe God has answered my prayers and used this avenue to give me hope that I can make it and have a good life even when things don't work out the way you thought they would. Thank you and may God continue to bless your organization abundantly. more »

Spaces Filling Quickly for Homebuyer Education Provider Training Workshops

Spaces are filling quickly for the Texas Statewide Homebuyer Education Program (TSHEP) training and certification workshops. TDHCA is offering one "Train the Trainer" certification workshop and three continuing education workshops for 2007 training season. TDHCA contracts with NeighborWorks America to offer the workshops, and space is open to individuals from nonprofit organizations and governmental entities. more »

April 2007 Texas Department of Housing and Community Affairs

Breaking Ground

Breaking Ground Main

HOME Funds Available for Housing Persons with Disabilities

The Department has released two draft Notices of Funding Availability (NOFA's) through the HOME Division. These HOME funds are available for housing programs for persons with disabilities. Approximately $2 million is available under the Homebuyer Assistance Program, and approximately $2 million is available under the Tenant Based Rental Assistance Program. Under each NOFA, approximately $1 million will be targeted to assist households in a Participating Jurisdiction (PJ); however, this may be adjusted at the discretion of the Department not to exceed the $2 million dollar cap. more »

Pilot Programs to Integrate Mental Health Care with Affordable Housing

The Texas Department of Housing and Community Affairs (TDHCA) recently helped direct $13.7 million in federal grant awards to six local organizations to fund a series of pilot programs aimed at better integrating the mental health system. more »

April is Fair Housing Month

Governor Rick Perry and TDHCA ask all Texans to join together in celebration of April 2007 for Fair Housing Month in Texas. more »

March 2007 Texas Department of Housing and Community Affairs

Breaking Ground

Breaking Ground Main

Homebuyer Education Program Finalizing Workshops, Division Changes

The Department has finalized the 2007 Texas Statewide Homebuyer Education Program (TSHEP) workshop series, which kicks off June 4-8 in Corpus Christi with a five-day Homebuyer Education Methods "Train the Trainer" course. Through this course, trainers will learn the principles and applications of comprehensive pre- and post purchase homebuyer education. Trainers who successfully complete the course will be certified as a homebuyer education provider. more »

Department Names New Research and Planning Manager

TDHCA has tabbed Brenda Hull as Manager of the Research and Planning section of the Division of Policy and Public Affairs. Also known as the Housing Resource Center, the section provides educational materials, planning documents, and technical assistance to the public, community-based housing development organizations, nonprofit housing developers, and other state and federal agencies. more »

February 2007 Texas Department of Housing and Community Affairs

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Breaking Ground Main

Breaking Ground

2007 Tax Credit Public Hearing Schedule Set

The dates, times, and locations for the 2007 Competitive Housing Tax Credit Program allocation cycle public hearings have been scheduled and posted on the program's web page. TDHCA conducts these hearings annually to accept comment from the general public on applications competing for federal tax credits in support of affordable rental housing. more »

Home Program Announces $11 Million in Funding Available for Rural Housing

TDHCA has announced two competitive funding notices through the Multifamily HOME Program's Rental Housing Development fund totaling $11 million to develop decent, affordable rental housing for low income Texans. The awards will be made through the Preservation and Rental Development competitive allocation cycle and the Community Housing Development Organization (CHDO) housing fund allocation. more »

New Hope Housing Nets Two Awards

One of the Department's thriving nonprofit partners in affordable housing recently received two regional and statewide awards for its quality housing and supportive services to extremely low income individuals. more »

November 2006 Texas Department of Housing and Community Affairs

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Breaking Ground Main

Breaking Ground

TDHCA Seeking Funds for Disaster Housing Pilot Program

TDHCA on October 20 submitted an application to the Department of Homeland Security-Federal Emergency Management Agency (DHS-FEMA) for $63 million in the federal agency's Alternative Housing Pilot Program. more »

TDHCA Releasing $132 Million in Mortgage Loans

Beginning this month, TDHCA will make available $132 million in low interest rate home loans targeting very low to moderate income Texans through the First Time Homebuyer Program. The funds will be available beginning November 15 through the Department's network of participating lenders with interest rates starting as low as 5.65 percent. more »

HOME Funds being Awarded to East and Southeast Texas Communities

TDHCA is awarding an additional $4.3 million in HOME Investment Partnerships (HOME) Program funds to East and Southeast Texas communities to assist in their continued recovery efforts in the aftermath of Hurricane Rita. These Owner Occupied Assistance funds will help impacted communities repair or rebuild single family homes damaged or destroyed in the storm. more »

October 2006 Texas Department of Housing and Community Affairs

Breaking Ground

Breaking Ground Main

Governor Perry Appoints Gloria L. Ray to TDHCA Board

Governor Rick Perry has appointed Gloria L. Ray of San Antonio to the TDHCA Governing Board for a term to expire January 31, 2011. more »

Comment Period Still Open for Numerous Program Rules, Documents

The public comment period remains open for several program rules, policy documents, and planning materials. Comments provided by the public will assist TDHCA in finalizing these important rules and guidelines. The public comment period for all but two planning documents will run through October 18, 2006. more »

September 2006 Texas Department of Housing and Community Affairs

Breaking Ground

Breaking Ground Main

Board Okays Hurricane CDBG Funds for Unmet Non-Housing Needs

The TDHCA Governing Board on August 30 approved projects recommended by four councils of governments (COGs) totaling $30.5 million in Community Development Block Grants to help repair or replace critical public infrastructure in a 29-county region damaged by Hurricane Rita. more »

TDHCA Awards $24 Million in HOME Program Single Family Cycle

On August 30, 2006, TDHCA awarded $24 million to 91 eligible cities, counties, public housing authorities, and nonprofit organizations through the HOME Investment Partnerships (HOME) Program's 2006-2007 Single Family funding cycle. more »

TDHCA 13th Annual Community Affairs Executive Directors Conference

The Texas Department of Housing and Community Affairs sponsored the 13th Annual Community Affairs Division Executive Directors Conference on July 19-21, 2006. more »

Breaking Ground

By: Gordon Anderson — September, 2007
Division: Policy and Public Affairs

TDHCA Announces Major Funding Commitment to Disability Community

The Department has released $3.7 million in grants to 14 nonprofit organizations through TDHCA's HOME Program which will help persons with disabilities purchase a home or make monthly rent payments.

Five organizations submitting 12 applications received $1.6 million in federal HOME funds to be used for down payment assistance for persons with disabilities purchasing a home of their own. Funds may also be used to make certain alterations to the home to remove any barriers to accessibility.

The remaining $2.1 million was awarded to nine nonprofit organizations through 15 applications which will help persons with disabilities make their monthly rent payments. Altogether, the Department estimates that 299 Texas households will receive funding through this series of awards.

The following Texas organizations received an award through TDHCA's Single Family HOME Program:

Organization	City	Assistance	Award
Community Council of SW Texas	Uvalde	Homebuyer	$190,000
Fort Worth Area Habitat for Humanity	Fort Worth	Homebuyer	$15,000
El Paso Rehabilitation Center	El Paso	Homebuyer	$175,000
Life Rebuilders	Ennis	Homebuyer	$275,000
United Cerebral Palsy of Texas	Various	Homebuyer	$1,010,000
ARCIL, Inc.	Austin/Waco	Rental	$331,200
Burke Center	Lufkin	Rental	$275,000
Central Texas Mental Health and	Brownwood/Coleman	Rental	$275,000

Mental Retardation (MHMR)			
Coalition for Barrier Free Living	Houston	Rental	$56,956
Coastal Bend Center for Independent Living	Corpus Christi	Rental	$250,000
Lifetime Independence for Everyone	Lubbock	Rental	$157,322
Tri-County MHMR	Conroe	Rental	$410,000
Spindletop MHMR	Beaumont/Port Arthur	Rental	$163,700
Valley Association for Independent Living	McAllen/Harlingen	Rental	$184,000

Breaking Ground

By: Gordon Anderson *September, 2007*

Division: Policy and Public Affairs

Patricia Murphy Named Director of Compliance

The Department has announced that Patricia Murphy has been promoted to the position of Director of Portfolio Management and Compliance. She will oversee the 38-member division responsible for ensuring the Department's business partners comply with a multitude of federal and state housing and financial mandates.

An employee of TDHCA since 1995, she began her career as a Compliance Monitor. Prior to her promotion, Ms. Murphy served the last three years as Manager for Portfolio Compliance. She also served with the City of Austin Neighborhood and Housing Services in the city's first time homebuyer program before joining the Department.

Ms. Murphy, a native of Rhode Island, received a BA in Sociology and Women's Studies from Boston College. TDHCA congratulates her on her promotion.

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Gordon Anderson *September, 2007*

Division: Policy and Public Affairs

State Releases $160 Million in Homebuyer Funds, Waives Homebuyer Status Rule for Texas Veterans

TDHCA has released $160 million in homebuyer funds through its popular First Time Homebuyer Program which offers home loans with interest rates beginning as low as 5.75 percent for qualifying first time homebuyers.

Loans through this program is available in two forms: unassisted loans, with no additional funds for down payment and closing costs; and assisted loans, which come with a 5 percent grant for down payment and closing cost assistance. The grant is offered to qualifying households earning no more than 60 percent of the area median family income.

Interest rates range from 5.75 percent for statewide unassisted loans to 6.50 percent for assisted loans statewide. The program is designed to serve households earning no more than 115 percent of the area median family income, depending on the number of individuals in the family.

TDHCA also is providing a special highlight with this release of funds as it is waiving certain program requirements for Texas veterans. Through the end of the year, qualified veterans who are not first time homebuyers will be eligible to participate in the loan program.

For more information, visit the program's website at www.myfirsttexashome.com or call toll free at (800) 792-1119.

Breaking Ground

By: Gordon Anderson *September, 2007*

Division: Policy and Public Affairs

Texas Receiving $2.4 Million in Additional Energy Assistance Funds

The U.S. Department of Health and Human Services (HHS) has informed TDHCA that it is allocating $2.4 million in supplemental federal energy assistance funds to Texas.

The funds are in addition to the $60 million in energy assistance grants TDHCA administers annually through the Community Affairs Division and its Comprehensive Energy Assistance Program (CEAP).

The program helps low income Texans pay a portion of their utility bills and provides case management and consumer education to help eligible households achieve self-sufficiency. In 2006, TDHCA assisted nearly 97,000 households through CEAP.

The HHS award was part of $131 million in Low Income Home Energy Assistance Program (LIHEAP) grants recently released to each state by the federal government. TDHCA will administer the funds through its network of 50 contract organizations providing direct service to income eligible individuals and families in all 254 Texas counties.

To find the nearest CEAP provider, use a land-based (non-cell phone) telephone and call 1-877-399-8939. Callers will be automatically routed to the CEAP provider serving their county. For more information on this and other energy assistance programs at TDHCA, visit the Department's website at www.tdhca.state.tx.us/ea/index.htm.

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Gordon Anderson *August, 2007*

Division: Policy and Public Affairs

Department to Accept Comment on Rules, Policy Documents

Beginning September 24, TDHCA will provide all Texans interested in affordable housing an opportunity to provide comment on a wide ranging set of program rules, planning guidelines, and policy documents at a series of six public hearings.

Hearings are scheduled for Austin, Brownsville, Dallas, El Paso, Houston and Lubbock, and run September 24 through October 4. Input provided by the public will assist TDHCA in finalizing many program rules and guidelines for 2008.

Agenda items for which TDHCA will accept public comment include (but are not limited to) rules and guidelines for the Housing Tax Credit, Multifamily Bond, First Time Homebuyer and Housing Trust Fund programs. In addition, TDHCA will accept comment on planning and policy documents including the Affordable Housing Needs Score, Regional Allocation Formula, and Consolidated Plan-One Year Action Plan.

A complete list of agenda topics and information on hearing times and locations will be posted on the Department's website prior to the beginning of the comment period. The comment period for all rules and documents runs September 10 through October 10, 2007.

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Gordon Anderson *August, 2007*

Division: Policy and Public Affairs

Department Grants Emergency Disaster Recovery Funds to City of D'Hanis

TDHCA has awarded $15,000 in special emergency disaster relief funds to the Community Council of South Central Texas (CCSCT), a nonprofit community action agency. The funds will go toward helping residents of D'Hanis recover from devastating flooding in July which displaced an estimated 300 residents.

CCSCT will use the grant, funded through TDHCA's Community Service Block Grant (CSBG) Program, to provide D'Hanis residents with household appliances, mattresses, minor home repairs, and food.

The disaster prompted CCSCT requested assistance from TDHCA for any available disaster relief funds. TDHCA's Community Services Section was able to meet this request from its reserve of CSBG Special Innovative and Demonstration Project funds.

CCSCT is a CSBG eligible entity organization under the Department's CSBG Community Action network serving Duval, Jim Hogg, McMullen, San Patricio, Starr, and Zapata counties.

CCSCT also administers funding through one of two TDHCA energy assistance programs, providing utility payment assistance and consumer case management assistance to low income residents.

In addition, the agency provides a wide range of services to area low income residents under other funding programs for health, housing, transportation, youth, and senior citizens.

Breaking Ground

By: Gordon Anderson *August, 2007*

Division: Policy and Public Affairs

State Awards Additional $3.5 Million in Tax Credits to Support Seniors, Workforce Rental Housing Developments

With an eye toward providing reasonably priced rental housing for the state's growing workforce and senior populations, the Texas Department of Housing and Community Affairs (TDHCA) today awarded $3.5 million in additional tax credits to support the construction of affordable rental housing developments in Alamo, Dalhart, Odessa, Pharr, Poteet and San Antonio.

"Seniors and working Texans need an affordable place to live and we are committed to supporting the housing opportunities they require to continue working and contributing to their community," explained TDHCA Executive Director Michael Gerber. "New tax credit developments are great economic generators for local communities and, once completed, will provide high-quality, stable, and secure homes."

Although the following awarded developments did not receive credits in the $42 million 2007 allocation cycle from which awards were made in July 2007, they were recognized as having special merit and received a forward commitment from Texas' anticipated 2008 federal tax credit allocation:

Project Name	Project City	Number Units	Amount
Bluebonnet Senior Village*	Alamo	36	$360,000
StoneLeaf at Dalhart	Dalhart	76	$707,970
Key West Village II*	Odessa	36	$237,938
Sunset Terrace	Pharr	100	$975,319
Poteet Housing Authority Farm Labor	Poteet	30	$87,371
San Juan Square II	San Antonio	144	$1,200,000
* Seniors			

The Housing Tax Credit Program is the nation's primary means of directing private capital toward the development of high quality affordable rental housing.

The tax credits provide developers and investors with a benefit that is used to offset a portion of their federal tax liability in exchange for the production of affordable rental housing. The value associated with the credits allows units in tax credit properties to offer leases to income eligible tenants at rents below those of market rate apartment properties.

The program has helped create or retain approximately 118,837 units of safe, decent, and affordable rental housing for low income Texans since the first allocation cycle in 1987.

The Texas Department of Housing and Community Affairs is Texas' lead agency responsible for affordable housing, community and energy assistance programs, and colonia activities. The Department annually administers funds in excess of $400 million, the majority of which is derived from mortgage revenue bond financing and refinancing, federal grants, and federal tax credits.

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Gordon Anderson *July, 2007*

Division: Policy and Public Affairs

TDHCA Institutes Section 8 Preference for Flood Victims

TDHCA has approved an emergency measure authorizing a Section 8 Housing Choice Voucher Program preference for disaster assistance to low income households displaced by recent floods.

As a result, the Department will be able to issue vouchers to flood victims who are eligible for Section 8 assistance and reside in cities or counties in which the Department operates the program. TDHCA administers the Section 8 Program in 46 cities or counties where there typically is no local public housing authority.

The Section 8 Program provides rental housing assistance to low income individuals and families, providing safe, decent housing that might otherwise be beyond their reach. Qualified households select the best available housing through direct negotiations with landlords, and TDHCA pays approved rent amounts directly to property owners.

Breaking Ground

By: *Gordon Anderson* *July, 2007*

Division: *Policy and Public Affairs*

Department awards $14.8 million in rural home repair, homebuyer funds

TDHCA recently awarded $14.8 million to 52 rural cities, counties, and nonprofit housing organizations to help repair or replace 249 deteriorating homes owned and lived in by low income households.

The awards will also help assist 12 qualifying first time homebuyer with down payment and closing cost assistance.

The funds were released through the Department's 2007 HOME Program Single Family awards. The US Department of Housing and Urban Development (HUD) is the funding source for TDHCA's HOME Program. To benefit from these funds, households must earn no more than 80 percent of the area median family income.

Most of Texas' larger city and county governments receive HOME Program funding directly from HUD. TDHCA receives a statewide block grant of HOME funds for rural areas of the state that do not receive such funding directly from the federal government.

Texas Department of Housing & Community Affairs
Building Homes. Strengthening Communities

Home Contact About Events Press Employment

Site Search: GO

Programs Compliance Board Manufactured Housing

Home » OTHER_RESOURCES » BREAKING GROUND » 2007 JULY » Community Development Block Grant Disaster Recovery Funding Begins to Flow

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Jennifer Molinari *July, 2007*

Division: Disaster Recovery Division

CDBG Disaster Funds Begin Flowing into SE Texas

Ms. Karen Gifford at the ribbon cutting ceremony in front of her new home.

On June 11, 2007, two women in southeast Texas were the first to receive assistance under the Community Development Block Grant (CDBG) Disaster Recovery Program. Both of these applicants had been forced to live in their devastated units because they had no other options.

Ms. Patsy Stein, elderly and debilitated by a stroke, received a brand new manufactured housing unit. She was overcome with emotion after almost two years had passed since the hurricane damaged her home.

Ms. Stein said it was as if she won the lottery. Ms. Karen Gifford, single and living on social security disability, also had her home replaced with a manufactured housing unit on June 11, 2007. She was truly grateful to have a new home so she could finally get her life-long collected belongings out of storage.

Ms. Patsy Stein sits in her new home in front of SETRPC staff.

The South East Texas Regional Planning Commission received a $26.5 million award in CDBG Disaster Recovery Funding from TDHCA in July 2006 for the repair, rehabilitation, and reconstruction of owner-occupied housing damaged as a result of Hurricane Rita on September 24, 2005.

TDHCA's Disaster Recovery Division is administering more than $500 million in federal CDBG funds to rebuild southeast Texas communities affected by Hurricanes Rita and Katrina. For more information about the Department's disaster recovery efforts, please visit the division's website link above.

Privacy & security policy Web accessibility policy Link Policy Top of Page

Breaking Ground

By: Gordon Anderson *June, 2007*
Division: Policy and Public Affairs

How to Celebrate Homeownership Month? Buy a Home!

June is Homeownership Month, and you're wondering how to best celebrate in style. Why not buy your first home? TDHCA can make it happen.

Beginning June 5, the Department is making $97 million in new funding available through its Texas First Time Homebuyer Program. This popular program offers mortgage loans to eligible first time home buyers typically at below market mortgage rates and, for those who qualify, down payment and closing cost assistance.

Eligible individuals and families purchasing their first home or who have not owned a home in the past three years and meet certain income may apply for these 30-year, fixed-interest rate loans.

Two types of loan opportunities are available:

- Unassisted Loans: Typically offers the lowest interest rate available and does not provide funds for down payment and closing cost assistance. The current rate for Unassisted Loans is 5.25%.

- Assisted Loans: Offered to income-eligible borrowers needing assistance with their down payment - up to 5% of the mortgage amount. These loans are offered at the slightly higher interest rate of 5.99%.

All Texas First Time Homebuyer Program loans are available to qualifying households on a first-come/first-served basis through a network of participating lenders. In addition to the annual income requirements, the program includes a maximum home purchase price limit.

Visit www.myfirsttexashome.com or call the Texas First Time Homebuyer Program hotline at 800-792-1119 to learn more about the program, find a lender, or determine program eligibility.

TDHCA issues bonds on behalf of the State of Texas several times each year for the funding that supports the Texas First Time Homebuyer Program.

Breaking Ground

By: Gordon Anderson *June, 2007*

Division: Policy and Public Affairs

TDHCA, Veterans Commission team up to help vets access homebuyer program

TDHCA is joining forces with the Texas Veterans Commission to ensure Texas veterans are aware that they might qualify for a share of $97 million in below-market interest rate home loans through TDHCA's Texas First Time Homebuyer Program. Loans through this program begin at a low 5.25 percent interest rate.

Both agencies have pledged to work together to increase program participation among veterans residing in Texas. The Texas Veterans Commission has agreed to help promote the Texas First Time Homebuyer Program through its website and other resources, while TDHCA has waived a rule that will significantly increase the number of veterans eligible to apply for these homebuyer funds.

These state homebuyer funds are normally reserved for low to moderate income households who have not owned a home in the previous three years. Under this waiver, veterans with the appropriate discharge papers and who have not previously received a loan through this program can be a current homeowner and still participate.

Veterans must still meet income eligibility requirements which typically allow homebuyers to earn up to 115 percent of the area median family income. For more information, please visit the homebuyer program's website or call (800) 792-1119.

Breaking Ground

By: *Gordon Anderson* — *June, 2007*
Division: *Policy and Public Affairs*

Department awards Starr County with $514,800 in disaster relief funds

TDHCA has awarded $514,800 in disaster recovery funds to Starr County to help make needed repairs to 10 homes damaged by severe flooding last September. The award was made through a portion of TDHCA's HOME Investment Partnerships (HOME) Program reserved for income eligible households who own the home in which they live.

Starr County will utilize $495,000 of the funds to rehabilitate or reconstruct 10 homes and apply the balance toward covering administrative costs as allowed under federal rules.

Heavy rains that fell on Starr County beginning on September 13, 2006, resulted in severe flooding which damaged several homes. The Governor's Division of Emergency Management, accompanied by TDHCA staff, conducted a preliminary damage assessment the week of September 15.

Governor Rick Perry subsequently requested TDHCA make available any financial assistance to the area possible. The Department communicated with county officials regarding the potential use of HOME Program funds to respond to this natural disaster, and staff visited with officials to provide technical assistance with the application process. The county applied for an award, and the Department's Governing Board in mid June gave final funding approval.

Breaking Ground

By: Gordon Anderson *May, 2007*

Division: Policy and Public Affairs

Texas Veterans of Afghanistan, Iraq Wars to receive Essential Housing Assistance

Texas may soon repay veterans of recent overseas conflicts for their sacrifices with decent, affordable housing through a pioneering program that will provide $1 million in rental and homebuyer assistance to help low income veterans make the transition from military to civilian life.

TDHCA will provide these funds through its Housing Trust Fund, Texas' only state-authorized affordable housing initiative.

The program, which is still in the early stages of development, will provide rental subsidies and homeownership assistance for veterans earning no more than 80 percent of the area median family income. Rental assistance will be available for veterans transitioning from VA hospitals and other care facilities; or veterans leaving military service transitioning to civilian life. Assistance will be available for up to three years and will be calculated based on income.

Homebuyer assistance will be available in the form of a one-time deferred forgivable loan up to $35,000 for down payment and closing cost assistance. Funds could also be used to make accessibility modifications such as installing ramps or accessible bathrooms and kitchens.

Priority for both programs will be given to veterans with disabilities and to those who served in recent wars in Afghanistan and Iraq.

TDHCA will issue a Notice of Funding Available later this year to alert eligible applicants to the availability of these Housing Trust Fund awards. Eligible applicants include nonprofit organizations, units of local government, public housing authorities, Community Housing Development Organizations (CHDOs), and income eligible individuals and families.

Anyone interested in this program should visit the Housing Trust Fund's web page often for additional information about the NOFA and other program developments.

Home Contact About Events Press Employment

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

Site Search: GO

Programs Compliance Board Manufactured Housing

Home » OTHER_RESOURCES » BREAKING GROUND » 2007 MAY » Housing in Support of Jobs

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: *Gordon Anderson* — *May, 2007*

Division: *Policy and Public Affairs*

Rural Economic Development Efforts to Receive Housing Boost

Rural Texas may soon benefit from more jobs, greater economic opportunities, an increased tax base, and a higher quality of life through an innovative housing program to be tied directly to job creation in rural communities.

TDHCA has released a $5 million Notice of Funding Availability (NOFA) for a new rental housing development program designed to help rural communities expand the stock of rental housing affordable to its local workforce.

Eligible applicants have until October 1, 2007, to apply and include nonprofit housing organizations, public housing authorities, sole proprietors, and local governments. Applicants must be located in or represent non-participating jurisdictions as designated by the US Department of Housing and Urban Development.

Funds must be tied to the creation of new or expanded job opportunities currently in development or created within the previous 18 months at the time the application is submitted. Only housing development sites where businesses employing at least ten new positions in the area will be considered, and employment locations must be located no more than 20 miles from the proposed housing development.

Projects where limited housing is a factor in the overall site selection for new business will be given a priority. Applications for funding must provide evidence of a definite and long-term employment commitment from the employer.

Organizations and individuals interested in applying for funds or who would like more information on the NOFA and this new initiative are encouraged to contact Skip Beaird at (512) 475-0908 or via e-mail at skip.beaird@tdhca.state.tx.us; or Barbara Skinner at (512) 475-1643 or via e-mail at barbara.skinner@tdhca.state.tx.us.

Privacy & security policy Web accessibility policy Link Policy Top of Page

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Amy Ohler *May, 2007*
Division: Community Affairs

TDHCA Energy Assistance Programs: "An Answer to a Prayer."

I lost all hope and life had become drudgery. All I did was work two jobs and come home to get in my 'PJs.' When the WAP program qualified me for an air conditioner it was an answer to a prayer that gave me and my kids hope. Since then I have repainted my home and installed a screen door. My whole outlook on life has changed and I believe God has answered my prayers and used this avenue to give me hope that I can make it and have a good life even when things don't work out the way you thought they would. Thank you and may God continue to bless your organization abundantly.

(Letter from a mother of two and beneficiary of TDHCA's Weatherization Assistance Program)

During a time when energy prices continue to rise, TDHCA's Energy Assistance Programs bring hope to low income households. The Comprehensive Energy Assistance Program (CEAP) and Weatherization Assistance Program (WAP) provide immeasurable services to vulnerable households. The Department's energy programs are administered in all 254 counties in the state of Texas.

CEAP is a utility assistance program designed to assist low income households with their immediate energy needs and to encourage consumers to control energy costs through energy conservation education. It also provides direct assistance that prevents the termination of basic gas and electric utility services.

WAP is designed to promote long term energy efficiency by providing, attic and wall insulation, replacement of heating and air conditioning units, addressing inefficient appliances and reducing the amount of air infiltration in low income households. The program often results in financial savings that can be used to purchase much needed essentials such as groceries and medication.

The demand for energy assistance continues to rise in the state of Texas. Since 2003, natural gas price increases have remained above the Consumer Price Index; electric utilities routinely base electricity prices on natural gas as a fuel, and their prices have risen accordingly. As energy prices increase, the energy burden for those who are on fixed incomes also increases. Low income households often have to make choices between purchasing groceries, medication, paying rent, and paying the utility bill.

At the same time, funding for TDHCA's Energy Assistance Programs have not kept up with rising utility costs. Congress in Program Year 2007 did not increase CEAP funding to the states. Additionally, the U.S. Department of Energy (DOE) weatherization program allocation to the states actually decreased by $1.7 million from Program Year 2006.

Despite the realities of increased energy costs, the WAP and CEAP programs have positively affected those who receive assistance.

Clients such as the woman above often write to members of the Texas subrecipient network testifying they have renewed hope. Testimonials often originate from clients who recently have gone through family tragedies of illness, death, divorce, depression, as well as financial crisis.

Subrecipient Program Coordinators describe the Energy Assistance programs as the programs that affect the lives of those who need assistance the most such as young children who can only express themselves by drawing their heartfelt emotions.

The Energy Assistance programs of TDHCA continue to address home energy crises and reduce energy burdens for households earning 125% or less of the federal poverty income guideline. Due to this need the Department has established two toll free numbers for clients to call for assistance. Qualified clients must use a land line to call 1-888-606-889 for weatherization assistance and 1-877-399-8939 for utility assistance.

Prayers can often be answered during normal business hours.

Breaking Ground

By: Dina Gonzalez *May, 2007*

Division: Texas Homeownership Division

Spaces Filling Quickly for Homebuyer Education Provider Training Workshops

Spaces are filling quickly for the Texas Statewide Homebuyer Education Program (TSHEP) training and certification workshops. TDHCA is offering one "Train the Trainer" certification workshop and three continuing education workshops for 2007 training season. TDHCA contracts with NeighborWorks America to offer the workshops, and space is open to individuals from nonprofit organizations and governmental entities.

Homebuyer Education Methods:
Train the Trainer
June 4 - 8, Corpus Christi

Continuing Education Courses:
Housing Counseling Principles, Practices and Techniques
July 9 - 13, San Antonio

Foreclosure Prevention
August 27- 28, Dallas

Combating Predatory Lending
August 29 - 30, Dallas

For workshop descriptions and application materials, visit http://www.tdhca.state.tx.us/homeownership/tshep/index.htm page and download the "2007 TSHEP Application."

For more information, please contact Dina Gonzalez at dina.gonzalez@tdhca.state.tx.us

Dina Gonzalez
Program Administrator
Texas Homeownership Division
dina.gonzalez@tdhca.state.tx.us
www.myfirsttexashome.com
512-475-3993 (direct)
1-800-792-1119
512-475-4798 (fax)

Breaking Ground

By: Gordon Anderson *April, 2007*

Division: Policy and Public Affairs

HOME Funds Available for Housing Persons with Disabilities

The Department has released two draft Notices of Funding Availability (NOFA's) through the HOME Division. These HOME funds are available for housing programs for persons with disabilities. Approximately $2 million is available under the Homebuyer Assistance Program, and approximately $2 million is available under the Tenant Based Rental Assistance Program. Under each NOFA, approximately $1 million will be targeted to assist households in a Participating Jurisdiction (PJ); however, this may be adjusted at the discretion of the Department not to exceed the $2 million dollar cap.

Eligible first time homebuyers may receive up to $35,000 for down payment, closing costs, and rehabilitation. A maximum of $15,000 of that amount may be used for down payment and closing costs; the balance may be used for required accessible modifications. At least one household member must meet the definition of persons with disabilities.

Under the Tenant Based Rental Assistance, eligible tenants may receive rental subsidy and security and utility deposit assistance in the form of a grant in accordance with written tenant selection policies for a period not to exceed twenty-four months. TBRA allows the assisted tenant to move and live in any dwelling unit with a right to continued assistance during the 24-month period with the condition that the assisted tenant participate in a self-sufficiency program. At least one household member must meet the definition of persons with disabilities.

Qualifying local governments, nonprofit organizations, and public housing authorities have until May 11, 2007, to submit an application for funding.

Federal and State rules and requirements must be met by both the applicant and beneficiary, and both funding notices are subject to the HOME Program rule regarding the awarding of funds to households living in participating jurisdictions. For more information, please visit the HOME Division website.

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Gordon Anderson *April, 2007*
Division: Policy and Public Affairs

Pilot Programs to Integrate Mental Health Care with Affordable Housing

TDHCA recently helped direct $13.7 million in federal grant awards to six local organizations to fund a series of pilot programs aimed at better integrating the mental health system.

Awarded under the Texas Mental Health Transformation Project, the initiative emphasizes early intervention and the use of technology to coordinate services across multiple state and local agencies, including TDHCA.

The six collaboratives were selected in March 2007 from among 20 applications by the Governor's Office and the Mental Health Transformation Community Collaborative selection committee. Receiving grant funds were:

• Coastal Bend Rural Health Partnership, serving Kleberg, Jim Wells, and Brooks counties
• Dallas County Unified Public Mental Health Initiative, serving Dallas County
• Mental Health Connection, serving Tarrant County
• Terrell County Behavioral Mental Health Collaborative, serving Terrell County
• West Texas Community Coalition, serving Hale, Lamb, Floyd, Briscoe, Bailey, and Motley counties
• Williamson County Mental Health Task Force, serving Williamson County

The federal Substance Abuse and Mental Health Services Administration in 2006 awarded the five-year grant to the Office of Governor Rick Perry and the Texas Department of State Health Services (TDSHS). The selection committee included TDHCA; the Office of Rural Community Affairs; Camille D. Miller, Texas Health Institute President and CEO; Vijay Ganju, Project Director for the Texas Mental Health Transformation Project; and two consumer representatives.

Each community collaborative will initiate a prototype program addressing the integration of health services with those of mental health, early intervention to foster recovery and improve the quality of life for mental health clients, and the need to better meet the requirements of clients across a wide spectrum of social services.

For further information about the Texas Mental Health Transformation Project, please contact the Texas Health Institute at (512) 279-3910. Interested persons should contact TDHCA at (800) 525-0657 to learn more about the Department, its housing and community affairs programs, and its commitment to the Texas Mental Health Transformation Project.

Breaking Ground

By: Wendy Pollard *April, 2007*

Division: Policy and Public Affairs

April is Fair Housing Month

Governor Rick Perry and TDHCA ask all Texans to join together in celebration of April 2007 for Fair Housing Month in Texas.

President Lyndon Johnson signed Title VIII of the Civil Rights Act, also known as the Fair Housing Act, into law in 1968. The Texas Legislature passed the Texas Fair Housing Act in 1989, solidifying the state's commitment to nondiscrimination. The act's purpose is to remove discrimination in the sale, rental, or housing finance because of race, color, religion, gender, national origin, familial status or disability.

As Governor Rick Perry noted on his proclamation, all Americans should have the right to find clean, safe and affordable housing without discrimination and be able to move into the type of house or rental property they desire without delay.

Texans derive pride from their fairness and diversity. By taking away prejudice and discrimination it helps to pave the way for prosperity and advancement. Support fair housing opportunities so that we may achieve a higher quality of life for Texans in the future.

Breaking Ground

By: Dina Gonzalez *March, 2007*

Division: Texas Homeownership Division

Homebuyer Education Program Finalizing Workshops, Division Changes

The Department has finalized the 2007 Texas Statewide Homebuyer Education Program (TSHEP) workshop series, which kicks off June 4-8 in Corpus Christi with a five-day Homebuyer Education Methods "Train the Trainer" course. Through this course, trainers will learn the principles and applications of comprehensive pre- and post purchase homebuyer education. Trainers who successfully complete the course will be certified as a homebuyer education provider.

To date nearly 400 individuals have been certified as homebuyer education providers through the Texas Statewide Homebuyer Education Program.

Due to the success of last year's continuing education workshops, TSHEP will also sponsor three continuing education trainings: "Housing Counseling Principles, Practices and Techniques" (Part I), a five-day training course; "Beginning to Intermediate Foreclosure Prevention" (Part II), a two-day training course; and "Combating Predatory Lending," a two-day training course. TDHCA has contracted with Neighborhood Reinvestment Corporation dba NeighborWorks America to conduct the 2007 TSHEP workshops.

These continuing education courses are open to previously certified TSHEP homebuyer education providers. Registration for these workshops occurs on a first-come, first-served basis, and classes fill quickly. The registration application will be available on March 12, 2007.

TDHCA also announces a change in the administration of this valuable program. TSHEP until recently was administered by the Department's Division of Policy and Public Affairs (DPPA). As a result of a recent Department reorganization, the program was relocated to a newly created division - The Texas Homeownership Division. As a result, Dina Gonzalez will be the designated contact for the program.

The Department created TSHEP in 1997 in response to legislation passed by the 75th Texas Legislature requiring TDHCA to develop and implement a statewide homebuyer education program to provide information and counseling to prospective homebuyers. TSHEP brings comprehensive pre- and post-purchase homebuyer education to all 254 Texas counties and promotes the uniform quality of homebuyer education provided throughout the state.

Applications are available from www.tdhca.state.tx.us. For more information, please contact Dina Gonzalez at 512-475-3993 or dina.gonzalez@tdhca.state.tx.us.

2007 TSHEP Training Workshops & Dates:

Homebuyer Education Methods:
Train the Trainer
June 4 – 8, Corpus Christi

Continuing Education Courses:
Housing Counseling Principles, Practices and Techniques
July 9 – 13, San Antonio

Foreclosure Prevention
August 27- 28, Dallas

Combating Predatory Lending
August 29 – 30, Dallas

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Gordon Anderson *March, 2007*

Division: Policy and Public Affairs

Department Names New Research and Planning Manager

TDHCA has tabbed Brenda Hull as Manager of the Research and Planning section of the Division of Policy and Public Affairs. Also known as the Housing Resource Center, the section provides educational materials, planning documents, and technical assistance to the public, community-based housing development organizations, nonprofit housing developers, and other state and federal agencies.

Ms. Hull will oversee a wide range of projects that consist of the development of Consolidated Planning documents for HUD, including the Consolidated Plan, Action Plan, and Annual Performance Report; the State of Texas Low Income Housing Plan and Annual Report; the Agency Strategic Plan; Regional Allocation Formula and Affordable Housing Needs Score; and any special research projects as needed.

This will be her second stint with the Housing Resource Center; Ms. Hull previously served with the Center from 2002 to 2005 before accepting a position with the Department's Real Estate Analysis Division. She was Credit Underwriter from 2005 until her recent hire. Ms. Hull will be a key contact at TDHCA, particularly for developers, housing advocates, and local housing officials on numerous housing and related issues.

You can contact Brenda Hull at (512) 305-9038 or brenda.hull@tdhca.state.tx.us.

Breaking Ground

By: *Gordon Anderson* — *February, 2007*
Division: *Policy and Public Affairs*

2007 Tax Credit Public Hearing Schedule Set

The dates, times, and locations for the 2007 Competitive Housing Tax Credit Program allocation cycle public hearings have been scheduled and posted on the program's web page. TDHCA conducts these hearings annually to accept comment from the general public on applications competing for federal tax credits in support of affordable rental housing.

The Department will conduct hearings in each of the state's 13 uniform service regions beginning Monday, April 2, in both San Antonio and Austin. Other hearings are scheduled for El Paso, Corpus Christi, Dallas, Harlingen, Houston, Longview, Lubbock, Lufkin, San Angelo, Waco, and Wichita Falls.

A detailed log of all 2007 pre-applications is posted on the Housing Tax Credit Program's website. The deadline for final applications is March 1, 2007, and the log will be updated to reflect this final list. For those who want to provide comment but are unable to attend any of the 13 hearings, TDHCA encourages written comment be provided. Such comments should be addressed to:

Multifamily Finance Production Division
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

For additional information you may contact the Multifamily Division at (512) 475-3440 or visit the program's web page.

Individuals who require auxiliary aids or services for these meetings should contact Gina Esteves, ADA Responsible Employee, at (512) 475-3942 or Relay Texas at (800) 735-2989 at least two days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Jorge Reyes al siguiente número (512) 475-4577 por lo menos tres días antes de la junta para hacer los preparativos

Breaking Ground

By: Gordon Anderson — February, 2007
Division: Policy and Public Affairs

Home Program Announces $11 Million in Funding Available for Rural Housing

TDHCA has announced two competitive funding notices through the Multifamily HOME Program's Rental Housing Development fund totaling $11 million to develop decent, affordable rental housing for low income Texans. The awards will be made through the Preservation and Rental Development competitive allocation cycle and the Community Housing Development Organization (CHDO) housing fund allocation.

Interested applicants have until March 1, 2007, to apply; after this date, any fund balances that still exist will be made available through a subsequent open application process.

The Department will award approximately $6 million to certified CHDOs for the creation of rental housing affordable to households earning no more than 80 percent or less than the area median family income. CHDOs are private, nonprofit organization with a 501 (c) federal tax exemption that must include providing decent, affordable housing as one of its purpose in its charter.

Another $5 million in federal HOME Program funds will be available to qualified applications for preservation and rental housing development. Eligible nonprofit organizations, for-profit entities, public housing authorities, and units of local government may apply for these funds.

Of this amount, approximately $2 million will specifically target the acquisition and rehabilitation of existing affordable rental housing at risk of losing the benefit of any existing subsidy – below-market interest rate loan, rental subsidy, Section 8 housing assistance payment, etc. – and reverting to market rental rates. The remaining $3 million in funds will be available to all eligible applicants for rental development activities.

Contact Barbara Skinner at (512) 475-1643 or barbara.skinner@tdhca.state.tx.us.

Breaking Ground

By: Gordon Anderson *February, 2007*

Division: Policy and Public Affairs

New Hope Housing Nets Two Awards

One of the Department's thriving nonprofit partners in affordable housing recently received two regional and statewide awards for its quality housing and supportive services to extremely low income individuals.

New Hope Housing Inc. recently received a Mayor's Proud Partner Award from Keep Houston Beautiful and the Outstanding Community Organization 2006 Award from the Texas Homeless Network. Both awards acknowledge successful efforts to improve lives in the Houston community.

The nonprofit's most recent development, Canal Street Apartments, is a stunning property that provides 133 supportive, efficiency apartments for adults living singly on extremely low incomes. Seventy percent of Canal Street's residents earn an income of less than $1000 per month. The property is fully occupied and delivering the tenant supportive services essential to this population.

Canal Street Apartments, opened in November 2005, was also featured in an October 2006 issue of the Houston Business Journal and a feature article on the property will be published in the Texas Architect magazine March/April 2007 issue.

New Hope Housing's three properties are 98 percent occupied, providing strong evidence of the need of such Single Room Occupancy housing.

Successful nonprofit serving an extremely low income population is not possible without the consistent support from the funding community. TDHCA played a key role in helping support the funding for the very successful Canal Street venture.

The developers received a $1 million grant through the Department's HOME Program Community Development Housing Organization (CHDO) set-aside, and another $250,000 grant awarded through the Housing Trust Fund.

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Veronica Chapa *November, 2006*

Division: Executive Office

TDHCA Seeking Funds for Disaster Housing Pilot Program

TDHCA on October 20 submitted an application to the Department of Homeland Security-Federal Emergency Management Agency (DHS-FEMA) for $63 million in the federal agency's Alternative Housing Pilot Program.

The program will allow Texas and four other Gulf states impacted by hurricanes in 2005 to compete for $400 million in pilot projects to find housing alternatives that meet current and future needs of households affected by natural disaster.

To facilitate the process, TDHCA asked a panel of experts to review information submitted to the Department during a recent request for information regarding the pilot project. Included in the submission were submissions from Centara Building Technologies, The Heston Group, Octagon Building Systems, Palm Harbor Homes, Spacebox USA, and the University of Texas and Texas State University partnership.

FEMA will chair a selection committee consisting of Department of Homeland Security technical experts, representatives from HUD, and staff of private sector organizations with housing architectural, engineering, and construction expertise. The selection panel will evaluate all proposals and make grant recommendations to DHS staff regarding which proposals to fund.

Breaking Ground

By: Gordon Anderson *November, 2006*

Division: Policy and Public Affairs

TDHCA Releasing $132 Million in Mortgage Loans

Beginning this month, TDHCA will make available $132 million in low interest rate home loans targeting very low to moderate income Texans through the First Time Homebuyer Program. The funds will be available beginning November 15 through the Department's network of participating lenders with interest rates starting as low as 5.65 percent.

TDHCA's First Time Homebuyer Program offers very low to moderate income households an opportunity to qualify for mortgage loans with monthly payments that might otherwise be beyond their reach at current market interest rates.

The Department will waive certain program rules for residents in a 22-county region of southeast Texas designated for relief under the federal Rita Gulf Opportunity ("GO") Zone Act of 2005. These counties were most seriously affected by Hurricane Rita, and the program rule waivers will make it easier for more households to qualify for a home loan. Interest rates for loans inside the Rita GO Zone will feature a low rate of 5.99 percent and come with a grant for down payment and closing costs.

Loans outside the Rita GO Zone will be available in two forms, depending upon household income and geographic region: assisted loans, which also come with the 5 percent grant for down payment assistance; and unassisted loans, with no additional funds. Unassisted loans will feature a very attractive rate of 5.65 percent, while assisted loans will carry a 6.20 percent interest rate.

Interested homebuyers may visit the program's website at www.myfirsttexashome.com or call (800) 792-1119 to learn more about eligibility requirements, program details, the Rita GO Zone, or to find a participating lender.

Breaking Ground

By: Meg Tynan *November, 2006*

Division: Texas Homeownership Division

HOME Funds being Awarded to East and Southeast Texas Communities

TDHCA is awarding an additional $4.3 million in HOME Investment Partnerships (HOME) Program funds to East and Southeast Texas communities to assist in their continued recovery efforts in the aftermath of Hurricane Rita. These Owner Occupied Assistance funds will help impacted communities repair or rebuild single family homes damaged or destroyed in the storm.

The HOME funds were made available to the 22-county, Presidentially declared disaster area affected by Hurricane Rita. Seven of the 22 eligible counties responded to the Notice of Funding Availability (NOFA). The seven counties are Jasper, Tyler, Newton, Polk, San Jacinto, Liberty, and Chambers. The applications received demonstrated the ongoing need for housing assistance in the disaster-impacted counties.

These funds represent the remaining 2005 and 2006 Community Housing Development Organization (CHDO) funds for which HUD granted a waiver to the Department to utilize in the areas impacted by Hurricane Rita. Funds were made available to Uniform State Service Regions 5 and 6 on a first-come, first-serve basis.

In an effort to award the full amount of available funding, staff requested and received approval to waive the maximum HOME Disaster Relief award amount of $500,000 to allow the award amount to be increased to $600,000 per applicant. An additional 4 percent of project funds were awarded for program administration, bringing the total HOME award per applicant to $624,000. These awards will be administered over an 18-month contract period.

Breaking Ground

By: Gordon Anderson *October, 2006*

Division: Policy and Public Affairs

Governor Perry Appoints Gloria L. Ray to TDHCA Board

Governor Rick Perry has appointed Gloria L. Ray of San Antonio to the TDHCA Governing Board for a term to expire January 31, 2011.

Ray is a retired senior official of Kelly Air Force Base where she served as chief of the resources management division for the propulsion directorate. She is a member of the Alamo Area Council of Government, serving on both the Council's Housing Round Table and Housing Advisory Committee, and is vice president the Alamo Community College District's bond oversight committee.

In addition, Ray is co-founder and volunteer executive director of the St. Paul Area Development Corporation and a member of the San Antonio Women's Hall of Fame. She has previously served as a member of the Carver Cultural Center Development Board, the Kelly Air Force Base speakers bureau, the Kelly Management Club, the Federal Managers Association, and is past president of the Fiesta San Antonio Commission. In March 2006, Ray was selected as chair of the annual Martin Luther King Jr. birthday celebration.

A student of liberal arts at St. Philip's College and the University of Texas at San Antonio, her appointment to the TDHCA Board is subject to senate confirmation.

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Gordon Anderson *October, 2006*
Division: Policy and Public Affairs

Comment Period Still Open for Numerous Program Rules, Documents

The public comment period remains open for several program rules, policy documents, and planning materials. Comments provided by the public will assist TDHCA in finalizing these important rules and guidelines. The public comment period for all but two planning documents will run through October 18, 2006.

Items for which TDHCA will accept public comment include rules for the Housing Tax Credit, Multifamily Bond, HOME, Housing Trust Fund, Community Services Block Grant, Weatherization Assistance, Comprehensive Energy Assistance, and Emergency Shelter Grants programs.

TDHCA will also accept comment on planning and policy documents including the Affordable Housing Needs Score, Regional Allocation Formula, Compliance Monitoring Policies and Procedures, Low Income Housing Plan and Annual Report, Consolidated Plan-One Year Action Plan, Alternative Dispute Resolution, Colonia Action Plan, and numerous rules relating to the Department's underwriting processes.

The public comment period for the 2007 State of Texas Low Income Housing Plan and Annual Report and the 2007 Consolidated Plan-One Year Action Plan concludes October 12, 2006.

TDHCA in September held seven public hearings to accept comment in Corpus Christi, Amarillo, Dallas, Tyler, Bryan, San Antonio, and El Paso. The Department will conclude the 2006 consolidated hearings this month with hearings in Brownwood, Beaumont, Houston, Austin, Harlingen, and Midland. Interested parties may download the rules and documents from the Department's website prior to the hearings.

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Gordon Anderson
Division: Policy and Public Affairs

September, 2006

Board Okays Hurricane CDBG Funds for Unmet Non-Housing Needs

The TDHCA Governing Board on August 30 approved projects recommended by four councils of governments (COGs) totaling $30.5 million in Community Development Block Grants to help repair or replace critical public infrastructure in a 29-county region damaged by Hurricane Rita. The Office of Rural Community Affairs (ORCA), who is administering the Hurricane Disaster Relief CDBG grants in conjunction with TDHCA, will enter into contracts for the approved projects directly with cities, counties, and Indian tribes.

The Board approved projects totaling $12.1 million in Deep East Texas Council of Governments (DETCOG); $2.1 million in East Texas Council of Governments (ETCOG); $3.7 million in Houston-Galveston Area Council (H-GAC); and $12.4 million in Southeast Texas Regional Planning Commission (SETRPC).

The Board in July previously approved grants totaling $40.2 million to DETCOG, H-GAC, and SETRPC for unmet housing needs. Eligible housing activities included emergency home repair, home rehabilitation, and new single family construction. TDHCA will enter into contracts directly with the COGs for those projects. ETCOG indicated that it primarily sustained non-housing related damage and did not apply for grant funding of housing needs.

Hurricane Rita made landfall near Sabine Pass on September 24, 2005, damaging or destroying an estimated 75,000 homes and manufactured homes and leaving another 4,500 apartment units damaged or destroyed.

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Meg Tynan *September, 2006*
Division: Texas Homeownership Division

TDHCA Awards $24 Million in HOME Program Single Family Cycle

On August 30, 2006, TDHCA awarded $24 million to 91 eligible cities, counties, public housing authorities, and nonprofit organizations through the HOME Investment Partnerships (HOME) Program's 2006-2007 Single Family funding cycle.

More than 850 families will benefit from the 183 Single Family HOME applications submitted for funding for Homebuyer Assistance (HBA), Owner-Occupied Housing Assistance (OCC) and Tenant-Based Rental Assistance (TBRA). Award recipients may use these funds to provide down payment assistance for qualifying homebuyers, repair homes owned and occupied by low income households, or provide income-eligible households help with rent payments. Individuals and families receiving assistance through these awards must earn an annual income of no more than 80 percent of the area median family income.

The home repair awards made through the Owner-Occupied Housing Assistance fund totaled $20.2 million to 72 applicants. This fund provides financing for the rehabilitation of single family homes, and eligible activities include roof repair or replacement, and electrical system and plumbing repairs. In order to qualify for this program, an individual or family must own and reside in the home. Rental homes are not eligible.

Down payment and closing cost assistance, made through the HBA Program, will provide $3.3 million in awards to 13 applicants. Eligible individuals and families may receive up to $10,000 per household. Assistance is in the form of a second or third lien, 0 percent interest, 10-year deferred forgivable loan. Loans are to be repaid at the time of resale of the property, refinance of the first lien, repayment of the first lien, or if the unit ceases to be the assisted homebuyer's principal residence, if any of these occurs before the end of the 10-year term.

Beginning with the current funding cycle, 2006-2007 OCC awards to eligible families and individuals will be in the form of a deferred forgivable loan for households at or below 50 percent AMFI. For households whose income is above 50 percent AMFI, the assistance will be a 30-year, 0 percent interest, repayable loan.

TDHCA also awarded $1.47 million through the HOME Program's TBRA fund, awarded to six applicants to subsidize rents and provide security deposits for income-eligible tenants. Tenants are required to participate in a self-sufficiency program as a condition of receiving the assistance.

The US Department of Housing and Urban Development (HUD) is the funding source for TDHCA's HOME Program. Congress established the program in 1990 to provide multiyear housing strategies for units of governments to strengthen public-private partnerships and provide more affordable housing for eligible Texans.

Policy & Public Affairs
Press Room
Media Resources
Staff List

Breaking Ground

By: Laura White and Rita Gonzales-Garza *September, 2006*
Division: Community Affairs

TDHCA 13th Annual Community Affairs Executive Directors Conference

Eddie Fariss welcomes attendees to the 13th Annual Executive Directors Conference.

The Texas Department of Housing and Community Affairs sponsored the 13th Annual Community Affairs Division Executive Directors Conference on July 19-21, 2006. This year's conference was held at the Hyatt Regency Hotel in Austin. Approximately 200 executive directors, board chairs, and other key administrative staff of Community Services Block Grant (CSBG), Comprehensive Energy Assistance Program (CEAP), and Weatherization Assistance Program (WAP) subrecipients attended the conference.

The theme for this year's conference was "Community Action: Share the Vision." This theme emphasized the importance of sharing the vision for the future and informing the public and elected officials of the broad range of programs that TDHCA subrecipients operate to assist individuals and families in poverty and foster self-sufficiency. The Community Action Network in Texas is one of the largest networks in the nation. In FY 2005, they assisted 317,239 persons; transitioned 2,179 persons out of poverty; and administered $502,119,344 in federal, state, local, and private resources.

The TDHCA Diversity Choir opened the conference by singing traditional songs and gospel. Mr. Michael Gerber, TDHCA's new Executive Director, was the keynote speaker.

Speakers for the breakout sessions included Mr. Jim Bearden, a Certified Speaking Professional, who provided a two-part workshop entitled "Happily Ever Afters Don't Just Happen." The workshop focused on skills needed to assist organizations to succeed in challenging times and strategies for organizations to refine strategic direction in order to meet community needs.

Mr. Gary McDaniel of

Michael Gerber, TDHCA Executive Director, delivers the keynote speech at the 2006 Executive Directors Conference.

Christopher Ptomey, TDHCA Federal Liaison, receives a special recognition award for his efforts at the federal level.

the Texas Association of Nonprofit Organizations presented a workshop entitled "From Conflict to Cooperation," which focused on conflict resolution within organizations, with clients, and with other community organizations. Attorney Anita Lichtblau, Executive Director and General Counsel for Community Action Program Legal Services (CAPLAW), also presented a session addressing legal issues common to community action agencies and discussed the guidelines governing the use of federal funds. In addition, Ms. Lichtblau presented a workshop for nonprofit board members in which she discussed the fiduciary responsibilities of board members.

The Community Services Section conducted a workshop that highlighted CSBG Innovative Projects and provided an opportunity for peer-to-peer exchange on innovative projects. The Energy Assistance Section conducted a workshop on program changes to the Low Income Housing Energy Assistance Program CEAP and WAP programs.

William Dally, Deputy ED for Administration, receives a Special Recognition Award for his assistance to the Community Affairs Division.

On the evening of July 20, TDHCA held an awards dinner and presented certificates of appreciation to the 23 CSBG subrecipients that assisted persons affected by Hurricane Katrina and Hurricane Rita. In addition, TDHCA presented Service Award Certificates to CSBG and WAP subrecipient staff who have been working in community services or weatherization/energy assistance initiatives for 25 years or more. These recipients included Imelda Rodriguez and Alex Rodriguez from Bee Community Action Agency, Gloria Gonzalez and Suzanna Salinas from Cameron and Willacy Counties Community Projects, Thelma Garcia from Community Action Council of South Texas, Amparo Valenzuela from Community Council of Reeves County, Mary Fernandez from El Paso Community Action Program, Carol Brown from the City of Fort Worth, and Rosie Salinas of Gulf Coast Community Services Association.

TDHCA Diversity Choir performs at the opening session of the 13th Annual Community Affairs Division Executive Directors Conference.

The Conference concluded on Friday, July 21, with the CSBG Performance Awards Breakfast. The invocation was given by Reverend Sterling Lands PhD. TDHCA conferred monetary CSBG Performance Awards to CSBG subrecipients that transitioned persons out of poverty. This year, TDHCA awarded $185,545 in performance awards to 35 CSBG subrecipients for transitioning 1,593 persons out of poverty. The two largest awards were presented to Panhandle Community Services, for transitioning 387 persons out of poverty, and Cameron and Willacy Counties Community Projects, for transitioning 527 persons out of poverty.

TDHCA also presented a Lifetime Achievement Award to one individual who has been involved with community action for over 10 years and has contributed a lifetime of excellent service to persons in poverty. This year's recipient was Ms. Corina Jaimes, Executive Director of Community Action Inc. of Hays, Caldwell, and Blanco Counties.

The 13th Annual Community Affairs Division Executive Directors Conference provided an opportunity for subrecipient management staff and board members to learn current management concepts and share best practices. This year's conference was a success—not only because of the knowledge shared by individuals and organizations in attendance—but also because of the increase in the number of persons transitioned out of poverty.

Corina Jaimes, Executive Director, Community Action Incorporated of Hays, Caldwell and Blanco Counties, received the 2006 Lifetime Achievement Award.

Cameron-Willacy Counties Community Projects received the top CSBG Performance Award.

4. A list of publications and brochures describing the agency.

- 2005-2009 State of Texas Consolidated Plan
- 2009 State of Texas Consolidated Plan One-Year Action Plan
- An Overview of Programs and Services – general agency brochure
- Annual Program Guide
- Annual State Low Income Housing Plan
- Strategic Plan for Fiscal Years 2009-2013
- 2008 Annual Report/2009 Calendar
- Brochure: Facing Foreclosure?

ATTACHMENT 5
Relating to Key Functions, Powers, and Duties

5. A list of studies that the agency is required to do by legislation or riders.

1) Home Mortgage Credit Characteristics of Underserved Areas: A State of Texas Market Study, §2306.142 (c).

   STATUS: Completed and posted to website.

2) Sec. 2306.259. AFFORDABLE HOUSING RESEARCH AND INFORMATION PROGRAM. With money available under §1372.006(a), the department shall establish an affordable housing research and information program in which the department shall contract for:
   a. periodic market studies to determine the need for housing for families of extremely low, very low, and low income in census tracts throughout the state;
   b. research from qualified professionals to determine the effect of affordable housing developments on property values, social conditions, and quality of life in surrounding neighborhoods;
   c. independent research in affordable housing design and development approaches that enhance community acceptance of affordable housing and improve the quality of life for the residents of the housing.

   STATUS: Two studies completed and posted to website.

3) A Study of Residential Foreclosures in Texas; A report required by §2306.260 as established by HB 1582 of the 79th Regular Legislative Session.

   STATUS: Completed and posted to website.

4) Migrant Labor Housing Facilities in Texas: A Report on the Quantity, Availability, Need, and Quality of Migrant Labor Housing in the State; A Report Required by HB 1099, §2(f) of the 79th Legislature.

   STATUS: Completed and posted to website.

ATTACHMENT 6

Relating to Key Functions, Powers, and Duties

6. A list of legislative or interagency studies relating to the agency that are being performed during the current interim.

House Urban Affairs interim study, charge # 3 – “Study and evaluate the levels, methods and alternatives by which the state funds all affordable housing programs, focusing on administrative cost-effectiveness to determine greater returns on investment, savings and efficiency. Examine the current procedures and applications of the annual, integrated Low Income Housing Plan prepared by the Texas Department of Housing and Community Affairs, and prepare recommendations for the development of a comprehensive, long-range, statewide plan or model to address growing needs throughout the state.

ATTACHMENT 7
Relating to Key Functions, Powers, and Duties

7. A list of studies from other states, the federal government, or national groups/associations that relate to or affect the agency or agencies with similar duties or functions.

BOOTSTRAP PROGRAM

- Housing Assistance Council. (2004). *A brief and selective historical outline of rural mutual self-help housing in the United States.* Retrieved from http://www.ruralhome.org/pubs/selfhelp/selfhelp/selfhelphist03.pdf

DISASTER RECOVERY (CDBG DISASTER RECOVERY)

- Gotham, K. F. & Greenberg, M. (2008, December). From 9/11 to 8/29: Post-disaster recovery and rebuilding in New York and New Orleans. *Social Forces*. 87(2), 1039-1062.

- Housing Assistance Council. (2003). Picking Up the Pieces: A guide to restoring rural housing and communities after a disaster. Retrieved from http://www.ruralhome.org/infoReportsAlpha.php#alpha

COMMUNITY SERVICES BLOCK GRANT/ RECOVERY ACT COMMUNITY SERVICES BLOCK GRANT
No studies found.

COMPREHENSIVE ENERGY ASSISTANCE PROGRAM
No studies found.

FEMA PILOT PROGRAM
No studies found.

HOMEBUYER ASSISTANCE (FIRST TIME HOMEBUYER PROGRAM, MORTGAGE CREDIT CERTIFICATES, HOUSING TRUST FUND DOWNPAYMENT ASSISTANCE, HOME HOMEBUYER ASSISTANCE, CONTRACT FOR DEED CONVERSION AND TEXAS STATEWIDE HOMEBUYER EDUCATION PROGRAM)

- Belsky, E. S., Retsinas, N. P. & Duda, M. (2005, September). The financial returns to low-income homeownership. Retrieved from Joint Center for Housing Studies, Harvard University website: http://www.jchs.harvard.edu/publications/finance/w05-9.pdf

- Duda, M. & Foster, D. (2007, January). *Affordability and the funding gap: trends among low- and moderate-income households, 1995-2005.* Retrieved from http://www.nw.org/network/pubs/applied/documents/AffordabilityReport.pdf

- Foulkes, M. & Newbold, K. B. (2008, September). Poverty Catchments: Migration, Residential Mobility, and Population Turnover in Impoverished Rural Illinois Communities. Rural Sociology. 73:3, 440-462.

- Freeman, L. (2005, June). Black Homeownership: The Role of Temporal Changes and Residential Segregation at the End of the 20th Century. Social Science Quarterly (Blackwell Publishing Limited). 86: 2, 403-426.

- Gunderson, R. J. (2007, Spring). Housing affordability and workforce housing initiatives. *Economic Development Journal*. 6(2), 39-46.

- Howell, B. (2006, Jan). Exploiting Race and Space: Concentrated subprime lending as housing discrimination. California Law Review; 94(1), 101-147.

- NeighborWorks America. (2005, May). Measuring the delivery costs of prepurchase homeownership education and counseling. Retrieved from http://www.nw.org/network/pubs/studies/documents/MeasuringtheDeliveryCostsofHBE.pdf

- Obrinsky, M. & Stein, D. (2007, March). Overcoming opposition to multifamily rental housing. Retrieved from http://www.jchs.harvard.edu/publications/rental/revisiting_rental_symposium/papers/rr07-14_obrinsky_stein.pdf

- Painter, G. & Redfearn, C. L. (2002). The role of interest rates in influencing long-run homeownership rates. Journal of Real Estate Finance and Economics. 25(2/3), 243-267.

- Squires, G. D. (2008/2009). Urban development and unequal access to housing finance services. New York Law School Law Review. 53(2), 255-268.

- U.S. Department of Housing and Urban Development, Office of Policy Development and Research. (August 2006). *Building communities through homeownership.* Retrieved from http://www.oup.org/files/pubs/ideasthatwork.pdf

HOMELESSNESS (HOMELESSNESS PREVENTION AND RAPID RE-HOUSING, EMERGENCY SHELTER GRANT PROGRAM, HOMELESS AND HOUSING SERVICES)

- Black-Plumeau, L. & Collins, M. (2008, May). The costs and benefits of assisting Vermont's chronically homeless. Retrieved from http://www.nlihc.org/doc/repository/VT-chronic-homelessness.pdf

- Culhane, D. P. & Metraux, S. (2008, Winter). Rearranging the deck chairs or reallocating the lifeboats? Homelessness assistance and its alternatives. Journal of the American Planning Association. 74(1), 111-121.

- Henderson, C. et al. (2008, March). The use of data to assist in the design of a new service system for homeless veterans in New York City. Psychiatric Quarterly. 79(1), 3-17.

- Housing Assistance Council. (2002). Continua of care best practices: Comprehensive homeless planning in rural America. Retrieved from http://www.ruralhome.org/infoReportsAlpha.php#alpha

- Mondello, M. et al. (2007, September). Cost of homelessness: Cost analysis of permanent supportive housing. Retrieved from http://www.nlihc.org/doc/repository/ME-Cost-Of-Homelessness.pdf

- National Law Center on Homelessness et al. (2009). Foreclosure to homelessness 2009: The forgotten victims of the subprime crisis. Retrieved from http://www.nationalhomeless.org/advocacy/ForeclosuretoHomelessness0609.pdf

- Netto, G. (2006, July). Vulnerability to homelessness, use of services and homelessness prevention in Black and minority ethnic communities. Housing Studies. 21(4), 581-601.

HOUSING DEVELOPMENT (COMMUNITY HOUSING DEVLEOPMENT ORGANIZATIONS)

- Donjeck, Inc. (2009, February 17). *Housing as a lever for economic recovery.* Retrieved from http://www.nlihc.org/doc/MN-Housing-as-Lever.pdf

- Spezia, J. (2009). *California Housing White Paper: Investing in home production to stimulate California's economy.* Retrieved from http://www.housingca.org/resources/whitepaper_econ-stimulus_2009.pdf

HOUSING TRUST FUND

- Econsult Corporation. (2009, April 24). *Potential economic and fiscal impacts of a Pennsylvania housing trust fund.* Retrieved from http://www.housingalliancepa.org/var/newsfile/file/311-Economic%20Impact%20Study%20(FINAL%20-%202009-04-24).pdf

RENTAL SUBSIDIES (TENANT BASED RENTAL ASSISTANCE, SECTION 8)

- Council of State Community Development Agencies. (2002). *Measuring the impact of HOME & other housing programs.* Retrieved from http://www.coscda.org/publications/performance03.pdf

- Housing Assistance Council. (2005). *Section 8 Homeownership: a guide for rural housing practitioners.* Retrieved http://www.ruralhome.org/infoReportsAlpha.php#alpha

- U.S. Department of Housing and Urban Development, Office of Policy Development and Research. (February 2008). *Housing needs of persons with disabilities: supplemental findings to the affordable housing needs 2005 report.* Retrieved from http://www.huduser.org/Publications/pdf/Affhsgneedsdis.pdf

- The Maine Center for Economic Policy. (2008, May). *The housing choice voucher program: providing local relief to Maine with federal low-income housing reform.* Retrieved from http://www.nlihc.org/doc/repository/ME-Section8-Report.pdf

RENTAL HOUSING DEVELOPMENT (HOUSING TAX CREDITS, MULTIFAMILY REVENUE BOND, TAX CREDIT ASSISTANCE PROGRAM, HOUSING TAX CREDIT EXCHANGE, HOME RENTAL HOUSING DEVELOPMENT, HOUSING TRUST FUND RENTAL HOUSING DEVELOPMENT)

- Apgar, W. (2004, December). W04-11: Rethinking rental housing: expanding the ability of rental housing to serve as a pathway to economic and social opportunity. Retrieved from http://www.jchs.harvard.edu/publications/markets/w04-11.pdf

- Costigan, P. M. & Quigley, L. V. (2006, January). Resident success in economically integrated, socially diverse housing. Retrieved from http://www.tcbinc.org/what_we_do/resident_success/Ford_MIMR_Resident_Success_without_Att.pdf.

- Housing Assistance Council. (2008). A guide to best practices in rural rental preservation. Retrieved from http://www.ruralhome.org/infoReportsAlpha.php#alpha

- Housing Assistance Council. (2007, Summer). More than housing at stake: preserving rural rental properties. Rural Voices. Retrieved from http://www.ruralhome.org/infoReportsAlpha.php#alpha

- Housing Assistance Council. (2004). Race, place, and housing: housing conditions in rural minority counties. Retrieved from http://www.ruralhome.org/infoReportsAlpha.php#alpha

- Melendez, E., Schwartz, A., & de Montrichard, A. (Jan 2008). Year 15 and preservation of tax-credit housing for low-income households: an assessment of risk. Housing Studies. 23(1), 67-87.

- Lavorel, J. (2009, May/June). Public housing preservation: lessons from the private sector. Journal of *Housing & Community Development*. 66(3), 22-32.

REPAIR ASSISTANCE/WEATHERIZATION ASSISTANCE

- American Society of Heating, Refrigerating & Air-Conditioning Engineers, Inc. (2009, March). Stimulus package reinforces importance of Standard 90.1. ASHRAE Journal. 24(3), 1-2.

- Chenoweth, D. (2007, May 2). The economic costs of substandard housing conditions among North Carolina children. Retrieved from http://www.nlihc.org/doc/repository/NC-HC-report4-30-08.pdf

- Housing Assistance Council. (2004). *Rural seniors and their homes.* Retrieved from http://www.ruralhome.org/infoReportsAlpha.php#alpha

MANUFACTURED HOUSING

- Housing Assistance Council. (2005). Moving home: manufactured housing in rural America. Retrieved from http://www.ruralhome.org/infoReportsAlpha.php#alpha

- NeighborWorks America. (2006, February). Innovations in manufactured housing: six case studies in affordable manufactured housing development. Retrieved from http://www.nw.org/network/comstrat/manufHsg/documents/mhCaseStudy021506.pdf

- NeighborWorks America. (2002, September). An examination of manufactured housing as a community- and asset-building strategy. Retrieved from http://www.nw.org/network/pubs/studies/documents/manufactHsgRpt2002.pdf

- Skobba, K. & Rosenberg, L. (2008, May). *Manufactured housing in Minnesota: overview and policy changes.* Retrieved from http://www.nlihc.org/doc/repository/MN-Manufactured-Housing-Study-20-Full.pdf

NATIONAL FORECLOSURE MITIGATION COUNSELING

- NeighborWorks America. (2007, November). Financial institutions and foreclosure intervention: innovative partnerships and strategies to better serve borrowers in default. Retrieved from http://www.nw.org/network/pubs/studies/documents/Foreclosure_Intervention.pdf

- NeighborWorks Center for Foreclosure Solutions. (2005, September). Effective community-based strategies for preventing foreclosures. Retrieved from http://www.nw.org/network/pubs/studies/documents/foreclosureReport092905.pdf

- Quercia, R. & Cowan, S. M. (2008, May). The impacts of community-based foreclosure prevention programs. Housing Studies. 23(3), 461-483.

- White, A. M. (2009, April). Rewriting contracts, wholesale: data on voluntary mortgage modifications from 2007 and 2008 remittance reports. *Fordham Urban Law Journal*. 36(3), 509-535.

NEIGHBORHOOD STABILIZATION PROGRAM

- Fleischman, D. (2009, February). *Nonprofit strategies for 1- to 4-unit REO properties: an analytical framework*. Retrieved from http://www.nw.org/network/documents/Fleischman_Nonprofit_Strategies_for_REO_Properties.pdf

- Immergluck, D. & Smith, G. (2006, November). The impact of single-family mortgage foreclosures on neighborhood crime. *Housing Studies*. 21(6), 851-866.

PORTFOLIO MANAGEMENT AND COMPLIANCE

No studies found

TRANSITIONAL HOUSING PILOT PROGRAM
No studies found.

UNDERWRITING
No studies found.

ATTACHMENT 8

Related to Policymaking Structure

8. Biographical information (e.g, education, employment, affiliations, and honors) or resumes of all policymaking body members.

C. Kent Conine, Chairman, of Dallas is the president of Conine Residential Group and has served on the TDHCA Governing Board since 1997. He is a board member of the Federal Home Loan Bank of Dallas and Home and Apartment Builders of Metropolitan Dallas. He is also past president of the National Association of Home Builders and Texas Association of Builders. Additionally, Conine volunteers with Big Brothers Big Sisters of Dallas, the Center for Housing Resources, Fellowship of Christian Athletes and the Dallas Symphony Association. He received a bachelor's degree in finance from Texas Tech University.

Mr. Conine was appointed to the TDHCA Board by Governor George W. Bush on February 10, 1997 replacing Joseph Kemp and was reappointed to subsequent terms on September 14, 2001 and November 4, 2003, by Governor Rick Perry. Governor Perry appointed Mr. Conine as presiding officer of the Governing Board on January 11, 2008 and re-appointed Mr. Conine to another term on March 13, 2009.

Gloria L. Ray, Vice Chairwoman, of San Antonio is a retired senior official of Kelly Air Force Base where she served as chief of the resources management division for the propulsion directorate. She is a member of the Alamo Area Council of Governments, where she serves on the Housing Round Table and Housing Advisory Committee, and is vice president the Alamo Community College District's bond oversight committee. Ms. Ray is co-founder and volunteer executive director of the St. Paul Area Development Corporation and a member of the San Antonio Women's Hall of Fame. She has previously served as a member of the Carver Cultural Center Development Board, the Federal Managers Association, and is past president of the Fiesta San Antonio Commission. Ms. Ray studied liberal arts at Saint Philip's College and the University of Texas at San Antonio.

Ms. Ray was appointed to the TDHCA Board by Governor Rick Perry on September 20, 2006. Ms. Ray is currently the Chair of the TDHCA Audit Committee.

Leslie Bingham Escareño of Brownsville is CEO of Valley Baptist Medical Center-Brownsville. She is a board member and treasurer of Easter Seals of the Rio Grande Valley and board member of the Children's Museum of Brownsville. She is also past chair of the Valley AIDS Council and the San Benito Chamber of Commerce. Additionally, Bingham Escareño is a member of the Texas Hospital Association's Council on Policy Development. She received bachelors and master's degrees from the University of Mississippi and a master of business administration degree from the University of Texas-Pan American.

Ms. Bingham-Escareño was appointed to the TDHCA Board by Governor Rick Perry on January 15, 2008, replacing Mayor Norberto Salinas.

Mr. Tom H. Gann of Lufkin is president of Gann Medford Real Estate Inc., a full service brokerage firm in Lufkin. In addition, he is president of Tom Gann & Associates, a residential and commercial construction company. He is a past director of the East Texas Mortgage Finance Corporation and past Board member of the Angelina and Neches River Authority. A former chair of the Real Estate Center Advisory Committee at Texas A&M University, Gann previously served as a member of the Texas Strategic Military Planning Commission. He served in the U.S. Army Reserve and received both a Batchelor's and Master's degree in Business Administration from Baylor University.

Mr. Gann was appointed to the TDHCA Board by Governor Rick Perry on March 13, 2009, replacing Sonny Flores.

Dr. Juan Sanchez Muñoz of Lubbock is an Associate Professor of Education, Associate Vice Provost and Special Assistant to the President at Texas Tech University. He has served as a commissioner for the City of Lubbock Housing Authority. Dr. Muñoz received a bachelor's degree from the University of California at Santa Barbara, a master's degree from California State University, and a doctorate degree from the University of California at Los Angeles. In addition to his academic appointments, he is president of the board of directors for the Lubbock Boys & Girls Club, vice president of the board of directors of the South Plains Boy Scouts, and is a director in the Texas Lyceum.

Dr. Muñoz was appointed to the TDHCA Board by Governor Rick Perry on January 1, 2008, replacing Shadrick Bogany.

Lowell Keig of Austin is an attorney, currently serving as General Counsel and Corporate Compliance Director for Youth and Family Centered Services, Inc., which provides affordable health, education, and assisted living services, to troubled children and adolescents in eight states. He previously served as the Chief of the Elder Law and Public Health Division of the Office of the Attorney General.

Mr. Keig was appointed to the TDHCA Board by Governor Rick Perry on August 26, 2009, replacing Tomas Cardenas.

ATTACHMENT 9
Related to Policymaking Structure

9. A copy of the agency's most recent rules.

NOTE: As our rules are quite voluminous and are under rule review at the time of this report, we have included the index of our rules, as well as the link to the Texas Secretary of State, Texas Administrative Code site, http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1.

TEXAS ADMINISTRATIVE CODE
TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTERS

CHAPTER 1 ADMINISTRATION

SUBCHAPTER A GENERAL POLICIES AND PROCEDURES

SUBCHAPTER B UNDERWRITING, MARKET ANALYSIS, APPRAISAL, ENVIRONMENTAL SITE ASSESSMENT, PROPERTY CONDITION ASSESSMENT, AND RESERVE FOR REPLACEMENT RULES AND GUIDELINES

CHAPTER 2 TEXAS BOOTSTRAP LOAN PROGRAM

CHAPTER 3 COLONIA SELF-HELP CENTER PROGRAM

CHAPTER 5 COMMUNITY AFFAIRS PROGRAMS

SUBCHAPTER A GENERAL PROVISIONS

SUBCHAPTER B COMMUNITY SERVICES BLOCK GRANT (CSBG)

SUBCHAPTER C EMERGENCY SHELTER GRANTS PROGRAM (ESGP)

SUBCHAPTER D COMPREHENSIVE ENERGY ASSISTANCE PROGRAM

SUBCHAPTER E WEATHERIZATION ASSISTANCE PROGRAM GENERAL

CHAPTER 7 TEXAS FIRST-TIME HOMEBUYER PROGRAM

CHAPTER 33 2008 MULTIFAMILY HOUSING REVENUE BOND RULES

CHAPTER 35 2009 MULTIFAMILY HOUSING REVENUE BOND RULES

CHAPTER 49 2009 HOUSING TAX CREDIT PROGRAM QUALIFIED ALLOCATION PLAN AND RULES

CHAPTER 50 2008 HOUSING TAX CREDIT PROGRAM QUALIFIED ALLOCATION PLAN AND RULES

CHAPTER 51 HOUSING TRUST FUND RULE

CHAPTER 53 HOME PROGRAM RULE

SUBCHAPTER A GENERAL

SUBCHAPTER B ALLOCATION OF FUNDS

SUBCHAPTER C PROGRAM ACTIVITIES

SUBCHAPTER D APPLICATION REQUIREMENTS AND PROCEDURES

SUBCHAPTER E COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)

SUBCHAPTER F AWARDS AND CONTRACTS

SUBCHAPTER G LOANS AND CONTRACT ADMINISTRATION

CHAPTER 90 MIGRANT LABOR HOUSING FACILITIES

ATTACHMENT 10

Relating to Funding

10. A copy of the agency's Legislative Appropriations Request for FY 2010 – 2011.

ATTACHMENT 10

LEGISLATIVE APPROPRIATIONS REQUEST
FOR FISCAL YEARS 2010 AND 2011

Submitted to the
Governor's Office of Budget, Planning and Policy
and the
Legislative Budget Board
by the

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Board Members	Term Expiration	Hometown
C. Kent Conine, Chair	*January 31, 2013*	*Dallas, Texas*
Gloria L. Ray, Vice Chair	*January 31, 2011*	*San Antonio, Texas*
Leslie Bingham-Escareño	*January 31, 2013*	*Brownsville, Texas*
Tomas Cardenas	*January 31, 2013*	*El Paso, Texas*
Dionicio Vidal Flores	*January 31, 2009*	*Houston, Texas*
Juan Sanchez Muñoz	*January 31, 2011*	*Lubbock, Texas*

August 13, 2008

Submitted by: ______________________
Michael Gerber, Executive Director

Texas Department of Housing and Community Affairs
Legislative Appropriations Request FY-2010 and FY-2011

Table of Contents

The Texas Department of Housing and Community Affairs (TDHCA) is the state's lead agency for affordable housing, energy assistance, and community services activities. TDHCA is building homes as well as building communities. TDHCA programs simultaneously improve the lives of households assisted and provide needed investments to local communities to help spur revitalization and growth. In administering the programs under its charge, TDHCA is continuously working to use limited funds more effectively, leverage resources, and ensure delivery of quality services and products. During state fiscal year 2008, TDHCA's accomplishments included the following:

- Enabled more than 2,800 families to achieve the American Dream by purchasing their first home, including 200 families whose contribution included "sweat equity." TDHCA's low-interest, fixed rate loan products offer low to moderate income households safe and affordable alternatives to the predatory products which helped instigate the current mortgage crisis;

- Awarded funds to create or rehabilitate more than 11,000 units of quality, safe, rental housing for working families;

- Monitored nearly 243,000 existing units to ensure that they are well-maintained and are compliant with state and federal law;

- Assisted 100 veterans transitioning into permanent housing by providing rental or homebuyer assistance;

- Helped more than 50,000 households through utility bill payments assistance;

- Decreased overall housing energy costs and created healthier environments for 3,500 families through home weatherization;

- Provided homeless shelter or services for more than 100,000 persons, including at-risk youth and women and families fleeing domestic violence;

- Helped over 2,700 Texans transition out of poverty.

During the 2008-2009 biennium, TDHCA remains dedicated to is core mission to ensure that recipients of funding are fully complying with their commitments to provide safe, decent, affordable housing and energy and community services assistance to low income Texans. The Department's compliance capabilities have been greatly enhanced by the passage of Senate Bill (SB) 1908, 80th Texas Legislature. Previous to the passage of SB 1908, TDHCA had a limited scope of potential sanctions to impose, such as barring future participation in TDHCA programs. SB 1908 conferred on the Department new authority to impose significant penalties. For instance, TDHCA may now impose a fine of up to $1,000 a day per violation on housing sponsors, contractors and others who fail to abide by TDHCA rules. These new penalties have resulted in increased cooperation from property owners and managers to ensure that their developments are safe and well-maintained.

TDHCA's First Time Homebuyer Program offers a safe, conventional, 30-year fixed rate mortgage at a highly competitive rate, usually one (1) percent or more below current market interest rates. TDHCA's mortgage loan products are safely underwritten and bear no resemblance to "exotic" loan products with variable interest rates. Still, given the current mortgage and foreclosure crisis, the Department has joined with NeighborWorks America, local governments, the financial industry, and nonprofits to form the Texas Foreclosure Prevention Task Force. TDHCA has taken a lead role in disseminating information statewide regarding resources available to homeowners who are in or near foreclosure, including local counseling services and a toll free number, the HOPE Hotline (1-888-995 HOPE), which provides guidance to homeowners at risk of foreclosure. TDHCA has also provided funding for the Task Force. Task Force activities include outreach efforts by local foreclosure prevention initiatives and the monitoring of mortgage default patterns and trends in Texas through ongoing research in order to support timely intervention.

In 2008, TDHCA implemented changes to the Texas Bootstrap Owner Builder Loan Program that have significantly increased utilization and allowed broader participation by nonprofits statewide. The Department moved the program from a model in which funds were disbursed through competitive awards to a new loan reservation system, similar to the manner in which the Texas First Time Homebuyer Program funds are distributed. Rather than placing funds under contract for a 24-month period, TDHCA allows pre-certified nonprofits to reserve funds for up to ten loans at a time. If funds are not draw-down within a certain time frame, they become available to the next nonprofit lender. This has resulted in a dramatic increase in efficiency and utilization of Bootstrap funds. TDHCA estimates that in 2008 the program will fund $6 million in Bootstrap Loans, reflecting effective utilization of both its $3 million in General Revenue appropriations and its deobligated funds from previous years which have been applied to the program.

While proud of its success, TDHCA recognizes that it faces a number of emerging challenges and opportunities over the next several years. These include the state’s continued dynamic growth, increasing housing and energy costs, and the recent mortgage crisis and resulting market conditions .

According to the U.S. Census Bureau, in 2000 approximately sixty (60) percent of all low income households in the state - or 1.7 million low income households - were experiencing some level of housing need, such as excessive housing costs or overcrowding. Every indication suggests that this number will increase in the coming decades. The U.S. Census Bureau estimates Texas gained 2.95 million people since the 2000 Census, a 14% growth, for a total of approximately 23.9 million people. By 2040, it is anticipated that our population will be 50.4 million. In 2008, TDHCA was able to provide housing assistance to approximately 17,000 households, most of whom were low income. This allowed us to address less than one (1) percent of the estimated housing need.

Population increases are not the only factor exacerbating the need for affordable housing in the state . TDHCA has seen the costs of construction and energy rise, translating into higher housing costs for low income households and decreased purchase power for TDHCA affordable housing resources . This has required TDHCA to increase the per household subsidy for most of its housing programs, decreasing the overall number of households served. The national mortgage crisis has also had a major impact on TDHCA programs. While increased foreclosures place more families at risk, thereby increasing the number of households needing affordable housing, the reverberations of this crisis on the broader financial markets also have implications for TDHCA programs. Tightened loan standards now limit the lending options of would-be homeowners and of affordable housing developers alike, regardless of the borrower’s credit standing. The Housing Tax Credit Program, which is the primary vehicle for building and rehabilitating affordable workforce housing, has seen the value of a housing credit decrease from 95 cents to 80 cents on the dollar since the beginning of 2008. Both the Housing Tax Credit Program and the Private Activity Bond Program rely on private investors, but the pool of such investors is diminishing, and is not likely to rebound until mid 2009 or later.

Although all income groups are affected by rising costs and tightening financial markets, the impact is greatest on populations with the least resources, including extremely low income households and persons with disabilities. It is in serving these populations that TDHCA encounters its greatest obstacles. TDHCA has very limited tools at its disposal, and these do not fit the needs of all Texans. The vast majority of TDHCA housing funds (99%) derive from the federal government. Federal programs tend to be highly complex and proscriptive. For instance, while the HOME Investment Partnership Program can be utilized to serve extremely low income households, the intricacies of its regulations often preclude its use for special initiatives. Other programs such as the Housing Tax Credit Program and the Private Activity Bond Program provide a sufficient subsidy to reach working families but cannot independently serve families at the lowest income levels.

Congress has recently passed significant housing legislation that, in addition to addressing many aspects of the mortgage crisis and reforming federal incentive programs, expands federal affordable housing resources. These new resources will play an important role in addressing housing needs, but like existing federal programs, these resources are very targeted and thereby preclude the flexibility innovative programs need to reach underserved populations. Among those benefiting from the legislation will be some homeowners facing foreclosure and communities struggling with an inventory of foreclosed homes. The legislation also provides a temporary increase to the Housing Tax Credit and Private Activity Bond programs and creates a new program, the National Affordable Housing Trust Fund. The Fund is to be supported by future revenues generated by Government Sponsored Enterprises (Fannie Mae and Freddie Mac) and must target extremely low and very low income households. However, despite its broad name, the Fund is very restricted in its use: at least ninety percent of the funding made available under the program must be used strictly for rental development activities, leaving no more than ten percent of the funding for homeownership activities. It is not yet clear when the funding will be available or how much funding will be allocated to Texas.

The combined impact of increasing needs and limited tools highlight the need to find another vehicle to deliver affordable housing options to low income Texans, especially more vulnerable and difficult to reach populations. For this reason, TDHCA is respectfully requesting an additional $20 million per year for the Housing Trust Fund. The Housing Trust Fund is the only state funded affordable housing program. Unlike federal programs, the Housing Trust Fund is highly flexible and has been successfully utilized for state initiatives that could not be supported by federal funds, such as increasing housing options for people with disabilities and helping veterans returning from Iraq and Afghanistan transition to permanent housing through rental and homebuyer assistance. TDHCA has also utilized these funds for the Bootstrap Program, a state-mandated sweat-equity program, and to provide gap-financing for low income homeowners affected by Hurricane Rita whose rehabilitation or reconstruction costs exceeded allowable limits for other programs.

The 80th Texas Legislature supported growth in the Housing Trust Fund and appropriated an additional $ 2.5 million per year to the Housing Trust Fund for the 2008-2009 biennium. The Department has been a good steward of these funds, targeting them to populations underserved through federal funding and using the funds to leverage other resources. The additional $20 million per year that the Department is requesting would allow us to continue to increase affordable housing opportunities for hard to reach populations. Activities that could be funded include homebuyer and rental assistance for veteran's returning from Iraq and Afghanistan; expansion of the successful Bootstrap Home Loan Program; homebuyer assistance and barrier removal for people with disabilities; gap-financing for rural rental development; supportive housing; and nonprofit capacity building to expand the number of effective affordable housing providers in the state. As with the previous funding received, the Department would work with stakeholders to determine the best application of these funds and provide an allocation plan to the Legislature at the beginning of the fiscal year. Given previous stakeholder input and expansion of federal rental development options, the majority of the funds would likely support homeownership and other single family activities for underserved communities. However, given rapidly changing real estate conditions, credit markets and other shifts, flexibility is key to the success of the Housing Trust Fund and the emphasis must always remain on the production of additional affordable housing.

TDHCA is also requesting full restoration of the System Benefit Fund Weatherization Assistance Program. As of July 2008, there were over 14,000 households on weatherization waiting lists statewide. Targeted low income energy efficiency programs coordinated with existing federal weatherization efforts at TDHCA are among the allowable and intended statutory uses of the SBF. These programs help decrease a household's monthly cost burden, decrease overall demand for energy in the state, create healthier living environments, and make homes more affordable. Activities that would be funded through this Exceptional Item include insulation, replacement of energy inefficient heating and cooling components, and caulking. The funding requested would return the program to the funding level approved by the 77th Texas Legislature and allow TDHCA to serve an additional 2,500 households per year in areas of the state where the electric industry has been deregulated. The program targets the elderly, families with young children, and others whose health makes them more vulnerable to the state's temperature extremes. Increased energy costs, the need to diminish the state's energy demand, and demographic trends indicate a strong and growing need for weatherization services.

Ten Percent Reduction

In determining budget items to include in the ten-percent General Revenue Reduction Schedule, TDHCA sought to minimize the impact on service delivery. Although the majority of the Department’s General Revenue is dedicated to the Housing Trust Fund, TDHCA determined that it would propose cuts in this area only when all other cuts had been considered. During the 2008-2009 biennium, the Department received funds to contract for technical assistance to help rural communities apply for Balance of State Continuum of Care funds to help them address their homeless populations and those at risk of homelessness. Much of the activity being funded involves outreach and education that will lay the groundwork for the applications. The Department determined that the work being currently funded could continue to be used for application effort undertaken during the 2010-2011 biennium, minimizing the need for continued funding for this activity. The Department then examined potential cuts within Central Administration and identified funds used for staff development and training for potential reduction. While staff development plays an important role in maintaining the expertise and effectiveness of the state’s housing finance agency, the Department’s ability to perform it's core mission would not be affected by this reduction. Any reduction to Central Administration beyond this point would require elimination of staff needed to maintain internal controls; therefore this was not considered.

The Department then looked to funds appropriated for the statutorily required Affordable Housing Research and Information Program. While activity under this program is important, the program does not provide direct services; it was therefore considered for reduction before the Housing Trust Fund. It was determined that a 41.67% reduction would provide the program funding for limited market studies, research and public education campaigns, although the level of activity would be significantly reduced.

In order to achieve the remaining reduction, TDHCA looked to the Housing Trust Fund. Because of existing federal resources for multifamily activity, the Department first reduced funding associated with Strategy A.1. 7 – Housing Trust Fund Multifamily- before reducing funds that could be used for single family activities such as homeownership.

TDHCA Governing Board
C. Kent Conine, Chair (Dallas) Term expires January 31, 2013
Gloria L. Ray, Vice Chair (San Antonio) Term expires January 31, 2011
Leslie Bingham-Escareño (Brownsville) Term expires January 31, 2013
Tomas Cardenas (El Paso) Term expires January 31, 2013
Dionicio Vidal (Sonny) Flores (Houston) Term expires January 31, 2009
Juan Sanchez Muñoz (Lubbock) Term expires January 31, 2011

The Manufactured Housing Division

The Manufactured Housing Division (MHD) is administratively attached to the Department and operates under its own five member governing board. The MHD has three functional strategies: 1) the issuance of statements of ownership and location for manufactured homes and the issuance of licenses for different activities in the manufactured housing industry; 2) the inspection of such homes; and 3) enforcement and consumer protection activity, including the operation of a manufactured homeowners’ recovery trust fund The MHD also acts as HUD’s State Administrative Agency with respect to the federal manufactured home program. As part of its administrative agreement with TDHCA, MHD field inspectors assist in the assessment of proposed multifamily sites as well as inspects and licenses migrant labor housing facilities.

MHD undertook various policy changes in response to the enactment of House Bill 1460, 80th Texas Legislature. This law streamlined licensing processes, converting all licenses to two-year licenses, while increasing training requirement for licensees. Most significantly, the legislation gave MHD enforcement authority to order cease and desist orders and to order corrective action. This new authority will help reduce illegal and unethical activity, providing benefit both to consumers and the broader industry.

MHD is in the process of upgrading its database system with an integrated web-enabled system. The upgrade should be fully operational in FY 2010 and is expected to increase MHD's efficiencies by providing faster accessibility. This would also reduce costs currently associated with the mailing, scanning and processing of data.

By being administratively attached, MHD and TDHCA are able to enjoy significant efficiencies in information technology, human resources, and other unique housing services.

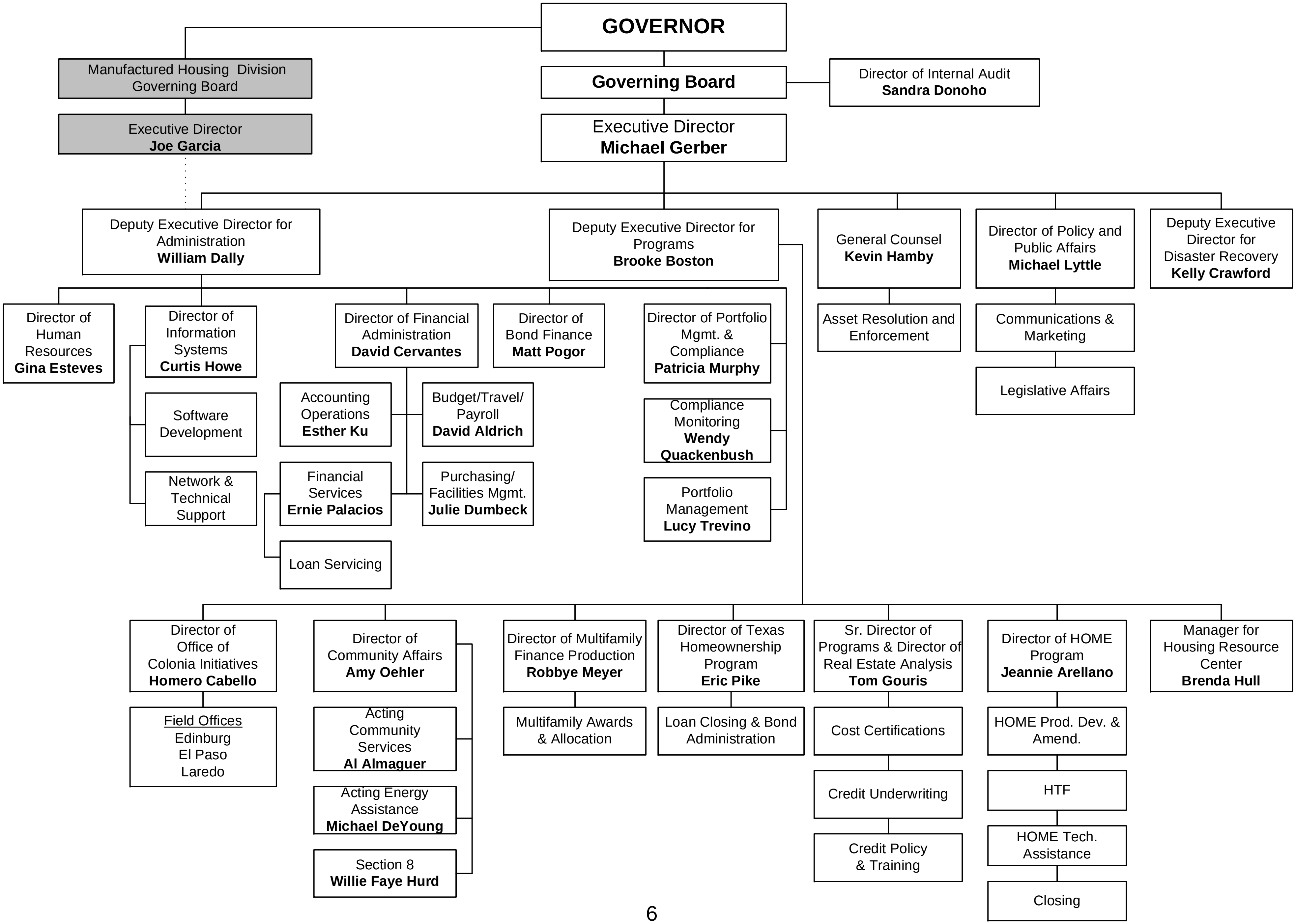
MHD Governing Board
Michael H. Bray, Chair (El Paso) Term expires January 31, 2011
Devora Denice Mitchell (Kermit)Term expires January 31, 2011
Kimberly A. Shambley (Dallas) Term expires January 31, 2009
Pablo Schneider (Richardson) Term expires January 31, 2013

Criminal Background Check Authority and Procedures (As Requested in Detailed Instructions Provided by LBB and GOBP)

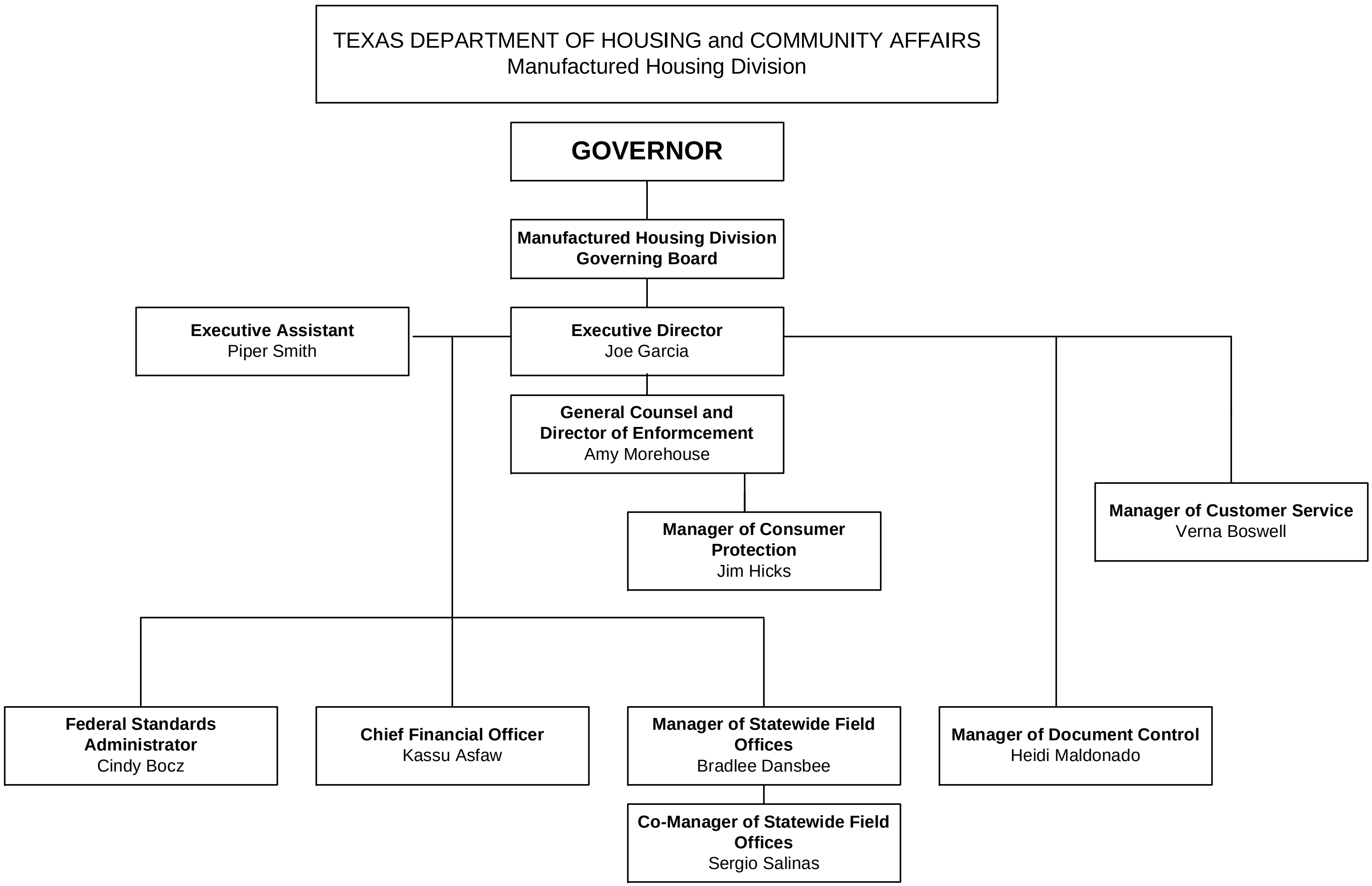
Texas Government Code, Section 411.1405, provides TDHCA authority to obtain from the Department of Public Safety (DPS) the criminal history record information maintained by DPS of any "employee, applicant for employment, contractor, subcontractor, or intern or other volunteer with the Department or with a contractor or subcontractor for the Department" and anyone who has "access to information resources or information resources technologies, other than a desktop computer or telephone station assigned to that person." As of August 2008, TDHCA began conducting criminal history checks for all new hires as well as all current employees. TDHCA anticipates completing criminal history checks of all current employees by December 2008.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

(298)



Effective 9/1/07


TEXAS DEPARTMENT OF HOUSING and COMMUNITY AFFAIRS
Manufactured Housing Division
GOVERNOR
Manufactured Housing Division Governing Board
Executive Assistant
Piper Smith
Executive Director
Joe Garcia
General Counsel and Director of Enformcement
Amy Morehouse
Manager of Consumer Protection
Jim Hicks
Manager of Customer Service
Verna Boswell
Federal Standards Administrator
Cindy Bocz
Chief Financial Officer
Kassu Asfaw
Manager of Statewide Field Offices
Bradlee Dansbee
Co-Manager of Statewide Field Offices
Sergio Salinas
Manager of Document Control
Heidi Maldonado

Description of TDHCA Functional Areas

MANUFACTURED HOUSING

The Manufactured Housing Division carries out the processing of ownership records, manufactured home licensing, installation inspections, consumer protection, and HUD's State Administrative Agency.

ADMINISTRATION

The Financial Administration Division is responsible for the overall fiscal management, accounting, and financial reporting for the Department. The Division's other functions include budgeting, payroll, travel, purchasing, bond accounting and investment activities. The Division is also responsible for the coordination of information and planning relating to the state budget / appropriations process. The annual financial audit, conducted by an independent auditor, is facilitated through the Financial Administration Division. In conjunction with the Bond Finance Division, this Division monitors the financial status of the bonds and performs all responsibilities of the Department in accordance with the bond covenants as stated in the bonds' legal documents created as part of the issuance process.

The Portfolio Management and Compliance Division ensures program and financial compliance with federal and state regulatory mandates through established oversight and monitoring procedures. By effectively managing TDHCA's housing contracts, the Division ensures financial feasibility, monitors for compliance, and provides technical assistance to the affordable housing industry. Failure to comply with state and federal regulations results in various sanctions, including notification to the Internal Revenue Service for noncompliance identified under the Housing Tax Credit program. The Department has the ability to impose a penalty of up to $1,000 per day for uncorrected noncompliance. Entities can also be debarred from future participation in Department programs. The staff of the Portfolio Management and Compliance Division is integral in the initiation of these sanctions and works closely with the Department's Legal Division on these matters.

PROGRAMS

The Office of Colonia Initiatives (OCI) coordinates programs that improve living conditions in the state's colonias, typically located within 150 miles of the Texas-Mexico border. OCI assists the Department's program Divisions by coordinating activities in the colonias that provide consumer education on contracts for deed, assistance with housing, and technical assistance for housing and infrastructure development through field offices located in Edinburg, El Paso, and Laredo. Programs administered through the OCI include the Texas Bootstrap Home Loan Program and the Colonia Self-Help Centers Program.

The Community Affairs Division administers programs to improve the living conditions of poor and homeless persons, reduce the cost of home energy for very low-income persons, and increase the availability of affordable housing to very low-income households. These include the Community Services Block Grant Program, the Emergency Shelter Grants Program, the Comprehensive Energy Assistance Program, the Weatherization Assistance Program and the Section 8 Program.

The Disaster Recovery Division administers federal and state funds focused on assisting individuals and communities in Southeast Texas recover from the impacts of Hurricanes Rita and Katrina.

The HOME Division administers multi-use programs that expand affordable housing options, with a focus on initiatives serving rural and special needs populations. These include the federal HOME Investment Partnerships Program and the State of Texas Housing Trust Fund.

The Multifamily Finance Production Division administers programs that encourage the production of affordable, high-quality multifamily housing. These include the Housing Tax Credit Program and the Multifamily Bond Program.

The Texas Homeownership Division administers programs that assist individuals and families in purchasing a home. These include the First Time Homebuyer Program, the Texas Loanstar Program, the Mortgage Credit Certificate Program, and the Texas Statewide Homebuyer Education Program.

The Real Estate Analysis Division provides the TDHCA Governing Board and staff with comprehensive analytical reports necessary to make well-informed decisions for funding of affordable housing developments. The Division is also charged with reviewing cost certification materials.

The Bond Finance Division is chiefly responsible for structuring, restructuring, administering and monitoring the Department Single Family Mortgage Revenue Bonds (SFMRB) issues and coordinates all activities related to the issuance and/or remarketing of SFMRBs and notes. The Division also undertakes monitoring and compliance functions related to TDHCA single family and multifamily mortgage revenue bonds. In conjunction with Financial Administration, this Division monitors the financial status of the bonds and performs all responsibilities of the Department in accordance with the bond covenants as stated in the bonds' legal documents created as part of the issuance process.

Housing Resource Center produces the annual planning documents and publications for both the state and federal government and serves as a clearinghouse for affordable housing and community services information throughout the state. The Center also serves as the Department liaison for various interagency workgroups.

The Division of Policy and Public Affairs acts as the primary liaison between TDHCA and the executive and legislative branches of state and federal government, industry stakeholders, advocacy groups, and housing and community service organizations throughout the state.

GENERAL REVENUE (GR) & GENERAL REVENUE DEDICATED (GR-D) BASELINE REPORT

DATE: **8/13/2008**

81st Regular Session, Agency Submission, Version 1

TIME: **2:37:37PM**

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: Agency name: **Department of Housing and Community Affairs**

GR Baseline Request Limit = $14,755,712

GR-D Baseline Request Limit = $1

Strategy/Strategy Option/Rider

2010 Funds				2011 Funds						
FTEs	**Total**	**GR**	**Ded**	**FTEs**	**Total**	**GR**	**Ded**	**Biennial Cumulative GR**	**Biennial Cumulative Ded**	**Page #**
Strategy: 1 - 1 - 1	**Federal Mortgage Loans & MCCs through the SF MRB Program**									
15.5	1,207,005	0	0	15.5	1,209,024	0	0	0	0	______
Strategy: 1 - 1 - 2	**Provide Single Family Housing through HOME Investment Program**									
23.7	33,085,323	0	0	23.7	33,104,475	0	0	0	0	______
Strategy: 1 - 1 - 3	**Provide Funding through the HTF for Affordable Single Family Housing**									
6.6	5,660,768	5,660,768	0	6.6	5,660,768	5,660,768	0	11,321,536	0	______
Strategy: 1 - 1 - 4	**Federal Rental Assistance through Section 8 Certificates and Vouchers**									
7.0	6,296,275	0	0	7.0	6,296,672	0	0	11,321,536	0	______
Strategy: 1 - 1 - 5	**Provide Federal Tax Credits to Develop Rental Housing for VLI and LI**									
17.2	1,247,279	0	0	17.2	1,233,486	0	0	11,321,536	0	______
Strategy: 1 - 1 - 6	**Provide Multifamily Housing through HOME Investment Program**									
4.8	5,917,600	0	0	4.8	5,917,912	0	0	11,321,536	0	______
Strategy: 1 - 1 - 7	**Provide Funding through the HTF for Affordable Multifamily Housing**									
0.9	303,107	303,107	0	0.9	303,107	303,107	0	11,927,750	0	______
Strategy: 1 - 1 - 8	**Federal Mortgage Loans through the MF Mortgage Revenue Bond Program**									
4.8	416,021	0	0	4.8	416,248	0	0	11,927,750	0	______
Strategy: 2 - 1 - 1	**Center for Housing Research, Planning, and Communications**									
7.6	688,538	120,000	0	7.6	689,935	120,000	0	12,167,750	0	______
Strategy: 2 - 2 - 1	**Assist Colonias, Border Communities, and Nonprofits**									
3.4	293,532	0	0	3.4	293,815	0	0	12,167,750	0	______
Strategy: 3 - 1 - 1	**Administer Poverty-related Federal Funds through a Network of Agencies**									
15.0	36,003,388	109,000	0	15.0	35,998,795	109,000	0	12,385,750	0	______
Strategy: 3 - 2 - 1	**Administer State Energy Assistance Programs**									
17.0	49,183,784	0	0	17.0	49,184,247	0	0	12,385,750	0	______
Strategy: 4 - 1 - 1	**Monitor and Inspect for Federal & State Housing Program Requirements**									

Agency code: Agency name: **Department of Housing and Community Affairs**

GR Baseline Request Limit = $14,755,712

GR-D Baseline Request Limit = $1

Strategy/Strategy Option/Rider

2010 Funds FTEs	Total	GR	Ded	2011 Funds FTEs	Total	GR	Ded	Biennial Cumulative GR	Biennial Cumulative Ded	Page #
21.0	1,839,943	0	0	21.0	1,816,305	0	0	12,385,750	0	______
Strategy: 4 - 1 - 2 **Monitor Subrecipient Contracts**										
25.5	2,882,322	0	0	25.5	2,896,619	0	0	12,385,750	0	______
Strategy: 5 - 1 - 1 **Provide SOL and Licensing Services in a Timely Manner**										
29.6	1,586,761	0	0	29.6	1,662,424	0	0	12,385,750	0	______
Strategy: 5 - 1 - 2 **Conduct Inspections of Manufactured Homes in a Timely Manner**										
18.5	1,582,236	0	0	18.5	1,650,276	0	0	12,385,750	0	______
Strategy: 5 - 1 - 3 **Process Complaints/Conduct Investigations/Take Administrative Actions**										
15.9	1,542,200	0	0	15.9	1,605,077	0	0	12,385,750	0	______
Strategy: 5 - 1 - 4 **TexasOnline fees. Estimated and Nontransferable**										
0.0	19,120	19,120	0	0.0	19,120	19,120	0	12,423,990	0	______
Strategy: 6 - 1 - 1 **Central Administration**										
49.0	4,700,877	926,653	0	49.0	4,707,954	926,653	0	14,277,296	0	______
Strategy: 6 - 1 - 2 **Information Resource Technologies**										
19.0	1,462,347	161,735	0	19.0	1,445,367	161,735	0	14,600,766	0	______
Strategy: 6 - 1 - 3 **Operations and Support Services**										
8.0	521,350	77,473	0	8.0	518,003	77,473	0	14,755,712	0	______
310.0				**310.0**				********GR Baseline Request Limit=$14,755,712********		
Excp Item: 1 **Housing Trust Fund**										
4.0	20,000,000	20,000,000	0	4.0	20,000,000	20,000,000	0	54,755,712	0	______

Strategy Detail for Excp Item: 1

2010 FTEs	Total	GR	Ded	2011 FTEs	Total	GR	Ded
Strategy: 1 - 1 - 3 **Provide Funding through the HTF for Affordable Single Family Housing**							
4.0	20,000,000	20,000,000	0	4.0	20,000,000	20,000,000	0

Agency code:

Agency name: **Department of Housing and Community Affairs**

GR Baseline Request Limit = $14,755,712

GR-D Baseline Request Limit = $1

Strategy/Strategy Option/Rider

2010 Funds				2011 Funds						
FTEs	**Total**	**GR**	**Ded**	**FTEs**	**Total**	**GR**	**Ded**	**Biennial Cumulative GR**	**Biennial Cumulative Ded**	**Page #**
314.0				**314.0**				********GR-D Baseline Request Limit=$1********		
Excp Item: 2	**System Benefit Fund Weatherization Assistance**									
0.0	10,700,000	0	10,700,000	0.0	10,700,000	0	10,700,000	54,755,712	21,400,000	____

Strategy Detail for Excp Item: 2

Strategy: 3 - 2 - 1 **Administer State Energy Assistance Programs**

FTEs	Total	GR	Ded	FTEs	Total	GR	Ded
0.0	10,700,000	0	10,700,000	0.0	10,700,000	0	10,700,000

FTEs	Total	GR	Ded	FTEs	Total	GR	Ded
314.0	**$187,139,776**	**$27,377,856**	**$10,700,000**	**314.0**	**$187,329,629**	**$27,377,856**	**10,700,000**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Goal / *Objective* / STRATEGY	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
1 Increase Availability of Safe/Decent/Affordable Housing					
1 *Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing*					
1 MRB PROGRAM - SINGLE FAMILY	1,040,015	1,160,906	1,204,380	1,207,005	1,209,024
2 HOME PROGRAM - SINGLE FAMILY	33,918,665	34,036,372	33,076,914	33,085,323	33,104,475
3 HOUSING TRUST FUND - SINGLE FAMILY	3,233,423	5,581,365	5,563,528	5,660,768	5,660,768
4 SECTION 8 RENTAL ASSISTANCE	6,210,652	6,515,705	6,296,093	6,296,275	6,296,672
5 FEDERAL TAX CREDITS	1,100,157	1,160,213	1,229,457	1,247,279	1,233,486
6 HOME PROGRAM - MULTIFAMILY	5,882,136	5,900,427	5,914,754	5,917,600	5,917,912
7 HOUSING TRUST FUND - MULTIFAMILY	53,877	120,476	303,107	303,107	303,107
8 MRB PROGRAM - MULTIFAMILY	201,375	184,117	417,765	416,021	416,248
TOTAL, GOAL 1	**$51,640,300**	**$54,659,581**	**$54,005,998**	**$54,133,378**	**$54,141,692**
2 Provide Information and Assistance					
1 *Provide Information and Assistance for Housing and Community Services*					
1 HOUSING RESOURCE CENTER	446,170	538,883	694,413	688,538	689,935
2 *Promote and Improve Homeownership Along the Texas-Mexico Border*					
1 COLONIA SERVICE CENTERS	537,487	584,245	288,624	293,532	293,815
TOTAL, GOAL 2	**$983,657**	**$1,123,128**	**$983,037**	**$982,070**	**$983,750**
3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs					
1 *Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year*					
1 POVERTY-RELATED FUNDS	35,154,514	36,435,007	36,000,460	36,003,388	35,998,795

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Goal / ***Objective*** / **STRATEGY**	**Exp 2007**	**Est 2008**	**Bud 2009**	**Req 2010**	**Req 2011**
2 *Reduce Cost of Home Energy for 6% of Very Low Income Households*					
1 ENERGY ASSISTANCE PROGRAMS	52,733,412	50,313,392	49,171,979	49,183,784	49,184,247
TOTAL, GOAL 3	**$87,887,926**	**$86,748,399**	**$85,172,439**	**$85,187,172**	**$85,183,042**
4 Ensure Compliance with Program Mandates					
1 *Monitor Developments & Subrecipient Contracts for Compliance*					
1 MONITOR HOUSING REQUIREMENTS	1,860,739	1,869,893	1,895,226	1,839,943	1,816,305
2 MONITOR CONTRACT REQUIREMENTS	993,945	440,845,755	2,115,634	2,882,322	2,896,619
TOTAL, GOAL 4	**$2,854,684**	**$442,715,648**	**$4,010,860**	**$4,722,265**	**$4,712,924**
5 Regulate Manufactured Housing Industry					
1 *Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other*					
1 TITLING & LICENSING	970,985	1,208,526	1,720,258	1,586,761	1,662,424
2 INSPECTIONS	1,376,124	1,371,444	1,564,094	1,582,236	1,650,276
3 ENFORCEMENT	2,008,541	1,614,548	1,567,312	1,542,200	1,605,077
4 TEXASONLINE	2,025	2,273	19,120	19,120	19,120
TOTAL, GOAL 5	**$4,357,675**	**$4,196,791**	**$4,870,784**	**$4,730,317**	**$4,936,897**
6 Indirect Administration and Support Costs					
1 *Indirect Administration and Support Costs*					
1 CENTRAL ADMINISTRATION	4,040,196	4,210,475	4,705,128	4,700,877	4,707,954
2 INFORMATION RESOURCE TECHNOLOGIES	1,168,558	1,341,484	1,429,044	1,462,347	1,445,367
3 OPERATING/SUPPORT	476,796	492,099	512,756	521,350	518,003

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Goal / *Objective* / STRATEGY	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
TOTAL, GOAL 6	**$5,685,550**	**$6,044,058**	**$6,646,928**	**$6,684,574**	**$6,671,324**
TOTAL, AGENCY STRATEGY REQUEST	**$153,409,792**	**$595,487,605**	**$155,690,046**	**$156,439,776**	**$156,629,629**
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				**$0**	**$0**
GRAND TOTAL, AGENCY REQUEST	**$153,409,792**	**$595,487,605**	**$155,690,046**	**$156,439,776**	**$156,629,629**
METHOD OF FINANCING:					
General Revenue Funds:					
1 General Revenue Fund	3,881,098	7,183,450	7,551,675	7,377,856	7,377,856
888 Earned Federal Funds	782,392	0	0	0	0
SUBTOTAL	**$4,663,490**	**$7,183,450**	**$7,551,675**	**$7,377,856**	**$7,377,856**
General Revenue Dedicated Funds:					
5100 System Benefit Account	0	0	0	0	0
SUBTOTAL	**$0**	**$0**	**$0**	**$0**	**$0**
Federal Funds:					
127 Community Affairs Fed Fd	134,067,351	573,741,427	131,853,975	132,646,833	132,676,861
SUBTOTAL	**$134,067,351**	**$573,741,427**	**$131,853,975**	**$132,646,833**	**$132,676,861**
Other Funds:					
666 Appropriated Receipts	14,595,951	14,494,473	16,216,141	16,346,832	16,506,657
777 Interagency Contracts	83,000	68,255	68,255	68,255	68,255
SUBTOTAL	**$14,678,951**	**$14,562,728**	**$16,284,396**	**$16,415,087**	**$16,574,912**
TOTAL, METHOD OF FINANCING	**$153,409,792**	**$595,487,605**	**$155,690,046**	**$156,439,776**	**$156,629,629**

*Rider appropriations for the historical years are included in the strategy amounts.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
GENERAL REVENUE					
1 General Revenue Fund					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table	$3,596,671	$7,219,287	$7,262,372	$7,377,856	$7,377,856
RIDER APPROPRIATION					
Art IX, Sec 6.26(c), Earned Federal Funds (2008-09 GAA)	$0	$250,000	$0	$0	$0
Rider 15, HTF Interest Earnings and Loan Repayments (2006-07 GAA)	$480,720	$0	$0	$0	$0
Rider 9, HTF Interest Earnings and Loan Repayments (2009-10 GAA)	$0	$200,000	$0	$0	$0
TRANSFERS					
Art IX, Sec 11.04 (a) Use of State Owned & Leased Space (2006-07 GAA)	$(63,017)	$0	$0	$0	$0
Art IX, Sec 13.17(a), Salary Increase (2006-07 GAA)	$31,449	$0	$0	$0	$0
Art IX, Sec 19.62(a), Salary Increase (2008-09 GAA)	$0	$18,716	$39,303	$0	$0
LAPSED APPROPRIATIONS					

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
GENERAL REVENUE					
Lapse Appropriation					
	$(164,725)	$(254,553)	$0	$0	$0
UNEXPENDED BALANCES AUTHORITY					
Art IX, Sec 6.26(f), Earned Federal Funds (2008-2009 GAA)					
	$0	$(250,000)	$250,000	$0	$0
TOTAL, General Revenue Fund					
	$3,881,098	**$7,183,450**	**$7,551,675**	**$7,377,856**	**$7,377,856**
888 Earned Federal Funds					
REGULAR APPROPRIATIONS					
Regular Appropriation from MOF Table					
	$813,030	$0	$0	$0	$0
TRANSFERS					
Art IX, Sec 11.04 (a) Use of State Owned & Leased Space (2006-07 GAA)					
	$(54,900)	$0	$0	$0	$0
Art IX, Sec 13.17(a), Salary Increase (2006-07 GAA)					
	$27,512	$0	$0	$0	$0
LAPSED APPROPRIATIONS					
Lapse Appropriation					
	$(3,250)	$0	$0	$0	$0

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
GENERAL REVENUE					
TOTAL, Earned Federal Funds	**$782,392**	**$0**	**$0**	**$0**	**$0**
TOTAL, ALL GENERAL REVENUE	**$4,663,490**	**$7,183,450**	**$7,551,675**	**$7,377,856**	**$7,377,856**
FEDERAL FUNDS					
127 Community Affairs Federal Fund No. 127					
REGULAR APPROPRIATIONS					
Regular Appropriation from MOF Table	$135,387,385	$128,733,144	$128,697,779	$132,646,833	$132,676,861
TRANSFERS					
Art IX, Sec 11.04 (a) Use of State Owned & Leased Space (2006-07 GAA)	$(666,794)	$0	$0	$0	$0
Art IX, Sec 8.02, Federal Funds/Block Grants (2008-09 GAA)	$0	$445,008,283	$3,156,196	$0	$0
LAPSED APPROPRIATIONS					
Lapse Appropriation	$(827,038)	$0	$0	$0	$0
UNEXPENDED BALANCES AUTHORITY					
Art IX, Sec 6.16(j), Capital Budget UB (2006-07 GAA)	$173,798	$0	$0	$0	$0

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
FEDERAL FUNDS					
TOTAL, Community Affairs Federal Fund No. 127	**$134,067,351**	**$573,741,427**	**$131,853,975**	**$132,646,833**	**$132,676,861**
TOTAL, ALL FEDERAL FUNDS	**$134,067,351**	**$573,741,427**	**$131,853,975**	**$132,646,833**	**$132,676,861**
OTHER FUNDS					
666 Appropriated Receipts					
REGULAR APPROPRIATIONS					
Regular Appropriation from MOF Table	$15,418,498	$16,586,560	$16,787,596	$16,346,832	$16,506,657
RIDER APPROPRIATION					
Art IX, Sec 8.03 Reimbursements/Payments (C.2.1. IOU) (2006-07 GAA)	$200,554	$0	$0	$0	$0
TRANSFERS					
Art IX, Sec 11.04 (a) Use of State Owned & Leased Space (2006-07 GAA)	$(927,818)	$0	$0	$0	$0
Art IX, Sec 13.17(a), Salary Increase (2006-07 GAA)	$466,391	$0	$0	$0	$0
Art IX, Sec 19.62(a), Salary Increase (2008-09 GAA)	$0	$168,497	$353,843	$0	$0
LAPSED APPROPRIATIONS					

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
<u>OTHER FUNDS</u>					
Lapse Appropriation					
	$(653,276)	$(2,085,584)	$(1,100,298)	$0	$0
UNEXPENDED BALANCES AUTHORITY					
Art IX, Sec 14.03(j), Capital Budget UB (2008-09 GAA)					
	$0	$(175,000)	$175,000	$0	$0
Art IX, Sec 6.16(j), Capital Budget UB (2006-07 GAA)					
	$91,602	$0	$0	$0	$0
TOTAL, Appropriated Receipts					
	$14,595,951	**$14,494,473**	**$16,216,141**	**$16,346,832**	**$16,506,657**
777 Interagency Contracts					
REGULAR APPROPRIATIONS					
Regular Appropriation from MOF Table					
	$83,000	$68,255	$68,255	$68,255	$68,255
TOTAL, Interagency Contracts					
	$83,000	**$68,255**	**$68,255**	**$68,255**	**$68,255**
TOTAL, ALL OTHER FUNDS					
	$14,678,951	**$14,562,728**	**$16,284,396**	**$16,415,087**	**$16,574,912**
GRAND TOTAL	**$153,409,792**	**$595,487,605**	**$155,690,046**	**$156,439,776**	**$156,629,629**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations	298.0	298.0	298.0	298.0	298.0
RIDER APPROPRIATION					
Art IX, Sec 6.10(g), 100% Federally Funded FTEs (2008-09 GAA)	0.0	5.0	6.0	12.0	12.0
UNAUTHORIZED NUMBER OVER (BELOW) CAP					
Vacant Positions	(16.0)	(16.5)	(14.0)	0.0	0.0
TOTAL, ADJUSTED FTES	**282.0**	**286.5**	**290.0**	**310.0**	**310.0**
NUMBER OF 100% FEDERALLY FUNDED FTEs	**46.2**	**46.0**	**46.0**	**51.0**	**51.0**

DATE: **8/13/2008**
TIME: **2:36:43PM**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

OBJECT OF EXPENSE	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1001 SALARIES AND WAGES	$15,026,780	$16,073,079	$18,304,166	$18,364,604	$18,530,557
1002 OTHER PERSONNEL COSTS	$501,982	$538,697	$453,517	$468,517	$473,517
2001 PROFESSIONAL FEES AND SERVICES	$1,136,619	$1,285,868	$1,755,378	$1,339,704	$1,339,704
2003 CONSUMABLE SUPPLIES	$101,640	$124,024	$186,736	$196,736	$196,736
2004 UTILITIES	$51,410	$68,861	$92,398	$94,638	$94,638
2005 TRAVEL	$747,579	$875,216	$962,230	$1,062,230	$1,062,230
2006 RENT - BUILDING	$102,787	$81,328	$159,255	$160,155	$160,155
2007 RENT - MACHINE AND OTHER	$71,614	$63,190	$100,504	$100,504	$100,504
2009 OTHER OPERATING EXPENSE	$3,288,713	$2,840,654	$2,894,900	$3,008,886	$3,010,786
3001 CLIENT SERVICES	$5,462,138	$5,716,068	$5,477,385	$5,477,385	$5,477,385
4000 GRANTS	$126,885,282	$567,787,539	$125,223,417	$126,073,417	$126,073,417
5000 CAPITAL EXPENDITURES	$33,248	$33,081	$80,160	$93,000	$110,000
OOE Total (Excluding Riders)	**$153,409,792**	**$595,487,605**	**$155,690,046**	**$156,439,776**	**$156,629,629**
OOE Total (Riders)					
Grand Total	**$153,409,792**	**$595,487,605**	**$155,690,046**	**$156,439,776**	**$156,629,629**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Goal/ *Objective* / **Outcome**		**Exp 2007**	**Est 2008**	**Bud 2009**	**BL 2010**	**BL 2011**
	1 Increase Availability of Safe/Decent/Affordable Housing					
	1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing					
KEY	**1 Percent Households/Individuals Needing Affordable Housing**					
		0.89%	0.78%	0.76%	0.74%	0.74%
KEY	**2 Percent Very Low Income Households Receiving Housing Assistance**					
		0.24%	0.29%	0.27%	0.27%	0.27%
KEY	**3 Percent Low Income Households Receiving Housing Assistance**					
		3.02%	2.52%	2.44%	2.41%	2.39%
KEY	**4 Percent Households of Moderate Income Receiving Housing Assistance**					
		0.22%	0.16%	0.17%	0.15%	0.15%
	5 Percent of Multi-family Rental Units Benefiting VL/MI Households					
		100.00%	100.00%	100.00%	100.00%	100.00%
	2 Provide Information and Assistance					
	1 Provide Information and Assistance for Housing and Community Services					
	1 % of Info/TA Requests Completed Within Established Time Frames					
		100.00%	100.00%	100.00%	100.00%	100.00%
	3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs					
	1 Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year					
KEY	**1 % in Poverty That Received Homeless and Poverty-related Assistance**					
		13.56%	12.35%	12.38%	12.35%	12.35%
	2 Percent of Emergency Shelters Assisted					
		8.23%	8.34%	8.23%	8.23%	8.23%
	3 Percent of Persons Achieving Incomes Above Poverty Level					
		0.07%	0.08%	0.07%	0.07%	0.07%
	2 Reduce Cost of Home Energy for 6% of Very Low Income Households					
KEY	**1 Percent of Very Low Income Households Receiving Energy Assistance**					
		6.72%	4.12%	4.11%	3.85%	3.85%

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

	Goal/ *Objective* / **Outcome**	**Exp 2007**	**Est 2008**	**Bud 2009**	**BL 2010**	**BL 2011**
	4 Ensure Compliance with Program Mandates					
	1 Monitor Developments & Subrecipient Contracts for Compliance					
	1 Percent of Properties Monitored					
		100.00%	100.00%	100.00%	100.00%	100.00%
	2 Percent of Properties in Material Non-compliance					
		12.80%	10.00%	10.00%	10.00%	10.00%
	5 Regulate Manufactured Housing Industry					
	1 Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other					
	1 Percent of Apps Processed within Established Time Frames					
		87.50%	96.00%	100.00%	100.00%	100.00%
KEY	**2 Percent of Consumer Complaint Inspections Conducted within 30 Days**					
		100.00%	100.00%	100.00%	100.00%	100.00%
KEY	**3 Percent of Complaints Resulting in Disciplinary Action**					
		12.36%	16.00%	20.00%	20.00%	20.00%
	4 Percent of Documented Complaints Resolved within Six Months					
		61.03%	75.00%	75.00%	75.00%	75.00%
	5 Recidivism Rate for Those Receiving Disciplinary Action					
		17.24%	21.00%	5.00%	5.00%	5.00%

2.E. SUMMARY OF EXCEPTIONAL ITEMS REQUEST
81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/13/2008**
TIME : **2:36:00PM**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

	2010			2011			Biennium	
Priority Item	**GR and GR/GR Dedicated**	**All Funds**	**FTEs**	**GR and GR Dedicated**	**All Funds**	**FTEs**	**GR and GR Dedicated**	**All Funds**
1 Housing Trust Fund	$20,000,000	$20,000,000	4.0	$20,000,000	$20,000,000	4.0	$40,000,000	$40,000,000
2 System Benefit Fund	$10,700,000	$10,700,000		$10,700,000	$10,700,000		$21,400,000	$21,400,000
Total, Exceptional Items Request	**$30,700,000**	**$30,700,000**	**4.0**	**$30,700,000**	**$30,700,000**	**4.0**	**$61,400,000**	**$61,400,000**

Method of Financing								
General Revenue	$20,000,000	$20,000,000		$20,000,000	$20,000,000		$40,000,000	$40,000,000
General Revenue - Dedicated	10,700,000	10,700,000		10,700,000	10,700,000		21,400,000	21,400,000
Federal Funds								
Other Funds								
	$30,700,000	**$30,700,000**		**$30,700,000**	**$30,700,000**		**$61,400,000**	**$61,400,000**
Full Time Equivalent Positions			**4.0**			**4.0**		
Number of 100% Federally Funded FTEs			**0.0**			**0.0**		

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Goal/*Objective*/**STRATEGY**	**Base 2010**	**Base 2011**	**Exceptional 2010**	**Exceptional 2011**	**Total Request 2010**	**Total Request 2011**
1 Increase Availability of Safe/Decent/Affordable Housing						
1 *Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing*						
1 MRB PROGRAM - SINGLE FAMILY	$1,207,005	$1,209,024	$0	$0	$1,207,005	$1,209,024
2 HOME PROGRAM - SINGLE FAMILY	33,085,323	33,104,475	0	0	33,085,323	33,104,475
3 HOUSING TRUST FUND - SINGLE FAMILY	5,660,768	5,660,768	20,000,000	20,000,000	25,660,768	25,660,768
4 SECTION 8 RENTAL ASSISTANCE	6,296,275	6,296,672	0	0	6,296,275	6,296,672
5 FEDERAL TAX CREDITS	1,247,279	1,233,486	0	0	1,247,279	1,233,486
6 HOME PROGRAM - MULTIFAMILY	5,917,600	5,917,912	0	0	5,917,600	5,917,912
7 HOUSING TRUST FUND - MULTIFAMILY	303,107	303,107	0	0	303,107	303,107
8 MRB PROGRAM - MULTIFAMILY	416,021	416,248	0	0	416,021	416,248
TOTAL, GOAL 1	**$54,133,378**	**$54,141,692**	**$20,000,000**	**$20,000,000**	**$74,133,378**	**$74,141,692**
2 Provide Information and Assistance						
1 *Provide Information and Assistance for Housing and Community Se*						
1 HOUSING RESOURCE CENTER	688,538	689,935	0	0	688,538	689,935
2 *Promote and Improve Homeownership Along the Texas-Mexico Bord*						
1 COLONIA SERVICE CENTERS	293,532	293,815	0	0	293,532	293,815
TOTAL, GOAL 2	**$982,070**	**$983,750**	**$0**	**$0**	**$982,070**	**$983,750**
3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Cos						
1 *Ease Hardships for 16% of Homeless & Very Low Income Persons Ea*						
1 POVERTY-RELATED FUNDS	36,003,388	35,998,795	0	0	36,003,388	35,998,795
2 *Reduce Cost of Home Energy for 6% of Very Low Income Households*						
1 ENERGY ASSISTANCE PROGRAMS	49,183,784	49,184,247	10,700,000	10,700,000	59,883,784	59,884,247
TOTAL, GOAL 3	**$85,187,172**	**$85,183,042**	**$10,700,000**	**$10,700,000**	**$95,887,172**	**$95,883,042**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Goal/*Objective*/**STRATEGY**	**Base 2010**	**Base 2011**	**Exceptional 2010**	**Exceptional 2011**	**Total Request 2010**	**Total Request 2011**
4 Ensure Compliance with Program Mandates						
1 *Monitor Developments & Subrecipient Contracts for Compliance*						
1 MONITOR HOUSING REQUIREMENTS	$1,839,943	$1,816,305	$0	$0	$1,839,943	$1,816,305
2 MONITOR CONTRACT REQUIREMENTS	2,882,322	2,896,619	0	0	2,882,322	2,896,619
TOTAL, GOAL 4	**$4,722,265**	**$4,712,924**	**$0**	**$0**	**$4,722,265**	**$4,712,924**
5 Regulate Manufactured Housing Industry						
1 *Operate a Regulatory System To Ensure Responsive SOL/Licensing/O*						
1 TITLING & LICENSING	1,586,761	1,662,424	0	0	1,586,761	1,662,424
2 INSPECTIONS	1,582,236	1,650,276	0	0	1,582,236	1,650,276
3 ENFORCEMENT	1,542,200	1,605,077	0	0	1,542,200	1,605,077
4 TEXASONLINE	19,120	19,120	0	0	19,120	19,120
TOTAL, GOAL 5	**$4,730,317**	**$4,936,897**	**$0**	**$0**	**$4,730,317**	**$4,936,897**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Goal/*Objective*/**STRATEGY**	**Base 2010**	**Base 2011**	**Exceptional 2010**	**Exceptional 2011**	**Total Request 2010**	**Total Request 2011**
6 Indirect Administration and Support Costs						
1 *Indirect Administration and Support Costs*						
1 CENTRAL ADMINISTRATION	$4,700,877	$4,707,954	$0	$0	$4,700,877	$4,707,954
2 INFORMATION RESOURCE TECHNOLOGIES	1,462,347	1,445,367	0	0	1,462,347	1,445,367
3 OPERATING/SUPPORT	521,350	518,003	0	0	521,350	518,003
TOTAL, GOAL 6	**$6,684,574**	**$6,671,324**	**$0**	**$0**	**$6,684,574**	**$6,671,324**
TOTAL, AGENCY STRATEGY REQUEST	**$156,439,776**	**$156,629,629**	**$30,700,000**	**$30,700,000**	**$187,139,776**	**$187,329,629**
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	**$156,439,776**	**$156,629,629**	**$30,700,000**	**$30,700,000**	**$187,139,776**	**$187,329,629**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Goal/*Objective*/**STRATEGY**	**Base 2010**	**Base 2011**	**Exceptional 2010**	**Exceptional 2011**	**Total Request 2010**	**Total Request 2011**
General Revenue Funds:						
1 General Revenue Fund	$7,377,856	$7,377,856	$20,000,000	$20,000,000	$27,377,856	$27,377,856
888 Earned Federal Funds	0	0	0	0	$0	$0
	$7,377,856	**$7,377,856**	**$20,000,000**	**$20,000,000**	**$27,377,856**	**$27,377,856**
General Revenue Dedicated Funds:						
5100 System Benefit Account	0	0	10,700,000	10,700,000	$10,700,000	$10,700,000
	$0	**$0**	**$10,700,000**	**$10,700,000**	**$10,700,000**	**$10,700,000**
Federal Funds:						
127 Community Affairs Fed Fd	132,646,833	132,676,861	0	0	$132,646,833	$132,676,861
	$132,646,833	**$132,676,861**	**$0**	**$0**	**$132,646,833**	**$132,676,861**
Other Funds:						
666 Appropriated Receipts	16,346,832	16,506,657	0	0	$16,346,832	$16,506,657
777 Interagency Contracts	68,255	68,255	0	0	$68,255	$68,255
	$16,415,087	**$16,574,912**	**$0**	**$0**	**$16,415,087**	**$16,574,912**
TOTAL, METHOD OF FINANCING	**$156,439,776**	**$156,629,629**	**$30,700,000**	**$30,700,000**	**$187,139,776**	**$187,329,629**
FULL TIME EQUIVALENT POSITIONS	**310.0**	**310.0**	**4.0**	**4.0**	**314.0**	**314.0**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Goal/ *Objective* / **Outcome**

		BL 2010	BL 2011	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
1	Increase Availability of Safe/Decent/Affordable Housing						
1	*Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing*						
KEY	**1 Percent Households/Individuals Needing Affordable Housing**						
		0.74%	0.74%	0.77%	0.76%	0.77%	0.76%
KEY	**2 Percent Very Low Income Households Receiving Housing Assistance**						
		0.27%	0.27%	0.28%	0.28%	0.28%	0.28%
KEY	**3 Percent Low Income Households Receiving Housing Assistance**						
		2.41%	2.39%	2.49%	2.48%	2.49%	2.48%
KEY	**4 Percent Households of Moderate Income Receiving Housing Assistance**						
		0.15%	0.15%			0.15%	0.15%
	5 Percent of Multi-family Rental Units Benefiting VL/MI Households						
		100.00%	100.00%			100.00%	100.00%
2	Provide Information and Assistance						
1	*Provide Information and Assistance for Housing and Community Services*						
	1 % of Info/TA Requests Completed Within Established Time Frames						
		100.00%	100.00%			100.00%	100.00%
3	Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs						
1	*Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year*						
KEY	**1 % in Poverty That Received Homeless and Poverty-related Assistance**						
		12.35%	12.35%			12.35%	12.35%

Goal/ *Objective* / **Outcome**		**BL 2010**	**BL 2011**	**Excp 2010**	**Excp 2011**	**Total Request 2010**	**Total Request 2011**
	2 Percent of Emergency Shelters Assisted						
		8.23%	8.23%			8.23%	8.23%
	3 Percent of Persons Achieving Incomes Above Poverty Level						
		0.07%	0.07%			0.07%	0.07%
2	*Reduce Cost of Home Energy for 6% of Very Low Income Households*						
KEY	**1 Percent of Very Low Income Households Receiving Energy Assistance**						
		3.85%	3.85%	4.04%	4.03%	4.04%	4.03%
4	Ensure Compliance with Program Mandates						
1	*Monitor Developments & Subrecipient Contracts for Compliance*						
	1 Percent of Properties Monitored						
		100.00%	100.00%			100.00%	100.00%
	2 Percent of Properties in Material Non-compliance						
		10.00%	10.00%			10.00%	10.00%
5	Regulate Manufactured Housing Industry						
1	*Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other*						
	1 Percent of Apps Processed within Established Time Frames						
		100.00%	100.00%			100.00%	100.00%
KEY	**2 Percent of Consumer Complaint Inspections Conducted within 30 Days**						
		100.00%	100.00%			100.00%	100.00%

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Goal/ *Objective* / **Outcome**	BL 2010	BL 2011	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
KEY 3 Percent of Complaints Resulting in Disciplinary Action						
	20.00%	20.00%			20.00%	20.00%
4 Percent of Documented Complaints Resolved within Six Months						
	75.00%	75.00%			75.00%	75.00%
5 Recidivism Rate for Those Receiving Disciplinary Action						
	5.00%	5.00%			5.00%	5.00%

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 1 Federal Mortgage Loans & MCCs through the SF MRB Program — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	# Households Assisted with Single Family Mortgage Revenue Bond Funds	2,727.00	2,016.00	2,170.00	1,911.00	1,877.00
Efficiency Measures:						
1	Average First Time Homebuyer Program Loan w/o Down Payment Assistance	126,160.00	128,951.00	128,951.00	138,239.00	142,385.00
2	Avg First Time Home Buyer Program Loan w Down Payment Assistance	106,802.00	103,472.00	106,576.00	117,392.00	120,915.00
3	Average Mortgage Credit Certificate Amount	0.00	36,300.00	36,300.00	39,440.00	40,229.00
Explanatory/Input Measures:						
1	First Time Homebuyer Program Households w/o Down Payment Assistance	1,061.00	1,099.00	590.00	524.00	515.00
2	Number of Down Payment Assistance Program Households	1,653.00	577.00	872.00	754.00	741.00
3	Number of Mortgage Credit Certificates	0.00	330.00	688.00	633.00	621.00
Objects of Expense:						
1001	SALARIES AND WAGES	$877,952	$935,459	$953,384	$953,384	$953,384
1002	OTHER PERSONNEL COSTS	$16,100	$21,480	$20,256	$20,256	$20,256
2001	PROFESSIONAL FEES AND SERVICES	$503	$2,586	$10,600	$14,197	$14,197
2003	CONSUMABLE SUPPLIES	$2,963	$4,283	$5,068	$5,068	$5,068
2004	UTILITIES	$2,669	$2,569	$4,140	$4,140	$4,140
2005	TRAVEL	$17,409	$45,727	$39,461	$39,461	$39,461
2006	RENT - BUILDING	$4,720	$3,935	$8,280	$8,280	$8,280
2007	RENT - MACHINE AND OTHER	$2,237	$433	$1,836	$1,836	$1,836
2009	OTHER OPERATING EXPENSE	$113,879	$143,257	$157,468	$155,888	$157,088
5000	CAPITAL EXPENDITURES	$1,583	$1,177	$3,887	$4,495	$5,314

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0
OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:
STRATEGY: 1 Federal Mortgage Loans & MCCs through the SF MRB Program — Service: 15 Income: A.1 Age: B.3

CODE DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
TOTAL, OBJECT OF EXPENSE	**$1,040,015**	**$1,160,906**	**$1,204,380**	**$1,207,005**	**$1,209,024**
Method of Financing:					
666 Appropriated Receipts	$1,040,015	$1,160,906	$1,204,380	$1,207,005	$1,209,024
SUBTOTAL, MOF (OTHER FUNDS)	**$1,040,015**	**$1,160,906**	**$1,204,380**	**$1,207,005**	**$1,209,024**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				**$1,207,005**	**$1,209,024**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	**$1,040,015**	**$1,160,906**	**$1,204,380**	**$1,207,005**	**$1,209,024**
FULL TIME EQUIVALENT POSITIONS:	**15.3**	**15.5**	**15.5**	**15.5**	**15.5**

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy reflects single family activities financed through authority provided under 26 United States Code §143 and §§1372.023 and 2306, Texas Gov't Code Ann. and § §2306.053, 2306.142(g), and 2306.353 which provide TDHCA authority to issue mortgage revenue bonds (MRBs) to finance housing for families of low, very low, and moderate income. §2306.1072, Texas Gov't Code guides administration of the program. The First Time Homebuyer (FTHB) Program offers below-market-rate mortgage financing and down payment and closing cost assistance. TDHCA currently offers “unassisted” and “assisted” First Time Homebuyer loans. “Unassisted” loans do not provide funds for down payment and closing cost assistance. “Assisted” loans provide down payment and closing cost assistance to low income borrowers and typically carry a higher interest rate. The Mortgage Credit Certificate (MCC) Program provides qualified homebuyers with credits against their federal income tax burden. The reduced tax burden makes homeownership more affordable. By making homeownership more affordable to very low to moderate income households, this strategy supports the Department's Goal 1(To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families) and the State’s Priority Goal 4, Economic Development, and the State’s Priority Goal 8, General Government, which includes housing affordability. The indirect economic impact of construction spurred by this strategy supports Benchmark 4.10 (Texas unemployment rate).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 1 Federal Mortgage Loans & MCCs through the SF MRB Program — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

§1372.023, Tex. Gov. Code Ann., sets aside Private Activity Bond (PAB) authority for TDHCA for this activity. The newly added §2306.1072, Tex. Gov. Code (Senate Bill 1908) directs TDHCA to make down-payment assistance (i.e. assisted loans) available to low income households at or below 80% of the area family median income (AMFI). Rider 11 requires that TDHCA reserve for one year 30% of its FTHB funds for households at or below 60% AMFI and offer assisted loans to this population. TDHCA is requesting a revision to this rider to conform its requirements with SB 1908.

TDHCA was able to obtain additional PAB authority in 2006-07 when other PAB issuers did not utilize their statutory set asides; this increased the volume of FTHB loans funded in 2007. As access to additional PAB cannot be predicted, 2009-11 FTHB projections are based on TDHCA's statutory set-aside, anticipated increases in housing prices, and a likely, one-time increase in housing-related PAB authority due to recent federal legislation (HR 3221). TDHCA is still analyzing the impact of this bill.

The high number of assisted loans in 2007 is a result of a set-aside of these funds for areas affected by Hurricane Rita. In accordance with the Gulf Opportunity Zone Act, higher income and purchase price resulted in higher average assisted loan amounts. This average will likely increase again in 2009-2011, as TDHCA makes this product available to households at or below 80% AMFI. The MCC Program was inactive in 2007 but reestablished in 2008.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 8 12

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 2 Provide Single Family Housing through HOME Investment Program — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY	1 Number of Households Assisted with Single Family HOME Funds	413.00	935.00	952.00	952.00	952.00
Efficiency Measures:						
	1 Average Amount Per Household for Single Family New Construction	82,601.00	0.00	90,000.00	90,000.00	90,000.00
	2 Average Amount Per Household for Single Family Rehabilitation	59,017.00	66,964.00	67,500.00	67,500.00	67,500.00
	3 Average Amount for Mortgage Financing and Homebuyer Assistance	10,400.00	14,068.00	15,000.00	15,000.00	15,000.00
	4 Average Amount Per Household of Tenant-based Rental Assistance	0.00	10,000.00	10,000.00	10,000.00	10,000.00
Explanatory/Input Measures:						
	1 Number of Households Assisted through S.F. New Construction Activities	35.00	0.00	11.00	11.00	11.00
	2 Number of Households Assisted through S.F. Rehabilitation Activities	366.00	47.00	295.00	295.00	295.00
	3 Number Households Assisted through Mortg. Fin/Homebuyer Asst.	12.00	538.00	236.00	236.00	236.00
	4 Number of Households Assisted through Tenant-based Rental Assistance	0.00	350.00	410.00	410.00	410.00
	5 Number of Single Family Contract Administration Reviews	10,680.00	6,250.00	6,750.00	6,750.00	6,750.00
	6 Number of HOME SF Technical Assistance Visits, E-mail, and Calls	4,020.00	2,750.00	2,475.00	2,475.00	2,475.00
	7 Number of HOME SF Program Workshops and Trainings Provided	10.00	12.00	12.00	12.00	12.00

Objects of Expense:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 8 12

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 2 Provide Single Family Housing through HOME Investment Program — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1001	SALARIES AND WAGES	$1,212,513	$1,487,267	$1,371,902	$1,371,902	$1,371,902
1002	OTHER PERSONNEL COSTS	$35,023	$25,946	$10,752	$10,752	$10,752
2001	PROFESSIONAL FEES AND SERVICES	$73,813	$25,202	$169,800	$175,705	$175,705
2003	CONSUMABLE SUPPLIES	$248	$4,433	$5,656	$5,656	$5,656
2004	UTILITIES	$27	$606	$4,140	$4,140	$4,140
2005	TRAVEL	$3,535	$18,264	$34,728	$34,728	$34,728
2006	RENT - BUILDING	$165	$1,343	$6,500	$6,500	$6,500
2007	RENT - MACHINE AND OTHER	$88	$1,832	$1,494	$1,494	$1,494
2009	OTHER OPERATING EXPENSE	$52,213	$28,985	$85,841	$91,881	$110,381
4000	GRANTS	$32,539,927	$32,440,343	$31,379,000	$31,379,000	$31,379,000
5000	CAPITAL EXPENDITURES	$1,113	$2,151	$7,101	$3,565	$4,217
TOTAL, OBJECT OF EXPENSE		**$33,918,665**	**$34,036,372**	**$33,076,914**	**$33,085,323**	**$33,104,475**
Method of Financing:						
127	Community Affairs Fed Fd					
	14.239.000 HOME Investment Partnersh	$33,918,665	$34,036,372	$33,076,914	$33,085,323	$33,104,475
CFDA Subtotal, Fund 127		$33,918,665	$34,036,372	$33,076,914	$33,085,323	$33,104,475
SUBTOTAL, MOF (FEDERAL FUNDS)		**$33,918,665**	**$34,036,372**	**$33,076,914**	**$33,085,323**	**$33,104,475**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$33,085,323**	**$33,104,475**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$33,918,665**	**$34,036,372**	**$33,076,914**	**$33,085,323**	**$33,104,475**
FULL TIME EQUIVALENT POSITIONS:		**22.9**	**26.4**	**26.4**	**23.7**	**23.7**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 8 12

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 2 Provide Single Family Housing through HOME Investment Program — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

This strategy reflects single family activities funded through the HOME Investment Partnerships Program (42 U.S.C., Section 12741 et. seq.) including Owner-Occupied Housing Assistance (OCC), Homebuyer Assistance (HBA), and Tenant-Based Rental Assistance (TBRA) programs. The HOME Program was created under the Cranston-Gonzalez National Affordable Housing Act and is administered by TDHCA through authority granted under Section 2306.111, Texas Gov't Code Ann. The HOME Program provides assistance in the form of loans and grants to units of general local government, public housing authorities, community housing development organizations, nonprofit organizations, and for-profit entities. The targeted population includes low, very low, and extremely low income households. Activities under this single family strategy reflect roughly 65% of total HOME funds. (The balance of HOME funds is reflected under Strategy A.1.6: HOME—Multifamily.) This strategy supports the Department's Goal 1(To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families) and the State's Priority Goal 4, Economic Development, and the State's Priority Goal 8, General Government, which includes housing affordability. Through its targeting of extremely low and very low income households and its partnership with local government and providers, it also supports State Priority Goal 3, Health and Human Services.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

§2306.111(c), Texas Gov't Code Ann., requires TDHCA to expend 95% of all HOME funds in communities that do not receive a HOME allocation directly from HUD; remaining funds must serve persons with disabilities anywhere in the state. State mandates and initiatives reflected in this strategy include $4 million over the biennium for contract for deed conversions (Rider 6) and $1 million yearly for the Colonia Model Subdivision Program (§2306, Tex. Gov't Code Ann., Subchapter GG).

Federal regulations require that 15% of the total annual HOME allocation be reserved for community housing development organizations (CHDOs). While TDHCA anticipates continuous HOME funding, an increase in the number of participating jurisdictions (PJs) - communities which receive direct HOME funding- could decrease TDHCA funding since funding is determined on a statewide basis.

Fewer awards were made in 2007, reflecting 1) insufficient applicants received during a biennial allocation process implemented in 2006-2007 and 2) a delay in receiving the federal funds that year. Performance for 2008 reflects a delay in making home repair funds available; TDHCA will award these funds in 2009. Explanatory 1 reflects award made under Colonia Model Subdivision Program; no award was made in 2008. Explanatory 5 and 6 for 2007 reflect administrative activities associated with the biennial allocation made in 2006-2007 allocation; measures for 2008 forward reflect single year funding as well as streamlined processes. Projections for 2009-2011 reflect increased housing costs.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 8 12
OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:
STRATEGY: 3 Provide Funding through the HTF for Affordable Single Family Housing — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Single Family Households Assisted through the HTF Program	115.00	556.00	245.00	230.00	230.00
Efficiency Measures:						
1	Average Amount Per Household for Single Family Bootstrap	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
2	Average Amount Per Household for Single Family Non-Bootstrap	0.00	12,115.00	21,250.00	21,250.00	21,250.00
Explanatory/Input Measures:						
1	Number of Households Assisted through Single Family Bootstrap	115.00	200.00	115.00	100.00	100.00
2	Number of Households Assisted through Single Family Non-Bootstrap	0.00	356.00	130.00	130.00	130.00
Objects of Expense:						
1001	SALARIES AND WAGES	$14,453	$110,043	$391,471	$391,471	$391,471
1002	OTHER PERSONNEL COSTS	$78,300	$3,000	$7,116	$7,116	$7,116
2001	PROFESSIONAL FEES AND SERVICES	$0	$10,430	$93,000	$90,000	$90,000
2003	CONSUMABLE SUPPLIES	$4,152	$4,694	$6,323	$6,323	$6,323
2004	UTILITIES	$940	$606	$2,760	$3,000	$3,000
2005	TRAVEL	$19,033	$11,353	$3,157	$3,157	$3,157
2006	RENT - BUILDING	$2,564	$1,343	$15,000	$15,000	$15,000
2007	RENT - MACHINE AND OTHER	$1,476	$1,908	$2,241	$2,241	$2,241
2009	OTHER OPERATING EXPENSE	$97,478	$47,693	$39,164	$39,164	$39,164
4000	GRANTS	$3,015,027	$5,390,295	$5,003,296	$5,103,296	$5,103,296
TOTAL, OBJECT OF EXPENSE		**$3,233,423**	**$5,581,365**	**$5,563,528**	**$5,660,768**	**$5,660,768**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 8 12

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 3 Provide Funding through the HTF for Affordable Single Family Housing — Service: 15 Income: A.1 Age: B.3

CODE DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Method of Financing:					
1 General Revenue Fund	$3,233,423	$5,581,365	$5,563,528	$5,660,768	$5,660,768
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	**$3,233,423**	**$5,581,365**	**$5,563,528**	**$5,660,768**	**$5,660,768**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				**$5,660,768**	**$5,660,768**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	**$3,233,423**	**$5,581,365**	**$5,563,528**	**$5,660,768**	**$5,660,768**
FULL TIME EQUIVALENT POSITIONS:	**0.3**	**2.1**	**6.1**	**6.6**	**6.6**

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy reflects single family activities funded through the Texas Housing Trust Fund (HTF) (§2306.201 et seq., Texas Gov't Code Ann.). In recent years, TDHCA has utilized HTF to implement the statutorily required Texas Bootstrap Owner-Builder Loan Program. Unlike federal programs, the Housing Trust Fund is highly flexible and has been successfully utilized for state initiatives that could not be supported by federal funds, such as the Bootstrap Program. The Bootstrap Program works through nonprofit organizations to assist very low income families construct or repair their homes through sweat equity. Non-Bootstrap activity funded in 2008 include rental and down-payment assistance for returning veterans; homeownership activities; and home repair gap-financing to assist homeowners affected by Hurricane Rita. This strategy supports the Department's Goal 1 (To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families) and the State's Priority Goal 4, Economic Development, and the State's Priority Goal 8, General Government, which includes housing affordability. Through its targeting of very low income households and economically distressed communities and its partnership with local nonprofits, this strategy also supports State Priority Goal 3, Health and Human Services.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 8 12

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 3 Provide Funding through the HTF for Affordable Single Family Housing — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

The percent of HTF funding directed at single family activities fluctuates from year to year. This fluctuation reflects budget constraints, legislative mandates, and response to public input. HTF strategies rely primarily on General Revenue appropriations but also use loan repayments and interest earnings as appropriated by Rider 10. TDHCA utilizes General Revenue funding received under this strategy to support the Texas Bootstrap Owner-Builder Loan Program. This allows TDHCA to comply with Section 2306.7581(a-1), Texas Government Code, which requires TDHCA to provide $3 million per year for the program. 2/3 of Bootstrap awards must be made in Economically Distressed Areas. The 80th Texas Legislature increased HTF by approximately $2.5 million per year.

TDHCA determines use of HTF annually through a public process. Per household subsidy varies greatly depending on activity funded and affects annual perforamance. Statute caps the amount of Bootstrap subsidy per loan to $30,000. Stakeholders indicate that an increase in the cap is necessary to ensure greater utilization of the program.

Performance measures for 2008 forward reflect the increased HTF appropriations. Households served in 2007 and most especially in 2008 reflect awards and loans funded through deobligated balances and loan repayments.

Funding information reflects funds transferred to the Texas Treasury Safekeeping Trust per Rider 10.

The reallignment of staff and funding allocated to this strategy provides a more accurate reflection of staff dedicated to this activity.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 4 Federal Rental Assistance through Section 8 Certificates and Vouchers — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	# of Households Assisted thru Statewide Housing Asst. Payments Program	1,064.00	1,100.00	1,100.00	1,100.00	1,100.00
Efficiency Measures:						
1	Avg Admin Cost/Household for Housing Choice Voucher Program	827.00	750.00	750.00	749.23	749.50
Objects of Expense:						
1001	SALARIES AND WAGES	$268,623	$316,807	$330,616	$330,616	$330,616
1002	OTHER PERSONNEL COSTS	$15,178	$12,888	$12,480	$12,480	$12,480
2001	PROFESSIONAL FEES AND SERVICES	$30,023	$19,717	$14,000	$15,737	$15,737
2003	CONSUMABLE SUPPLIES	$4,890	$3,032	$3,587	$3,587	$3,587
2004	UTILITIES	$4	$59	$60	$60	$60
2005	TRAVEL	$5,409	$13,870	$15,310	$15,310	$15,310
2006	RENT - BUILDING	$355	$426	$400	$400	$400
2007	RENT - MACHINE AND OTHER	$2,439	$2,117	$1,494	$1,494	$1,494
2009	OTHER OPERATING EXPENSE	$53,875	$55,903	$49,553	$45,828	$45,828
3001	CLIENT SERVICES	$5,462,138	$5,687,886	$5,477,385	$5,477,385	$5,477,385
4000	GRANTS	$366,683	$403,000	$391,208	$391,208	$391,208
5000	CAPITAL EXPENDITURES	$1,035	$0	$0	$2,170	$2,567
TOTAL, OBJECT OF EXPENSE		**$6,210,652**	**$6,515,705**	**$6,296,093**	**$6,296,275**	**$6,296,672**
Method of Financing:						
127	Community Affairs Fed Fd					
14.871.000	SECTION 8 HOUSING CHOICE VOUCHERS	$6,210,652	$6,515,705	$6,296,093	$6,296,275	$6,296,672
CFDA Subtotal, Fund 127		$6,210,652	$6,515,705	$6,296,093	$6,296,275	$6,296,672

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 4 Federal Rental Assistance through Section 8 Certificates and Vouchers — Service: 15 Income: A.1 Age: B.3

CODE DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
SUBTOTAL, MOF (FEDERAL FUNDS)	**$6,210,652**	**$6,515,705**	**$6,296,093**	**$6,296,275**	**$6,296,672**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				**$6,296,275**	**$6,296,672**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	**$6,210,652**	**$6,515,705**	**$6,296,093**	**$6,296,275**	**$6,296,672**
FULL TIME EQUIVALENT POSITIONS:	**6.2**	**6.7**	**6.7**	**7.0**	**7.0**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Funds for the Section 8 Housing Choice Voucher Program (HCVP), codified at 42 U.S.C. Sec. 1437f, are received from the US Department of Housing and Urban Development (HUD). TDHCA administers this program through authority granted under Section 2306.53(b)(10), Texas Government Code. The HCVP assists primarily extremely low-and very low-income households with housing by paying rent subsidies to landlords of private-sector rental housing. The Department’s program serves small rural communities that usually do not have a public housing authority to administer the HCVP vouchers. This strategy supports the Department's Goal 1 (To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families) and the State’s Priority Goal 4, Economic Development, and the State’s Priority Goal 8, General Government, which includes housing affordability. Through its targeting of extremely low and very low income households, it also supports State Priority Goal 3, Health and Human Services.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

HUD currently provides a fixed budget based on the number of vouchers utilized at a specified point in time. TDHCA anticipates increases in fair market rents, local operator fees, and utility allowances. These increases combined with level funding will reduce households served under this strategy.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 5 Provide Federal Tax Credits to Develop Rental Housing for VLI and LI — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Households Assisted through the Housing Tax Credit Program	12,998.00	11,058.00	10,982.00	10,928.00	10,874.00
Efficiency Measures:						
1	Avg Annual Tax Credits Amount Per Household for New Construction	5,993.00	6,682.00	7,015.00	7,379.00	7,761.00
2	Average Total Development Costs per Household for New Construction	99,170.00	104,692.00	109,927.00	115,449.00	121,249.00
3	Average Annual Tax Credits Amount per Household for Rehabilitation	4,426.00	5,255.00	5,542.00	5,831.00	6,138.00
4	Average Total Development Costs Per Household for Rehabilitation	82,138.00	89,003.00	93,559.00	98,293.00	103,273.00
Explanatory/Input Measures:						
1	Number of Households Assisted through New Construction Activities	9,694.00	8,418.00	8,338.00	8,294.00	8,251.00
2	Number of Households Assisted through Rehabilitation Activities	3,304.00	2,640.00	2,644.00	2,634.00	2,623.00
Objects of Expense:						
1001	SALARIES AND WAGES	$979,843	$1,037,577	$1,051,235	$1,051,235	$1,051,235
1002	OTHER PERSONNEL COSTS	$6,680	$20,917	$10,512	$10,512	$10,512
2001	PROFESSIONAL FEES AND SERVICES	$13,093	$18,851	$36,510	$40,604	$40,604
2003	CONSUMABLE SUPPLIES	$4,273	$3,718	$5,645	$5,645	$5,645
2004	UTILITIES	$2,506	$2,036	$4,968	$4,968	$4,968
2005	TRAVEL	$9,695	$15,314	$21,037	$21,037	$21,037
2006	RENT - BUILDING	$2,137	$3,766	$4,485	$4,485	$4,485
2007	RENT - MACHINE AND OTHER	$3,364	$3,699	$2,305	$2,305	$2,305

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0
OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:
STRATEGY: 5 Provide Federal Tax Credits to Develop Rental Housing for VLI and LI — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2009	OTHER OPERATING EXPENSE	$76,967	$53,080	$88,618	$101,528	$86,828
5000	CAPITAL EXPENDITURES	$1,599	$1,255	$4,142	$4,960	$5,867
TOTAL, OBJECT OF EXPENSE		**$1,100,157**	**$1,160,213**	**$1,229,457**	**$1,247,279**	**$1,233,486**
Method of Financing:						
666	Appropriated Receipts	$1,100,157	$1,160,213	$1,229,457	$1,247,279	$1,233,486
SUBTOTAL, MOF (OTHER FUNDS)		**$1,100,157**	**$1,160,213**	**$1,229,457**	**$1,247,279**	**$1,233,486**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$1,247,279**	**$1,233,486**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$1,100,157**	**$1,160,213**	**$1,229,457**	**$1,247,279**	**$1,233,486**
FULL TIME EQUIVALENT POSITIONS:		**17.6**	**17.3**	**17.3**	**17.2**	**17.2**

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Housing Tax Credit Program was created by the U.S .Tax Reform Act of 1986, as amended and is governed by 26 U.S.C. §42, Internal Revenue Code. The program provides financial incentives, in the form of equity, to nonprofit and for-profit developers of multifamily housing for extremely low income and very low income households, senior citizens, persons with disabilities, and homeless persons. Texas Department of Housing and Community Affairs (the Department) administers the program through authority granted under §2306.6701, Tex. Gov't Code Ann., Subchapter DD, TDHCA's governing state statute for the program.

The program's purpose is to encourage the development and preservation of affordable rental housing for low income families and individuals and prevent the loss of affordable housing through acquisition and rehabilitation of existing properties. The targeted beneficiaries of the program are very low and low income families, senior citizens, persons with disabilities, and homeless persons. Developments funded through the program offer onsite supportive services such as child care facilities, health care and immunization services, and computer training facilities. This strategy supports the Department's Goal 1(To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families) and the State's Priority Goal 4, Economic Development, and the State's Priority Goal 8, General Government. The indirect economic impact of construction supports Benchmark 4.10 (Texas unemployment rate).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0
OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:
STRATEGY: 5 Provide Federal Tax Credits to Develop Rental Housing for VLI and LI — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

The state receives an annual per capita allocation of federal tax credits. Federal law also allows developments financed through private activity bond (PAB) authority to receive tax credits. While the number of competitively awarded credits from the state's annual allocation can be estimated from year to year, the amount of tax credits allocated to PAB-financed developments changes based on the number of PAB developments financed per year by TDHCA and other issuers. This in turn depends on available PAB authority and market forces; PAB production has declined in recent years.

The current credit crisis has drastically impacted the credit pricing associated with tax credits. In 2008, pricing decreased from 95 cents to 80 cents on the dollar, affecting current applicants and placing recently awarded applicants at risk of having to return credits. Congress has approved an increase to each state's 2008 and 2009 allocation that may mitigate this impact (HR 3221).

Another economic factor affecting production is stagnant gross allowable rents and increased utility costs which effectively reduce the maximum allowable rent that can be charged for an affordable unit. At the same time, operating costs have increased. The increase in overall operating expenses and stagnant rents make it more difficult to make transactions financially feasible. Natural disasters experienced in the state in recent years have increased construction cost while affecting the availability of materials and labor, also decreasing overall households served.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 6 Provide Multifamily Housing through HOME Investment Program — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Households Assisted with Multifamily HOME Funds	144.00	642.00	262.00	262.00	262.00
Efficiency Measures:						
1	Avg HOME Funds Amount Per Household for Multifamily New Construction	62,660.00	82,112.00	80,000.00	80,000.00	80,000.00
2	Avg HOME Funds Amount Per Household for MF Rehabilitation/Acquisition	18,186.00	19,108.00	25,000.00	25,000.00	25,000.00
Explanatory/Input Measures:						
1	# of Households Assisted through MF HOME New Construction Activities	102.00	214.00	62.00	62.00	62.00
2	# of Households Assisted through MF HOME Rehab/Acquisition Activities	42.00	428.00	200.00	200.00	200.00
3	Number of Multifamily Contract Administration Reviews	750.00	750.00	750.00	750.00	750.00
4	Number of HOME MF Technical Assistance Visits, E-mail, and Calls	275.00	275.00	275.00	275.00	275.00
5	Number of HOME MF Program Workshops and Trainings Provided	0.00	2.00	0.00	2.00	2.00
Objects of Expense:						
1001	SALARIES AND WAGES	$198,384	$137,892	$282,245	$282,245	$282,245
1002	OTHER PERSONNEL COSTS	$22,747	$0	$2,088	$2,088	$2,088
2001	PROFESSIONAL FEES AND SERVICES	$2,328	$8,655	$0	$1,219	$1,219
2003	CONSUMABLE SUPPLIES	$1,159	$4,455	$5,509	$5,509	$5,509
2004	UTILITIES	$2	$571	$0	$0	$0
2005	TRAVEL	$11,365	$10,459	$22,099	$22,099	$22,099
2006	RENT - BUILDING	$1,421	$1,332	$6,500	$6,500	$6,500

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 6 Provide Multifamily Housing through HOME Investment Program — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2007	RENT - MACHINE AND OTHER	$1,281	$1,008	$1,494	$1,494	$1,494
2009	OTHER OPERATING EXPENSE	$19,646	$22,973	$52,819	$52,741	$52,741
4000	GRANTS	$5,623,221	$5,713,082	$5,542,000	$5,542,000	$5,542,000
5000	CAPITAL EXPENDITURES	$582	$0	$0	$1,705	$2,017
TOTAL, OBJECT OF EXPENSE		**$5,882,136**	**$5,900,427**	**$5,914,754**	**$5,917,600**	**$5,917,912**
Method of Financing:						
127	Community Affairs Fed Fd					
	14.239.000 HOME Investment Partnersh	$5,882,136	$5,900,427	$5,914,754	$5,917,600	$5,917,912
CFDA Subtotal, Fund 127		$5,882,136	$5,900,427	$5,914,754	$5,917,600	$5,917,912
SUBTOTAL, MOF (FEDERAL FUNDS)		**$5,882,136**	**$5,900,427**	**$5,914,754**	**$5,917,600**	**$5,917,912**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$5,917,600**	**$5,917,912**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$5,882,136**	**$5,900,427**	**$5,914,754**	**$5,917,600**	**$5,917,912**
FULL TIME EQUIVALENT POSITIONS:		**3.6**	**2.4**	**2.4**	**4.8**	**4.8**

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy reflects multifamily activities funded through the HOME Investment Partnerships (HOME) Program. The HOME Program (42 U.S.C., §§12701 - 12839) was created under the Cranston-Gonzalez National Affordable Housing Act and is administered by TDHCA through authority granted under Section 2306.111(a), Tex. Gov. Code Ann. The HOME Program provides loans and grants to units of general local government, public housing authorities, community housing development organizations, nonprofit organizations, and for-profit entities. The targeted population includes low, very low, and extremely low income households. The multifamily component of the HOME Program provides funding for the new construction or rehabilitation of affordable multifamily rental development. Activities under this multifamily strategy reflect roughly 35% of total HOME funds. (The balance of HOME funds is reflected under Strategy A.1.2: HOME—Single Family.) This strategy supports the Department's Goal 1 (To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families) and the State’s Priority Goal 4, Economic Development, and the State’s Priority Goal 8, General Government, which includes housing affordability. The indirect economic impact of construction spurred by this strategy supports Benchmark 4.10 (Texas unemployment rate).

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 6 Provide Multifamily Housing through HOME Investment Program — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

§2306.111(c), Texas Gov't Code Ann., requires TDHCA to expend 95% of all HOME funds in communities that do not receive an allocation of HOME funds directly from HUD. The remaining funds must be used to serve people with disabilities anywhere in the state. Federal regulations require that 15% of the total annual HOME allocation be reserved for community housing development organizations (CHDOs). Historically the majority of CHDO funds have been used for multifamily activity.

Because many applicants for these funds also jointly apply for funding under the Housing Tax Credit (HTC) Program, the number of households served under this strategy is often contigent on the success of joint HOME/HTC applications. In 2007, there were fewer successful applications of this nature, while a large number of joint applications received funding in 2008. Measures for 2008 include awards made using deobligated funds. The current market instability may be increasing the demand for HOME funds as other funding options decrease. Long-term impediments to the growth of the program include an increasing number of local PJs, which may reduce TDHCA's share of the state's annual HOME allocation from HUD, and difficulties in maintaining the financial feasibility of developments for the statutory minimum 30-year affordability period.

Increases in efficiency measures from 2007 to 2008 reflect rising housing costs affecting all TDHCA programs.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 7 Provide Funding through the HTF for Affordable Multifamily Housing — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
	1 Number of Multifamily Households Assisted with HTF Program	0.00	0.00	23.00	23.00	23.00
Efficiency Measures:						
	1 Avg Amt HTF Assistance Per Household for Multifamily New Construction	0.00	0.00	80,000.00	80,000.00	80,000.00
	2 Avg Amt of HTF Assistance Per Household for Multifamily Rehabilitation	0.00	0.00	25,000.00	25,000.00	25,000.00
Explanatory/Input Measures:						
	1 # of MF Households Assisted through HTF New Construction Activities	0.00	0.00	3.00	3.00	3.00
	2 # of MF Households Assisted through HTF Rehabilitation Activities	0.00	0.00	20.00	20.00	20.00
	3 Number of Awards such as Capacity Building and Predevelopment Loans	0.00	0.00	20.00	10.00	10.00
Objects of Expense:						
1001	SALARIES AND WAGES	$24,680	$44,675	$54,087	$54,087	$54,087
1002	OTHER PERSONNEL COSTS	$0	$2,000	$1,536	$1,536	$1,536
2001	PROFESSIONAL FEES AND SERVICES	$3,238	$16,174	$15,000	$15,000	$15,000
2003	CONSUMABLE SUPPLIES	$1,945	$5,325	$1,787	$1,787	$1,787
2004	UTILITIES	$621	$1,133	$0	$0	$0
2005	TRAVEL	$4,944	$7,753	$3,157	$3,157	$3,157
2006	RENT - BUILDING	$1,022	$2,164	$6,500	$6,500	$6,500
2007	RENT - MACHINE AND OTHER	$509	$1,987	$1,494	$1,494	$1,494
2009	OTHER OPERATING EXPENSE	$16,918	$39,265	$32,546	$32,546	$32,546
4000	GRANTS	$0	$0	$187,000	$187,000	$187,000

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 7 Provide Funding through the HTF for Affordable Multifamily Housing — Service: 15 Income: A.1 Age: B.3

CODE DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
TOTAL, OBJECT OF EXPENSE	**$53,877**	**$120,476**	**$303,107**	**$303,107**	**$303,107**
Method of Financing:					
1 General Revenue Fund	$53,877	$120,476	$303,107	$303,107	$303,107
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)	**$53,877**	**$120,476**	**$303,107**	**$303,107**	**$303,107**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				**$303,107**	**$303,107**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	**$53,877**	**$120,476**	**$303,107**	**$303,107**	**$303,107**
FULL TIME EQUIVALENT POSITIONS:	**0.5**	**0.8**	**0.8**	**0.9**	**0.9**

STRATEGY DESCRIPTION AND JUSTIFICATION:

The HTF §2306.201, Tex. Gov't Code Ann.) was created in 1993 to provide loans, grants, or other comparable forms of assistance to units of general local government, public housing authorities, nonprofit organizations, and income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe, and sanitary housing. This strategy reflects rental development and "housing-related" activities such as capacity building activity funded through the Housing Trust Fund (HTF). Rental development refers to the new construction or rehabilitation of rental housing affordable to low, very low and extremely low income households. Capacity building refers to activities that help increase the ability of nonprofit housing developers to produce additional affordable housing units. This strategy supports the Department's Goal 1(To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families) and the State's Priority Goal 4, Economic Development, and the State's Priority Goal 8, General Government, which includes housing affordability.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 7 Provide Funding through the HTF for Affordable Multifamily Housing — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

In response to legislative mandates and public input, TDHCA has dedicated the majority of HTF GR to the legislatively mandated Texas Bootstrap Owner-Builder Loan Program and other single family activity. (See Strategy A.1.3.) The funding dedicated to multifamily activity has been very fairly limited and tends to fluctuate. The statutory requirement that housing development funds be regionally allocated (§2306.111, Tex. Gov't Code Ann.) can also have an impact on funds made available under this strategy: historically, application of the formula to limited HTF development funds has resulted in regional set-asides too small to provide substantive assistance or interest applicants.

No funding awards for multifamily activity were made in 2007 and 2008. However, TDHCA anticipates making funds available for rental development funds and capacity building in 2009-2011 contingent on public support for these uses. Performance projections for these years reflect this assumption.

Funding information reflects General Revenue transferred to the Texas Treasury Safekeeping Trust per Rider 10.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0
OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:
STRATEGY: 8 Federal Mortgage Loans through the MF Mortgage Revenue Bond Program — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Households Assisted with Multifamily MRB Program	2,997.00	1,658.00	1,642.00	1,627.00	1,611.00
Efficiency Measures:						
1	Average Amount of Bond Proceeds Per Household for New Construction	59,545.00	62,492.00	65,616.00	68,897.00	72,342.00
2	Average Total Development Costs Per Household for New Construction	108,211.00	113,622.00	119,303.00	125,268.00	131,531.00
3	Avg Amount of Bond Proceeds/Household for Rehabilitation/Acquisition	43,935.00	45,779.00	48,068.00	50,471.00	52,995.00
4	Average Total Development Costs Per Household for Rehabilitation	67,075.00	70,429.00	73,950.00	77,648.00	81,530.00
Explanatory/Input Measures:						
1	Number of Households Assisted through New Construction Activities	2,504.00	1,440.00	1,426.00	1,413.00	1,399.00
2	Number of Households Assisted through Rehabilitation Activities	493.00	218.00	216.00	214.00	212.00
Objects of Expense:						
1001	SALARIES AND WAGES	$147,985	$122,029	$289,682	$289,682	$289,682
1002	OTHER PERSONNEL COSTS	$0	$0	$3,000	$3,000	$3,000
2001	PROFESSIONAL FEES AND SERVICES	$5,017	$2,912	$9,290	$10,406	$10,406
2003	CONSUMABLE SUPPLIES	$2,843	$2,764	$5,211	$5,211	$5,211
2004	UTILITIES	$1,186	$712	$1,932	$1,932	$1,932
2005	TRAVEL	$6,658	$9,856	$18,128	$18,128	$18,128
2006	RENT - BUILDING	$1,256	$843	$2,415	$2,415	$2,415
2007	RENT - MACHINE AND OTHER	$1,090	$628	$2,476	$2,476	$2,476

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0
OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:
STRATEGY: 8 Federal Mortgage Loans through the MF Mortgage Revenue Bond Program — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2009	OTHER OPERATING EXPENSE	$34,901	$35,573	$85,631	$81,531	$81,531
5000	CAPITAL EXPENDITURES	$439	$8,800	$0	$1,240	$1,467
TOTAL, OBJECT OF EXPENSE		**$201,375**	**$184,117**	**$417,765**	**$416,021**	**$416,248**
Method of Financing:						
666	Appropriated Receipts	$201,375	$184,117	$417,765	$416,021	$416,248
SUBTOTAL, MOF (OTHER FUNDS)		**$201,375**	**$184,117**	**$417,765**	**$416,021**	**$416,248**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$416,021**	**$416,248**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$201,375**	**$184,117**	**$417,765**	**$416,021**	**$416,248**
FULL TIME EQUIVALENT POSITIONS:		**2.7**	**2.1**	**2.1**	**4.8**	**4.8**

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy reflects multifamily activities financed through federal Private Activity Bonds (PAB) as authorized under 26 USC §143, Internal Revenue Code, and §1371.051, §1372.023 and §2306.351, Tex. Gov. Code Ann. §1371.051, Tex. Gov. Code Ann. provides TDHCA the authority to issue taxable and tax-exempt mortgage revenue bonds (MRBs) to nonprofit and for-profit developers. The majority of bonds issued by TDHCA are associated with the State's Private Activity Bond (PAB) authority. TDHCA uses the bond proceeds to finance the construction, acquisition, or rehabilitation of rental properties affordable to very low, low, and moderate income households. Property owners offer a variety of supportive services such as health screening and immunizations, child care, after school tutoring, computer facilities, job training, ESL training, parenting classes, personal finance classes and other adult education to benefit the residents of the development. This strategy supports the Department's Goal 1(To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families) and the State's Priority Goal 4, Economic Development, and the State's Priority Goal 8, General Government, which includes housing affordability. The indirect economic impact of construction spurred by this strategy supports Benchmark 4.10 (Texas unemployment rate).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 8 Federal Mortgage Loans through the MF Mortgage Revenue Bond Program — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

State law dictates the amount of PAB authority reserved for TDHCA for this purpose. If other Private Actvity Bond (PAB) issuers do not utilize their authority, TDHCA and others may apply to receive this unused authority. In 2007 and 2008, TDHCA was able to obtain and utlize additional authority.

Multifamily PAB activity has generally decreased over the last 3 years throughout the state in response to various economic factors. Because gross allowable rents have remained stagnant while utility costs have increased, the maximum allowable rent that can be charged for an affordable unit has actually decreased. At the same time, operating costs have increased. The increase in overall operating expenses and stagnant rents make it more difficult to make these transactions financially feasible. Because PAB transactions are coupled with housing tax credits, the current reduction in credit pricing (see Strategy A.1.5.) poses further challenges. In addition, natural disasters experienced in the state in recent years has increased construction cost while affecting the availability of materials and labor; this has had a significant impact on the housing market and decreased overall households served. Recently passed federal legislation should help mitigate the impact of some of these factors by providing additional bond cap (HR 3221).

The reallignment of FTEs from 2010-2011 reflects a more accurate reflection of staff supporting this activity.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 2 Provide Information and Assistance — Statewide Goal/Benchmark: 8 12
OBJECTIVE: 1 Provide Information and Assistance for Housing and Community Services — Service Categories:
STRATEGY: 1 Center for Housing Research, Planning, and Communications — Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Information and Technical Assistance Requests Completed	3,824.00	5,200.00	4,900.00	5,000.00	5,000.00
2	Number of Short Term Technical Assistance Requests Completed	1,874.00	3,700.00	3,700.00	4,000.00	4,000.00
3	No. Long Term Information and Technical Assistance Requests Completed	1,950.00	1,500.00	1,200.00	1,000.00	1,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	$386,543	$361,829	$457,608	$457,608	$457,608
1002	OTHER PERSONNEL COSTS	$17,516	$3,206	$20,160	$20,160	$20,160
2001	PROFESSIONAL FEES AND SERVICES	$155	$120,290	$123,000	$121,985	$121,985
2003	CONSUMABLE SUPPLIES	$1,687	$1,704	$4,480	$4,480	$4,480
2004	UTILITIES	$381	$784	$1,130	$1,130	$1,130
2005	TRAVEL	$4,507	$8,500	$19,000	$19,000	$19,000
2006	RENT - BUILDING	$2,822	$1,185	$3,000	$2,000	$2,000
2007	RENT - MACHINE AND OTHER	$1,133	$481	$1,707	$1,707	$1,707
2009	OTHER OPERATING EXPENSE	$31,426	$40,130	$61,773	$58,298	$59,298
5000	CAPITAL EXPENDITURES	$0	$774	$2,555	$2,170	$2,567
TOTAL, OBJECT OF EXPENSE		**$446,170**	**$538,883**	**$694,413**	**$688,538**	**$689,935**
Method of Financing:						
1	General Revenue Fund	$0	$120,000	$120,000	$120,000	$120,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$0**	**$120,000**	**$120,000**	**$120,000**	**$120,000**
Method of Financing:						
127	Community Affairs Fed Fd					
	14.239.000 HOME Investment Partnersh	$110,548	$104,507	$62,141	$62,141	$62,141

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 2 Provide Information and Assistance | Statewide Goal/Benchmark: 8 12
OBJECTIVE: 1 Provide Information and Assistance for Housing and Community Services | Service Categories:
STRATEGY: 1 Center for Housing Research, Planning, and Communications | Service: NA Income: NA Age: NA

CODE DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
CFDA Subtotal, Fund 127	$110,548	$104,507	$62,141	$62,141	$62,141
SUBTOTAL, MOF (FEDERAL FUNDS)	**$110,548**	**$104,507**	**$62,141**	**$62,141**	**$62,141**
Method of Financing:					
666 Appropriated Receipts	$335,622	$314,376	$512,272	$506,397	$507,794
SUBTOTAL, MOF (OTHER FUNDS)	**$335,622**	**$314,376**	**$512,272**	**$506,397**	**$507,794**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				**$688,538**	**$689,935**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	**$446,170**	**$538,883**	**$694,413**	**$688,538**	**$689,935**
FULL TIME EQUIVALENT POSITIONS:	**6.9**	**6.3**	**6.3**	**7.6**	**7.6**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Texas Government Code Section 2306.252 states that TDHCA shall establish a Housing Resource Center for providing information and technical assistance on housing needs, programs, available funding, and department performance to individuals, local governments, community organizations, and nonprofit developers. This includes maintenance of TDHCA's interactive consumer assistance website, which provides information on local and statewide affordable housing and community services programs. Research and referral services provided to the public include census and housing needs data analysis, information on the availability of funding and services to individual consumers, and information for organizations interested in providing services. The Housing Resource Center also assists in the development of housing policy, including the preparation of the State Low Income Housing Plan and Annual Report and the Consolidated Plan. This strategy supports the Department's Goal 1 (To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families) and the State's Priority Goal 4, Economic Development, which includes promotion of a favorable and fair system to fund necessary state services and addressing housing needs.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The number of information and technical assistance requests fulfilled by the Housing Center depends on the number of requests received which varies based on economic conditions throughout the state and the need for affordable housing and community services assistance. TDHCA received increased call in 2008 as a result of the mortgage crisis.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 2 Provide Information and Assistance — Statewide Goal/Benchmark: 8 12
OBJECTIVE: 2 Promote and Improve Homeownership Along the Texas-Mexico Border — Service Categories:
STRATEGY: 1 Assist Colonias, Border Communities, and Nonprofits — Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	# of Tech Assistance Contacts and Visits Conducted by Field Offices	963.00	800.00	800.00	800.00	800.00
2	Number of Colonia Residents Receiving Assistance	5,000.00	12,000.00	12,000.00	12,000.00	12,000.00
3	# of Entities and/or Individuals Receiving Informational Resources	631.00	1,000.00	1,000.00	1,000.00	1,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	$414,247	$439,026	$195,021	$195,021	$195,021
1002	OTHER PERSONNEL COSTS	$8,035	$19,295	$1,860	$1,860	$1,860
2001	PROFESSIONAL FEES AND SERVICES	$3,111	$2,519	$3,000	$3,000	$3,000
2003	CONSUMABLE SUPPLIES	$2,005	$4,104	$4,536	$4,536	$4,536
2004	UTILITIES	$8,956	$6,626	$2,760	$2,760	$2,760
2005	TRAVEL	$32,945	$48,937	$43,675	$43,675	$43,675
2006	RENT - BUILDING	$3,808	$7,527	$8,500	$8,500	$8,500
2007	RENT - MACHINE AND OTHER	$211	$2,402	$747	$747	$747
2009	OTHER OPERATING EXPENSE	$61,699	$53,157	$26,373	$31,883	$31,883
5000	CAPITAL EXPENDITURES	$2,470	$652	$2,152	$1,550	$1,833
TOTAL, OBJECT OF EXPENSE		**$537,487**	**$584,245**	**$288,624**	**$293,532**	**$293,815**
Method of Financing:						
1	General Revenue Fund	$159,439	$228,031	$154,642	$0	$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$159,439**	**$228,031**	**$154,642**	**$0**	**$0**
Method of Financing:						
127	Community Affairs Fed Fd					
	14.239.000 HOME Investment Partnersh	$57,278	$5,112	$0	$0	$0

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 2 Provide Information and Assistance — Statewide Goal/Benchmark: 8 12

OBJECTIVE: 2 Promote and Improve Homeownership Along the Texas-Mexico Border — Service Categories:

STRATEGY: 1 Assist Colonias, Border Communities, and Nonprofits — Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
CFDA Subtotal, Fund	127	$57,278	$5,112	$0	$0	$0
SUBTOTAL, MOF (FEDERAL FUNDS)		**$57,278**	**$5,112**	**$0**	**$0**	**$0**
Method of Financing:						
666	Appropriated Receipts	$237,770	$282,847	$65,727	$225,277	$225,560
777	Interagency Contracts	$83,000	$68,255	$68,255	$68,255	$68,255
SUBTOTAL, MOF (OTHER FUNDS)		**$320,770**	**$351,102**	**$133,982**	**$293,532**	**$293,815**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$293,532**	**$293,815**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$537,487**	**$584,245**	**$288,624**	**$293,532**	**$293,815**
FULL TIME EQUIVALENT POSITIONS:		**6.8**	**7.0**	**3.0**	**3.4**	**3.4**

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy reflects technical assistance and services provided through the Office of Colonia Initiatives (OCI), which administers/ coordinates efforts to enhance living conditions in colonias along the Texas-Mexico border. OCI maintains offices in El Paso, Laredo, and Edinburg to offer technical assistance and information resources to colonia residents, nonprofits, for-profits, units of local government, and communities along the border related to TDHCA and other homeownership programs available. OCI also administers the Colonia Self-Help Center (SHC) Program (§2306.582, Tex, Gov, Code Ann), which serves targeted colonias in Cameron/Willacy, El Paso, Hidalgo, Starr, Webb, Val Verde, and Maverick counties. SHCs provide a wide array of direct services, including housing rehabilitation, new construction, infrastructure construction, construction skills training, and credit counseling and indirect services such as solid waste removal and tool lending libraries that benefit the entire Colonia SHC service area. Services offered vary for each SHC.

This strategy supports TDHCA's Goal 1 (To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families) and the State’s Priority Goal 4, Economic Development, and the State’s Priority Goal 8, General Government, which includes housing affordability. Through its support of safe and sanitary housing and activities such as solid waste removal campaigns which decrease disease vectors, it also supports State Priority Goal 3, Health and Human Services.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 2 Provide Information and Assistance — Statewide Goal/Benchmark: 8 12
OBJECTIVE: 2 Promote and Improve Homeownership Along the Texas-Mexico Border — Service Categories:
STRATEGY: 1 Assist Colonias, Border Communities, and Nonprofits — Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

The Colonia Self-Help Center (SHC) Program is funded out of a 2.5% set-aside from the Community Development Block Grant Program as required under Rider 8 of the Department's appropriations. In recent years, CDBG funding to the state has declined, decreasing funds available for existing SHC and diminishing the ability to expand the program to other counties.

SHCs and nonprofit self-help center service providers are eligible to receive other TDHCA funds, such as Bootstrap and Contract for Deed funding and often are also administering these and similar programs.

The lack of affordable housing options and the prevalence of predatory lending practices in colonias affect the need for the types of activity reflected under this strategy. The training offered also helps address the lack of eligible nonprofits which the capacity to carry out affordable housing programs.

Changes in Output 2 from 2007 and 2008 forward reflect adoption of the methodology used to report level of activity to HUD; this methodology includes mechanisms to report Public Service activities that benefit entire service areas rather only reporting direct assistance to individual addresses. Changes in Output 3 reflect increased trainings being offered.

Staffing and funding declines reflects a reallignment in presentation of resources associated with the administration of the OCI-administered Bootstrap Program (reflected under A.1.3 for 2009 forward) and does not reflect a diminution of services or resources dedicated to colonia residents.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs — Statewide Goal/Benchmark: 3 0

OBJECTIVE: 1 Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year — Service Categories:

STRATEGY: 1 Administer Poverty-related Federal Funds through a Network of Agencies — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY	1 Number of Persons Assisted through Homeless and Poverty-related Funds	565,822.00	531,498.00	531,498.00	531,498.00	531,498.00
KEY	2 Number of Persons Assisted That Achieve Incomes Above Poverty Level	3,087.00	2,760.00	2,800.00	2,800.00	2,800.00
	3 # of Persons Assisted by the Community Services Block Grant Program	481,598.00	430,592.00	430,592.00	430,592.00	430,592.00
	4 Number of Persons Assisted by the Emergency Shelter Grant Program	84,224.00	100,906.00	100,906.00	100,906.00	100,906.00
Efficiency Measures:						
	1 Average Agency Administrative Cost Per Person Assisted	3.20	2.71	3.73	3.73	3.73
Explanatory/Input Measures:						
	1 Number of Emergency Shelters	923.00	923.00	923.00	923.00	923.00
	2 Number of Persons in Poverty	4,172,890.00	4,172,890.00	4,172,890.00	4,172,890.00	4,172,890.00
	3 Number of Shelters Assisted	76.00	77.00	76.00	76.00	76.00
Objects of Expense:						
1001	SALARIES AND WAGES	$831,477	$735,004	$845,944	$845,944	$845,944
1002	OTHER PERSONNEL COSTS	$16,860	$38,750	$19,680	$19,680	$19,680
2001	PROFESSIONAL FEES AND SERVICES	$65,728	$15,469	$76,000	$79,721	$79,721
2003	CONSUMABLE SUPPLIES	$4,032	$6,658	$10,961	$10,961	$10,961
2004	UTILITIES	$66	$388	$2,190	$2,190	$2,190
2005	TRAVEL	$80,393	$38,836	$58,905	$58,905	$58,905
2006	RENT - BUILDING	$8,053	$1,940	$21,500	$21,500	$21,500
2007	RENT - MACHINE AND OTHER	$9,500	$1,948	$3,202	$3,202	$3,202
2009	OTHER OPERATING EXPENSE	$227,476	$90,015	$102,342	$100,947	$95,447
4000	GRANTS	$33,908,833	$35,504,679	$34,855,378	$34,855,378	$34,855,378

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs — Statewide Goal/Benchmark: 3 0
OBJECTIVE: 1 Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year — Service Categories:
STRATEGY: 1 Administer Poverty-related Federal Funds through a Network of Agencies — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
5000	CAPITAL EXPENDITURES	$2,096	$1,320	$4,358	$4,960	$5,867
TOTAL, OBJECT OF EXPENSE		**$35,154,514**	**$36,435,007**	**$36,000,460**	**$36,003,388**	**$35,998,795**
Method of Financing:						
1	General Revenue Fund	$0	$218,000	$109,000	$109,000	$109,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$0**	**$218,000**	**$109,000**	**$109,000**	**$109,000**
Method of Financing:						
127	Community Affairs Fed Fd					
	14.231.000 Emergency Shelter Grants	$5,052,135	$5,149,366	$5,086,837	$5,086,837	$5,086,837
	93.569.000 Community Services Block	$30,102,379	$31,067,641	$30,804,623	$30,807,551	$30,802,958
CFDA Subtotal, Fund 127		$35,154,514	$36,217,007	$35,891,460	$35,894,388	$35,889,795
SUBTOTAL, MOF (FEDERAL FUNDS)		**$35,154,514**	**$36,217,007**	**$35,891,460**	**$35,894,388**	**$35,889,795**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$36,003,388**	**$35,998,795**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$35,154,514**	**$36,435,007**	**$36,000,460**	**$36,003,388**	**$35,998,795**
FULL TIME EQUIVALENT POSITIONS:		**15.0**	**13.0**	**13.0**	**15.0**	**15.0**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs — Statewide Goal/Benchmark: 3 0

OBJECTIVE: 1 Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year — Service Categories:

STRATEGY: 1 Administer Poverty-related Federal Funds through a Network of Agencies — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

This strategy reflects poverty and homelessness assistance and prevention activities funded through the federal Community Services Block Grant (CSBG) Program and Emergency Shelter Grants Program (ESGP).

TDHCA's authority to administer the programs derives from the following statutes: CSBG - 42 United States Code 9901 et. seq. and §2306.092, Tex.Gov.Code Ann, and Tex. Admin. Code .ESGP - 42 United States Code 11371 et. seq. and § 2306.094, Tex. Gov. Code Ann, and Tex. Admin. Code.

The Department's Community Services programs provide citizens with poverty-related assistance and homeless related assistance. CSBG funds provide funding for community action agencies to operate a vast array of federal and state funded programs, to coordinate assistance with other service providers, and to offer services that assist persons to transition out of poverty. ESGP funds provide funding to organizations providing services and shelter for homeless persons, to operate and renovate homeless shelters, and to provide homelessness prevention assistance. Persons assisted with CSBG funds must have an income which does not exceed 125% of the federal poverty level and ESGP serves persons at 100% of the federal poverty level. Through its poverty services and shelter funding, this strategy supports TDHCA's Goal 3. By serving those in most need, transitioning people out of poverty, and creating partnerships with local communities, it also supports the State's Priority Goal 3. Health and Human Services.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Performance under this strategy is affected by the level of federal funding, the amount of funding contractors can leverage from other sources, and the general state of the economy. ESGP is additionally affected by weather conditions; harsh weather often increases the number of homeless persons seeking shelter.

The decrease in persons served through CSBG from 2007 to 2008 is partially due to a one-time funding increase for the Comprehensive Energy Assistance Program (some but not all CSBG contractors also administer CEAP); this allowed an increase in persons served in 2007. The remaining declines reflect a reduction in the amount of funding contractors were able to leverage from other sources between those years.

The total persons served through ESGP in 2007 were underreported. TDHCA will be revising this figure to 104,451

The decrease in persons that achieve incomes above poverty level is primarily attributable to increased challenges encountered by CSBG clients in finding employment that offer wages sufficient to raise household income above poverty.

The increase in the efficiency measure reflects a projected decrease in the number of persons to be served from 2008 thru 2011; in addition, several vacancies in 2008 resulted in reduced administrative expenses that year.

Performance projections for 2010-2011 are based on the assumption of level funding for these programs

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs — Statewide Goal/Benchmark: 3 0

OBJECTIVE: 2 Reduce Cost of Home Energy for 6% of Very Low Income Households — Service Categories:

STRATEGY: 1 Administer State Energy Assistance Programs — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Households Receiving Energy Assistance	83,529.00	51,502.00	51,502.00	48,152.00	48,152.00
KEY 2	Number of Dwelling Units Weatherized by the Department	5,404.00	3,004.00	2,960.00	2,809.00	2,774.00
Efficiency Measures:						
1	Average Cost Per Household Served	22.00	24.85	24.42	38.43	38.45
2	Average Cost Per Home Weatherized	2,860.00	3,499.00	3,544.00	3,574.00	3,621.00
Explanatory/Input Measures:						
1	Number of Very Low Income Households Eligible for Energy Assistance	1,324,059.00	1,324,059.00	1,324,059.00	1,324,059.00	1,324,059.00
Objects of Expense:						
1001	SALARIES AND WAGES	$780,806	$747,728	$901,178	$901,178	$901,178
1002	OTHER PERSONNEL COSTS	$21,854	$46,587	$17,520	$17,520	$17,520
2001	PROFESSIONAL FEES AND SERVICES	$47,243	$27,573	$58,000	$62,218	$62,218
2003	CONSUMABLE SUPPLIES	$21,697	$5,702	$4,523	$4,523	$4,523
2004	UTILITIES	$381	$610	$2,190	$2,190	$2,190
2005	TRAVEL	$90,925	$70,973	$83,202	$83,202	$83,202
2006	RENT - BUILDING	$889	$1,978	$7,500	$7,500	$7,500
2007	RENT - MACHINE AND OTHER	$5,296	$1,488	$3,629	$3,629	$3,629
2009	OTHER OPERATING EXPENSE	$330,427	$226,236	$223,914	$231,019	$230,519
4000	GRANTS	$51,431,591	$49,183,067	$47,865,535	$47,865,535	$47,865,535
5000	CAPITAL EXPENDITURES	$2,303	$1,450	$4,788	$5,270	$6,233
TOTAL, OBJECT OF EXPENSE		**$52,733,412**	**$50,313,392**	**$49,171,979**	**$49,183,784**	**$49,184,247**
Method of Financing:						
5100	System Benefit Account	$0	$0	$0	$0	$0

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs — Statewide Goal/Benchmark: 3 0
OBJECTIVE: 2 Reduce Cost of Home Energy for 6% of Very Low Income Households — Service Categories:
STRATEGY: 1 Administer State Energy Assistance Programs — Service: 15 Income: A.1 Age: B.3

CODE DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	**$0**	**$0**	**$0**	**$0**	**$0**
Method of Financing:					
127 Community Affairs Fed Fd					
81.042.000 Weatherization Assistance	$4,259,153	$5,453,268	$5,017,563	$5,017,563	$5,017,563
93.568.000 Low-Income Home Energy As	$46,595,664	$43,885,124	$43,179,416	$43,191,221	$43,191,684
CFDA Subtotal, Fund 127	$50,854,817	$49,338,392	$48,196,979	$48,208,784	$48,209,247
SUBTOTAL, MOF (FEDERAL FUNDS)	**$50,854,817**	**$49,338,392**	**$48,196,979**	**$48,208,784**	**$48,209,247**
Method of Financing:					
666 Appropriated Receipts	$1,878,595	$975,000	$975,000	$975,000	$975,000
SUBTOTAL, MOF (OTHER FUNDS)	**$1,878,595**	**$975,000**	**$975,000**	**$975,000**	**$975,000**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				**$49,183,784**	**$49,184,247**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	**$52,733,412**	**$50,313,392**	**$49,171,979**	**$49,183,784**	**$49,184,247**
FULL TIME EQUIVALENT POSITIONS:	**14.7**	**13.7**	**13.7**	**17.0**	**17.0**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs — Statewide Goal/Benchmark: 3 0

OBJECTIVE: 2 Reduce Cost of Home Energy for 6% of Very Low Income Households — Service Categories:

STRATEGY: 1 Administer State Energy Assistance Programs — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

This strategy reflects activities undertaken to assist very low income households meet their energy needs. Funding for these activities derives from the Low Income Home Energy Assistance Program (LIHEAP), administered by the U.S. Department of Health and Human Services, and the U.S. Department of Energy (DOE) and Investor Owned Utility (IOU) contracts. TDHCA administers its energy assistance programs through authority granted under 42 United States Code (USC), §8621 et. seq. (LIHEAP), 42 USC §6861 et. seq. , and §2306.097 Texas Gov't Code Ann.

The Comprehensive Energy Assistance Program (CEAP), funded with LIHEAP funds, provides contracts to organizations in order to provide energy payment and other energy assistance to eligible households. The Weatherization Assistance Program (WAP), funded through LIHEAP, DOE and IOU funds, provides contracts to organizations that provide weatherization services to increase the energy efficiency of dwellings occupied by very low income persons and reduce total energy expenditures. Both CEAP and WAP are available statewide and serve households with incomes at or below 125% of poverty level. This strategy supports TDHCA's Goal 3 (To improve living conditions for the poor and homeless and reduce the cost of home energy for very low income households). By serving those in most need, promoting self-sufficiency through CEAP Co-payment components, and creating partnerships with local communities, it also supports the State's Priority Goal 3, Health and Human Services.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

In 2006, TDHCA received an additional $38,276,836 in LIHEAP funds in response to higher energy costs. The 2007 CEAP and WAP performance figures reflect this one-time funding as a result of funding carryover. Because of the return to level funding, the households served decreased from 2007 to 2008 Projections for 2010 and 2011 reflect anticipated level LIHEAP funding and continued high energy costs.

TDHCA also increased the maximum allowable LIHEAP assistance for WAP, allowing the program to serve homes in poorer condition. This increased the per unit cost and lowered the number of households served through this program. WAP for 2010-2011 projections reflect anticipated level federal funding for 2010-2011.

In areas of the state with regulated utilities, Investor Owned Utilities provide TDHCA with additional weatherization funding. The decrease in Appropriated Receipts from 2008 forward reflects a decrease in such contracts.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 4 Ensure Compliance with Program Mandates — Statewide Goal/Benchmark: 7 0

OBJECTIVE: 1 Monitor Developments & Subrecipient Contracts for Compliance — Service Categories:

STRATEGY: 1 Monitor and Inspect for Federal & State Housing Program Requirements — Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
	1 Total Number of Monitoring Reviews	5,555.00	5,072.00	4,150.00	4,214.00	4,526.00
	2 Total Number of Desk Reviews	4,565.00	4,157.00	3,335.00	3,350.00	3,567.00
KEY	3 Total Number of Onsite Reviews	990.00	915.00	815.00	864.00	959.00
	4 Total Number of Land Use Restriction Agreements Processed	118.00	120.00	120.00	100.00	92.00
Efficiency Measures:						
	1 Average Cost to Monitor a Rental Property	1,299.00	1,289.00	1,586.00	991.00	991.00
Explanatory/Input Measures:						
	1 Total Number of Developments in the Portfolio	1,921.00	2,099.00	1,750.00	1,831.00	1,928.00
	2 Total Number of Units Administered	229,744.00	242,766.00	252,766.00	209,444.00	221,088.00
Objects of Expense:						
1001	SALARIES AND WAGES	$985,319	$1,006,227	$1,269,638	$1,269,638	$1,269,638
1002	OTHER PERSONNEL COSTS	$0	$8,040	$8,856	$8,856	$8,856
2001	PROFESSIONAL FEES AND SERVICES	$583,749	$607,325	$222,440	$150,078	$150,078
2003	CONSUMABLE SUPPLIES	$9,943	$7,589	$10,323	$10,323	$10,323
2004	UTILITIES	$2,249	$2,946	$4,570	$4,570	$4,570
2005	TRAVEL	$98,857	$116,019	$150,500	$150,500	$150,500
2006	RENT - BUILDING	$3,193	$3,132	$8,500	$8,500	$8,500
2007	RENT - MACHINE AND OTHER	$8,497	$5,291	$4,821	$4,821	$4,821
2009	OTHER OPERATING EXPENSE	$165,270	$111,613	$209,929	$226,302	$201,502
5000	CAPITAL EXPENDITURES	$3,662	$1,711	$5,649	$6,355	$7,517
TOTAL, OBJECT OF EXPENSE		**$1,860,739**	**$1,869,893**	**$1,895,226**	**$1,839,943**	**$1,816,305**
Method of Financing:						
666	Appropriated Receipts	$1,860,739	$1,869,893	$1,895,226	$1,839,943	$1,816,305

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 4 Ensure Compliance with Program Mandates — Statewide Goal/Benchmark: 7 0

OBJECTIVE: 1 Monitor Developments & Subrecipient Contracts for Compliance — Service Categories:

STRATEGY: 1 Monitor and Inspect for Federal & State Housing Program Requirements — Service: NA Income: NA Age: NA

CODE DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
SUBTOTAL, MOF (OTHER FUNDS)	**$1,860,739**	**$1,869,893**	**$1,895,226**	**$1,839,943**	**$1,816,305**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				**$1,839,943**	**$1,816,305**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	**$1,860,739**	**$1,869,893**	**$1,895,226**	**$1,839,943**	**$1,816,305**
FULL TIME EQUIVALENT POSITIONS:	**22.5**	**22.0**	**22.0**	**21.0**	**21.0**

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy reflects TDHCA activities required to monitor the compliance of TDHCA housing programs with state and federal regulatory mandates, including the requirements found in Sections 2306.081, 2306.185, 2306.257, and 2306.267 of the Texas Government Code. The Department monitors multifamily and single family rental properties financed through its programs for compliance with program requirements, including rent and income limits. The Department uses onsite monitoring visits and desk reviews for in-depth scrutiny and overall assessment. The work includes reviews of owner reports, property compliance reports, tenant files, physical inspections of program units and building exteriors, and other program records. Training programs are offered to project owners and managers to promote compliance. This strategy also reflects initial site inspection of each Housing Tax Credit application received by TDHCA. By ensuring compliance with federal and state program mandates and implementing clear standards, this strategy supports TDHCA's Goal 4 and the State Priority Goal 7 (Regulatory).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The Department's performance measures have historically included information regarding the FDIC's Affordable Housing Program. The Department has been monitoring this portfolio of properties at the request of the FDIC since 1993. To focus on oversight of the rental developments actually funded by TDHCA, notice of termination of the Memorandum of Understanding was given to the FDIC. Effective September 1, 2008, the number of properties, and units administered will decrease as follows:

Properties: From 1,966 to 1,694. (There are 272 FDIC properties that TDHCA will no longer monitor.)

Number of units: From 230,610 to 186,156.

The elimination of the FDIC contract will also decrease the required number of onsite visits and desk reviews. This is reflected in the decrease in projected performance measures for 2009 followed by normal increases in the performance measures in 2010.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 4 Ensure Compliance with Program Mandates — Statewide Goal/Benchmark: 7 0

OBJECTIVE: 1 Monitor Developments & Subrecipient Contracts for Compliance — Service Categories:

STRATEGY: 2 Monitor Subrecipient Contracts — Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Total Number of Contract Monitoring Reviews	131.00	150.00	150.00	208.00	208.00
2	Number of Single Audit Reviews	187.00	140.00	140.00	194.00	194.00
Efficiency Measures:						
1	Average Cost to Monitor a Contract	5,109.00	4,679.00	4,913.00	3,738.00	3,738.00
Explanatory/Input Measures:						
1	Number of Contracts Monitored	358.00	430.00	430.00	525.00	525.00
2	Number of Previous Partipation Reviews	710.00	755.00	500.00	500.00	500.00
Objects of Expense:						
1001	SALARIES AND WAGES	$839,019	$1,111,635	$1,579,857	$1,579,857	$1,579,857
1002	OTHER PERSONNEL COSTS	$24,747	$66,401	$50,704	$50,704	$50,704
2001	PROFESSIONAL FEES AND SERVICES	$13,141	$90,512	$110,000	$116,178	$116,178
2003	CONSUMABLE SUPPLIES	$7,836	$8,605	$8,880	$8,880	$8,880
2004	UTILITIES	$1,619	$4,672	$10,458	$10,458	$10,458
2005	TRAVEL	$54,518	$143,614	$110,500	$110,500	$110,500
2006	RENT - BUILDING	$4,091	$2,153	$12,175	$12,175	$12,175
2007	RENT - MACHINE AND OTHER	$1,070	$2,884	$5,636	$5,636	$5,636
2009	OTHER OPERATING EXPENSE	$45,058	$259,925	$219,892	$226,464	$238,664
4000	GRANTS	$0	$439,153,073	$0	$750,000	$750,000
5000	CAPITAL EXPENDITURES	$2,846	$2,281	$7,532	$11,470	$13,567
TOTAL, OBJECT OF EXPENSE		**$993,945**	**$440,845,755**	**$2,115,634**	**$2,882,322**	**$2,896,619**
Method of Financing:						
127	Community Affairs Fed Fd					
	14.228.000 Community Development Blo	$343,413	$424,960,538	$1,009,122	$1,771,122	$1,769,122
	14.239.000 HOME Investment Partnersh	$643,238	$445,221	$1,003,845	$1,008,533	$1,024,830

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 4 Ensure Compliance with Program Mandates — Statewide Goal/Benchmark: 7 0

OBJECTIVE: 1 Monitor Developments & Subrecipient Contracts for Compliance — Service Categories:

STRATEGY: 2 Monitor Subrecipient Contracts — Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
97.087.000	Alternative Housing Pilot Program	$7,294	$15,439,996	$102,667	$102,667	$102,667
CFDA Subtotal, Fund 127		$993,945	$440,845,755	$2,115,634	$2,882,322	$2,896,619
SUBTOTAL, MOF (FEDERAL FUNDS)		**$993,945**	**$440,845,755**	**$2,115,634**	**$2,882,322**	**$2,896,619**
Method of Financing:						
666	Appropriated Receipts	$0	$0	$0	$0	$0
SUBTOTAL, MOF (OTHER FUNDS)		**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$2,882,322**	**$2,896,619**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$993,945**	**$440,845,755**	**$2,115,634**	**$2,882,322**	**$2,896,619**
FULL TIME EQUIVALENT POSITIONS:		**14.5**	**18.0**	**21.5**	**25.5**	**25.5**

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy reflects TDHCA activities required to monitor subrecipients to assess compliance with federal and state regulatory mandates. The Department monitors subrecipients that receive state and federal pass-through funds for compliance with program and financial requirements. The Department uses onsite monitoring visits and desk reviews for in-depth scrutiny and overall assessment. The monitoring scope includes review of subrecipient financial records, single audits, household eligibility files, physical inspections of units, and review of other program records. Also, prior to making an award, the Department assesses an applicant’s compliance history in accordance with §2306.057, Texas Government Code. This strategy also includes FTEs in the Disaster Recovery Division that are fully funded by federal money. By ensuring compliance with federal and state program mandates and implementing clear standards, this strategy supports TDHCA’s Goal 4 and the State Priority Goal 7 (Regulatory).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 4 Ensure Compliance with Program Mandates — Statewide Goal/Benchmark: 7 0

OBJECTIVE: 1 Monitor Developments & Subrecipient Contracts for Compliance — Service Categories:

STRATEGY: 2 Monitor Subrecipient Contracts — Service: NA Income: NA Age: NA

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

Performance under this strategy is affected by the number of existing and new contracts. Changes in federal and state mandates also have an impact on performance.

The high level of previous participation reviews in 2007 and 2008 reflect a higher than anticipated number of contract amendments requiring review. Projections for 2009-2011 are based on anticipated new contracts and the impact of procedural changes which should decrease the number of reviews required.

The Department anticipates an increase in monitoring and onsite reviews conducted in 2010 and 2011 as it strives to ensure successful implementation of program activity.

It should also be noted that the number of single audit reviews conducted is difficult to determine since this depends on the total amount of federal funds a sub-recipient receives, including federal funds from non-TDHCA programs.

HUD Community Development Block Grant Program and FEMA Alternative Housing Pilot Program funds are included under this strategy. Please see Homeland Security schedule for discussion of use of these funds.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 5 Regulate Manufactured Housing Industry — Statewide Goal/Benchmark: 7 8

OBJECTIVE: 1 Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other — Service Categories:

STRATEGY: 1 Provide SOL and Licensing Services in a Timely Manner — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	No. of Manufactured Housing Stmts. of Ownership and Location Issued	86,035.00	75,000.00	80,000.00	80,000.00	80,000.00
2	Number of Licenses Issued	2,602.00	3,100.00	2,650.00	3,100.00	2,650.00
Efficiency Measures:						
1	Avg. Cost Per Manufactured Housing Stmt. of Ownershhip Location Issued	18.14	25.00	25.00	25.00	25.00
Explanatory/Input Measures:						
1	Number of Manufactured Homes of Record in Texas	794,641.00	804,000.00	810,000.00	812,000.00	820,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	$837,524	$981,869	$1,143,680	$1,180,463	$1,240,206
1002	OTHER PERSONNEL COSTS	$27,595	$40,159	$48,750	$50,400	$52,200
2001	PROFESSIONAL FEES AND SERVICES	$2,784	$11,193	$257,900	$50,000	$50,000
2003	CONSUMABLE SUPPLIES	$1,332	$2,918	$22,800	$28,000	$28,000
2004	UTILITIES	$2,099	$8,526	$11,457	$12,100	$12,100
2005	TRAVEL	$7,172	$5,199	$7,000	$8,000	$8,000
2006	RENT - BUILDING	$5,183	$14,783	$12,000	$12,000	$12,000
2007	RENT - MACHINE AND OTHER	$2,478	$8,105	$8,870	$8,870	$8,870
2009	OTHER OPERATING EXPENSE	$81,715	$133,411	$200,000	$228,000	$240,488
5000	CAPITAL EXPENDITURES	$3,103	$2,363	$7,801	$8,928	$10,560
TOTAL, OBJECT OF EXPENSE		**$970,985**	**$1,208,526**	**$1,720,258**	**$1,586,761**	**$1,662,424**
Method of Financing:						
666	Appropriated Receipts	$970,985	$1,208,526	$1,720,258	$1,586,761	$1,662,424
SUBTOTAL, MOF (OTHER FUNDS)		**$970,985**	**$1,208,526**	**$1,720,258**	**$1,586,761**	**$1,662,424**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 5 Regulate Manufactured Housing Industry — Statewide Goal/Benchmark: 7 8

OBJECTIVE: 1 Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other — Service Categories:

STRATEGY: 1 Provide SOL and Licensing Services in a Timely Manner — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$1,586,761**	**$1,662,424**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$970,985**	**$1,208,526**	**$1,720,258**	**$1,586,761**	**$1,662,424**
FULL TIME EQUIVALENT POSITIONS:		**25.0**	**27.2**	**27.2**	**29.6**	**29.6**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Pursuant to Tex. Occ. Code, Chapter 1201 (the “Manufactured Housing Standards Act”), Subchapter C, the Manufactured Housing Division (MHD) maintains current records regarding manufactured homes (“Statements of Ownership and Location” or “SOLs”) and licensees. SOLs are records of who owns the home, where it is located, whether the owner has elected to treat it as real property or personal property, and, if it is personal property, whether there are any liens on it. Completed SOL applications are processed within fifteen working days. SOLs provide a centralized source of records that is essential to homeowners, licensees under the MH Act, lenders, taxing authorities, and others.

All manufactured housing occupational licenses required under the MH Act are valid for two years and are processed by 1.5 assigned FTEs. Renewals may be done via Texas Online.

MHD also contracts with TDHCA to perform inspections and review and issue the licenses of migrant labor housing facilities, which TDHCA regulates.

Functional activities include processing applications for licenses and SOLs, customer service, policy/planning, consumer protection/enforcement, and quality assurance. These support the TDHCA’s Goal Number 5 (to protect the public by regulating the manufactured housing industry in accordance with state and federal laws), the State's Priority Goal 7 (ensuring that Texans are effectively and efficiently served by high-quality professionals and businesses) and affect Benchmark 8 (percent new and renewed licenses issued via Internet).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 5 Regulate Manufactured Housing Industry — Statewide Goal/Benchmark: 7 8

OBJECTIVE: 1 Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other — Service Categories:

STRATEGY: 1 Provide SOL and Licensing Services in a Timely Manner — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

The volume of SOLs and licenses to be processed is determined by the number of manufactured housing transactions and the number of licensees. The decrease in SOLs between 2007 and 2008 reflects a softening in the market together as industry adjustment to changes made as a result of House Bill (HB) 1470, 80th Texas Legislature. HB 1460, which took effect January 1, 2008, requires more stringent procedures to transfer ownership and clarifies responsibilities of businesses licensed by the MHD. TDHCA anticipates that the number of SOLs issued in from 2009 forward will increase as the public and tax offices become more familiar with these requirements.

MHD is updating its database system with an integrated web-enabled system. The upgrade should be operational in 2010 and is expected to increase MHD’s efficiencies by providing faster accessibility. This would also reduce costs currently associated with the mailing, scanning and processing of data. Internal factors include not only MHD’s allocation of resources but the efficiency of its processes, which MHD continually seeks to improve.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 5 Regulate Manufactured Housing Industry — Statewide Goal/Benchmark: 7 0
OBJECTIVE: 1 Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other — Service Categories:
STRATEGY: 2 Conduct Inspections of Manufactured Homes in a Timely Manner — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Routine Installation Inspections Conducted	4,603.00	4,100.00	5,000.00	5,000.00	5,000.00
2	Number of Non-routine Inspections Conducted	2,100.00	2,400.00	2,300.00	2,300.00	2,300.00
Efficiency Measures:						
1	Average Cost Per Inspection	159.01	149.00	150.00	150.00	150.00
Explanatory/Input Measures:						
KEY 1	Number of Installation Reports Received	14,963.00	13,000.00	13,000.00	13,000.00	13,000.00
2	Number of Installation Inspections with Deviations	622.00	450.00	500.00	500.00	500.00
Objects of Expense:						
1001	SALARIES AND WAGES	$993,050	$999,303	$1,105,059	$1,114,882	$1,171,306
1002	OTHER PERSONNEL COSTS	$34,725	$49,205	$46,250	$49,000	$50,750
2001	PROFESSIONAL FEES AND SERVICES	$5,926	$10,528	$112,700	$35,000	$35,000
2003	CONSUMABLE SUPPLIES	$3,847	$3,973	$8,800	$12,000	$12,000
2004	UTILITIES	$7,873	$13,305	$10,353	$10,890	$10,890
2005	TRAVEL	$143,868	$152,688	$135,100	$204,400	$204,400
2006	RENT - BUILDING	$19,042	$12,393	$23,100	$21,700	$21,700
2007	RENT - MACHINE AND OTHER	$7,910	$9,409	$8,015	$8,015	$8,015
2009	OTHER OPERATING EXPENSE	$156,780	$119,271	$110,198	$120,000	$128,706
5000	CAPITAL EXPENDITURES	$3,103	$1,369	$4,519	$6,349	$7,509
TOTAL, OBJECT OF EXPENSE		**$1,376,124**	**$1,371,444**	**$1,564,094**	**$1,582,236**	**$1,650,276**
Method of Financing:						
127	Community Affairs Fed Fd					
	14.000.002 HUD DU100K90016710	$505,230	$423,883	$100,000	$200,000	$200,000
CFDA Subtotal, Fund 127		$505,230	$423,883	$100,000	$200,000	$200,000

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 5 Regulate Manufactured Housing Industry — Statewide Goal/Benchmark: 7 0

OBJECTIVE: 1 Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other — Service Categories:

STRATEGY: 2 Conduct Inspections of Manufactured Homes in a Timely Manner — Service: 17 Income: A.2 Age: B.3

CODE DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
SUBTOTAL, MOF (FEDERAL FUNDS)	**$505,230**	**$423,883**	**$100,000**	**$200,000**	**$200,000**
Method of Financing:					
666 Appropriated Receipts	$870,894	$947,561	$1,464,094	$1,382,236	$1,450,276
SUBTOTAL, MOF (OTHER FUNDS)	**$870,894**	**$947,561**	**$1,464,094**	**$1,382,236**	**$1,450,276**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				**$1,582,236**	**$1,650,276**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	**$1,376,124**	**$1,371,444**	**$1,564,094**	**$1,582,236**	**$1,650,276**
FULL TIME EQUIVALENT POSITIONS:	**17.6**	**17.0**	**17.0**	**18.5**	**18.5**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Pursuant to Tex. Occ. Code, Chapter 1201 (the “Manufactured Housing Standards Act”), Subchapter G, the Manufactured Housing Division (MHD) inspects at least 25% of all manufactured home installations, focusing on multi-section homes and homes installed in Wind Zone II (areas prone to hurricanes). MHD also conducts inspections in connection with consumer complaints and investigations and its duties as HUD’s State Administrative Agency. Under a contractual arrangement with TDHCA, MHD also performs inspections of properties subject to various affordable housing programs that TDHCA administers and the inspection of migrant labor housing facilities, which TDHCA licenses in accordance with HB 1099, 79th Legislature, Regular Session. To promote efficiency, MHD inspectors are available to assist TDHCA with other inspection needs and to assist on a statewide basis in disaster recovery matters. Functional activities include the issuance of orders to carry out responsibilities found and assigned in the inspection process and preparation of reports, including investigative reports. These activities support Goal Number 5 (to protect the public by regulating the manufactured housing industry in accordance with state and federal laws), the State's Priority Goal 7 (ensuring that Texans are effectively and efficiently served by high-quality professionals and businesses). The high level of compliance benefits consumers and provides stability in the manufactured housing industry by promoting a level playing field.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 5 Regulate Manufactured Housing Industry — Statewide Goal/Benchmark: 7 0

OBJECTIVE: 1 Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other — Service Categories:

STRATEGY: 2 Conduct Inspections of Manufactured Homes in a Timely Manner — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

The required level of inspection activity is determined chiefly by the number of homes installed, the number of consumer complaints filed, and the number of migrant labor facilities and affordable housing properties that the Department needs to have inspected, none of which MHD controls. This strategy targets the statutory requirement of inspecting at least 25% of all manufactured home installations and 100% of all complaints about homes and/or installation issues.

The Division is currently working on upgrading its database system with an integrated web-enabled system that is estimated to be implemented in FY 2010. The upgrade is expected to increase the Division's efficiencies by providing faster accessibility and would also have costs reduction effect in mail, scanning and processing of data.

HUD pays MHD to act as its State Administrative Agency. Due to prior receipt of federal funds in excess of what had been projected, MHD has been able to realign its method of payment for this strategy, paying more of the 2007 and 2008 costs from federal funds than originally planned, but within SAA requirements.

HUD has been reviewing the method of calculating the fees paid to its SAAs, such as the Division. The new methodology being considered would reduce HUD payments by approximately $175,000 per year. Goal 5 federal fund estimates for 2010 and 2011 are based on this new methodology.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 5 Regulate Manufactured Housing Industry — Statewide Goal/Benchmark: 7 0
OBJECTIVE: 1 Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other — Service Categories:
STRATEGY: 3 Process Complaints/Conduct Investigations/Take Administrative Actions — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Complaints Resolved	1,052.00	825.00	850.00	850.00	850.00
Efficiency Measures:						
1	Average Cost Per Complaint Resolved	1,790.88	1,860.00	1,800.00	1,800.00	1,800.00
KEY 2	Average Time for Complaint Resolution	193.10	150.00	180.00	180.00	180.00
Explanatory/Input Measures:						
KEY 1	Number of Jurisdictional Complaints Received	845.00	610.00	750.00	750.00	750.00
Objects of Expense:						
1001	SALARIES AND WAGES	$872,650	$881,138	$969,888	$983,720	$1,033,506
1002	OTHER PERSONNEL COSTS	$44,641	$43,530	$30,000	$40,600	$42,050
2001	PROFESSIONAL FEES AND SERVICES	$8,798	$10,492	$113,400	$26,000	$26,000
2003	CONSUMABLE SUPPLIES	$4,341	$3,191	$8,400	$10,000	$10,000
2004	UTILITIES	$7,586	$9,732	$9,190	$10,010	$10,010
2005	TRAVEL	$61,092	$64,169	$57,900	$87,600	$87,600
2006	RENT - BUILDING	$19,179	$11,657	$6,000	$9,300	$9,300
2007	RENT - MACHINE AND OTHER	$7,013	$7,614	$7,115	$7,115	$7,115
2009	OTHER OPERATING EXPENSE	$980,138	$581,542	$360,523	$363,292	$374,098
5000	CAPITAL EXPENDITURES	$3,103	$1,483	$4,896	$4,563	$5,398
TOTAL, OBJECT OF EXPENSE		**$2,008,541**	**$1,614,548**	**$1,567,312**	**$1,542,200**	**$1,605,077**
Method of Financing:						
1	General Revenue Fund	$100,000	$0	$0	$0	$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$100,000**	**$0**	**$0**	**$0**	**$0**

Method of Financing:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL:	5	Regulate Manufactured Housing Industry	Statewide Goal/Benchmark:	7 0
OBJECTIVE:	1	Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other	Service Categories:	
STRATEGY:	3	Process Complaints/Conduct Investigations/Take Administrative Actions	Service: 17 Income: A.2 Age: B.3	

CODE DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
127 Community Affairs Fed Fd					
14.000.002 HUD DU100K90016710	$379,566	$354,267	$200,000	$100,000	$100,000
CFDA Subtotal, Fund 127	$379,566	$354,267	$200,000	$100,000	$100,000
SUBTOTAL, MOF (FEDERAL FUNDS)	**$379,566**	**$354,267**	**$200,000**	**$100,000**	**$100,000**
Method of Financing:					
666 Appropriated Receipts	$1,528,975	$1,260,281	$1,367,312	$1,442,200	$1,505,077
SUBTOTAL, MOF (OTHER FUNDS)	**$1,528,975**	**$1,260,281**	**$1,367,312**	**$1,442,200**	**$1,505,077**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				**$1,542,200**	**$1,605,077**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	**$2,008,541**	**$1,614,548**	**$1,567,312**	**$1,542,200**	**$1,605,077**
FULL TIME EQUIVALENT POSITIONS:	**17.4**	**17.0**	**17.0**	**15.9**	**15.9**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Pursuant to Tex. Occ. Code, Chapter 1201 (the “Manufactured Housing Standards Act”), Subchapter H, and Tex. Gov. Code, Chapter 2306, the Manufactured Housing Division (MHD) provides effective consumer remedies and promotes compliance and industry-based solutions by receiving, investigating, and handling consumer complaints, taking administrative action as appropriate. Functional activities include intake of complaints, investigations, pursuit of administrative action through the holding of administrative hearings and the issuance of orders, and administration of the Homeowners’ Recovery Trust Fund. MHD has taken related functions of complaint processing and enforcement actions intake and consolidated them in a single consumer protection function to promote efficiency and improve communication with consumers, the industry, and other interested parties. These activities support the TDHCA’s Goal Number 5 (to protect the public by regulating the manufactured housing industry in accordance with state and federal laws), the State's Priority Goal 7 (ensuring that Texans are effectively and efficiently served by high-quality professionals and businesses) and affect Benchmark 5 (the number of documented complaints to professional licensing agencies resolved within six months).

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 5 Regulate Manufactured Housing Industry — Statewide Goal/Benchmark: 7 0

OBJECTIVE: 1 Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other — Service Categories:

STRATEGY: 3 Process Complaints/Conduct Investigations/Take Administrative Actions — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

Performance under this strategy is dictated by the level of consumer complaints and other issues that may require investigation and enforcement.

"Other Operating Expenses" includes Texas Manufactured Homeowners Recovery Trust Fund (Fund) payments. These are used to correct defects in manufactured homes, reimbursement of un-refunded deposits and payments to discharge tax liens in order to provide good and marketable title to homes purchased from retailers, and other allowable used. MHD experienced a large number of claims in 2007.

HUD pays MHD to act as its State Administrative Agency. Due to the receipt of federal funds in prior years in excess of what had been projected, MHD realigned its method of finance in 2007 to pay more of the costs associated with its enforcement strategy from federal funds. This allowed MHD, after consulting with the LBB, to address a backlog of Fund obligations with available appropriated receipts.

HUD has been reviewing the method of calculating the fees paid to its SAAs, such as the Division. The new methodology being considered would reduce HUD payments by approximately $175,000 per year. Goal 5 federal fund estimates for 2010 and 2011 are based on this new methodology. The database upgrade discussed in previous strategies will also increase efficiencies in this area.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 5 Regulate Manufactured Housing Industry — Statewide Goal/Benchmark: 7 8

OBJECTIVE: 1 Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other — Service Categories:

STRATEGY: 4 TexasOnline fees. Estimated and Nontransferable — Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	$2,025	$2,273	$19,120	$19,120	$19,120
TOTAL, OBJECT OF EXPENSE		**$2,025**	**$2,273**	**$19,120**	**$19,120**	**$19,120**
Method of Financing:						
1	General Revenue Fund	$2,025	$2,273	$19,120	$19,120	$19,120
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$2,025**	**$2,273**	**$19,120**	**$19,120**	**$19,120**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$19,120**	**$19,120**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$2,025**	**$2,273**	**$19,120**	**$19,120**	**$19,120**

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Manufactured Housing Division offers license renewal via Texas Online.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 6 Indirect Administration and Support Costs — Statewide Goal/Benchmark: 8 0
OBJECTIVE: 1 Indirect Administration and Support Costs — Service Categories:
STRATEGY: 1 Central Administration — Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
1001	SALARIES AND WAGES	$2,945,779	$3,064,739	$3,446,492	$3,446,492	$3,446,492
1002	OTHER PERSONNEL COSTS	$88,376	$103,689	$110,797	$110,797	$110,797
2001	PROFESSIONAL FEES AND SERVICES	$249,094	$280,059	$325,800	$322,957	$322,957
2003	CONSUMABLE SUPPLIES	$15,534	$22,086	$27,633	$27,633	$27,633
2004	UTILITIES	$7,631	$8,446	$19,600	$19,600	$19,600
2005	TRAVEL	$88,985	$84,938	$123,851	$123,851	$123,851
2006	RENT - BUILDING	$18,791	$6,257	$3,000	$3,000	$3,000
2007	RENT - MACHINE AND OTHER	$10,398	$8,492	$36,165	$36,165	$36,165
2009	OTHER OPERATING EXPENSE	$612,679	$599,574	$598,542	$595,192	$599,492
3001	CLIENT SERVICES	$0	$28,182	$0	$0	$0
5000	CAPITAL EXPENDITURES	$2,929	$4,013	$13,248	$15,190	$17,967
TOTAL, OBJECT OF EXPENSE		**$4,040,196**	**$4,210,475**	**$4,705,128**	**$4,700,877**	**$4,707,954**
Method of Financing:						
1	General Revenue Fund	$65,864	$703,537	$1,043,070	$926,653	$926,653
888	Earned Federal Funds	$782,392	$0	$0	$0	$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$848,256**	**$703,537**	**$1,043,070**	**$926,653**	**$926,653**
Method of Financing:						
666	Appropriated Receipts	$3,191,940	$3,506,938	$3,662,058	$3,774,224	$3,781,301
SUBTOTAL, MOF (OTHER FUNDS)		**$3,191,940**	**$3,506,938**	**$3,662,058**	**$3,774,224**	**$3,781,301**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 6 Indirect Administration and Support Costs — Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Indirect Administration and Support Costs — Service Categories:

STRATEGY: 1 Central Administration — Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$4,700,877**	**$4,707,954**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$4,040,196**	**$4,210,475**	**$4,705,128**	**$4,700,877**	**$4,707,954**
FULL TIME EQUIVALENT POSITIONS:		**47.5**	**47.0**	**47.0**	**49.0**	**49.0**

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy reflects Central Administration services provided to the entire Department and includes the following areas and divisions: Executive Office; Board; Legal Services ; Internal Audit; a portion of Policy and Public Affairs; Human Resources; and Financial Administration. Central Administration services provided to the Manufactured Housing Division are reflected under this strategy.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 6 Indirect Administration and Support Costs — Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Indirect Administration and Support Costs — Service Categories:

STRATEGY: 2 Information Resource Technologies — Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
1001	SALARIES AND WAGES	$1,014,149	$1,128,977	$1,232,358	$1,232,358	$1,232,358
1002	OTHER PERSONNEL COSTS	$15,400	$17,716	$16,080	$16,080	$16,080
2001	PROFESSIONAL FEES AND SERVICES	$24,174	$604	$0	$4,714	$4,714
2003	CONSUMABLE SUPPLIES	$4,346	$21,671	$28,376	$28,376	$28,376
2004	UTILITIES	$3,948	$3,934	$0	$0	$0
2005	TRAVEL	$6,116	$8,747	$12,520	$12,520	$12,520
2006	RENT - BUILDING	$923	$1,994	$3,300	$3,300	$3,300
2007	RENT - MACHINE AND OTHER	$4,118	$924	$4,055	$4,055	$4,055
2009	OTHER OPERATING EXPENSE	$94,387	$155,369	$127,244	$155,364	$137,364
5000	CAPITAL EXPENDITURES	$997	$1,548	$5,111	$5,580	$6,600
TOTAL, OBJECT OF EXPENSE		**$1,168,558**	**$1,341,484**	**$1,429,044**	**$1,462,347**	**$1,445,367**
Method of Financing:						
1	General Revenue Fund	$187,336	$145,572	$161,735	$161,735	$161,735
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$187,336**	**$145,572**	**$161,735**	**$161,735**	**$161,735**
Method of Financing:						
666	Appropriated Receipts	$981,222	$1,195,912	$1,267,309	$1,300,612	$1,283,632
SUBTOTAL, MOF (OTHER FUNDS)		**$981,222**	**$1,195,912**	**$1,267,309**	**$1,300,612**	**$1,283,632**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$1,462,347**	**$1,445,367**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$1,168,558**	**$1,341,484**	**$1,429,044**	**$1,462,347**	**$1,445,367**
FULL TIME EQUIVALENT POSITIONS:		**17.0**	**17.0**	**17.0**	**19.0**	**19.0**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 6 Indirect Administration and Support Costs | Statewide Goal/Benchmark: 8 0

OBJECTIVE: 1 Indirect Administration and Support Costs | Service Categories:

STRATEGY: 2 Information Resource Technologies | Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy provides software development, network, and technical support services to the Department and subrecipients who access agency systems.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 6 Indirect Administration and Support Costs — Statewide Goal/Benchmark: 8 0
OBJECTIVE: 1 Indirect Administration and Support Costs — Service Categories:
STRATEGY: 3 Operations and Support Services — Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense:						
1001	SALARIES AND WAGES	$401,784	$423,855	$432,821	$432,821	$432,821
1002	OTHER PERSONNEL COSTS	$28,205	$15,888	$15,120	$15,120	$15,120
2001	PROFESSIONAL FEES AND SERVICES	$4,701	$4,777	$4,938	$4,985	$4,985
2003	CONSUMABLE SUPPLIES	$2,567	$3,119	$8,238	$8,238	$8,238
2004	UTILITIES	$666	$600	$500	$500	$500
2005	TRAVEL	$153	$0	$3,000	$3,000	$3,000
2006	RENT - BUILDING	$3,173	$1,177	$600	$600	$600
2007	RENT - MACHINE AND OTHER	$1,506	$540	$1,708	$1,708	$1,708
2009	OTHER OPERATING EXPENSE	$33,756	$41,409	$43,410	$51,898	$48,098
5000	CAPITAL EXPENDITURES	$285	$734	$2,421	$2,480	$2,933
TOTAL, OBJECT OF EXPENSE		**$476,796**	**$492,099**	**$512,756**	**$521,350**	**$518,003**
Method of Financing:						
1	General Revenue Fund	$79,134	$64,196	$77,473	$77,473	$77,473
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$79,134**	**$64,196**	**$77,473**	**$77,473**	**$77,473**
Method of Financing:						
666	Appropriated Receipts	$397,662	$427,903	$435,283	$443,877	$440,530
SUBTOTAL, MOF (OTHER FUNDS)		**$397,662**	**$427,903**	**$435,283**	**$443,877**	**$440,530**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$521,350**	**$518,003**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$476,796**	**$492,099**	**$512,756**	**$521,350**	**$518,003**
FULL TIME EQUIVALENT POSITIONS:		**8.0**	**8.0**	**8.0**	**8.0**	**8.0**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 6 Indirect Administration and Support Costs | Statewide Goal/Benchmark: 8 0
OBJECTIVE: 1 Indirect Administration and Support Costs | Service Categories:
STRATEGY: 3 Operations and Support Services | Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

STRATEGY DESCRIPTION AND JUSTIFICATION:

Operating and Support Services are comprised of the Purchasing and Facilities/Support sections.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	**$153,409,792**	**$595,487,605**	**$155,690,046**	**$156,439,776**	**$156,629,629**
METHODS OF FINANCE (INCLUDING RIDERS):				**$156,439,776**	**$156,629,629**
METHODS OF FINANCE (EXCLUDING RIDERS):	**$153,409,792**	**$595,487,605**	**$155,690,046**	**$156,439,776**	**$156,629,629**
FULL TIME EQUIVALENT POSITIONS:	**282.0**	**286.5**	**290.0**	**310.0**	**310.0**

3.B. Rider Revisions and Additions Request

Agency Code:	Agency Name:	Prepared By:	Date:	Request Level:
332	Texas Department of Housing and Community Affairs	Melissa N. Hajjar	07/31/08	Base

Current Rider Number	Page Number in 2008-09 GAA	Proposed Rider Language
2	VII-5	**Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to Government Code 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software, if determined by agency management to be in the best interest of the State of Texas.

	~~2008~~	~~2009~~	2010	2011
a. Acquisition of Information Resource Technologies				
1) Human Resources Systems Upgrade			75,000	75,000
2) Purchase of Information Technologies - Scheduled Replacement of Items	~~200,000~~	~~190,000~~	326,160	335,760
~~1) Manufactured Housing Systems Upgrade~~	~~175,000~~	~~175,000~~		
Total, Acquisition of Information Resource Technologies			401,160	410,760
Total, Capital Budget	~~375,000~~	~~365,000~~	401,160	410,760
Method of Financing (Capital Budget):				
Community Affairs federal Fund No. 127	~~55,998~~	~~71,382~~	114,240	144,268
Appropriated Receipts	~~319,002~~	~~293,618~~	286,920	266,492
Total, Method of Financing	~~375,000~~	~~365,000~~	401,160	410,760

3.B. Rider Revisions and Additions Request
(continued)

4	VII-5	**Appropriations Limited to Revenue Collections.** Fees, fines and other miscellaneous revenues as authorized and generated by the agency shall cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal E, Manufactured Housing, the cost of the appropriations required for manufactured housing consumer claims payments according to the Occupations Code § 1201, Manufactured Housing Standards Act, as well as the "other direct and indirect costs" associated with this goal, appropriated elsewhere in this Act. "Other direct and indirect costs" for Goal E, Manufactured Housing, are estimated to be $903,280 for fiscal year ~~2008~~ 2010 and $947,807 for fiscal year ~~2009~~ 2011. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.
6	VII-5	**Conversions of Executory Contracts.** a. Out of the funds appropriated above, the department shall spend not less than $4,000,000 for the biennium for the sole purpose of contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income. It is the intent of the Legislature that the department shall make a good-faith effort to complete at least 200 contract for deed conversions by August 31, ~~2009~~ 2011. b. The Department of Housing and Community Affairs shall provide a quarterly report to the Legislative Budget Board detailing the number of, and cost for each, contract for deed conversions completed.
9	VII -6	**Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments.** Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from the General Revenue Fund are included above in Strategy A.1.3, Housing Trust Fund – Single Family, estimated to be ~~$900,000~~ $1,000,000 each year.

10	VII-6	**Housing Trust Fund Deposits to the Texas Treasury Safekeeping Trust Company.** Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund – Single Family~~, $2,503,295 in fiscal year 2008 and $2,503,296 in fiscal year 2009~~ all funds above those retained for administrative purposes in fiscal year 2010 and fiscal year 2011 shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, at the beginning of each fiscal year. The amounts to be transferred in fiscal years 20~~08~~10 and 20~~09~~11 include an estimated ~~$900,000~~ $1,000,000 in each fiscal year from interest earnings and loan repayments received, identified above in Rider 9, Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments. *The changes in subsections (a), (b) an (f) retain the original intent of the rider to transfer the majority of funds appropriated for the Housing Trust Fund to the Texas Treasury Safekeeping Trust Company, while eliminating the exact dollar amounts. This will give the Department more flexibility and eliminate the need for the Legislature to revisit the amounts in this rider each biennium.* a. Out of funds appropriated above in Strategy A.1.7, Housing Trust Fund – Multifamily~~, $187,000 in fiscal year 2008 and $187,000 in fiscal year 2009~~ all funds above those retained for administrative purposes in fiscal year 2010 and fiscal year 2011 shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, at the beginning of each fiscal year. b. Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from the General Revenue Fund shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, for the same purpose. c. The Department of Housing and Community Affairs shall provide an annual report to the Legislative Budget Board, the House Appropriations Committee, and the Senate Finance Committee no later than October 1 detailing the agency's plan to expend funds from the Housing Trust Fund during the current fiscal year. d. Notwithstanding limitations on appropriations transfers contained in the General Provisions of this Act, the Department of Housing and Community Affairs is hereby authorized to direct agency resources and transfer such amounts appropriated above, ~~not to exceed $2,500,000 in General Revenue each fiscal year,~~ in excess of the statutorily required $3,000,000 set-aside for the Owner-Builder (Bootstrap) Loan Program established under Government Code, Chapter 2306, which must remain in Strategy A.1.3, Housing Trust Fund – Single Family, between Strategy A.1.3, Housing Trust Fund – Single Family and Strategy A.1.7, Housing Trust Fund – Multifamily. *This change retains the original intent of the rider to allow transferability between the Housing Trust Fund Single Family and Multifamily strategies, while eliminating the exact dollar amounts. This will maintain the Department's flexibility and eliminate the need for the Legislature to revisit the amounts in this rider each biennium, while ensuring there is adequate funding for the Bootstrap Self-Help Housing Loan Program.* e. Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund – Single Family and Strategy A.1.7, Housing Trust Fund – Multifamily, ~~an amount not to exceed $2,500,000 in both strategies in fiscal year 2008 and an amount not to exceed $2,500,000 in fiscal year 2009 in both strategies~~ all funds above those retained for administrative purposes in fiscal year 2010 and fiscal year 2011 and above amounts required in Sections (a) and (b) of this rider, shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, no later than October 1 of each fiscal year. f. At the end of each fiscal year, any unexpended administrative balances appropriated under Strategy A.1.3, Housing Trust Fund – Single Family and A.1.7, Housing Trust Fund – Multifamily shall be transferred to the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306. *This new subsection is requested so that the agency may maximize funds expended directly on programs. This rider will also encourage the Department to continue to increase efficiency and effectiveness of its program administration so that more dollars may be directed to programs.*

3.B. Rider Revisions and Additions Request
(continued)

11	VII-7	**Mortgage Revenue Bond Program.** The Department of Housing and Community Affairs shall operate the First-Time Homebuyer Mortgage Revenue Bond Program in a manner that maximizes the creation of very low-income single family housing by ensuring that at least 30 percent of the lendable bond proceeds are set aside for a period of one year for individuals and families at ~~60~~ 80 percent and below the area median family income (AMFI), while assuring the highest reasonable bond rating. In an effort to facilitate the origination of single family mortgage loans to individuals and families at ~~60~~ 80 percent and below the AMFI, the department shall utilize down payment and closing cost assistance or other assistance methods. *This rider has been revised to reflect statutory changes enacted by SB 1908, 80th Legislative Session.*
13	VII-7	**Manufactured Homeowner Consumer Claims.** Included above in Goal E, Manufactured Housing, the Manufactured Housing Division of the Department of Housing and Community Affairs is appropriated an amount required for the purpose of paying manufactured housing consumer claims from Appropriated Receipts according to the Occupations Code Chapter 1201, Manufactured Housing Standards Act, from Statement of Ownership and Location (SOL) issuance fees involving manufactured housing that are collected during the ~~2008-09~~ 2010-11 biennium. No General Revenue is appropriated for the payment of these claims.

Agency code: **332** Agency name:

Department of Housing and Community Affairs

CODE	DESCRIPTION	Excp 2010	Excp 2011

Item Name: Housing Trust Fund

Item Priority: 1

Includes Funding for the Following Strategy or Strategies: 01-01-03 Provide Funding through the HTF for Affordable Single Family Housing
01-01-07 Provide Funding through the HTF for Affordable Multifamily Housing

		Excp 2010	Excp 2011
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	262,347	262,347
2009	OTHER OPERATING EXPENSE	6,000	0
4000	GRANTS	19,731,653	19,737,653
	TOTAL, OBJECT OF EXPENSE	**$20,000,000**	**$20,000,000**
METHOD OF FINANCING:			
1	General Revenue Fund	20,000,000	20,000,000
	TOTAL, METHOD OF FINANCING	**$20,000,000**	**$20,000,000**
FULL-TIME EQUIVALENT POSITIONS (FTE):		4.00	4.00

DESCRIPTION / JUSTIFICATION:

TDHCA is requesting an additional $20 million in General Revenue per year for the Housing Trust Fund (HTF), the only state-funded housing program. TDHCA will use the funds for housing and housing-related activities for which federal funds are too limited or restrictive. Potential uses of these funds include, but are not limited to, programs for special needs populations, such as persons with disabilities and veterans; supportive housing; rural rental housing; homeownership activities; and activities to enhance the ability of nonprofits to offer affordable housing options. TDHCA currently receives approximately $5.8 million per year for the HTF. This funding level supports assistance to approximately 200 households per year. Recent examples of innovative, targeted activities funded though the HTF include assistance for returning veterans and gap-financing for homes damaged by Hurricane Rita. As with its 2008-2009 funding, TDHCA would determine use of the funds through a public process and provide the resulting allocation plan to the Legislature on October 1 of each year. Total households served would depend on activities funded. Projected performance measures reflect the assumption that the majority but not all funds would be directed towards homeownership activities. These measures would be subject to change based on the allocation plans developed.

TDHCA requests four (4) FTEs to assist in administration of the HTF programs. TDHCA will utilize existing infrastructure for several aspects of program administration, including contract set ups, funding draws, and compliance. Additional staff would assist with intensive program administration - including planning, training and technical assistance - that would be needed to take advantage of the inherent flexibility of the program and provide a range of affordable housing options to distinct populations. Associated costs equal 1.3% of the total funding request.

EXTERNAL/INTERNAL FACTORS:

CODE DESCRIPTION	Excp 2010	Excp 2011

A key factor affecting this request is the state's extensive need for affordable housing. According to the 2000 US Census, over 1.7 million low income households have at least one housing problem, defined as excess housing cost burden, overcrowded households, or living in substandard housing conditions. With current resources available to it, the Department is able help only 17,000 households, most of whom are low income, access affordable housing per year. This represents less than one percent of the need.

Another key external factor is the limitation of the Department's federal funding. The majority of TDHCA housing funds, 99%, derive from the federal government. In recent years, funding for some federal programs, such as the Section 8 program, have seen marked decreases, while others have seen their "purchase power" decrease as a result of increased construction costs and current market conditions. Federal programs are generally highly proscriptive, limiting use of funds for innovative options. Federal legislation recently passed (H.R. 3221) will help address housing needs by providing increased resources, but only for strictly targeted activities. HTF by contrast, is highly flexible, and has been successfully used by TDHCA for state initiatives that could not be supported by federal funds, such as the Bootstrap Program, a state-mandated sweat-equity program promoting homeownership. By providing TDHCA additional funds through this highly adaptable state program, the Department will be better equipped to meet the state's growing and diverse affordable housing needs.

Along with this Exceptional Item Request, TDHCA is including a revision to Rider 10 to allow full transferability between the two Housing Trust Fund strategies. This will allow the program to maintain flexibility provided through appropriations made by the 80th Texas Legislatures and thus be responsive to current needs.

Agency code: **332** Agency name:
Department of Housing and Community Affairs

CODE	DESCRIPTION	Excp 2010	Excp 2011

Item Name: System Benefit Fund Weatherization Assistance
Item Priority: 2
Includes Funding for the Following Strategy or Strategies: 03-02-01 Administer State Energy Assistance Programs

OBJECTS OF EXPENSE:

CODE	DESCRIPTION	Excp 2010	Excp 2011
4000	GRANTS	10,700,000	10,700,000
	TOTAL, OBJECT OF EXPENSE	**$10,700,000**	**$10,700,000**

METHOD OF FINANCING:

CODE	DESCRIPTION	Excp 2010	Excp 2011
5100	System Benefit Account	10,700,000	10,700,000
	TOTAL, METHOD OF FINANCING	**$10,700,000**	**$10,700,000**

DESCRIPTION / JUSTIFICATION:

TDHCA is requesting $10.7 million in General Revenue Dedicated for each year of the biennium in order to restore the low income energy efficiency component of the System Benefit Fund (SBF) to the annual funding level provided by the 77th Texas Legislature. §39.903, Texas Utility Code, establishes the System Benefit Fund.§ 39.903(e)(3) and (f)(2) of the Code identify “targeted energy efficiency programs to be administered by the Texas Department of Housing and Community Affairs in coordination with existing weatherization programs” as the third highest funding priority for the SBF. Weatherization measures that would be funded include items such as installation of wall and attic insulation, caulking, and repair or replacement of energy inefficient appliances and heating and cooling systems. By making the homes more energy efficient, the TDHCA would reduce families’ monthly energy consumption, create a healthier living environment, and decrease overall energy demand in the state. In accordance with statute, TDHCA would leverage these funds with federal Weatherization Assistance for Low Income Persons (WAFLIP) and Low Income Home Energy Assistance Program (LIHEAP) funds to serve an estimated 2,500 additional households in deregulated areas of the state, as well as reach lower income households underserved by existing programs. The program would prioritize populations most vulnerable to extreme weather conditions such as elderly persons 60 years of age and older, persons with disabilities, and households with young children under 6 years of age. High residential energy users and households with high energy cost burdens would also be prioritized. To receive services, a household could earn no more than 125% of the federal poverty level. This funding would be allocated under Strategy C-2-1.

EXTERNAL/INTERNAL FACTORS:

CODE	DESCRIPTION	Excp 2010	Excp 2011

As of July 2008, there were over 14,000 households on weatherization waiting lists statewide. Because demand far outpaces resources available for this service, it is not unusual for a qualifying household to wait over a year for services. Increasing energy costs will likely strengthen demand for weatherization services as will demographic trends, which predict the increase of low income elderly persons and children as a portion of the population.

Current funding sources also do not allow adequate service to lower income households in deregulated areas of the state. Families in the lowest income tiers typically have homes in poor conditions that require more investment to achieve savings. Because of limits on the amount of federal funds that can be invested per units, these households often cannot be served through federal WAP program. For instance, Dept. of Energy (DOE) regulations limit funds used for weatherization to a maximum of $2,826 per unit. Energy conservation activities exceeding $2,966 requires the use of other funds. (In regulated areas of the state, contracts with Investor Owned Utilities help TDHCA serve this population and otherwise provide enhanced and expanded services.)

To ensure effective use of limited resources, only measures resulting in anticipated consumer savings that are at least equal to the cost of the measures would be funded. DOE estimates the national average for energy savings for weatherized homes to be $358 annually.

The SBF is collected in areas of the state where the electric utility industry has been deregulated; therefore funds would only serve these areas. Administrative funds associated with LIHEAP would be utilized to meet state administrative needs for this item, allowing TDHCA to pass all funds through to local contractors for program delivery.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Code Description		Excp 2010	Excp 2011
Item Name:	Housing Trust Fund		
Allocation to Strategy:	1-1-3 Provide Funding through the HTF for Affordable Single Family Housing		
STRATEGY IMPACT ON OUTCOME MEASURES:			
1	Percent Households/Individuals Needing Affordable Housing	0.77%	0.76%
2	Percent Very Low Income Households Receiving Housing Assistance	0.28%	0.28%
3	Percent Low Income Households Receiving Housing Assistance	2.49%	2.48%
OUTPUT MEASURES:			
1	Number of Single Family Households Assisted through the HTF Program	607.00	607.00
EFFICIENCY MEASURES:			
1	Average Amount Per Household for Single Family Bootstrap	30,000.00	30,000.00
2	Average Amount Per Household for Single Family Non-Bootstrap	21,250.00	21,250.00
EXPLANATORY/INPUT MEASURES:			
1	Number of Households Assisted through Single Family Bootstrap	283.00	283.00
2	Number of Households Assisted through Single Family Non-Bootstrap	554.00	554.00
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	262,347	262,347
2009	OTHER OPERATING EXPENSE	6,000	0
4000	GRANTS	19,731,653	19,737,653
TOTAL, OBJECT OF EXPENSE		**$20,000,000**	**$20,000,000**
METHOD OF FINANCING:			
1	General Revenue Fund	20,000,000	20,000,000
TOTAL, METHOD OF FINANCING		**$20,000,000**	**$20,000,000**
FULL-TIME EQUIVALENT POSITIONS (FTE):		4.0	4.0

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Code	Description	Excp 2010	Excp 2011
Item Name:	Housing Trust Fund		
Allocation to Strategy:	1-1-7 Provide Funding through the HTF for Affordable Multifamily Housing		
STRATEGY IMPACT ON OUTCOME MEASURES:			
1	Percent Households/Individuals Needing Affordable Housing	0.75%	0.74%
2	Percent Very Low Income Households Receiving Housing Assistance	0.27%	0.27%
3	Percent Low Income Households Receiving Housing Assistance	2.42%	2.41%
OUTPUT MEASURES:			
1	Number of Multifamily Households Assisted with HTF Program	90.00	90.00
EFFICIENCY MEASURES:			
1	Avg Amt HTF Assistance Per Household for Multifamily New Construction	80,000.00	80,000.00
2	Avg Amt of HTF Assistance Per Household for Multifamily Rehabilitation	25,000.00	25,000.00
EXPLANATORY/INPUT MEASURES:			
1	# of MF Households Assisted through HTF New Construction Activities	53.00	53.00
2	# of MF Households Assisted through HTF Rehabilitation Activities	60.00	60.00
3	Number of Awards such as Capacity Building and Predevelopment Loans	40.00	40.00

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Code Description		Excp 2010	Excp 2011
Item Name:	System Benefit Fund Weatherization Assistance		
Allocation to Strategy:	3-2-1 Administer State Energy Assistance Programs		
STRATEGY IMPACT ON OUTCOME MEASURES:			
1	Percent of Very Low Income Households Receiving Energy Assistance	4.04%	4.03%
OUTPUT MEASURES:			
2	Number of Dwelling Units Weatherized by the Department	2,500.00	2,500.00
EFFICIENCY MEASURES:			
2	Average Cost Per Home Weatherized	3,774.00	3,801.00
EXPLANATORY/INPUT MEASURES:			
1	Number of Very Low Income Households Eligible for Energy Assistance	1,324,059.00	1,324,059.00
OBJECTS OF EXPENSE:			
4000	GRANTS	10,700,000	10,700,000
TOTAL, OBJECT OF EXPENSE		**$10,700,000**	**$10,700,000**
METHOD OF FINANCING:			
5100	System Benefit Account	10,700,000	10,700,000
TOTAL, METHOD OF FINANCING		**$10,700,000**	**$10,700,000**

Agency Code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 8 - 12

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 3 Provide Funding through the HTF for Affordable Single Family Housing — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Excp 2010	Excp 2011
	STRATEGY IMPACT ON OUTCOME MEASURES:		
1	Percent Households/Individuals Needing Affordable Housing	0.77 %	0.76 %
2	Percent Very Low Income Households Receiving Housing Assistance	0.28 %	0.28 %
3	Percent Low Income Households Receiving Housing Assistance	2.49 %	2.48 %
	OUTPUT MEASURES:		
1	Number of Single Family Households Assisted through the HTF Program	607.00	607.00
	EFFICIENCY MEASURES:		
1	Average Amount Per Household for Single Family Bootstrap	30,000.00	30,000.00
2	Average Amount Per Household for Single Family Non-Bootstrap	21,250.00	21,250.00
	EXPLANATORY/INPUT MEASURES:		
1	Number of Households Assisted through Single Family Bootstrap	283.00	283.00
2	Number of Households Assisted through Single Family Non-Bootstrap	554.00	554.00
	OBJECTS OF EXPENSE:		
1001	SALARIES AND WAGES	262,347	262,347
2009	OTHER OPERATING EXPENSE	6,000	0
4000	GRANTS	19,731,653	19,737,653
	Total, Objects of Expense	**$20,000,000**	**$20,000,000**
	METHOD OF FINANCING:		
1	General Revenue Fund	20,000,000	20,000,000
	Total, Method of Finance	**$20,000,000**	**$20,000,000**

Agency Code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 8 - 12

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 3 Provide Funding through the HTF for Affordable Single Family Housing — Service: 15 Income: A.1 Age: B.3

CODE DESCRIPTION	Excp 2010	Excp 2011
FULL-TIME EQUIVALENT POSITIONS (FTE):	4.0	4.0

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Housing Trust Fund

Agency Code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 1 Increase Availability of Safe/Decent/Affordable Housing — Statewide Goal/Benchmark: 4 - 0

OBJECTIVE: 1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing — Service Categories:

STRATEGY: 7 Provide Funding through the HTF for Affordable Multifamily Housing — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Excp 2010	Excp 2011
	STRATEGY IMPACT ON OUTCOME MEASURES:		
1	Percent Households/Individuals Needing Affordable Housing	0.75 %	0.74 %
2	Percent Very Low Income Households Receiving Housing Assistance	0.27 %	0.27 %
3	Percent Low Income Households Receiving Housing Assistance	2.42 %	2.41 %
	OUTPUT MEASURES:		
1	Number of Multifamily Households Assisted with HTF Program	90.00	90.00
	EFFICIENCY MEASURES:		
1	Avg Amt HTF Assistance Per Household for Multifamily New Construction	80,000.00	80,000.00
2	Avg Amt of HTF Assistance Per Household for Multifamily Rehabilitation	25,000.00	25,000.00
	EXPLANATORY/INPUT MEASURES:		
1	# of MF Households Assisted through HTF New Construction Activities	53.00	53.00
2	# of MF Households Assisted through HTF Rehabilitation Activities	60.00	60.00
3	Number of Awards such as Capacity Building and Predevelopment Loans	40.00	40.00

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Housing Trust Fund

Agency Code: **332** Agency name: **Department of Housing and Community Affairs**

GOAL: 3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs — Statewide Goal/Benchmark: 3 - 0
OBJECTIVE: 2 Reduce Cost of Home Energy for 6% of Very Low Income Households — Service Categories:
STRATEGY: 1 Administer State Energy Assistance Programs — Service: 15 Income: A.1 Age: B.3

CODE	DESCRIPTION	Excp 2010	Excp 2011
STRATEGY IMPACT ON OUTCOME MEASURES:			
1	Percent of Very Low Income Households Receiving Energy Assistance	4.04 %	4.03 %
OUTPUT MEASURES:			
2	Number of Dwelling Units Weatherized by the Department	2,500.00	2,500.00
EFFICIENCY MEASURES:			
2	Average Cost Per Home Weatherized	3,774.00	3,801.00
EXPLANATORY/INPUT MEASURES:			
1	Number of Very Low Income Households Eligible for Energy Assistance	1,324,059.00	1,324,059.00
OBJECTS OF EXPENSE:			
4000	GRANTS	10,700,000	10,700,000
	Total, Objects of Expense	**$10,700,000**	**$10,700,000**
METHOD OF FINANCING:			
5100	System Benefit Account	10,700,000	10,700,000
	Total, Method of Finance	**$10,700,000**	**$10,700,000**

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

System Benefit Fund Weatherization Assistance

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Category Code / Category Name *Project Sequence/Project Id/ Name* **OOE / TOF / MOF CODE**	**Est 2008**	**Bud 2009**	**BL 2010**	**BL 2011**
5005 Acquisition of Information Resource Technologies				
1/1 Manufactured Housing Systems Upgrade				
OBJECTS OF EXPENSE				
Capital				
2001 PROFESSIONAL FEES AND SERVICES	$0	$350,000	$0	$0
Capital Subtotal OOE, Project 1	$0	$350,000	$0	$0
Subtotal OOE, Project 1	**$0**	**$350,000**	**$0**	**$0**
TYPE OF FINANCING				
Capital				
CA 666 Appropriated Receipts	$0	$350,000	$0	$0
Capital Subtotal TOF, Project 1	$0	$350,000	$0	$0
Subtotal TOF, Project 1	**$0**	**$350,000**	**$0**	**$0**
3/3 Human Resources System Upgrade				
OBJECTS OF EXPENSE				
Capital				
2001 PROFESSIONAL FEES AND SERVICES	$0	$0	$75,000	$75,000
Capital Subtotal OOE, Project 3	$0	$0	$75,000	$75,000
Subtotal OOE, Project 3	**$0**	**$0**	**$75,000**	**$75,000**
TYPE OF FINANCING				
Capital				
CA 127 Community Affairs Fed Fd	$0	$0	$22,900	$22,900
CA 666 Appropriated Receipts	$0	$0	$52,100	$52,100
Capital Subtotal TOF, Project 3	$0	$0	$75,000	$75,000
Subtotal TOF, Project 3	**$0**	**$0**	**$75,000**	**$75,000**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Category Code / Category Name *Project Sequence/Project Id/ Name* OOE / TOF / MOF CODE	Est 2008	Bud 2009	BL 2010	BL 2011
4/4 Purchase of Information Technologies -- Scheduled Replacement of Items				
OBJECTS OF EXPENSE				
Capital				
2009 OTHER OPERATING EXPENSE	$0	$0	$233,160	$225,760
5000 CAPITAL EXPENDITURES	$0	$0	$93,000	$110,000
Capital Subtotal OOE, Project 4	$0	$0	$326,160	$335,760
Subtotal OOE, Project 4	**$0**	**$0**	**$326,160**	**$335,760**
TYPE OF FINANCING				
Capital				
CA 1 General Revenue Fund	$0	$0	$0	$0
CA 127 Community Affairs Fed Fd	$0	$0	$91,340	$121,368
CA 666 Appropriated Receipts	$0	$0	$234,820	$214,392
Capital Subtotal TOF, Project 4	$0	$0	$326,160	$335,760
Subtotal TOF, Project 4	**$0**	**$0**	**$326,160**	**$335,760**
5/5 Purchase of Information Technologies - Scheduled Replacement of Items				
OBJECTS OF EXPENSE				
Capital				
2009 OTHER OPERATING EXPENSE	$166,919	$109,840	$0	$0
5000 CAPITAL EXPENDITURES	$33,081	$80,160	$0	$0
Capital Subtotal OOE, Project 5	$200,000	$190,000	$0	$0
Subtotal OOE, Project 5	**$200,000**	**$190,000**	**$0**	**$0**
TYPE OF FINANCING				
Capital				
CA 127 Community Affairs Fed Fd	$55,998	$71,382	$0	$0
CA 666 Appropriated Receipts	$144,002	$118,618	$0	$0

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Category Code / Category Name *Project Sequence/Project Id/ Name* **OOE / TOF / MOF CODE**	**Est 2008**	**Bud 2009**	**BL 2010**	**BL 2011**
Capital Subtotal TOF, Project 5	$200,000	$190,000	$0	$0
Subtotal TOF, Project 5	**$200,000**	**$190,000**	**$0**	**$0**
Capital Subtotal, Category 5005	$200,000	$540,000	$401,160	$410,760
Informational Subtotal, Category 5005				
Total, Category 5005	**$200,000**	**$540,000**	**$401,160**	**$410,760**
AGENCY TOTAL -CAPITAL	**$200,000**	**$540,000**	**$401,160**	**$410,760**
AGENCY TOTAL -INFORMATIONAL				
AGENCY TOTAL	**$200,000**	**$540,000**	**$401,160**	**$410,760**
METHOD OF FINANCING:				
Capital				
1 General Revenue Fund	$0	$0	$0	$0
127 Community Affairs Fed Fd	$55,998	$71,382	$114,240	$144,268
666 Appropriated Receipts	$144,002	$468,618	$286,920	$266,492
Total, Method of Financing-Capital	$200,000	$540,000	$401,160	$410,760
Total, Method of Financing	**$200,000**	**$540,000**	**$401,160**	**$410,760**
TYPE OF FINANCING:				
Capital				
CA CURRENT APPROPRIATIONS	$200,000	$540,000	$401,160	$410,760
Total, Type of Financing-Capital	$200,000	$540,000	$401,160	$410,760
Total,Type of Financing	**$200,000**	**$540,000**	**$401,160**	**$410,760**

Agency Code:	**332**	Agency name:	**Department of Housing and Community Affairs**
Category Number:	**5005**	Category Name:	**ACQUISITN INFO RES TECH.**
Project number:	**3**	Project Name:	**HR System Upgrade**

PROJECT DESCRIPTION

General Information

In the FY 2010-2011 biennium, TDHCA plans to replace its legacy, character-based Human Resources (HR) System with an upgraded web-enabled system. The current HR System is a custom-built application that has been in use for over 14 years and is maintained and developed entirely by TDHCA information technology staff. It supports the following HR functions: 1) personnel records management, including position and compensation management, 2) time reporting through online timesheets, 3) leave accounting, 4) applicant tracking, and 5) training records management.

Although the system supports these HR functions, there are several areas in which the agency plans to improve the management of each through the development and deployment of a new HR System:

• The new HR System will provide for expanded management and employee access to relevant HR data, which will result in increased time for the Human Resources Division (HRD) to focus on strategic issues, such as workforce management, succession planning, recruitment, professional development, and compensation management, while at the same time improving service to management and employees. In the area of recruitment, HRD will be able to assist the agency in filling vacant positions with qualified candidates in a more timely basis, from job posting through application review, interviewing, and hiring.
• The new HR System will be streamlined, will reduce required data entry, and will improve reporting capabilities.
• The new HR System will provide the ability to interface some payroll information, such as legislative salary actions and longevity information, from Office of the Comptroller of Public Accounts (CPA) systems to reduce duplicate data entry and help ensure data accuracy.
• The current technology platform (APPX) represents an ongoing support risk because of the limited availability of developers with this skill set. By building a new system in a modern, web-based technology, TDHCA will reduce this risk.

Number of Units / Average Unit Cost	0	
Estimated Completion Date	1/31/2001	
Additional Capital Expenditure Amounts Required	**2012**	**2013**
	0	0
Type of Financing	CA CURRENT APPROPRIATIONS	
Projected Useful Life	10 years	
Estimated/Actual Project Cost	$ 150,000	
Length of Financing/ Lease Period		

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2010	2011	2012	2013	Total over project life
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	MOF_CODE	AVERAGE_AMOUNT

Explanation: The $150,000 HR System Upgrade budget will be used entirely for contract programmer support. Although TDHCA will not receive a return on investment in the form of long term cost savings, the agency will receive returns in the form of the benefits listed in the Project Description and Project Justification sections of the Information Technology Detail. After the initial capital investment, the ongoing support costs will be comparable to the current support costs.

Project Location: The HR System Upgrade will take place at TDHCA headquarters in Austin. The new system will serve employees in Austin and in regional Manufactured Housing and Office of Colonia Initiatives locations.

Beneficiaries: Direct beneficiaries are the TDHCA Human Resources Division (HRD), management, and employees. TDHCA constituents will benefit indirectly from increased HRD time for strategic goals and objectives.

Frequency of Use and External Factors Affecting Use:

The HR System will be used by the agency on a daily basis.

Agency Code:	**332**	Agency name:	**Department of Housing and Community Affairs**
Category Number:	**5005**	Category Name:	**ACQUISITN INFO RES TECH.**
Project number:	**4**	Project Name:	**Purchase of IT**

PROJECT DESCRIPTION

General Information

The Purchase of IT project for FY 2010-2011 will fund end-user and server hardware and software for TDHCA. The total Purchase of IT budget request is $661,920. $458,920 (69%) of the project budget is planned for end-user hardware and software. $203,000 (31%) is planned for server hardware and software.

The Purchase of IT project achieves the goals of 1) providing desktop software, 2) delivering suitable PCs, laptops, printers, and related end-user hardware, 3) performing server hardware and software upgrades, and 4) performing network hardware replacements.

The FY 2010-2011 Purchase of IT budget request is a $271,920 increase over the FY 2008-2009 budget request. This increase reflects a push to modernize the hardware and software that assists the agency in fulfilling its mission.

Details about the $458,920 end-user hardware and software part of the budget are as follows: Since FY 2003, our deployment of PCs and laptops has been based not on a predetermined life cycle but on performance benchmarks set by the TDHCA Network Administrator as documented in our standard operating procedure on PC Life Cycles. The number of PCs and laptops planned for deployment in fiscal years 2010 and 2011 is an estimate (190) based on projected performance benchmarks for future fiscal years. This represents $290,000 of the Purchase of IT budget request. $48,000 is budgeted for printer replacements. $23,000 is budgeted for other end-user hardware replacements, including projectors and a digital camera for weatherization monitoring visits. Finally, $97,920 is planned for end-user desktop software replacements.

The $203,000 server hardware and software part of the budget is planned for the following: a file server upgrade, a tape library and backup server upgrade, network utility and security server upgrades, application server upgrades, new software for security, and network hardware upgrades.

Number of Units / Average Unit Cost 0

Estimated Completion Date 8/31/2011

Additional Capital Expenditure Amounts Required	**2012**	**2013**
	0	0

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life 6

Estimated/Actual Project Cost $ 661,920

Length of Financing/ Lease Period

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2010	**2011**	**2012**	**2013**	**Total over project life**
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	**MOF_CODE**	**AVERAGE_AMOUNT**

Explanation: The Purchase of IT project consists of essential IT-related products. Our technical support tracking software helps us identify the appropriate performance benchmarks for PCs and laptops. Benchmarks for network and server upgrades are based on daily monitoring by network staff of job times, CPU load, and resource use.

Project Location: The Purchase of IT project will take place at TDHCA headquarters and regional Manufactured Housing and Office of Colonia Initiatives locations.

Beneficiaries: Because the Purchase of IT project provides TDHCA with IT tools needed to effectively manage information and deliver services, the agency's constituents benefit from the project.

Frequency of Use and External Factors Affecting Use:

The IT hardware and software provided through the project will be used by TDHCA on a daily basis.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Category Code/Name

Project Sequence/Project Id/Name

	Goal/Obj/Str	Strategy Name	Est 2008	Bud 2009	BL 2010	BL 2011
5005 Acquisition of Information Resource Technologies						
1/1		*MH Systems Upgrade*				
Capital	5-1-1	TITLING & LICENSING	0	123,900	$0	$0
Capital	5-1-2	INSPECTIONS	0	112,700	0	0
Capital	5-1-3	ENFORCEMENT	0	113,400	0	0
		TOTAL, PROJECT	$0	$350,000	$0	$0
3/3		*HR System Upgrade*				
Capital	6-1-1	CENTRAL ADMINISTRATION	0	0	12,157	12,157
Capital	6-1-2	INFORMATION RESOURCE TECHNOLOGIES	0	0	4,714	4,714
Capital	6-1-3	OPERATING/SUPPORT	0	0	1,985	1,985
Capital	1-1-4	SECTION 8 RENTAL ASSISTANCE	0	0	1,737	1,737
Capital	1-1-5	FEDERAL TAX CREDITS	0	0	4,094	4,094
Capital	1-1-1	MRB PROGRAM - SINGLE FAMILY	0	0	3,597	3,597
Capital	1-1-8	MRB PROGRAM - MULTIFAMILY	0	0	1,116	1,116
Capital	1-1-2	HOME PROGRAM - SINGLE FAMILY	0	0	5,905	5,905
Capital	1-1-6	HOME PROGRAM - MULTIFAMILY	0	0	1,141	1,141
Capital	3-1-1	POVERTY-RELATED FUNDS	0	0	3,721	3,721
Capital	3-2-1	ENERGY ASSISTANCE PROGRAMS	0	0	4,218	4,218
Capital	5-1-1	TITLING & LICENSING	0	0	7,145	7,145
Capital	5-1-2	INSPECTIONS	0	0	5,081	5,081

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Category Code/Name

Project Sequence/Project Id/Name

	Goal/Obj/Str	Strategy Name	Est 2008	Bud 2009	BL 2010	BL 2011
Capital	5-1-3	ENFORCEMENT	0	0	$3,652	$3,652
Capital	4-1-1	MONITOR HOUSING REQUIREMENTS	0	0	6,078	6,078
Capital	4-1-2	MONITOR CONTRACT REQUIREMENTS	0	0	6,178	6,178
Capital	2-1-1	HOUSING RESOURCE CENTER	0	0	1,985	1,985
Capital	2-2-1	COLONIA SERVICE CENTERS	0	0	496	496
		TOTAL, PROJECT	$0	$0	$75,000	$75,000

4/4 *Purchase of IT*

	Goal/Obj/Str	Strategy Name	Est 2008	Bud 2009	BL 2010	BL 2011
Capital	6-1-1	CENTRAL ADMINISTRATION	0	0	46,990	54,067
Capital	6-1-2	INFORMATION RESOURCE TECHNOLOGIES	0	0	38,980	22,000
Capital	6-1-3	OPERATING/SUPPORT	0	0	10,480	7,133
Capital	1-1-4	SECTION 8 RENTAL ASSISTANCE	0	0	2,170	2,567
Capital	1-1-5	FEDERAL TAX CREDITS	0	0	32,920	19,127
Capital	1-1-1	MRB PROGRAM - SINGLE FAMILY	0	0	11,495	13,514
Capital	1-1-8	MRB PROGRAM - MULTIFAMILY	0	0	1,240	1,467
Capital	1-1-2	HOME PROGRAM - SINGLE FAMILY	0	0	15,265	34,417
Capital	1-1-3	HOUSING TRUST FUND - SINGLE FAMILY	0	0	0	0
Capital	1-1-6	HOME PROGRAM - MULTIFAMILY	0	0	1,705	2,017
Capital	3-1-1	POVERTY-RELATED FUNDS	0	0	19,260	14,667
Capital	3-2-1	ENERGY ASSISTANCE PROGRAMS	0	0	23,270	23,733
Capital	5-1-1	TITLING & LICENSING	0	0	16,578	32,610
Capital	5-1-2	INSPECTIONS	0	0	11,789	23,189
Capital	5-1-3	ENFORCEMENT	0	0	8,473	16,668

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Category Code/Name

Project Sequence/Project Id/Name

	Goal/Obj/Str	Strategy Name	Est 2008	Bud 2009	BL 2010	BL 2011
Capital	4-1-1	MONITOR HOUSING REQUIREMENTS	0	0	$34,355	$10,717
Capital	4-1-2	MONITOR CONTRACT REQUIREMENTS	0	0	29,670	43,967
Capital	2-1-1	HOUSING RESOURCE CENTER	0	0	3,770	5,167
Capital	2-2-1	COLONIA SERVICE CENTERS	0	0	17,750	8,733
		TOTAL, PROJECT	$0	$0	$326,160	$335,760

5/5 *Purchase of Information*

	Goal/Obj/Str	Strategy Name	Est 2008	Bud 2009	BL 2010	BL 2011
Capital	6-1-1	CENTRAL ADMINISTRATION	39,003	28,398	0	0
Capital	6-1-2	INFORMATION RESOURCE TECHNOLOGIES	7,597	10,391	0	0
Capital	6-1-3	OPERATING/SUPPORT	3,374	3,871	0	0
Capital	1-1-4	SECTION 8 RENTAL ASSISTANCE	6,879	3,725	0	0
Capital	1-1-5	FEDERAL TAX CREDITS	8,110	8,192	0	0
Capital	1-1-1	MRB PROGRAM - SINGLE FAMILY	2,137	5,467	0	0
Capital	1-1-8	MRB PROGRAM - MULTIFAMILY	8,800	4,100	0	0
Capital	1-1-2	HOME PROGRAM - SINGLE FAMILY	6,618	12,761	0	0
Capital	3-1-1	POVERTY-RELATED FUNDS	11,181	20,053	0	0
Capital	3-2-1	ENERGY ASSISTANCE PROGRAMS	10,099	15,683	0	0
Capital	5-1-1	TITLING & LICENSING	14,898	13,235	0	0
Capital	5-1-2	INSPECTIONS	12,771	9,462	0	0
Capital	5-1-3	ENFORCEMENT	12,956	9,869	0	0
Capital	4-1-1	MONITOR HOUSING REQUIREMENTS	20,651	17,276	0	0
Capital	4-1-2	MONITOR CONTRACT REQUIREMENTS	21,221	19,160	0	0
Capital	2-1-1	HOUSING RESOURCE CENTER	9,974	4,630	0	0

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Category Code/Name *Project Sequence/Project Id/Name*	Goal/Obj/Str	Strategy Name	Est 2008	Bud 2009	BL 2010	BL 2011
Capital	2-2-1	COLONIA SERVICE CENTERS	3,731	3,727	$0	$0
		TOTAL, PROJECT	$200,000	$190,000	$0	$0
		TOTAL CAPITAL, ALL PROJECTS	**$200,000**	**$540,000**	**$401,160**	**$410,760**
		TOTAL INFORMATIONAL, ALL PROJECTS				
		TOTAL, ALL PROJECTS	**$200,000**	**$540,000**	**$401,160**	**$410,760**

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008
PROJECT CODE/NAME:	3/3/25 Human Resources System Upgrade		
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies		

ALLOCATION TO STRATEGY: A.1.1. MRB Program - Single Family

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$3,597	$3,597
	Total, Objects of Expense	$0	$0	$3,597	$3,597
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$3,597	$3,597
	Total, Method of Financing	$0	$0	$3,597	$3,597

ALLOCATION TO STRATEGY: A.1.2. HOME Program Single Family

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$5,905	$5,905
	Total, Objects of Expense	$0	$0	$5,905	$5,905
	Method of Financing:				
127	Federal Funds	$0	$0	$5,905	$5,905
	Total, Method of Financing	$0	$0	$5,905	$5,905

ALLOCATION TO STRATEGY: A.1.4. Section 8 Rental Assistance

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$1,737	$1,737
	Total, Objects of Expense	$0	$0	$1,737	$1,737
	Method of Financing:				
127	Federal Funds	$0	$0	$1,737	$1,737
	Total, Method of Financing	$0	$0	$1,737	$1,737

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008
PROJECT CODE/NAME:	3/3/25 Human Resources System Upgrade		
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies		

ALLOCATION TO STRATEGY: A.1.5. Federal Tax Credits

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$4,094	$4,094
	Total, Objects of Expense	$0	$0	$4,094	$4,094
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$4,094	$4,094
	Total, Method of Financing	$0	$0	$4,094	$4,094

ALLOCATION TO STRATEGY: A.1.6. HOME Program Multifamily

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$1,141	$1,141
	Total, Objects of Expense	$0	$0	$1,141	$1,141
	Method of Financing:				
127	Federal Funds	$0	$0	$1,141	$1,141
	Total, Method of Financing	$0	$0	$1,141	$1,141

ALLOCATION TO STRATEGY: A.1.8. MRB Program Multifamily

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$1,116	$1,116
	Total, Objects of Expense	$0	$0	$1,116	$1,116
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$1,116	$1,116
	Total, Method of Financing	$0	$0	$1,116	$1,116

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008
PROJECT CODE/NAME:	3/3/25 Human Resources System Upgrade		
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies		

ALLOCATION TO STRATEGY: B.2.1. Colonia Service Centers

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$496	$496
	Total, Objects of Expense	$0	$0	$496	$496
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$496	$496
	Total, Method of Financing	$0	$0	$496	$496

ALLOCATION TO STRATEGY: C.1.1. Poverty Related Funds

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$3,721	$3,721
	Total, Objects of Expense	$0	$0	$3,721	$3,721
	Method of Financing:				
127	Federal Funds	$0	$0	$3,721	$3,721
	Total, Method of Financing	$0	$0	$3,721	$3,721

ALLOCATION TO STRATEGY: C.2.1. Energy Assistance Programs

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$4,218	$4,218
	Total, Objects of Expense	$0	$0	$4,218	$4,218
	Method of Financing:				
127	Federal Funds	$0	$0	$4,218	$4,218
	Total, Method of Financing	$0	$0	$4,218	$4,218

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008
PROJECT CODE/NAME:	3/3/25 Human Resources System Upgrade		
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies		

ALLOCATION TO STRATEGY: D.1.1. Monitor Housing Requirements

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$6,078	$6,078
	Total, Objects of Expense	$0	$0	$6,078	$6,078
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$6,078	$6,078
	Total, Method of Financing	$0	$0	$6,078	$6,078

ALLOCATION TO STRATEGY: D.1.2. Monitor Contract Requirements

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$6,178	$6,178
	Total, Objects of Expense	$0	$0	$6,178	$6,178
	Method of Financing:				
127	Federal Funds	$0	$0	$6,178	$6,178
	Total, Method of Financing	$0	$0	$6,178	$6,178

ALLOCATION TO STRATEGY: E.1.1. Titling and Licensing

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$7,145	$7,145
	Total, Objects of Expense	$0	$0	$7,145	$7,145
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$7,145	$7,145
	Total, Method of Financing	$0	$0	$7,145	$7,145

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008
PROJECT CODE/NAME:	3/3/25 Human Resources System Upgrade		
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies		

ALLOCATION TO STRATEGY: E.1.2. Inspections

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$5,081	$5,081
	Total, Objects of Expense	$0	$0	$5,081	$5,081
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$5,081	$5,081
	Total, Method of Financing	$0	$0	$5,081	$5,081

ALLOCATION TO STRATEGY: E.1.3. Enforcement

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$3,652	$3,652
	Total, Objects of Expense	$0	$0	$3,652	$3,652
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$3,652	$3,652
	Total, Method of Financing	$0	$0	$3,652	$3,652

ALLOCATION TO STRATEGY: F.1.1. Central Administration

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2001	Professional Fees and Services			$12,157	$12,157
	Total, Objects of Expense	$0	$0	$12,157	$12,157
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$12,157	$12,157
	Total, Method of Financing	$0	$0	$12,157	$12,157

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs		Prepared By: David Aldrich	Date: August 13, 2008	
PROJECT CODE/NAME:	3/3/25 Human Resources System Upgrade				
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies				
ALLOCATION TO STRATEGY:	F.1.2. Information Resource Technologies				
Code	**Strategy Allocation**	**Estimated 2008**	**Budgeted 2009**	**Requested 2010**	**Requested 2011**
	Objects of Expense:				
2001	Professional Fees and Services			$4,714	$4,714
	Total, Objects of Expense	$0	$0	$4,714	$4,714
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$4,714	$4,714
	Total, Method of Financing	$0	$0	$4,714	$4,714
ALLOCATION TO STRATEGY:	F.1.3. Operating/Support				
Code	**Strategy Allocation**	**Estimated 2008**	**Budgeted 2009**	**Requested 2010**	**Requested 2011**
	Objects of Expense:				
2001	Professional Fees and Services			$1,985	$1,985
	Total, Objects of Expense	$0	$0	$1,985	$1,985
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$1,985	$1,985
	Total, Method of Financing	$0	$0	$1,985	$1,985
ALLOCATION TO STRATEGY:	B.1.1. Housing Resource Center				
Code	**Strategy Allocation**	**Estimated 2008**	**Budgeted 2009**	**Requested 2010**	**Requested 2011**
	Objects of Expense:				
2001	Professional Fees and Services			$1,985	$1,985
	Total, Objects of Expense	$0	$0	$1,985	$1,985
	Method of Financing:				
666	Appropriated Receipts			$1,985	$1,985
	Total, Method of Financing	$0	$0	$1,985	$1,985

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008
PROJECT CODE/NAME:	4/4/26 Purchase of Information Technologies - Scheduled Replacement of Items		
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies		

ALLOCATION TO STRATEGY: A.1.1. MRB Program - Single Family

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense			$7,000	$8,200
5000	Capital Outlay			$4,495	$5,314
	Total, Objects of Expense	$0	$0	$11,495	$13,514
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$11,495	$13,514
	Total, Method of Financing	$0	$0	$11,495	$13,514

ALLOCATION TO STRATEGY: A.1.2. HOME Program Single Family

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense			$11,700	$30,200
5000	Capital Outlay			$3,565	$4,217
	Total, Objects of Expense	$0	$0	$15,265	$34,417
	Method of Financing:				
127	Federal Funds	$0	$0	$15,265	$34,417
	Total, Method of Financing	$0	$0	$15,265	$34,417

ALLOCATION TO STRATEGY: A.1.4. Section 8 Rental Assistance

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense				
5000	Capital Outlay			$2,170	$2,567
	Total, Objects of Expense	$0	$0	$2,170	$2,567
	Method of Financing:				
127	Federal Funds	$0	$0	$2,170	$2,567
	Total, Method of Financing	$0	$0	$2,170	$2,567

5.E. Capital Budget MOF by Strategy

Agency Code:	Agency Name: Texas Department	Prepared By:	Date: August 13, 2008
332	of Housing and Community Affairs	David Aldrich	

PROJECT CODE/NAME: 4/4/26 Purchase of Information Technologies - Scheduled Replacement of Items

CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technologies

ALLOCATION TO STRATEGY: A.1.5. Federal Tax Credits

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense			$27,960	$13,260
5000	Capital Outlay			$4,960	$5,867
	Total, Objects of Expense	$0	$0	$32,920	$19,127
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$32,920	$19,127
	Total, Method of Financing	$0	$0	$32,920	$19,127

ALLOCATION TO STRATEGY: A.1.6. HOME Program Multifamily

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense				
5000	Capital Outlay			$1,705	$2,017
	Total, Objects of Expense	$0	$0	$1,705	$2,017
	Method of Financing:				
127	Federal Funds			$1,705	$2,017
	Total, Method of Financing	$0	$0	$1,705	$2,017

ALLOCATION TO STRATEGY: A.1.8. MRB Program Multifamily

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense				
5000	Capital Outlay			$1,240	$1,467
	Total, Objects of Expense	$0	$0	$1,240	$1,467
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$1,240	$1,467
	Total, Method of Financing	$0	$0	$1,240	$1,467

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008
PROJECT CODE/NAME:	4/4/26 Purchase of Information Technologies - Scheduled Replacement of Items		
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies		

ALLOCATION TO STRATEGY: B.2.1. Colonia Service Centers

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense			$16,200	$6,900
5000	Capital Outlay			$1,550	$1,833
	Total, Objects of Expense	$0	$0	$17,750	$8,733
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$17,750	$8,733
	Total, Method of Financing	$0	$0	$17,750	$8,733

ALLOCATION TO STRATEGY: C.1.1. Poverty Related Funds

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense			$14,300	$8,800
5000	Capital Outlay			$4,960	$5,867
	Total, Objects of Expense	$0	$0	$19,260	$14,667
	Method of Financing:				
127	Federal Funds	$0	$0	$19,260	$14,667
	Total, Method of Financing	$0	$0	$19,260	$14,667

ALLOCATION TO STRATEGY: C.2.1. Energy Assistance Programs

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense			$18,000	$17,500
5000	Capital Outlay			$5,270	$6,233
	Total, Objects of Expense	$0	$0	$23,270	$23,733
	Method of Financing:				
127	Federal Funds	$0	$0	$23,270	$23,733
	Total, Method of Financing	$0	$0	$23,270	$23,733

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008
PROJECT CODE/NAME:	4/4/26 Purchase of Information Technologies - Scheduled Replacement of Items		
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies		

ALLOCATION TO STRATEGY: D.1.1. Monitor Housing Requirements

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense			$28,000	$3,200
5000	Capital Outlay			$6,355	$7,517
	Total, Objects of Expense	$0	$0	$34,355	$10,717
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$34,355	$10,717
	Total, Method of Financing	$0	$0	$34,355	$10,717

ALLOCATION TO STRATEGY: D.1.2. Monitor Contract Requirements

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense			$18,200	$30,400
5000	Capital Outlay			$11,470	$13,567
	Total, Objects of Expense	$0	$0	$29,670	$43,967
	Method of Financing:				
127	Federal Funds	$0	$0	$29,670	$43,967
	Total, Method of Financing	$0	$0	$29,670	$43,967

ALLOCATION TO STRATEGY: E.1.1. Titling and Licensing

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense			$7,650	$22,050
5000	Capital Outlay			$8,928	$10,560
	Total, Objects of Expense	$0	$0	$16,578	$32,610
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$16,578	$32,610
	Total, Method of Financing	$0	$0	$16,578	$32,610

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008

PROJECT CODE/NAME: 4/4/26 Purchase of Information Technologies - Scheduled Replacement of Items

CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technologies

ALLOCATION TO STRATEGY: E.1.2. Inspections

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense			$5,440	$15,680
5000	Capital Outlay			$6,349	$7,509
	Total, Objects of Expense	$0	$0	$11,789	$23,189
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$11,789	$23,189
	Total, Method of Financing	$0	$0	$11,789	$23,189

ALLOCATION TO STRATEGY: E.1.3. Enforcement

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense			$3,910	$11,270
5000	Capital Outlay			$4,563	$5,398
	Total, Objects of Expense	$0	$0	$8,473	$16,668
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$8,473	$16,668
	Total, Method of Financing	$0	$0	$8,473	$16,668

ALLOCATION TO STRATEGY: F.1.1. Central Administration

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense			$31,800	$36,100
5000	Capital Outlay			$15,190	$17,967
	Total, Objects of Expense	$0	$0	$46,990	$54,067
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$46,990	$54,067
	Total, Method of Financing	$0	$0	$46,990	$54,067

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008		
PROJECT CODE/NAME:	4/4/26 Purchase of Information Technologies - Scheduled Replacement of Items				
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies				
ALLOCATION TO STRATEGY: F.1.2. Information Resource Technologies					
Code	**Strategy Allocation**	**Estimated 2008**	**Budgeted 2009**	**Requested 2010**	**Requested 2011**
	Objects of Expense:				
2009	Other Operating Expense			$33,400	$15,400
5000	Capital Outlay			$5,580	$6,600
	Total, Objects of Expense	$0	$0	$38,980	$22,000
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$38,980	$22,000
	Total, Method of Financing	$0	$0	$38,980	$22,000
ALLOCATION TO STRATEGY: F.1.3. Operating/Support					
Code	**Strategy Allocation**	**Estimated 2008**	**Budgeted 2009**	**Requested 2010**	**Requested 2011**
	Objects of Expense:				
2009	Other Operating Expense			$8,000	$4,200
5000	Capital Outlay			$2,480	$2,933
	Total, Objects of Expense	$0	$0	$10,480	$7,133
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$10,480	$7,133
	Total, Method of Financing	$0	$0	$10,480	$7,133
ALLOCATION TO STRATEGY: B.1.1. Housing Resource Center					
Code	**Strategy Allocation**	**Estimated 2008**	**Budgeted 2009**	**Requested 2010**	**Requested 2011**
	Objects of Expense:				
2009	Other Operating Expense			$1,600	$2,600
5000	Capital Outlay			$2,170	$2,567
	Total, Objects of Expense	$0	$0	$3,770	$5,167
	Method of Financing:				
666	Appropriated Receipts	$0	$0	$3,770	$5,167
	Total, Method of Financing	$0	$0	$3,770	$5,167

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008
PROJECT CODE/NAME:	5/5/24 Purchase of Information Technologies - Scheduled Replacement of Items		
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies		

ALLOCATION TO STRATEGY: A.1.1. MRB Program - Single Family

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$960	$1,580		
5000	Capital Outlay	$1,177	$3,887		
	Total, Objects of Expense	$2,137	$5,467	$0	$0
	Method of Financing:				
666	Appropriated Receipts	$2,137	$5,467	$0	$0
	Total, Method of Financing	$2,137	$5,467	$0	$0

ALLOCATION TO STRATEGY: A.1.2. HOME Program Single Family

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$4,467	$5,660		
5000	Capital Outlay	$2,151	$7,101		
	Total, Objects of Expense	$6,618	$12,761	$0	$0
	Method of Financing:				
127	Federal Funds	$6,618	$12,761	$0	$0
	Total, Method of Financing	$6,618	$12,761	$0	$0

ALLOCATION TO STRATEGY: A.1.4. Section 8 Rental Assistance

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$6,879	$3,725		
5000	Capital Outlay				
	Total, Objects of Expense	$6,879	$3,725	$0	$0
	Method of Financing:				
127	Federal Funds	$6,879	$3,725	$0	$0
	Total, Method of Financing	$6,879	$3,725	$0	$0

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008
PROJECT CODE/NAME:	5/5/24 Purchase of Information Technologies - Scheduled Replacement of Items		
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies		

ALLOCATION TO STRATEGY: A.1.5. Federal Tax Credits

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$6,855	$4,050		
5000	Capital Outlay	$1,255	$4,142		
	Total, Objects of Expense	$8,110	$8,192	$0	$0
	Method of Financing:				
666	Appropriated Receipts	$8,110	$8,192	$0	$0
	Total, Method of Financing	$8,110	$8,192	$0	$0

ALLOCATION TO STRATEGY: A.1.6. HOME Program Multifamily

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense				
5000	Capital Outlay				
	Total, Objects of Expense	$0	$0	$0	$0
	Method of Financing:				
127	Federal Funds			$0	$0
	Total, Method of Financing	$0	$0	$0	$0

ALLOCATION TO STRATEGY: A.1.8. MRB Program Multifamily

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense		$4,100		
5000	Capital Outlay	$8,800			
	Total, Objects of Expense	$8,800	$4,100	$0	$0
	Method of Financing:				
666	Appropriated Receipts	$8,800	$4,100	$0	$0
	Total, Method of Financing	$8,800	$4,100	$0	$0

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs		Prepared By: David Aldrich		Date: August 13, 2008
PROJECT CODE/NAME:	5/5/24 Purchase of Information Technologies - Scheduled Replacement of Items				
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies				
ALLOCATION TO STRATEGY: B.2.1. Colonia Service Centers					
Code	**Strategy Allocation**	**Estimated 2008**	**Budgeted 2009**	**Requested 2010**	**Requested 2011**
	Objects of Expense:				
2009	Other Operating Expense	$3,079	$1,575		
5000	Capital Outlay	$652	$2,152		
	Total, Objects of Expense	$3,731	$3,727	$0	$0
	Method of Financing:				
666	Appropriated Receipts	$3,731	$3,727	$0	$0
	Total, Method of Financing	$3,731	$3,727	$0	$0
ALLOCATION TO STRATEGY: C.1.1. Poverty Related Funds					
Code	**Strategy Allocation**	**Estimated 2008**	**Budgeted 2009**	**Requested 2010**	**Requested 2011**
	Objects of Expense:				
2009	Other Operating Expense	$9,861	$15,695		
5000	Capital Outlay	$1,320	$4,358		
	Total, Objects of Expense	$11,181	$20,053	$0	$0
	Method of Financing:				
127	Federal Funds	$11,181	$20,053	$0	$0
	Total, Method of Financing	$11,181	$20,053	$0	$0
ALLOCATION TO STRATEGY: C.2.1. Energy Assistance Programs					
Code	**Strategy Allocation**	**Estimated 2008**	**Budgeted 2009**	**Requested 2010**	**Requested 2011**
	Objects of Expense:				
2009	Other Operating Expense	$8,649	$10,895		
5000	Capital Outlay	$1,450	$4,788		
	Total, Objects of Expense	$10,099	$15,683	$0	$0
	Method of Financing:				
127	Federal Funds	$10,099	$15,683	$0	$0
	Total, Method of Financing	$10,099	$15,683	$0	$0

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008
PROJECT CODE/NAME:	5/5/24 Purchase of Information Technologies - Scheduled Replacement of Items		
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies		

ALLOCATION TO STRATEGY: D.1.1. Monitor Housing Requirements

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$18,940	$11,627		
5000	Capital Outlay	$1,711	$5,649		
	Total, Objects of Expense	$20,651	$17,276	$0	$0
	Method of Financing:				
666	Appropriated Receipts	$20,651	$17,276	$0	$0
	Total, Method of Financing	$20,651	$17,276	$0	$0

ALLOCATION TO STRATEGY: D.1.2. Monitor Contract Requirements

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$18,940	$11,628		
5000	Capital Outlay	$2,281	$7,532		
	Total, Objects of Expense	$21,221	$19,160	$0	$0
	Method of Financing:				
127	Federal Funds	$21,221	$19,160	$0	$0
	Total, Method of Financing	$21,221	$19,160	$0	$0

ALLOCATION TO STRATEGY: E.1.1. Titling and Licensing

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$12,535	$5,434		
5000	Capital Outlay	$2,363	$7,801		
	Total, Objects of Expense	$14,898	$13,235	$0	$0
	Method of Financing:				
666	Appropriated Receipts	$14,898	$13,235	$0	$0
	Total, Method of Financing	$14,898	$13,235	$0	$0

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008

PROJECT CODE/NAME: 5/5/24 Purchase of Information Technologies - Scheduled Replacement of Items

CATEGORY CODE/NAME: 5005 Acquisition of Information Resource Technologies

ALLOCATION TO STRATEGY: E.1.2. Inspections

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$11,402	$4,943		
5000	Capital Outlay	$1,369	$4,519		
	Total, Objects of Expense	$12,771	$9,462	$0	$0
	Method of Financing:				
666	Appropriated Receipts	$12,771	$9,462	$0	$0
	Total, Method of Financing	$12,771	$9,462	$0	$0

ALLOCATION TO STRATEGY: E.1.3. Enforcement

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$11,473	$4,973		
5000	Capital Outlay	$1,483	$4,896		
	Total, Objects of Expense	$12,956	$9,869	$0	$0
	Method of Financing:				
666	Appropriated Receipts	$12,956	$9,869	$0	$0
	Total, Method of Financing	$12,956	$9,869	$0	$0

ALLOCATION TO STRATEGY: F.1.1. Central Administration

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$34,990	$15,150		
5000	Capital Outlay	$4,013	$13,248		
	Total, Objects of Expense	$39,003	$28,398	$0	$0
	Method of Financing:				
666	Appropriated Receipts	$39,003	$28,398	$0	$0
	Total, Method of Financing	$39,003	$28,398	$0	$0

5.E. Capital Budget MOF by Strategy

Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: David Aldrich	Date: August 13, 2008
PROJECT CODE/NAME:	5/5/24 Purchase of Information Technologies - Scheduled Replacement of Items		
CATEGORY CODE/NAME:	5005 Acquisition of Information Resource Technologies		

ALLOCATION TO STRATEGY: F.1.2. Information Resource Technologies

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$6,049	$5,280		
5000	Capital Outlay	$1,548	$5,111		
	Total, Objects of Expense	$7,597	$10,391	$0	$0
	Method of Financing:				
666	Appropriated Receipts	$7,597	$10,391	$0	$0
	Total, Method of Financing	$7,597	$10,391	$0	$0

ALLOCATION TO STRATEGY: F.1.3. Operating/Support

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$2,640	$1,450		
5000	Capital Outlay	$734	$2,421		
	Total, Objects of Expense	$3,374	$3,871	$0	$0
	Method of Financing:				
666	Appropriated Receipts	$3,374	$3,871	$0	$0
	Total, Method of Financing	$3,374	$3,871	$0	$0

ALLOCATION TO STRATEGY: B.1.1. Housing Resource Center

Code	Strategy Allocation	Estimated 2008	Budgeted 2009	Requested 2010	Requested 2011
	Objects of Expense:				
2009	Other Operating Expense	$9,200	$2,075		
5000	Capital Outlay	$774	$2,555		
	Total, Objects of Expense	$9,974	$4,630	$0	$0
	Method of Financing:				
666	Appropriated Receipts	$9,974	$4,630	$0	$0
	Total, Method of Financing	$9,974	$4,630	$0	$0

Agency Code: **332** Agency: **Department of Housing and Community Affairs**

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2006 - 2007 HUB Expenditure Information

Statewide HUB Goals	Procurement Category	HUB Expenditures FY 2006 % Goal	HUB Expenditures FY 2006 % Actual	HUB Expenditures FY 2006 Actual $	Total Expenditures FY 2006	HUB Expenditures FY 2007 % Goal	HUB Expenditures FY 2007 % Actual	HUB Expenditures FY 2007 Actual $	Total Expenditures FY 2007
11.9%	Heavy Construction	0.0 %	0.0%	$0	$1	0.0 %	0.0%	$0	$1
26.1%	Building Construction	0.0 %	0.0%	$0	$1	0.0 %	0.0%	$0	$1
57.2%	Special Trade Construction	20.0 %	100.0%	$4,950	$4,950	20.0 %	0.0%	$0	$0
20.0%	Professional Services	15.0 %	32.8%	$72,000	$219,408	15.0 %	39.9%	$84,700	$212,149
33.0%	Other Services	25.0 %	37.0%	$979,327	$2,648,163	25.0 %	60.3%	$1,189,822	$1,974,614
12.6%	Commodities	25.0 %	75.3%	$390,941	$519,326	25.0 %	85.9%	$304,877	$354,762
	Total Expenditures		**42.7%**	**$1,447,218**	**$3,391,849**		**62.1%**	**$1,579,399**	**$2,541,527**

B. Assessment of Fiscal Year 2006 - 2007 Efforts to Meet HUB Procurement Goals

Attainment:

The agency exceeded four of four categories, or 100% of the applicable Statewide HUB Goals in FY 2006 and three of three, or 100% of the applicable Statewide HUB Goals in FY 2007.

Applicability:

“Heavy Construction” and “Building Construction” categories were not applicable to TDHCA in FY 2006 and in FY 2007 since we did not engage in any type of construction activity during those years. “Special Trade Construction” was not an applicable category for TDHCA in FY 2007 since we did not engage in any type of special trade activity for that year.

Factors Affecting Attainment:

There were no factors affecting attainment since TDHCA exceeded all HUB procurement goals in FY 2006 and FY 2007

"Good-Faith" Efforts:

In FY 2006 and 2007, TDHCA aggressively pursued HUB participation through its “Good Faith” Effort program. We encourage potential HUBs by assisting them in becoming HUB certified as well as promote the benefits of being a certified HUB vendor. TDHCA actively participates in Equal Opportunity Forums (EOFs) with other state, local, and federal entities.

Agency code: **332** Agency name: Department of Housing and Community Affairs

CFDA NUMBER/ STRATEGY	**Exp 2007**	**Est 2008**	**Bud 2009**	**BL 2010**	**BL 2011**
14.000.002 HUD DU100K90016710					
5 - 1 - 2 INSPECTIONS	505,230	423,883	100,000	200,000	200,000
5 - 1 - 3 ENFORCEMENT	379,566	354,267	200,000	100,000	100,000
TOTAL, ALL STRATEGIES	**$884,796**	**$778,150**	**$300,000**	**$300,000**	**$300,000**
ADDL FED FNDS FOR EMPL BENEFITS	173,092	125,037	70,000	70,000	70,000
TOTAL, FEDERAL FUNDS	**$1,057,888**	**$903,187**	**$370,000**	**$370,000**	**$370,000**
ADDL GR FOR EMPL BENEFITS	**$0**	**$0**	**$0**	**$0**	**$0**
14.228.000 Community Development Blo					
4 - 1 - 2 MONITOR CONTRACT REQUIREMENTS	343,413	424,960,538	1,009,122	1,771,122	1,769,122
TOTAL, ALL STRATEGIES	**$343,413**	**$424,960,538**	**$1,009,122**	**$1,771,122**	**$1,769,122**
ADDL FED FNDS FOR EMPL BENEFITS	57,240	137,218	200,000	200,000	200,000
TOTAL, FEDERAL FUNDS	**$400,653**	**$425,097,756**	**$1,209,122**	**$1,971,122**	**$1,969,122**
ADDL GR FOR EMPL BENEFITS	**$0**	**$0**	**$0**	**$0**	**$0**
14.231.000 Emergency Shelter Grants					
3 - 1 - 1 POVERTY-RELATED FUNDS	5,052,135	5,149,366	5,086,837	5,086,837	5,086,837
TOTAL, ALL STRATEGIES	**$5,052,135**	**$5,149,366**	**$5,086,837**	**$5,086,837**	**$5,086,837**
ADDL FED FNDS FOR EMPL BENEFITS	57,253	39,247	60,000	60,000	60,000
TOTAL, FEDERAL FUNDS	**$5,109,388**	**$5,188,613**	**$5,146,837**	**$5,146,837**	**$5,146,837**
ADDL GR FOR EMPL BENEFITS	**$0**	**$0**	**$0**	**$0**	**$0**
14.239.000 HOME Investment Partnersh					
1 - 1 - 2 HOME PROGRAM - SINGLE FAMILY	33,918,665	34,036,372	33,076,914	33,085,323	33,104,475
1 - 1 - 6 HOME PROGRAM - MULTIFAMILY	5,882,136	5,900,427	5,914,754	5,917,600	5,917,912
2 - 1 - 1 HOUSING RESOURCE CENTER	110,548	104,507	62,141	62,141	62,141
2 - 2 - 1 COLONIA SERVICE CENTERS	57,278	5,112	0	0	0

Agency code: **332** Agency name: Department of Housing and Community Affairs

CFDA NUMBER/ STRATEGY		**Exp 2007**	**Est 2008**	**Bud 2009**	**BL 2010**	**BL 2011**
	4 - 1 - 2 MONITOR CONTRACT REQUIREMENTS	643,238	445,221	1,003,845	1,008,533	1,024,830
	TOTAL, ALL STRATEGIES	**$40,611,865**	**$40,491,639**	**$40,057,654**	**$40,073,597**	**$40,109,358**
	ADDL FED FNDS FOR EMPL BENEFITS	479,443	460,256	555,000	555,000	555,000
	TOTAL, FEDERAL FUNDS	**$41,091,308**	**$40,951,895**	**$40,612,654**	**$40,628,597**	**$40,664,358**
	ADDL GR FOR EMPL BENEFITS	**$0**	**$0**	**$0**	**$0**	**$0**
14.871.000	SECTION 8 HOUSING CHOICE VOUCHERS					
	1 - 1 - 4 SECTION 8 RENTAL ASSISTANCE	6,210,652	6,515,705	6,296,093	6,296,275	6,296,672
	TOTAL, ALL STRATEGIES	**$6,210,652**	**$6,515,705**	**$6,296,093**	**$6,296,275**	**$6,296,672**
	ADDL FED FNDS FOR EMPL BENEFITS	69,148	77,606	69,000	69,000	69,000
	TOTAL, FEDERAL FUNDS	**$6,279,800**	**$6,593,311**	**$6,365,093**	**$6,365,275**	**$6,365,672**
	ADDL GR FOR EMPL BENEFITS	**$0**	**$0**	**$0**	**$0**	**$0**
81.042.000	Weatherization Assistance					
	3 - 2 - 1 ENERGY ASSISTANCE PROGRAMS	4,259,153	5,453,268	5,017,563	5,017,563	5,017,563
	TOTAL, ALL STRATEGIES	**$4,259,153**	**$5,453,268**	**$5,017,563**	**$5,017,563**	**$5,017,563**
	ADDL FED FNDS FOR EMPL BENEFITS	48,584	47,913	39,000	39,000	39,000
	TOTAL, FEDERAL FUNDS	**$4,307,737**	**$5,501,181**	**$5,056,563**	**$5,056,563**	**$5,056,563**
	ADDL GR FOR EMPL BENEFITS	**$0**	**$0**	**$0**	**$0**	**$0**
93.568.000	Low-Income Home Energy As					
	3 - 2 - 1 ENERGY ASSISTANCE PROGRAMS	46,595,664	43,885,124	43,179,416	43,191,221	43,191,684
	TOTAL, ALL STRATEGIES	**$46,595,664**	**$43,885,124**	**$43,179,416**	**$43,191,221**	**$43,191,684**
	ADDL FED FNDS FOR EMPL BENEFITS	146,626	134,338	134,338	134,338	134,338
	TOTAL, FEDERAL FUNDS	**$46,742,290**	**$44,019,462**	**$43,313,754**	**$43,325,559**	**$43,326,022**
	ADDL GR FOR EMPL BENEFITS	**$0**	**$0**	**$0**	**$0**	**$0**
93.569.000	Community Services Block					

Agency code: **332** Agency name: Department of Housing and Community Affairs

CFDA NUMBER/ STRATEGY		**Exp 2007**	**Est 2008**	**Bud 2009**	**BL 2010**	**BL 2011**
	3 - 1 - 1 POVERTY-RELATED FUNDS	30,102,379	31,067,641	30,804,623	30,807,551	30,802,958
	TOTAL, ALL STRATEGIES	**$30,102,379**	**$31,067,641**	**$30,804,623**	**$30,807,551**	**$30,802,958**
	ADDL FED FNDS FOR EMPL BENEFITS	128,651	118,258	140,000	140,000	140,000
	TOTAL, FEDERAL FUNDS	**$30,231,030**	**$31,185,899**	**$30,944,623**	**$30,947,551**	**$30,942,958**
	ADDL GR FOR EMPL BENEFITS	**$0**	**$0**	**$0**	**$0**	**$0**
97.087.000	Alternative Housing Pilot Program					
	4 - 1 - 2 MONITOR CONTRACT REQUIREMENTS	7,294	15,439,996	102,667	102,667	102,667
	TOTAL, ALL STRATEGIES	**$7,294**	**$15,439,996**	**$102,667**	**$102,667**	**$102,667**
	ADDL FED FNDS FOR EMPL BENEFITS	1,294	9,693	100,000	100,000	100,000
	TOTAL, FEDERAL FUNDS	**$8,588**	**$15,449,689**	**$202,667**	**$202,667**	**$202,667**
	ADDL GR FOR EMPL BENEFITS	**$0**	**$0**	**$0**	**$0**	**$0**

Agency code: **332** Agency name: Department of Housing and Community Affairs

SUMMARY LISTING OF FEDERAL PROGRAM AMOUNTS

CFDA NUMBER/ STRATEGY		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
14.000.002	HUD DU100K90016710	884,796	778,150	300,000	300,000	300,000
14.228.000	Community Development Blo	343,413	424,960,538	1,009,122	1,771,122	1,769,122
14.231.000	Emergency Shelter Grants	5,052,135	5,149,366	5,086,837	5,086,837	5,086,837
14.239.000	HOME Investment Partnersh	40,611,865	40,491,639	40,057,654	40,073,597	40,109,358
14.871.000	SECTION 8 HOUSING CHOICE VOUCHERS	6,210,652	6,515,705	6,296,093	6,296,275	6,296,672
81.042.000	Weatherization Assistance	4,259,153	5,453,268	5,017,563	5,017,563	5,017,563
93.568.000	Low-Income Home Energy As	46,595,664	43,885,124	43,179,416	43,191,221	43,191,684
93.569.000	Community Services Block	30,102,379	31,067,641	30,804,623	30,807,551	30,802,958
97.087.000	Alternative Housing Pilot Program	7,294	15,439,996	102,667	102,667	102,667
TOTAL, ALL STRATEGIES		$134,067,351	$573,741,427	$131,853,975	$132,646,833	$132,676,861
TOTAL , ADDL FED FUNDS FOR EMPL BENEFITS		1,161,331	1,149,566	1,367,338	1,367,338	1,367,338
TOTAL, FEDERAL FUNDS		**$135,228,682**	**$574,890,993**	**$133,221,313**	**$134,014,171**	**$134,044,199**
TOTAL, ADDL GR FOR EMPL BENEFITS		**$0**	**$0**	**$0**	**$0**	**$0**

Agency code: **332** Agency name: Department of Housing and Community Affairs

CFDA NUMBER/ STRATEGY	**Exp 2007**	**Est 2008**	**Bud 2009**	**BL 2010**	**BL 2011**

SUMMARY OF SPECIAL CONCERNS/ISSUES

Assumptions and Methodology:

Potential Loss:

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

CFDA 14.000.002 HUD DU100K90016710

Federal FY	Award Amount	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total	Difference from Award
2004	$ 46,904	$ 0	$ 0	$ 0	$ 46,904	$ 0	$ 0	0	$ 46,904	$ 0
2005	578,469	115,595	200,000	262,874	0	0	0	0	578,469	0
2006	600,773	0	400,773	200,000	0	0	0	0	600,773	0
2007	570,340	0	0	421,922	148,418	0	0	0	570,340	0
2008	582,828	0	0	0	582,828	0	0	0	582,828	0
2009	415,000	0	0	0	0	300,000	115,000	0	415,000	0
2010	415,000	0	0	0	0	0	185,000	230,000	415,000	0
2011	415,000	0	0	0	0	0	0	70,000	70,000	345,000
Total	**$ 3,624,314**	**$ 115,595**	**$ 600,773**	**$ 884,796**	**$ 778,150**	**$ 300,000**	**$ 300,000**	**300,000**	**$ 3,279,314**	**$ 345,000**

	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total
Empl. Benefit Payment	$20,066	$116,010	$173,092	$125,037	$70,000	$70,000	$70,000	644,205

CFDA 14.228.000 Community Development Blo

Federal FY	Award Amount	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total	Difference from Award
2006	1,579,920	0	141,529	537,301	584,535	316,555	0	0	1,579,920	0
2007	428,671,849	0	0	28,347	25,026,905	134,538,865	134,538,866	134,538,866	428,671,849	0
Total	**$ 430,251,769**	**$ 0**	**$ 141,529**	**$ 565,648**	**$ 25,611,440**	**$ 134,855,420**	**$ 134,538,866**	**134,538,866**	**$ 430,251,769**	**$ 0**

	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total
Empl. Benefit Payment	$0	$4,707	$57,240	$137,218	$200,000	$200,000	$200,000	799,165

DATE: **8/13/2008**
TIME : **2:39:23PM**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Federal FY	Award Amount	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total	Difference from Award
CFDA 14.231.000 Emergency Shelter Grants										
2004	$ 4,977,909	$ 4,844,774	$ 53,651	$ 0	$ 0	$ 0	$ 0	0	$ 4,898,425	$ 79,484
2005	5,154,498	0	5,076,758	77,740	0	0	0	0	5,154,498	0
2006	5,076,683	0	48,406	4,854,640	173,637	0	0	0	5,076,683	0
2007	5,157,329	0	0	322,213	4,159,031	676,085	0	0	5,157,329	0
2008	5,261,641	0	0	0	230,882	4,500,000	530,759	0	5,261,641	0
2009	5,261,641	0	0	0	0	300,000	4,500,000	461,641	5,261,641	0
2010	5,261,641	0	0	0	0	0	300,000	4,500,000	4,800,000	461,641
2011	5,261,641	0	0	0	0	0	0	300,000	300,000	4,961,641
Total	**$ 41,412,983**	**$ 4,844,774**	**$ 5,178,815**	**$ 5,254,593**	**$ 4,563,550**	**$ 5,476,085**	**$ 5,330,759**	**5,261,641**	**$ 35,910,217**	**$ 5,502,766**
Empl. Benefit Payment		$31,750	$45,899	$57,253	$39,247	$60,000	$60,000	$60,000	354,149	
CFDA 14.239.000 HOME Investment Partnersh										
2003	45,094,671	38,939,739	29,447,294	13,628,510	4,476,418	0	0	0	86,491,961	-41,397,290
2004	49,513,150	1,775,915	10,460,640	15,340,512	2,690,955	5,371,701	0	0	35,639,723	13,873,427
2005	44,687,663	6,593,706	7,627,822	2,964,791	11,340,974	3,229,146	5,819,343	0	37,575,782	7,111,881
2006	41,308,832	0	9,628,447	4,055,061	2,985,719	13,609,168	3,498,241	6,266,985	40,043,621	1,265,211
2007	41,420,803	0	0	9,481,664	1,229,054	3,582,863	14,743,266	3,767,337	32,804,184	8,616,619
2008	40,043,225	0	0	0	6,701,445	1,474,865	3,881,435	15,877,363	27,935,108	12,108,117
2009	40,000,000	0	0	0	0	8,041,734	1,597,771	4,180,007	13,819,512	26,180,488

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Federal FY	Award Amount	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total	Difference from Award
2010	$ 40,000,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 8,711,879	1,720,676	$ 10,432,555	$ 29,567,445
2011	40,000,000	0	0	0	0	0	0	9,382,023	9,382,023	30,617,977
Total	**$ 382,068,344**	**$ 47,309,360**	**$ 57,164,203**	**$ 45,470,538**	**$ 29,424,565**	**$ 35,309,477**	**$ 38,251,935**	**41,194,391**	**$ 294,124,469**	**$ 87,943,875**

Empl. Benefit Payment	$482,037	$567,707	$479,443	$460,256	$555,000	$555,000	$555,000	3,654,443

CFDA 14.871.000 SECTION 8 HOUSING CHOICE VOUCHERS

Federal FY	Award Amount	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total	Difference from Award
2004	11,619,812	135,346	0	0	0	0	0	0	135,346	11,484,466
2005	10,454,631	8,790,114	1,664,517	0	0	0	0	0	10,454,631	0
2006	7,560,000	0	4,407,978	3,152,022	0	0	0	0	7,560,000	0
2007	6,539,121	0	0	3,224,586	3,314,535	0	0	0	6,539,121	0
2008	6,382,728	0	0	0	2,950,452	3,432,276	0	0	6,382,728	0
2009	6,382,728	0	0	0	0	3,000,000	3,382,728	0	6,382,728	0
2010	6,382,728	0	0	0	0	0	3,000,000	3,382,728	6,382,728	0
2011	6,382,728	0	0	0	0	0	0	3,000,000	3,000,000	3,382,728
Total	**$ 61,704,476**	**$ 8,925,460**	**$ 6,072,495**	**$ 6,376,608**	**$ 6,264,987**	**$ 6,432,276**	**$ 6,382,728**	**6,382,728**	**$ 46,837,282**	**$ 14,867,194**

Empl. Benefit Payment	$80,457	$77,985	$69,148	$77,606	$69,000	$69,000	$69,000	512,196

CFDA 81.042.000 Weatherization Assistance

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Federal FY	Award Amount	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total	Difference from Award
2004	$ 5,133,894	$ 4,319,625	$ 0	$ 0	$ 0	$ 0	$ 0	0	$ 4,319,625	$ 814,269
2005	5,541,544	1,812,580	3,682,480	46,484	0	0	0	0	5,541,544	0
2006	5,982,538	0	1,676,010	4,303,307	3,221	0	0	0	5,982,538	0
2007	4,981,976	0	0	1,355,729	3,623,687	2,560	0	0	4,981,976	0
2008	5,549,413	0	0	0	1,918,175	3,631,238	0	0	5,549,413	0
2009	5,200,000	0	0	0	0	2,000,000	3,200,000	0	5,200,000	0
2010	5,200,000	0	0	0	0	0	2,000,000	3,200,000	5,200,000	0
2011	5,200,000	0	0	0	0	0	0	2,000,000	2,000,000	3,200,000
Total	**$ 42,789,365**	**$ 6,132,205**	**$ 5,358,490**	**$ 5,705,520**	**$ 5,545,083**	**$ 5,633,798**	**$ 5,200,000**	**5,200,000**	**$ 38,775,096**	**$ 4,014,269**

Empl. Benefit Payment		$43,278	$40,851	$49,584	$47,913	$39,000	$39,000	$39,000	298,626	

CFDA 93.568.000 Low-Income Home Energy As

Federal FY	Award Amount	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total	Difference from Award
2004	42,450,633	23,347,316	0	0	0	0	0	0	23,347,316	19,103,317
2005	48,827,768	27,052,727	21,775,041	0	0	0	0	0	48,827,768	0
2006	75,122,435	0	35,941,590	39,180,845	0	0	0	0	75,122,435	0
2007	57,202,689	0	0	27,723,875	29,478,814	0	0	0	57,202,689	0
2008	46,674,733	0	0	0	17,160,289	29,514,444	0	0	46,674,733	0
2009	46,674,733	0	0	0	0	17,160,289	29,514,444	0	46,674,733	0
2010	46,674,733	0	0	0	0	0	17,160,289	29,514,444	46,674,733	0

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Federal FY	Award Amount	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total	Difference from Award
2011	$ 46,674,733	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	17,160,289	$ 17,160,289	$ 29,514,444
Total	**$ 410,302,457**	**$ 50,400,043**	**$ 57,716,631**	**$ 66,904,720**	**$ 46,639,103**	**$ 46,674,733**	**$ 46,674,733**	**46,674,733**	**$ 361,684,696**	**$ 48,617,761**
Empl. Benefit Payment		$134,867	$157,986	$146,626	$134,338	$134,338	$134,338	$134,338	976,831	

CFDA 93.569.000 Community Services Block

Federal FY	Award Amount	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total	Difference from Award
2004	30,763,975	14,783,436	824,704	0	0	0	0	0	15,608,140	15,155,835
2005	30,514,311	16,962,954	13,039,876	511,481	0	0	0	0	30,514,311	0
2006	30,208,632	0	15,583,119	13,520,241	1,105,272	0	0	0	30,208,632	0
2007	30,208,630	0	0	14,394,356	15,410,902	403,372	0	0	30,208,630	0
2008	31,311,979	0	0	0	10,295,936	19,000,000	2,016,043	0	31,311,979	0
2009	31,311,979	0	0	0	0	12,000,000	18,000,000	1,311,979	31,311,979	0
2010	31,311,979	0	0	0	0	0	12,000,000	18,000,000	30,000,000	1,311,979
2011	31,311,979	0	0	0	0	0	0	12,000,000	12,000,000	19,311,979
Total	**$ 246,943,464**	**$ 31,746,390**	**$ 29,447,699**	**$ 28,426,078**	**$ 26,812,110**	**$ 31,403,372**	**$ 32,016,043**	**31,311,979**	**$ 211,163,671**	**$ 35,779,793**
Empl. Benefit Payment		$141,175	$126,084	$128,651	$118,258	$140,000	$140,000	$140,000	934,168	

CFDA 97.087.000 Alternative Housing Pilot Program

Federal FY	Award Amount	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total	Difference from Award
2006	150,641	0	150,641	0	0	0	0	0	150,641	0

DATE: **8/13/2008**
TIME : **2:39:23PM**

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Federal FY	Award Amount	Expended SFY 2005	Expended SFY 2006	Expended SFY 2007	Estimated SFY 2008	Estimated SFY 2009	Estimated SFY 2010	Estimated SFY 2011	Total	Difference from Award
2007	$ 16,471,725	$ 0	$ 0	$ 8,394	$ 365,037	$ 8,049,147	$ 8,049,147	0	$ 16,471,725	$ 0
Total	**$ 16,622,366**	**$ 0**	**$ 150,641**	**$ 8,394**	**$ 365,037**	**$ 8,049,147**	**$ 8,049,147**	**0**	**$ 16,622,366**	**$ 0**

Empl. Benefit Payment	$0	$0	$1,294	$9,693	$100,000	$100,000	$0	210,987

DATE: 8/13/2008
TIME: 2:39:47PM

Agency Code: **332** Agency name: **Department of Housing and Community Affairs**

FUND/ACCOUNT	Act 2007	Exp 2008	Exp 2009	Bud 2010	Est 2011
666 Appropriated Receipts					
Beginning Balance (Unencumbered):	$0	$0	$0	$0	$0
Estimated Revenue:					
3158 Manufactured Housing Trng Fees	37,446	117,517	117,517	117,517	117,517
3159 Mfg Housing Certificate - Title	4,983,818	4,356,201	4,356,201	4,356,201	4,356,201
3160 Mfg/Ind Housing Reg Fees	803,675	1,197,209	1,180,709	1,197,209	1,180,709
3161 Mfg/Ind Housing Inspect Fees	1,343,708	1,284,011	1,284,011	1,284,011	1,284,011
3163 Penalties Mfg/Ind Housing Violation	16,718	34,383	34,383	34,383	34,383
3719 Fees/Copies or Filing of Records	6,420	4,600	4,600	4,600	4,600
3775 Returned Check Fees	0	0	0	0	0
3802 Reimbursements-Third Party	608,771	291,862	291,862	291,862	291,862
Subtotal: Actual/Estimated Revenue	7,800,556	7,285,783	7,269,283	7,285,783	7,269,283
Total Available	**$7,800,556**	**$7,285,783**	**$7,269,283**	**$7,285,783**	**$7,269,283**
DEDUCTIONS:					
Expended/Budgeted/Requested	(3,370,854)	(3,416,368)	(4,949,664)	(4,811,197)	(5,017,777)
Transfer Employee Benefits	(545,365)	(550,498)	(570,000)	(580,000)	(580,000)
Art IX, Sec 11.04, Lease Space	(236,180)	0	0	0	0
Total, Deductions	**$(4,152,399)**	**$(3,966,866)**	**$(5,519,664)**	**$(5,391,197)**	**$(5,597,777)**
Ending Fund/Account Balance	**$3,648,157**	**$3,318,917**	**$1,749,619**	**$1,894,586**	**$1,671,506**

REVENUE ASSUMPTIONS:

Increases in revenues from 2007 to 2008 reflect the implementation of provisions of House Bill (HB) 1460, 80th Texas Legislature. HB 1460 increased training requirements for licensees, resulting in increased revenues associated with this activity. The ne law also requires that new and existing licenses be renewed every two years rather than annually. To ensure sufficient revenues for administrative costs associated with this activity, MHD doubled fees for new and renewal licenses effective January 2008, resulting in overall increase in revenues associated with this activity. Decreases in some categories reflect industry trends. The assumptions for FY 2010-11 revenues are based on the actual/estimates for FY 2008-09, modified historical trends, and HB 1460 provisions.

CONTACT PERSON:

Kassu Asfaw

Agency Code: **332** Agency name: **Department of Housing and Community Affairs**

FUND/ACCOUNT	Act 2007	Exp 2008	Exp 2009	Bud 2010	Est 2011
888 Earned Federal Funds					
Beginning Balance (Unencumbered):	$0	$0	$250,000	$0	$0
Estimated Revenue:					
3702 Fed Receipts-Earned Federal Funds	813,000	878,386	782,000	782,000	782,000
3851 Interest on St Deposits & Treas Inv	470,420	467,000	467,000	467,000	467,000
Subtotal: Actual/Estimated Revenue	1,283,420	1,345,386	1,249,000	1,249,000	1,249,000
Total Available	**$1,283,420**	**$1,345,386**	**$1,499,000**	**$1,249,000**	**$1,249,000**
DEDUCTIONS:					
Expended/Budgeted/Requested	(782,392)	(703,537)	(1,047,190)	(1,106,190)	(1,106,190)
Transfer of Employee Benefits	(118,466)	(32,849)	(45,000)	(47,000)	(47,000)
Art IX, Sec 11.04 Lease Space	(54,900)	0	0	0	0
Art IX, Sec 6.26(f), EFF UB	0	(250,000)	0	0	0
Total, Deductions	**$(955,758)**	**$(986,386)**	**$(1,092,190)**	**$(1,153,190)**	**$(1,153,190)**
Ending Fund/Account Balance	**$327,662**	**$359,000**	**$406,810**	**$95,810**	**$95,810**

REVENUE ASSUMPTIONS:

Increased Earned Federal Funds in 2008 are associated with HUD and FEMA funds received to help address needs arising from Hurricanes Katrina and Rita. See Homeland Security Schedule for discussion of these.

CONTACT PERSON:

Esther Ku/David Aldrich

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
OBJECTS OF EXPENSE						
1001	SALARIES AND WAGES	$294,365	$751,792	$785,174	$785,174	$785,174
1002	OTHER PERSONNEL COSTS	$1,700	$34,275	$5,040	$5,040	$5,040
2001	PROFESSIONAL FEES AND SERVICES	$0	$122,604	$110,000	$122,000	$120,000
2003	CONSUMABLE SUPPLIES	$676	$4,104	$17,219	$17,219	$17,219
2004	UTILITIES	$1,612	$3,435	$3,760	$3,760	$3,760
2005	TRAVEL	$30,837	$120,567	$60,000	$60,000	$60,000
2006	RENT - BUILDING	$1,456	$1,511	$7,500	$7,500	$7,500
2007	RENT - MACHINE AND OTHER	$680	$606	$2,561	$2,561	$2,561
2009	OTHER OPERATING EXPENSE	$19,381	$208,567	$120,535	$120,535	$120,535
4000	GRANTS	$0	$439,153,073	$0	$0	$0
TOTAL, OBJECTS OF EXPENSE		**$350,707**	**$440,400,534**	**$1,111,789**	**$1,123,789**	**$1,121,789**
METHOD OF FINANCING						
127	Community Affairs Fed Fd					
	CFDA 14.228.000, Community Development Blo	$343,413	$424,960,538	$1,009,122	$1,021,122	$1,019,122
	CFDA 97.087.000, Alternative Housing Pilot Program	$7,294	$15,439,996	$102,667	$102,667	$102,667
	Subtotal, MOF (Federal Funds)	$350,707	$440,400,534	$1,111,789	$1,123,789	$1,121,789
TOTAL, METHOD OF FINANCE		***$350,707***	**$440,400,534**	**$1,111,789**	**$1,123,789**	**$1,121,789**
FULL-TIME-EQUIVALENT POSITIONS		**0.0**	**12.0**	**12.0**	**12.0**	**12.0**
FUNDS PASSED THROUGH TO LOCAL ENTITIES (Included in amounts above)		**$0**	**$392,791,357**	**$0**	**$0**	**$0**
FUNDS PASSED THROUGH TO OTHER STATE AGENCIES OR INSTITUTIONS OF HIGHER EDUCATION (Not included in amounts above)		**$0**	**$44,100,000**	**$0**	**$0**	**$0**

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

USE OF HOMELAND SECURITY FUNDS

Expenditures prior to 2008 reflect only TDHCA administrative costs associated with $74.5 million in HUD Community Development Block Grant (CDBG) funding received in 2006 to help the state respond to needs arising from Hurricane Rita. Funds are reflected in the Office of Rural Community Affairs' (ORCA's) budget; 56.87% of funds were applied to unmet housing needs; remaining funds addressed infrastructure needs.

Expenditures from 2008 forward also reflect:

*An additional $428.6 million in CDBG funds to received to address unmet needs resulting from Hurricanes Rita and Katrina, allocated as follows:

-Homeowners Assistance Program: Provides home repair or reconstruction assistance to low income households. TDHCA contracts with Affiliated Computer Services (ACS) for local delivery.

-Sabine Pass Restoration Program: This program provides home repair or reconstruction for households living in Sabine Pass. TDHCA contracts with ACS for local delivery.

-Multifamily Rental Housing Stock Restoration Program: Funds rehabilitation or reconstruction of damaged affordable rental housing. TDHCA awarded funds to affected local developments.

-City of Houston and Harris County Public Service and Community Development Program: Funds address increased demand on public services and rental stock resulting from absorption of Katrina evacuees. TDHCA contracts directly to the city and county.

-Restoration of Critical Infrastructure Program: Funds restore outstanding damage to infrastructure where no other source of funding has been obtained. TDHCA contracts with ORCA for administration.

*$16.5 million in FEMA Alternative Housing Pilot Program funds to develop and test alternative housing products that may be used in the event of a future disaster. Resulting homes will be provided to households in Harris County and East Texas. TDHCA contracts with the Heston Group for product delivery.

All funds above are reflected in Strategy D.1.2.

6.G HOMELAND SECURITY FUNDING SCHEDULE - PART B NATURAL OR MAN-MADE DISASTERS
Funds Passed through to Local Entities
81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

CODE DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
METHOD OF FINANCE					
127 Community Affairs Fed Fd					
CFDA 14.228.000Community Development Blo					
Affiliated Computer Services	$0	$219,837,980	$0	$0	$0
City of Houston	$0	$42,000,000	$0	$0	$0
Harris County	$0	$21,000,000	$0	$0	$0
Rental Housing Stock Restoration	$0	$82,866,984	$0	$0	$0
Sabine Pass Restoration	$0	$12,450,000	$0	$0	$0
CFDA Subtotal	$0	$378,154,964	$0	$0	$0
CFDA 97.087.000Alternative Housing Pilot Program					
The Heston Group	$0	$14,636,393	$0	$0	$0
CFDA Subtotal	$0	$14,636,393	$0	$0	$0
Subtotal MOF, (Federal Funds)	$0	$392,791,357	$0	$0	$0
TOTAL	**$0**	**$392,791,357**	**$0**	**$0**	**$0**

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

CODE DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
METHOD OF FINANCE					
FEDERAL FUNDS					
127 Community Affairs Fed Fd					
CFDA 14.228.000 Community Development Blo					
RURAL COMMUNITY AFFAIRS	$0	$44,100,000	$0	$0	$0
CFDA Subtotal	$0	$44,100,000	$0	$0	$0
Subtotal MOF, (Federal Funds)	$0	$44,100,000	$0	$0	$0
TOTAL	**$0**	**$44,100,000**	**$0**	**$0**	**$0**

6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern

ESTIMATED GRAND TOTAL OF AGENCY FUNDS OUTSIDE THE 2010-11 GAA BILL PATTERN	**$2,160,162,012**

Single Family Bonds

Estimated Beginning Balance in FY 2008		$	1,393,568,395
Estimated Revenues FY 2008		$	157,060,000
Estimated Revenues FY 2009		$	180,000,000
	FY 2008-09 Total	$	1,730,628,395
Estimated Beginning Balance in FY 2010		$	1,565,833,395
Estimated Revenues FY 2010		$	170,000,000
Estimated Revenues FY 2011		$	170,000,000
	FY 2010-11 Total	$	1,905,833,395

Constitutional or Statutory Creation and Use of Funds:

The Department's enabling legislation, Texas Government Code (TGC) Chapter 2306, has several provisions regarding the deposit of funds outside treasury: §2306.118, § 2306.120, and §2306.172. The sections of the Code regarding the issuance of bonds and collection of revenue from bonds are §2306.352 and §2306.353 respectively.

Method of Calculation and Revenue Assumptions:

Revenues consist of bond proceeds from the annual issuance of tax-exempt and taxable bonds, notes or other obligations to finance or refinance single-family residential housing. These bonds are not the obligation of the State of Texas and they are to be paid by their respective revenue streams. Funds in Single Family bonds are restricted by bond covenants. Any unexpended proceeds, repayments, or interest earnings are strictly committed for the debt service payments of the bonds. Estimated revenues represent bond issuances made using a portion of the Department's Private Activity Bond (PAB) allocation for single family activity. (Note: TDHCA utilizes a portion of its single family PAB authority for Mortgage Credit Certificates; because of this, revenue estimates will generally not reflect full single family bond authority utilized by the Department in a given year.) Interest revenue on investment on bond proceeds and bond interest expense are not included in the estimation because earnings are offset by expenses on bonds. These bonds are issued under separate Bond Trust Indentures and are secured on an equal and ratable basis by the trust estate established by such trust indentures. The assets created by the bond proceeds and their revenues are pledged to the Trust Indenture for the payment of Debt Service and retirement of the bonds outstanding. The assumptions above do not include the effects of new Federal Legislation, H.R. 3221, which is yet to be determined.

6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern

Multifamily Housing Bonds

Estimated Beginning Balance in FY 2008		$	194,361,104
Estimated Revenues FY 2008		$	59,000,000
Estimated Revenues FY 2009		$	90,000,000
	FY 2008-09 Total	$	343,361,104
Estimated Beginning Balance in FY 2010		$	13,105,682
Estimated Revenues FY 2010		$	80,000,000
Estimated Revenues FY 2011		$	80,000,000
	FY 2010-11 Total	$	173,105,682

Constitutional or Statutory Creation and Use of Funds:

The Department's enabling legislation, Texas Government Code (TGC) Chapter 2306, has several provisions regarding the deposit of funds outside treasury: §§ 2306.118 and 2306.120, 2306.172. The sections of the Code regarding the issuance of bonds and collection of revenue from bonds are §2306.352 and §2306.353 respectively.

Method of Calculation and Revenue Assumptions:

Revenues consist of funds from the Department's best estimate of projected issuance of tax-exempt and taxable bonds, notes or other obligations to finance or refinance multifamily housing developments. All debt issued is considered to be conduit debt, making the developer responsible for the debt service payments on the bonds. These bonds are issued under separate Bond Trust Indentures and are secured on an equal and ratable basis by the trust estate established by such trust indentures. Funds in Multifamily Housing Bonds are restricted by bond covenants. These funds are held by a trustee and are strictly for the use of the developer of the multifamily project. Estimated revenues represent the state's Private Activity Bond allocation of issuance authority for multifamily bonds by the Department. The assumptions above do not include the effects of new Federal Legislation, H.R. 3221, which is yet to be determined.

6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern

Compliance Fees

Estimated Beginning Balance in FY 2008		$	3,807,567
Estimated Revenues FY 2008		$	4,400,000
Estimated Revenues FY 2009		$	3,800,000
	FY 2008-09 Total	$	12,007,567
Estimated Beginning Balance in FY 2010		$	3,807,567
Estimated Revenues FY 2010		$	3,925,000
Estimated Revenues FY 2011		$	4,025,000
	FY 2010-11 Total	$	11,757,567

Constitutional or Statutory Creation and Use of Funds:

The Department's enabling legislation, Texas government code (TGC) Chapter 2306, has several provisions regarding the deposit of funds outside treasury: §§ 2306.118, 2306.120, and 2306.172. There are numerous provisions for fees to be collected for the purpose of supporting the housing finance programs such as single family bonds, multifamily bonds, housing tax credits and compliance monitoring: §2306.144, §2305.147, §2306.176, §2306.228, §2306.266 and §2306.6716.

Method of Calculation and Revenue Assumptions:

Multifamily developers are assessed an annual fee based on the number of low income units available for rent. They are collected over the 30-year affordability period. The number of low income units are identified in the individual Land Use Restriction Agreements (LURAs) that are issued to each developer. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the monitoring and administration of these properties. These fees are collected and deposited in Safekeeping Trust Company (TTSTC) in the compliance fee account. The Department then makes periodic transfers as necessary to fund 0896 in the state treasury, in accordance with approved budget appropriations, to pay for its administrative expenses. Revenue estimates are expected to decrease from 2008 to 2009 due to elimination of the monitoring function for the Affordable Housing Disposition Program (AHDP). Revenue estimates are expected to increase from the 2009 level due to an increase in the number of low income units available resulting from additional multifamily bonds and tax credits issued.

6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern

Housing Tax Credit Fees

Estimated Beginning Balance in FY 2008		$	7,081,992
Estimated Revenues FY 2008		$	3,300,000
Estimated Revenues FY 2009		$	4,025,000
	FY 2008-09 Total	$	14,406,992
Estimated Beginning Balance in FY 2010		$	7,081,992
Estimated Revenues FY 2010		$	4,075,000
Estimated Revenues FY 2011		$	4,125,000
	FY 2010-11 Total	$	15,281,992

Constitutional or Statutory Creation and Use of Funds:

The Department's enabling legislation, Texas Government Code (TGC) Chapter 2306, has several provisions regarding the deposit of funds outside treasury: §2306.118, §2306.120, and §2306.172. The Department has authority to collect housing tax credit fees pursuant to §2306.144, §2305.147, §2306.176, §2306.228, §2306.266 and §2306.2617, Texas Government Code.

Method of Calculation and Revenue Assumptions:

The fees collected are application fees, commitment fees and inspection fees. The authority for the collection of these fees is outlined in the Department's Qualified Allocation Plan (QAP), which is published annually. Currently, the Department has the authority to award approximately $48 million in tax credits each year, which generates approximately $2 million in commitment fees. The balance is received from application, inspection, and other miscellaneous fees. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the monitoring and administration of the Housing Tax Credit Program. These fees are collected and deposited in the Safekeeping Trust Company. The Department makes transfers as necessary, in accordance with approved budget appropriations, to funds held at the state treasury to pay for its administrative expenses. Revenue estimates are expected to increase slightly from the 2008-09 levels due to anticipated application fees and extension fees.

6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern

Housing Trust Fund

Estimated Beginning Balance in FY 2008		$	14,126,915
Estimated Revenues FY 2008		$	5,490,295
Estimated Revenues FY 2009		$	5,515,296
	FY 2008-09 Total	$	25,132,506
Estimated Beginning Balance in FY 2010		$	17,132,506
Estimated Revenues FY 2010		$	5,990,295
Estimated Revenues FY 2011		$	6,090,295
	FY 2010-11 Total	$	29,213,096

Constitutional or Statutory Creation and Use of Funds:

The Department's enabling legislation, Texas Government Code (TGC) Chapter 2306, has several provisions regarding the Housing Trust fund: § 2306.201 addresses placing the funds with the Texas Safekeeping Trust Company and §§ 2306.202 through 2306.206 addresses the administration of the fund.

Method of Calculation and Revenue Assumptions:

Revenue consists of Housing Trust Fund General Revenue transfers made in accordance with TDHCA Rider 10, General Appropriations Act, and antecedent riders and transfers made to the fund from unencumbered fund balances, grants, or other sources as determined by the Department (i.e., "local funds"). The fund is used to provide loans and grants to entities and individuals to finance, acquire, rehabilitate, and develop affordable housing. The beginning balance for each biennium reflects funds encumbered through existing contracts or reserved for open notices of funding availability (NOFAs). The components of revenue estimates are General Revenue transfers, including $1,00,000 from loan repayment and interest generated from previous, General Revenue-funded contracts and $300,000 generated from loan repayments and earned interest from contracts funded with local funds.

6.H. Estimated Total of All Agency Funds Outside the GAA Bill Pattern

Administration Fund

Estimated Beginning Balance in FY 2008		$	16,336,280
Estimated Revenues FY 2008		$	4,228,000
Estimated Revenues FY 2009		$	4,052,000
	FY 2008-09 Total	$	24,616,280
Estimated Beginning Balance in FY 2010		$	16,641,280
Estimated Revenues FY 2010		$	4,127,000
Estimated Revenues FY 2011		$	4,202,000
	FY 2010-11 Total	$	24,970,280

Constitutional or Statutory Creation and Use of Funds:

The Department's enabling legislation, Texas Government Code (TGC) Chapter 2306, has several provisions regarding the deposit of funds outside treasury: §2306.118, § 2306.120, amd §2306.172.

Method of Calculation and Revenue Assumptions:

Funds held in this fund account are for the principal operating activities conducted by the Department. Funds held in the Administration Funds are generated from transfers from the Bond Compliance Accounts, Tax Credit Accounts, and revenue from Single Family/Multifamily Administration Fees. These fees and transfers support the general administration expenses associated with bond funds. In additon, the beginning balance includes funds designated for a specific purpose by Board action.

6.I. 10 Percent Biennial Base Reduction Options Schedule

Approved Reduction Amount

$1,467,711

Agency Code: 332			Agency Name: Department of Housing and Community Affairs								
Rank	**Reduction Item**		**Biennial Application of 10% Percent Reduction**					**FTE Reductions (FY 2010-11 Base Request Compared to Budgeted 2009)**		**Revenue Impact? Y/N**	**Cumulative GR-related reduction as a % of Approved Base**
	Strat	**Name**	**GR**	**GR-Dedicated**	**Federal**	**Other**	**All Funds**	**FY 08**	**FY 09**		
1	C.1.1	Poverty Related Funds	218,000	0	0	0	$ 218,000	0.0	0.0	N	1.0%
2	Goal F	Central Administration	264,148	0	0	0	$ 264,148	0.0	0.0	N	3.0%
3	B.1.1	Center for Housing Research and Planning	100,000	0	0	0	$ 100,000	0.0	0.0	N	4.0%
4	A.1.7	Housing Trust Fund - Multifamily	169,062	0	0	0	$ 169,062	0.0	0.0	N	5.0%
5	A.1.3	Housing Trust Fund - Single Family	716,501	0	0	0	$ 716,501	0.0	0.0	N	10.0%
	Agency Biennial Total		**$ 1,467,711**	**$ -**	**$ -**	**$ -**	**$ 1,467,711**	**0.0**	**0.0**		10.0%
	Agency Biennial Total (GR + GR-D)			**$ 1,467,711**							

Rank / Name
Explanation of Impact to Programs and Revenue Collections

1. Poverty Related Funds

This reduction would eliminate funding utilized in the 2008-2009 biennium for providing technical assistance to rural communities to assist them in their efforts to access HUD Balance of State Continuum of Care funding. The primary groundwork for this effort will be funded through the 2008-2009 appropriations. Background research assembled during 2008-2009 will likely continue to be of assistance in efforts undertaken during the 2010-2011 biennium, mitigating the impact of discontinued funding.

2. Central Administration

To achieve this reduction, TDHCA would substantially reduce funding for professional development, training and tuition reimbursement, all of which are currently utilized by TDHCA to help staff maintain best practices and professional expertise. TDHCA would also decrease the use of professional services.

3. Center for Housing Research and Planning

This represents a 41.67% reduction to General Revenue funding for this program. This funding reduction would reduce the number of market studies and public education efforts funded through the Affordable Housing Research and Information Program, while still allowing the Department to undertake this activity. At this lower funding level, the Department would be able to conduct roughly one to two fewer regional market studies per year, depending on the scope of the study, and one fewer outreach and education effort.

4. Housing Trust Fund - Multifamily

This represents an 18.7% reduction to the Housing Trust Fund (HTF) Multifamily program budget, which would result in three to seven fewer rental units being constructed or rehabilitated.

5. Housing Trust Fund - Single Family

This funding reduction to the Housing Trust Fund (HTF) Single Family program budget would result in ten to seventy-two fewer households served, depending on the activity to be reduced. HTF Single Family activity includes tenant-based rental assistance, homebuyer assistance, and home repair or rehabilitation, and veterans assistance. The proposed funding reduction translates into roughly ten fewer households receving mortgage assistance to help them repair or replace a home lost as a result of natural disaster, twenty-one fewer veteran households served receivng rental or down-payment assistance to help them transition to permanent housinng, twenty-four fewer households receiving home repair assistance, seventy-two fewer households receving down payment assistance, or seventy-two fewer rental vouchers. TDHCA would determine activities to be reduced through a public comment process. No reduction would be made to funds related to the statutorily-required Texas Bootstrap (Owner-Builder) Loan Program.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-1	**Federal Mortgage Loans & MCCs through the SF MRB Program**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 414,375	$ 425,869	$ 464,141	$ 428,102	$ 428,102
1002	OTHER PERSONNEL COSTS	13,507	13,882	14,037	12,947	12,947
2001	PROFESSIONAL FEES AND SERVICES	28,448	28,861	32,694	30,330	30,330
2003	CONSUMABLE SUPPLIES	2,297	4,740	6,351	5,858	5,858
2004	UTILITIES	1,253	1,312	1,987	1,833	1,833
2005	TRAVEL	9,748	9,472	13,777	12,707	12,707
2006	RENT - BUILDING	2,342	953	682	629	629
2007	RENT - MACHINE AND OTHER	1,640	1,007	4,145	3,823	3,823
2009	OTHER OPERATING EXPENSE	75,817	80,518	76,444	73,541	71,945
3001	CLIENT SERVICES	0	2,849	0	0	0
5000	CAPITAL EXPENDITURES	431	636	2,054	2,120	2,507
	Total, Objects of Expense	**$ 549,858**	**$ 570,099**	**$ 616,312**	**$ 571,890**	**$ 570,681**
METHOD OF FINANCING:						
1	General Revenue Fund	34,011	92,343	127,163	106,299	106,299
666	Appropriated Receipts	435,776	477,756	489,149	465,591	464,382
888	Earned Federal Funds	80,071	0	0	0	0
	Total, Method of Financing	**$ 549,858**	**$ 570,099**	**$ 616,312**	**$ 571,890**	**$ 570,681**
FULL TIME EQUIVALENT POSITIONS		**6.7**	**6.6**	**6.6**	**6.5**	**6.3**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy			Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-2	**Provide Single Family Housing through HOME Investment Program**						
OBJECTS OF EXPENSE:							
1001	SALARIES AND WAGES		$ 620,208	$ 725,351	$ 790,537	$ 654,581	$ 654,581
1002	OTHER PERSONNEL COSTS		20,216	23,643	23,908	19,796	19,796
2001	PROFESSIONAL FEES AND SERVICES		42,579	49,156	55,685	46,376	46,376
2003	CONSUMABLE SUPPLIES		3,438	8,073	10,817	8,957	8,957
2004	UTILITIES		1,876	2,235	3,384	2,802	2,802
2005	TRAVEL		14,591	16,134	23,466	19,430	19,430
2006	RENT - BUILDING		3,506	1,624	1,162	962	962
2007	RENT - MACHINE AND OTHER		2,454	1,715	7,059	5,845	5,845
2009	OTHER OPERATING EXPENSE		113,477	137,141	130,201	112,446	110,006
3001	CLIENT SERVICES		0	4,853	0	0	0
5000	CAPITAL EXPENDITURES		645	1,084	3,499	3,241	3,834
	Total, Objects of Expense		**$ 822,990**	**$ 971,009**	**$ 1,049,718**	**$ 874,436**	**$ 872,589**
METHOD OF FINANCING:							
1	General Revenue Fund		50,906	157,281	216,587	162,535	162,535
666	Appropriated Receipts		652,239	813,728	833,131	711,901	710,054
888	Earned Federal Funds		119,845	0	0	0	0
	Total, Method of Financing		**$ 822,990**	**$ 971,009**	**$ 1,049,718**	**$ 874,436**	**$ 872,589**
FULL TIME EQUIVALENT POSITIONS			**10.0**	**11.2**	**11.0**	**9.7**	**9.7**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-3	**Provide Funding through the HTF for Affordable Single Family Housing**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 8,125	$ 57,698	$ 62,884	$ 82,858	$ 82,858
1002	OTHER PERSONNEL COSTS	265	1,881	1,902	2,506	2,506
2001	PROFESSIONAL FEES AND SERVICES	558	3,910	4,430	5,870	5,870
2003	CONSUMABLE SUPPLIES	45	642	860	1,134	1,134
2004	UTILITIES	25	178	269	355	355
2005	TRAVEL	191	1,283	1,867	2,459	2,459
2006	RENT - BUILDING	46	129	92	122	122
2007	RENT - MACHINE AND OTHER	32	136	562	740	740
2009	OTHER OPERATING EXPENSE	1,487	10,910	10,356	14,234	13,925
3001	CLIENT SERVICES	0	386	0	0	0
5000	CAPITAL EXPENDITURES	8	86	278	410	485
	Total, Objects of Expense	**$ 10,782**	**$ 77,239**	**$ 83,500**	**$ 110,688**	**$ 110,454**
METHOD OF FINANCING:						
1	General Revenue Fund	667	12,511	17,229	20,574	20,574
666	Appropriated Receipts	8,545	64,728	66,271	90,114	89,880
888	Earned Federal Funds	1,570	0	0	0	0
	Total, Method of Financing	**$ 10,782**	**$ 77,239**	**$ 83,500**	**$ 110,688**	**$ 110,454**
FULL TIME EQUIVALENT POSITIONS		**0.1**	**0.9**	**0.9**	**1.2**	**1.2**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-4	**Federal Rental Assistance through Section 8 Certificates and Vouchers**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 167,917	$ 184,085	$ 200,629	$ 193,336	$ 193,336
1002	OTHER PERSONNEL COSTS	5,473	6,000	6,067	5,847	5,847
2001	PROFESSIONAL FEES AND SERVICES	11,528	12,475	14,132	13,698	13,698
2003	CONSUMABLE SUPPLIES	931	2,049	2,745	2,645	2,645
2004	UTILITIES	508	567	859	828	828
2005	TRAVEL	3,950	4,095	5,955	5,739	5,739
2006	RENT - BUILDING	949	412	295	284	284
2007	RENT - MACHINE AND OTHER	664	435	1,792	1,726	1,726
2009	OTHER OPERATING EXPENSE	30,723	34,805	33,044	33,212	32,492
3001	CLIENT SERVICES	0	1,232	0	0	0
5000	CAPITAL EXPENDITURES	175	275	888	957	1,132
	Total, Objects of Expense	**$ 222,818**	**$ 246,430**	**$ 266,406**	**$ 258,272**	**$ 257,727**
METHOD OF FINANCING:						
1	General Revenue Fund	13,782	39,916	54,967	48,006	48,006
666	Appropriated Receipts	176,589	206,514	211,439	210,266	209,721
888	Earned Federal Funds	32,447	0	0	0	0
	Total, Method of Financing	**$ 222,818**	**$ 246,430**	**$ 266,406**	**$ 258,272**	**$ 257,727**
FULL TIME EQUIVALENT POSITIONS		**2.7**	**2.8**	**2.8**	**2.9**	**2.9**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		**Exp 2007**	**Est 2008**	**Bud 2009**	**BL 2010**	**BL 2011**
1-1-5	**Provide Federal Tax Credits to Develop Rental Housing for VLI and LI**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 476,666	$ 475,324	$ 518,041	$ 475,055	$ 475,055
1002	OTHER PERSONNEL COSTS	15,538	15,494	15,667	14,367	14,367
2001	PROFESSIONAL FEES AND SERVICES	32,724	32,212	36,491	33,657	33,657
2003	CONSUMABLE SUPPLIES	2,643	5,290	7,088	6,500	6,500
2004	UTILITIES	1,442	1,465	2,218	2,034	2,034
2005	TRAVEL	11,214	10,572	15,377	14,101	14,101
2006	RENT - BUILDING	2,694	1,064	761	698	698
2007	RENT - MACHINE AND OTHER	1,886	1,124	4,626	4,242	4,242
2009	OTHER OPERATING EXPENSE	87,215	89,869	85,321	81,606	79,836
3001	CLIENT SERVICES	0	3,180	0	0	0
5000	CAPITAL EXPENDITURES	496	710	2,293	2,352	2,782
	Total, Objects of Expense	**$ 632,518**	**$ 636,304**	**$ 687,883**	**$ 634,612**	**$ 633,272**
METHOD OF FINANCING:						
1	General Revenue Fund	39,124	103,067	141,930	117,958	117,958
666	Appropriated Receipts	501,286	533,237	545,953	516,654	515,314
888	Earned Federal Funds	92,108	0	0	0	0
	Total, Method of Financing	**$ 632,518**	**$ 636,304**	**$ 687,883**	**$ 634,612**	**$ 633,272**
FULL TIME EQUIVALENT POSITIONS		**7.7**	**7.4**	**7.2**	**7.0**	**7.0**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-6	**Provide Multifamily Housing through HOME Investment Program**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 97,500	$ 65,941	$ 71,867	$ 132,573	$ 132,573
1002	OTHER PERSONNEL COSTS	3,178	2,149	2,173	4,009	4,009
2001	PROFESSIONAL FEES AND SERVICES	6,694	4,469	5,062	9,393	9,393
2003	CONSUMABLE SUPPLIES	541	734	983	1,814	1,814
2004	UTILITIES	295	203	308	568	568
2005	TRAVEL	2,294	1,467	2,133	3,935	3,935
2006	RENT - BUILDING	551	148	106	195	195
2007	RENT - MACHINE AND OTHER	386	156	642	1,184	1,184
2009	OTHER OPERATING EXPENSE	17,838	12,466	11,837	22,774	22,280
3001	CLIENT SERVICES	0	441	0	0	0
5000	CAPITAL EXPENDITURES	101	99	318	656	776
	Total, Objects of Expense	**$ 129,378**	**$ 88,273**	**$ 95,429**	**$ 177,101**	**$ 176,727**
METHOD OF FINANCING:						
1	General Revenue Fund	8,003	14,298	19,690	32,918	32,918
666	Appropriated Receipts	102,535	73,975	75,739	144,183	143,809
888	Earned Federal Funds	18,840	0	0	0	0
	Total, Method of Financing	**$ 129,378**	**$ 88,273**	**$ 95,429**	**$ 177,101**	**$ 176,727**
FULL TIME EQUIVALENT POSITIONS		**1.6**	**1.0**	**1.0**	**2.0**	**2.0**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-7	**Provide Funding through the HTF for Affordable Multifamily Housing**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 13,542	$ 21,980	$ 23,956	$ 24,858	$ 24,858
1002	OTHER PERSONNEL COSTS	441	716	724	752	752
2001	PROFESSIONAL FEES AND SERVICES	930	1,490	1,687	1,761	1,761
2003	CONSUMABLE SUPPLIES	75	245	328	340	340
2004	UTILITIES	41	68	103	106	106
2005	TRAVEL	319	489	711	738	738
2006	RENT - BUILDING	77	49	35	37	37
2007	RENT - MACHINE AND OTHER	54	52	214	222	222
2009	OTHER OPERATING EXPENSE	2,476	4,155	3,946	4,269	4,176
3001	CLIENT SERVICES	0	147	0	0	0
5000	CAPITAL EXPENDITURES	14	33	106	123	146
	Total, Objects of Expense	**$ 17,969**	**$ 29,424**	**$ 31,810**	**$ 33,206**	**$ 33,136**
METHOD OF FINANCING:						
1	General Revenue Fund	1,111	4,766	6,563	6,172	6,172
666	Appropriated Receipts	14,241	24,658	25,247	27,034	26,964
888	Earned Federal Funds	2,617	0	0	0	0
	Total, Method of Financing	**$ 17,969**	**$ 29,424**	**$ 31,810**	**$ 33,206**	**$ 33,136**
FULL TIME EQUIVALENT POSITIONS		**0.2**	**0.3**	**0.3**	**0.4**	**0.4**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-8	**Federal Mortgage Loans through the MF Mortgage Revenue Bond Program**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 73,125	$ 57,698	$ 62,884	$ 132,573	$ 132,573
1002	OTHER PERSONNEL COSTS	2,384	1,881	1,902	4,009	4,009
2001	PROFESSIONAL FEES AND SERVICES	5,020	3,910	4,430	9,393	9,393
2003	CONSUMABLE SUPPLIES	405	642	860	1,814	1,814
2004	UTILITIES	221	178	269	568	568
2005	TRAVEL	1,720	1,283	1,867	3,935	3,935
2006	RENT - BUILDING	413	129	92	195	195
2007	RENT - MACHINE AND OTHER	289	136	562	1,184	1,184
2009	OTHER OPERATING EXPENSE	13,381	10,910	10,356	22,774	22,280
3001	CLIENT SERVICES	0	386	0	0	0
5000	CAPITAL EXPENDITURES	76	86	278	656	776
	Total, Objects of Expense	**$ 97,034**	**$ 77,239**	**$ 83,500**	**$ 177,101**	**$ 176,727**
METHOD OF FINANCING:						
1	General Revenue Fund	6,002	12,511	17,229	32,918	32,918
666	Appropriated Receipts	76,902	64,728	66,271	144,183	143,809
888	Earned Federal Funds	14,130	0	0	0	0
	Total, Method of Financing	**$ 97,034**	**$ 77,239**	**$ 83,500**	**$ 177,101**	**$ 176,727**
FULL TIME EQUIVALENT POSITIONS		**1.2**	**0.9**	**0.9**	**2.0**	**2.0**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2-1-1	**Center for Housing Research, Planning, and Communications**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 186,875	$ 173,095	$ 188,651	$ 209,908	$ 209,908
1002	OTHER PERSONNEL COSTS	6,091	5,642	5,705	6,348	6,348
2001	PROFESSIONAL FEES AND SERVICES	12,829	11,730	13,289	14,872	14,872
2003	CONSUMABLE SUPPLIES	1,036	1,926	2,581	2,872	2,872
2004	UTILITIES	565	533	808	899	899
2005	TRAVEL	4,396	3,850	5,600	6,231	6,231
2006	RENT - BUILDING	1,056	387	277	308	308
2007	RENT - MACHINE AND OTHER	739	409	1,685	1,874	1,874
2009	OTHER OPERATING EXPENSE	34,194	32,729	31,070	36,059	35,277
3001	CLIENT SERVICES	0	1,158	0	0	0
5000	CAPITAL EXPENDITURES	194	259	835	1,039	1,229
	Total, Objects of Expense	**$ 247,975**	**$ 231,718**	**$ 250,501**	**$ 280,410**	**$ 279,818**
METHOD OF FINANCING:						
1	General Revenue Fund	15,338	37,533	51,686	52,121	52,121
666	Appropriated Receipts	196,527	194,185	198,815	228,289	227,697
888	Earned Federal Funds	36,110	0	0	0	0
	Total, Method of Financing	**$ 247,975**	**$ 231,718**	**$ 250,501**	**$ 280,410**	**$ 279,818**
FULL TIME EQUIVALENT POSITIONS		**3.0**	**2.7**	**2.6**	**3.1**	**3.1**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy			Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2-2-1	**Assist Colonias, Border Communities, and Nonprofits**						
OBJECTS OF EXPENSE:							
1001	SALARIES AND WAGES	$	184,167	$ 192,328	$ 209,612	$ 193,336	$ 193,336
1002	OTHER PERSONNEL COSTS		6,003	6,269	6,339	5,847	5,847
2001	PROFESSIONAL FEES AND SERVICES		12,643	13,034	14,765	13,698	13,698
2003	CONSUMABLE SUPPLIES		1,021	2,140	2,868	2,645	2,645
2004	UTILITIES		557	593	897	828	828
2005	TRAVEL		4,333	4,278	6,222	5,739	5,739
2006	RENT - BUILDING		1,041	431	308	284	284
2007	RENT - MACHINE AND OTHER		729	455	1,872	1,726	1,726
2009	OTHER OPERATING EXPENSE		33,695	36,362	34,523	33,212	32,492
3001	CLIENT SERVICES		0	1,287	0	0	0
5000	CAPITAL EXPENDITURES		192	287	928	957	1,132
	Total, Objects of Expense	**$**	**244,381**	**$ 257,464**	**$ 278,334**	**$ 258,272**	**$ 257,727**
METHOD OF FINANCING:							
1	General Revenue Fund		15,116	41,703	57,428	48,006	48,006
666	Appropriated Receipts		193,678	215,761	220,906	210,266	209,721
888	Earned Federal Funds		35,587	0	0	0	0
	Total, Method of Financing	**$**	**244,381**	**$ 257,464**	**$ 278,334**	**$ 258,272**	**$ 257,727**
FULL TIME EQUIVALENT POSITIONS			**3.0**	**3.0**	**2.9**	**2.9**	**2.9**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy			**Exp 2007**	**Est 2008**	**Bud 2009**	**BL 2010**	**BL 2011**
3-1-1	**Administer Poverty-related Federal Funds through a Network of Agencies**						
OBJECTS OF EXPENSE:							
1001	SALARIES AND WAGES		$ 406,250	$ 357,180	$ 389,279	$ 414,292	$ 414,292
1002	OTHER PERSONNEL COSTS		13,242	11,643	11,773	12,529	12,529
2001	PROFESSIONAL FEES AND SERVICES		27,890	24,206	27,421	29,352	29,352
2003	CONSUMABLE SUPPLIES		2,252	3,975	5,327	5,669	5,669
2004	UTILITIES		1,229	1,101	1,666	1,774	1,774
2005	TRAVEL		9,557	7,945	11,555	12,297	12,297
2006	RENT - BUILDING		2,296	800	572	609	609
2007	RENT - MACHINE AND OTHER		1,608	844	3,476	3,700	3,700
2009	OTHER OPERATING EXPENSE		74,329	67,530	64,114	71,168	69,624
3001	CLIENT SERVICES		0	2,390	0	0	0
5000	CAPITAL EXPENDITURES		423	534	1,723	2,051	2,426
	Total, Objects of Expense		**$ 539,076**	**$ 478,148**	**$ 516,906**	**$ 553,441**	**$ 552,272**
METHOD OF FINANCING:							
1	General Revenue Fund		33,345	77,449	106,653	102,870	102,870
666	Appropriated Receipts		427,230	400,699	410,253	450,571	449,402
888	Earned Federal Funds		78,501	0	0	0	0
	Total, Method of Financing		**$ 539,076**	**$ 478,148**	**$ 516,906**	**$ 553,441**	**$ 552,272**
FULL TIME EQUIVALENT POSITIONS			**6.6**	**5.5**	**5.4**	**6.1**	**6.1**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
3-2-1	**Administer State Energy Assistance Programs**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 398,125	$ 376,413	$ 410,241	$ 469,531	$ 469,531
1002	OTHER PERSONNEL COSTS	12,977	12,269	12,407	14,200	14,200
2001	PROFESSIONAL FEES AND SERVICES	27,332	25,509	28,897	33,266	33,266
2003	CONSUMABLE SUPPLIES	2,207	4,189	5,613	6,425	6,425
2004	UTILITIES	1,204	1,160	1,756	2,010	2,010
2005	TRAVEL	9,366	8,372	12,177	13,937	13,937
2006	RENT - BUILDING	2,250	843	603	690	690
2007	RENT - MACHINE AND OTHER	1,575	890	3,663	4,193	4,193
2009	OTHER OPERATING EXPENSE	72,845	71,167	67,567	80,656	78,906
3001	CLIENT SERVICES	0	2,519	0	0	0
5000	CAPITAL EXPENDITURES	414	563	1,816	2,325	2,750
	Total, Objects of Expense	**$ 528,295**	**$ 503,894**	**$ 544,740**	**$ 627,233**	**$ 625,908**
METHOD OF FINANCING:						
1	General Revenue Fund	32,678	81,620	112,396	116,586	116,586
666	Appropriated Receipts	418,686	422,274	432,344	510,647	509,322
888	Earned Federal Funds	76,931	0	0	0	0
	Total, Method of Financing	**$ 528,295**	**$ 503,894**	**$ 544,740**	**$ 627,233**	**$ 625,908**
FULL TIME EQUIVALENT POSITIONS		**6.5**	**5.8**	**5.7**	**7.0**	**7.0**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
4-1-1	**Monitor and Inspect for Federal & State Housing Program Requirements**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 609,374	$ 604,459	$ 658,780	$ 580,009	$ 580,009
1002	OTHER PERSONNEL COSTS	19,863	19,703	19,923	17,541	17,541
2001	PROFESSIONAL FEES AND SERVICES	41,835	40,963	46,405	41,093	41,093
2003	CONSUMABLE SUPPLIES	3,378	6,727	9,014	7,936	7,936
2004	UTILITIES	1,843	1,863	2,820	2,483	2,483
2005	TRAVEL	14,336	13,445	19,555	17,216	17,216
2006	RENT - BUILDING	3,445	1,353	968	852	852
2007	RENT - MACHINE AND OTHER	2,411	1,429	5,883	5,179	5,179
2009	OTHER OPERATING EXPENSE	111,495	114,284	108,500	99,636	97,475
3001	CLIENT SERVICES	0	4,044	0	0	0
5000	CAPITAL EXPENDITURES	634	903	2,916	2,872	3,397
	Total, Objects of Expense	**$ 808,614**	**$ 809,173**	**$ 874,764**	**$ 774,817**	**$ 773,181**
METHOD OF FINANCING:						
1	General Revenue Fund	50,017	131,068	180,490	144,018	144,018
666	Appropriated Receipts	640,846	678,105	694,274	630,799	629,163
888	Earned Federal Funds	117,751	0	0	0	0
	Total, Method of Financing	**$ 808,614**	**$ 809,173**	**$ 874,764**	**$ 774,817**	**$ 773,181**
FULL TIME EQUIVALENT POSITIONS		**9.9**	**9.4**	**9.2**	**8.6**	**8.6**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
4-1-2	**Monitor Subrecipient Contracts**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 392,706	$ 494,558	$ 643,806	$ 704,296	$ 704,296
1002	OTHER PERSONNEL COSTS	12,803	16,121	19,470	21,299	21,299
2001	PROFESSIONAL FEES AND SERVICES	26,959	33,515	45,350	49,897	49,897
2003	CONSUMABLE SUPPLIES	2,178	5,504	8,812	9,638	9,638
2004	UTILITIES	1,186	1,524	2,756	3,012	3,012
2005	TRAVEL	9,239	11,000	19,109	20,907	20,907
2006	RENT - BUILDING	2,221	1,106	947	1,035	1,035
2007	RENT - MACHINE AND OTHER	1,555	1,168	5,747	6,290	6,290
2009	OTHER OPERATING EXPENSE	71,850	93,506	101,917	116,867	114,240
3001	CLIENT SERVICES	0	3,310	0	0	0
5000	CAPITAL EXPENDITURES	408	740	2,848	3,491	4,128
	Total, Objects of Expense	**$ 521,105**	**$ 662,052**	**$ 850,762**	**$ 936,732**	**$ 934,742**
METHOD OF FINANCING:						
1	General Revenue Fund	32,234	107,239	172,267	174,879	174,879
666	Appropriated Receipts	412,987	554,813	678,495	761,853	759,863
888	Earned Federal Funds	75,884	0	0	0	0
	Total, Method of Financing	**$ 521,105**	**$ 662,052**	**$ 850,762**	**$ 936,732**	**$ 934,742**
FULL TIME EQUIVALENT POSITIONS		**6.4**	**7.7**	**9.0**	**10.1**	**10.3**

Method of Allocation

In general, indirect administrative and support costs are allocated proportionately among all strategies, excluding strategies in Goal E Manufactured Housing, based on FTEs for each year.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
5-1-1	**Provide SOL and Licensing Services in a Timely Manner**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 96,955	$ 125,734	$ 129,073	$ 129,073	$ 129,073
	Total, Objects of Expense	**$ 96,955**	**$ 125,734**	**$ 129,073**	**$ 129,073**	**$ 129,073**
METHOD OF FINANCING:						
666	Appropriated Receipts	96,955	125,734	129,073	129,073	129,073
	Total, Method of Financing	**$ 96,955**	**$ 125,734**	**$ 129,073**	**$ 129,073**	**$ 129,073**
FULL TIME EQUIVALENT POSITIONS		**2.1**	**2.1**	**2.0**	**2.0**	**2.0**

Method of Allocation

Indirect administrative support costs allocated to the Manufactured Housing strategies are based on an internal agreement between the Executive Director of TDHCA and the Director of the Manufactured Housing Division.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy			Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
5-1-2	**Conduct Inspections of Manufactured Homes in a Timely Manner**						
OBJECTS OF EXPENSE:							
1001	SALARIES AND WAGES	$	109,465	$ 141,957	$ 145,727	$ 145,727	$ 145,727
	Total, Objects of Expense	**$**	**109,465**	**$ 141,957**	**$ 145,727**	**$ 145,727**	**$ 145,727**
METHOD OF FINANCING:							
666	Appropriated Receipts		109,465	141,957	145,727	145,727	145,727
	Total, Method of Financing	**$**	**109,465**	**$ 141,957**	**$ 145,727**	**$ 145,727**	**$ 145,727**
FULL TIME EQUIVALENT POSITIONS			**2.4**	**2.4**	**2.3**	**2.3**	**2.3**

Method of Allocation

Indirect administrative support costs allocated to the Manufactured Housing strategies are based on an internal agreement between the Executive Director of TDHCA and the Director of the Manufactured Housing Division.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

Strategy		**Exp 2007**	**Est 2008**	**Bud 2009**	**BL 2010**	**BL 2011**
5-1-3	**Process Complaints/Conduct Investigations/Take Administrative Actions**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 106,337	$ 137,901	$ 141,563	$ 141,563	$ 141,563
	Total, Objects of Expense	**$ 106,337**	**$ 137,901**	**$ 141,563**	**$ 141,563**	**$ 141,563**
METHOD OF FINANCING:						
666	Appropriated Receipts	106,337	137,901	141,563	141,563	141,563
	Total, Method of Financing	**$ 106,337**	**$ 137,901**	**$ 141,563**	**$ 141,563**	**$ 141,563**
FULL TIME EQUIVALENT POSITIONS		**2.3**	**2.3**	**2.2**	**2.2**	**2.2**

Method of Allocation

Indirect administrative support costs allocated to the Manufactured Housing strategies are based on an internal agreement between the Executive Director of TDHCA and the Director of the Manufactured Housing Division.

Agency code: **332** Agency name: **Department of Housing and Community Affairs**

GRAND TOTALS

		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Objects of Expense						
1001	SALARIES AND WAGES	$4,361,712	$4,617,571	$5,111,671	$5,111,671	$5,111,671
1002	OTHER PERSONNEL COSTS	$131,981	$137,293	$141,997	$141,997	$141,997
2001	PROFESSIONAL FEES AND SERVICES	$277,969	$285,440	$330,738	$332,656	$332,656
2003	CONSUMABLE SUPPLIES	$22,447	$46,876	$64,247	$64,247	$64,247
2004	UTILITIES	$12,245	$12,980	$20,100	$20,100	$20,100
2005	TRAVEL	$95,254	$93,685	$139,371	$139,371	$139,371
2006	RENT - BUILDING	$22,887	$9,428	$6,900	$6,900	$6,900
2007	RENT - MACHINE AND OTHER	$16,022	$9,956	$41,928	$41,928	$41,928
2009	OTHER OPERATING EXPENSE	$740,822	$796,352	$769,196	$802,454	$784,954
3001	CLIENT SERVICES	$0	$28,182	$0	$0	$0
5000	CAPITAL EXPENDITURES	$4,211	$6,295	$20,780	$23,250	$27,500
	Total, Objects of Expense	**$5,685,550**	**$6,044,058**	**$6,646,928**	**$6,684,574**	**$6,671,324**
Method of Financing						
1	General Revenue Fund	$332,334	$913,305	$1,282,278	$1,165,860	$1,165,860
666	Appropriated Receipts	$4,570,824	$5,130,753	$5,364,650	$5,518,714	$5,505,464
888	Earned Federal Funds	$782,392	$0	$0	$0	$0
	Total, Method of Financing	**$5,685,550**	**$6,044,058**	**$6,646,928**	**$6,684,574**	**$6,671,324**
	Full-Time-Equivalent Positions (FTE)	**72.4**	**72.0**	**72.0**	**76.0**	**76.0**

ATTACHMENT 11

Relating to Funding

11. A copy of each annual financial report from FY 2006 – 2008.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BASIC FINANCIAL STATEMENTS
for the year ended August 31, 2006

(With Independent Auditors' Report Thereon)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

December 19, 2006

The Honorable Rick Perry, Governor
The Honorable Carole Keeton Strayhorn, Texas Comptroller
Mr. John O'Brien, Deputy Director, Legislative Budget Board
Mr. John Keel, CPA, State Auditor

Dear Governor Perry, Comptroller Strayhorn, Mr. O'Brien and Mr. Keel:

We are pleased to submit the Annual Financial Report of the Texas Department of Housing and Community Affairs for the year ended August 31, 2006, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

The accompanying annual financial report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) reporting requirements. The financial report has been audited by an independent Auditor as required by statute.

If you have any questions, please contact David Cervantes, Director of Financial Administration at (512) 475-3875. Esther Ku may be contacted at (512) 475-3871 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Michael Gerber
Executive Director

MG/tt

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Basic Financial Statements
for the year ended August 31, 2006

TABLE OF CONTENTS

Deloitte.

Deloitte & Touche LLP
Suite 1700
400 West 15th Street
Austin, TX 78701
USA

Tel: +1 512 691 2300
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Rick Perry, Governor,
and the Board of Directors of
Texas Department of Housing and Community Affairs:

We have audited the accompanying financial statements of the governmental activities, business-type activities, major funds, remaining fund information, and supplementary schedules 1-A through 1-F of the Texas Department of Housing and Community Affairs (the "Department") as of and for the year ended August 31, 2006, as listed in the table of contents. These financial statements and supplementary schedules 1-A through 1-F are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements and supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements of the Department are intended to present the financial position and results of operations and cash flows of only that portion of the funds of the state of Texas that is attributable to the transactions of the Department.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, major funds, and remaining fund information of the Department, as of August 31, 2006, and the results of its operations and cash flows (where applicable) for the year then ended in conformity with accounting standards generally accepted in the United States of America. Also, in our opinion, schedules 1-A through 1-F, as listed in the table of contents, present fairly, in all material respects, the information set forth therein in accordance with guidelines issued by the Texas Comptroller of Public Accounts.

Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2006, on our consideration of the Department's internal control over financial reporting and our tests of its compliance and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

December 19, 2006

MANAGEMENT'S

DISCUSSION AND ANALYSIS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Texas Department of Housing and Community Affairs' (Department) annual financial report presents management's discussion and analysis of the Department's financial performance during the fiscal year that ended on August 31, 2006. Please read it in conjunction with the Department's financial statements, which follow this section.

Financial Highlights

- The Department's business-type activity net assets decreased \$26.1 million and governmental activities net assets decreased \$7.9 million.

- The Department's proprietary fund experienced a decline in operating income in the amount of \$19.9 million to an Operating (Loss) of (\$38.2) million. This impact on operating income resulted primarily from the decline of the fair value of investments in the amount of \$19.9 million. The \$14.4 million increase in interest and investment income, the \$1.1 million decrease in other operating revenues, the \$9.4 million increase in interest expense, and the \$4.4 million increase in other operating expenses had an offsetting effect on operating income.

- Net Assets in the Department's Governmental Fund decreased from \$8.6 million to \$0.7 million. The decrease was primarily attributed to the \$12.1 million transfer of the Housing Trust Fund from the Governmental Fund to the Proprietary Fund. A portion of the decrease was offset by Excess of Revenues over Expenditures during the fiscal year.

- The Department's proprietary fund debt increased \$154.8 million to \$2.3 billion. Debt issuances and debt retirements totaled \$503.9 million and \$349.1 million, respectively.

- Loan originations for the year totaled \$181.9 million and \$9.5 million in the Department's proprietary and governmental funds, respectively.

Overview of the Financial Statements

The financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two types of statements that present different views of the Department.

- The first set of statements are government-wide financial statements that provide information about the Department's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Assets and the Statement of Activities.

- The remaining statements are fund financial statements of the Department's governmental fund and proprietary fund. The governmental fund's activities are funded primarily from Federal funds but also include General Revenue appropriations for which the Department follows a modified accrual basis of accounting. The Department's proprietary fund operates similar to business activities and follows an accrual basis of accounting.

- The basic financial statements also include a "Notes to Financial Statement" section which explains some of the information presented in the Government-wide and fund financial statements and provides additional detailed data.

- The Notes to the Financial Statements are followed by a "Supplementary Information" section, which presents supplementary bond information.

The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of these statements.

Government-Wide Financial Statements

The Statement of Net Assets shows Governmental Activities and Business-type Activities consolidated on a full accrual basis. The Statement of Activities presents a government wide format of expenses, charges for services, operating grants and contributions and net expenses by both Governmental activities and Business-type activities. Both activities are further broken down by function and programs. The second section of the Statement of Activities shows general revenues not associated with a particular program but provides resources for the Department's programs and operations. The fiduciary activity is not included in the government wide statements.

Statements of Net Assets

The following tables show a summary of changes from prior year amounts for governmental activities.

Texas Department of Housing and Community Affairs
Condensed Statement of Net Assets – Governmental Activities
As of August 31, 2006

	Governmental Activities		Increase / (Decrease)	
Assets	2006	2005	Amount	%
Cash & Investments	$ 5,005,004	$ 3,478,348	$ 1,526,656	43.9
Legislative Appropriations	1,305,355	10,035,348	(8,729,993)	(87.0)
Federal Receivable	7,862,358	5,289,494	2,572,864	48.6
Other Intergovernmental Receivables	160,161	-	160,161	NA
Accounts Receivable	379,473	259,778	119,695	46.1
Interfund Receivables	35,884	75,149	(39,265)	(52.2)
Loans and Contracts	101,570,577	102,152,695	(582,118)	(0.6)
Capital Assets	262,815	108,118	154,697	143.1
Due from Other Agencies	-	9,190	(9,190)	(100.0)
Other Assets	94,553	90,223	4,330	4.8
Total Assets	116,676,180	121,498,343	(4,822,163)	(4.0)
Liabilities				
Accounts Payable	12,583,233	8,966,505	3,616,728	40.3
Payroll Payable	887,210	851,848	35,362	4.2
Deferred Revenue	101,570,577	102,152,695	(582,118)	(0.6)
Other Current Liabilities	724,577	722,252	2,325	0.3
Other Non-current Liabilities	224,652	207,077	17,575	8.5
Total Liabilities	115,990,249	112,900,377	3,089,872	2.7
Net Assets				
Invested in Capital Assets	262,815	108,118	154,697	143.1
Restricted by Grantor	374,890	99,319	275,571	277.5
Unrestricted	48,226	8,390,529	(8,342,303)	(99.4)
Total Net Assets	$ 685,931	$ 8,597,966	$ (7,912,035)	(92.0)

Net Assets of the Department's governmental fund decreased by $7.9 million or 92%. In 2005, Unrestricted Net Assets primarily consisted of a balance of $8.9 million in the Housing Trust Fund (HTF). This program was transferred from the General Fund to Texas Treasury Safekeeping Trust Company in accordance with the 2006-2007 General Appropriations Act. A portion of the decrease was offset by Excess of Revenues over Expenditures at the government-wide level. The ending balance of Unrestricted Net Assets primarily consists of balances in the Manufactured Housing Division. Restricted Net Assets represent balances in the Investor Owned Utility Programs.

The balance in Cash and Investments increased by $1.5 million. The Section 8 program had less expenditures due to lower lease-up rates during fiscal year 2006. The monthly installments received from the U.S. Department of Housing and Urban Development were not fully spent. Accordingly, a cash balance remained at year end.

Due to a legislative mandate, the Housing Trust Fund was transferred from the General Fund to Texas Treasury Safekeeping Trust Company. As a result, Legislative Appropriations decreased by $8.7 million.

The Department experienced an increase in Federal Receivable and Accounts Payable. Increased payment activities at year end for the Low Income Home Energy Assistance Program (LIHEAP) and HOME Investment Partnerships Program (HOME) were reflected in the increase of Federal Receivable and Accounts Payable. Federal Receivable was offset because of an unspent Cash balance in the Section 8 program at year end.

Accounts Receivable experienced an increase during fiscal year 2006. This resulted from an effort to reduce the outstanding consumer claims for Manufactured Housing. There were increased activities for consumer claims payments at year end. Consequently, there were increased Receivable for recoveries from surety bond coverage.

The Department experienced decreases of Loans and Contracts as well as Deferred Revenue. This change occurred primarily because of the increase of current and non-current program loans, which are funded by federal funds for the purpose of HOME program activities. It also reflects reduction of current and non-current loan balances funded by General Revenue for HTF program which was transferred to the Proprietary Fund.

Included in Other Liabilities is the current and non-current portion of Employees' Compensable Leave. It represents unpaid balances of employees' accumulated annual leave.

Business-Type Activities

Texas Department of Housing and Community Affairs
Business-Type Activities – Condensed Statement of Net Assets as of August 31, 2006

	Business-Type Activities		Increase / (Decrease)	
Assets	2006	2005	Amount	%
Cash & Investments	$ 1,418,156,810	1,417,982,529	$ 174,281	0.0
Loans and Contracts	1,183,252,271	1,095,088,378	88,163,893	8.1
Interest Receivable	18,674,249	12,454,068	6,220,181	49.9
Capital Assets	269,218	213,233	55,985	26.3
Real Estate Owned	243,372	57,427	185,945	323.8
Deferred Issuance Cost	11,292,615	11,469,566	(176,951)	(1.5)
Other Assets	1,257,013	2,348,441	(1,091,428)	(46.5)
Total Assets	2,633,145,548	2,539,613,642	93,531,906	3.7
Liabilities				
Current				
Interest Payable	32,977,121	27,172,715	5,804,406	21.4
Deferred Revenue	27,983,948	10,511,908	17,472,040	166.2
Other Liabilities	42,959,693	97,690,579	(54,730,886)	(56.02)
Non-current				
Bonds/Notes Payable	2,294,308,557	2,078,627,974	215,680,583	10.4
Other Non-current Liabilities	171,965,689	236,593,911	(64,628,222)	(27.3)
Total Liabilities	2,570,195,008	2,450,597,087	119,597,921	4.9
Net Assets				
Invested in Capital Assets	269,218	213,233	55,985	26.3
Restricted	23,720,348	61,632,463	(37,912,115)	(61.5)
Unrestricted	38,960,974	27,170,859	11,790,115	43.4
Total Net Assets	$ 62,950,540	89,016,555	$ (26,066,015)	(29.3)

Net assets of the Department's proprietary fund decreased $26.1 million, or 29.3% to $62.9 million. The decrease resulted primarily from a decline in earnings from the Department's investments, loans, other programs and an increase in expenses. A decline in the Department's fair value of its investments also contributed to this decrease in net assets. This decline resulted in an unrealized (loss) of ($33.4) million, down $19.9 million from an unrealized (loss) of $13.5 million. Restricted net assets of the Department's proprietary fund decreased $37.9 million or 61.5%. Unrestricted net assets increased $11.8 million or 43.4%.

Cash and investments increased $174 thousand, or .01% to $1.4 billion, as funds were generated from debt issuances, reinvestment of loan repayments, and interest earnings. Program loans receivable (current and non-current) increased $88.1 million, or 8.1% to $1.2 billion, as a result from the origination of $111.1 million and $36.7 million in payoffs of mortgage loans under the Department's Multifamily Program. Total bonds and notes payable (current and non-current) increased $160.6 million, or 7.4% due to new debt issuances associated with the Department's Single Family and Multifamily Programs.

Earnings within the Department's various funds were $99.5 million of which $87.4 million is classified as restricted and $12.1 million as unrestricted.

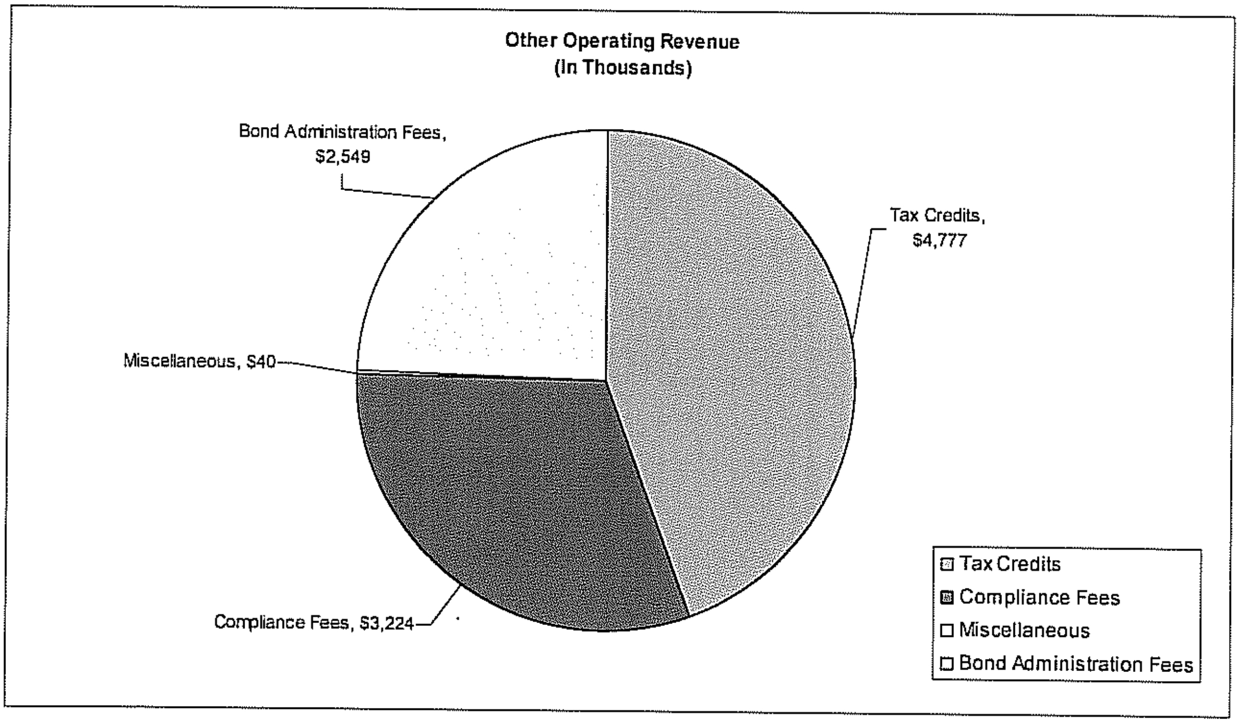
Restricted earnings are composed of $119.7 million in interest and investment income, ($33.4) million in fair value of investments, and $1.1 million in other revenue. Interest and investment income are restricted per bond covenants for debt service. Fair value of investments is an unrealized (loss) due to the fact that the Department holds investments until maturity. Other revenue is predominantly an accounting recognition of fees received in previous years that were deferred when received and are being amortized over a period of time.

Unrestricted earnings are composed of $1.6 million in interest and investment income and $10.5 million in other operating revenue.

Interest and investment income earned from unrestricted investments are used to support various housing initiatives programs such as Housing Trust Fund and the Bootstrap Program. Sources for other operating revenue are fees from the Tax Credit Program, compliance fees, bond administrative fees, and miscellaneous interest earned from funds held by the Comptroller.

Fees earned under the Tax Credit Program are application fees, commitment fees, and inspection fees. Yearly compliance fees are generated from the Department's portfolio of multifamily properties. The Department performs on site visits and desk reviews to ensure that the properties are in compliance with the various housing regulations. Bond administrative fees are generated yearly from the various bond issuances to support the Department's administrative expenses.

The graph below illustrates the composition of the $10.5 million in other operating revenue, classified as unrestricted earnings, according to the different housing programs.



Statement of Activities

The Statement of Activities reflects the sources of the Department's changes in net assets as they arise through its various programs and functions. Single Family, Multifamily and Housing Trust Fund are shown as business-type activities, and seven major programs are shown as governmental activities. Federal and state assistance activities allocate various subsidy funds to local governments, nonprofit organizations or individuals.

A condensed Statement of Activities for the fiscal year ended August 31, 2006 and 2005 is shown in the table below.

Texas Department of Housing and Community Affairs
Condensed Statement of Activities
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Program Revenues:						
Charges for Services	$ 4,462	$ 1,787	$ 131,251	$ 118,838	$ 135,713	$ 120,625
Operating Grants and Contributions	163,065	155,028	-	-	163,065	155,028
General Revenues	5,686	7,148	(31,759)	(13,053)	(26,073)	(5,905)
Total Revenue	173,213	163,963	99,492	105,785	272,705	269,748
Total Expenses	169,168	163,903	137,655	124,332	306,823	288,235
Excess before Transfers	4,045	60	(38,163)	(18,547)	(34,118)	(18,487)
Transfers	(11,957)	(469)	12,097	-	140	(469)
Change in Net Assets	(7,912)	(409)	(26,066)	(18,547)	(33,978)	(18,956)
Beginning Net Assets	8,598	9,007	89,017	107,564	97,615	116,571
Ending Net Assets	$ 686	$ 8,598	$ 62,951	$ 89,017	$ 63,637	$ 97,615

Governmental Fund Activities

Revenues of the Department's Governmental Activities were primarily from Operating Grants and Contributions. The majority of the revenues were from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Health and Human Services. General Revenues are revenues appropriated to the Department in accordance with legislative acts and regulations.

Total revenue increased $9.3 million. This increase consisted primarily of increases of $8.0 million in Operating Grants and Contributions, increase of Charges for Services of $2.7 million and decrease of General Revenues of $1.5 million. The increase of Operating Grants and Contributions is a result of increased federal activities in the LIHEAP and HOME Programs. The increase of Charges for Services is due to increased charges of Manufactured Housing licenses, fees and permits. There was also a change in the Department's methodology of finance from General Revenues to Appropriated Receipts for Manufactured Housing strategies.

Expenses of the Department's Governmental Activities consisted primarily of Intergovernmental Payments and Public Assistance Payments. The Department distributes program funds to local providers, including local governments, nonprofit and for-profit organizations, community based organizations and real estate developers. The increase in Expenses is primarily due to a combination of increased activities in the HOME and LIHEAP programs and decreased activities in the Community Services Block Grant (CSBG), HTF and Section 8 programs.

Transfers consisted primarily of the transferring out of HTF from Governmental Activities to Business-Type Activities according to TDHCA rider 19 in the 2006-2007 General Appropriations Act. There were also additional transfers of retirement incentive and earned federal funds in Governmental Activities.

Business-Type Activities

Revenues of the Department's Business-type Activities were primarily from charges for services of $131.3 million and a decrease in fair value of investments of ($33.4 million). Charges for services consist primarily of earned interest income on loans for the three housing lending programs. It also includes program investment income which is earned within the Department's bond programs, the investments and the income of which are restricted to those programs by a pledge to the respective bond indentures. Total revenue decreased $6.5 million which consisted primarily of a decrease in fair value of investments of $19.9 million compared to 2005 and offset by an increase of $14.4 million in interest and investment income and a decrease of $1.0 million in other operating revenue.

Expenses of the Department's Business-type Activities consist primarily of interest expense of $117.5 million, which increased $9.4 million. The increase in interest expense is a result of an increase in the Department's debt issued to fund its various Single Family and Multifamily lending programs. The direct expenses also include Administrative Funds, allocations of expenses of Department programs that directly involve the production or monitoring activities associated with the housing programs, as well as certain costs incurred, both internally and externally. Administrative expenses decreased $1.0 million to $10.9 million, which was incurred within the Department's Administrative Fund including all other administrative and supportive functions and overhead expenses.

The Department's Business-type Activities expenses of $137.7 million exceeded Charges for Services of $131.3 million by $6.4 million. Charges for Services, primarily interest income on loans and investment income, are intended to cover bond principal and interest expense. The other direct expenses were covered and the difference was covered by prior year available net assets. This income, plus interest earned on loans, produces an adequate amount to pay Department obligations as required by the bond indentures covenants.

The Department's Business-type Activities also generated $1.6 million of unrestricted investment income, which was used primarily to pay administrative costs.

Fund Financial Statements

The fund financial statements provide more detailed information about the Department's most significant fund and the Department as a whole. The Department has two types of funds:

- Governmental fund – The General Revenue Fund is the Department's only Governmental Fund. It is the principal operating fund used to account for the Department's general activities. The financing for this fund is authorized through state legislative appropriations either as committed or collected revenues. Federal and state programs are also reported within this fund.

- Proprietary fund – The Department's activities in its proprietary fund are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuances of taxable and tax-exempt bonds whose proceeds are used primarily to fund various types of loans to finance low and moderate-income housing. This fund also receives fee income from the Multifamily Tax Credit Program and Compliance fees collected for the purpose of covering the operating costs of the Department. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes or debt service.

Governmental Fund

Texas Department of Housing and Community Affairs
Governmental Fund Activities
Statements of Revenues, Expenditures and Changes in Fund Balances

			Increase / (Decrease)	
OPERATING REVENUES	2006	2005	Amount	%
Legislative Appropriations	$ 3,913,405	$ 5,772,113	$ (1,858,708)	(32.2)
Federal Revenues	161,140,601	151,548,147	9,592,454	6.3
Federal Grant Pass-Through	319,217	514,529	(195,312)	(38.0)
State Grant Pass-Through	80,279	798,771	(718,492)	(89.9)
Licenses, Fees and Permits	3,858,931	1,114,504	2,744,427	246.2
Interest and Investment Income	662,083	403,545	258,538	64.1
Sales of Goods and Services	603,466	672,801	(69,335)	(10.3)
Other Revenue	3,039,925	3,283,150	(243,225)	(7.4)
Total Operating Revenues	173,617,907	164,107,560	9,510,347	5.8
OPERATING EXPENDITURES				
Salaries and Wages	8,264,995	7,626,824	638,171	8.4
Payroll Related Costs	2,248,764	1,825,848	422,916	23.2
Professional Fees and Services	668,733	874,052	(205,319)	(23.5)
Travel	530,709	424,629	106,080	25.0
Materials and Supplies	201,975	259,755	(57,780)	(22.2)
Communications and Utilities	207,108	201,691	5,417	2.7
Repairs and Maintenance	233,905	107,645	126,260	117.3
Rentals and Leases	402,640	979,733	(577,093)	(58.9)
Printing and Reproduction	81,730	76,140	5,590	7.3
Claims and Judgments	949,011	(483,115)	1,432,126	(296.4)
Other Operating Expenditures	478,116	303,274	174,842	57.7
Capital Outlay	226,083	23,190	202,893	874.9
Intergovernmental Payments	47,419,792	43,815,657	3,604,135	8.2
Public Assistance Payments	107,389,437	107,701,827	(312,390)	(0.3)
Total Operating Expenditures	169,302,998	163,737,150	5,565,848	3.4
Excess of Revenues over Expenditures	4,314,909	370,410	3,944,499	1064.9
Other Financing Sources (Uses)	(11,957,025)	(468,236)	11,488,789	2453.6
CHANGE IN FUND BALANCE	(7,642,116)	(97,826)	(7,544,290)	7711.9
Beginning Fund Balance	9,419,177	9,662,417	(243,240)	(2.5)
Appropriations (Lapsed)	(404,716)	(145,414)	(259,302)	178.3
Ending Fund Balance	$ 1,372,345	$ 9,419,177	$ (8,046,832)	(85.4)

Revenues of the Department's governmental activities totaled $173.6 million and were generated by federal grants primarily from LIHEAP, CSBG and HOME programs. Expenditures of $169.3 million consisted primarily of Intergovernmental and Public Assistance Payments.

Total revenues from governmental activities increased by $9.5 million in 2006. The majority of the increase was attributed to the increase in Federal Revenue from the HOME and LIHEAP programs. It was also attributed to decreases in the CSBG and Section 8 programs. The Department received additional funds from the U.S. Department of Health and Human Services for the LIHEAP Program. On the other hand, the Department experienced decreased activities in CSBG and lower lease-up rates in Section 8.

The increase in licenses, fees, and permits resulted from increased charges of license and installation fees for Manufactured Housing. It also reflected a change in the Department's methodology of finance from General Revenue to Appropriated Receipts for Manufactured Housing strategies. This change also resulted in decrease in Legislative Appropriations.

The change to State Grant Pass-Through Revenues was due to the decrease of funding from the State Energy Conservation Office. This program was being phased out over the past several years. The change to Interest and Investment Income was due to an increase in interest rates and increased cash balance in the State Treasury.

The Department experienced a similar increase in expenses. The majority of the increase was attributed to the Intergovernmental Payments for the HOME, LIHEAP and CSBG Programs.

The Department also experienced increases in Salaries and Wages and Payroll Related Costs. It was primarily due to across the board cost of living adjustments and a shift of Governmental Fund's share of Payroll Related Costs in accordance with the funding proportionality calculation provided in Accounting Policy Statements.

The decrease of Rentals & Leases was a result of the Department's relocation to a state owned facility. The decrease of Public Assistance Payments was due to decreased activities in CSBG and Section 8 programs. The majority of the decrease was offset by increases in HOME and LIHEAP.

Claims and Judgments increased $1.4 million. The increase was due to a 2005 HOME accrued contingent loss reversal of $483,115. In addition, Manufactured Housing consumer services were reported in the Professional Fees and Services category in 2005, while $949,011 was reported in Claims and Judgments in 2006.

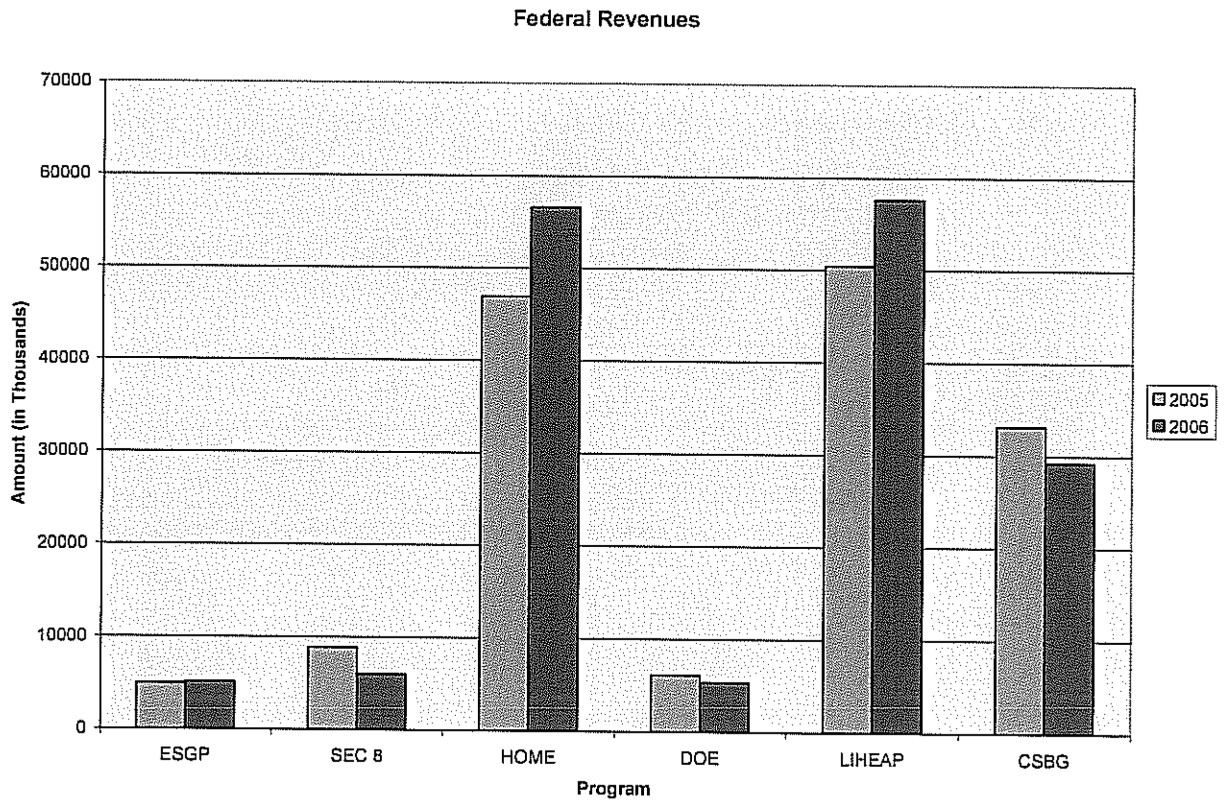
The fiscal year 2006 Other Financing Sources (Uses) consisted primarily of the transfer of HTF from General Revenue to Texas Treasury Safekeeping Trust Company. It included transfers of unexpended General Revenue balances from prior years and interest earnings and loan repayments received during the year. There were also additional transfers of Retirement Incentive funding and earned federal funds collected in excess of appropriation authority.

The following graphs illustrate a comparison between fiscal year 2006 and 2005 for Federal Revenues, Intergovernmental Payments, and Public Assistance Payments.

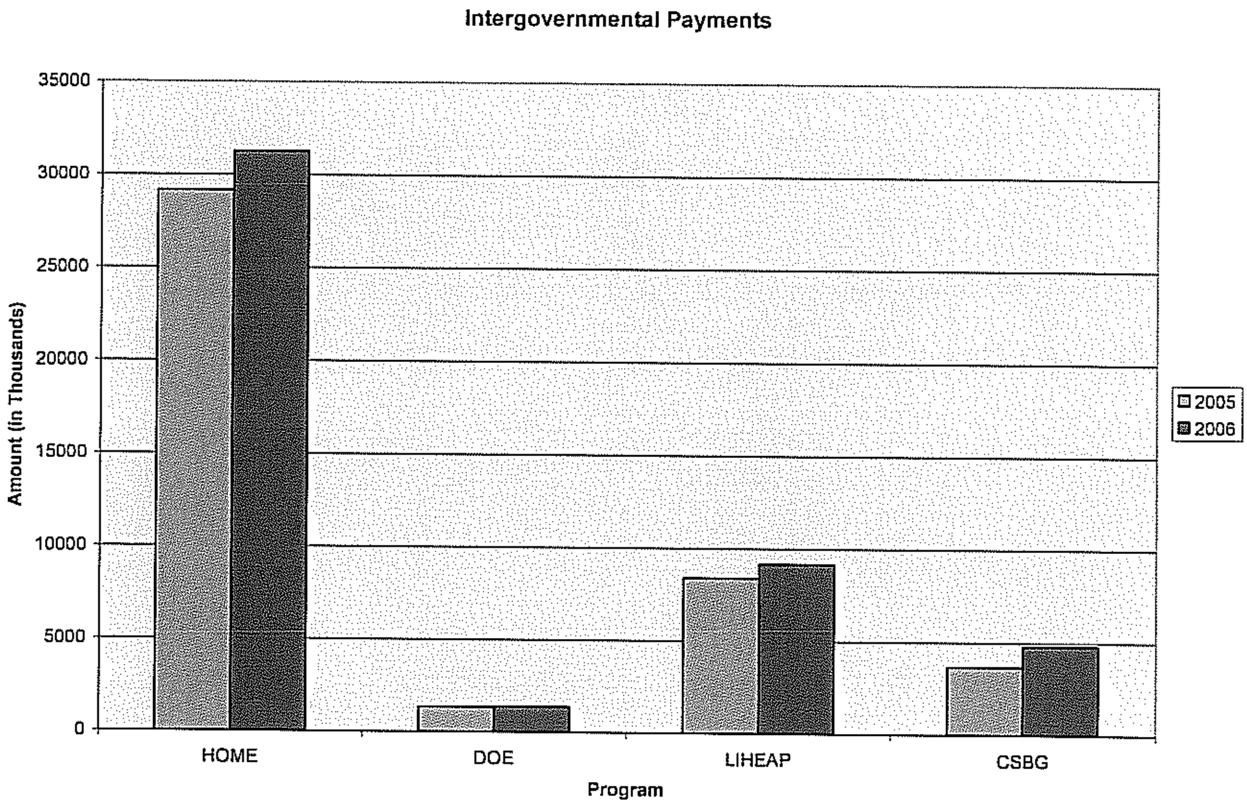
The acronyms used in the graphs are defined as following:

CSBG	Community Services Block Grant
DOE	Department of Energy, Weatherization Assistance for Low-Income Persons
ESGP	Emergency Shelter Grants Program
HOME	HOME Investment Partnerships Program
LIHEAP	Low-Income Home Energy Assistance Program
SEC 8	Section 8 Housing Choice Vouchers
HTF	Housing Trust Fund

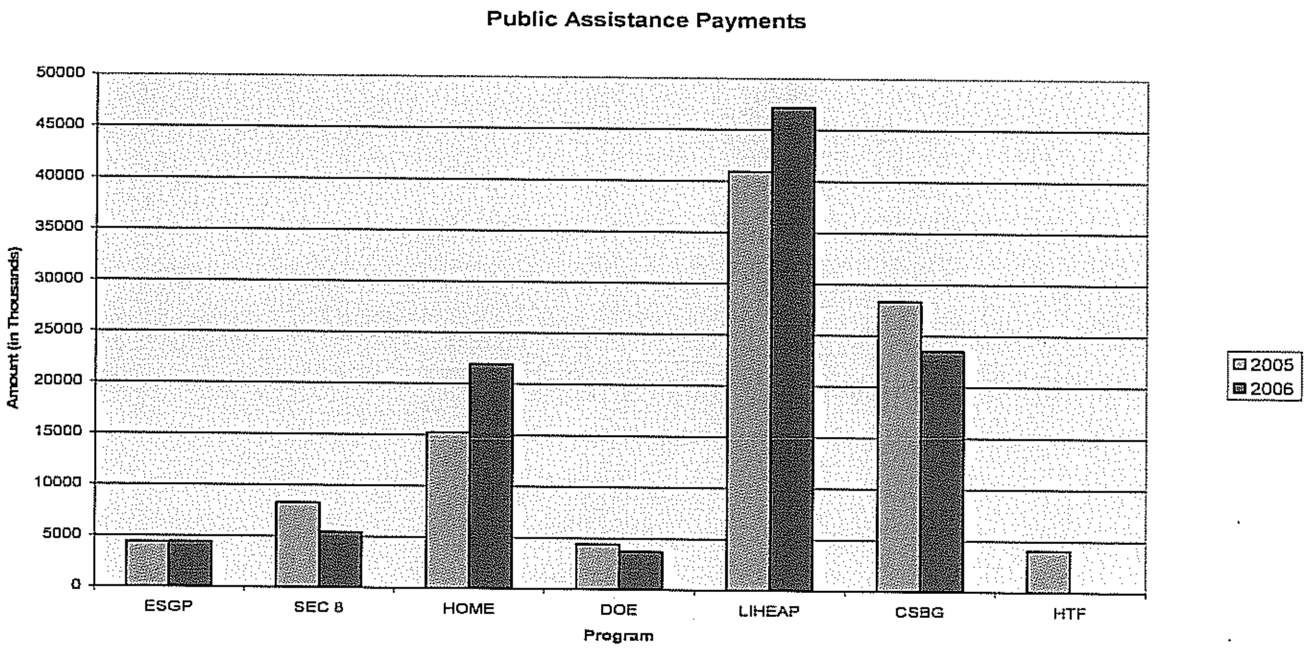
Federal Revenues: Receipts from the State's participation in programs financed with federal funds.



Intergovernmental Payments: Payment of grants to cities, counties, council of governments or other governmental entities.



Public Assistance Payments: Payment of grants to community action groups and organizations for community service programs.



Proprietary Fund

Net assets of the Department's proprietary fund decreased from the August 31, 2005 figures by $26.1 million or 29.3% to $62.9 million. The following table summarizes the Statement of Revenues, Expenses and Changes in Net Assets of the Department's proprietary fund for the fiscal years ended August 31, 2006 and August 31, 2005.

Texas Department of Housing and Community Affairs
Business-Type Activities
Statement of Revenues, Expenses and Changes in Net Assets

			Increase / (Decrease)	
OPERATING REVENUES	2006	2005	Amount	%
Interest and Investment Income	$ 121,291,682	106,872,925	$ 14,418,757	13.5
Net (Decrease) in Fair Value	(33,415,610)	(13,498,876)	(19,916,734)	147.5
Other Operating Revenues	11,600,406	12,648,254	(1,047,848)	(8.3)
Total Operating Revenues	99,476,478	106,022,303	(6,545,825)	(6.2)
OPERATING EXPENSES				
Salaries and Wages	6,527,655	6,086,575	441,080	7.3
Payroll Related Costs	1,467,957	1,573,803	(105,846)	(6.7)
Professional Fees and Services	1,560,386	1,463,806	96,580	6.6
Travel	277,773	253,819	23,954	9.4
Materials and Supplies	281,615	309,893	(28,278)	(9.1)
Communications and Utilities	134,036	124,423	9,613	7.7
Repairs and Maintenance	211,205	180,730	30,475	16.9
Rentals and Leases	412,103	1,023,690	(611,587)	(59.7)
Printing and Reproduction	33,404	18,009	15,395	85.5
Depreciation Expense	1,113,411	651,304	462,107	71.0
Interest	117,489,648	108,097,933	9,391,715	8.7
Bad Debt Expense	12,364	815,832	(803,468)	(98.5)
Other Operating Expenses	8,133,788	3,732,655	4,401,133	117.9
Total Operating Expenses	137,655,345	124,332,472	13,322,873	10.7
Operating Income (Loss)	(38,178,867)	(18,310,169)	(19,868,698)	108.5
NONOPERATING REVENUES (EXPENSES) & EXTRAORDINARY ITEMS	12,112,852	(237,254)	12,350,106	5,205.4
CHANGE IN NET ASSETS	(26,066,015)	(18,547,423)	(7,518,592)	40.5
Beginning Net Assets,	89,016,555	107,567,251	(18,550,696)	(17.3)
Restatements	-	(3,273)	3,273	(100.00)
Net Assets, as Restated	89,016,555	107,563,978	(18,547,423)	(17.2)
Ending Net Assets	$ 62,950,540	89,016,555	$ (26,066,015)	(29.3)

Interest earned on program loans increased by $9.6 million, or 17.7% due primarily to an increase of $9.6 million within the Department's Multifamily Bond Program, due to higher loan amounts outstanding.

Investment income increased $4.9 million or 9.3% and reflected higher investment yields for the market overall. The primary increase in investment income was within the Single Family Bond Program funds, which increased $5.9 million or 24.3% but was offset by the Residential Mortgage Revenue Bond Program funds which declined $2.5 million.

The following table illustrates the changes in net assets by program of the Department's business-type activities for the fiscal years 2006 and 2005.

Texas Department of Housing and Community Affairs
Business-Type Activities
Changes in Net Assets by Fund Groups
(amounts in thousands)

Fund		2006	2005		Increase / (Decrease) Amount	%
Single Family	$	17,209	43,055	$	(25,846)	(60.0)
RMRB		5,352	15,498		(10,146)	(65.5)
CHMRB		1,355	1,716		(361)	(21.0)
Multifamily		(206)	757		(963)	(127.2)
1993 SF CHMRB		10	190		(180)	(94.7)
1994 / 1995 SF CHMRB		0	411		(411)	(100.0)
Commercial Paper		1	6		(5)	(83.3)
General Funds		16,544	15,010		1,535	10.2
Housing Trust Fund		21,907	11,765		10,142	86.2
Administration Fund		(235)	(57)		(178)	312.3
Compliance Programs		341	127		214	168.5
Housing Initiatives		673	539		134	24.9
Total	$	62,951	89,017	$	(26,065)	(29.3)

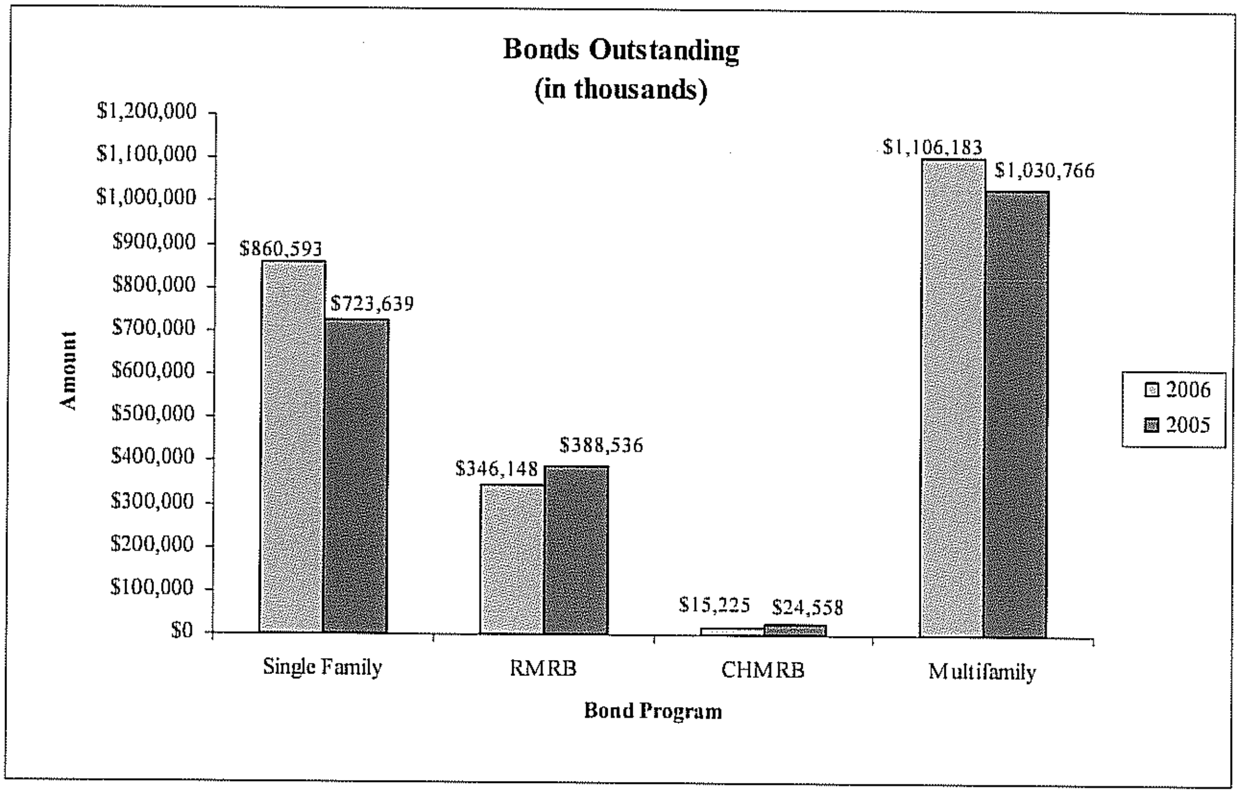
The net assets in the Housing Trust Fund increased $10.1 million or 86.2% during fiscal year 2006 as a result of transfer of funds of the Housing Trust Fund from General Revenue due to the 2006 – 2007 General Appropriations Act, Rider 19 in the amount of $12.1 million.

The net assets of the Single Family Bond Program decreased by $25.8 million or 60.0%, primarily due to a decrease in fair value in investments and increase in interest expense. The net assets of the Residential Mortgage Revenue Bonds (RMRB) decreased by $10.1 million due to the net effect of a $3.7 million adjustment to fair value of investments, a decrease in investment income of $2.5 million, and an increase in interest expense of $3.2 million.

Department Debt

The Department's new debt issuances during fiscal year 2006 totaled $503.9 million. The Single Family program issued $392.8 million in bonds and the Multi-Family Bond Program issued $111.1 million. The Department also had $349.1 million in debt retirement during the year primarily due to consumer refinancing and prepayments of original loans. The net result was an increase in bonds payable of $154.8 million to $2.3 billion of which $33.8 million is due within one year. For additional information, see Note 12, Bond Indebtedness, and supplementary bond information schedules.

The following graph will illustrate a comparison of bonds outstanding between fiscal year 2006 and 2005 per bond program.



Request for Information

This financial report is designed to provide a general overview of the Texas Department of Housing and Community Affairs' (TDHCA) operations for all parties interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Texas Department of Housing and Community Affairs, Director of Financial Administration, P.O. Box 13941, Austin, Texas, 78711-3941.

(THIS PAGE INTENTIONALLY LEFT BLANK)

BASIC

FINANCIAL STATEMENTS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I

STATEMENT OF NET ASSETS - GOVERNMENT WIDE

As of August 31, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash on Hand	$ 200	$ 200	$ 400
Cash in Bank	20,000	361,521	381,521
Cash in State Treasury	-	932,115	932,115
Cash Equivalents	-	35,084,496	35,084,496
Restricted:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	-	1,536,516	1,536,516
Cash in State Treasury	4,984,804	-	4,984,804
Cash Equivalents	-	123,625,865	123,625,865
Restricted Short-term Investments (Note 3)	-	83,338,532	83,338,532
Loans and Contracts	-	10,583,907	10,583,907
Interest Receivable	-	18,602,852	18,602,852
Federal Receivable	7,862,358	-	7,862,358
Legislative Appropriations	1,305,355	-	1,305,355
Receivables From:			
Interest Receivable	79,766	71,397	151,163
Accounts Receivable	379,473	1,114,165	1,493,638
Other Intergovernmental	160,161	-	160,161
Interfund Receivable (Note 6)	35,884	-	35,884
Consumable Inventories	14,787	14,787	29,574
Loans and Contracts	1,856,353	1,172,778	3,029,131
Other Current Assets	-	128,061	128,061
Total Current Assets	16,699,141	276,567,192	293,266,333
Non-Current Assets:			
Loans and Contracts	-	23,423,413	23,423,413
Capital Assets (Note 2):			
Depreciable:			
Furniture & Equipment	1,724,302	1,425,553	3,149,855
Accumulated Depreciation	(1,571,158)	(1,267,107)	(2,838,265)
Other Capital Assets	130,964	132,279	263,243
Accumulated Depreciation	(21,293)	(21,507)	(42,800)
Restricted Assets:			
Investments (Note 3)	-	1,173,277,565	1,173,277,565
Loans and Contracts	99,714,224	1,148,072,173	1,247,786,397
Other Non-Current Assets:			
Deferred Issuance Cost, net (Note 11)	-	11,292,615	11,292,615
Real Estate Owned, net	-	243,372	243,372
Total Non-Current Assets	99,977,039	2,356,578,356	2,456,555,395
Total Assets	$ 116,676,180	$ 2,633,145,548	$ 2,749,821,728

EXHIBIT I (Continued)
STATEMENT OF NET ASSETS - GOVERNMENT WIDE
As of August 31, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Payables:			
Accounts Payable	$ 12,583,233	$ 912,468	$ 13,495,701
Accrued Bond Interest Payable	-	32,977,121	32,977,121
Payroll Payable	887,210		887,210
Interfund Payable (Note 6)	-	35,884	35,884
Deferred Revenues	101,570,577	27,983,948	129,554,525
Employees Compensable Leave (Note 4)	724,577	490,840	1,215,417
Revenue Bonds Payable (Notes 4 & 11)	-	33,840,000	33,840,000
Other Current Liabilities	-	7,680,501	7,680,501
Total Current Liabilities	115,765,597	103,920,762	219,686,359
Non-Current Liabilities:			
Employee Compensable Leave (Note 4)	224,652	121,211	345,863
Revenue Bonds Payable (Notes 4 & 11)	-	2,294,308,557	2,294,308,557
Other Non-Current Liabilities	-	171,844,478	171,844,478
Total Non-Current Liabilities	224,652	2,466,274,246	2,466,498,898
Total Liabilities	115,990,249	2,570,195,008	2,686,185,257
NET ASSETS			
Invested in Capital Assets	262,815	269,218	532,033
Restricted:			
For Single Family Bonds	-	23,926,275	23,926,275
For MultiFamily Bonds	-	(205,927)	(205,927)
By Grantor	374,890	-	374,890
Unrestricted	48,226	38,960,974	39,009,200
Total Net Assets	$ 685,931	$ 62,950,540	$ 63,636,471

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT II
STATEMENT OF ACTIVITIES - GOVERNMENT WIDE
For the Year Ended August 31, 2006

		Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		
				Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	2006 Total
Primary Government						
Governmental Activities:						
Manufactured Housing	$ 5,596,751	$ 4,445,714	$ -	$ (1,151,037)	$ -	$ (1,151,037)
HOME Investment in Affordable Housing	56,491,749	-	56,750,504	258,755	-	258,755
Energy Assistance	63,923,564	-	64,303,270	379,706	-	379,706
Community Services	34,865,258	13,990	34,914,489	63,221	-	63,221
Section 8	6,030,442	-	6,002,346	(28,096)	-	(28,096)
Housing Trust Fund	238,664	-	133,546	(105,118)	-	(105,118)
Administration (CDBG)	2,021,773	2,693	960,838	(1,058,242)	-	(1,058,242)
Total Governmental Activities	169,168,201	4,462,397	163,064,993	(1,640,811)	-	(1,640,811)
Business-type Activities:						
Single Family Bonds	62,859,914	59,826,664	-	-	(3,033,250)	(3,033,250)
Multifamily Bonds	60,982,691	60,939,528	-	-	(43,163)	(43,163)
Housing Trust Fund Program	2,756,643	39,754	-	-	(2,716,889)	(2,716,889)
Administration	11,056,098	10,445,259	-	-	(610,839)	(610,839)
	137,655,346	131,251,205	-	-	(6,404,141)	(6,404,141)
Total Primary Government	$ 306,823,547	$ 135,713,602	$ 163,064,993	$ (1,640,811)	$ (6,404,141)	$ (8,044,952)

General Revenues:

	Governmental Activities	Business-type Activities	2006 Total
Original Appropriations	$ 2,908,235	$ -	$ 2,908,235
Additional Appropriations	1,005,170	-	1,005,170
Interest & Other Investment Income	528,537	1,640,884	2,169,421
Other Revenues	1,648,575	-	1,648,575
Appropriations Reinstated (Lapsed)	(404,716)	-	(404,716)
Net Decrease in Fair Value of Investments	-	(33,415,610)	(33,415,610)
Legislative Transfers In	676,273	-	676,273
Transfers In (Out)	(12,633,298)	12,096,536	(536,762)
Gain on sale of Investments	-	16,316	16,316
Total General Revenues and Transfers	(6,271,224)	(19,661,874)	(25,933,098)
Change in Net Assets	(7,912,035)	(26,066,015)	(33,978,050)
Net Assets, September 1, 2005	8,597,966	89,016,555	97,614,521
Net Assets - August 31, 2006	$ 685,931	$ 62,950,540	$ 63,636,471

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT III
COMBINED BALANCE SHEET - GOVERNMENTAL FUND
As of August 31, 2006 with comparative totals for 2005

	2006 Total	2005 Total
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3):		
Cash on Hand	$ 200	$ -
Cash in Bank	20,000	20,000
Restricted:		
Cash and Cash Equivalents (Note 3):		
Cash in State Treasury	4,984,804	3,458,348
Federal Receivable	7,862,358	5,289,494
Legislative Appropriations	1,305,355	10,035,348
Accounts Receivable	379,473	259,778
Receivables From:		
Other Intergovernmental	160,161	-
Interest	79,766	85,022
Interfund Receivable (Note 6)	35,884	75,149
Due From Other Agencies	-	9,190
Consumable Inventories	14,787	5,201
Restricted - Loans and Contracts	1,856,353	2,370,412
Total Current Assets	16,699,141	21,607,942
Non-Current Assets:		
Restricted - Loans and Contracts	99,714,224	99,782,283
Total Non-Current Assets	99,714,224	99,782,283
Total Assets	116,413,365	121,390,225
LIABILITIES		
Current Liabilities:		
Payables From:		
Accounts Payable	12,583,233	8,966,505
Payroll Payable	887,210	851,848
Deferred Revenues	101,570,577	102,152,695
Total Liabilities	115,041,020	111,971,048
FUND FINANCIAL STATEMENT-FUND BALANCES		
Fund Balances:		
Reserved for:		
Encumbrances	1,245,962	8,722,111
Inventories	14,787	5,201
Imprest	20,200	20,000
Unreserved/Undesignated	91,396	671,865
Total Fund Balances as of August 31	1,372,345	9,419,177
NOTE: Amounts reported for governmental activities in the statement of net assets are different because:		
Capital net assets net of accumulated depreciation used in governmental activities are not financial resources and therefore not reported in the funds.	262,815	108,118
Long term liabilities relating to employees compensable leave are not due and payable in the current year therefore are not reported in the funds.	(949,229)	(929,329)
NET ASSETS AS OF AUGUST 31	$ 685,931	$ 8,597,966

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2006 with comparative totals for 2005

	2006 Total	2005 Total
REVENUES		
Legislative Appropriations:		
Original Appropriations (GR)	$ 2,908,235	$ 4,951,058
Additional Appropriations (GR)	1,005,170	821,055
Federal Revenue (PR-OP G/C)	161,140,601	151,548,147
Federal Revenue Grant Pass-Thru Revenue(PR-OP G/C)	319,217	514,529
State Grant Pass-Through Revenue (PR-OP G/C)	80,279	798,771
Licenses, Fees & Permits (PR-C/S)	3,858,931	1,114,504
Interest and Other Investment Income (PR-OP G/C)	133,546	122,624
Interest and Other Investment Income (GR)	528,537	280,921
Sales of Goods and Services (PR-C/S)	603,466	672,801
Other (PR-OP G/C)	1,391,350	2,044,164
Other (GR)	1,648,575	1,238,986
Total Revenues	173,617,907	164,107,560
EXPENDITURES		
Salaries and Wages	8,264,995	7,626,824
Payroll Related Costs	2,248,764	1,825,848
Professional Fees and Services	668,733	874,052
Travel	530,709	424,629
Materials and Supplies	201,975	259,755
Communication and Utilities	207,108	201,691
Repairs and Maintenance	233,905	107,645
Rentals & Leases	402,640	979,733
Printing and Reproduction	81,730	76,140
Claims and Judgments	949,011	(483,115)
Intergovernmental Payments	47,419,792	43,815,657
Public Assistance Payments	107,389,437	107,701,827
Other Expenditures	478,116	303,274
Capital Outlay	226,083	23,190
Total Expenditures	169,302,998	163,737,150
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,314,909	370,410
OTHER FINANCING SOURCES (USES)		
Transfers Out (Note 6)	(12,633,298)	(180,053)
Legislative Transfers In (Note 6)	36,452	539
Legislative Transfers Out (Note 6)	639,821	(288,722)
Total Other Financing (Uses)	(11,957,025)	(468,236)
Net Change in Fund Balances	(7,642,116)	(97,826)
FUND FINANCIAL STATEMENT-FUND BALANCES		
Fund Balances--Beginning	9,419,177	9,662,417
Appropriations Reinstated (Lapsed)	(404,716)	(145,414)
Fund Balances - August 31	$ 1,372,345	$ 9,419,177

See accompanying notes to the financial statements.

EXHIBIT IV (Continued)
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2006 with comparative totals for 2005

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the statement of activities.

	2006 Total	2005 Total
Net Change in Fund Balances (Exhibit IV)	$ (7,642,116)	$ (97,826)
Appropriations (Lapsed) (Exhibit IV)	(404,716)	(145,414)
Changes in Fund Balances	(8,046,832)	(243,240)
Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the adjustments to:		
- capital outlay expense	226,082	23,190
- depreciation expense	(71,385)	(49,773)
- payroll expense due to Compensable Leave	(19,900)	(139,641)
Changes in Net Assets, August 31 (Exhibit II)	$ (7,912,035)	$ (409,464)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V
STATEMENT OF NET ASSETS - PROPRIETARY FUND
As of August 31, 2006 with comparative totals for 2005

	2006 Total	2005 Total
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)		
Cash on Hand	$ 200	$ 200
Cash in Bank	361,521	118,071
Cash in State Treasury	932,115	925,920
Cash Equivalents	35,084,496	24,739,403
Restricted Assets:		
Cash and Cash Equivalents (Note 3)		
Cash in Bank	1,536,516	11,919,756
Cash Equivalents	123,625,865	140,402,586
Short-term Investments (Note 3)	83,338,532	203,359,954
Loans and Contracts	10,583,907	7,999,529
Interest Receivable	18,602,852	12,384,440
Receivable:		
Interest Receivable	71,397	69,628
Accounts Receivable	1,114,165	1,158,660
Consumable Inventories	14,787	5,213
Loans and Contracts	1,172,778	841,964
Other Current Assets	128,061	1,184,568
Total Current Assets	276,567,192	405,109,892
Non-Current Assets		
Loans and Contracts	23,423,413	4,828,822
Capital Assets: (Note 2)		
Depreciable		
Furniture and Equipment	1,425,553	1,388,880
Less: Accumulated Depreciation	(1,267,107)	(1,175,647)
Other Capital Assets	132,279	-
Less: Accumulated Depreciation	(21,507)	-
Restricted Assets:		
Investments (Note 3)	1,173,277,565	1,036,516,639
Loans and Contracts	1,148,072,173	1,081,418,063
Other Non-current Assets		
Deferred Issuance Cost, net (Note 11)	11,292,615	11,469,566
Real Estate Owned, net	243,372	57,427
Total Non-Current Assets	2,356,578,356	2,134,503,750
Total Assets	$ 2,633,145,548	$ 2,539,613,642

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V (Continued)
STATEMENT OF NET ASSETS - PROPRIETARY FUND
As of August 31, 2006 with comparative totals for 2005

	2006 Total	2005 Total
LIABILITIES		
Current Liabilities		
Payables:		
Accounts Payable	$ 912,468	$ 913,994
Accrued Bond Interest Payable	32,977,121	27,172,715
Interfund Payable (Note 6)	35,884	75,149
Deferred Revenues	27,983,948	10,511,908
Employee's Compensable Leave (Note 4)	490,840	366,538
Notes and Loans Payable	-	75,000,000
Revenue Bonds Payable (Notes 4 & 11)	33,840,000	13,871,000
Other Current Liabilities	7,680,501	7,463,898
Total Current Liabilities	103,920,762	135,375,202
Non-Current Liabilities		
Employee's Compensable Leave (Note 4)	121,211	135,853
Revenue Bonds Payable (Notes 4 & 11)	2,294,308,557	2,078,627,974
Other Non-Current Liabilities	171,844,478	236,458,058
Total Non-Current Liabilities	2,466,274,246	2,315,221,885
Total Liabilities	2,570,195,008	2,450,597,087
NET ASSETS		
Invested in Capital Assets	269,218	213,233
Restricted:		
For Single Family Bonds	23,926,275	61,221,900
For Multifamily Bonds	(205,927)	410,563
Unrestricted	38,960,974	27,170,859
Total Net Assets	$ 62,950,540	$ 89,016,555

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUND
Year Ended August 31, 2006 with comparative totals for 2005

	2006 Total	2005 Total
OPERATING REVENUES		
Interest and Investment Income	$ 121,291,682	$ 106,872,925
Net (Decrease) in Fair Value	(33,415,610)	(13,498,876)
Other Operating Revenues	11,600,406	12,648,254
Total Operating Revenues	99,476,478	106,022,303
OPERATING EXPENSES		
Salaries and Wages	6,527,655	6,086,575
Payroll Related Costs	1,467,957	1,573,803
Professional Fees and Services	1,560,386	1,463,806
Travel	277,773	253,819
Materials and Supplies	281,615	309,893
Communications and Utilities	134,036	124,423
Repairs and Maintenance	211,205	180,730
Rentals and Leases	412,103	1,023,690
Printing and Reproduction	33,404	18,009
Depreciation and Amortization	1,113,411	651,304
Interest	117,489,648	108,097,933
Bad Debt Expense	12,364	815,832
Other Operating Expenses	8,133,788	3,732,655
Total Operating Expenses	137,655,345	124,332,472
Operating (Loss)	(38,178,867)	(18,310,169)
NONOPERATING REVENUES (EXPENSES)		
Gain on Sale of Investments	16,316	1,275,712
Total Non-Operating Revenues (Expenses)	16,316	1,275,712
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(38,162,551)	(17,034,457)
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS		
Extraordinary Items	-	(1,512,966)
Transfers (Out) (Note 6)	12,096,536	-
CHANGE IN NET ASSETS	(26,066,015)	(18,547,423)
Net Assets, Beginning of Year	89,016,555	107,567,251
Restatements	-	(3,273)
Net Assets, Beginning of Year, as Restated	89,016,555	107,563,978
NET ASSETS, As of Year End	$ 62,950,540	$ 89,016,555

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended August 31, 2006 with comparative totals for 2005

	2006 Total	2005 Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Loan Programs	$ 84,938,994	$ 89,188,633
Proceeds from Other Revenues	29,070,911	13,186,613
Payments to Suppliers for Goods/Services	(12,419,387)	(8,774,550)
Payments to Employees	(7,885,952)	(7,782,860)
Payments for Loans Provided	(181,939,835)	(195,748,839)
Net Cash (Used for) Operating Activities	(88,235,269)	(109,931,003)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Debt Issuance	511,167,100	488,925,700
Proceeds from Transfers from Other Funds	12,096,536	-
Payments to/from Other Funds	(39,265)	(29,929)
Payments of Principal on Debt Issuance	(349,137,525)	(279,661,046)
Payments of Interest	(109,137,692)	(103,985,449)
Payments for Other Cost of Debt	(2,610,339)	(1,897,390)
Net Cash Provided by Noncapital Financing Activities	62,338,815	103,351,886
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Additions to Capital Assets	(177,703)	(49,600)
Net Cash (Used for) Capital Activities	(177,703)	(49,600)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	988,986,318	1,417,847,696
Proceeds from Interest/Invest. Income	62,628,583	55,367,267
Payments to Acquire Investments	(1,042,106,167)	(1,489,046,359)
Net Cash Provided from (Used for) Investing Activities	9,508,734	(15,831,396)
(Decrease) in Cash/Cash Equivalents	(16,565,423)	(22,460,113)
Cash/Cash Equivalents, Beginning of Year	178,105,936	200,566,049
Cash/Cash Equivalents, End of Year	$ 161,540,513	$ 178,105,936

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII (Continued)
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended August 31, 2006 with comparative totals for 2005

	2006 Total	2005 Total
RECONCILIATION OF OPERATING (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating (Loss)	$ (38,178,867)	$ (18,310,169)
Adjustments to Reconcile Operating (Loss) to Net Cash Used for Operating Activities:		
Amortization and Depreciation	1,113,411	651,304
Provision for Uncollectibles	12,364	815,832
Operating Income and Cash Flow Categories Classification Differences	83,161,550	62,530,594
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	44,495	(571,238)
(Increase) in Accrued Interest Receivable	(88,163,893)	(1,480,928)
(Increase) in Loans / Contracts	(6,220,181)	(155,064,950)
(Increase) Decrease in Property Owned	(185,944)	494,855
(Increase) Decrease in Acquisition Costs	176,950	(233,492)
Change in Other Assets and Liabilities, net	(63,271,601)	(2,516,453)
Increase in Deferred Revenues	17,472,041	420,762
Increase in Accrued Interest Payable	5,804,406	3,332,880
Total Adjustments	(50,056,402)	(91,620,834)
Net Cash (Used for) Operating Activities	$ (88,235,269)	$ (109,931,003)

NON CASH TRANSACTIONS
(Decrease) in Fair Value of Investments for 2006 was $(33,415,610) and $(13,198,876) for 2005

Loans and the related properties acquired were transferred to real estate owned in the amount of $689,311 for 2006 and $195,954 for 2005

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VIII
COMBINED STATEMENT OF FIDUCIARY NET ASSETS
As of August 31, 2006 with comparative totals for 2005

AGENCY FUND	2006 Total	2005 Total
ASSETS		
Current Assets:		
Restricted:		
Cash in State Treasury	$ 26,627	$ 6,104
Total Current Assets	26,627	6,104
Total Assets	$ 26,627	$ 6,104
LIABILITIES		
Current Liabilities:		
Funds Held for Others	$ 26,627	$ 6,104
Total Current Liabilities	26,627	6,104
Total Liabilities	$ 26,627	$ 6,104

NOTES TO THE

FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ENTITY

Effective September 1, 1991, the Texas Department of Housing and Community Affairs (Department) was created to assist local governments in helping residents overcome financial, social and environmental problems; to address very low to moderate income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the legislature in coordinating federal and state programs affecting local governments; and to continually inform the state and the public about the needs of local government (*Texas Government Code Ann., Chapter 2306*). The Department was created by merging two former agencies, the Texas Housing Agency and the Texas Department of Community Affairs.

The regulation of manufactured housing was transferred from the Texas Department of Licensing and Regulation to the Department on September 1, 1995. The Manufactured Housing Division is administratively attached to the Department and is responsible for establishing standards and requirements for the construction and installation of manufactured housing that are reasonably necessary to protect the health, safety and welfare of the occupants of such housing and the general public. The Manufactured Housing Division has a governing Board of five members appointed by the Governor.

The Department is governed by a Board, composed of seven members, all of whom are appointed by the Governor with the advice and consent of the Texas Senate. The Board then appoints the Executive Director, with the approval of the Governor.

The accompanying financial statements of the Department have been prepared to conform with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Blended Component Units - No component units have been identified which meet the criteria for inclusion in the Department's financial statements.

FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

Governmental Fund Types & Government-wide Adjustment Fund Types

General Fund
The General Fund is the principal operating fund used to account for most of the Department's general activities. It accounts for all financial resources except those accounted for in other funds.

Proprietary Fund Types

Enterprise Funds (Business-Type Activity)
Enterprise Funds account for operations financed and operated in a manner similar to private business. The intent is to recover costs through user charges and where a periodic determination of revenues earned, expenses incurred, and net income are appropriate for management control, accountability, contractual obligations and other purposes.

Fiduciary Fund Types

Agency Funds
Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental funds are accounted for using the modified accrual basis of accounting. Under modified accrual, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for the Fund Financial Statements prepared on the modified accrual basis of accounting. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

The Government-wide Financial Statements are accounted for using the accrual method of accounting. This includes unpaid Employee Compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, capital assets and accumulated depreciation.

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary Funds distinguish operating from non-operating items. Operating revenues result from providing services or producing and delivering goods in connection with the proprietary funds principal ongoing operations which include, interest on investments and mortgage loans, and fees generated from housing activities. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The Department has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989 as allowed by GASB Statement No. 20.

BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The state monitors its statewide budget by establishing the legal level of control at the agency level to ensure that expenditures are not made in excess of budgetary authority. Within the Department, procedures are used to ensure that expenditures do not exceed their total budget at the division level, but the State Comptroller ultimately ensures that each total authorized agency budget is not exceeded.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

Assets

Cash and Cash Equivalents
Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Investments
Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* (GASB Statement 31). The Department utilizes established quoted market prices for determining the fair value of its debt securities in reserve funds. Fair value of the Department's securitized mortgage loans (GNMA/FNMA) has been established by each bond issues trustee using a pricing service.

The Department has reported all investment securities at fair value as of August 31, 2006 with exception of some short-term money market investments and nonparticipating interest-earning investments contracts which are reported at amortized cost provided that the fair value of these investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

Changes in the fair value are reported in the Combined Statement of Revenues, Expenses, and Changes in Net Assets as "Net Increase (Decrease) in the Fair Value of Investments."

Restricted Assets
Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets in the General Fund include federal grants which are restricted by the grantor for specific program purposes established by the State Legislature. The Proprietary Fund includes certain assets pledged to respective bond indentures, the use of which is restricted by those same bond covenants.

Consumable Inventories
Consumable inventories consist of postage on hand at year-end. Inventories for governmental fund types and proprietary fund types are accounted for using the consumption method of accounting. The cost of these items is expensed when the items are consumed.

Capital Assets
Assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if donated, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset (5 years for both Furniture & Equipment and Other Capital Assets) using the straight-line method.

All capital assets acquired by proprietary funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the donation date. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

Loans and Contracts
Loans and contracts consist of loans in the General Fund made from federal funds for the purpose of Single Family loans and Multifamily development loans from the HOME Program.

Restricted loans and contracts in proprietary funds consist of mortgage loans made from Single Family and Multifamily bond proceeds. Unrestricted loans and contracts consist of Single Family loans and Multifamily development loans from the Housing Trust Fund and other Housing Initiative Programs. Loans receivable are carried at the unpaid principal balance outstanding, net of the allowance for estimated losses. Deferred commitment fees relating to the Single Family, Residential Mortgage Revenue Bonds (RMRB) Series 1987A and certain Multifamily programs are included as a reduction of loans receivable. Interest on loans is credited to income as earned. Loans are generally placed on nonaccrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when they are past due 90 days as to either principal or interest or when payment in full of principal and interest is not expected. Deferred commitment fees are recognized using the interest method over the estimated lives of the loans.

Real Estate Owned
Real estate owned are properties acquired through foreclosure that are carried at the unpaid principal balance on the related property plus accrued interest and reimbursable expenses through the date of foreclosure, less any sales proceeds, reimbursements received from mortgage insurers and an allowance for estimated losses on such properties, which approximates the net realizable value of the property at foreclosure.

Loans secured by Single Family properties on which there is an indication that the borrower no longer has the ability to repay the loan and that foreclosure is likely are considered in-substance foreclosures and are classified as real estate owned in the accompanying balance sheet. Interest on real estate owned is credited to income as earned based on a calculation of interest recoverable in accordance with the Department's agreements with its mortgage insurers.

Allowance for Estimated Losses on Loans and Foreclosed Properties
The allowance for estimated losses on loans is calculated for future charge-offs on Single Family and Multifamily loans. The allowance for estimated losses on real estate owned is calculated for future charge-offs on foreclosed Single Family loans.

All losses are charged to the allowance when the loss actually occurs or when a determination is made that a loss is likely to occur. During the year, management estimates the level of future losses to determine whether the allowances for estimated losses are adequate to absorb anticipated losses in the existing loan and real estate owned portfolios. Based on these estimates, a provision for estimated losses on loans and real estate owned is credited to the allowances in order to adjust the allowances to levels estimated to be adequate to absorb reasonably foreseeable losses.

While management uses available information to recognize losses in the loan and real estate owned portfolios, future additions may be necessary based on changes in economic conditions. However, it is the judgment of management that allowances are currently adequate to absorb reasonably foreseeable losses in the existing loan and real estate owned portfolios.

Commitment Fees
Commitment fees received in connection with the origination of loans are deferred and recognized using the interest method over the estimated lives of the related loans and mortgage-backed securities, or if the commitment expires unexercised it is credited to income upon expiration of the commitment.

Deferred Issuance Costs
Deferred issuance costs on bonds are amortized using the interest method over the contractual life of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of deferred issuance costs.

Discounts and Premiums on Debt
Discounts and premiums on debt are recognized using the interest method over the lives of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of discounts and premiums on debt.

Liabilities

Accounts Payable
Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Other Current Liabilities
Other current liabilities primarily consist of escrow fees and arbitrage rebate liability.

Deferred Revenues
Deferred Revenues in the governmental fund represent a deferral of amounts disbursed from funding agencies for the amount of Loans and Contracts outstanding. These deferred revenues are classified as current liabilities in accordance with GAAP. The deferred revenues in the proprietary fund represent fees such as commitment fees and compliance fees that are deferred upon receipt and amortized over a period of time. It also includes deferred revenues for loans and contracts.

Employees' Compensable Leave Balances
Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

Bonds Payable – Revenue Bonds
Revenue bonds are accounted for in the proprietary funds. The bonds payable are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or noncurrent in the statement of net assets.

Other Non-current Liabilities
Other non-current liabilities primarily account for funds due to Developers as a result of Multifamily bond proceeds. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the developers' fluctuation in cash flow needs, the current portion cannot be reasonably estimated.

Fund Balance/Net Assets

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary and fiduciary fund statements, and the "Fund Balance" is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance
Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Reserved for Encumbrances
This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserved for Consumable Inventories
This represents the amount of postage to be used in the next fiscal year.

Reserve for Imprest Accounts
This represents reserves for travel and imprest cash in amounts equal to the assets.

Unreserved/Undesignated
Unreserved represents the unappropriated balance at year-end.

Net Assets
Invested in Capital Assets consists of capital assets including restricted capital assets, net of accumulated depreciation. The Department reports net assets as restricted when constraints placed on net assets are externally imposed by bond covenants and federal grants. Unrestricted Net Assets consist of net assets that do not meet the definition of Invested in Capital Assets or Restricted Net Assets.

Interfund Transactions and Balances

The Department may have the following types of transactions among funds:

1. Transfers - Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.

2. Legislative Sources/Uses – Budget transfers between agencies within the General Revenue Fund (0001).

3. Quasi-External Transactions - Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

NOTE 2: CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended August 31, 2006, is presented below:

	PRIMARY GOVERNMMENT			
Governmental Activities:	**Balance 09/01/05**	**Additions**	**Deletions**	**Balance 08/31/06**
Depreciable Assets:				
Furniture and Equipment	$1,659,127	$95,118	($29,943)	$1,724,302
Other Capital Assets	-	130,964	-	130,964
Total Depreciable Assets at Historical Costs	$1,659,127	$226,082	($29,943)	$1,855,266
Less Accumulated Depreciation for:				
Furniture and Equipment	($1,551,009)	($50,092)	$29,943	($1,571,158)
Other Capital Assets	-	(21,293)	-	(21,293)
Total Accumulated Depreciation	(1,551,009)	(71,385)	29,943	(1,592,451)
Governmental Activities Capital Assets, Net:	$108,118	$154,697	-	$262,815

	PRIMARY GOVERNMMENT			
Business-Type Activities:	**Balance 09/01/05**	**Additions**	**Deletions**	**Balance 08/31/06**
Depreciable Assets:				
Furniture and Equipment	$1,388,880	$45,425	($8,752)	$1,425,553
Other Capital Assets	-	132,279	-	132,279
Total Depreciable Assets at Historical Costs	$1,388,880	$177,704	($8,752)	$1,557,832
Less Accumulated Depreciation for:				
Furniture and Equipment	($1,175,647)	($100,212)	$8,752	($1,267,107)
Other Capital Assets	-	(21,507)	-	(21,507)
Total Accumulated Depreciation	(1,175,647)	(121,719)	8,752	(1,288,614)
Business-Type Activities Capital Assets, Net:	$213,233	$55,985	-	$269,218

Depreciation expense of $193,104 was allocated to Administration in the Statement of Activities for both the Governmental and Business-type activities.

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

The Department is authorized by statute to make investments following the "prudent person rule" and based upon provisions within the master bond indentures and its Investment Policy adopted by the Board in accordance with the Public Funds Investment Act. There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank
As of August 31, 2006, the carrying amount of deposits was $1,918,037.

Governmental Funds Current Assets Cash in Bank	$ 20,000
Proprietary Funds Current Assets Cash in Bank	
Texas Treasury Safekeeping Trust	361,521
Demand Deposits	
Proprietary Funds Current Assets Restricted Cash in Bank	
Texas Treasury Safekeeping Trust	202,689
Demand Deposits	1,333,827
Cash in Bank	$1,918,037

At August 31, 2006, the Department's cash and deposits in the State Treasury amounted to $5,916,919. Of that amount, $5,916,919 was fully collateralized by securities held with a trustee in the State's name, as reported to the Department by the Comptroller of Public Accounts of the State of Texas.

Investments

The types of investments in which the Department may invest are restricted by the provisions of the master bond indentures and the Department's Investment Policy adopted by its Board in accordance with the Public Funds Investment Act. The indentures allow for investments in direct obligations of or guaranteed by the U.S. Government; obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by agencies or intermediaries of the U.S. Government; obligations issued by public agencies or municipalities; obligations and general obligations of or guaranteed by the state; demand deposits, interest-bearing time deposits or certificates of deposit; repurchase agreements in U.S. Government securities; direct or general obligations of any state within the territorial U.S.; investment agreements with any bank or financial institution; commercial paper; and guaranteed investment contracts. Certain trust indentures restrict the Department from investing in certain of the aforementioned investments.

At August 31, 2006, the fair value of investments (including both short-term and long-term) are shown below.

Business Type Activities	Carrying Value	Fair Value
U.S. Treasury Securities	$ 25,921,371	$ 26,128,517
U.S. Government Agency Obligations	910,427,585	887,365,111
Repurchase Agreements (TTSTC)	102,187,013	102,187,013
Fixed Income Money Markets	57,845,249	57,845,249
Misc (Investment Agreements/GICs)	341,800,568	341,800,568
Total	$ 1,438,181,786	$ 1,415,326,458

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Preservation and safety of principal is the foremost objective of the investment program. According to the Department's investment policy, investments should be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Credit risk is mitigated by

- Limiting investments to the safest types of securities.
- Pre-qualifying the financial institution, broker/dealers, intermediaries, and advisors with which the Department will do business.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

As of August 31, 2006, the Department's credit quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	Not Rated	AAA	AA	A
05	3054	U.S. Government Agency Obligations		$73,172,641		
05	3054	Repurchase Agreements (TTSTC)	$102,187,013			
05	3054	Misc (Investment Agreements/GICs)	$341,800,568			
			Not Rated	AAA-M	AA-M	A-M
05	3054	Fixed Income Money Market		$57,845,249		

A total of $840,320,987 was not subject to credit risk disclosure due to their explicit guarantee by the U.S. Government which is composed of $26,128,517 in U.S. Treasury securities and $814,192,470 in U.S. Government Agency obligations issued by the Government National Mortgage Association.

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2006, the Department's concentration of credit risk is as follows.

Fund Type	GAAP Fund	Issuer	Carrying Value	% of Total Portfolio
05	3054	DEPFA Bank	$235,705,002	16.39%
05	3054	USB Warbug	$102,153,570	7.10%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investment. The longer the maturity of an investment will result in greater sensitivity of its fair value to changes in the market interest rates. The Department's investment policy allows for the mitigation of interest rate risk by

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities.

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd

Information about the sensitivity of the fair values of the Departments investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Department's investments by maturity:

Remaining Maturity (in months)

Government and Business Type Activities	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Treasury Securities	$26,128,517	$24,983,215			$1,145,302
U.S. Government Agency Obligations	887,365,111	10,336,325			877,028,786
Repurchase Agreements (TTSTC)	102,187,013	102,187,013			
Fixed Income Money Markets	57,845,249	57,845,249			
Misc (Investment Agreements/GICs)	341,800,568	55,030,869	257,353,074	154,152	29,262,473
Total	$1,415,326,458	$250,382,671	$257,353,074	$154,152	$907,436,561

Highly Sensitive Investments

Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. These prepayments result in a reduction of expected total cash flows affecting the fair value of these securities and make the fair value of these securities highly sensitive to the changes in interest rates. The Department does not make it a common practice to sell these investments. Any fluctuation in fair value generates an unrealized gain or loss. As of August 31, 2006, the Department holds $887,365,111 in mortgage backed securities.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2006, the following changes occurred in liabilities.

Governmental Activities	Balance 9/1/05	Additions	Reductions	Balance 8/31/06	Amounts Due Within One Year
Compensable Leave	$ 929,329	724,577	704,677	$ 949,229	$ 724,577
Total Governmental Activities	$ 929,329	724,577	704,677	$ 949,229	$ 724,577

Business-Type Activities	Balance 9/1/05	Additions	Reductions	Balance 8/31/06	Amounts Due Within One Year
Revenue Bonds Payable	$ 2,092,498,974	435,431,044	214,979,461	$ 2,312,950,557	$18,642,000
Commercial Paper Notes	75,000,000	72,191,000	131,993,000	15,198,000	15,198,000
Subtotal	2,167,498,974	507,622,044	346,972,461	2,328,148,557	33,840,000
Compensable Leave	502,391	490,840	381,180	612,051	490,840
Total Business-Type Activities	$ 2,168,001,365	508,112,884	347,353,641	$2,328,760,608	$34,330,840

Employees' Compensable Leave
A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental funds. For these funds, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Commercial Paper Notes Payable
The Department is authorized to issue the Notes in an aggregate principal amount not to exceed $75,000,000 outstanding. Proceeds of the initial issuance of the Notes and of future issues not issued to refund outstanding Notes will be used to redeem certain of the Department's single-family mortgage revenue bonds (the "Refunded Bonds"), which are subject to redemption as a result of the receipt by the Department of prepayments of the related underlying mortgage loans. Such prepayments may, at a future date, be recycled into new mortgage loans by the Department. On December 31, 2005, the Department was temporarily authorized to increase in the aggregate principal amount of the notes to $200,000,000 from $75,000,000 for the purpose of warehousing new volume cap. The authorization expires December 31, 2006.

Other Non-current Liabilities
Other non-current liabilities totaling $171,844,478 primarily account for funds due to Developers as a result of Multifamily bond proceeds. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the various variables related to the balance, the current portion cannot be reasonably estimated.

NOTE 5: OPERATING LEASE OBLIGATIONS

As of December 5, 2005, the Department resides in state owned facilities located at 221 E. 11th Street in Austin, Texas. As a result, the Department reports no lease expense for its facility.

NOTE 6: INTERFUND BALANCES / ACTIVITIES

As explained in Note 1 on Interfund Transactions and Balances, there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Transfers In or Transfers Out
- Legislative Transfers In or Transfers Out

The Department experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statements.

Individual balances and activity at August 31, 2006, follows:

Fund	Current Interfund Receivable	Current Interfund Payable
General Fund (01)		
General Revenue (0001)	$ 2,042	-
Consolidated Federal (0127)	33,842	-
Enterprise Fund (05, 0896)	-	$ 35,884
Total Interfund Receivable/ Payable (Exhibit I & Exhibit III)	$ 35,884	$ 35,884

The Department has no Non-Current Interfund Receivables/Interfund Payables.

Fund	Transfers In	Transfers Out	Purpose
General Fund (01)			
Appd Fund 0001, D23 Fund 0001	$	$ 9,805,755	Article VII-7, Rider 19*
Appd Fund 0001, D23 Fund 0001		17,560	Article IX, § 11.04
Appd Fund 0001, D23 Fund 0066		2,290,781	Article VII-7, Rider 19*
Appd Fund 0001, D23 Fund 0066		40,104	Gov't Code § 403.071
Appd Fund 0001, D23 Fund 0077		135,818	Gov't Code § 403.071
Appd Fund 0001, D23 Fund 0088		343,280	Article IX, § 6.01(a)
Total Transfers for Fund 0001 (Exhibit II & IV)		**$ 12,633,298**	
Enterprise Fund (05)			
Appd Fund 0896, D23 Fund 0896	10,804,746		Article VII-7, Rider 19*
Appd Fund 3054, D23 Fund 0999	1,291,790		Article VII-7, Rider 19*
Total Transfers for Fund 0896 (Exhibit II & VI)	**$ 12,096,536**	$	
Total Transfers	**$ 12,096,536**	**$ 12,633,298**	

* In fiscal year 2006, the Department transferred $12,096,536 from the Governmental Fund to the Texas Treasury Safekeeping Trust Company established by Government Code 2306. In accordance with the requirements established by the 79th Legislature, SB 1, Article VII-7, Rider 19, the transfer was made to create a central repository for Housing Trust Fund activities.

NOTE 6: INTERFUND BALANCES / ACTIVITIES Cont'd

Fund	Legislative Transfers In		Legislative Transfers Out	
General Fund (01)				
Appd Fund 0001, D23 Fund 0001	$	1,465,591		
Appd Fund 0001, D23 Fund 0066		(1,156,139)		
Appd Fund 0001, D23 Fund 0088		(273,000)	$	(639,821)
Total Legislative Transfers (Exh II)	$	**36,452**	$	**(639,821)**

NOTE 7: CONTINGENT LIABILITIES

The Department is a defendant in legal actions arising from transactions and activities conducted in the ordinary course of business. Management, after consultation with legal counsel, believes that the aggregate liabilities, if any, will not be material to the basic financial statements.

NOTE 8: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Department will be abolished effective September 1, 2011 unless continued in existence as provided by the Act. If abolished, the Department may continue until September 1, 2012 to close out its operations.

NOTE 9: RISK FINANCING AND RELATED INSURANCE

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the Department's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Department assumes substantially all risks associated with the performance of its duties. Currently there is no purchase of commercial insurance, nor is the Department involved in any risk pools with other government entities. The Department carries Public Official Liabilities Insurance coverage in the amount of $10,000,000; automobile liability insurance in the amount of $500,000, errors and omissions insurance of $300,000 related to loan servicing for others and a $350,000 Public Employee Fidelity Bond.

The Department's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. The Department incurred no claims liability during fiscal years 2005 and 2006.

NOTE 10: SEGMENT INFORMATION FOR ENTERPRISE FUND

The Segment information below is for the Department's direct debt associated with the issuance of Single Family bonds only and does not include the Multifamily bonds where the Department is only a conduit issuer. Therefore, this note represents less than what is reported in the Enterprise Fund as a whole. Each grouping consists of separate indentures that have one or more bonds outstanding with the revenue stream and assets exclusively pledged in support of that debt. Each indenture imposes the requirement of separate accounting of the revenues, expenses, gains, losses, assets, and liabilities.

CONDENSED STATEMENT OF NET ASSETS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Single Family CHMRB Series 1993 Funds	Single Family CHMRB 1994 & 1995 Funds
Restricted Assets:					
Current Assets	$82,745,360	$ 6,658,197	$ 684,140	$ 9,741	$ 85
Capital Assets	-	-	-	-	-
Other Assets	802,226,937	351,731,851	16,401,370	-	-
Total Assets	884,972,297	358,390,048	17,085,510	9,741	85
Liabilities:					
Current Liabilities	28,218,480	11,388,823	506,144	26	20
Long Term Liabilities	839,544,579	341,649,553	15,224,590	-	-
Total Liabilities	867,763,059	353,038,376	15,730,734	26	20
Net Assets:					
Restricted Net Assets	$ 17,209,238	$ 5,351,672	$ 1,354,776	$ 9,715	$ 65
Total Restricted Net Assets	$ 17,209,238	$ 5,351,672	$ 1,354,776	$ 9,715	$ 65

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Single Family CHMRB Series 1993 Funds	Single Family CHMRB 1994 & 1995 Funds
Operating Revenues:					
Interest and Investment Income	$ 33,000,757	$ 21,154,225	$ 1,386,406	$ 7,515	$ 151,392
Net Increase (Decrease) in Fair Value	(21,956,216)	(10,835,114)	(624,280)	-	-
Other Operating Revenues	565,542	347,521	50,504	-	-
Operating Expenses	(36,950,437)	(20,265,062)	(1,172,294)	(205)	(302,491)
Depreciation and Amortization	(505,862)	(422,243)	(7,249)	-	(41,946)
Operating Income (Loss)	(25,846,216)	(10,020,673)	(366,913)	7,310	(193,045)
Nonoperating Revenues (Expenses): Other Nonoperating Revenues (Expenses):	16,316	-	-	-	-
Special and Extraordinary Items	-	-	-	-	-
Transfers In (Out)	(16,069)	(125,343)	5,725	(754,355)	2,706
Changes in Net Assets	(25,845,969)	(10,146,016)	(361,188)	(747,045)	(190,339)
Net Assets, September 1, 2005	43,055,207	15,497,688	1,715,964	756,760	190,404
Net Assets, August 31, 2006	$ 17,209,238	$ 5,351,672	$ 1,354,776	$ 9,715	$ 65

NOTE 10: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd.

CONDENSED STATEMENT OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Single Family CHMRB Series 1993 Funds	Single Family CHMRB 1994 & 1995 Funds
Net Cash Provided (Used) By:					
Operating Activities	$ 6,724,026	$ (1,960,566)	$ (25,146)	$ (184)	$ (3,358)
Noncapital Financing Activities	165,511,745	(62,027,928)	(6,906,782)	(754,354)	(3,800,384)
Investing Activities	(159,978,643)	55,792,159	6,932,399	7,589	3,782,946
Net Increase (Decrease)	12,257,128	(8,196,335)	471	(746,950)	(20,796)
Beginning Cash and Cash Equivalents	48,878,943	12,609,619	586,139	754,951	20,884
Ending Cash and Cash Equivalents	$ 61,136,071	$ 4,413,284	$ 586,610	$ 8,002	$ 88

NOTE 11: BONDED INDEBTEDNESS

The Department has 112 bond issues outstanding at August 31, 2006. All series are revenue bonds backed by the pledged revenue sources and restricted funds specified in the bond resolutions. Each series is designed to be self-supporting with no repayment nor obligation from the State's General Revenue. The Department issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (Detailed supplementary bond information is disclosed in Schedules 1-A, 1-B, 1-C, 1-D, 1-E and 1-F.)

Proceeds from the issuance of bonds under the Single Family and Residential Mortgage Revenue Bonds (RMRB) Series 1987A Programs were used to acquire loans. Proceeds from Collateralized Home Mortgage Revenue Bond (CHMRB) and the remaining RMRB programs were used to acquire pass-through certificates backed by mortgage loans. Proceeds from the remaining Multifamily bond issues were used to finance mortgage loans.

Interest on bonds and collateralized mortgage obligations is payable periodically, except for capital appreciation bonds, on which interest is compounded semiannually and payable at maturity or upon redemption.

The Single Family, RMRB and CHMRB bonds are collateralized by the revenues and assets pledged under the trust indentures, primarily Single Family mortgage loans, mortgage-backed securities and investments. The Multifamily bonds are collateralized by varying methods, including, but not limited to, the mortgage loans on the applicable housing developments, certificates of deposit, letters of credit, guarantees provided by third parties and collateralized mortgage obligations issued by federally chartered, privately owned corporations.

The trust indentures contain positive and negative covenants. Events of default include the following: failure to make timely payment of both principal and interest on any outstanding bond; failure to make timely payment of any other monies required to be paid to the Trustee; and non-performance or non-observance of any other covenants, agreements or conditions contained in the indentures. Management believes they are in compliance with the covenants of the indentures.

Deferred issuance costs at August 31, 2006, consist of the following:

	Amount
Deferred Issuance Costs at August 31, 2006	$ 37,310,370
Less Accumulated Amortization	(26,017,755)
Deferred Issuance Costs, net	$ 11,292,615

NOTE 11: BONDED INDEBTEDNESS Cont'd

CHANGES IN BONDS PAYABLE (amounts in thousands)

Description	Bonds Outstanding 9/1/05	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extin-guished	Bonds Outstanding 8/31/06	Amounts Due Within One Year
Single Family	$ 646,775	320,625	2,590	126,965	$ 837,845	$ 5,850
RMRB	386,765	-	5,940	35,760	345,065	5,755
CHMRB	20,600	-	-	5,700	14,900	-
SF CHMRB	3,500	-	-	3,500	-	-
Multifamily	1,033,504	111,130	3,797	32,892	1,107,945	7,037
Commercial Paper	75,000	72,191	131,993		15,198	15,198
Total Principal	$ 2,166,144	503,946	144,320	204,817	$ 2,320,953	$ 33,840
Net Deferred Amt due to Refund	(2,155)				(1,197)	
Unamortized Premium	7,568				13,405	
Unamortized Refunding (Loss)	(4,059)				(5,012)	
Total	$ 2,167,498				$ 2,328,149	

DEBT SERVICE REQUIREMENTS

PRINCIPAL ONLY (amounts in thousands)

Description	2007	2008	2009	2010	2011	2012 to 2016	2017 to 2021
Single-family	$ 21,048	$ 11,605	$ 13,795	$ 13,315	$ 13,785	$ 82,650	$ 104,925
RMRB	5,755	6,020	6,280	6,250	5,085	26,470	59,110
CHMRB							
Multifamily	7,037	8,306	9,729	10,840	11,614	68,344	104,089
Total	$ 33,840	$ 25,931	$ 29,804	$ 30,405	$ 30,484	$ 177,464	$ 268,124

Description	2022 to 2026	2027 to 2031	2032 to 2036	2037 to 2041	2042 to 2046	Total
Single-family	$142,520	$197,085	$223,470	$ 28,845	$	$ 853,043
RMRB	58,000	87,200	84,895			345,065
CHMRB	14,900					14,900
Multifamily	198,310	171,900	222,066	187,865	107,845	1,107,945
Total	$413,730	$456,185	$530,431	$216,710	$107,845	$ 2,320,953

NOTE 11: BONDED INDEBTEDNESS Cont'd

Actual maturities will differ from contractual maturities since the Department has the right to call or prepay obligations with or without call or prepayment penalties as the related loans and mortgage-backed securities mature or prepay.

PRINCIPAL AND INTEREST (amounts in thousands)

Description	2007	2008	2009	2010	2011	2012 to 2016	2017 to 2021
Single-family	$ 59,601	$ 49,711	$ 51,363	$ 50,359	$ 50,261	$ 254,927	$ 255,686
RMRB	24,281	24,291	24,273	23,953	22,520	109,766	132,979
CHMRB	1,028	1,031	1,028	1,028	1,028	5,146	5,143
Multifamily	78,346	73,456	74,430	75,036	75,183	372,631	378,980
Total	$163,256	$148,489	$151,094	$150,376	$148,992	$ 742,470	$ 772,788

Description	2022 to 2026	2027 to 2031	2032 to 2036	2037 to 2041	2042 to 2046	Total
Single-family	$266,750	$278,666	$255,075	$ 29,412	$	$ 1,601,811
RMRB	114,467	127,800	90,352			694,682
CHMRB	17,812					33,244
Multifamily	435,559	352,939	348,328	250,465	120,536	2,635,889
Total	$834,588	$759,405	$693,755	$279,877	$120,536	$ 4,965,626

VARIABLE TO FIXED INTEREST RATE SWAP OBJECTIVE

In order to hedge against increases in interest rates on variable rate demand bond issues, the Department has entered into three interest rate swap agreements with the objective of reducing the interest rate risk of certain variable rate demand bonds. The variable rate demand bonds were issued at a lower total interest cost than attainable through traditional fixed rate bond structures. The Department has entered into interest rate swap agreements with various rated counterparties. Under the terms of the agreements, the Department makes periodic fixed interest rate payments in exchange for receiving variable rate payments comparable to the rates payable on the variable rate demand bonds. The swap notional amounts amortize in accordance with the scheduled and/or anticipated reductions in the related variable rate demand bond liability. The Department is potentially exposed to loss in the event of nonperformance by the counterparties under the swap agreements. Termination of the swap agreements may result in the Department making or receiving termination payments. Each swap agreement includes optional early termination provisions granting the Department the right, but not an obligation, to terminate the interest rate swaps at par without a termination payment after an effective date.

NOTE 11: BONDED INDEBTEDNESS Cont'd

TERMS AND FAIR VALUE

The terms, including the fair value of the outstanding swaps as of August 31, 2006 are as follows. The fair value of the swaps are not shown in the financial statements. The notional amounts of the swaps match the principal amount of the associated debt.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
UBS AG	$53,000,000	$(341,966)	9/1/04	3.843 %	63% of LIBOR + .30%	9/1/34 (a)
Goldman Sachs	35,000,000	(58,177)	1/1/05	3.6125 %	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	3/1/35 (b)
Bear Stearns	100,000,000	(1,581,395)	8/1/05	3.99 %	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	9/1/36 (c)
Total	$188,000,000	$(1,981,538)				

a. The swap agreement is subject to optional early termination, at par value, starting on March 1, 2015 and semiannually thereafter. The maximum notional amount subject to early termination equals 60% of the current notional amount.

b. The swap agreement is subject to optional early termination, at par value, starting on September 1, 2014 and semiannually thereafter. The maximum notional amount subject to early termination equals 60% of the applicable notional amount through September 1, 2023 and 100% of the applicable notional amount thereafter.

c. The swap agreement is subject to optional early termination, at par value, from prepayments at any time with a ten business day notice.

CREDIT RISK

As of August 31, 2006, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps have negative fair values. If interest rates change and the fair value of the swaps become positive, the department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral agreements and insurance policies with the counterparties. The credit ratings for the counterparties are as follows.

Counterparty	Standard & Poor's	Moody's	Fitch
UBS AG	AA+	Aa2	AA+
Goldman Sachs Capital Markets, LP	Not Rated	Aa3	AA-
Bear Stearns Financial Products, Inc.	AAA	Not Rated	Not Rated

BASIS RISK

The Department's variable-rate bond coupon payments are equivalent to the Bond Market Association Municipal Swap Index (BMA) rate. The swap agreements designate a function of London Inter-Bank Offered Rate (LIBOR) as the rate for payments received on these swaps. The Department will be exposed to basis risk should LIBOR and BMA converge. The swap agreements provide an option to terminate as stated above.

ROLLOVER RISK

The Department is exposed to rollover risk on swap agreements which mature or may be terminated prior to the maturity of the associated debt. The following debt is exposed to rollover risk if the option for early termination is executed:

Associated Debt Issuance	Debt Maturity Date	Swap Termination Date
2004B Single Family	September 2034	May be terminated as early as March 2014
2004D Single Family	March 2035	May be terminated as early as September 2014
2005A Single Family	September 2036	May be terminated at anytime giving 10 day notice

NOTE 11: BONDED INDEBTEDNESS Cont'd

SWAP PAYMENTS AND ASSOCIATED DEBT

Using rates as of August 31, 2006, debt service requirements of the Department's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate debt bond interest payments and new swap payments will vary. The Department's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds outstanding.

Fiscal Year Ending August 31	Variable-Rate Bonds Principal	Interest	Interest Rate Swaps, Net	Total
2007	$ 885,000	$ 4,579,948	$ 2,512,348	$ 7,977,296
2008	1,820,000	4,545,905	2,491,508	8,857,413
2009	1,895,000	4,498,985	2,462,783	8,856,768
2010	1,970,000	4,450,216	2,432,927	8,853,143
2011	2,050,000	4,399,471	2,401,861	8,851,332
2012-2016	16,580,000	21,086,827	11,462,774	49,129,601
2017-2021	31,270,000	18,010,781	9,778,257	59,059,038
2022-2026	37,815,000	13,707,451	7,460,536	58,982,987
2027-2031	44,410,000	8,647,712	4,719,303	57,777,015
2032-2036	46,500,000	2,674,453	1,481,603	50,656,056
2037-2038	2,805,000	105,188	64,395	2,974,583
Total	$ 188,000,000	$ 86,706,937	$ 47,268,295	$ 321,975,232

Current Refunding

On December 15, 2005, the Department issued Series 2005 B, C & D Residential Mortgage Revenue Bonds. Series 2005 B and 2005 C were issued for the primary purpose of refunding and redeeming the Single Family Mortgage Revenue Bonds Series 1995A and 1995C. This refunding transaction resulted in a deferred loss of $798,680, which will be amortized for recognition purposes over the life of the new debt per GASB Statement 23. During the current period, $145,001 of the deferral amount has been recognized as period bond interest expense within the Revenue Bond Enterprise Fund. This transaction also gave rise to an $8,477,117 economic gain.

Advance Refunding Bonds

On 6/28/06, the Department issued the 2006 Single Family Revenue Bonds (Series ABCDE) in the amount of $228,830,000. The proceeds for Series D ($29,685,000) and Series E ($17,295,000) with average rates of 4.50% and 4.06%, respectively, were used to advance refund outstanding bonds. The Series D bond proceeds refunded the 1996A Single Family Revenue Bonds ($5,765,000) and the 1996D Single Family Revenue Bonds ($23,920,000) with average rates of 6.3% and 6.25%, respectively. The Series E bond proceeds refunded the 1996E Single Family Revenue Bonds ($17,295,000) with an average rate of 6.15%. The bond proceeds were used to purchase U.S. Government Securities. The securities were deposited with an escrow agent to provide for all future debt service on the 1996 bonds. As a result, the 1996 bonds are considered to be defeased and the liability for those bonds has been removed from the Department's financial statements.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $546,869. Since the old debt will be redeemed on 9/1/06, the entire difference will be amortized this fiscal year increasing interest expense. The Department advance refunded the 1996 Single Family Revenue Bonds Series ADE to reduce its total debt service payments over the next 30 years by $16,009,337 and to obtain an economic gain of $11,711,590.

NOTE 12: SUBSEQUENT EVENTS

On September 14, 2006, the Department issued $5,015,000 in multifamily revenue bonds (Red Hills Villas) made up as follows:

$ 5,015,000 MF 2006 Series A

On September 14, 2006, the Department issued $5,125,000 in multifamily revenue bonds (Champion's Crossing Apartments) made up as follows:

$ 5,125,000 MF 2006 Series A

On September 15, 2006, the Department issued $11,300,000 in multifamily revenue bonds (Stonehaven Apartment Homes) made up as follows:

$ 11,300,000 MF 2006 Series A

On September 19, 2006, the Department issued $8,325,000 in multifamily revenue bonds (Center Ridge Apartments) made up as follows:

$ 8,325,000 MF 2006 Series A

On September 26, 2006, the Department issued $13,500,000 in multifamily revenue bonds (Meadowlands Apartments) made up as follows:

$ 13,500,000 MF 2006 Series A

On October 24, 2006, the Department issued $13,500,000 in multifamily revenue bonds (East Tex Pines Apartments) made up as follows:

$ 13,500,000 MF 2006 Series A

On November 8, 2006, the Department issued $7,200,000 in multifamily revenue bonds (Villas @ Henderson Apartments) made up as follows:

$ 7,200,000 MF 2006 Series A

On November 9, 2006, the Department issued $9,800,000 in multifamily revenue bonds (Aspen Park Apartments) made up as follows:

$ 9,800,000 MF 2006 Series A

On November 22, 2006, the Department issued $14,250,000 in multifamily revenue bonds (Idlewilde Apartments) made up as follows:

$ 14,250,000 MF 2006 Series A

The multifamily bonds are issued for the primary purpose to finance the acquisition, construction and equipping of multifamily residential rental developments. Red Hills Villas will be located in Round Rock, Texas. Champion's Crossing Apartments will be located in San Marcos, Texas. Stonehaven Apartments and Meadowlands Apartments will be located in Houston, Texas. Center Ridge Apartments will be located in Duncanville, Texas. Villas @ Henderson Apartments will be located in Cleburne, Texas. East Tex Pines, Aspen Park, and Idlewilde Apartments will be located in Houston, Texas.

On November 15, 2006, the Department issued $132,195,000 in single family revenue bonds made up as follows:

NOTE 12: SUBSEQUENT EVENTS Cont'd

$81,195,000	SF 2006 Series F (AMT)
$15,000,000	SF 2006 Series G (AMT)
$36,000,000	SF 2006 Series H (AMT)

The Series 2006 F (AMT) and Series H (AMT) bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "2006 F/G/H Mortgage Certificates") guaranteed as to timely payment of principal and interest by either Government National Mortgage Association ("Ginnie Mae"), Freddie Mac or Fannie Mae which represent beneficial ownership of pools of Mortgage Loans (the "2006 Mortgage Loans"). The Series G (AMT) bonds are being issued for the primary purpose of refunding the Department's outstanding Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series A, thereby providing funds for the purchase of 2006 F/G/H Mortgage Certificates. In connection with the issuance of the Series H (AMT) bonds, the Department will enter into an interest rate swap agreement (the "Swap Agreement") with the UBS AG (the "Swap Provider"), which will become effective upon the delivery of the Series H (AMT) bonds. Pursuant to the swap agreement payments will begin accruing on the date of delivery of the bonds and payments will be made semiannually beginning March 1, 2007. The swap provider will agree to pay to the Department on such date, payments computed based on a variable rate of 63% of LIBOR plus .30% intended to approximate the variable interest rate on the Series H (AMT) bonds, on a notional amount corresponding to the outstanding principal amount of the Series H (AMT) bonds, provided that the variable rate payments to the Department may not equal the variable interest payable on the Series H (AMT) bonds.

SUPPLEMENTARY BOND

SCHEDULES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-A
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2006
(Amounts in Thousands)

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date	
1995 Single Family Series A	$ 85,760	4.15%	6.15%	1997	2027	09/01/2005	
1995 Single Family Series C	71,760	6.44%	7.76%	2006	2017	09/01/2005	
1996 Single Family Series A	15,000	4.50%	6.30%	2001	2028	09/01/2006	
1996 Single Family Series D	70,760	5.45%	6.25%	2021	2028	09/01/2006	
1996 Single Family Series E	98,730	3.90%	6.00%	1997	2017	09/01/2006	
1997 Single Family Series A	44,465	5.25%	5.80%	2013	2029	09/01/2007	
1997 Single Family Series B	9,510	5.45%	5.45%	2019	2019	09/01/2007	
1997 Single Family Series D	44,795	5.65%	5.70%	2029	2029	09/01/2007	
1997 Single Family Series F	20,000	6.77%	6.77%	2029	2029	09/01/2007	
2002 Single Family Series A (Jr. Lien)	10,000	7.01%	7.01%	2025	2026	09/01/2012	
2002 Single Family Series A	38,750	5.45%	5.55%	2023	2034	03/01/2012	
2002 Single Family Series B	52,695	5.35%	5.55%	2033	2033	03/01/2012	
2002 Single Family Series C	12,950	2.80%	5.20%	2004	2017	03/01/2012	
2002 Single Family Series D	13,605	2.00%	4.50%	2003	2012	03/01/2012	
2004 Single Family Series A	123,610	2.00%	4.70%	2006	2035	03/01/2013	
2004 Single Family Series B	53,000	VAR - Weekly		2015	2034	03/01/2015	(g)
2004 Single Family Series A (Jr. Lien)	4,140	VAR - Weekly		2036	2036	09/01/2036	(g)
2004 Single Family Series C	41,245	4.30%	4.80%	2019	2036	09/01/2014	
2004 Single Family Series D	35,000	VAR - Weekly		2035	2035	(h)	
2004 Single Family Series E	10,825	2.45%	4.30%	2006	2013	09/01/2014	
2005 Single Family Series A	100,000	VAR - Weekly		2007	2036	03/01/2006	
2005 Single Family Series B	25,495	4.38%	4.38%	2006	2026	03/01/2006	
2005 Single Family Series C	8,970	4.31%	5.39%	2017	2017	03/01/2006	
2005 Single Family Series D	3,730	5.00%	5.00%	2025	2035	03/01/2006	
2006 Single Family Series A	59,555	5.00%	5.00%	2008	2037	09/01/2006	
2006 Single Family Series B	70,485	5.00%	5.00%	2008	2034	09/02/2006	
2006 Single Family Series C	105,410	5.13%	5.13%	2008	2037	09/03/2006	
2006 Single Family Series D	29,685	4.50%	4.50%	2018	2028	09/04/2006	
2006 Single Family Series E	17,295	4.06%	4.06%	2007	2017	09/05/2006	
1998 RMRB Series A	102,055	4.05%	5.35%	2002	2031	01/01/2009	
1998 RMRB Series B	14,300	5.30%	5.30%	2022	2022	01/01/2009	
1999 RMRB Series A	25,615	4.80%	5.50%	2018	2021	01/01/2009	
1999 RMRB Series B-1	52,260	6.32%	7.10%	2021	2032	07/01/2009	
1999 RMRB Series C	12,150	5.05%	6.25%	2003	2024	07/01/2009	
2000 RMRB Series A	50,000	5.10%	6.30%	2003	2031	07/01/2010	
2000 RMRB Series B	82,975	5.70%	5.70%	2005	2033	07/01/2010	
2000 RMRB Series C	13,675	5.82%	5.85%	2011	2025	07/01/2010	
2000 RMRB Series D	18,265	4.55%	5.85%	2003	2020	07/01/2010	
2001 RMRB Series A	52,715	3.15%	5.70%	2004	2033	07/01/2011	
2001 RMRB Series B	15,585	5.00%	5.25%	2011	2022	07/01/2011	
2001 RMRB Series C	32,225	2.55%	4.63%	2003	2015	07/01/2011	
2001 RMRB Series D	300	5.35%	5.35%	2008	2033	07/01/2011	
2002 RMRB Series A	42,310	2.25%	5.35%	2004	2034	07/01/2012	
2003 RMRB Series A	73,630	1.70%	5.00%	2005	2034	01/01/2013	
1992 Coll Home Mtg Rev Bonds, Series C	72,700	3.48%	10.27%	2024	2024	05/04/1995	
1994 SF MRB CHMRB Series C	15,360	6.25%	6.25%	2026	2026	06/27/2005	
2006 Commercial Paper Series A	15,198	3.63%	3.63%	2006	2006	11/09/2006	
TOTAL SINGLE FAMILY & RMRB BONDS	$ 1,968,543						
1987 MF Series (South Texas Rental Housing)	1,400	9.50%	9.50%	1988	2012	02/01/1988	
1993 MF Series A/B (RemHill/HighPt)	26,370	VAR - Weekly		2023	2023	02/01/2000	
1996 MF Series A/B (Brighton's Mark)	10,174	6.13%	6.13%	2026	2026	01/01/2003	
1996 MF Series A/B (Las Colinas)	15,469	5.65%	5.65%	2026	2026	01/01/2003	
1996 MF Series A/B (Braxton's Mark)	14,867	5.81%	5.81%	2026	2026	01/01/2003	
1996 MF Series A-D (Harbors/Plumtree)	13,050	5.90%	10.00%	1997	2026	07/01/2006	
1998 MF Series A (Pebble Brook)	10,900	4.95%	5.60%	2001	2030	06/01/2001	
1998 MF Series A-C (Residence Oaks)	8,200	5.98%	7.18%	2001	2030	05/01/2001	
1998 MF Series A (Volente Project)	10,850	5.00%	5.63%	2001	2031	07/01/2001	
1998 MF Series A (Dallas Oxford Refndg)	10,300	7.25%	7.25%	2018	2018	01/01/2004	
1998 MF Series A/B (Greens of Hickory Trial)	13,500	5.20%	6.03%	2001	2030	09/01/2008	
1999 MF Series A-C (Mayfield)	11,445	5.70%	7.25%	2001	2031	05/01/2002	
1999 MF Series A (Woodglen Village)	10,660	7.38%	8.25%	2002	2039	12/01/2016	
2000 MF Series A (Timber Point Apts)	8,100	VAR - Weekly		2003	2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton)	10,060	7.20%	9.00%	2002	2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apts)	6,435	5.25%	6.40%	2003	2032	06/01/2010	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION

For the fiscal year ended August 31, 2006
(Amounts in Thousands)

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date
2000 MF Series A (Creek Point Apts)	$ 7,200	VAR - Weekly		2004	2032	07/01/2000 (a)
2000 MF Series A/B (Parks @ Westmoreland)	9,990	7.20%	9.00%	2002	2040	07/01/2017 (a)
2000 MF Series A (Honeycreek)	20,485	7.63%	8.15%	2004	2035	06/30/2007
2000 MF Series A-C (Highland Meadow Apts)	13,500	6.75%	8.00%	2004	2033	05/01/2019
2000 MF Series A/B (Greenbridge)	20,085	7.40%	10.00%	2003	2040	03/01/2014
2000 MF Series A-C (Collingham Park)	13,500	6.72%	7.72%	2004	2033	05/01/2019
2000 MF Series A/B (Williams Run)	12,850	7.65%	9.25%	2002	2040	01/01/2011
2000 MF Series A/B (Red Hills Villas)	10,300	8.40%	9.50%	2003	2040	12/01/2017
2001 MF Series A (Bluffview Senior Apts)	10,700	7.65%	7.65%	2003	2041	05/01/2018
2001 MF Series A (Knollwood Villas Apts)	13,750	7.65%	7.65%	2003	2041	05/01/2018
2001 MF Series A (Skyway Villas)	13,250	6.00%	6.50%	2005	2034	12/01/2011
2001 MF Series A/B (Cobb Park)	7,785	6.77%	6.77%	2003	2041	07/01/2018
2001 MF Series A (Greens Road Apts.)	8,375	5.30%	5.40%	2004	2034	12/01/2011
2001 MF Series A/B (Meridian Apts.)	14,310	5.45%	6.85%	2004	2034	12/01/2011
2001 MF Series A/B (Wildwood Apts.)	14,365	5.45%	6.75%	2004	2034	12/01/2011
2001 MF Series A-C (Fallbrook Apts.)	14,700	6.06%	6.78%	2005	2034	01/01/2012
2001 MF Series A (Oak Hollow Apts.)	8,625	7.00%	7.90%	2003	2041	11/01/2018
2001 MF Series A/B (Hillside Apts.)	12,900	7.00%	9.25%	2003	2041	11/01/2018
2002 MF Series A (Millstone Apts.)	12,700	5.35%	5.86%	2005	2035	06/01/2012
2002 MF Series A (Sugar Creek Apts.)	11,950	6.00%	6.00%	2004	2042	01/01/2016
2002 MF Series A (West Oaks Apts.)	10,150	7.15%	7.50%	2004	2042	12/01/2018
2002 MF Series A (Park Meadows Apts)	4,600	6.53%	6.53%	2004	2034	05/01/2012
2002 MF Series A (Clarkridge Villas Apts)	14,600	7.00%	7.00%	2004	2042	08/01/2019
2002 MF Series A (Hickory Trace Apts)	11,920	7.00%	7.00%	2004	2042	12/01/2019
2002 MF Series A (Green Crest Apts)	12,500	7.00%	7.00%	2004	2042	11/01/2019
2002 MF Series A/B (Ironwood Crossing)	16,970	5.50%	8.75%	2005	2042	10/01/2027
2002 MF Series A (Woodway Village Apts)	9,100	4.95%	5.20%	2006	2023	01/01/2013
2003 MF Series A/B (Reading Road)	12,200	VAR - Weekly		2007	2036	01/01/2004 (a)
2003 MF Series A/B (North Vista Apts)	14,000	4.10%	5.41%	2006	2036	06/01/2013
2003 MF Series A/B (West Virginia Apts)	9,450	4.15%	5.41%	2006	2036	06/01/2013
2003 MF Series A/B (Sphinx @ Murdeaux)	15,085	3.55%	5.00%	2005	2042	06/20/2013
2003 MF Series A/B (Primrose Houston School)	16,900	5.50%	8.00%	2006	2036	07/01/2003 (a)
2003 MF Series A/B (Timber Oaks Apts)	13,200	6.75%	8.75%	2005	2043	06/01/2020
2003 MF Series A/B (Ash Creek Apts)	16,375	5.60%	15.00%	2006	2036	10/01/2003 (a)
2003 MF Series A/B (Peninsula Apts)	12,400	4.25%	5.30%	2007	2024	10/01/2013
2003 MF Series A (Evergreen @ Mesquite)	11,000	6.60%	8.00%	2006	2043	09/01/2020
2003 MF Series A/B (Arlington Villas)	17,100	VAR - Weekly (c)		2007	2036	01/01/2007 (a)
2003 MF Series A/B (Parkview Twnhms)	16,600	6.60%	8.50%	2006	2043	12/01/2020
2003 MF Series A (NHP-Asmara) Refunding	31,500	VAR - Weekly		2007	2033	07/01/2007 (a)
2004 MF Series A/B (Timber Ridge)	7,500	5.75%	8.00%	2007	2037	03/01/2007 (a)
2004 MF Series A/B (Century Park)	13,000	VAR - Weekly (d)		2007	2037	05/01/2007 (a)
2004 MF Series A (Addison Park)	14,000	VAR - Weekly (c)		2007	2044	01/01/2007 (a)
2004 MF Series A/B (Veterans Memorial)	16,300	6.60%	8.50%	2006	2044	03/01/2006 (a)
2004 MF Series A (Rush Creek)	10,000	5.38%	6.70%	2006	2044	03/01/2021
2004 MF Series A (Humble Park)	11,700	6.60%	6.60%	2007	2041	07/01/2021
2004 MF Series A (Chisholm Trail)	12,000	VAR - Weekly (b)		2006	2037	10/15/2006 (a)
2004 MF Series A (Evergreen @ Plano)	14,750	5.25%	6.55%	2007	2044	06/01/2021
2004 MF Series A (Montgomery Pines)	12,300	VAR - Weekly		2006	2037	12/15/2006 (a)
2004 MF Series A (Bristol)	12,625	VAR - Weekly		2007	2037	06/15/2007 (a)
2004 MF Series A (Pinnacle)	14,500	VAR - Weekly (c)		2007	2044	09/01/2007 (a)
2004 MF Series A (Tranquility Bay)	14,350	VAR - Weekly (c)		2007	2044	06/01/2021 (f)
2004 MF Series A (Sphinx @ Delafield)	11,380	5.05%	5.35%	2006	2044	07/20/2014
2004 MF Series A (Churchill @ Pinnacle)	10,750	5.25%	6.55%	2007	2044	09/01/2021 (f)
2004 MF Series A/B (Post Oak East)	13,600	VAR - Weekly		(e)	2037	(e)
2004 MF Series A (Village Fair)	14,100	5.00%	6.50%	2007	2044	12/01/2021
2005 MF Series A (Pecan Grove)	14,030	5.00%	6.50%	2007	2045	01/01/2022
2005 MF Series A (Prairie Oaks)	11,050	4.75%	6.50%	2007	2045	01/01/2022
2005 MF Series A (Port Royal)	12,200	5.00%	6.50%	2007	2045	02/01/2022
2005 MF Series A (Del Rio)	11,490	5.00%	6.50%	2007	2045	02/01/2022
2005 MF Series A (Atascocita Pines)	11,900	VAR - Weekly (c)		2007	2037	(g)
2005 MF Series A (Tower Ridge)	15,000	VAR - Weekly (b)		2009	2038	(g)
2005 MF Series A (Alta Cullen)	14,000	5.89%	6.60%	2007	2045	06/01/2022
2005 MF Series A (Lafayette Village)	14,100	VAR - Weekly		2008	2038	n/a
2005 MF Series A (Prairie Ranch)	12,200	4.85%	4.85%	2007	2045	12/20/2015
2005 MF Series A (St Augustine)	7,650	VAR - Weekly		2009	2038	n/a
2005 MF Series A (Park Manor)	10,400	5.00%	6.40%	2008	2045	09/01/2022
2005 MF Series A (Mockingbird)	14,360	6.40%	6.40%	2007	2045	08/01/2022

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION

For the fiscal year ended August 31, 2006
(Amounts in Thousands)

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date
2005 MF Series A (Chase Oaks)	$ 14,250	5.05%	5.05%	2007	2035	(i)
2006 MF Series A/B (Canal Place)	16,100	VAR - Weekly		2009	2039	(j)
2006 MF Series A (Coral Hills)	5,320	5.05%	5.05%	2038	2038	08/01/2015
2006 MF Series A (Harris Branch)	15,000	VAR - Weekly		2009	2039	(k)
2006 MF Series A (Bella Vista)	6,800	6.15%	6.15%	2008	2046	04/01/2016
2006 MF Series A (Village Park)	13,660	4.75%	5.13%	2009	2026	06/01/2021
2006 MF Series A (Oakmoor)	14,635	5.50%	6.00%	2008	2046	03/01/2023
2006 MF Series A (Sunset Pointe)	15,000	VAR - Weekly		2039	2039	(j)
2006 MF Series A (Hillcrest)	12,435	5.25%	5.25%	2009	2039	04/01/2021
2006 MF Series A (Pleasant Village)	6,000	6.00%	6.00%	2008	2023	(l)
2006 MF Series A (Grove Village)	6,180	6.00%	6.00%	2008	2023	(l)
TOTAL MULTIFAMILY BONDS	$ 1,175,365					
TOTAL BONDS ISSUED	**$ 3,143,908**					

FOOTNOTES:

(a) The taxable bonds shall be subject to redemption prior to maturity in whole or any part on any interest payment date after the completion date from the proceeds of an optional prepayment of the loan by the borrower.

(b) Variable rate not to exceed the maximum rate permitted by applicable law.

(c) Variable rate could change to fixed rate provided the conversion option is exercised.

(d) Variable rate series and fixed rate series-variable rate could change to fixed rate provided the conversion option is exercised.

(e) No set amortization, per trustee, amortization will occur in $100,000 denominations when the amount in the principal reserve fund exceeds 20% of the issue.

(f) The bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of a majority of the outstanding principal amount of the Bonds.

(g) The Bonds shall be subject to redemption prior to maturity, after giving the required notice, as follows: During the variable interest rate period the bonds shall be subject to optional redemption by the Department, in whole or in part on any business day, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date.

(h) The Series bonds are subject to redemption prior to maturity, after giving notice as provided in the Trust Indendure, as follows: During a daily interest rate period or weekly interest rate period for the Series bonds, the bonds shall be subject to optional redemption by the Department, in whole or in part on any business day, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date.

(i) The bonds are subject to redemption at the option of the Issuer, at the direction of the Borrower, in whole or in part on the first day of any month, in the event and to the extent the trustee receives funds from the Borrower representing an optional prepayment of the principal of the note, at a redemption price equal to the principal thereof, plus accrued interest to the redemption date plus any premium remitted therewith as required by the note.

(j) Bonds are subject to redemption if and to the extent the Borrower is entitled to make, or is required to make, a prepayment pursuant to the loan agreement.

(k) The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower as permitted by theloan documents.

(l) The Bonds are subject to optional redemption at the direction of the Borrower on any interest payment date, in whole or in part, at the redemption price (as calculated by the sole bondholder) calculated in accordance with the Exhibit H plus accrued and unpaid interest, if any, to the redemption date. Optional redemptions may be made only in denominations of $100,000 plus integral multiples of $5,000 or for the entire amount of the bonds outstanding.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-B
MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2006

Description of Issue	Bonds Outstanding 9/1/05	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/06	Amounts Due Within One Year
1995 SERIES A	$ 29,750,000			$ 29,750,000		
1995 SERIES C	12,915,000			12,915,000		
1996 SERIES A	8,875,000			8,875,000		
1996 SERIES D	28,775,000			28,775,000		
1996 SERIES E	21,915,000		1,230,000	20,685,000		
1997 SERIES A	30,175,000				30,175,000	
1997 SERIES B	7,330,000			6,590,000	740,000	
1997 SERIES D	18,055,000			3,350,000	14,705,000	
1997 SERIES F	5,625,000			5,625,000		
2002 SERIES A (Jr Lien)	9,945,000			860,000	9,085,000	
2002 SERIES A	37,570,000			85,000	37,485,000	
2002 SERIES B	47,760,000			4,005,000	43,755,000	
2002 SERIES C	12,120,000		450,000	20,000	11,650,000	470,000
2002 SERIES D	8,270,000		910,000	415,000	6,945,000	895,000
2004 SERIES A	123,485,000			770,000	122,715,000	1,635,000
2004 SERIES B	53,000,000				53,000,000	
2004 SERIES A (Jr Lien)	4,140,000				4,140,000	
2004 SERIES C	41,245,000			2,375,000	38,870,000	280,000
2004 SERIES D	35,000,000				35,000,000	
2004 SERIES E	10,825,000			320,000	10,505,000	1,310,000
2005 SERIES A	100,000,000			30,000	99,970,000	885,000
2005 SERIES B		25,495,000		965,000	24,530,000	375,000
2005 SERIES C		8,970,000		310,000	8,660,000	
2005 SERIES D		3,730,000		245,000	3,485,000	
2006 SERIES A		59,555,000			59,555,000	
2006 SERIES B		70,485,000			70,485,000	
2006 SERIES C		105,410,000			105,410,000	
2006 SERIES D		29,685,000			29,685,000	
2006 SERIES E		17,295,000			17,295,000	
1998 SERIES A	52,745,000		1,295,000	5,375,000	46,075,000	1,315,000
1998 SERIES B	8,645,000			450,000	8,195,000	
1999 SERIES A	7,785,000			1,070,000	6,715,000	
1999 SERIES B-1	30,200,000			4,450,000	25,750,000	
1999 SERIES C	4,480,000			600,000	3,880,000	
2000 SERIES A	21,730,000		270,000	3,050,000	18,410,000	260,000
2000 SERIES B	63,020,000			8,275,000	54,745,000	
2000 SERIES C	9,580,000			665,000	8,915,000	
2000 SERIES D	9,430,000		595,000	1,035,000	7,800,000	570,000
2001 SERIES A	40,595,000		695,000	3,175,000	36,725,000	685,000
2001 SERIES B	12,680,000			290,000	12,390,000	
2001 SERIES C	14,845,000		1,270,000	1,755,000	11,820,000	1,145,000
2001 SERIES D	235,000				235,000	
2002 SERIES A	39,060,000		635,000	4,245,000	34,180,000	605,000
2003 SERIES A	71,735,000		1,180,000	1,325,000	69,230,000	1,175,000
1992 SERIES A-C	20,600,000			5,700,000	14,900,000	
1994 SERIES C	3,500,000			3,500,000	-	
COMMERCIAL PAPER NOTES SERIES A	$ 75,000,000	$ 72,191,000	$ 131,993,000	$ -	$ 15,198,000	$ 15,198,000
TOTAL SINGLE FAMILY BONDS	$ 1,132,640,000	$ 392,816,000	$ 140,523,000	$ 171,925,000	$ 1,213,008,000	$ 26,803,000
1996 SERIES A&B (BRIGHTON'S MARK)	$ 8,075,000				$ 8,075,000	
1996 SERIES A&B (MARKS OF LAS COLINAS)	14,869,512			2,199,512	12,670,000	
1998 SERIES (DALLAS-OXFORD REFDG)	10,300,000				10,300,000	
1996 SERIES A&B (BRAXTON'S MARK)	14,273,700				14,273,700	
1993 SERIES A&B (REMHILL / HIGHPT)	11,390,000				11,390,000	
1987 SOUTH TEXAS RENTAL HOUSING	773,136		76,612		696,524	84,000
1996 SERIES A-D (HARBORS/PLUMTREE)	11,360,000		255,000	11,105,000	-	
1998 SERIES (PEBBLE BROOK)	10,245,000		170,000		10,075,000	180,000
1998 SERIES A-C (RESIDENCE OAKS)	7,683,000		134,000		7,549,000	141,000
1998 SERIES (VOLENTE)	10,170,000		165,000		10,005,000	175,000
1998 SERIES (GREENS-HICKORY TRAIL)	12,755,000		210,000		12,545,000	220,000
1999 SERIES (MAYFIELD)	10,793,000		187,000		10,606,000	199,000
1999 SERIES (WOODGLEN VILLAGE)	10,505,283		-	-	10,505,283	118,000
2000 SERIES (TIMBER POINT APTS)	7,900,000			100,000	7,800,000	
2000 SERIES A/B (OAKS at HAMPTON)	9,884,487		62,394		9,822,093	68,000
2000 SERIES (DEERWOOD APTS)	6,245,000		85,000		6,160,000	85,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-B (Continued)
MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2006

Description of Issue	Bonds Outstanding 9/1/05	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2006	Amounts Due Within One Year
2000 SERIES (CREEK POINT APTS)	6,785,000			100,000	6,685,000	
2000 SERIES A/B (PARKS at WESTMORELAND)	9,832,514		61,161		9,771,353	67,000
2000 SERIES (HONEYCREEK)	20,363,158				20,363,158	253,000
2000 SERIES A-C (HIGHLAND MEADOW APTS)	11,159,000		137,000		11,022,000	145,000
2000 SERIES A/B (GREENBRIDGE @ BUCKINGHM)	19,891,056				19,891,056	211,000
2000 SERIES A-C (COLLINGHAM PARK APTS)	13,277,000		162,000		13,115,000	172,000
2000 SERIES A/B (WILLIAMS RUN APTS)	12,577,216		16,309		12,560,907	173,000
2000 SERIES A/B (RED HILLS VILLAS APTS)	10,187,423		48,765		10,138,657	54,000
2001 SERIES (BLUFF SENIOR APTS)	10,595,007		50,999		10,544,008	55,000
2001 SERIES (KNOLLWOOD VILLAS APTS)	13,615,079		65,536		13,549,544	71,000
2001 SERIES A (SKYWAY VILLAS)	$ 13,115,000		$ 160,000	$ 4,070,000	$ 8,885,000	$ 130,000
2001 SERIES A/B (COBB PARK APTS)	7,722,172		34,851		7,687,321	38,000
2001 SERIES A (GREENS ROAD APTS)	8,275,000		105,000		8,170,000	110,000
2001 SERIES A/B (MERIDIAN APARTMENTS)	14,220,000		160,000		14,060,000	175,000
2001 SERIES A/B (WILDWOOD BRANCH	14,280,000		165,000		14,115,000	175,000
2001 SERIES A-C (FALLBROOK APTS)	14,614,000		180,000		14,434,000	193,000
2001 SERIES (OAK HOLLOW APTS)	8,122,370		38,595	1,665,933	6,417,842	37,000
2001 SERIES A/B (HILLSIDE APTS)	12,803,449		62,578		12,740,871	69,000
2001 SERIES A (MILLSTONE APTS)	12,620,000		165,000		12,455,000	180,000
2002 SERIES (SUGARCREEK APTS)	11,855,000		35,000		11,820,000	105,000
2002 SERIES (WEST OAKS APTS)	9,676,026		32,764		9,643,262	70,000
2002 SERIES (PARK MEADOWS APTS)	4,550,000		55,000	100,000	4,395,000	60,000
2002 SERIES (CLARKRIDGE VILLAS APTS)	14,531,069		73,914		14,457,154	79,000
2002 SERIES A (HICKORY TRACE APTS)	11,873,376		58,748	351,582	11,463,047	62,000
2002 SERIES A (GREEN CREST APTS)	12,451,108		44,474	978,737	11,427,896	77,000
2002 SERIES A/B (IRON WOOD CROSSING)	16,970,000		51,355		16,918,645	67,000
2002 SERIES A (WOODWAY VILLAGE)	9,100,000		90,000	1,265,000	7,745,000	100,000
2003 SERIES A/B (READING ROAD)	12,200,000				12,200,000	120,000
2003 SERIES A/B (NORTH VISTA)	14,000,000				14,000,000	200,000
2003 SERIES A/B (WEST VIRGINIA)	9,450,000				9,450,000	135,000
2003 SERIES A/B (SPHINX @ MURDEAUX)	15,015,000		140,000		14,875,000	160,000
2003 SERIES A/B (PRIMROSE HOUSTON)	16,900,000		5,798	270,000	16,624,202	73,000
2003 SERIES A/B (TIMBER OAKS)	13,196,252		47,169		13,149,082	51,000
2003 SERIES A/B (ASH CREEK APTS)	16,375,000		11,675	11,519	16,351,806	73,000
2003 SERIES A/B (PENINSULA APTS)	12,400,000				12,400,000	80,000
2003 SERIES A (EVERGREEN @ MESQUITE)	11,000,000		41,003		10,958,997	103,000
2003 SERIES A/B (ARLINGTON VILLAS)	17,100,000				17,100,000	46,000
2003 SERIES A/B (PARKVIEW TWNHMS)	16,600,000		45,334		16,554,666	73,000
2003 SERIES (NHP-ASMARA)REFUNDING	31,500,000			9,875,000	21,625,000	335,000
2004 SERIES A/B (TIMBER RIDGE)	7,500,000			800,000	6,700,000	32,000
2004 SERIES A/B (CENTURY PARK)	13,000,000				13,000,000	65,000
2004 SERIES A (ADDISON PARK)	14,000,000				14,000,000	60,000
2004 SERIES A/B (VETERANS MEMORIAL)	16,300,000		34,111		16,265,889	73,000
2004 SERIES (RUSH CREEK)	10,000,000		4,143		9,995,857	52,000
2004 SERIES (HUMBLE PARK)	11,700,000				11,700,000	90,000
2004 SERIES (CHISHOLM TRAIL)	12,000,000				12,000,000	130,000
2004 SERIES (EVERGREEN @ PLANO)	14,750,000				14,750,000	13,000
2004 SERIES (MONTGOMERY PINES)	12,300,000				12,300,000	145,000
2004 SERIES (BRISTOL)	12,625,000				12,625,000	75,000
2004 SERIES (PINNACLE)	14,500,000				14,500,000	90,000
2004 SERIES (TRANQUILITY BAY)	14,350,000		18,954		14,331,046	79,000
2004 SERIES (SPHINX @ DELAFIELD)	11,380,000		50,000		11,330,000	95,000
2004 SERIES (CHURCHILL @ PINNACLE)	10,750,000				10,750,000	
2004 SERIES A/B (POST OAK EAST)	13,600,000				13,600,000	105,000
2004 SERIES (VILLAGE FAIR)	14,100,000				14,100,000	50,000
2005 SERIES (PECAN GROVE)	14,030,000				14,030,000	44,000
2005 SERIES (PRAIRIE OAKS)	11,050,000				11,050,000	34,000
2005 SERIES (PORT ROYAL)	12,200,000				12,200,000	32,000
2005 SERIES (MISSION DEL RIO)	11,490,000				11,490,000	31,000
2005 SERIES (ATASCOCITA)	11,900,000				11,900,000	
2005 SERIES (TOWER RIDGE)	15,000,000				15,000,000	
2005 SERIES (ALTA CULLEN)	14,000,000				14,000,000	
2005 SERIES (LAFAYETTE VILLAGE)	14,100,000				14,100,000	
2005 SERIES (PRAIRIE RANCH)	12,200,000				12,200,000	
2005 SERIES (ST. AUGUSTINE)	7,650,000				7,650,000	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-B (Continued)
MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2006

Description of Issue	Bonds Outstanding 9/1/05	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2006	Amounts Due Within One Year
2005 SERIES (PARK MANOR)	10,400,000				10,400,000	
2005 SERIES (PROVIDENCE @ MOCKINGBIRD)	14,360,000				14,360,000	
2005 SERIES (PLAZA CHASE OAKS)	14,250,000				14,250,000	95,000
2005 SERIES (CANAL PLACE)		16,100,000			16,100,000	
2006 SERIES (CORAL HILLS)		5,320,000			5,320,000	
2006 SERIES (HARRIS BRANCH)		15,000,000			15,000,000	
2006 SERIES (BELLA VISTA)		6,800,000			6,800,000	
2006 SERIES (VILLAGE PARK)		13,660,000			13,660,000	
2006 SERIES (OAKMOOR)		14,635,000			14,635,000	
2006 SERIES (SUNSET POINTE)		15,000,000			15,000,000	
2006 SERIES (HILLCREST)		12,435,000			12,435,000	
2006 SERIES (PLEASANT VILLAGE)		6,000,000			6,000,000	
2006 SERIES (GROVE VILLAGE)		6,180,000			6,180,000	
TOTAL MULTIFAMILY BONDS	$ 1,033,504,393	$ 111,130,000	$ 3,797,242	$ 32,892,283	$ 1,107,944,868	$ 7,037,000
TOTAL BONDS	**$ 2,166,144,393**	**$ 503,946,000**	**$ 144,320,242**	**$ 204,817,283**	**$ 2,320,952,868 (a)**	**$ 33,840,000**

FOOTNOTES:

(a) Bonds Outstanding balance at 8/31/06 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 2,320,952,868
Unamortized (Discount)/Premium:	
Single Family	11,119,575
RMRB	2,525,365
CHMRB	324,590
Multi-Family	(564,591)
Unamortized Deferred Gain/(Loss) on Refunding:	
Single Family	(3,569,996)
RMRB	(1,442,188)
Deferred Amount on Refunding	(1,197,067)
Bonds Outstanding per Exhibit I	$ 2,328,148,557

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

DESCRIPTION		2007	2008	2009	2010	2011
1997 Single Family Series A	Principal					
1997 Single Family Series A	Interest	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750
1997 Single Family Series B	Principal					
1997 Single Family Series B	Interest	40	40	40	40	40
1997 Single Family Series D	Principal					
1997 Single Family Series D	Interest	835	835	835	835	835
2002 Single Family Series A Junior Lien	Principal					
2002 Single Family Series A Junior Lien	Interest	637	637	637	637	637
2002 Single Family Series A	Principal					
2002 Single Family Series A	Interest	2,063	2,063	2,063	2,063	2,063
2002 Single Family Series B	Principal					
2002 Single Family Series B	Interest	2,376	2,376	2,376	2,376	2,376
2002 Single Family Series C	Principal	470	500	525	555	590
2002 Single Family Series C	Interest	556	536	514	490	463
2002 Single Family Series D	Principal	895	915	945	985	1,015
2002 Single Family Series D	Interest	251	218	182	141	97
2004 Single Family Series A	Principal	1,635	3,335	3,430	2,495	2,490
2004 Single Family Series A	Interest	5,439	5,360	5,266	5,191	5,108
2004 Single Family Series B	Principal					
2004 Single Family Series B	Interest	1,804	1,804	1,800	1,802	1,802
2004 Single Family Series A (Jr. Lien)	Principal					
2004 Single Family Series A (Jr. Lien)	Interest	221	221	220	221	221
2004 Single Family Series C	Principal	280	570	595	615	640
2004 Single Family Series C	Interest	1,851	1,823	1,794	1,763	1,732
2004 Single Family Series D	Principal					
2004 Single Family Series D	Interest	1,211	1,212	1,210	1,211	1,211
2004 Single Family Series E	Principal	1,310	1,080	1,110	1,155	1,200
2004 Single Family Series E	Interest	347	318	284	246	202
2005 Single Family Series A	Principal	885	1,820	1,895	1,970	2,050
2005 Single Family Series A	Interest	3,434	3,375	3,304	3,239	3,169
2005 Single Family Series B	Principal	375	385	400	425	440
2005 Single Family Series B	Interest	1,064	1,051	1,036	1,020	1,003
2005 Single Family Series C	Principal					
2005 Single Family Series C	Interest	462	462	461	462	462
2005 Single Family Series D	Principal					
2005 Single Family Series D	Interest	174	174	174	174	174
2006 Single Family Series A	Principal		230	490	525	560
2006 Single Family Series A	Interest	2,978	2,972	2,948	2,922	2,895
2006 Single Family Series B	Principal		725	1,495	1,560	1,630
2006 Single Family Series B	Interest	3,524	3,506	3,432	3,355	3,274

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

2012-16	2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	Total Required
			$ 30,175				$ 30,175
$ 8,750	$ 8,750	$ 8,750	5,253				40,253
	740						740
200	104						504
			14,705				14,705
4,175	4,175	4,175	2,286				18,986
		6,800	2,285				9,085
3,185	3,185	2,707					12,262
		21,240		16,245			37,485
10,315	10,315	7,684	4,510	2,009			45,148
			10,135	33,620			43,755
11,880	11,880	11,880	10,402	2,567			60,489
6,630	2,380						11,650
1,499	58						4,116
2,190							6,945
51							940
13,870	10,800	13,045	15,915	55,700			122,715
23,912	21,497	18,751	15,349	8,425			114,298
4,230	10,300	12,435	13,585	12,450			53,000
8,817	7,354	5,409	3,208	651			34,451
					4,140		4,140
1,104	1,103	1,104	1,104	1,101			6,620
4,205	6,560	8,325	8,600	8,480			38,870
8,107	6,837	4,998	3,019	789			32,713
2,310	6,945	8,320	8,600	8,825			35,000
5,957	5,020	3,651	2,229	555			23,467
4,240	410						10,505
344	20						1,761
11,535	14,025	17,060	20,730	25,200	2,800		99,970
14,697	12,474	9,776	6,496	2,506			62,470
2,475	3,090	3,300	13,640				24,530
4,713	4,041	3,197					17,125
	8,660						8,660
2,309	459						5,077
		585	2,165	735			3,485
870	870	853	307	61			3,831
3,430	4,775	6,535	8,720	22,275	12,015		59,555
13,989	12,959	11,526	9,611	6,297	307		69,404
9,305	11,520	14,330	18,000	11,920			70,485
15,030	12,405	9,161	5,083	728			59,498

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

DESCRIPTION		2007	2008	2009	2010	2011
2006 Single Family Series C	Principal		$ 755	$ 1,570	$ 1,650	$ 1,735
2006 Single Family Series C	Interest	$ 5,402	5,383	5,303	5,220	5,132
2006 Single Family Series D	Principal					
2006 Single Family Series D	Interest	1,336	1,336	1,336	1,336	1,336
2006 Single Family Series E	Principal		1,290	1,340	1,380	1,435
2006 Single Family Series E	Interest	703	654	603	550	494
Tax - Exempted Commercial Paper Notes	Principal	15,198				
Tax - Exempted Commercial Paper Notes	Interest	95				
Total Single Family Bonds		$ 59,601	$ 49,711	$ 51,363	$ 50,359	$ 50,261
1998 RMRB Series A	Principal	1,315	1,370	1,435	1,495	
1998 RMRB Series A	Interest	2,372	2,311	2,245	2,175	2,133
1998 RMRB Series B	Principal					
1998 RMRB Series B	Interest	434	434	434	434	434
1999 RMRB Series A	Principal					
1999 RMRB Series A	Interest	345	345	345	345	345
1999 RMRB Series B-1	Principal					
1999 RMRB Series B-1	Interest	1,698	1,698	1,698	1,698	1,698
1999 RMRB Series C	Principal					
1999 RMRB Series C	Interest	242	242	242	242	242
2000 RMRB Series A	Principal	260	270	285		
2000 RMRB Series A	Interest	1,144	1,129	1,114	1,104	1,104
2000 RMRB Series B	Principal					
2000 RMRB Series B	Interest	3,175	3,175	3,175	3,175	3,175
2000 RMRB Series C	Principal					
2000 RMRB Series C	Interest	520	520	520	520	520
2000 RMRB Series D	Principal	570	605	645	690	730
2000 RMRB Series D	Interest	402	374	343	309	273
2001 RMRB Series A	Principal	685	730	765	800	210
2001 RMRB Series A	Interest	1,972	1,937	1,899	1,859	1,830
2001 RMRB Series B	Principal					725
2001 RMRB Series B	Interest	638	638	638	638	623
2001 RMRB Series C	Principal	1,145	1,205	1,255	1,315	1,375
2001 RMRB Series C	Interest	480	434	384	330	272
2001 RMRB Series D	Principal		5	10	10	10
2001 RMRB Series D	Interest	13	13	12	12	11
2002 RMRB Series A	Principal	605	625	640	665	715
2002 RMRB Series A	Interest	1,778	1,751	1,721	1,690	1,657
2003 RMRB Series A	Principal	1,175	1,210	1,245	1,275	1,320
2003 RMRB Series A	Interest	3,313	3,270	3,223	3,172	3,118
Total Residential Mtg Revenue Bonds		$ 24,281	$ 24,291	$ 24,273	$ 23,953	$ 22,520

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

2012-16	2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	Total Required
$ 10,140	$ 13,065	$ 16,850	$ 21,735	$ 28,020	$ 9,890		$ 105,410
24,173	21,180	17,316	12,337	5,916	260		107,622
	7,895	13,695	8,095				29,685
6,680	5,991	3,292	387				23,030
8,090	3,760						17,295
1,520	84						4,608
							15,198
							95
$ 254,927	$ 255,686	$ 266,750	$ 278,666	$ 255,075	$ 29,412	$ -	$ 1,601,811
	9,815		30,645				46,075
10,665	9,034	8,090	6,263				45,288
		8,195					8,195
2,170	2,170	224					6,734
	6,715						6,715
1,725	1,089						4,539
	9,100			16,650			25,750
8,490	8,383	5,260	5,260	885			36,768
		3,880					3,880
1,210	1,210	695					4,325
	4,490		13,105				18,410
5,520	4,812	4,130	3,987				24,044
		12,000		42,745			54,745
15,875	15,875	15,059	12,380	2,762			77,826
	5,240	3,675					8,915
2,600	2,243	719					8,162
3,485	1,075						7,800
726	210						2,637
1,325	1,705	9,050	14,235	7,220			36,725
8,940	8,510	7,287	4,034	439			38,707
4,335	5,920	1,410					12,390
2,506	1,211	44					6,936
5,525							11,820
473							2,373
40	45	45	45	25			235
49	36	25	12	2			185
4,165	5,255	6,325	10,535	4,650			34,180
7,692	6,472	5,032	2,761	270			30,824
7,595	9,750	13,420	18,635	13,605			69,230
14,655	12,614	9,902	5,903	1,099			60,269
$ 109,766	$ 132,979	$ 114,467	$ 127,800	$ 90,352	-	-	$ 694,682

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

DESCRIPTION		2007	2008	2009	2010	2011
1992 Coll Home Mtg Rev Bds Series C	Principal					
1992 Coll Home Mtg Rev Bds Series C	Interest	1,028	1,031	1,028	1,028	1,028
Total Coll Home Mtg Revenue Bonds		$ 1,028	$ 1,031	$ 1,028	$ 1,028	$ 1,028
1987 MF Series (South Texas Rental Housing)	Principal	84	93	102	112	123
1987 MF Series (South Texas Rental Housing)	Interest	62	53	44	34	23
1996 MF Series A/B (Brighton's Mark)	Principal					
1996 MF Series A/B (Brighton's Mark)	Interest	495	495	495	495	495
1996 MF Series A/B (Las Colinas)	Principal					
1996 MF Series A/B (Las Colinas)	Interest	716	716	716	716	716
1998 MF Series A (Dallas Oxford Refndg)	Principal					
1998 MF Series A (Dallas Oxford Refndg)	Interest	708	708	708	708	708
1996 MF Series A/B (Braxton's Mark)	Principal					
1996 MF Series A/B (Braxton's Mark)	Interest	829	829	829	829	829
1993 MF Series A&B (RemHill/HighPt Ref)	Principal					
1993 MF Series A&B (RemHill/HighPt Ref)	Interest	393	393	393	393	393
1998 MF Series (Pebble Brook)	Principal	180	190	205	215	225
1998 MF Series (Pebble Brook)	Interest	553	544	535	524	513
1998 MF Series A-C (Residence Oaks)	Principal	141	151	159	169	180
1998 MF Series A-C (Residence Oaks)	Interest	448	440	430	420	410
1998 MF Series A (Volente Project)	Principal	175	185	190	215	225
1998 MF Series A (Volente Project)	Interest	554	545	536	524	512
1998 MF Series (Greens of Hickory Trail)	Principal	220	240	250	270	290
1998 MF Series (Greens of Hickory Trail)	Interest	668	654	640	624	608
1999 MF Series A-C (Mayfield)	Principal	199	209	222	235	248
1999 MF Series A-C (Mayfield)	Interest	599	587	575	562	548
1999 MF Series (Woodglen Village)	Principal	118	66	71	76	82
1999 MF Series (Woodglen Village)	Interest	1,542	764	759	753	748
2000 MF Series (Timber Point Apts)	Principal					
2000 MF Series (Timber Point Apts)	Interest	273	273	273	273	273
2000 MF Series (Oaks at Hampton)	Principal	68	75	82	89	96
2000 MF Series (Oaks at Hampton)	Interest	710	703	696	689	681
2000 MF Series (Deerwood Apts)	Principal	85	95	95	105	115
2000 MF Series (Deerwood Apts)	Interest	387	383	377	372	365
2000 MF Series (Creek Point Apts)	Principal					
2000 MF Series (Creek Point Apts)	Interest	234	234	234	234	234
2000 MF Series A/B (Parks @ Westmoreland)	Principal	67	73	80	87	94
2000 MF Series A/B (Parks @ Westmoreland)	Interest	829	823	816	809	801
2000 MF Series (Honeycreek)	Principal	253	142	153	165	178
2000 MF Series (Honeycreek)	Interest	3,087	1,529	1,517	1,505	1,491

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

2012-16	2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	Total Required
		14,900					14,900
5,146	5,143	2,912					18,344
$ 5,146	$ 5,143	$ 17,812	-	-	-	-	$ 33,244
183							697
12							228
		8,075					8,075
2,475	2,475	2,475					9,900
		12,670					12,670
3,580	3,580	3,577					14,317
	10,300						10,300
3,540	1,122						8,202
		14,274					14,274
4,145	4,145	4,153					16,588
		11,390					11,390
1,965	1,965	557					6,452
1,385	1,900	2,600	3,175				10,075
2,358	1,916	1,307	463				8,713
391			6,358				7,549
1,929	1,905	1,905	1,621				9,508
1,380	1,885	2,595	3,155				10,005
2,350	1,901	1,283	431				8,636
1,765	2,405	3,240	3,865				12,545
2,762	2,227	1,504	523				10,210
1,477	1,960	2,602	3,454				10,606
2,505	2,017	1,373	516				9,282
514	743	1,072	1,549	2,238	3,976		10,505
3,634	3,405	3,074	2,599	1,909	742		19,929
				7,800			7,800
1,365	1,365	1,365	1,365	273			7,098
601	860	1,231	1,764	2,525	2,432		9,823
3,288	3,030	2,659	2,126	1,364	330		16,276
120	1,305			4,240			6,160
1,775	1,687	1,355	1,355	410			8,466
				6,685			6,685
1,170	1,170	1,170	1,170	253			6,103
584	836	1,197	1,712	2,451	2,590		9,771
3,868	3,571	3,144	2,535	1,661	454		19,311
1,124	1,645	2,405	3,516	10,782			20,363
7,219	6,696	5,931	4,813	2,615			36,403

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

DESCRIPTION		2007	2008	2009	2010	2011
2000 MF Series A-C (Highland Meadow Apts)	Principal	$ 145	$ 155	$ 166	$ 177	$ 190
2000 MF Series A-C (Highland Meadow Apts)	Interest	742	732	721	710	697
2000 MF Series A/B (Greenbridge)	Principal	211	109	127	137	148
2000 MF Series A/B (Greenbridge)	Interest	2,928	1,451	1,441	1,432	1,421
2000 MF Series A-C (Collingham Park)	Principal	172	182	208	230	244
2000 MF Series A-C (Collingham Park)	Interest	877	864	850	905	888
2000 MF Series A/B (Williams Run)	Principal	173	84	91	98	106
2000 MF Series A/B (Williams Run)	Interest	2,227	945	938	931	923
2000 MF Series A/B (Red Hills Villas)	Principal	54	59	65	71	77
2000 MF Series A/B (Red Hills Villas)	Interest	852	847	841	834	828
2001 MF Series (Bluffview Senior Apts)	Principal	55	59	64	69	74
2001 MF Series (Bluffview Senior Apts)	Interest	905	900	894	889	883
2001 MF Series (Knollwood Villas Apts)	Principal	71	77	82	89	96
2001 MF Series (Knollwood Villas Apts)	Interest	1,168	1,162	1,156	1,149	1,142
2001 MF Series (Skyway Villas)	Principal	130	145	155	160	160
2001 MF Series (Skyway Villas)	Interest	491	484	477	468	460
2001 MF Series A/B (Cobb Park)	Principal	38	42	46	51	56
2001 MF Series A/B (Cobb Park)	Interest	608	604	599	595	590
2001 MF Series (Greens Road Apts.)	Principal	110	120	130	135	145
2001 MF Series (Greens Road Apts.)	Interest	435	429	422	415	408
2001 MF Series A/B (Meridian Apts.)	Principal	175	185	200	215	230
2001 MF Series A/B (Meridian Apts.)	Interest	815	803	791	777	762
2001 MF Series A/B (Wildwood Apts.)	Principal	175	190	205	220	235
2001 MF Series A/B (Wildwood Apts.)	Interest	806	794	781	767	752
2001 MF Series A-C (Fallbrook Apts.)	Principal	193	206	220	235	251
2001 MF Series A-C (Fallbrook Apts.)	Interest	875	861	847	831	815
2001 MF Series (Oak Hollow Apts.)	Principal	37	40	43	46	49
2001 MF Series (Oak Hollow Apts.)	Interest	448	445	442	439	436
2001 MF Series A/B (Hillside Apts.)	Principal	69	75	83	90	96
2001 MF Series A/B (Hillside Apts.)	Interest	1,006	1,000	992	984	978
2002 MF Series (Millstone Apts.)	Principal	180	195	205	215	225
2002 MF Series (Millstone Apts.)	Interest	680	670	659	647	636
2002 MF Series (Sugar Creek Apts.)	Principal	105	80	85	90	100
2002 MF Series (Sugar Creek Apts.)	Interest	705	701	696	691	685
2002 MF Series (West Oaks Apts.)	Principal	70	57	62	66	71
2002 MF Series (West Oaks Apts.)	Interest	950	716	711	706	701
2002 MF Series (Park Meadows Apts)	Principal	60	60	70	65	80
2002 MF Series (Park Meadows Apts)	Interest	285	281	277	273	268
2002 MF Series (Clarkridge Villas Apts)	Principal	79	85	91	98	105
2002 MF Series (Clarkridge Villas Apts)	Interest	1,009	1,003	997	990	983
2002 MF Series (Hickory Trace Apts)	Principal	62	67	71	77	82
2002 MF Series (Hickory Trace Apts)	Interest	800	796	791	786	780
2002 MF Series (Green Crest Apts)	Principal	77	66	71	76	82
2002 MF Series (Green Crest Apts)	Interest	997	792	787	782	777
2002 MF Series A/B (Ironwood Crossing)	Principal	67	73	79	87	95
2002 MF Series A/B (Ironwood Crossing)	Interest	1,215	1,209	1,202	1,195	1,187
2002 MF Series (Woodway Village Apts)	Principal	100	110	115	120	130
2002 MF Series (Woodway Village Apts)	Interest	397	392	386	380	374

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

2012-16	2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	Total Required
$ 1,162	$ 1,616	$ 2,257	$ 3,145	$ 2,009	-	-	$ 11,022
3,273	2,816	2,180	1,291	206			13,368
926	1,340	1,937	2,802	4,050	8,104		19,891
6,916	6,501	5,899	5,030	3,773	1,764		38,556
1,459	1,971	2,679	3,669	2,301			13,115
4,139	3,520	2,678	1,530	205			16,456
671	983	1,439	2,107	3,084	3,725		12,561
4,475	4,163	3,707	3,039	2,062	649		24,059
485	701	1,014	1,467	2,121	4,025		10,139
4,028	3,782	3,427	2,914	2,171	1,027		21,551
470	687	1,002	1,464	2,139	4,461		10,544
4,303	4,057	3,699	3,176	2,414	1,267		23,387
604	882	1,288	1,883	2,750	5,727		13,549
5,579	5,286	4,861	4,238	3,329	1,884		30,954
970	1,285	1,680	2,230	1,970			8,885
2,151	1,841	1,429	882	198			8,881
348	504	718	1,054	1,526	3,304		7,687
2,874	2,708	2,469	2,119	1,615	879		15,660
875	1,180	1,605	2,190	1,680			8,170
1,909	1,638	1,270	764	140			7,830
1,405	2,065	2,695	3,635	3,255			14,060
3,553	2,990	2,294	1,424	321			14,530
1,450	2,065	2,700	3,625	3,250			14,115
3,496	2,946	2,288	1,422	322			14,374
1,512	2,038	2,746	3,702	3,331			14,434
3,820	3,287	2,567	1,597	365			15,865
306	432	613	868	1,232	1,745	1,007	6,418
2,119	1,993	1,811	1,552	1,188	671	16	11,560
594	842	1,195	1,693	2,400	3,402	2,202	12,741
4,756	4,476	4,077	3,511	2,708	1,555	55	26,098
1,345	1,745	2,280	3,000	3,065			12,455
2,971	2,552	2,006	1,276	348			12,445
605	75					10,680	11,820
3,326	3,206	3,205	3,205	3,205	3,205	214	23,044
441	632	902	1,288	1,839	2,627	1,588	9,643
3,414	3,215	2,930	2,522	1,939	1,108	36	18,948
455	625	865	1,195	920			4,395
1,255	1,081	839	505	93			5,157
649	920	1,305	1,849	2,622	3,716	2,938	14,457
4,791	4,519	4,132	3,585	2,806	1,706	172	26,693
507	721	1,022	1,448	2,053	2,910	2,443	11,463
3,802	3,588	3,285	2,856	2,248	1,386	161	21,279
507	717	1,017	1,443	2,044	2,898	2,430	11,428
3,784	3,573	3,271	2,844	2,238	1,380	161	21,386
619	957	1,408	1,997	2,830	4,012	4,695	16,919
5,787	5,446	4,994	4,400	3,562	2,374	334	32,905
765	1,025	5,380					7,745
1,766	1,543	493					5,731

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

DESCRIPTION		2007	2008	2009	2010	2011
2003 MF Series A/B (Reading Road)	Principal	$ 120	$ 120	$ 220	$ 130	$ 230
2003 MF Series A/B (Reading Road)	Interest	394	391	386	380	374
2003 MF Series A/B (North Vista Apts)	Principal	200	210	215	230	245
2003 MF Series A/B (North Vista Apts)	Interest	694	685	676	666	656
2003 MF Series A/B (West Virginia Apts)	Principal	135	145	150	155	165
2003 MF Series A/B (West Virginia Apts)	Interest	469	463	456	450	443
2003 MF Series A/B (Sphinx @ Murdeaux)	Principal	160	165	170	180	185
2003 MF Series A/B (Sphinx @ Murdeaux)	Interest	1,993	1,998	2,005	2,013	2,022
2003 MF Series A/B (Primrose Houston School)	Principal	73	79	85	93	101
2003 MF Series A/B (Primrose Houston School)	Interest	1,102	1,096	1,090	1,083	1,075
2003 MF Series A/B (Timber Oaks Apts)	Principal	51	56	61	67	73
2003 MF Series A/B (Timber Oaks Apts)	Interest	930	925	920	915	909
2003 MF Series A/B (Ash Creek Apts)	Principal	73	80	86	94	101
2003 MF Series A/B (Ash Creek Apts)	Interest	1,095	1,089	1,082	1,075	1,067
2003 MF Series A/B (Peninsula Apts)	Principal	80	160	170	180	190
2003 MF Series A/B (Peninsula Apts)	Interest	645	639	632	623	614
2003 MF Series A (Evergreen @ Mesquite)	Principal	103	110	117	125	133
2003 MF Series A (Evergreen @ Mesquite)	Interest	751	744	737	729	720
2003 MF Series A/B (Arlington Villas)	Principal	46	74	80	87	95
2003 MF Series A/B (Arlington Villas)	Interest	1,179	1,174	1,167	1,161	1,153
2003 MF Series A/B (Parkview Townhomes)	Principal	73	79	86	94	102
2003 MF Series A/B (Parkview Townhomes)	Interest	1,119	1,112	1,105	1,098	1,089
2003 MF Series A (NHP-Asmara/Refunding)	Principal	335	360	380	400	430
2003 MF Series A (NHP-Asmara/Refunding)	Interest	751	739	725	713	699
2004 MF Series A/B (Timber Ridge)	Principal	32	34	37	39	42
2004 MF Series A/B (Timber Ridge)	Interest	451	449	446	444	441
2004 MF Series A/B (Century Park)	Principal	65	150	160	175	185
2004 MF Series A/B (Century Park)	Interest	700	693	685	676	666
2004 MF Series A (Addison Park)	Principal	60	70	75	80	90
2004 MF Series A (Addison Park)	Interest	506	504	501	499	496
2004 MF Series A/B (Veterans Memorial)	Principal	73	79	86	94	102
2004 MF Series A/B (Veterans Memorial)	Interest	1,094	1,088	1,081	1,073	1,065
2004 MF Series A (Rush Creek)	Principal	52	55	59	63	67
2004 MF Series A (Rush Creek)	Interest	668	664	660	656	652
2004 MF Series A (Humble Park)	Principal	90	100	110	110	120
2004 MF Series A (Humble Park)	Interest	770	764	757	749	742
2004 MF Series A (Chisholm Trail)	Principal	130	135	145	155	165
2004 MF Series A (Chisholm Trail)	Interest	431	427	421	416	410
2004 MF Series A (Evergreen @ Plano)	Principal	13	80	85	91	97
2004 MF Series A (Evergreen @ Plano)	Interest	966	962	957	951	945
2004 MF Series A (Montgomery Pines)	Principal	145	155	160	170	180
2004 MF Series A (Montgomery Pines)	Interest	442	438	431	426	419

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

2012-16	2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	Total Required
$ 1,170	$ 1,530	$ 2,030	$ 2,860	$ 3,790			$ 12,200
1,771	1,560	1,276	888	362			7,782
1,395	1,820	2,410	3,140	4,135			14,000
3,100	2,700	2,165	1,465	545			13,352
935	1,225	1,620	2,130	2,790			9,450
2,092	1,823	1,465	990	366			9,017
1,075	1,365	1,735	2,195	2,800	3,585	1,260	14,875
7,428	3,049	2,684	2,213	1,608	826	64	27,903
645	962	1,361	1,895	11,330			16,624
5,236	4,923	4,535	4,013	3,235			27,388
478	738	1,135	1,624	2,274	3,183	3,409	13,149
4,430	4,166	3,767	3,277	2,623	1,709	330	24,901
650	958	1,344	1,883	11,083			16,352
5,194	4,889	4,509	3,980	3,003			26,983
1,135	1,530	8,955					12,400
2,917	2,573	1,357					10,000
809	1,112	1,530	2,104	2,710	1,100	1,006	10,959
3,452	3,140	2,708	2,116	1,301	627	106	17,131
604	905	1,323	1,868	2,636	9,382		17,100
5,635	5,335	4,920	4,383	3,629	158		29,894
664	1,002	1,409	1,958	2,721	3,781	4,586	16,555
5,292	4,954	4,545	3,993	3,227	2,161	518	30,213
2,550	3,425	4,585	6,150	3,010			21,625
3,250	2,742	2,064	1,154	141			12,978
261	369	521	739	4,626			6,700
2,157	2,051	1,903	1,690	1,372			11,404
1,095	1,510	2,080	2,825	3,840	915		13,000
3,164	2,813	2,335	1,679	787	23		14,221
555	820	1,225	1,795	2,660	3,940	2,630	14,000
2,424	2,304	2,126	1,860	1,469	890	147	13,726
663	980	1,364	1,895	2,634	3,662	4,634	16,266
5,171	4,853	4,466	3,932	3,189	2,157	543	29,712
413	578	806	1,126	1,573	2,197	3,007	9,996
3,182	3,019	2,787	2,466	2,017	1,390	369	18,530
730	1,025	1,425	1,955	2,710	3,325		11,700
3,576	3,291	2,894	2,341	1,582	537		18,003
995	1,380	1,890	2,595	3,555	855		12,000
1,949	1,735	1,438	1,033	477	14		8,751
591	819	1,137	1,577	2,186	3,029	5,045	14,750
4,619	4,387	4,069	3,629	3,016	2,166	700	27,367
1,090	1,455	1,955	2,630	3,520	840		12,300
1,988	1,759	1,454	1,041	492	16		8,906

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

DESCRIPTION		2007	2008	2009	2010	2011
2004 MF Series A (Bristol)	Principal	$ 75	$ 160	$ 170	$ 180	$ 190
2004 MF Series A (Bristol)	Interest	456	452	445	439	433
2004 MF Series A (Pinnacle)	Principal	90	185	195	210	220
2004 MF Series A (Pinnacle)	Interest	523	519	511	504	497
2004 MF Series A (Tranquility Bay)	Principal	79	84	90	96	102
2004 MF Series A (Tranquility Bay)	Interest	929	923	918	912	905
2004 MF Series A (Sphinx @ Delafield)	Principal	95	100	110	110	120
2004 MF Series A (Sphinx @ Delafield)	Interest	593	588	583	577	572
2004 MF Series A (Churchill @ Pinnacle)	Principal		57	61	65	70
2004 MF Series A (Churchill @ Pinnacle)	Interest	704	702	698	694	690
2004 MF Series A/B (Post Oak East)	Principal	105	220	225	235	245
2004 MF Series A/B (Post Oak East)	Interest	502	497	488	480	471
2004 MF Series (Village Fair)	Principal	50	80	85	91	97
2004 MF Series (Village Fair)	Interest	915	910	905	899	893
2005 MF Series (Pecan Grove)	Principal	44	79	84	90	96
2005 MF Series (Pecan Grove)	Interest	911	831	902	896	890
2005 MF Series (Prairie Oaks)	Principal	34	62	66	71	75
2005 MF Series (Prairie Oaks)	Interest	718	714	710	706	700
2005 MF Series (Port Royal)	Principal	32	68	73	78	83
2005 MF Series (Port Royal)	Interest	792	789	784	779	774
2005 MF Series (Del Rio)	Principal	31	64	69	73	78
2005 MF Series (Del Rio)	Interest	746	743	738	734	729
2005 MF Series (Atascocita Pines)	Principal			143	152	162
2005 MF Series (Atascocita Pines)	Interest	434	435	431	426	420
2005 MF Series (Tower Ridge)	Principal			100	100	100
2005 MF Series (Tower Ridge)	Interest	545	546	544	541	537
2005 MF Series (Alta Cullen)	Principal		61	78	83	89
2005 MF Series (Alta Cullen)	Interest	924	922	917	912	906
2005 MF Series (Lafayette Village)	Principal			178	189	200
2005 MF Series (Lafayette Village)	Interest	514	515	511	505	498
2005 MF Series (Prairie Ranch)	Principal		150	115	125	125
2005 MF Series (Prairie Ranch)	Interest	592	589	583	577	571
2005 MF Series (St Augustine)	Principal			47	98	104
2005 MF Series (St Augustine)	Interest	279	279	278	275	271
2005 MF Series (Park Manor)	Principal			58	62	66
2005 MF Series (Park Manor)	Interest	830	666	664	660	656
2005 MF Series (Mockingbird)	Principal		80	85	91	97
2005 MF Series (Mockingbird)	Interest	919	916	911	905	899
2005 MF Series (Chase Oaks)	Principal	95	236	248	261	275
2005 MF Series (Chase Oaks)	Interest	719	709	697	684	671
2005 MF Series (Canal Place)	Principal				56	81
2005 MF Series (Canal Place)	Interest	609	610	609	608	604

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

2012-16	2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	Total Required
$ 1,140	$ 1,525	$ 2,030	$ 2,700	$ 3,605	$ 850		$ 12,625
2,049	1,809	1,491	1,065	502	14		9,155
1,315	1,750	2,330	3,100	4,130	975		14,500
2,351	2,075	1,708	1,222	573	20		10,503
625	863	1,195	1,651	2,282	3,157	4,107	14,331
4,413	4,172	3,840	3,382	2,747	1,868	536	25,545
710	925	1,220	1,595	2,090	2,645	1,610	11,330
2,759	2,556	2,291	1,930	1,454	836	134	14,873
428	591	819	1,137	1,576	2,184	3,762	10,750
3,370	3,204	2,976	2,656	2,214	1,602	553	20,063
1,415	1,775	2,230	2,810	3,530	810		13,600
2,210	1,920	1,556	1,096	517	21		9,758
590	817	1,130	1,561	2,160	2,985	4,454	14,100
4,359	4,131	3,817	3,384	2,781	1,951	679	25,624
584	808	1,118	1,544	2,138	2,956	4,489	14,030
4,343	4,120	3,810	3,382	2,792	1,974	723	25,574
461	636	880	1,217	1,683	2,328	3,537	11,050
3,418	3,241	2,997	2,659	2,189	1,542	548	20,142
505	698	965	1,336	1,848	2,555	3,959	12,200
3,777	3,583	3,315	2,941	2,427	1,716	627	22,304
476	658	909	1,258	1,742	2,406	3,726	11,490
3,558	3,374	3,121	2,770	2,286	1,617	590	21,006
971	1,313	1,781	2,420	3,304	1,654		11,900
2,000	1,791	1,509	1,126	603	51		9,226
500	1,100	1,800	2,600	3,800	4,900		15,000
2,631	2,494	2,236	1,835	1,263	256		13,428
544	756	1,050	1,460	2,028	2,819	5,032	14,000
4,431	4,218	3,922	3,509	2,938	2,144	867	26,610
1,197	1,602	2,143	2,870	3,841	1,880		14,100
2,368	2,114	1,775	1,321	717	72		10,910
750	965	1,260	1,610	2,020	2,555	2,525	12,200
2,755	2,551	2,288	1,942	1,511	965	284	15,208
624	839	1,128	1,513	2,033	1,264		7,650
1,292	1,157	977	735	409	50		6,002
400	550	757	1,042	1,432	1,971	4,062	10,400
3,209	3,058	2,852	2,567	2,177	1,637	781	19,757
588	809	1,113	1,532	2,109	2,902	4,954	14,360
4,392	4,170	3,863	3,444	2,864	2,067	870	26,220
1,601	2,059	9,475					14,250
3,127	2,668	1,156					10,431
519	777	1,088	1,497	2,059	10,023		16,100
2,945	2,777	2,596	2,359	2,035	911		16,663

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

DESCRIPTION		2007	2008	2009	2010	2011
2005 MF Series (Coral Hills)	Principal					
2005 MF Series (Coral Hills)	Interest	$ 269	$ 269	$ 269	$ 269	$ 269
2006 MF Series (Harris Branch)	Principal				200	200
2006 MF Series (Harris Branch)	Interest	519	519	519	515	508
2006 MF Series (Bella Vista)	Principal		15	45	45	45
2006 MF Series (Bella Vista)	Interest	418	418	416	413	411
2006 MF Series (Village Park)	Principal			105	190	190
2006 MF Series (Village Park)	Interest	700	700	699	690	680
2006 MF Series (Oakmoor)	Principal			75	95	101
2006 MF Series (Oakmoor)	Interest	878	878	876	871	865
2006 MF Series (Sunset Pointe)	Principal					
2006 MF Series (Sunset Pointe)	Interest	519	519	519	519	519
2006 MF Series (Hillcrest)	Principal				175	160
2006 MF Series (Hillcrest)	Interest	653	653	653	647	638
2006 MF Series (Pleasant Village	Principal		34	71	75	80
2006 MF Series (Pleasant Village	Interest	365	365	361	356	351
2006 MF Series (Grove Village)	Principal		35	73	77	82
2006 MF Series (Grove Village)	Interest	376	376	371	367	362
Total Multifamily Bonds		$ 78,346	$ 73,456	$ 74,430	$ 75,036	$ 75,183
Total		$ 163,256	$ 148,489	$ 151,094	$ 150,376	$ 148,992
Less Interest		129,416	122,558	121,290	119,971	118,508
Total Principal		$ 33,840	$ 25,931	$ 29,804	$ 30,405	$ 30,484

Texas Department of Housing & Community Affairs (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2006
(Amounts in Thousands)

2012-16	2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	Total Required
					$ 5,320		$ 5,320
$ 1,345	$ 1,345	$ 1,345	$ 1,345	$ 1,345	505		8,575
1,300	1,600	2,200	3,000	3,900	2,600		15,000
2,420	2,174	1,843	1,400	805	120		11,342
285	385	530	710	970	1,320	2,450	6,800
2,005	1,903	1,763	1,576	1,320	973	483	12,099
1,120	1,495	1,985	8,575				13,660
3,238	2,907	2,465	110				12,189
607	819	1,104	1,491	2,011	2,713	5,619	14,635
4,221	4,008	3,721	3,333	2,811	2,106	1,089	25,657
					15,000		15,000
2,595	2,595	2,595	2,595	2,595	1,489		17,059
960	1,300	1,770	425		7,645		12,435
3,048	2,751	2,347	2,013	2,005	1,038		16,446
479	650	4,611					6,000
1,676	1,505	543					5,522
493	669	4,751					6,180
1,728	1,550	421					5,551
$ 372,631	$ 378,980	$ 435,559	$ 352,939	$ 348,328	$ 250,465	$ 120,536	$ 2,635,889
$ 742,470	$ 772,788	$ 834,588	$ 759,405	$ 693,755	$ 279,877	$ 120,536	$ 4,965,626
565,006	504,664	420,858	303,220	163,324	63,167	12,690	2,644,672
$ 177,464	$ 268,124	$ 413,730	$ 456,185	$ 530,431	$ 216,710	$ 107,846	$ 2,320,954

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Suplementary Bond Schedules
Schedule 1-D
Analysis of Funds Available for Debt Service- Revenue Bonds
For the Fiscal Year Ended August 31, 2006
(Amounts in thousands)

	Pledged and Other Sources and Related Expenditures for FY 2006			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
1995 Single Family Series A	$ 30,459	$ 18		$ 475
1995 Single Family Series C	12,917	13		244
1996 Single Family Series A	9,645	53		352
1996 Single Family Series D	29,854	79		1,350
1996 Single Family Series E	21,499	59	$ 1,230	950
1997 Single Family Series A	1,963	66		1,750
1997 Single Family Series B	6,630	1		126
1997 Single Family Series D	5,179	105		864
1997 Single Family Series F	5,625			118
2002 Single Family Series A	1,960	61		2,063
2002 Single Family Series A Junior Lien	1,055	20		682
2002 Single Family Series B	6,176	70		2,425
2002 Single Family Series C	612	19	450	573
2002 Single Family Series D	711	10	910	286
2004 Single Family Series A	5,887	336		5,489
2004 Single Family Series A (Jr. Lien)	101	15		190
2004 Single Family Series B	2,193	144		1,723
2004 Single Family Series C	4,008	108		1,897
2004 Single Family Series D	1,456	96		1,153
2004 Single Family Series E	782	30		379
2005 Single Family Series A	3,883	315		3,222
2005 Single Family Series B	1,929	23		1,043
2005 Single Family Series C	655	8		115
2005 Single Family Series D	375	3		44
2006 Single Family Series A	595	4		521
2006 Single Family Series B	709	5		617
2006 Single Family Series C	1,049	8		945
2006 Single Family Series D	312	2		234
2006 Single Family Series E	170	1	-	123
Total Single Family Bonds	158,389	1,672	2,590	29,953
1998 RMRB Series A	8,355	147	1,295	2,558
1998 RMRB Series B	976	26		443
1999 RMRB Series A	1,770	23		371
1999 RMRB Series B-1	6,417	46		1,855
1999 RMRB Series C	894	7		261
2000 RMRB Series A	4,393	52	270	1,262
2000 RMRB Series B	11,983	67		3,436
2000 RMRB Series C	1,243	10		538
2000 RMRB Series D	1,565	10	595	455
2001 RMRB Series A	5,420	26	695	2,106
2001 RMRB Series B	1,038	9		644
2001 RMRB Series C	2,466	8	1,270	563
2001 RMRB Series D	37			13
2002 RMRB Series A	6,052	39	635	1,940
2003 RMRB Series A	4,623	88	1,180	3,388
Total Residential Mtg Revenue Bonds	57,232	558	5,940	19,833
1992 Coll Home Mtg Rev Bds Series C	$ 7,116	$ 20	$ -	$ 1,232
Total Coll Home Mtg Revenue Bonds	7,116	20		1,232

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Suplementary Bond Schedules
Schedule 1-D (Continued)
Analysis of Funds Available for Debt Service- Revenue Bonds
For the Fiscal Year Ended August 31, 2006
(Amounts in thousands)

	Pledged and Other Sources and Related Expenditures for FY 2006			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
1994 SF MRB CHMRB Series C	3,651	45	-	180
Total Single Family MRB 1994 CHMRB	3,651	45		180
1987 MF Series (South Texas Rental Housing)	109		77	70
1993 MF Series A&B (RemHill/HighPt Ref)	365	5		360
1996 MF Series A/B (Braxton's Mark)	857	3		841
1996 MF Series A/B (Brighton's Mark)	1,356	2		502
1996 MF Series A/B (Las Colinas)	2,122	4		757
1996 MF Series A/B (NHP Foundation)				
1996 MF Series A-D (Harbors/Plumtree)	11,764		255	659
1998 MF Series A (Dallas Oxford Refndg)	719			715
1998 MF Series (Greens of Hickory Trail)	674		210	674
1998 MF Series (Pebble Brook)	560		170	560
1998 MF Series A (Volente Project)	563		165	563
1998 MF Series A-C (Residence Oaks)	456		134	456
1999 MF Series (Woodglen Village)	775			775
1999 MF Series A-C (Mayfield)	609		187	609
2000 MF Series (Creek Point Apts)	318			218
2000 MF Series (Deerwood Apts)	391		85	391
2000 MF Series (Honeycreek)	1,553			1,553
2000 MF Series (Oaks at Hampton)	715		62	715
2000 MF Series (Timber Point Apts)	354			254
2000 MF Series A/B (Greenbridge)	1,478			1,478
2000 MF Series A/B (Parks @ Westmoreland)	710		61	710
2000 MF Series A/B (Red Hills Villas)	758		49	758
2000 MF Series A/B (Williams Run)	956		16	956
2000 MF Series A-C (Collingham Park)	890		162	890
2000 MF Series A-C (Highland Meadow Apts)	744		137	744
2001 MF Series (Bluffview Senior Apts)	805		51	805
2001 MF Series (Greens Road Apts.)	441		105	441
2001 MF Series (Knollwood Villas Apts)	1,033		66	1,033
2001 MF Series (Oak Hollow Apts.)	2,165		39	499
2001 MF Series (Skyway Villas)	4,692		160	609
2001 MF Series A/B (Cobb Park)	582		35	574
2001 MF Series A/B (Hillside Apts.)	900		63	900
2001 MF Series A/B (Meridian Apts.)	826		160	826
2001 MF Series A/B (Wildwood Apts.)	790		165	790
2001 MF Series A-C (Fallbrook Apts.)	888		180	888
2002 MF Series (Clarkridge Villas Apts)	1,029		74	1,014
2002 MF Series (Green Crest Apts)	1,809		44	818
2002 MF Series (Hickory Trace Apts)	1,182		59	819

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Suplementary Bond Schedules
Schedule 1-D (Continued)
Analysis of Funds Available for Debt Service- Revenue Bonds
For the Fiscal Year Ended August 31, 2006
(Amounts in thousands)

	Pledged and Other Sources and Related Expenditures for FY 2006			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2002 MF Series (Millstone Apts.)	690		165	690
2002 MF Series (Park Meadows Apts)	393		55	293
2002 MF Series (Sugar Creek Apts.)	719		35	710
2002 MF Series (West Oaks Apts.)	690		33	690
2002 MF Series (Woodway Village Apts)	1,697		90	423
2002 MF Series A/B (Ironwood Crossing)	1,237		51	1,220
2003 MF Series A (Evergreen @ Mesquite)	792		41	789
2003 MF Series A/B (Ash Creek Apts)	1,076		12	1,062
2003 MF Series A/B (North Vista Apts)	713			699
2003 MF Series A/B (Peninsula Apts)	648			647
2003 MF Series A/B (Primrose Houston School)	1,443		6	1,156
2003 MF Series A/B (Reading Road)	478			465
2003 MF Series A/B (Sphinx @ Murdeaux)	746		140	731
2003 MF Series A/B (Timber Oaks Apts)	948		47	934
2003 MF Series A/B (West Virginia Apts)	482			472
2004 MF Series A (Bristol)	411			411
2004 MF Series A (Chisholm Trail)	394			391
2004 MF Series A (Churchill @ Pinnacle)	646			646
2004 MF Series A (Evergreen @ Plano)	902			902
2004 MF Series A (Humble Park)	772			772
2004 MF Series A (Montgomery Pines)	401			401
2004 MF Series A (Pinnacle)	472			472
2004 MF Series A (Rush Creek)	680		4	670
2004 MF Series A (Sphinx @ Delafield)	596		50	596
2004 MF Series A (Tranquility Bay)	889		19	885
2004 MF Series A (Addison Park)	495			481
2004 MF Series A/B (Century Park)	714			701
2004 MF Series A/B (Post Oak East)	452			452
2004 MF Series A/B (Timber Ridge)	1,310			502
2004 MF Series A/B (Veterans Memorial)	1,116		34	1,100
2003 MF Series A/B (Parkview Townhomes)	1,141		45	1,125
2003 MF Series A/B (Arlington Villas)	1,065			1,065
2003 MF Series A (NHP-Asmara/Refunding)	11,627			767
2004 MF Series (Village Fair)	723			723
2005 MF Series (Pecan Grove)	737			737
2005 MF Series (Prairie Oaks)	557			557
2005 MF Series (Port Royal)	625			625
2005 MF Series (Del Rio)	589			589
2005 MF Series (Atascocita Pines)	391			391
2005 MF Series (Tower Ridge)	495			495
2005 MF Series (Alta Cullen)	824			824
2005 MF Series (Lafayette Village)	463			463
2005 MF Series (Prairie Ranch)	592			592
2005 MF Series (St Augustine)	249			249

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Suplementary Bond Schedules
Schedule 1-D (Continued)
Analysis of Funds Available for Debt Service- Revenue Bonds
For the Fiscal Year Ended August 31, 2006
(Amounts in thousands)

	Pledged and Other Sources and Related Expenditures for FY 2006			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2005 MF Series (Park Manor)	520			520
2005 MF Series (Mockingbird)	919			919
2005 MF Series (Chase Oaks)	720			720
2005 MF Series (Canal Place)	522			522
2005 MF Series (Coral Hills)	191			191
2006 MF Series (Harris Branch)	261			261
2006 MF Series (Bella Vista)	167			167
2006 MF Series (Village Park)	268			268
2006 MF Series (Oakmoor)	287			287
2006 MF Series (Sunset Pointe)	75			75
2006 MF Series (Hillcrest)	51			51
2006 MF Series (Pleasant Village	1			1
2006 MF Series (Grove Village)	1			1
Total Multifamily Bonds	$ 94,001	$ 14.00	$ 3,798	$ 59,772
Total	$ 320,389	$ 2,309	$ 12,328	$ 110,970

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-E
DEFEASED BONDS OUTSTANDING
For the fiscal year ended August 31, 2006

Description of Issue	Year Refunded		Par Value Outstanding
Business-Type Activities			
1996 Multi Family Series A/B (NHP Foundation)	2003	$	24,525,000
1996 Single Family Series A	2006		5,765,000
1996 Single Family Series D	2006		23,920,000
1996 Single Family Series E	2006		17,295,000
Total Business-Type Activities		$	71,505,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-F
EARLY EXTINGUISHMENT AND REFUNDING
For the fiscal year ended August 31, 2006

			For Refunding Only		
Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Business-Type Activities					
1995 Single Family Series A	Early Extinguishment	$ 4,255,000			
1995 Single Family Series A	Refunding	25,495,000	$ 25,495,000	$ 12,849,130	$ 6,821,330
1995 Single Family Series C	Early Extinguishment	4,235,000			
1995 Single Family Series C	Refunding	8,680,000	8,970,000	713,188	1,655,787
1996 Single Family Series A	Early Extinguishment	3,110,000			
1996 Single Family Series A	Advance Refunding	5,765,000	5,765,000	2,290,985	1,691,495
1996 Single Family Series D	Early Extinguishment	4,855,000			
1996 Single Family Series D	Advance Refunding	23,920,000	23,920,000	9,766,831	7,211,112
1996 Single Family Series E	Early Extinguishment	3,390,000			
1996 Single Family Series E	Advance Refunding	17,295,000	17,295,000	3,951,520	2,808,982
1997 Single Family Series B	Early Extinguishment	6,590,000			
1997 Single Family Series D	Early Extinguishment	3,350,000			
1997 Single Family Series F	Early Extinguishment	5,625,000			
2002 Single Family Series A (Jr. Lien)	Early Extinguishment	860,000			
2002 Single Family Series A	Early Extinguishment	85,000			
2002 Single Family Series B	Early Extinguishment	4,005,000			
2002 Single Family Series C	Early Extinguishment	20,000			
2002 Single Family Series D	Early Extinguishment	415,000			
2004 Single Family Series A	Early Extinguishment	770,000			
2004 Single Family Series C	Early Extinguishment	2,375,000			
2004 Single Family Series E	Early Extinguishment	320,000			
2005 Single Family Series A	Early Extinguishment	30,000			
2005 Single Family Series B	Early Extinguishment	965,000			
2005 Single Family Series C	Early Extinguishment	310,000			
2005 Single Family Series D	Early Extinguishment	245,000			
1998 RMRB Series A	Early Extinguishment	5,375,000			
1998 RMRB Series B	Early Extinguishment	450,000			
1999 RMRB Series A	Early Extinguishment	1,070,000			
1999 RMRB Series B-1	Early Extinguishment	4,450,000			
1999 RMRB Series C	Early Extinguishment	600,000			
2000 RMRB Series A	Early Extinguishment	3,050,000			
2000 RMRB Series B	Early Extinguishment	8,275,000			
2000 RMRB Series C	Early Extinguishment	665,000			
2000 RMRB Series D	Early Extinguishment	1,035,000			
2001 RMRB Series A	Early Extinguishment	3,175,000			
2001 RMRB Series B	Early Extinguishment	290,000			
2001 RMRB Series C	Early Extinguishment	1,755,000			
2002 RMRB Series A	Early Extinguishment	4,245,000			
2003 RMRB Series A	Early Extinguishment	1,325,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	5,700,000			
1994 SF MRB CHMRB Series C	Early Extinguishment	3,500,000			
1996 MF Series A/B (Las Colinas)	Early Extinguishment	2,199,512			
1996 MF Series A-D (Harbors/Plumtree)	Early Extinguishment	11,105,000			
2000 MF Series A (Timber Point Apts)	Early Extinguishment	100,000			
2000 MF Series A (Creek Point Apts)	Early Extinguishment	100,000			
2001 MF Series A (Skyway Villas)	Early Extinguishment	4,070,000			
2001 MF Series A (Oak Hollow Apts)	Early Extinguishment	1,665,933			
2002 MF Series A (Park Meadows Apts)	Early Extinguishment	100,000			
2002 MF Series A (Hickory Trace Apts)	Early Extinguishment	351,582			
2002 MF Series A (Green Crest Apts)	Early Extinguishment	978,737			
2002 MF Series A (Woodway Village Apts)	Early Extinguishment	1,265,000			
2003 MF Series A/B (Primerose Houston School)	Early Extinguishment	270,000			
2003 MF Series A/B (Ash Creek Apts)	Early Extinguishment	11,519			
2003 MF Series A (NHP-Asmara) Refunding	Early Extinguishment	9,875,000			
2004 MF Series A/B (Timber Ridge)	Early Extinguishment	800,000			
Total Business-Type Activities		$ 204,817,283	$ 81,445,000	$ 29,571,654	$ 20,188,706

Deloitte.

Deloitte & Touche LLP
Suite 1700
400 West 15th Street
Austin, TX 78701
USA

Tel: +1 512 691 2300
www.deloitte.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Rick Perry, Governor,
and the Board of Directors of
Texas Department of Housing and Community Affairs:

We have audited the basic financial statements of the Texas Department of Housing and Community Affairs (the "Department") as of and for the year ended August 31, 2006, and have issued our report thereon dated December 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, including the Public Funds Investment Act (§2256, Texas Government Code), regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

December 19, 2006

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BASIC FINANCIAL STATEMENTS

for the year ended August 31, 2007

(With Independent Auditors' Report Thereon)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

December 19, 2007

The Honorable Rick Perry, Governor
The Honorable Susan Combs, Texas Comptroller
Mr. John O'Brien, Director, Legislative Budget Board
Mr. John Keel, CPA, State Auditor

Dear Governor Perry, Comptroller Combs, Mr. O'Brien and Mr. Keel:

We are pleased to submit the Annual Financial Report of the Texas Department of Housing and Community Affairs for the year ended August 31, 2007, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

The accompanying annual financial report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) reporting requirements. The financial report has been audited by an independent Auditor as required by statute.

If you have any questions, please contact David Cervantes, Director of Financial Administration at (512) 475-3875. Esther Ku may be contacted at (512) 475-3871 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Michael Gerber
Executive Director

MG/tt

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Basic Financial Statements
for the year ended August 31, 2007

TABLE OF CONTENTS

Deloitte.

Deloitte Tax LLP
Suite 1700
400 West 15th Street
Austin, TX 78701
USA

Tel: +1 512 691 2300
Fax: +1 512 708 1035
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Rick Perry, Governor,
and the Governing Board of
Texas Department of Housing and Community Affairs:

We have audited the accompanying financial statements of the governmental activities, business-type activities, major funds, remaining fund information, and supplementary schedules 1-A through 1-F of the Texas Department of Housing and Community Affairs (the "Department") as of and for the year ended August 31, 2007, as listed in the table of contents. These financial statements and supplementary schedules 1-A through 1-F are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements and supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of Texas as of August 31, 2007, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, major funds, and remaining fund information of the Department, as of August 31, 2007, and the results of its operations and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, schedules 1-A through 1-F, as listed in the table of contents, present fairly, in all material respects, the information set forth therein in accordance with guidelines issued by the Texas Comptroller of Public Accounts.

Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the financial statements but is supplementary information required by the Governmental Accounting

Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2007, on our consideration of the Department's internal control over financial reporting and our tests of its compliance and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

December 19, 2007

MANAGEMENT’S DISCUSSION

AND ANALYSIS (UNAUDITED)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Texas Department of Housing and Community Affairs' (Department) annual financial report presents management's discussion and analysis of the Department's financial performance during the fiscal year that ended on August 31, 2007. Please read it in conjunction with the Department's financial statements, which follow this section.

Financial Highlights

- The Department's business-type activity net assets decreased $9.2 million and governmental activities net assets increased $84 thousand.

- The Department's proprietary fund experienced an increase in operating income in the amount of $25.9 million to an Operating (Loss) of ($12.3) million. This impact on operating income resulted primarily from the increase of the fair value of investments in the amount of $26.1 million. The $20.0 million increase in interest and investment income, the $2.4 million increase in other operating revenues, the $14.3 million increase in interest expense, the $2.2 million increase in bad debt expense and the $6.7 million increase in Down Payment Assistance had a net offsetting effect on operating income.

- Net Assets in the Department's Governmental Fund increased from $686 thousand to $770 thousand. The change represents larger decrease in expenditures than in revenues. Net Assets were also reduced by the transfer out of Housing Trust Fund and Earned Federal Funds during the fiscal year.

- The Department's proprietary fund debt increased $267.7 million to $2.6 billion. Debt issuances and debt retirements totaled $468.5 million and $200.8 million, respectively.

- Loan originations for the year totaled $200.6 million and $15.0 million in the Department's proprietary and governmental funds, respectively.

- Subprime lending continues to receive significant attention in the financial market. A rise in the number of borrowers who are unable to pay debt obligations has led to increased foreclosures causing uncertainty in the housing market. According to Standard and Poor's, Housing Finance Agencies (HFAs) face lower risk from defaults on their loans. Homebuyer education programs, conservative underwriting, generous reserves and ongoing HFA asset management have resulted in strong portfolio performance which is expected to continue for the long-term. Since 1988, the Department has had its single family mortgage loans guaranteed by Fannie Mae, GNMA or Freddie Mac.

Overview of the Financial Statements

The financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two types of statements that present different views of the Department.

- The first set of statements are government-wide financial statements that provide information about the Department's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Assets and the Statement of Activities.

- The remaining statements are fund financial statements of the Department's governmental fund and proprietary fund. The governmental fund's activities are funded primarily from Federal funds but also include General Revenue appropriations for which the Department follows a modified accrual basis of accounting. The Department's proprietary fund operates similar to business activities and follows an accrual basis of accounting.

- The basic financial statements also include a "Notes to Financial Statement" section which explains some of the information presented in the Government-wide and fund financial statements and provides additional detailed data.

- The Notes to the Financial Statements are followed by a "Supplementary Information" section, which presents supplementary bond information.

The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of these statements.

Government-Wide Financial Statements

The Statement of Net Assets shows Governmental Activities and Business-type Activities consolidated on a full accrual basis. The Statement of Activities presents a government wide format of expenses, charges for services, operating grants and contributions and net expenses by both Governmental activities and Business-type activities. Both activities are further broken down by function and programs. The second section of the Statement of Activities shows general revenues not associated with a particular program but which provide resources for the Department's programs and operations. The fiduciary activity is not included in the government wide statements.

Statements of Net Assets

The following tables show a summary of changes from prior year amounts for governmental activities.

Texas Department of Housing and Community Affairs
Condensed Statement of Net Assets – Governmental Activities
As of August 31, 2007

	Governmental Activities		Increase / (Decrease)	
Assets	2007	2006	Amount	%
Cash & Investments	$ 6,696,555	$ 5,005,004	$ 1,691,551	33.8
Legislative Appropriations	2,880,562	1,305,355	1,575,207	120.7
Federal Receivable	399,825	7,862,358	(7,462,533)	(94.9)
Other Intergovernmental Receivables	65,593	160,161	(94,568)	(59.0)
Accounts Receivable	353,456	379,473	(26,017)	(6.9)
Interfund Receivables	-	35,884	(35,884)	(100.0)
Loans and Contracts	116,647,963	101,570,577	15,077,386	14.8
Capital Assets	210,927	262,815	(51,888)	(19.7)
Other Assets	81,021	94,553	(13,532)	(14.3)
Total Assets	127,335,902	116,676,180	10,659,722	9.1
Liabilities				
Accounts Payable	7,230,317	12,583,233	(5,352,916)	(42.5)
Payroll Payable	971,482	887,210	84,272	9.5
Claims & Judgments Payable	109,334	-	109,334	100.0
Interfund Payable	577,403	-	577,402	100.0
Deferred Revenue	116,647,963	101,570,577	15,077,386	14.8
Other Current Liabilities	770,582	724,577	46,005	6.3
Other Non-current Liabilities	258,622	224,652	33,971	15.1
Total Liabilities	126,565,703	115,990,249	10,575,454	9.1
Net Assets				
Invested in Capital Assets	210,927	262,815	(51,888)	(19,7)
Restricted by Grantor	136,181	374,890	(238,709)	(63.7)
Unrestricted	423,091	48,226	374,865	777.3
Total Net Assets	$ 770,199	$ 685,931	$ 84,268	12.3

Net Assets of the Department's governmental fund increased by 12.3%. The ending balance of Unrestricted Net Assets primarily consists of balances in the Manufactured Housing Division. Restricted Net Assets represent balances in the Investor Owned Utility Programs.

The balance in Cash and Investments increased by $1.7 million. The net change is associated with an increase of $2 million in the Section 8 program and a $300,000 decrease in Manufactured Housing. The Section 8 balance resulted from installments received from the U.S. Department of Housing and Urban Development that were not fully utilized, resulting in a cash balance at year end. The drop in Manufactured Housing occurred due to an effort to reduce cash balances associated with Federal funds.

Legislative Appropriations increased by $1.6 million. The increase resulted primarily from activities in Manufactured Housing where Federal Funds were used first to fund program activities in this fiscal year. In addition, revenues collected in excess of budget authority were not transferred to the Comptroller's Office until after year end.

The Department experienced a decrease in Federal Receivable and Accounts Payable. The changes occurred primarily because of the substantial payment activities for the Low Income Home Energy Assistance Program (LIHEAP) and HOME Investment Partnerships Program (HOME) at year end of fiscal year 2006. Federal Receivable was also decreased due to an unspent Cash balance in the Section 8 Program at year end.

The Department experienced increases of Loans and Contracts as well as Deferred Revenue. This change was due to the receipt, disbursement and adjustment of the portfolio, which is funded by federal funds for the purpose of HOME program activities.

Included in Other Liabilities is the current and non-current portion of Employees' Compensable Leave. It represents unpaid balances of employees' accumulated annual leave.

Business-Type Activities

Texas Department of Housing and Community Affairs
Business-Type Activities – Condensed Statement of Net Assets as of August 31, 2007

	Business-Type Activities		Increase / (Decrease)	
Assets	2007	2006	Amount	%
Cash & Investments	$ 1,630,392,649	$ 1,418,156,810	$ 212,235,839	15.0
Loans and Contracts	1,285,810,608	1,183,252,271	102,558,337	8.7
Interest Receivable	20,078,776	18,674,249	1,404,527	7.5
Capital Assets	206,714	269,218	(62,504)	(23.2)
Real Estate Owned	295,124	243,372	51,752	21.3
Deferred Issuance Cost	11,655,758	11,292,615	363,143	3.2
Other Assets	1,661,912	1,257,013	404,899	32.2
Total Assets	2,950,101,541	2,633,145,548	316,955,993	12.0
Liabilities				
Current				
Interest Payable	40,093,199	32,977,121	7,116,078	21.6
Deferred Revenue	35,104,327	27,983,948	7,120,379	25.4
Other Liabilities	33,677,908	42,959,693	(9,281,785)	(21.6)
Non-current				
Bonds/Notes Payable	2,591,530,011	2,294,308,557	297,221,454	13.0
Other Non-current Liabilities	195,989,745	171,965,689	24,024,056	14.0
Total Liabilities	2,896,395,190	2,570,195,008	326,200,182	12.7
Net Assets				
Invested in Capital Assets	191,765	269,218	(77,453)	(28.8)
Restricted	11,349,639	23,720,348	(12,370,709)	(52.2)
Unrestricted	42,164,947	38,960,974	3,203,973	8.2
Total Net Assets	$ 53,706,351	$ 62,950,540	$ (9,244,189)	(14.7)

Net assets of the Department's proprietary fund decreased $9.2 million, or 14.7%, to $53.7 million. A decline in the Department's fair value of its investments contributed to this decrease in net assets and bad debt expense related to the recognition of an allowance for uncollectible debt related to Housing Trust Fund in the amount of $1.9 million. This decline resulted in an unrealized (loss) of ($7.3) million, up $26.1 million from an unrealized (loss) of ($33.4) million.

Restricted net assets of the Department's proprietary fund decreased $12.4 million or 52.2%. Unrestricted net assets increased $3.2 million or 8.2%.

Cash and investments increased $212.2 million, or 15.0%, to $1.6 billion, as funds were generated from debt issuances, reinvestment of loan repayments, and interest earnings. Program loans receivable (current and non-current) increased $102.6 million, or 8.7%, to $1.3 billion, primarily as a result from the origination of $193.3 million and $87.9 million in payoffs of mortgage loans under the Department's Multifamily Program. Total bonds and notes payable (current and non-current) increased $297.2 million, or 13.0%, due to new debt issuances associated with the Department's Single Family and Multifamily Programs.

Earnings within the Department's various funds were $148 million of which $133.3 million is classified as restricted and $14.7 million as unrestricted.

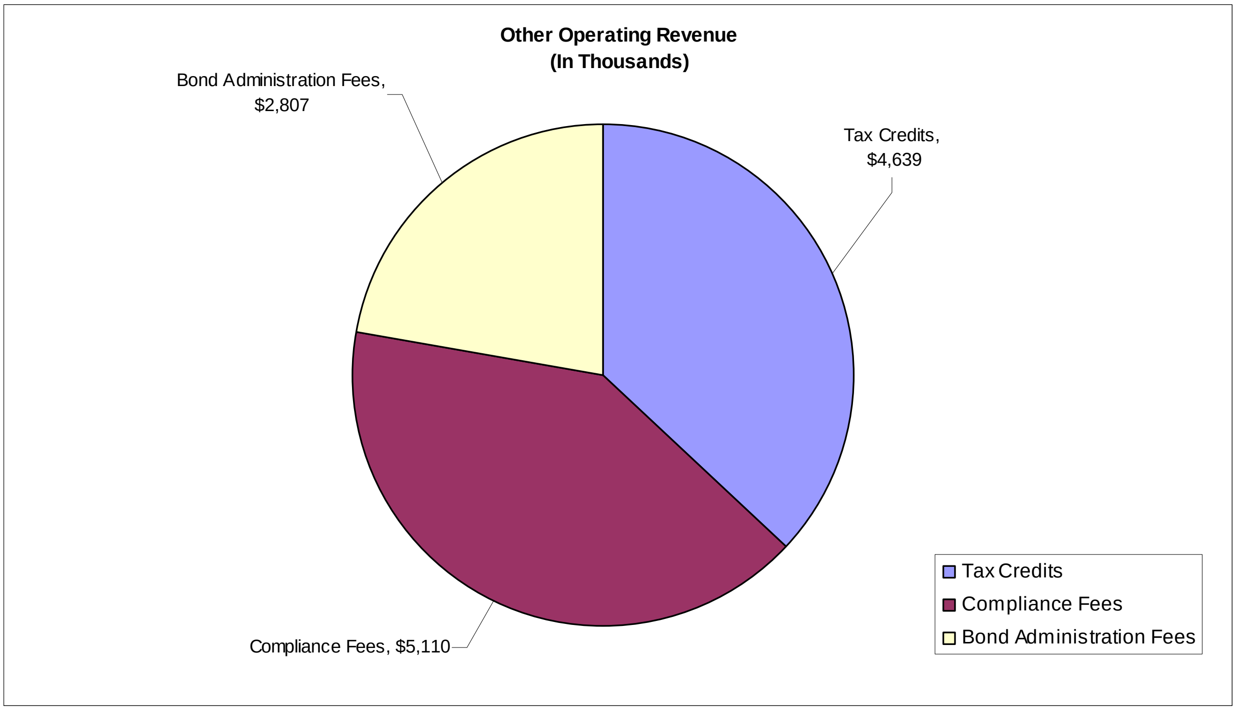
Restricted earnings are composed of $139.2 million in interest and investment income, ($7.3) million in fair value of investments, and $1.4 million in other revenue. Interest and investment income are restricted per bond covenants for debt service. Fair value of investments is an unrealized (loss) due to the fact that the Department holds investments until maturity. Other revenue is predominantly an accounting recognition of fees received in previous years that were deferred when received and are being amortized over a period of time.

Unrestricted earnings are composed of $2.1 million in interest and investment income and $12.6 million in other operating revenue.

Interest and investment income earned from unrestricted investments are used to support various housing initiatives programs such as Housing Trust Fund and the Bootstrap Program. Sources for other operating revenue are fees from the Tax Credit Program, compliance fees, bond administrative fees, and miscellaneous interest earned from funds held by the Comptroller.

Fees earned under the Tax Credit Program are application fees, commitment fees, and inspection fees. Yearly compliance fees are generated from the Department's portfolio of multifamily properties. The Department performs on site visits and desk reviews to ensure that the properties are in compliance with the various housing regulations. Bond administrative fees are generated yearly from the various bond issuances to support the Department's administrative expenses.

The graph below illustrates the composition of the $12.6 million in other operating revenue, classified as unrestricted earnings, according to the different housing programs.



Statement of Activities

The Statement of Activities reflects the sources of the Department's changes in net assets as they arise through its various programs and functions. Single Family, Multifamily and Housing Trust Fund are shown as business-type activities, and six major programs are shown as governmental activities. Federal and state assistance activities allocate various subsidy funds to local governments, nonprofit organizations or individuals.

A condensed Statement of Activities for the fiscal year ended August 31, 2007 and 2006 is shown in the table below.

Texas Department of Housing and Community Affairs
Condensed Statement of Activities
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Revenues:						
Charges for Services	$ 4,561	4,462	$ 153,153	131,251	$ 157,714	135,713
Operating Grants and Contributions	160,692	163,065	-	-	160,692	163,065
General Revenues	7,073	5,686	(5,132)	(31,759)	1,941	(26,073)
Total Revenue	172,326	173,213	148,021	99,492	320,347	272,705
Total Expenses	167,412	169,168	160,274	137,655	327,686	306,823
Excess before Transfers	4,914	4,045	(12,253)	(38,163)	(7,339)	(34,118)
Transfers	(4,830)	(11,957)	3,008	12,097	(1,822)	140
Change in Net Assets	84	(7,912)	(9,245)	(26,066)	(9,161)	(33,978)
Beginning Net Assets	686	8,598	62,951	89,017	63,637	97,615
Ending Net Assets	$ 770	$ 686	$ 53,706	62,951	$ 54,476	63,637

Governmental Activities
Revenues of the Department's Governmental Activities were primarily from Operating Grants and Contributions. The majority of the revenues were from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Health and Human Services. General Revenues are revenues appropriated to the Department in accordance with legislative acts and regulations.

Total revenue decreased $0.9 million. This decrease consisted primarily of decreases of $2.4 million in Operating Grants and Contributions, increase of Charges for Services of $0.1 million and increase of General Revenues of $1.4 million. The decrease of Operating Grants and Contributions is a result of increased federal activities in the LIHEAP Program and decreased activity in the HOME Program. The increase of General Revenues is due to an increased balance in Earned Federal Fund.

Expenses of the Department's Governmental Activities consisted primarily of Intergovernmental Payments and Public Assistance Payments. The Department distributes program funds to local providers, including local governments, nonprofit and for-profit organizations, community based organizations and real estate developers. The net impact to expenses is primarily due to decreased activities in the HOME and Community Services Block Grant (CSBG) Programs and increased activity in the LIHEAP Program.

Transfers consisted primarily of the transferring out of Housing Trust Fund (HTF) from Governmental Activities to Business-Type Activities according to TDHCA rider 19 in the 2006-2007 General Appropriations Act. All of the current and prior year balances were transferred in fiscal year 2006 while current activities were transferred in fiscal year 2007. There were also additional transfers of earned federal funds from the Department to the State Comptroller's Office.

Business-Type Activities
Revenues of the Department's Business-type Activities were primarily from charges for services of $153.2 million and a decrease in fair value of investments of ($7.3 million). Charges for services consist primarily of earned interest income on loans for the three housing lending programs. It also includes program investment income which is earned within the Department's bond programs, the investments and the income of which are restricted to those programs by a pledge to the respective bond indentures. Total revenue increased $21.9 million which consisted primarily of an increase in fair value of investments of $26.1 million compared to 2006 and an increase in other operating revenue of $2.4 which were offset by an increase of $6.7 million in Down Payment Assistance grants.

Expenses of the Department's Business-type Activities consist primarily of interest expense of $117.5 million, which increased $14.3 million. The increase in interest expense is a result of an increase in the Department's debt issued to fund its various Single Family and Multifamily lending programs. The direct expenses also include Administrative Funds, allocations of expenses of Department programs that directly involve the production or monitoring activities associated with the housing programs, as well as certain costs incurred, both internally and externally. Administrative expenses, which were incurred within the Department's Administrative Fund, including all other administrative and supportive functions and overhead expenses remained approximately constant.

The Department's Business-type Activities expenses of $160.2 million exceeded Charges for Services of $153.2 million by $7.0 million. Charges for Services, primarily interest income on loans and investment income, are intended to cover bond principal and interest expense. The other direct expenses were covered and the difference was covered by prior year available net assets. This income, plus interest earned on loans, produces an adequate amount to pay Department obligations as required by the bond indentures covenants.

The Department's Business-type Activities also generated $2.1 million of unrestricted investment income, which was used primarily to pay administrative costs.

Fund Financial Statements

The fund financial statements provide more detailed information about the Department's most significant funds and the Department as a whole. The Department has two types of funds:

- Governmental fund – The General Revenue Fund is the Department's only Governmental Fund. It is the principal operating fund used to account for the Department's general activities. The financing for this fund is authorized through state legislative appropriations either as committed or collected revenues. Federal and state programs are also reported within this fund. The Condensed Balance Sheet – Governmental Funds would be substantially the same as that of the Condensed Statement of Net Assets – Governmental Activities and therefore, is not included.

- Proprietary fund – The Department's activities in its proprietary fund are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuances of taxable and tax-exempt bonds whose proceeds are used primarily to fund various types of loans to finance low and moderate-income housing. This fund also receives fee income from the Multifamily Tax Credit Program and Compliance fees collected for the purpose of covering the operating costs of the Department. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes or debt service. The Condensed Statement of Net Assets – Proprietary Funds would be exactly the same as the Business-Type Activities Condensed Statement of Net Assets and therefore, is not included.

Governmental Fund

Texas Department of Housing and Community Affairs
Governmental Fund Activities
Statements of Revenues, Expenditures and Changes in Fund Balances

			Increase / (Decrease)	
OPERATING REVENUES	2007	2006	Amount	%
Legislative Appropriations	$ 5,011,158	$ 3,913,405	$ 1,097,753	28.1
Federal Revenues	158,265,413	161,140,601	(2,875,188)	(1.8)
Federal Grant Pass-Through	561,044	319,217	241,827	75.8
State Grant Pass-Through	4,924	80,279	(75,355)	(93.9)
Licenses, Fees and Permits	3,991,048	3,858,931	132,117	3.4
Interest and Investment Income	664,179	662,083	2,096	0.3
Sales of Goods and Services	570,340	603,466	(33,126)	(5.5)
Other Revenue	3,258,537	3,039,925	218,612	7.2
Total Operating Revenues	172,326,643	173,617,907	(1,291,264)	(0.7)
OPERATING EXPENDITURES				
Salaries and Wages	8,518,829	8,264,995	253,834	3.1
Payroll Related Costs	2,427,977	2,248,764	179,213	8.0
Professional Fees and Services	238,088	668,733	(430,645)	(64.4)
Travel	535,916	530,709	5,207	1.0
Materials and Supplies	408,758	201,975	206,783	102.4
Communications and Utilities	220,278	207,108	13,170	6.4
Repairs and Maintenance	484,966	233,905	251,061	107.3
Rentals and Leases	110,343	402,640	(292,297)	(72.6)
Printing and Reproduction	33,235	81,730	(48,495)	(59.3)
Claims and Judgments	858,419	949,011	(90,592)	(9.5)
Other Operating Expenditures	412,295	478,116	(65,821)	(13.8)
Capital Outlay	17,136	226,083	(208,947)	(92.4)
Intergovernmental Payments	39,748,890	47,419,792	(7,670,902)	(16.2)
Public Assistance Payments	113,265,314	107,389,437	5,875,877	5.5
Total Operating Expenditures	167,280,444	169,302,998	(2,022,554)	(1.2)
Excess of Revenues over Expenditures	5,046,199	4,314,909	731,290	16.9
Other Financing Sources (Uses)	(4,830,068)	(11,957,025)	7,126,957	59.6
CHANGE IN FUND BALANCE	216,131	(7,642,116)	7,858,247	102.8
Beginning Fund Balance	1,372,345	9,419,177	(8,046,832)	(85.4)
Appropriations (Lapsed)	-	(404,716)	404,716	100.00
Ending Fund Balance	$ 1,588,476	$ 1,372,345	$ 216,131	15.7

Revenues of the Department's governmental activities totaled $172.3 million and were generated by federal grants primarily from LIHEAP, CSBG and HOME programs. Expenditures of $167.3 million consisted primarily of Intergovernmental and Public Assistance Payments.

Total revenues from governmental activities decreased by $1.3 million in 2007. The change was attributed to the decrease in Federal Revenue from the HOME program and increase in the LIHEAP program. The HOME program decrease is due to contract closeouts and the implementation of new HOME program rules. The increase of LIHEAP revenue is a result of additional funds from the U.S. Department of Health and Human Services allocated in late 2006.

The change to Federal Grant Pass-Through Revenues was due to the funding awarded from HUD in Community Development Block Grant (CDBG). This program was for recovery assistance in the areas impacted by Hurricanes Katrina and Rita.

The Department experienced similar changes in expenses. The majority of the decrease was attributed to the Intergovernmental Payments for the HOME and CSBG Programs. The decrease was offset by increase of Intergovernmental Payments and Public Assistance payment for LIHEAP.

The Department also experienced increases in Salaries and Wages and Payroll Related Costs. It was primarily due to across the board cost of living adjustments and a shift of Governmental Fund's share of Payroll Related Costs in accordance with the funding proportionality calculation provided in Accounting Policy Statements.

The decrease of Professional Fees and Services was primarily attributed to the expiration of a proprietary service contract for HOME program and decreased charges from State Auditor's Office. The decrease of Rentals & Leases was a result of the Department's relocation to a state owned facility.

The fiscal year 2007 Other Financing Sources (Uses) consisted primarily of the transfer of HTF from General Revenue to Texas Treasury Safekeeping Trust Company. It included transfers of interest earnings and loan repayments received during the year. There were also additional transfers of Allocation Office Space Reduction and Earned Federal funds collected in excess of appropriation authority. The decrease of Other Financing Uses represents transfers of the HTF General Revenue balances from previous years due to a legislative mandate.

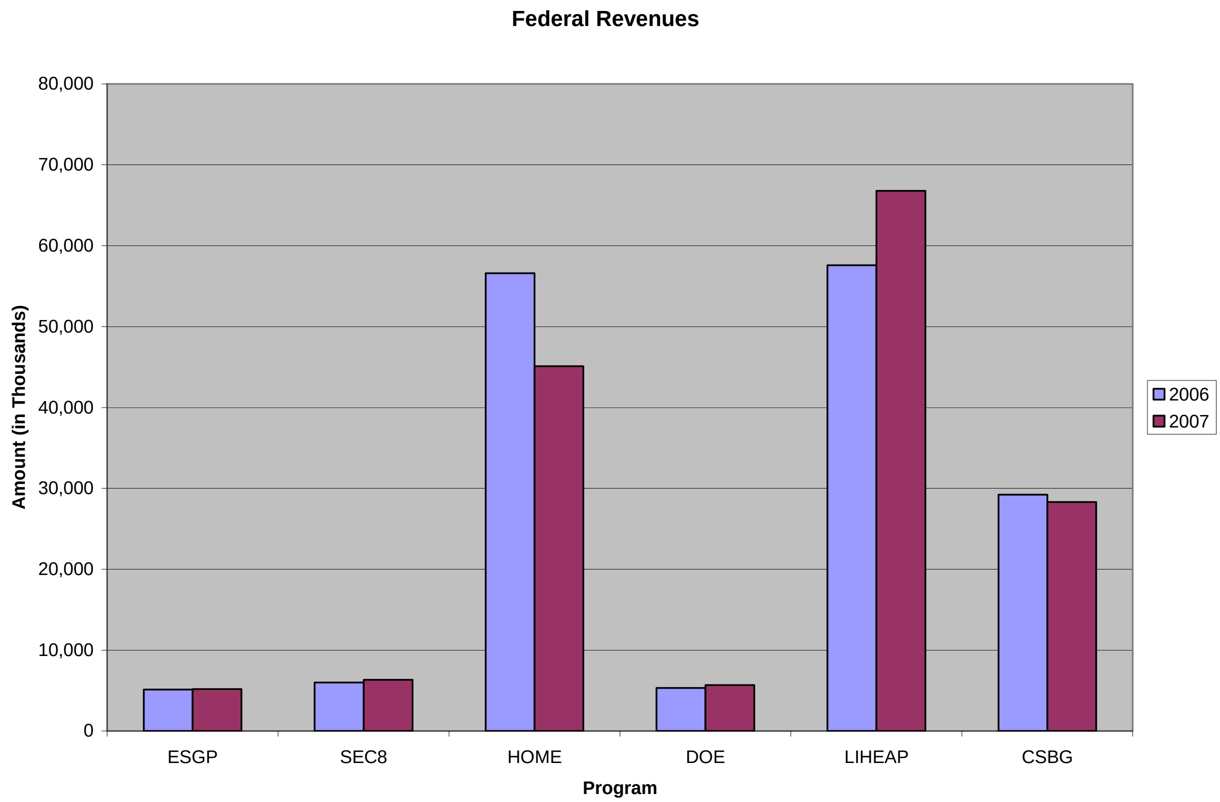
The variance of Lapse is a result of timing difference. Two appropriation years were lapsed during fiscal year 2006. Therefore, there was no lapse in fiscal year 2007.

The following graphs illustrate a comparison between fiscal year 2007 and 2006 for Federal Revenues, Intergovernmental Payments, and Public Assistance Payments.

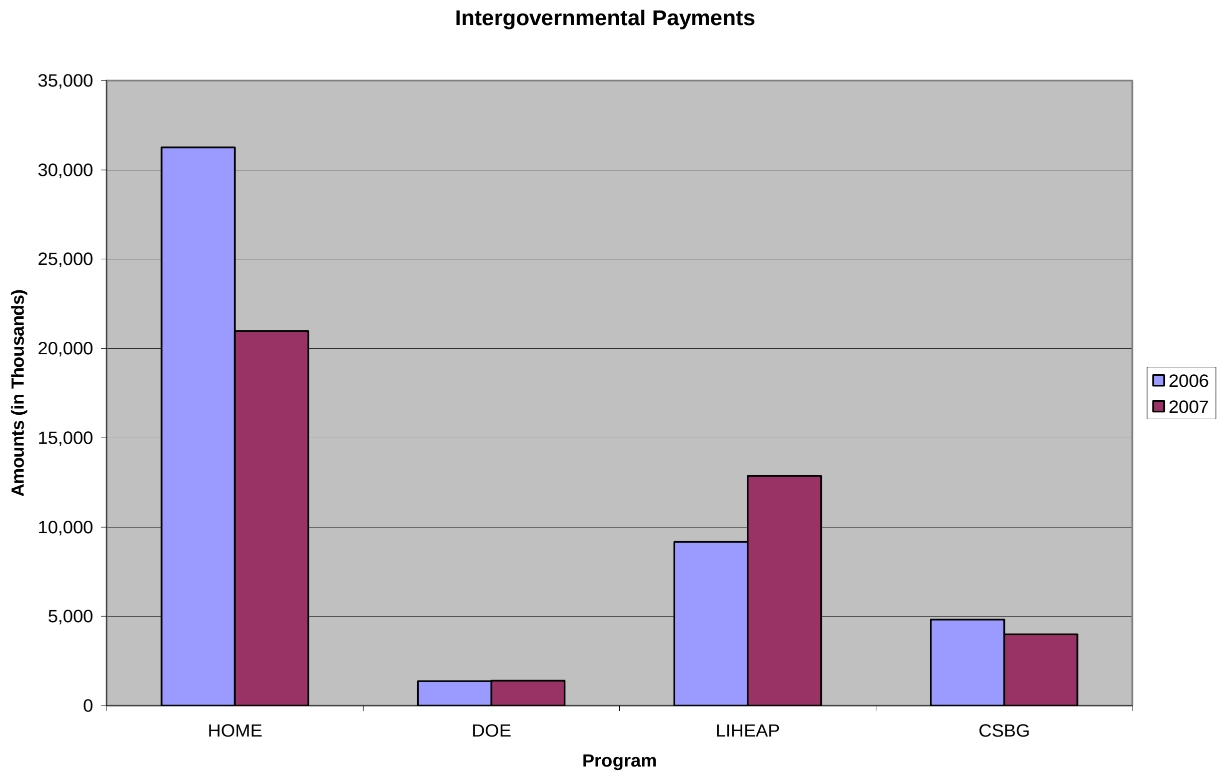
The acronyms used in the graphs are defined as following:

CSBG	Community Services Block Grant
DOE	Department of Energy, Weatherization Assistance for Low-Income Persons
ESGP	Emergency Shelter Grants Program
HOME	HOME Investment Partnerships Program
LIHEAP	Low-Income Home Energy Assistance Program
SEC 8	Section 8 Housing Choice Vouchers

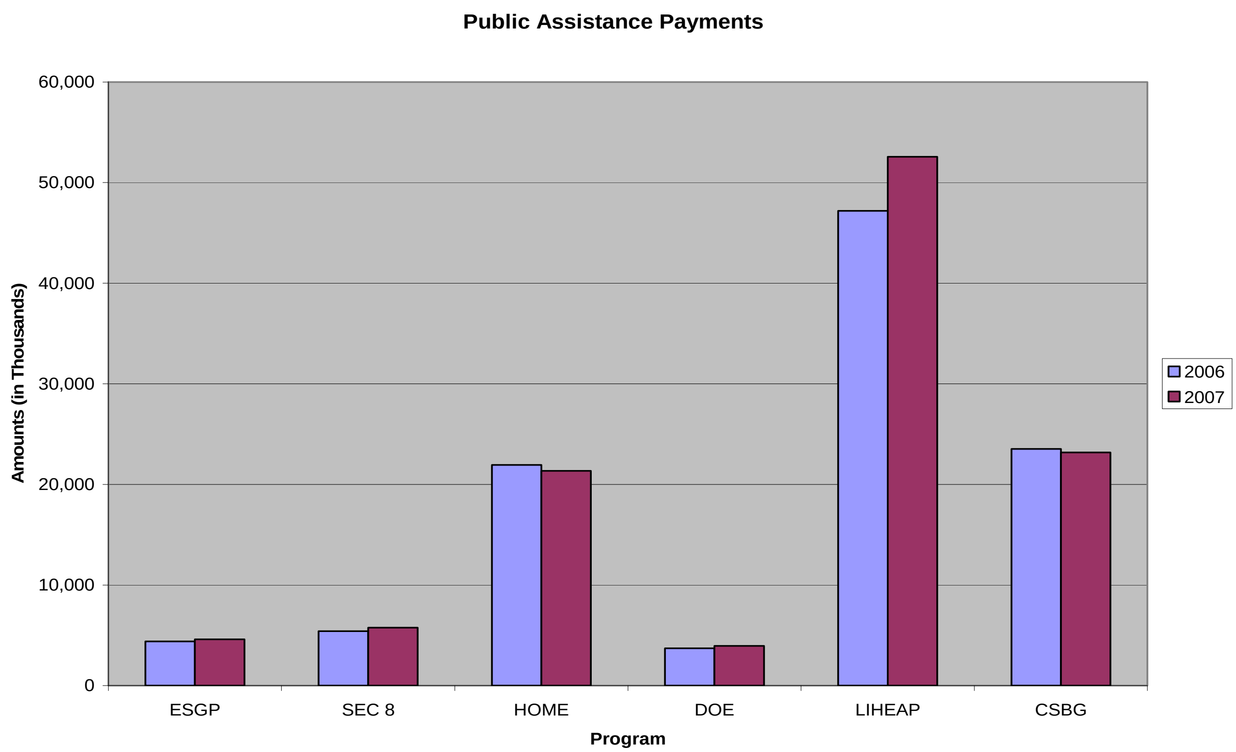
Federal Revenues: Receipts from the State's participation in programs financed with federal funds.



Intergovernmental Payments: Payment of grants to cities, counties, council of governments or other governmental entities.



Public Assistance Payments: Payment of grants to community action groups and organizations for community service programs.



Proprietary Fund

Net assets of the Department's proprietary fund decreased from the August 31, 2007 figures by $9.2 million, or 14.7%, to $53.7 million. The following table summarizes the Statement of Revenues, Expenses and Changes in Net Assets of the Department's proprietary fund for the fiscal years ended August 31, 2007 and August 31, 2006.

Texas Department of Housing and Community Affairs
Business-Type Activities
Statement of Revenues, Expenses and Changes in Net Assets

			Increase / (Decrease)	
OPERATING REVENUES	2007	2006	Amount	%
Interest and Investment Income	$ 141,324,170	121,291,682	$ 20,032,488	16.5
Net (Decrease) in Fair Value	(7,271,533)	(33,415,610)	26,144,077	78.2
Other Operating Revenues	13,969,145	11,600,406	2,368,740	20.4
Total Operating Revenues	148,021,782	99,476,478	48,545,305	48.8
OPERATING EXPENSES				
Salaries and Wages	6,963,206	6,527,655	435,551	6.7
Payroll Related Costs	1,530,973	1,467,957	63,016	4.3
Professional Fees and Services	1,273,659	1,560,386	(286,727)	(18.4)
Travel	215,834	277,773	(61,939)	(22.3)
Materials and Supplies	247,848	281,615	(33,767)	(12.0)
Communications and Utilities	132,166	134,036	(1,870)	(1.4)
Repairs and Maintenance	348,768	211,205	137,563	65.1
Rentals and Leases	66,536	412,103	(345,567)	(83.9)
Printing and Reproduction	12,925	33,404	(20,479)	(61.3)
Depreciation Expense	979,548	1,113,411	(133,863)	(12.0)
Interest	131,807,514	117,489,648	14,317,866	12.2
Bad Debt Expense	2,242,486	12,364	2,230,122	18,037.2
Down Payment Assistance	13,082,692	6,333,294	6,749,398	106.6
Other Operating Expenses	1,369,799	1,800,494	(430,695)	(23.9)
Total Operating Expenses	160,273,954	137,655,345	22,618,609	16.4
Operating Income (Loss)	(12,252,172)	(38,178,867)	25,926,696	67.9
NONOPERATING REVENUES (EXPENSES) & EXTRAORDINARY ITEMS	3,007,983	12,112,852	(9,104,869)	(75.1)
CHANGE IN NET ASSETS	(9,244,189)	(26,066,015)	16,821,827	40.5
Beginning Net Assets	62,950,540	89,016,555	(26,066,015)	(29.3)
Ending Net Assets	$ 53,706,351	62,950,540	$ (9,244,188)	(14.7)

Interest earned on program loans increased by $6.4 million, or 10.1%, due primarily to an increase within the Department's Multifamily Bond Program, due to higher loan amounts outstanding.

Investment income increased $13.6 million or 9.3% and reflected higher investment yields for the market overall and the investment of bond proceeds associated with two new Single Family issuances totaling $392.8 million. The primary increase in investment income was within the Single Family Bond Program funds, which increased $18.2 million or 60% but was offset by the Residential Mortgage Revenue Bond Program funds which declined $2.0 million.

The following table illustrates the changes in net assets by program of the Department's business-type activities for the fiscal years 2007 and 2006.

Texas Department of Housing and Community Affairs
Business-Type Activities
Changes in Net Assets by Fund Groups
(amounts in thousands)

				Increase / (Decrease)	
Fund		2007	2006	Amount	%
Single Family	$	4,616	17,209	$ (12,593)	(73.2)
RMRB		5,253	5,352	(99)	(1.9)
CHMRB		1,587	1,355	232	17.1
Multifamily		(158)	(206)	48	(23.3)
1993 SF CHMRB		0	10	(10)	(100.0)
Commercial Paper		52	1	51	5,100.0
General Funds		19,488	16,544	2,944	17.8
Housing Trust Fund		19,173	21,907	(2,734)	(12.5)
Administration Fund		(170)	(235)	65	27.7
Compliance Programs		2,212	341	1,871	549.0
Housing Initiatives		1,653	673	980	145.6
Total	$	53,706	62,951	$ (9,245)	(14.7)

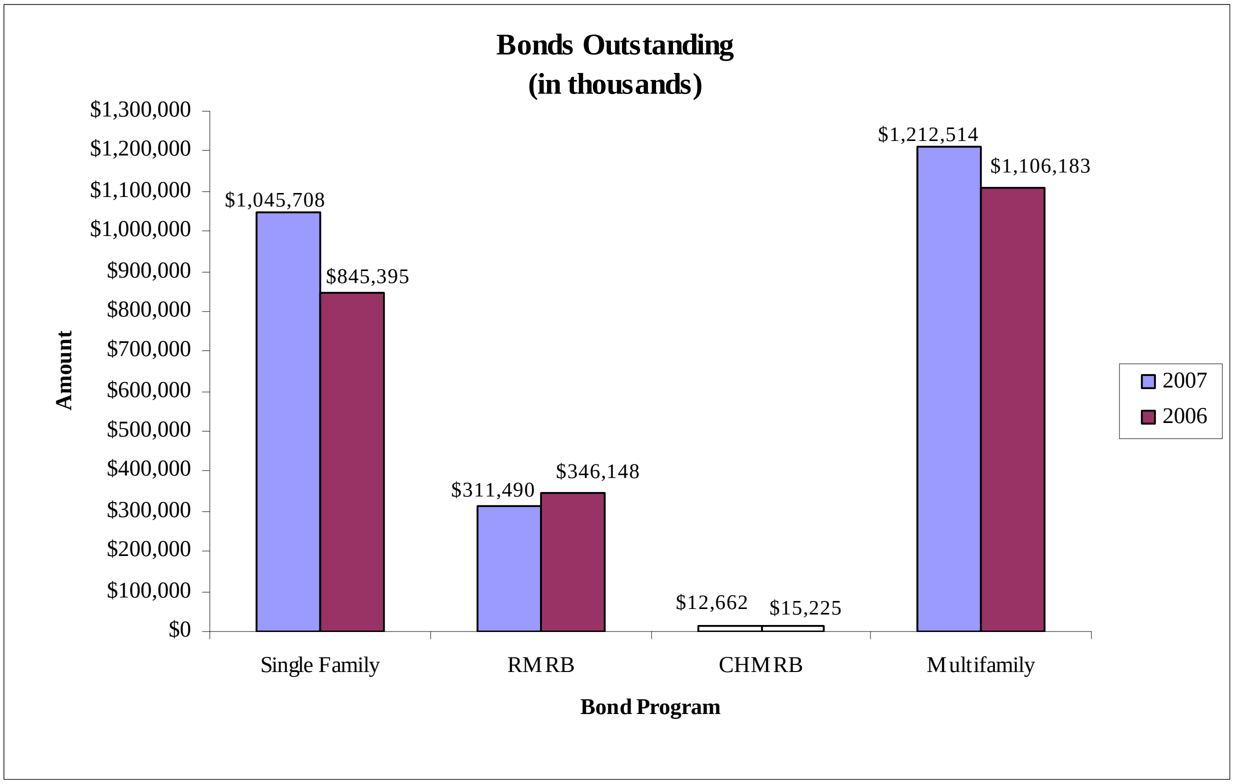
The net assets of the Single Family Bond Program decreased by $12.6 million or 73.2%, primarily due to a decrease in fair value in investments and increase in interest expense.

The net assets of the Housing Trust Fund decreased $2.7 million due to the increase in origination of loans for the Bootstrap Program and other Housing Trust Fund initiatives. The net assets of the Compliance Programs increased $1.9 million due to the increase in properties being monitored.

Department Debt

The Department's new debt issuances during fiscal year 2007 totaled $468.5 million. The Single Family program issued $275.2 million in bonds and the Multi-Family Bond Program issued $193.3 million. The Department also had $200.8 million in debt retirement during the year primarily due to consumer refinancing and prepayments of original loans. The net result was an increase in bonds payable of $267.7 million to $2.6 billion of which $23.7 million is due within one year. For additional information, see Note 10, Bond Indebtedness, and supplementary bond information schedules.

The following graph will illustrate a comparison of bonds outstanding between fiscal year 2007 and 2006 per bond program.



Request for Information

This financial report is designed to provide a general overview of the Texas Department of Housing and Community Affairs' (TDHCA) operations for all parties interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Texas Department of Housing and Community Affairs, Director of Financial Administration, P.O. Box 13941, Austin, Texas, 78711-3941.

BASIC FINANCIAL

STATEMENTS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I
STATEMENT OF NET ASSETS - GOVERNMENT WIDE
As of August 31, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash on Hand	$ 200	$ 200	$ 400
Cash in Bank	20,000	116,145	136,145
Cash in State Treasury	-	1,110,196	1,110,196
Cash Equivalents	-	41,236,609	41,236,609
Restricted:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	-	1,113,281	1,113,281
Cash in State Treasury	6,676,355	-	6,676,355
Cash Equivalents	-	121,138,994	121,138,994
Short-term Investments (Note 3)	-	204,298,616	204,298,616
Loans and Contracts	-	9,871,989	9,871,989
Interest Receivable	-	20,003,764	20,003,764
Federal Receivable	399,825	-	399,825
Legislative Appropriations	2,880,562	-	2,880,562
Receivables From:			
Interest Receivable	66,072	75,012	141,084
Accounts Receivable	353,456	1,448,903	1,802,359
Other Intergovernmental	65,593	-	65,593
Consumable Inventories	14,949	14,949	29,898
Loans and Contracts	2,817,964	999,995	3,817,959
Other Current Assets	-	213,007	213,007
Total Current Assets	13,294,976	401,641,660	414,936,636
Non-Current Assets:			
Loans and Contracts	-	29,181,335	29,181,335
Capital Assets (Note 2):			
Depreciable:			
Furniture & Equipment	1,735,344	1,437,962	3,173,306
Accumulated Depreciation	(1,607,895)	(1,330,513)	(2,938,408)
Other Capital Assets	130,964	132,279	263,243
Accumulated Depreciation	(47,486)	(47,963)	(95,449)
Restricted Assets:			
Investments (Note 3)	-	1,261,378,609	1,261,378,609
Loans and Contracts	113,829,999	1,245,757,289	1,359,587,288
Other Non-Current Assets:			
Deferred Issuance Cost, net (Note 10)	-	11,655,758	11,655,758
Real Estate Owned, net	-	295,125	295,125
Total Non-Current Assets	114,040,926	2,548,459,881	2,662,500,807
Total Assets	$ 127,335,902	$ 2,950,101,541	$ 3,077,437,443

See accompanying notes to the financial statements.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I (Continued)
STATEMENT OF NET ASSETS - GOVERNMENT WIDE
As of August 31, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Payables:			
Accounts Payable	$ 7,230,317	$ 833,454	$ 8,063,771
Accrued Bond Interest Payable	-	40,093,199	40,093,199
Payroll Payable	971,482	-	971,482
Claims and Judgments Payable (Note 6)	109,334	-	109,334
Interfund Payable (Note 5)	577,403	169,074	746,477
Deferred Revenues	116,647,963	35,104,327	151,752,290
Employees' Compensable Leave (Note 4)	770,582	587,279	1,357,861
Revenue Bonds Payable (Notes 4 & 10)	-	23,712,494	23,712,494
Other Current Liabilities	-	8,375,607	8,375,607
Total Current Liabilities	126,307,081	108,875,434	235,182,515
Non-Current Liabilities:			
Employees' Compensable Leave (Note 4)	258,622	169,287	427,909
Notes and Loans Payable (Note 4)	-	32,869,000	32,869,000
Revenue Bonds Payable (Notes 4 & 10)	-	2,558,661,011	2,558,661,011
Other Non-Current Liabilities	-	195,820,458	195,820,458
Total Non-Current Liabilities	258,622	2,787,519,756	2,787,778,378
Total Liabilities	126,565,703	2,896,395,190	3,022,960,893
NET ASSETS			
Invested in Capital Assets	210,927	191,765	402,692
Restricted:			
For Single Family Bonds	-	11,508,077	11,508,077
For MultiFamily Bonds	-	(158,438)	(158,438)
By Grantor	136,181	-	136,181
Unrestricted	423,091	42,164,947	42,588,038
Total Net Assets	$ 770,199	$ 53,706,351	$ 54,476,550

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT II
STATEMENT OF ACTIVITIES - GOVERNMENT WIDE
For the Year Ended August 31, 2007

		Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		
				Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government						
Governmental Activities:						
Manufactured Housing	$ 5,263,665	$ 4,510,652	$ -	$ (753,013)	$ -	$ (753,013)
HOME Investment in Affordable Housing	44,961,475	2	45,089,476	128,003	-	128,003
Energy Assistance	74,223,755	716	74,166,783	(56,256)	-	(56,256)
Community Services	33,545,085	28,370	33,629,977	113,262	-	113,262
Section 8	6,299,493	-	6,321,554	22,061	-	22,061
Housing Trust Fund	290,197	-	147,578	(142,619)	-	(142,619)
Administration (CDBG)	2,828,637	21,648	1,336,572	(1,470,417)	-	(1,470,417)
Total Governmental Activities	167,412,307	4,561,388	160,691,940	(2,158,979)	-	(2,158,979)
Business-type Activities:						
Single Family Bonds	74,526,367	72,652,998	-	-	(1,873,369)	(1,873,369)
Multifamily Bonds	67,880,755	67,927,836	-	-	47,081	47,081
Housing Trust Fund Program	6,626,462	16,597	-	-	(6,609,865)	(6,609,865)
Administration	11,240,370	12,555,621	-	-	1,315,251	1,315,251
	160,273,954	153,153,052	-	-	(7,120,902)	(7,120,902)
Total Primary Government	$ 327,686,261	$ 157,714,440	$ 160,691,940	$ (2,158,979)	$ (7,120,902)	$ (9,279,881)

General Revenues:	Governmental Activities	Business-type Activities	Total
Original Appropriations	$ 2,914,534	$ -	$ 2,914,534
Additional Appropriations	2,096,624	-	2,096,624
Interest & Other Investment Income	516,601	2,140,263	2,656,864
Other Revenues	1,545,556	-	1,545,556
Net Decrease in Fair Value of Investments	-	(7,271,533)	(7,271,533)
Legislative Transfers (Out)	(1,419,309)	-	(1,419,309)
Transfers In (Out)	(3,410,759)	3,007,983	(402,776)
Total General Revenues and Transfers	2,243,247	(2,123,287)	119,960
Change in Net Assets	84,268	(9,244,189)	(9,159,921)
Net Assets, September 1, 2006	685,931	62,950,540	63,636,471
Net Assets - August 31, 2007	$ 770,199	$ 53,706,351	$ 54,476,550

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT III
COMBINED BALANCE SHEET - GOVERNMENTAL FUND
As of August 31, 2007

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3):	
Cash on Hand	$ 200
Cash in Bank	20,000
Restricted:	
Cash and Cash Equivalents (Note 3):	
Cash in State Treasury	6,676,355
Federal Receivable	399,825
Legislative Appropriations	2,880,562
Accounts Receivable	353,456
Receivables From:	
Other Intergovernmental	65,593
Interest	66,072
Consumable Inventories	14,949
Restricted - Loans and Contracts	2,817,964
Total Current Assets	13,294,976
Non-Current Assets:	
Restricted - Loans and Contracts	113,829,999
Total Non-Current Assets	113,829,999
Total Assets	127,124,975
LIABILITIES	
Current Liabilities:	
Payables From:	
Accounts Payable	7,230,317
Payroll Payable	971,482
Claims and Judgments Payable	109,334
Interfund Payable (Note 5)	577,403
Deferred Revenues	116,647,963
Total Liabilities	125,536,499
FUND FINANCIAL STATEMENT-FUND BALANCES	
Fund Balances:	
Reserved for:	
Encumbrances	1,588,166
Inventories	14,949
Imprest	20,200
Unreserved/Undesignated	(34,839)
Total Fund Balances as of August 31	1,588,476
NOTE: Amounts reported for governmental activities in the statement of net assets are different because:	
Capital net assets net of accumulated depreciation used in governmental activities are not financial resources and therefore not reported in the funds.	210,927
Long term liabilities relating to employees' compensable leave are not due and payable in the current year therefore are not reported in the funds.	(1,029,204)
NET ASSETS AS OF AUGUST 31	$ 770,199

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND

Year Ended August 31, 2007

	Total
REVENUES	
Legislative Appropriations:	
Original Appropriations (GR)	$ 2,914,534
Additional Appropriations (GR)	2,096,624
Federal Revenue (PR-OP G/C)	158,265,413
Federal Revenue Grant Pass-Thru Revenue(PR-OP G/C)	561,044
State Grant Pass-Through Revenue (PR-OP G/C)	4,924
Licenses, Fees & Permits (PR-C/S)	3,991,048
Interest and Other Investment Income (PR-OP G/C)	147,578
Interest and Other Investment Income (GR)	516,601
Sales of Goods and Services (PR-C/S)	570,340
Other (PR-OP G/C)	1,712,981
Other (GR)	1,545,556
Total Revenues	172,326,643
EXPENDITURES	
Salaries and Wages	8,518,829
Payroll Related Costs	2,427,977
Professional Fees and Services	238,088
Travel	535,916
Materials and Supplies	408,758
Communication and Utilities	220,278
Repairs and Maintenance	484,966
Rentals & Leases	110,343
Printing and Reproduction	33,235
Claims and Judgments	858,419
Intergovernmental Payments	39,748,890
Public Assistance Payments	113,265,314
Other Expenditures	412,295
Capital Outlay	17,136
Total Expenditures	167,280,444
Excess of Revenues Over Expenditures	5,046,199
OTHER FINANCING SOURCES (USES)	
Transfers Out (Note 5)	(3,410,759)
Legislative Transfers In (Note 5)	-
Legislative Transfers Out (Note 5)	(1,419,309)
Total Other Financing (Uses)	(4,830,068)
Net Change in Fund Balances	216,131
FUND FINANCIAL STATEMENT-FUND BALANCES	
Fund Balances--Beginning	1,372,345
Appropriations Reinstated (Lapsed)	-
Fund Balances - August 31	$ 1,588,476

EXHIBIT IV (Continued)
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2007

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the statement of activities.

		Total
Net Change in Fund Balances (Exhibit IV)	$	216,131
Appropriations (Lapsed)		-
Changes in Fund Balances		216,131
Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the adjustments to:		
- capital outlay expense		17,136
- depreciation expense		(69,024)
- payroll expense due to Compensable Leave		(79,975)
Changes in Net Assets, August 31 (Exhibit II)	$	84,268

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V
STATEMENT OF NET ASSETS - PROPRIETARY FUND
As of August 31, 2007

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	$ 200
Cash in Bank	116,145
Cash in State Treasury	1,110,196
Cash Equivalents	41,236,609
Restricted Assets:	
Cash and Cash Equivalents (Note 3)	
Cash in Bank	1,113,281
Cash Equivalents	121,138,994
Short-term Investments (Note 3)	204,298,616
Loans and Contracts	9,871,989
Interest Receivable	20,003,764
Receivable:	
Interest Receivable	75,012
Accounts Receivable	1,448,903
Consumable Inventories	14,949
Loans and Contracts	999,995
Other Current Assets	213,007
Total Current Assets	401,641,660
Non-Current Assets	
Loans and Contracts	29,181,335
Capital Assets: (Note 2)	
Depreciable	
Furniture and Equipment	1,437,962
Less: Accumulated Depreciation	(1,330,513)
Other Capital Assets	132,279
Less: Accumulated Depreciation	(47,963)
Restricted Assets:	
Investments (Note 3)	1,261,378,609
Loans and Contracts	1,245,757,289
Other Non-current Assets	
Deferred Issuance Cost, net (Note 10)	11,655,758
Real Estate Owned, net	295,125
Total Non-Current Assets	2,548,459,881
Total Assets	$ 2,950,101,541

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V (Continued)
STATEMENT OF NET ASSETS - PROPRIETARY FUND
As of August 31, 2007

		Total
LIABILITIES		
Current Liabilities		
Payables:		
Accounts Payable	$	833,454
Accrued Bond Interest Payable		40,093,199
Interfund Payable (Note 5)		169,074
Deferred Revenues		35,104,327
Employees' Compensable Leave (Note 4)		587,279
Revenue Bonds Payable (Notes 4 & 10)		23,712,494
Other Current Liabilities		8,375,607
Total Current Liabilities		108,875,434
Non-Current Liabilities		
Employees' Compensable Leave (Note 4)		169,287
Notes and Loans Payable (Note 4)		32,869,000
Revenue Bonds Payable (Note 4 & 10)		2,558,661,011
Other Non-Current Liabilities		195,820,458
Total Non-Current Liabilities		2,787,519,756
Total Liabilities		2,896,395,190
NET ASSETS		
Invested in Capital Assets		191,765
Restricted:		
For Single Family Bonds		11,508,077
For Multifamily Bonds		(158,438)
Unrestricted		42,164,947
Total Net Assets	$	53,706,351

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUND

For the fiscal year ended August 31, 2007

	Total
OPERATING REVENUES	
Interest and Investment Income	$ 141,324,170
Net Decrease in Fair Value	(7,271,533)
Other Operating Revenues	13,969,145
Total Operating Revenues	148,021,782
OPERATING EXPENSES	
Salaries and Wages	6,963,206
Payroll Related Costs	1,530,973
Professional Fees and Services	1,273,659
Travel	215,834
Materials and Supplies	247,848
Communications and Utilities	132,166
Repairs and Maintenance	348,768
Rentals and Leases	66,536
Printing and Reproduction	12,925
Depreciation and Amortization	979,548
Interest	131,807,514
Bad Debt Expense	2,242,486
Down Payment Assistance	13,082,692
Other Operating Expenses	1,369,799
Total Operating Expenses	160,273,954
Operating (Loss)	(12,252,172)
NON-OPERATING REVENUES (EXPENSES)	
Gain on Sale of Investments	-
Total Non-Operating Revenues (Expenses)	-
(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(12,252,172)
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers In (Note 5)	3,007,983
Total Other Revenues, Expenses, Gains, Losses and Transfers	3,007,983
CHANGE IN NET ASSETS	(9,244,189)
Net Assets, September 1, 2006	62,950,540
NET ASSETS, AUGUST 31, 2007	$ 53,706,351

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year ended August 31, 2007

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	$ 187,599,549
Proceeds from Other Revenues	18,642,466
Payments to Suppliers for Goods/Services	(16,071,440)
Payments to Employees	(8,349,665)
Payments for Loans Provided	(200,574,522)
Net Cash (used for) Operating Activities	(18,753,612)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	503,955,930
Proceeds from Transfers from Other Funds	3,007,983
Proceeds from Other Funds	133,190
Payments of Principal on Debt Issuance	(215,762,709)
Payments of Interest	(124,026,797)
Payments for Other Cost of Debt	(3,016,739)
Net Cash Provided by Noncapital Financing Activities	164,290,858
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for Additions to Capital Assets	(12,409)
Net Cash (Used for) Capital Activities	(12,409)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	639,478,276
Proceeds from Interest/Invest. Income	75,535,762
Payments to Acquire Investments	(857,364,164)
Net Cash (Used for) Investing Activities	(142,350,126)
Net Increase in Cash and Cash Equivalents	3,174,711
Cash and Cash Equivalents, September 1, 2006	161,540,713
Cash and Cash Equivalents, August 31, 2007	$ 164,715,424

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII (Continued)
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year ended August 31, 2007

	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating (Loss)	$ (12,252,172)
Adjustments to Reconcile Operating (Loss) to Net Cash Used for Operating Activities:	
Amortization and Depreciation	979,548
Provision for Uncollectibles	2,242,486
Operating Income and Cash Flow Categories Classification Differences	55,967,737
Changes in Assets and Liabilities:	
(Increase) in Receivables	(334,739)
(Increase) in Accrued Interest Receivable	(1,404,527)
(Increase) in Loans / Contracts	(102,558,337)
(Increase) in Property Owned	(51,753)
(Increase) in Acquisition Costs	(363,142)
Change in Other Assets and Liabilities, net	24,784,831
Increase in Deferred Revenues	7,120,378
Increase in Accrued Interest Payable	7,116,078
Total Adjustments	(6,501,440)
Net Cash (Used for) Operating Activities	$ (18,753,612)

NON CASH TRANSACTIONS
(Decrease) in Fair Value of Investments for 2007 was $(7,271,533)

Loans and the related properties acquired were transferred to real estate owned in the amount of $213,417 for 2007

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAII

EXHIBIT VIII
COMBINED STATEMENT OF FIDUCIARY NET ASSETS
As of August 31, 2007

AGENCY FUND		**Total**
ASSETS		
Current Assets:		
Restricted:		
Cash in State Treasury	$	43,144
Interfund Receivable (Note 5)		746,477
Total Current Assets		789,621
Total Assets	$	789,621
LIABILITIES		
Current Liabilities:		
Funds Held for Others	$	789,621
Total Current Liabilities		789,621
Total Liabilities	$	789,621

NOTES TO THE

FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ENTITY

Effective September 1, 1991, the Texas Department of Housing and Community Affairs (Department) was created to assist local governments in helping residents overcome financial, social and environmental problems; to address very low to moderate income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the legislature in coordinating federal and state programs affecting local governments; and to continually inform the state and the public about the needs of local government (*Texas Government Code Ann., Chapter 2306*). The Department was created by merging two former agencies, the Texas Housing Agency and the Texas Department of Community Affairs.

The regulation of manufactured housing was transferred from the Texas Department of Licensing and Regulation to the Department on September 1, 1995. The Manufactured Housing Division is administratively attached to the Department and is responsible for establishing standards and requirements for the construction and installation of manufactured housing that are reasonably necessary to protect the health, safety and welfare of the occupants of such housing and the general public. The Manufactured Housing Division has a governing Board of five members appointed by the Governor.

The Department is governed by a Board, composed of seven members, all of whom are appointed by the Governor with the advice and consent of the Texas Senate. The Board then appoints the Executive Director, with the approval of the Governor.

The accompanying financial statements of the Department have been prepared to conform with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Department's financial statements are combined with other state departments in the State of Texas financial statements.

Component Units - No component units have been identified which should be included in the Department's financial statements.

FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

Governmental Funds

General Fund
The General Fund is the principal operating fund used to account for most of the Department's general activities. It accounts for all financial resources except those accounted for in other funds.

Proprietary Fund Types

Enterprise Funds (Business-Type Activity)
Enterprise Funds account for operations financed and operated in a manner similar to private business. The intent is to recover costs through user charges and where a periodic determination of revenues earned, expenses incurred, and net income are appropriate for management control, accountability, contractual obligations and other purposes.

Fiduciary Fund Types

Agency Funds
Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Basis of Accounting
The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental funds are accounted for using the modified accrual basis of accounting. Under modified accrual, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The Department considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for the Fund Financial Statements prepared on the modified accrual basis of accounting. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

The Government-wide Financial Statements are accounted for using the accrual method of accounting. This includes unpaid employees' compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, capital assets and accumulated depreciation.

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary Funds distinguish operating from non-operating items. Operating revenues result from providing services or producing and delivering goods in connection with the proprietary funds principal ongoing operations. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The Department has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989 as allowed by GASB Statement No. 20.

BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The state monitors its statewide budget by establishing the legal level of control at the agency level to ensure that expenditures are not made in excess of budgetary authority. Within the Department, procedures are used to ensure that expenditures do not exceed their total budget at the division level, but the State Comptroller ultimately ensures that each total authorized agency budget is not exceeded.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

Assets

Cash and Cash Equivalents
Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Investments
Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, (GASB Statement 31). The Department utilizes established quoted market prices for determining the fair value of its debt securities in reserve funds. Fair value of the Department's securitized mortgage loans (GNMA/FNMA) has been established by each bond issues trustee using a pricing service.

The Department has reported all investment securities at fair value as of August 31, 2007 with exception of some short-term money market investments and nonparticipating interest-earning investments contracts which are reported at amortized cost provided that the fair value of these investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

Changes in the fair value for the Enterprise Fund are reported in the Combined Statement of Revenues, Expenses, and Changes in Net Assets as “Net Increase (Decrease) in the Fair Value of Investments.”

Restricted Assets
Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets in the General Fund include federal grants which are restricted by the grantor for specific program purposes established by the State Legislature. The Proprietary Fund includes certain assets pledged to respective bond indentures, the use of which is restricted by those same bond covenants.

.

Consumable Inventories
Consumable inventories consist of postage on hand at year-end. Inventories for governmental fund types and proprietary fund types are accounted for using the consumption method of accounting. The cost of these items is expensed when the items are consumed.

Capital Assets
Assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if donated, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all “exhaustible” assets. Assets are depreciated over the estimated useful life of the asset (5 years for both Furniture & Equipment and Other Capital Assets) using the straight-line method.

All capital assets acquired by proprietary funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the donation date. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

Loans and Contracts
Loans and contracts consist of loans in the General Fund made from federal funds for the purpose of Single Family loans and Multifamily development loans from the HOME Program.

Restricted loans and contracts in proprietary funds consist of mortgage loans made from Single Family and Multifamily bond proceeds. Unrestricted loans and contracts consist of Single Family loans and Multifamily development loans from the Housing Trust Fund and other Housing Initiative Programs. Loans receivable are carried at the unpaid principal balance outstanding, net of the allowance for estimated losses. Deferred commitment fees relating to the Single Family, Residential Mortgage Revenue Bonds (RMRB) Series 1987A and certain Multifamily programs are included as a reduction of loans receivable. Interest on loans is credited to income as earned. Loans are generally placed on nonaccrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when they are past due 90 days as to either principal or interest or when payment in full of principal and interest is not expected. Deferred commitment fees are recognized using the interest method over the estimated lives of the loans.

Real Estate Owned
Real estate owned are properties acquired through foreclosure that are carried at the unpaid principal balance on the related property plus accrued interest and reimbursable expenses through the date of foreclosure, less any sales proceeds, reimbursements received from mortgage insurers and an allowance for estimated losses on such properties, which approximates the net realizable value of the property at foreclosure.

Loans secured by Single Family properties on which there is an indication that the borrower no longer has the ability to repay the loan and that foreclosure is likely are considered in-substance foreclosures and are classified as real estate owned in the accompanying balance sheet. Interest on real estate owned is credited to income as earned based on a calculation of interest recoverable in accordance with the Department's agreements with its mortgage insurers.

Allowance for Estimated Losses on Loans and Foreclosed Properties
The allowance for estimated losses on loans is calculated for future charge-offs on Single Family and Multifamily loans. The allowance for estimated losses on real estate owned is calculated for future charge-offs on foreclosed Single Family loans.

All losses are charged to the allowance when the loss actually occurs or when a determination is made that a loss is likely to occur. During the year, management estimates the level of future losses to determine whether the allowances for estimated losses are adequate to absorb anticipated losses in the existing loan and real estate owned portfolios. Based on these estimates, a provision for estimated losses on loans and real estate owned is credited to the allowances in order to adjust the allowances to levels estimated to be adequate to absorb reasonably foreseeable losses.

While management uses available information to recognize losses in the loan and real estate owned portfolios, future additions may be necessary based on changes in economic conditions. However, it is the judgment of management that allowances are currently adequate to absorb reasonably foreseeable losses in the existing loan and real estate owned portfolios.

Commitment Fees
Commitment fees received in connection with the origination of loans are deferred and recognized using the interest method over the estimated lives of the related loans and mortgage-backed securities, or if the commitment expires unexercised it is credited to income upon expiration of the commitment.

Deferred Issuance Costs
Deferred issuance costs on bonds are amortized using the interest method over the contractual life of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of deferred issuance costs.

Discounts and Premiums on Debt
Discounts and premiums on debt are recognized using the interest method over the lives of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of discounts and premiums on debt.

Liabilities

Accounts Payable
Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Other Current Liabilities
Other current liabilities primarily consist of escrow fees and arbitrage rebate liability.

Deferred Revenues
Deferred Revenues in the governmental fund represent a deferral of amounts disbursed from funding agencies for the amount of Loans and Contracts outstanding. These deferred revenues are classified as current liabilities in accordance with GAAP. The deferred revenues in the proprietary fund represent fees such as commitment fees and compliance fees that are deferred upon receipt and amortized over a period of time. It also includes deferred revenues for loans and contracts.

Employees' Compensable Leave Balances
Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

Bonds Payable – Revenue Bonds
Revenue bonds are accounted for in the proprietary funds. The bonds payable are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or noncurrent in the statement of net assets.

Notes and Loans Payable
Notes and Loans Payable is composed of Commercial Paper Notes issued by the Department. Proceeds not used to refund outstanding Commercial Paper Notes are intended to redeem single-family mortgage revenue bonds.

Other Non-current Liabilities
Other non-current liabilities primarily account for funds due to Developers as a result of Multifamily bond proceeds. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the developers' fluctuation in cash flow needs, the current portion cannot be reasonably estimated.

Fund Balance/Net Assets
The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary and fiduciary fund statements, and the "Fund Balance" is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance
Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Reserved for Encumbrances
This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserved for Consumable Inventories
This represents the amount of postage to be used in the next fiscal year.

Reserve for Imprest Accounts
This represents reserves for travel and imprest cash in amounts equal to the assets.

Unreserved/Undesignated
Unreserved represents the unappropriated balance at year-end.

Net Assets
Invested in Capital Assets consists of capital assets including restricted capital assets, net of accumulated depreciation. The Department reports net assets as restricted when constraints placed on net assets are externally imposed by bond covenants and federal grants. Unrestricted Net Assets consist of net assets that do not meet the definition of Invested in Capital Assets or Restricted Net Assets.

Interfund Transactions and Balances
The Department may have the following types of transactions among funds:

1. Transfers - Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.

2. Legislative Sources/Uses – Budget transfers between agencies within the General Revenue Fund (0001).

3. Quasi-External Transactions - Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

NOTE 2: CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended August 31, 2007, is presented below:

	PRIMARY GOVERNMMENT			
Governmental Activities:	**Balance 09/01/06**	**Additions**	**Deletions**	**Balance 08/31/07**
Depreciable Assets:				
Furniture and Equipment	$1,724,302	$17,137	($6,095)	$1,735,344
Other Capital Assets	130,964	-	-	130,964
Total Depreciable Assets at Historical Costs	$1,855,266	$17,137	($6,095)	$1,866,308
Less Accumulated Depreciation for:				
Furniture and Equipment	($1,571,158)	($42,832)	$6,095	($1,607,895)
Other Capital Assets	(21,293)	(26,193)	-	(47,486)
Total Accumulated Depreciation	(1,592,451)	(69,025)	6,095	(1,655,381)
Governmental Activities Capital Assets, Net	$262,815	($51,888)	-	$210,927

NOTE 2: CAPITAL ASSETS Cont'd

	PRIMARY GOVERNMMENT			
Business-Type Activities:	**Balance 09/01/06**	**Additions**	**Deletions**	**Balance 08/31/07**
Depreciable Assets:				
Furniture and Equipment	$1,425,553	$12,409	-	$1,437,962
Other Capital Assets	132,279	-	-	132,279
Total Depreciable Assets at Historical Costs	$1,557,832	$12,409	-	$1,570,241
Less Accumulated Depreciation for:				
Furniture and Equipment	($1,267,107)	($63,406)	-	($1,330,513)
Other Capital Assets	(21,507)	(26,456)	-	(47,963)
Total Accumulated Depreciation	(1,288,614)	(89,862)	-	(1,378,476)
Business-Type Activities Capital Assets, Net	$269,218	($77,453)	-	$191,765

Depreciation expense was allocated to Administration in the Statement of Activities for both the Governmental and Business-type activities.

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

The Department is authorized by statute to make investments following the "prudent person rule" and based upon provisions within the master bond indentures and its Investment Policy adopted by the Board in accordance with the Public Funds Investment Act. There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2007, the carrying amount of deposits was $1,249,426.

Governmental Funds Current Assets Cash in Bank	$ 20,000
Proprietary Funds Current Assets Cash in Bank	
Texas Treasury Safekeeping Trust	116,145
Proprietary Funds Current Assets Restricted Cash in Bank	
Texas Treasury Safekeeping Trust	263,381
Demand Deposits	849,900
Cash in Bank per AFR	$1,249,426

At August 31, 2007 the Department's cash and deposits in the State Treasury amounted to $7,786,551. Of that amount, $7,786,551 was fully collateralized by securities held with a trustee in the State's name, as reported to the Department by the Comptroller of Public Accounts of the State of Texas.

Investments

The types of investments in which the Department may invest are restricted by the provisions of the master bond indentures and the Department's Investment Policy adopted by its Board in accordance with the Public Funds Investment Act. The indentures allow for investments in direct obligations of or guaranteed by the U.S. Government; obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by agencies or intermediaries of the U.S. Government; obligations issued by public agencies or municipalities; obligations and general obligations of or guaranteed by the state; demand deposits, interest-bearing time deposits or certificates of deposit; repurchase agreements in U.S. Government securities; direct or general obligations of any state within the territorial U.S.; investment agreements with any bank or financial institution; commercial paper; and guaranteed investment contracts. Certain trust indentures restrict the Department from investing in certain of the aforementioned investments.

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd

At August 31, 2007, the fair value of investments (including both short-term and long-term) are shown below.

Business Type Activities	Carrying Value	Fair Value
U.S. Treasury Securities	$ 938,785	$ 1,080,697
U.S. Government Agency Obligations	1,129,168,860	1,098,900,081
Repurchase Agreements (TTSTC)	112,436,746	112,436,746
Fixed Income Money Markets	49,938,862	49,938,862
Misc (Investment Agreements/GICs)	365,696,442	365,696,442
Total	$ 1,658,179,695	$ 1,628,052,828

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Preservation and safety of principal is the foremost objective of the investment program. According to the Department's investment policy, investments should be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Credit risk is mitigated by

- Limiting investments to the safest types of securities.
- Pre-qualifying the financial institution, broker/dealers, intermediaries, and advisors with which the Department will do business.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

As of August 31, 2007, the Department's credit quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	Not Rated	AAA	AA	A
05	3054	U.S. Government Agency Obligations		$153,761,970		
05	3054	Repurchase Agreements (TTSTC)	$112,436,746			
05	3054	Misc (Investment Agreements/GICs)	$365,696,442			
			Not Rated	**AAA-M**	**AA-M**	**A-M**
05	3054	Fixed Income Money Market		$49,938,862		

A total of $946,218,807 was not subject to credit risk disclosure due to their explicit guarantee by the U.S. Government which is composed of $1,080,697 in U.S. Treasury securities and $945,138,110 in U.S. Government Agency obligations issued by the Government National Mortgage Association.

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2007, the Department's concentration of credit risk is as follows.

Fund Type	GAAP Fund	Issuer	Carrying Value	% of Total Portfolio
05	3054	Transamerican Life	$151,199,674	9.29%
05	3054	USB Warburg	$112,436,746	6.91%

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investment. The longer the maturity of an investment will result in greater sensitivity of its fair value to changes in the market interest rates. The Department's investment policy allows for the mitigation of interest rate risk by

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities.

Information about the sensitivity of the fair values of the Departments investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Department's investments by maturity:

Remaining Maturity (in months)

Government and Business Type Activities	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Treasury Securities	$1,080,697				$1,080,697
U.S. Government Agency Obligations	1,098,900,080		$7,000,000	$1,833,002	1,090,067,078
Repurchase Agreements (TTSTC)	112,436,746	$112,436,746			
Fixed Income Money Markets	49,938,863	49,938,863			
Misc (Investment Agreements/GICs)	365,696,442	204,298,616	18,892,235	116,698,939	25,806,652
Total	$1,628,052,828	$366,674,225	$25,892,235	$118,531,941	$1,116,954,427

Highly Sensitive Investments

U. S. Government Agency obligations in the form of Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. These prepayments result in a reduction of expected total cash flows affecting the fair value of these securities and make the fair value of these securities highly sensitive to the changes in interest rates. The Department does not make it a common practice to sell these investments. Any fluctuation in fair value generates an unrealized gain or loss. The fair value of these investments is inversely affected by national mortgage interest rates. In an environment of rising interest rates, the Department would recognize an unrealized loss in fair market value and vice versa. Since the end of the 2007 fiscal year, the national mortgage rates have begun to decrease; as such, the Department does not believe that the value of these assets has been impaired. As of August 31, 2007, the Department holds $1,098,900,080 in U. S. Government Agency obligations in the form of mortgage backed securities.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2007, the following changes occurred in liabilities.

Governmental Activities	Balance 9/1/06	Additions	Reductions	Balance 8/31/07	Amounts Due Within One Year
Compensable Leave	$ 949,229	$ 770,582	$ 690,606	$ 1,029,205	$ 770,582
Total Governmental Activities	$ 949,229	$ 770,582	$ 690,606	$ 1,029,205	$ 770,582

NOTE 4: SUMMARY OF LONG TERM LIABILITIES Cont'd

Business-Type Activities	Balance 9/1/06	Additions	Reductions	Balance 8/31/07	Amounts Due Within One Year
Revenue Bonds Payable	$ 2,312,950,557	$ 469,578,648	$ 200,155,700	$ 2,582,373,505	$23,712,494
Commercial Paper Notes*	15,198,000	(15,198,000)	-	-	-
Notes Payable*	-	47,869,000	15,000,000	32,869,000	-
Subtotal	2,328,148,557	502,249,648	215,155,700	2,615,242,505	23,712,494
Compensable Leave	612,051	587,279	442,764	756,566	587,279
Total Business-Type Activities	$ 2,328,760,608	$ 502,836,927	$ 215,598,464	$2,615,999,071	$24,299,773

Commercial Paper Notes Payable
The Department is authorized to issue the Notes in an aggregate principal amount not to exceed $75,000,000 outstanding. Proceeds of the initial issuance of the Notes and of future issues not issued to refund outstanding Notes will be used to redeem certain of the Department's single-family mortgage revenue bonds (the "Refunded Bonds"), which are subject to redemption as a result of the receipt by the Department of prepayments of the related underlying mortgage loans. Such prepayments may, at a future date, be recycled into new mortgage loans by the Department.

*On August 31, 2006, Commercial Paper Notes Payable was included in Bonds Payable but will be reported in Long –Term Notes Payable on August 31, 2007, per instructions from the State Comptroller.

Employees' Compensable Leave
A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Other Non-current Liabilities
Other non-current liabilities in the Enterprise Fund totaling $195,820,458 primarily account for funds due to Developers as a result of Multifamily bond proceeds. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the various variables related to the balance, the current portion cannot be reasonably estimated.

NOTE 5: INTERFUND BALANCES / ACTIVITIES

As explained in Note 1 on Interfund Transactions and Balances, there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Transfers In or Transfers Out
- Legislative Transfers In or Legislative Transfers Out

The Department experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statements.

NOTE 5: INTERFUND BALANCES / ACTIVITIES Cont'd

Individual balances and activity at August 31, 2007, follows:

Fund	Current Interfund Receivable	Current Interfund Payable
General Fund (01)		
General Revenue (0001)	-	$ 701,618
Consolidated Federal (0127)	-	(124,215)
Enterprise Fund (05, 0896)	-	169,074
Agency Fund (09, 1000)	$ 746,477	-
Total Interfund Receivable/ Payable (Exhibit I, Exhibit III & VIII)	**$ 746,477**	**$ 746,477**

The Department has no Non-Current Interfund Receivables/Interfund Payables.

Fund	Transfers In	Transfers Out	Purpose
General Fund (01)			
Appd Fund 0001, D23 Fund 0001		$ 3,007,983	Article VII-7, Rider 19
Appd Fund 0001, D23 Fund 0001		402,776	Article IX, § 11.04
Total Transfers for Fund 0001 (Exhibit IV)		**$ 3,410,759**	
Enterprise Fund (05)			
Appd Fund 3054, D23 Fund 0999	$ 3,007,983		Article VII-7, Rider 19
Total Transfers for Fund 3054 (Exhibit VI)	**$ 3,007,983**		
Total Transfers	**$ 3,007,983**	**$ 3,410,759**	

Fund	Legislative Transfers In	Legislative Transfers Out
General Fund (01)		
Appd Fund 0001, D23 Fund 0001	-	$ 2,288,255
Appd Fund 0001, D23 Fund 0066	-	(904,189)
Appd Fund 0001, D23 Fund 0088	-	35,243
Total Legislative Transfers (Exh IV)	**-**	**$ 1,419,309**

NOTE 6: CONTINGENT LIABILITIES

The Department is a defendant in legal actions arising from transactions and activities conducted in the ordinary course of business. Management, after consultation with legal counsel, believes that the aggregate liabilities, if any, will not be material to the basic financial statements.

The Department receives federal grants that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The Department's management has recorded $109,334 as an estimate of potential settlement of disallowed costs pursuant to administration of federal programs. The Department is considering seeking a waiver of repayment provisions by the federal grantor agency.

NOTE 7: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Department will be abolished effective September 1, 2011 unless continued in existence as provided by the Act. If abolished, the Department may continue until September 1, 2012 to close out its operations.

NOTE 8: RISK FINANCING AND RELATED INSURANCE

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the Department's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Department assumes substantially all risks associated with the performance of its duties. Currently there is no purchase of commercial insurance, nor is the Department involved in any risk pools with other government entities. The Department carries Public Official Liabilities Insurance coverage in the amount of $10,000,000; automobile liability insurance in the amount of $500,000, errors and omissions insurance of $300,000 related to loan servicing for others and a $350,000 Public Employee Fidelity Bond.

The Department's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. The Department incurred no claims liability during fiscal years 2006 and 2007 related to these policies.

NOTE 9: SEGMENT INFORMATION FOR ENTERPRISE FUND

The Segment information following is the Department's direct debt associated with the issuance of Single Family bonds only and does not include the Multifamily bonds where the Department is only a conduit issuer. Therefore, this note represents less than what is reported in the Enterprise Fund as a whole. Each grouping consists of separate indentures that have one or more bonds outstanding with the revenue stream and assets exclusively pledged in support of that debt. Each indenture imposes the requirement of separate accounting of the revenues, expenses, gains, losses, assets, and liabilities.

CONDENSED STATEMENT OF NET ASSETS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Single Family CHMRB Series 1993 Funds	Single Family CHMRB 1994 & 1995 Funds
Restricted Assets:					
Current Assets	$ 184,464,844	$ 9,476,210	$ 873,441	$ -	$ -
Capital Assets	-	-	-	-	-
Other Assets	898,679,145	313,705,131	13,771,995	-	-
Total Assets	1,083,143,989	323,181,341	14,645,436	-	-
Liabilities:					
Current Liabilities	44,344,912	10,569,380	404,858	-	-
Long Term Liabilities	1,034,183,523	307,358,821	12,653,558	-	-
Total Liabilities	1,078,528,435	317,928,201	13,058,416	-	-
Net Assets:					
Restricted Net Assets	4,615,554	5,253,140	1,587,020	-	-
Total Restricted Net Assets	$ 4,615,554	$ 5,253,140	$ 1,587,020	$ -	$ -

NOTE 9: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Operating Revenues:					
Interest and Investment Income	$ 50,683,618	$ 19,139,073	$ 1,053,349	$ 70	$ (0)
Net Increase (Decrease) in Fair Value	(6,771,348)	(551,459)	51,275	-	-
Other Operating Revenues	824,758	367,043	48,446	-	3
Operating Expenses	(54,359,498)	(17,931,787)	(919,951)	(1,752)	(108)
Depreciation and Amortization	(568,361)	(161,969)	(3,166)	-	-
Operating Income (Loss)	(10,190,831)	860,901	229,953	(1,682)	(105)
Transfers In (Out)	(2,402,853)	(959,433)	2,291	(8,033)	40
Changes in Net Assets	(12,593,684)	(98,532)	232,244	(9,715)	(65)
Net Assets, September 1, 2006	17,209,238	5,351,672	1,354,776	9,715	65
Net Assets, August 31, 2007	$ 4,615,554	$ 5,253,140	$ 1,587,020	$ -	$ -

CONDENSED STATEMENT OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Single Family CHMRB Series 1993 Funds	Single Family CHMRB 1994 & 1995 Funds
Net Cash Provided (Used) By:					
Operating Activities	$ 2,416,223	$ 476,013	$ (7,838)	$ 35	$ (128)
Noncapital Financing Activities	158,842,118	(53,519,673)	(3,514,988)	(8,039)	40
Investing Activities	(160,060,337)	56,047,654	3,728,496	2	-
Net Increase (Decrease)	1,198,004	3,003,994	205,670	(8,002)	(88)
Beginning Cash and Cash Equivalents	61,136,071	4,413,284	586,610	8,002	88
Ending Cash and Cash Equivalents	$ 62,334,075	$ 7,417,278	$ 792,280	$ -	$ -

NOTE 10: BONDED INDEBTEDNESS

The Department has 123 bond issues outstanding at August 31, 2007. All series are revenue bonds backed by the pledged revenue sources and restricted funds specified in the bond resolutions. Each series is designed to be self-supporting with no repayment nor obligation from the State's General Revenue. The Department issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (Detailed supplemental bond information is disclosed in Schedules 1-A, 1-B, 1-C, 1-D, 1-E and 1-F.)

Proceeds from the issuance of bonds under the Single Family and Residential Mortgage Revenue Bonds (RMRB) Series 1987A Programs were used to acquire loans. Proceeds from Collateralized Home Mortgage Revenue Bond (CHMRB) and the remaining RMRB programs were used to acquire pass-through certificates backed by mortgage loans. Proceeds from the remaining Multifamily bond issues were used to finance mortgage loans.

Interest on bonds and collateralized mortgage obligations is payable periodically, except for capital appreciation bonds, on which interest is compounded semiannually and payable at maturity or upon redemption.

NOTE 10: BONDED INDEBTEDNESS Cont'd

The Single Family, RMRB and CHMRB bonds are collateralized by the revenues and assets pledged under the trust indentures, primarily Single Family mortgage loans, mortgage-backed securities and investments. The Multifamily bonds are collateralized by varying methods, including, but not limited to, the mortgage loans on the applicable housing developments, certificates of deposit, letters of credit, guarantees provided by third parties and collateralized mortgage obligations issued by federally chartered, privately owned corporations.

The trust indentures contain positive and negative covenants. Events of default include the following: failure to make timely payment of both principal and interest on any outstanding bond; failure to make timely payment of any other monies required to be paid to the Trustee; and non-performance or non-observance of any other covenants, agreements or conditions contained in the indentures. Management believes they are in compliance with the covenants of the indentures.

Deferred issuance costs at August 31, 2007, consist of the following:

		Amount
Deferred Issuance Costs at August 31, 2007	$	39,626,610
Less Accumulated Amortization		(27,970,852)
Deferred Issuance Costs, net	$	11,655,758

CHANGES IN BONDS PAYABLE (amounts in thousands)

Description	Bonds Outstanding 9/1/06	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extin-guished	Bonds Outstanding 8/31/07	Amounts Due Within One Year
Single Family	$ 837,845	275,200	6,115	69,845	$ 1,037,085	$ 11,553
RMRB	345,065	-	5,595	28,780	310,690	5,387
CHMRB	14,900	-	-	2,500	12,400	8
Multifamily	1,107,945	193,282	5,266	82,662	1,213,299	6,764
Commercial Paper*	15,198	(15,198)	-	-	-	-
Total Principal	$ 2,320,953	453,284	16,976	183,787	$ 2,573,474	$ 23,712
Net Deferred Amt due to Refund	(1,197)				(239)	
Unamortized Premium	13,405				14,365	
Unamortized Refunding (Loss)	(5,012)				(5,226)	
Total	$ 2,328,149				$ 2,582,374	

*Commercial Paper no longer reported as Bonds Payable per instructions from the State Comptroller.

NOTE 10: BONDED INDEBTEDNESS Cont'd

DEBT SERVICE REQUIREMENTS

PRINCIPAL ONLY (amounts in thousands)

Description	2008	2009	2010	2011	2012	2013 to 2017	2018 to 2022
Single-family	$ 11,310	$ 18,445	$ 18,800	$ 19,575	$ 20,535	$ 119,775	$ 150,360
RMRB	5,335	5,550	5,515	4,600	4,815	22,720	59,900
CHMRB							
Multifamily	7,022	9,471	9,612	10,509	11,191	65,677	91,516
Total	$ 23,667	$ 33,466	$ 33,927	$ 34,684	$ 36,541	$ 208,172	$ 301,776

Description	2023 to 2027	2028 to 2032	2033 to 2037	2038 to 2042	2043 to 2047	Total
Single-family	$204,485	$202,735	$251,270	$ 19,795	$ -	$ 1,037,085
RMRB	51,280	116,435	34,540	-	-	310,690
CHMRB	12,400	-	-	-	-	12,400
Multifamily	206,874	154,473	285,525	242,932	118,497	1,213,299
Total	$475,039	$473,643	$571,335	$262,727	$118,497	$ 2,573,474

Actual maturities will differ from contractual maturities since the Department has the right to call or prepay obligations with or without call or prepayment penalties as the related loans and mortgage-backed securities mature or prepay.

PRINCIPAL AND INTEREST (amounts in thousands)

Description	2008	2009	2010	2011	2012	2013 to 2017	2018 to 2022
Single-family	$ 58,403	$ 64,834	$ 64,435	$ 64,387	$ 64,485	$ 324,311	$ 323,479
RMRB	22,073	22,009	21,722	20,569	20,566	97,946	124,769
CHMRB	858	856	856	856	858	4,282	4,282
Multifamily	84,005	79,869	79,528	79,836	79,894	394,102	394,030
Total	$165,339	$167,568	$166,541	$165,648	$165,803	$ 820,641	$ 846,560

Description	2023 to 2027	2028 to 2032	2033 to 2037	2038 to 2042	2043 to 2047	Total
Single-family	$337,325	$288,183	$278,687	$ 19,919	$ -	$ 1,888,448
RMRB	100,776	148,716	35,610	-	-	614,756
CHMRB	13,963	-	-	-	-	26,811
Multifamily	468,631	361,566	436,394	312,761	131,790	2,902,406
Total	$920,695	$798,465	$750,691	$332,680	$131,790	$ 5,432,421

NOTE 10: BONDED INDEBTEDNESS Cont'd

VARIABLE TO FIXED INTEREST RATE SWAP

OBJECTIVE

In order to hedge against increases in interest rates on variable rate demand bond issues, the Department has entered into five interest rate swap agreements with the objective of reducing the interest rate risk of certain variable rate demand bonds. The variable rate demand bonds were issued at a lower total interest cost than attainable through traditional fixed rate bond structures. The Department has entered into interest rate swap agreements with various rated counterparties. Under the terms of the agreements, the Department makes periodic fixed interest rate payments in exchange for receiving variable rate payments comparable to the rates payable on the variable rate demand bonds. The swap notional amounts amortize in accordance with the scheduled and/or anticipated reductions in the related variable rate demand bond liability. The Department is potentially exposed to loss in the event of nonperformance by the counterparties under the swap agreements. Termination of the swap agreements may result in the Department making or receiving termination payments. Each swap agreement includes optional early termination provisions granting the Department the right, but not an obligation, to terminate the interest rate swaps at par without a termination payment after an effective date.

TERMS AND FAIR VALUE

The terms, including the fair value of the outstanding swaps as of August 31, 2007 are as follows. The fair value of the swaps are not shown in the financial statements. The notional amounts of the swaps match the principal amount of the associated debt.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
UBS AG	$53,000,000	($378,758)	9/1/04	3.843 %	63% of LIBOR + .30%	9/1/34 (a)
Goldman Sachs	35,000,000	(96,416)	1/1/05	3.6125 %	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	3/1/35 (b)
Bear Stearns	98,145,000	(1,580,061)	8/1/05	3.99 %	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	9/1/36 (c)
UBS AG	36,000,000	(554,019)	11/15/06	3.857%	63% of LIBOR +.30%	9/1/25 (d)
Bear Stearns	143,005,000	(3,223,482)	6/5/07	4.013% %	Less of (the greater of (a) 65% of LIBOR and (b) 56% of LIBOR + .45%) and LIBOR	9/1/38 (c)
Total	$365,150,000	($5,832,736)				

a. Swap Agreement has an optional early termination date of March 1, 2014 and every March and September thereafter. The maximum notional amount subject to early termination is equal to 60% of the current notional amount.
b. Swap Agreement has an optional early termination date of September 1, 2014 and every March and September thereafter.
c. Swap Agreement is subject to an early termination date at any time with a 10 business day notice.
d. Swap Agreement has an optional early termination date of March 1, 2016 and every March and September thereafter. The maximum notional amount subject to early termination is current notional amount per the amortization schedule.

CREDIT RISK

As of August 31, 2007, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps have negative fair values. If interest rates change and the fair value of the swaps become positive, the department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral agreements and insurance policies with the counterparties. The credit ratings for the counterparties are as follows.

Counterparty	Standard & Poor's	Moody's	Fitch
UBS AG	AA	A3	AA+
Goldman Sachs Capital Markets, LP	Not Rated	Aa3	AA-
Bear Stearns Financial Products, Inc.	AAA	Not Rated	Not Rated

NOTE 10: BONDED INDEBTEDNESS Cont'd

BASIS RISK

The Department's variable-rate bond coupon payments are equivalent to the Bond Market Association (BMA) rate. The swap agreements designate a function of LIBOR as the rate for payments received on these swaps. The Department will be exposed to basis risk should LIBOR and BMA converge. The swap agreements provide an option to terminate as stated above.

ROLLOVER RISK

The Department is exposed to rollover risk on swap agreements which mature or may be terminated prior to the maturity of the associated debt. The following debt is exposed to rollover risk if the option for early termination is executed:

Associated Debt Issuance	Debt Maturity Date	Swap Termination Date
2004B Single Family	September 2034	May be terminated as early as March 2014
2004D Single Family	March 2035	May be terminated as early as September 2014
2005A Single Family	September 2036	May be terminated at anytime giving 10 day notice
2006H Single Family	September 2037	May be terminated as early as March 2016
2007A Single Family	September 2038	May be terminated at anytime giving 10 day notice

SWAP PAYMENTS AND ASSOCIATED DEBT

Using rates as of August 31, 2007, debt service requirements of the Department's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate debt bond interest payments and new swap payments will vary. The Department's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds outstanding.

Fiscal Year Ending August 31	Variable-Rate Bonds				
	Principal	Interest	Interest Rate Swaps, Net	Total
2008	$ 850,000	$ 12,686,733	$ 1,147,606	$ 14,684,339
2009	4,345,000	14,048,238	1,344,464	19,737,702
2010	4,540,000	13,876,258	1,320,526	19,736,784
2011	4,755,000	13,696,461	1,295,495	19,746,956
2012	4,990,000	13,508,075	1,269,262	19,767,337
2013-2017	38,205,000	63,804,920	5,902,754	107,912,674
2018-2022	59,600,000	53,850,697	4,984,785	118,435,482
2023-2027	74,360,000	40,758,445	3,807,750	118,926,195
2028-2032	84,915,000	24,850,859	2,355,251	112,121,110
2033-2037	81,475,000	8,573,644	915,947	90,964,591
2038-2042	7,115,000	199,679	25,762	7,340,441
Total	$ 365,150,000	$ 259,854,009	$ 24,369,602	$ 649,373,611

DEFEASED DEBT

In fiscal year 2007 and in prior years, the Department has issued refunding bonds to advance refund certain single family and multifamily revenue bonds. The proceeds of the refunding bonds were deposited in an irrevocable trust with an escrow agent. The funds were used to purchase government securities, which will provide for all future debt service requirements.

On August 31, 2007, defeased bonds remaining unredeemed or unmatured from the 2003 and 2007 refunding issuance amounted to $24,525,000 and $36,700,000, respectively.

NOTE 10: BONDED INDEBTEDNESS Cont'd

ADVANCE REFUNDING BONDS

On June 5, 2007, the Department issued $143,005,000 in variable rate revenue bonds (2007A Single Family Revenue Bonds) with a maximum rate of 12% of which $36,600,000 was used to advance refund $27,120,000 of outstanding 1997A Single Family Revenue Bonds and $9,580,000 of 1997D Single Family Revenue Bonds. The bond proceeds were deposited with an escrow agent to provide for future debt service on the 1997 bonds. As a result, the 1997 bonds are considered to be defeased and the liability for those bonds has been removed from the Department's financial statements.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $529,156. Since the old debt will be redeemed on September 1, 2007, the entire difference will be amortized this fiscal year increasing interest expense. The Department advance refunded the 1997 Single Family Revenue Bonds Series A & D to reduce its total debt service payments over the next 30 years by $19,912,544 and to obtain an economic gain of $10,031,775. Because the new debt is variable rate debt, the economic and cash differences were calculated using the current rate as of August 31, 2007 which is 4%. The cash flow and economic impact will fluctuate with the prevailing interest rates. Using the maximum rate allowable by the trust indenture of 12%, the Department could incur a maximum of additional $33,323,234 in debt service payments and an economic loss of $16,755,147 as a result of the advance refunding.

NOTE 11: EMPLOYEE BENEFITS

PLAN DESCRIPTION

The Department contributes to the Employees Retirement System of Texas (the "System"), a cost-sharing, multiple-employer, defined benefit plan. The Department has implemented GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which standardizes financial reporting for pensions by state and local government employers. The System provides service retirement, disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Subtitle B, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Employees Retirement System of Texas, P.O. Box 13207, Austin, Texas, 78711-3207 or by calling (512) 476-6431.

FUNDING POLICY

Under provisions in State law, plan members are required to contribute 6% of their annual covered salary, and the Department contributes an amount equal to 6.45% of the Department's covered payroll. The Department and the employees' contributions to the System for the years ending August 31, 2007, 2006, and 2005, were $947,383, $874,775, and $784,304, respectively, equal to the required contributions for each year.

NOTE 12: SUBSEQUENT EVENTS

On September 20, 2007, the Department issued $157,060,000 in Single Family revenue bonds made up as follows:

$157,060,000 SF 2007 Series B (AMT)

The Series 2007 B bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "2007 B Mortgage Certificates") guaranteed as to timely payment of principal and interest by either Government National Mortgage Association ("Ginnie Mae"), Freddie Mac or Fannie Mae which represent beneficial ownership of pools of Mortgage Loans (the "2007 Mortgage Loans").

On December 3, 2007, the Department issued $15,000,000 in Multifamily revenue bonds (The Residences @ Onion Creek) made up as follows:

$ 15,000,000 MF 2007 Series

The Multifamily bonds are issued for the primary purpose to finance the acquisition, construction and equipping of multifamily residential rental developments. The Residences @ Onion Creek will be located in Austin, Texas.

SUPPLEMENTARY BOND

SCHEDULES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2007
(Amounts in Thousands)

Description of Issue		Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date
1995 Single Family Series A	$	85,760	4.15%	6.15%	1997	2027	09/01/2005
1995 Single Family Series C		71,760	6.44%	7.76%	2006	2017	09/01/2005
1996 Single Family Series A		15,000	4.50%	6.30%	2001	2028	09/01/2006
1996 Single Family Series D		70,760	5.45%	6.25%	2021	2028	09/01/2006
1996 Single Family Series E		98,730	3.90%	6.00%	1997	2017	09/01/2006
1997 Single Family Series A		44,465	5.25%	5.80%	2013	2029	09/01/2007
1997 Single Family Series B		9,510	5.45%	5.45%	2019	2019	09/01/2007
1997 Single Family Series D		44,795	5.65%	5.70%	2029	2029	09/01/2007
1997 Single Family Series F		20,000	6.77%	6.77%	2029	2029	09/01/2007
2002 Single Family Series A (Jr. Lien)		10,000	7.01%	7.01%	2025	2026	09/01/2012
2002 Single Family Series A		38,750	5.45%	5.55%	2023	2034	03/01/2012
2002 Single Family Series B		52,695	5.35%	5.55%	2033	2033	03/01/2012
2002 Single Family Series C		12,950	2.80%	5.20%	2004	2017	03/01/2012
2002 Single Family Series D		13,605	2.00%	4.50%	2003	2012	03/01/2012
2004 Single Family Series A		123,610	2.00%	4.70%	2006	2035	03/01/2013
2004 Single Family Series B		53,000	VAR - Weekly		2015	2034	03/01/2015 (f)
2004 Single Family Series A (Jr. Lien)		4,140	VAR - Weekly		2036	2036	09/01/2036 (f)
2004 Single Family Series C		41,245	4.30%	4.80%	2019	2036	09/01/2014
2004 Single Family Series D		35,000	VAR - Weekly		2035	2035	(g)
2004 Single Family Series E		10,825	2.45%	4.30%	2006	2013	09/01/2014
2005 Single Family Series A		100,000	VAR - Weekly		2007	2036	03/01/2006
2005 Single Family Series B		25,495	4.38%	4.38%	2006	2026	03/01/2006
2005 Single Family Series C		8,970	4.31%	5.39%	2017	2017	03/01/2006
2005 Single Family Series D		3,730	5.00%	5.00%	2025	2035	03/01/2006
2006 Single Family Series A		59,555	5.00%	5.00%	2008	2037	09/01/2006
2006 Single Family Series B		70,485	5.00%	5.00%	2008	2034	09/02/2006
2006 Single Family Series C		105,410	5.13%	5.13%	2008	2037	09/03/2006
2006 Single Family Series D		29,685	4.50%	4.50%	2018	2028	09/04/2006
2006 Single Family Series E		17,295	4.06%	4.06%	2007	2017	09/05/2006
2006 Single Family Series F		81,195	4.65%	5.75%	2008	2038	03/01/2016
2006 Single Family Series G		15,000	3.75%	4.60%	2012	2019	03/01/2016
2006 Single Family Series H		36,000	VAR - Weekly		2016	2037	03/01/2016 (f)
2007 Single Family Series A		143,005	VAR - Weekly		2008	2038	03/01/2008 (f)
1998 RMRB Series A		102,055	4.05%	5.35%	2002	2031	01/01/2009
1998 RMRB Series B		14,300	5.30%	5.30%	2022	2022	01/01/2009
1999 RMRB Series A		25,615	4.80%	5.50%	2018	2021	01/01/2009
1999 RMRB Series B-1		52,260	6.32%	7.10%	2021	2032	07/01/2009
1999 RMRB Series C		12,150	5..05%	6.25%	2003	2024	07/01/2009
2000 RMRB Series A		50,000	5.10%	6.30%	2003	2031	07/01/2010
2000 RMRB Series B		82,975	5.70%	5.70%	2005	2033	07/01/2010
2000 RMRB Series C		13,675	5.82%	5.85%	2011	2025	07/01/2010
2000 RMRB Series D		18,265	4.55%	5.85%	2003	2020	07/01/2010
2001 RMRB Series A		52,715	3.15%	5.70%	2004	2033	07/01/2011
2001 RMRB Series B		15,585	5.00%	5.25%	2011	2022	07/01/2011
2001 RMRB Series C		32,225	2.55%	4.63%	2003	2015	07/01/2011
2001 RMRB Series D		300	5.35%	5.35%	2008	2033	07/01/2011
2002 RMRB Series A		42,310	2.25%	5.35%	2004	2034	07/01/2012
2003 RMRB Series A		73,630	1.70%	5.00%	2005	2034	01/01/2013
1992 Coll Home Mtg Rev Bonds, Series C		72,700	3.48%	10.27%	2024	2024	05/04/1995
1994 SF MRB CHMRB Series C		15,360	6.25%	6.25%	2026	2026	06/27/2005
TOTAL SINGLE FAMILY & RMRB BONDS	$	2,228,545					
1987 MF Series (South Texas Rental Housing)	$	1,400	9.50%	9.50%	1988	2012	02/01/1988
1993 MF Series A/B (RemHill/HighPt)		26,370	VAR - Weekly		2023	2023	02/01/2000
1996 MF Series A/B (Brighton's Mark)		10,174	6.13%	6.13%	2026	2026	01/01/2003
1996 MF Series A/B (Las Colinas)		15,469	5.65%	5.65%	2026	2026	01/01/2003
1996 MF Series A/B (Braxton's Mark)		14,867	5.81%	5.81%	2026	2026	01/01/2003
1998 MF Series A (Pebble Brook)		10,900	4.95%	5.60%	2001	2030	06/01/2001
1998 MF Series A-C (Residence Oaks)		8,200	5.98%	7.18%	2001	2030	05/01/2001
1998 MF Series A (Volente Project)		10,850	5.00%	5.63%	2001	2031	07/01/2001
1998 MF Series A (Dallas Oxford Refndg)		10,300	7.25%	7.25%	2018	2018	01/01/2004

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2007
(Amounts in Thousands)

Description of Issue		Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date
1998 MF Series A/B (Greens of Hickory Trial)	$	13,500	5.20%	6.03%	2001	2030	09/01/2008
1999 MF Series A-C (Mayfield)		11,445	5.70%	7.25%	2001	2031	05/01/2002
1999 MF Series A (Woodglen Village)		10,660	7.38%	8.25%	2002	2039	12/01/2016
2000 MF Series A (Timber Point Apts)		8,100	VAR - Weekly		2003	2032	07/01/2000 (a)
2000 MF Series A/B (Oaks at Hampton)		10,060	7.20%	9.00%	2002	2040	03/01/2017 (a)
2000 MF Series A (Deerwood Apts)		6,435	5.25%	6.40%	2003	2032	06/01/2010
2000 MF Series A (Creek Point Apts)		7,200	VAR - Weekly		2004	2032	07/01/2000 (a)
2000 MF Series A/B (Parks @ Westmoreland)		9,990	7.20%	9.00%	2002	2040	07/01/2017 (a)
2000 MF Series A (Honeycreek)		20,485	7.63%	8.15%	2004	2035	06/30/2007
2000 MF Series A-C (Highland Meadow Apts)		13,500	6.75%	8.00%	2004	2033	05/01/2019
2000 MF Series A/B (Greenbridge)		20,085	7.40%	10.00%	2003	2040	03/01/2014
2000 MF Series A-C (Collingham Park)		13,500	6.72%	7.72%	2004	2033	05/01/2019
2000 MF Series A/B (Williams Run)		12,850	7.65%	9.25%	2002	2040	01/01/2011
2000 MF Series A/B (Red Hills Villas)		10,300	8.40%	9.50%	2003	2040	12/01/2017
2001 MF Series A (Bluffview Senior Apts)		10,700	7.65%	7.65%	2003	2041	05/01/2018
2001 MF Series A (Knollwood Villas Apts)		13,750	7.65%	7.65%	2003	2041	05/01/2018
2001 MF Series A (Skyway Villas)		13,250	6.00%	6.50%	2005	2034	12/01/2011
2001 MF Series A/B (Cobb Park)		7,785	6.77%	6.77%	2003	2041	07/01/2018
2001 MF Series A (Greens Road Apts.)		8,375	5.30%	5.40%	2004	2034	12/01/2011
2001 MF Series A/B (Meridian Apts.)		14,310	5.45%	6.85%	2004	2034	12/01/2011
2001 MF Series A/B (Wildwood Apts.)		14,365	5.45%	6.75%	2004	2034	12/01/2011
2001 MF Series A-C (Fallbrook Apts.)		14,700	6.06%	6.78%	2005	2034	01/01/2012
2001 MF Series A (Oak Hollow Apts.)		8,625	7.00%	7.90%	2003	2041	11/01/2018
2001 MF Series A/B (Hillside Apts.)		12,900	7.00%	9.25%	2003	2041	11/01/2018
2002 MF Series A (Millstone Apts.)		12,700	5.35%	5.86%	2005	2035	06/01/2012
2002 MF Series A (Sugar Creek Apts.)		11,950	6.00%	6.00%	2004	2042	01/01/2016
2002 MF Series A (West Oaks Apts.)		10,150	7.15%	7.50%	2004	2042	12/01/2018
2002 MF Series A (Park Meadows Apts)		4,600	6.53%	6.53%	2004	2034	05/01/2012
2002 MF Series A (Clarkridge Villas Apts)		14,600	7.00%	7.00%	2004	2042	08/01/2019
2002 MF Series A (Hickory Trace Apts)		11,920	7.00%	7.00%	2004	2042	12/01/2019
2002 MF Series A (Green Crest Apts)		12,500	7.00%	7.00%	2004	2042	11/01/2019
2002 MF Series A/B (Ironwood Crossing)		16,970	5.50%	8.75%	2005	2042	10/01/2027
2002 MF Series A (Woodway Village Apts)		9,100	4.95%	5.20%	2006	2023	01/01/2013
2003 MF Series A/B (Reading Road)		12,200	VAR-Weekly		2007	2036	01/01/2004 (a)
2003 MF Series A/B (North Vista Apts)		14,000	4.10%	5.41%	2006	2036	06/01/2013
2003 MF Series A/B (West Virginia Apts)		9,450	4.15%	5.41%	2006	2036	06/01/2013
2003 MF Series A/B (Sphinx @ Murdeaux)		15,085	3.55%	5.00%	2005	2042	06/20/2013
2003 MF Series A/B (Primrose Houston School)		16,900	5.50%	8.00%	2006	2036	07/01/2003 (a)
2003 MF Series A/B (Timber Oaks Apts)		13,200	6.75%	8.75%	2005	2043	06/01/2020
2003 MF Series A/B (Ash Creek Apts)		16,375	5.60%	15.00%	2006	2036	10/01/2003 (a)
2003 MF Series A/B (Peninsula Apts)		12,400	4.25%	5.30%	2007	2024	10/01/2013
2003 MF Series A (Evergreen @ Mesquite)		11,000	6.60%	8.00%	2006	2043	09/01/2020
2003 MF Series A/B (Arlington Villas)		17,100	6.75%	8.00%	2007	2036	01/01/2007 (a)
2003 MF Series A/B (Parkview Twnhms)		16,600	6.60%	8.50%	2006	2043	12/01/2020
2003 MF Series A (NHP-Asmara) Refunding		31,500	VAR - Weekly		2007	2033	07/01/2007 (a)
2004 MF Series A/B (Timber Ridge)		7,500	5.75%	8.00%	2007	2037	03/01/2007 (a)
2004 MF Series A/B (Century Park)		13,000	5.75%	5.75%	2007	2037	05/01/2007 (a)
2004 MF Series A (Addison Park)		14,000	VAR - Weekly (c)		2007	2044	01/01/2007 (a)
2004 MF Series A/B (Veterans Memorial)		16,300	6.60%	8.50%	2006	2044	03/01/2006 (a)
2004 MF Series A (Rush Creek)		10,000	5.38%	6.70%	2006	2044	03/01/2021
2004 MF Series A (Humble Park)		11,700	6.60%	6.60%	2007	2041	07/01/2021
2004 MF Series A (Chisholm Trail)		12,000	VAR - Weekly (b)		2006	2037	10/15/2006 (a)
2004 MF Series A (Evergreen @ Plano)		14,750	5.25%	6.55%	2007	2044	06/01/2021
2004 MF Series A (Montgomery Pines)		12,300	VAR - Weekly		2006	2037	12/15/2006 (a)
2004 MF Series A (Bristol)		12,625	VAR - Weekly		2007	2037	06/15/2007 (a)
2004 MF Series A (Pinnacle)		14,500	VAR - Weekly (c)		2007	2044	09/01/2007 (a)
2004 MF Series A (Tranquility Bay)		14,350	VAR - Weekly (c)		2007	2044	06/01/2021 (c)
2004 MF Series A (Sphinx @ Delafield)		11,380	5.05%	5.35%	2006	2044	07/20/2014

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2007
(Amounts in Thousands)

Description of Issue		Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date
2004 MF Series A (Churchill @ Pinnacle)	$	10,750	5.25%	6.55%	2007	2044	09/01/2021 (e)
2004 MF Series A/B (Post Oak East)		13,600	VAR - Weekly		(d)	2037	(d)
2004 MF Series A (Village Fair)		14,100	5.00%	6.50%	2007	2044	12/01/2021
2005 MF Series A (Pecan Grove)		14,030	5.00%	6.50%	2007	2045	01/01/2022
2005 MF Series A (Prairie Oaks)		11,050	4.75%	6.50%	2007	2045	01/01/2022
2005 MF Series A (Port Royal)		12,200	5.00%	6.50%	2007	2045	02/01/2022
2005 MF Series A (Del Rio)		11,490	5.00%	6.50%	2007	2045	02/01/2022
2005 MF Series A (Atascocita Pines)		11,900	VAR - Weekly (c)		2007	2037	(f)
2005 MF Series A (Tower Ridge)		15,000	VAR - Weekly (b)		2009	2038	(f)
2005 MF Series A (Alta Cullen)		14,000	5.89%	6.60%	2007	2045	06/01/2022
2005 MF Series A (Lafayette Village)		14,100	VAR - Weekly		2008	2038	n/a
2005 MF Series A (Prairie Ranch)		12,200	4.85%	4.85%	2007	2045	12/20/2015
2005 MF Series A (St Augustine)		7,650	VAR - Weekly		2009	2038	n/a
2005 MF Series A (Park Manor)		10,400	5.00%	6.40%	2008	2045	09/01/2022
2005 MF Series A (Mockingbird)		14,360	6.40%	6.40%	2007	2045	08/01/2022
2005 MF Series A (Chase Oaks)		14,250	5.05%	5.05%	2007	2035	(h)
2006 MF Series A/B (Canal Place)		16,100	3.45%	8.00%	2019	2039	(i)
2006 MF Series A (Coral Hills)		5,320	5.05%	5.05%	2038	2038	08/01/2015
2006 MF Series A (Harris Branch)		15,000	VAR - Weekly		2009	2039	(j)
2006 MF Series A (Bella Vista)		6,800	6.15%	6.15%	2008	2046	04/01/2016
2006 MF Series A (Village Park)		13,660	4.75%	5.13%	2009	2026	06/01/2021
2006 MF Series A (Oakmoor)		14,635	5.50%	6.00%	2008	2046	03/01/2023
2006 MF Series A (Sunset Pointe)		15,000	VAR - Weekly		2039	2039	(i)
2006 MF Series A (Hillcrest)		12,435	5.25%	5.25%	2009	2039	04/01/2021
2006 MF Series A (Pleasant Village)		6,000	6.00%	6.00%	2008	2023	(k)
2006 MF Series A (Grove Village)		6,180	6.00%	6.00%	2008	2023	(k)
2006 MF Series A (Red Hills Villas)		5,015	VAR - Weekly		2036	2036	(j)
2006 MF Series A (Champion Crossing)		5,125	VAR - Weekly		2036	2036	(j)
2006 MF Series A (Stonehaven)		11,300	5.80%	5.80%	2008	2026	(h)
2006 MF Series A (Center Ridge)		8,325	5.00%	5.00%	2009	2039	05/01/2021
2006 MF Series A (Meadowlands)		13,500	6.00%	6.00%	2009	2046	09/01/2023
2006 MF Series A (East Tex Pines)		13,500	4.95%	4.95%	2010	2046	(l)
2006 MF Series A (Villas at Henderson)		7,200	VAR - Weekly		2010	2039	(m)
2006 MF Series A (Aspen Park Apts)		9,800	5.00%	5.00%	2010	2039	07/01/2021
2006 MF Series A (Idlewilde Apts)		14,250	VAR - Weekly		2010	2040	(j)
2007 MF Series A (Lancaster Apts)		14,250	VAR - Weekly		2010	2040	(j)
2007 MF Series A (Park Place)		15,000	5.80%	5.80%	2010	2047	03/01/2024
2007 MF Series A (Terrace at Cibolo)		8,000	VAR - Weekly		2010	2040	(m)
2007 MF Series A (Santora Villas)		13,072	5.80%	5.80%	2010	2047	06/01/2024
2007 MF Series A (Villas @ Mesquite Creek)		16,860	5.00%	5.81%	2010	2047	01/20/2017
2007 MF Series A (Summit Point)		11,700	4.80%	5.25%	2009	2047	06/20/2017
2007 MF Series A (Costa Rialto)		12,385	5.35%	5.35%	2010	2047	08/01/2025
2007 MF Series A (Windshire)		14,000	VAR - Weekly		2010	2041	(j)
TOTAL MULTIFAMILY BONDS	$	1,355,597					
TOTAL BONDS ISSUED	**$**	**3,584,142**					

FOOTNOTES:

(a) The taxable bonds shall be subject to redemption prior to maturity in whole or any part on any interest payment date after the completion date from the proceeds of an optional prepayment of the loan by the borrower.

(b) Variable rate not to exceed the maximum rate permitted by applicable law.

(c) Variable rate could change to fixed rate provided the conversion option is exercised.

(d) No set amortization, per trustee, amortization will occur in $100,000 denominations when the amount in the principal reserve fund exceeds 20% of the issue.

(e) The bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of a majority of the outstanding principal amount of the Bonds.

(f) The Bonds shall be subject to redemption prior to maturity, after giving the required notice, as follows: During the variable interest rate period the bonds shall be subject to optional redemption by the Department, in whole or in part on any business day, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date.

(g) The Series bonds are subject to redemption prior to maturity, after giving notice as provided in the Trust Indendure, as follows: During a daily interest rate period or weekly interest rate period for the Series bonds, the bonds shall be subject to optional redemption by the Department, in whole or in part on any business day, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date.

(h) The bonds are subject to redemption at the option of the Issuer, at the direction of the Borrower, in whole or in part on the first day of any month, in the event and to the extent the trustee receives funds from the Borrower representing an optional prepayment of the principal of the note, at a redemption price equal to the principal thereof, plus accrued interest to the redemption date plus any premium remitted therewith as required by the note.

(i) Bonds are subject to redemption if and to the extent the Borrower is entitled to make, or is required to make, a prepayment pursuant to the loan agreement.

(j) The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower.

(k) The Bonds are subject to optional redemption at the direction of the Borrower on any interest payment date, in whole or in part, at the redemption price (as calculated by the sole bondholder) calculated in accordance with the Exhibit H plus accrued and unpaid interest, if any, to the redemption date. Optional redemptions may be made only in denominations of $100,000 plus integral multiples of $5,000 or for the entire amount of the bonds outstanding.

(l) The Bonds shall be subject to redemption prior to maturity in whole but not in part on any Bond Payment Date on or after fifteen years from Conversion Date, from the proceeds of an optional prepayment of the Loan by the Borrower at a redemption price equal to the principal amount plus accrued and unpaid interest to the date fixed for redemption.

(m) The Bonds may be redeemed by the Trustee at the option of the Issuer, but only upon the written request of the Borrower pursuant of the Loan Agreement, and with the prior written consent of the Bank, in whole or in part, at a redemption price equal to the principal amount, without premium, plus accrued interest to the date of redemptions.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-B
MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2007

Description of Issue	Bonds Outstanding 9/1/06	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/07	Amounts Due Within One Year
1997 SERIES A	$ 30,175,000	$	$	$ 30,175,000	$	$
1997 SERIES B	740,000			740,000	-	
1997 SERIES D	14,705,000			14,705,000	-	
2002 SERIES A (Jr Lien)	9,085,000			3,685,000	5,400,000	
2002 SERIES A	37,485,000				37,485,000	
2002 SERIES B	43,755,000			4,620,000	39,135,000	26,499
2002 SERIES C	11,650,000		470,000		11,180,000	480,950
2002 SERIES D	6,945,000		895,000	310,000	5,740,000	861,323
2004 SERIES A	122,715,000		1,635,000	4,215,000	116,865,000	3,433,176
2004 SERIES B	53,000,000				53,000,000	
2004 SERIES A (Jr Lien)	4,140,000				4,140,000	
2004 SERIES C	38,870,000		240,000	1,825,000	36,805,000	485,686
2004 SERIES D	35,000,000				35,000,000	
2004 SERIES E	10,505,000		1,310,000		9,195,000	1,026,543
2005 SERIES A	99,970,000		780,000	1,045,000	98,145,000	850,000
2005 SERIES B	24,530,000		785,000	3,040,000	20,705,000	622,098
2005 SERIES C	8,660,000			650,000	8,010,000	
2005 SERIES D	3,485,000			260,000	3,225,000	
2006 SERIES A	59,555,000			450,000	59,105,000	267,681
2006 SERIES B	70,485,000			535,000	69,950,000	781,196
2006 SERIES C	105,410,000			800,000	104,610,000	1,009,335
2006 SERIES D	29,685,000			2,055,000	27,630,000	(74,882)
2006 SERIES E	17,295,000			735,000	16,560,000	1,273,302
2006 SERIES F		81,195,000			81,195,000	
2006 SERIES G		15,000,000			15,000,000	575,000
2006 SERIES H		36,000,000			36,000,000	
2007 SERIES A		143,005,000			143,005,000	(64,795)
1998 SERIES A	46,075,000		1,275,000	4,695,000	40,105,000	1,190,000
1998 SERIES B	8,195,000			1,070,000	7,125,000	22,395
1999 SERIES A	6,715,000			850,000	5,865,000	(13,532)
1999 SERIES B-1	25,750,000			3,335,000	22,415,000	(7,087)
1999 SERIES C	3,880,000			380,000	3,500,000	(1,052)
2000 SERIES A	18,410,000		255,000	1,825,000	16,330,000	241,547
2000 SERIES B	54,745,000			6,580,000	48,165,000	10,081
2000 SERIES C	8,915,000			385,000	8,530,000	
2000 SERIES D	7,800,000		565,000	540,000	6,695,000	555,000
2001 SERIES A	36,725,000		650,000	2,575,000	33,500,000	676,435
2001 SERIES B	12,390,000			90,000	12,300,000	
2001 SERIES C	11,820,000		1,145,000	985,000	9,690,000	1,032,948
2001 SERIES D	235,000				235,000	5,000
2002 SERIES A	34,180,000		570,000	2,140,000	31,470,000	576,663
2003 SERIES A	69,230,000		1,135,000	3,330,000	64,765,000	1,098,813
1992 SERIES A-C	14,900,000			2,500,000	12,400,000	8,480
COMMERCIAL PAPER NOTES SERIES A	15,198,000	(15,198,000)				
Total Single Family Bonds	1,213,008,000	260,002,000	11,710,000	101,125,000	1,360,175,000	16,948,799
1996 SERIES A&B (BRIGHTON'S MARK)	8,075,000				8,075,000	
1996 SERIES A&B (MARKS OF LAS COLINAS)	12,670,000				12,670,000	
1998 SERIES (DALLAS-OXFORD REFDG)	10,300,000			10,300,000	-	
1996 SERIES A&B (BRAXTON'S MARK)	14,273,700				14,273,700	
1993 SERIES A&B (REMHILL / HIGHPT)	11,390,000			11,390,000	-	
1987 SOUTH TEXAS RENTAL HOUSING	696,525		84,215		612,309	93,000
1998 SERIES (PEBBLE BROOK)	10,075,000		180,000		9,895,000	190,000
1998 SERIES A-C (RESIDENCE OAKS)	7,549,000		141,000		7,408,000	151,000
1998 SERIES (VOLENTE)	10,005,000		85,000	9,920,000	-	
1998 SERIES (GREENS-HICKORY TRAIL)	12,545,000		220,000		12,325,000	240,000
1999 SERIES (MAYFIELD)	10,606,000		199,000		10,407,000	209,000
1999 SERIES (WOODGLEN VILLAGE)	10,505,283				10,505,283	184,000
2000 SERIES (TIMBER POINT APTS)	7,800,000			130,000	7,670,000	
2000 SERIES A/B (OAKS at HAMPTON)	9,822,093		68,247		9,753,846	75,000
2000 SERIES (DEERWOOD APTS)	6,160,000		85,000		6,075,000	95,000
2000 SERIES (CREEK POINT APTS)	6,685,000			100,000	6,585,000	
2000 SERIES A/B (PARKS at WESTMORELAND)	9,771,353		66,900		9,704,453	73,000
2000 SERIES (HONEYCREEK)	20,363,158			20,363,158	-	
2000 SERIES A-C (HIGHLAND MEADOW APTS)	11,022,000		58,000	2,399,000	8,565,000	121,000
2000 SERIES A/B (GREENBRIDGE @ BUCKINGHM)	19,891,056		156,056		19,735,000	164,000
2000 SERIES A-C (COLLINGHAM PARK APTS)	13,115,000		172,000		12,943,000	182,000
2000 SERIES A/B (WILLIAMS RUN APTS)	12,560,907		(5,160)		12,566,068	262,000
2000 SERIES A/B (RED HILLS VILLAS APTS)	10,138,657		4,276	10,134,381	-	
2001 SERIES (BLUFF SENIOR APTS)	10,544,008		55,012		10,488,996	59,000
2001 SERIES (KNOLLWOOD VILLAS APTS)	13,549,544		70,694		13,478,850	77,000
2001 SERIES A (SKYWAY VILLAS)	8,885,000		125,000	575,000	8,185,000	125,000
2001 SERIES A/B (COBB PARK APTS)	7,687,321		38,309		7,649,012	42,000
2001 SERIES A (GREENS ROAD APTS)	8,170,000		110,000		8,060,000	120,000
2001 SERIES A/B (MERIDIAN APARTMENTS)	14,060,000		175,000		13,885,000	185,000
2001 SERIES A/B (WILDWOOD BRANCH	14,115,000		175,000		13,940,000	190,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-B (Continued)
MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2007

Description of Issue	Bonds Outstanding 9/1/06	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2007	Amounts Due Within One Year
2001 SERIES A-C (FALLBROOK APTS)	$ 14,434,000	$	$ 193,000	$	$ 14,241,000	$ 206,000
2001 SERIES (OAK HOLLOW APTS)	6,417,842		37,046		6,380,796	40,000
2001 SERIES A/B (HILLSIDE APTS)	12,740,871		41,796	100,000	12,599,075	43,000
2001 SERIES A (MILLSTONE APTS)	12,455,000		170,000	1,710,000	10,575,000	165,000
2002 SERIES (SUGARCREEK APTS)	11,820,000		70,000		11,750,000	105,451
2002 SERIES (WEST OAKS APTS)	9,643,262		70,389		9,572,873	57,000
2002 SERIES (PARK MEADOWS APTS)	4,395,000		60,000		4,335,000	60,000
2002 SERIES (CLARKRIDGE VILLAS APTS)	14,457,154		76,447	590,381	13,790,327	81,000
2002 SERIES A (HICKORY TRACE APTS)	11,463,047		62,062		11,400,985	67,000
2002 SERIES A (GREEN CREST APTS)	11,427,896		(31)		11,427,927	143,000
2002 SERIES A/B (IRON WOOD CROSSING)	16,918,645		66,759		16,851,886	73,000
2002 SERIES A (WOODWAY VILLAGE)	7,745,000		100,000		7,645,000	110,000
2003 SERIES A/B (READING ROAD)	12,200,000		20,000		12,180,000	20,000
2003 SERIES A/B (NORTH VISTA)	14,000,000		200,000		13,800,000	210,000
2003 SERIES A/B (WEST VIRGINIA)	9,450,000		135,000		9,315,000	145,000
2003 SERIES A/B (SPHINX @ MURDEAUX)	14,875,000		160,000		14,715,000	165,000
2003 SERIES A/B (PRIMROSE HOUSTON)	16,624,202		72,711		16,551,491	79,000
2003 SERIES A/B (TIMBER OAKS)	13,149,082		51,466		13,097,616	56,000
2003 SERIES A/B (ASH CREEK APTS)	16,351,806		73,445		16,278,361	80,000
2003 SERIES A/B (PENINSULA APTS)	12,400,000		75,000	195,000	12,130,000	160,000
2003 SERIES A (EVERGREEN @ MESQUITE)	10,958,997		102,973		10,856,023	110,000
2003 SERIES A/B (ARLINGTON VILLAS)	17,100,000		46,315		17,053,685	74,000
2003 SERIES A/B (PARKVIEW TWNHMS)	16,554,666		72,987		16,481,679	79,000
2003 SERIES (NHP-ASMARA)REFUNDING	21,625,000		335,000		21,290,000	111,244
2004 SERIES A/B (TIMBER RIDGE)	6,700,000		31,895		6,668,105	34,000
2004 SERIES A/B (CENTURY PARK)	13,000,000		80,000		12,920,000	165,000
2004 SERIES A (ADDISON PARK)	14,000,000				14,000,000	
2004 SERIES A/B (VETERANS MEMORIAL)	16,265,889		72,713		16,193,176	79,000
2004 SERIES (RUSH CREEK)	9,995,857		51,557		9,944,300	55,000
2004 SERIES (HUMBLE PARK)	11,700,000		90,000		11,610,000	100,000
2004 SERIES (CHISHOLM TRAIL)	12,000,000				12,000,000	
2004 SERIES (EVERGREEN @ PLANO)	14,750,000		12,776		14,737,224	80,000
2004 SERIES (MONTGOMERY PINES)	12,300,000				12,300,000	
2004 SERIES (BRISTOL)	12,625,000				12,625,000	
2004 SERIES (PINNACLE)	14,500,000				14,500,000	
2004 SERIES (TRANQUILITY BAY)	14,331,046		78,964		14,252,083	84,000
2004 SERIES (SPHINX @ DELAFIELD)	11,330,000		95,000		11,235,000	100,000
2004 SERIES (CHURCHILL @ PINNACLE)	10,750,000		5,399	650,000	10,094,601	67,000
2004 SERIES A/B (POST OAK EAST)	13,600,000				13,600,000	
2004 SERIES (VILLAGE FAIR)	14,100,000		50,342		14,049,658	80,000
2005 SERIES (PECAN GROVE)	14,030,000		43,711		13,986,289	79,000
2005 SERIES (PRAIRIE OAKS)	11,050,000		34,427		11,015,573	62,000
2005 SERIES (PORT ROYAL)	12,200,000		32,490		12,167,510	68,000
2005 SERIES (MISSION DEL RIO)	11,490,000		30,600		11,459,400	64,000
2005 SERIES (ATASCOCITA)	11,900,000				11,900,000	
2005 SERIES (TOWER RIDGE)	15,000,000				15,000,000	
2005 SERIES (ALTA CULLEN)	14,000,000				14,000,000	61,000
2005 SERIES (LAFAYETTE VILLAGE)	14,100,000			14,100,000	-	
2005 SERIES (PRAIRIE RANCH)	12,200,000			5,000	12,195,000	145,000
2005 SERIES (ST. AUGUSTINE)	7,650,000				7,650,000	
2005 SERIES (PARK MANOR)	10,400,000				10,400,000	
2005 SERIES (PROVIDENCE @ MOCKINGBIRD)	14,360,000				14,360,000	80,000
2005 SERIES (PLAZA CHASE OAKS)	14,250,000				14,250,000	
2005 SERIES (CANAL PLACE)	16,100,000				16,100,000	
2006 SERIES (CORAL HILLS)	5,320,000				5,320,000	
2006 SERIES (HARRIS BRANCH)	15,000,000				15,000,000	
2006 SERIES (BELLA VISTA)	6,800,000				6,800,000	15,000
2006 SERIES (VILLAGE PARK)	13,660,000				13,660,000	
2006 SERIES (OAKMOOR)	14,635,000				14,635,000	
2006 SERIES (SUNSET POINTE)	15,000,000				15,000,000	
2006 SERIES (HILLCREST)	12,435,000				12,435,000	
2006 SERIES (PLEASANT VILLAGE)	6,000,000				6,000,000	34,000
2006 SERIES (GROVE VILLAGE)	6,180,000				6,180,000	35,000
2006 SERIES (RED HILLS)		5,015,000			5,015,000	
2006 SERIES (CHAMPION'S CROSSING)		5,125,000			5,125,000	
2006 SERIES (STONEHAVEN)		11,300,000			11,300,000	
2006 SERIES (CENTER RIDGE)		8,325,000			8,325,000	
2006 SERIES (MEADOWLANDS)		13,500,000			13,500,000	
2006 SERIES (EAST TEXAS PINES)		13,500,000			13,500,000	
2006 SERIES (VILLAS @ HENDERSON)		7,200,000			7,200,000	
2006 SERIES (ASPEN PARKS)		9,800,000			9,800,000	
2006 SERIES (IDLEWILDE)		14,250,000			14,250,000	
2007 SERIES (LANDCASTER)		14,250,000			14,250,000	
2007 SERIES (PARK PLACE AT LOYOLA)		15,000,000			15,000,000	
2007 SERIES (TERRACE AT CIBOLO)		8,000,000			8,000,000	
2007 SERIES (SANTORA VILLAS)		13,072,000			13,072,000	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-B (Continued)
MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2007

Description of Issue	Bonds Outstanding 9/1/06	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2007		Amounts Due Within One Year
2007 SERIES (A/B VILLAS @ MESQUITE)	$	$ 16,860,000	$	$	$ 16,860,000		$
2007 SERIES (SUMMIT POINT)		11,700,000			11,700,000		
2007 SERIES (COSTA RIALTO)		12,385,000			12,385,000		
2007 SERIES (WINDSHIRE)		14,000,000			14,000,000		
Total Multifamily Bonds	$ 1,107,944,868	$ 193,282,000	$ 5,265,789	$ 82,661,921	$ 1,213,299,159		$ 6,763,695
	$ 2,320,952,868	$ 453,284,000	$ 16,975,789	$ 183,786,921	$ 2,573,474,159	(a)	$ 23,712,494

FOOTNOTES:

(a) Bonds Outstanding balance at 8/31/07 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 2,573,474,159
Unamortized (Discount)/Premium:	
Single Family	12,648,659
RMRB	1,999,854
CHMRB	262,038
Multi-Family	(545,639)
Unamortized Deferred Gain/(Loss) on Refunding:	
Single Family	(4,025,952)
RMRB	(1,200,200)
Deferred Amount on Refunding	(239,414)
Bonds Outstanding per Exhibit III	$ 2,582,373,505

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

DESCRIPTION		2008	2009	2010	2011	2012
2002 SINGLE FAMILY, SERIES A JUNIOR LIEN	Principal	$	$	$	$	$
2002 SINGLE FAMILY, SERIES A JUNIOR LIEN	Interest	379	379	379	379	379
2002 SINGLE FAMILY, SERIES A	Principal					
2002 SINGLE FAMILY, SERIES A	Interest	2,063	2,063	2,063	2,063	2,063
2002 SINGLE FAMILY, SERIES B	Principal					
2002 SINGLE FAMILY, SERIES B	Interest	2,128	2,128	2,128	2,128	2,128
2002 SINGLE FAMILY, SERIES C	Principal	500	525	555	590	625
2002 SINGLE FAMILY, SERIES C	Interest	536	514	490	463	433
2002 SINGLE FAMILY, SERIES D	Principal	875	895	930	960	1,015
2002 SINGLE FAMILY, SERIES D	Interest	207	172	134	93	47
2004 SINGLE FAMILY, SERIES A	Principal	3,320	3,910	3,505	3,545	3,695
2004 SINGLE FAMILY, SERIES A	Interest	5,152	5,046	4,921	4,785	4,637
2004 SINGLE FAMILY, SERIES B	Principal					
2004 SINGLE FAMILY, SERIES B	Interest	2,175	2,171	2,173	2,173	2,175
2004 SINGLE FAMILY, SERIES A (JUNIOR LIEN)	Principal					
2004 SINGLE FAMILY, SERIES A (JUNIOR LIEN)	Interest	240	240	240	240	240
2004 SINGLE FAMILY, SERIES C	Principal	445	465	485	510	540
2004 SINGLE FAMILY, SERIES C	Interest	1,739	1,716	1,692	1,666	1,640
2004 SINGLE FAMILY, SERIES D	Principal					
2004 SINGLE FAMILY, SERIES D	Interest	1,433	1,430	1,431	1,431	1,433
2004 SINGLE FAMILY, SERIES E	Principal	1,080	1,110	1,155	1,200	1,260
2004 SINGLE FAMILY, SERIES E	Interest	318	284	246	202	154
2005 SINGLE FAMILY,SERIES A	Principal	850	1,895	1,970	2,050	2,130
2005 SINGLE FAMILY,SERIES A	Interest	3,912	3,831	3,757	3,675	3,594
2005 SINGLE FAMILY,SERIES B	Principal	725	750	790	825	860
2005 SINGLE FAMILY,SERIES B	Interest	890	861	830	796	761
2005 SINGLE FAMILY,SERIES C	Principal					
2005 SINGLE FAMILY,SERIES C	Interest	441	440	441	441	441
2005 SINGLE FAMILY,SERIES D	Principal					
2005 SINGLE FAMILY,SERIES D	Interest	161	161	161	161	161
2006 SINGLE FAMILY, SERIES A	Principal	230	490	525	560	600
2006 SINGLE FAMILY, SERIES A	Interest	2,950	2,926	2,900	2,872	2,843
2006 SINGLE FAMILY, SERIES B	Principal	720	1,485	1,550	1,620	1,690
2006 SINGLE FAMILY, SERIES B	Interest	3,479	3,406	3,329	3,249	3,166
2006 SINGLE FAMILY, SERIES C	Principal	750	1,560	1,640	1,725	1,815
2006 SINGLE FAMILY, SERIES C	Interest	5,342	5,263	5,180	5,093	5,000
2006 SINGLE FAMILY, SERIES D	Principal					
2006 SINGLE FAMILY, SERIES D	Interest	1,244	1,244	1,244	1,244	1,244
2006 SINGLE FAMILY, SERIES E	Principal	1,240	1,280	1,320	1,375	1,425
2006 SINGLE FAMILY, SERIES E	Interest	626	578	527	473	417

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

2013-17	2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
$	$	$ 5,400	$	$	$	$	$ 5,400
1,895	1,895	1,223					6,908
		21,240		16,245			37,485
10,315	10,315	6,523	4,510	1,107			43,085
		1,755	10,540	26,840			39,135
10,640	10,640	10,568	8,622	765			51,875
7,515	870						11,180
1,149							3,585
1,065							5,740
							653
18,195	15,765	18,970	23,040	22,920			116,865
20,700	17,202	13,083	8,033	1,908			85,467
4,640	10,700	12,915	15,680	9,065			53,000
10,581	8,741	6,305	3,355	378			40,227
				4,140			4,140
1,200	1,200	1,200	1,200	964			6,964
4,065	6,565	7,675	8,460	7,595			36,805
7,695	6,442	4,684	2,814	590			30,678
3,555	7,330	8,220	9,100	6,795			35,000
6,906	5,639	3,977	2,270	358			26,308
3,100	290						9,195
206	10						1,420
11,995	14,585	17,740	21,555	23,375			98,145
16,564	13,892	10,639	6,684	1,932			68,480
4,830	6,070	5,855					20,705
3,205	1,970	478					9,791
	8,010						8,010
2,202							4,406
		1,745	810	670			3,225
805	805	725	261	57			3,458
3,655	5,090	6,845	9,055	27,985	4,070		59,105
13,697	12,598	11,087	9,083	4,919			65,875
9,655	11,910	14,910	18,760	7,650			69,950
14,436	11,720	8,351	4,113	287			55,536
10,575	13,655	17,600	22,710	29,230	3,350		104,610
23,453	20,327	16,292	11,090	4,383			101,423
	9,650	13,340	4,640				27,630
6,220	5,176	2,477	116				20,209
8,085	1,835						16,560
1,116							3,737

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

DESCRIPTION		2008	2009	2010	2011	2012
2006 SINGLE FAMILY, SERIES F	Principal	$	$ 510	$ 560	$ 595	$ 630
2006 SINGLE FAMILY, SERIES F	Interest	4,285	4,264	4,232	4,198	4,162
2006 SINGLE FAMILY, SERIES G	Principal	575	1,120	1,245	1,315	1,390
2006 SINGLE FAMILY, SERIES G	Interest	620	579	532	481	425
2006 SINGLE FAMILY, SERIES H	Principal					
2006 SINGLE FAMILY, SERIES H	Interest	1,477	1,475	1,476	1,476	1,477
2007 SINGLE FAMILY, SERIES A	Principal		2,450	2,570	2,705	2,860
2007 SINGLE FAMILY, SERIES A	Interest	5,296	5,218	5,129	5,030	4,930
Total Single Family Bonds		58,403	64,834	64,435	64,387	64,485
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	1,190	1,250	1,300		
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	2,077	2,020	1,959	1,922	1,922
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal					
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	378	378	378	378	378
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal					
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	304	304	304	304	304
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal					
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	1,474	1,474	1,474	1,474	1,474
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Principal					
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Interest	219	219	219	219	219
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	250	255			
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	1,016	1,001	993	993	993
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal					
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	2,797	2,797	2,797	2,797	2,797
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Principal					
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Interest	498	498	498	498	498
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Principal	555	595	640	680	720
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Interest	346	318	287	253	217
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	630	660	685	160	165
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	1,795	1,763	1,729	1,705	1,696
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal				725	780
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	633	633	633	618	581
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Principal	1,095	1,140	1,195	1,245	1,305
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Interest	429	348	299	247	191
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Principal	5	10	10	10	5
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Interest	13	12	12	11	11
2002 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	535	550	575	620	640
2002 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	1,643	1,618	1,592	1,564	1,533
2003 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	1,075	1,090	1,110	1,160	1,200
2003 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	3,116	3,076	3,033	2,986	2,937
Total Residential Mtg Revenue Bonds		22,073	22,009	21,722	20,569	20,566

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

2013-17	2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
$ 3,775	$ 8,750	$ 14,790	$ 19,805	$ 26,520	$ 5,260	$	$ 81,195
20,196	18,630	15,340	10,766	4,611	65		90,749
7,055	2,300						15,000
1,172	87						3,896
1,270	5,140	6,875	9,205	12,310	1,200		36,000
7,327	6,566	5,323	3,663	1,443			31,703
16,745	21,845	28,610	29,375	29,930	5,915		143,005
22,856	19,264	14,565	8,868	3,715	59		94,930
324,311	323,479	337,325	288,183	278,687	19,919		1,888,448
	8,535		27,830				40,105
9,610	7,743	7,370	4,303				38,926
	7,125						7,125
1,890	1,697						5,477
	5,865						5,865
1,520	702						3,742
	7,400		15,015				22,415
7,370	6,758	4,745	4,591				30,834
		3,500					3,500
1,095	1,095	397					3,682
	4,035		11,790				16,330
4,965	4,078	3,715	2,845				20,599
		12,000	16,755	19,410			48,165
13,985	13,985	12,470	10,325	365			65,115
	4,855	3,675					8,530
2,490	1,875	497					7,352
2,510	995						6,695
514	135						2,070
1,065	1,370	10,675	14,405	3,685			33,500
8,310	7,968	6,437	3,097	120			34,620
4,560	6,235						12,300
2,266	887						6,251
3,710							9,690
240							1,754
45	45	45	45	15			235
46	34	23	9	1			172
3,770	4,410	7,215	11,015	2,140			31,470
7,118	6,019	4,637	2,159	75			27,958
7,060	9,030	14,170	19,580	9,290			64,765
13,807	11,893	9,205	4,952	509			55,514
97,946	124,769	100,776	148,716	35,610			614,756

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

DESCRIPTION		2008	2009	2010	2011	2012
1992 COLL HOME MTG REV BONDS, SERIES C	Principal	$	$	$	$	$
1992 COLL HOME MTG REV BONDS, SERIES C	Interest	858	856	856	856	858
Total Coll Home Mtg Revenue Bonds		858	856	856	856	858
1987 MF SERIES (SOUTH TEXAS RENTAL HOUSING)	Principal	93	102	112	123	135
1987 MF SERIES (SOUTH TEXAS RENTAL HOUSING)	Interest	53	44	34	23	11
1996 MF SERIES A&B (BRIGHTON'S MARK)	Principal					
1996 MF SERIES A&B (BRIGHTON'S MARK)	Interest	495	495	495	495	495
1996 MF SERIES A&B (MARKS OF LAS COLINAS)	Principal					
1996 MF SERIES A&B (MARKS OF LAS COLINAS)	Interest	716	716	716	716	716
1996 MF SERIES A&B (BRAXTON'S MARK)	Principal					
1996 MF SERIES A&B (BRAXTON'S MARK)	Interest	829	829	829	829	829
1998 MF SERIES (PEBBLE BROOK APARTMENTS)	Principal	190	205	215	225	245
1998 MF SERIES (PEBBLE BROOK APARTMENTS)	Interest	544	535	524	513	500
1998 MF SERIES A-C (RESIDENCE AT THE OAKS)	Principal	151	159	169	180	189
1998 MF SERIES A-C (RESIDENCE AT THE OAKS)	Interest	440	430	420	410	399
1998 MF SERIES A&B (GREENS OF HICKORY TRAIL)	Principal	240	250	270	290	310
1998 MF SERIES A&B (GREENS OF HICKORY TRAIL)	Interest	654	640	624	608	590
1999 MF SERIES A-C (MAYFIELD)	Principal	209	222	235	248	263
1999 MF SERIES A-C (MAYFIELD)	Interest	587	575	562	548	534
1999 MF SERIES (WOODGLEN VILLAGE)	Principal	184	71	76	82	88
1999 MF SERIES (WOODGLEN VILLAGE)	Interest	2,306	759	753	748	741
2000 MF SERIES (TIMBER POINT APTS)	Principal					
2000 MF SERIES (TIMBER POINT APTS)	Interest	311	310	311	311	311
2000 MF SERIES A&B (OAKS AT HAMPTON)	Principal	75	82	89	96	104
2000 MF SERIES A&B (OAKS AT HAMPTON)	Interest	703	696	689	681	674
2000 MF SERIES (DEERWOOD APTS)	Principal	95	95	105	115	120
2000 MF SERIES (DEERWOOD APTS)	Interest	383	377	372	365	359
2000 MF SERIES (CREEK POINT APTS)	Principal					
2000 MF SERIES (CREEK POINT APTS)	Interest	267	266	267	267	267
2000 MF SERIES PARKS AT (WESTMORELAND)	Principal	73	80	87	94	101
2000 MF SERIES PARKS AT (WESTMORELAND)	Interest	823	816	809	801	793
2000 A/C MF SERIES (HIGHLAND MEADOWS)	Principal	121	130	139	149	159
2000 A/C MF SERIES (HIGHLAND MEADOWS)	Interest	573	565	556	546	536
2000 A&B MF SERIES (GREENBRIDGE)	Principal	164	127	137	148	159
2000 A&B MF SERIES (GREENBRIDGE)	Interest	2,735	1,441	1,432	1,421	1,410
2000 A/C MF SERIES (COLLINGHAM PARK)	Principal	182	208	230	244	259
2000 A/C MF SERIES (COLLINGHAM PARK)	Interest	864	850	905	888	869
2000 A&B MF SERIES (WILLIAMS RUN)	Principal	262	91	98	106	115
2000 A&B MF SERIES (WILLIAMS RUN)	Interest	3,172	938	931	923	915

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

2013-17	2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
$	$	$ 12,400	$	$	$	$	$ 12,400
4,282	4,282	1,563					14,411
4,282	4,282	13,963					26,811
48							613
1							166
		8,075					8,075
2,475	2,475	1,980					9,405
		12,670					12,670
3,580	3,580	2,861					13,601
		14,274					14,274
4,145	4,145	3,324					15,759
1,475	2,020	2,775	2,545				9,895
2,281	1,809	1,160	294				8,160
202			6,358				7,408
1,911	1,905	1,905	1,240				9,060
1,880	2,555	3,440	3,090				12,325
2,665	2,100	1,331	330				9,542
1,563	2,075	2,753	2,839				10,407
2,418	1,902	1,220	337				8,683
554	799	1,154	1,667	2,409	3,421		10,505
3,595	3,348	2,993	2,480	1,739	467		19,929
				7,670			7,670
1,553	1,554	1,554	1,551				7,766
645	924	1,323	1,895	2,713	1,808		9,754
3,244	2,966	2,567	1,995	1,176	175		15,566
	1,305			4,240			6,075
1,770	1,604	1,355	1,355	139			8,079
				6,585			6,585
1,333	1,334	1,334	1,334	20			6,689
627	898	1,286	1,840	2,633	1,985		9,704
3,816	3,498	3,039	2,384	1,446	257		18,482
974	1,362	1,900	2,648	983			8,565
2,494	2,102	1,552	788	45			9,757
997	1,442	2,086	3,016	4,360	7,099		19,735
6,844	6,398	5,750	4,814	3,461	1,206		36,912
1,548	2,094	2,852	3,908	1,418			12,943
4,030	3,371	2,477	1,253	72			15,579
724	1,061	1,553	2,274	3,328	2,954		12,566
4,421	4,086	3,593	2,872	1,817	391		24,059

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

DESCRIPTION		2008	2009	2010	2011	2012
2001A MF SERIES (BLUFFVIEW SR. APTS.)	Principal	$ 59	$ 64	$ 69	$ 74	$ 80
2001A MF SERIES (BLUFFVIEW SR. APTS.)	Interest	900	894	889	883	876
2001A MF SERIES (KNOLLWOOD VILLAS APTS)	Principal	77	82	89	96	103
2001A MF SERIES (KNOLLWOOD VILLAS APTS)	Interest	1,162	1,156	1,149	1,142	1,134
2001A MF SERIES (SKYWAY VILLAS)	Principal	125	145	150	150	160
2001A MF SERIES (SKYWAY VILLAS)	Interest	453	446	438	431	422
2001A MF SERIES (COBB PARK)	Principal	42	46	51	56	60
2001A MF SERIES (COBB PARK)	Interest	604	599	595	590	585
2001 MF SERIES (GREENS ROAD APTS.)	Principal	120	130	135	145	155
2001 MF SERIES (GREENS ROAD APTS.)	Interest	429	422	415	408	400
2001 MF SERIES (MERIDIAN APTS.)	Principal	185	200	215	230	245
2001 MF SERIES (MERIDIAN APTS.)	Interest	803	791	777	762	746
2001 MF SERIES (WILDWOOD APTS.)	Principal	190	205	220	235	250
2001 MF SERIES (WILDWOOD APTS.)	Interest	794	781	767	752	736
2001 A/C MF SERIES (FALLBROOK APTS.)	Principal	206	220	235	251	268
2001 A/C MF SERIES (FALLBROOK APTS.)	Interest	861	847	831	815	800
2001 MF SERIES (OAK HOLLOW APTS.)	Principal	40	43	46	49	53
2001 MF SERIES (OAK HOLLOW APTS.)	Interest	445	442	439	436	432
2001 A/B MF SERIES (HILLSIDE APTS.)	Principal	43	47	83	96	103
2001 A/B MF SERIES (HILLSIDE APTS.)	Interest	882	878	873	866	859
2002 MF SERIES (MILLSTONE APTS.)	Principal	165	175	185	195	215
2002 MF SERIES (MILLSTONE APTS.)	Interest	577	568	558	548	537
2002 MF SERIES (SUGAR CREEK APTS.)	Principal	115	85	90	100	105
2002 MF SERIES (SUGAR CREEK APTS.)	Interest	702	696	691	685	679
2002 MF SERIES (WEST OAKS APTS.)	Principal	57	62	66	71	76
2002 MF SERIES (WEST OAKS APTS.)	Interest	716	711	706	701	696
2002 MF SERIES (PARK MEADOWS APTS.)	Principal	60	70	65	80	80
2002 MF SERIES (PARK MEADOWS APTS.)	Interest	281	277	273	268	263
2002 SERIES (CLARKRIDGE VILLAS APTS)	Principal	81	87	93	100	107
2002 SERIES (CLARKRIDGE VILLAS APTS)	Interest	962	956	950	943	936
2002 SERIES A (HICKORY TRACE APTS)	Principal	67	71	77	82	88
2002 SERIES A (HICKORY TRACE APTS)	Interest	796	791	786	780	774
2002 SERIES A (GREEN CREST APTS)	Principal	143	71	76	82	88
2002 SERIES A (GREEN CREST APTS)	Interest	1,789	787	782	777	771
2002 SERIES A/B (IRON WOOD CROSSING)	Principal	73	79	87	95	103
2002 SERIES A/B (IRON WOOD CROSSING)	Interest	1,209	1,202	1,195	1,187	1,178
2002 SERIES A (WOODWAY VILLAGE)	Principal	110	115	120	130	135
2002 SERIES A (WOODWAY VILLAGE)	Interest	392	386	380	374	368
2003 SERIES A/B (READING ROAD)	Principal	20	20	30	30	30
2003 SERIES A/B (READING ROAD)	Interest	540	538	537	535	533

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

2013-17	2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
$ 507	$ 741	$ 1,081	$ 1,580	$ 2,307	$ 3,927	$	$ 10,489
4,261	3,996	3,610	3,045	2,224	904		22,482
652	951	1,390	2,031	2,966	5,042		13,479
5,529	5,213	4,755	4,083	3,102	1,361		29,786
965	1,270	1,660	2,210	1,350			8,185
1,961	1,654	1,247	702	97			7,851
375	531	785	1,135	1,642	2,926		7,649
2,846	2,666	2,410	2,032	1,490	635		15,052
930	1,255	1,705	2,330	1,155			8,060
1,861	1,573	1,182	642	63			7,395
1,510	2,190	2,865	3,850	2,395			13,885
3,457	2,857	2,140	1,217	165			13,715
1,555	2,190	2,860	3,845	2,390			13,940
3,397	2,825	2,134	1,215	167			13,568
1,604	2,163	2,916	3,929	2,449			14,241
3,725	3,160	2,395	1,366	190			14,990
328	463	657	931	1,321	2,450		6,381
2,097	1,962	1,766	1,489	1,098	506		11,112
637	904	1,281	1,814	2,574	5,017		12,599
4,173	3,905	3,526	2,988	2,224	1,054		22,228
1,210	1,590	2,075	2,730	2,035			10,575
2,496	2,116	1,616	956	170			10,142
575					10,680		11,750
3,289	3,205	3,205	3,205	3,205	2,777		22,339
474	679	968	1,383	1,975	3,762		9,573
3,379	3,166	2,860	2,421	1,796	846		17,998
480	670	925	1,270	635			4,335
1,224	1,039	780	425	42			4,872
664	941	1,333	1,890	2,679	3,798	2,017	13,790
4,551	4,272	3,879	3,318	2,524	1,400		24,691
544	773	1,096	1,552	2,202	3,120	1,729	11,401
3,765	3,536	3,210	2,751	2,099	1,174	17	20,479
543	769	1,091	1,547	2,192	3,107	1,719	11,428
3,747	3,521	3,197	2,739	2,089	1,170	17	21,386
676	1,041	1,510	2,141	3,035	4,302	3,710	16,852
5,730	5,362	4,891	4,255	3,356	2,083	42	31,690
810	1,085	5,140					7,645
1,727	1,489	218					5,334
180	250	350	490	10,780			12,180
2,630	2,558	2,459	2,318	1,649			14,297

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

DESCRIPTION		2008	2009	2010	2011	2012
2003 SERIES A/B (NORTH VISTA)	Principal	$ 210	$ 215	$ 230	$ 245	$ 255
2003 SERIES A/B (NORTH VISTA)	Interest	685	676	666	656	645
2003 SERIES A/B (WEST VIRGINIA)	Principal	145	150	155	165	165
2003 SERIES A/B (WEST VIRGINIA)	Interest	463	456	450	443	435
2003 SERIES A/B (SPHINX @ MURDEAUX)	Principal	165	170	180	185	195
2003 SERIES A/B (SPHINX @ MURDEAUX)	Interest	1,998	2,005	2,013	2,022	2,031
2003 SERIES A/B (PRIMROSE HOUSTON)	Principal	79	85	93	101	109
2003 SERIES A/B (PRIMROSE HOUSTON)	Interest	1,096	1,090	1,083	1,075	1,067
2003 SERIES A/B (TIMBER OAKS)	Principal	56	61	67	73	80
2003 SERIES A/B (TIMBER OAKS)	Interest	925	920	915	909	902
2003 SERIES A/B (ASH CREEK APTS)	Principal	80	86	94	101	110
2003 SERIES A/B (ASH CREEK APTS)	Interest	1,089	1,082	1,075	1,067	1,059
2003 SERIES A/B (PENINSULA APTS)	Principal	160	165	170	180	190
2003 SERIES A/B (PENINSULA APTS)	Interest	629	622	614	606	597
2003 SERIES (EVERGREEN @ MESQUITE)	Principal	110	117	125	133	142
2003 SERIES (EVERGREEN @ MESQUITE)	Interest	744	737	729	720	711
2003 SERIES A/B (ARLINGTON VILLAS)	Principal	74	80	87	95	102
2003 SERIES A/B (ARLINGTON VILLAS)	Interest	1,174	1,167	1,161	1,153	1,145
2003 SERIES A/B (PARKVIEW TWNHMS)	Principal	79	86	94	102	111
2003 SERIES A/B (PARKVIEW TWNHMS)	Interest	1,112	1,105	1,098	1,089	1,080
2003 SERIES (NHP-ASMARA)REFUNDING	Principal	360	380	400	430	450
2003 SERIES (NHP-ASMARA)REFUNDING	Interest	837	821	807	791	775
2004 SERIES A/B (TIMBER RIDGE)	Principal	34	37	39	42	45
2004 SERIES A/B (TIMBER RIDGE)	Interest	449	446	444	441	438
2004 SERIES A/B (CENTURY PARK)	Principal	165	175	190	195	205
2004 SERIES A/B (CENTURY PARK)	Interest	692	683	673	662	652
2004 SERIES A (ADDISON PARK)	Principal					
2004 SERIES A (ADDISON PARK)	Interest	591	591	591	591	591
2004 SERIES A/B (VETERANS MEMORIAL)	Principal	79	86	94	102	111
2004 SERIES A/B (VETERANS MEMORIAL)	Interest	1,088	1,081	1,073	1,065	1,056
2004 SERIES (RUSH CREEK)	Principal	55	59	63	67	72
2004 SERIES (RUSH CREEK)	Interest	664	660	656	652	647
2004 SERIES (HUMBLE PARK)	Principal	100	110	110	120	130
2004 SERIES (HUMBLE PARK)	Interest	764	757	749	742	734
2004 SERIES (CHISHOLM TRAIL)	Principal					
2004 SERIES (CHISHOLM TRAIL)	Interest	457	456	456	456	456
2004 SERIES (EVERGREEN @ PLANO)	Principal	80	85	91	97	103
2004 SERIES (EVERGREEN @ PLANO)	Interest	962	957	951	945	939
2004 SERIES (MONTGOMERY PINES)	Principal					
2004 SERIES (MONTGOMERY PINES)	Interest	468	467	467	467	468

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

2013-17	2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
$ 1,465	$ 1,930	$ 2,535	$ 3,320	$ 3,395	$	$	$ 13,800
3,031	2,605	2,039	1,301	354			12,658
985	1,300	1,710	2,250	2,290			9,315
2,046	1,759	1,380	879	237			8,548
1,125	1,435	1,815	2,305	2,945	3,765	430	14,715
6,032	2,983	2,599	2,104	1,467	645	11	25,910
699	1,036	1,455	2,024	10,870			16,551
5,182	4,851	4,444	3,886	2,512			26,286
520	805	1,228	1,737	2,432	3,405	2,633	13,097
4,386	4,098	3,675	3,163	2,464	1,486	128	23,971
705	1,027	1,438	2,014	10,623			16,278
5,139	4,821	4,417	3,851	2,288			25,888
1,155	1,570	8,540					12,130
2,824	2,468	893					9,253
862	1,185	1,631	2,243	2,422	1,100	786	10,856
3,397	3,065	2,604	1,973	1,128	539	33	16,380
655	980	1,419	2,001	11,561			17,054
5,585	5,259	4,827	4,252	2,991			28,714
723	1,078	1,505	2,091	2,906	4,038	3,669	16,482
5,233	4,878	4,449	3,859	3,041	1,902	248	29,094
2,710	3,630	4,860	6,520	1,550			21,290
3,577	2,969	2,155	1,063	49			13,844
280	395	559	792	4,445			6,668
2,139	2,025	1,866	1,639	1,066			10,953
1,245	1,665	2,200	2,945	3,935			12,920
3,070	2,681	2,162	1,472	551			13,298
						14,000	14,000
2,955	2,955	2,955	2,955	2,955	2,955	879	21,564
722	1,048	1,457	2,024	2,813	3,911	3,746	16,193
5,112	4,784	4,373	3,802	3,009	1,907	268	28,618
442	617	862	1,204	1,682	2,348	2,473	9,944
3,154	2,978	2,731	2,388	1,908	1,237	187	17,862
780	1,090	1,525	2,085	2,890	2,670		11,610
3,526	3,222	2,797	2,208	1,399	335		17,233
				12,000			12,000
2,280	2,280	2,280	2,280	2,106			13,507
631	875	1,214	1,683	2,333	3,234	4,311	14,737
4,578	4,332	3,992	3,522	2,867	1,961	395	26,401
				12,300			12,300
2,336	2,336	2,336	2,337	2,241			13,923

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

DESCRIPTION		2008	2009	2010	2011	2012
2004 SERIES (BRISTOL)	Principal	$	$	$	$	$
2004 SERIES (BRISTOL)	Interest	481	479	480	480	480
2004 SERIES (PINNACLE)	Principal					
2004 SERIES (PINNACLE)	Interest	654	550	551	551	552
2004 SERIES (TRANQUILITY BAY)	Principal	84	90	96	102	109
2004 SERIES (TRANQUILITY BAY)	Interest	923	918	912	905	898
2004 SERIES (SPHINX @ DELAFIELD)	Principal	100	110	110	120	125
2004 SERIES (SPHINX @ DELAFIELD)	Interest	588	583	577	572	566
2004 SERIES (CHURCHILL @ PINNACLE)	Principal	67	72	77	82	87
2004 SERIES (CHURCHILL @ PINNACLE)	Interest	659	654	649	644	639
2004 SERIES A/B (POST OAK EAST)	Principal					
2004 SERIES A/B (POST OAK EAST)	Interest	542	541	541	541	542
2004 SERIES (VILLAGE FAIR)	Principal	80	85	91	97	103
2004 SERIES (VILLAGE FAIR)	Interest	910	905	899	893	887
2005 SERIES (PECAN GROVE)	Principal	79	84	90	96	102
2005 SERIES (PECAN GROVE)	Interest	831	902	896	890	883
2005 SERIES (PRAIRIE OAKS)	Principal	62	66	71	75	81
2005 SERIES (PRAIRIE OAKS)	Interest	714	710	706	700	695
2005 SERIES (PORT ROYAL)	Principal	68	73	78	83	88
2005 SERIES (PORT ROYAL)	Interest	789	784	779	774	768
2005 SERIES (MISSION DEL RIO)	Principal	64	69	73	78	83
2005 SERIES (MISSION DEL RIO)	Interest	743	738	734	729	723
2005 SERIES (ATASCOCITA)	Principal		143	152	162	171
2005 SERIES (ATASCOCITA)	Interest	453	448	443	437	431
2005 SERIES (TOWER RIDGE)	Principal		100	100	100	100
2005 SERIES (TOWER RIDGE)	Interest	599	596	593	589	585
2005 SERIES (ALTA CULLEN)	Principal	61	78	83	89	95
2005 SERIES (ALTA CULLEN)	Interest	922	917	912	906	900
2005 SERIES (PRAIRIE RANCH)	Principal	145	115	125	125	135
2005 SERIES (PRAIRIE RANCH)	Interest	588	582	576	570	564
2005 SERIES (ST. AUGUSTINE)	Principal		47	98	104	111
2005 SERIES (ST. AUGUSTINE)	Interest	292	290	287	283	279
2005 SERIES (PARK MANOR)	Principal		58	62	66	70
2005 SERIES (PARK MANOR)	Interest	666	664	660	656	652
2005 SERIES (PROVIDENCE @ MOCKINGBIRD)	Principal	80	85	91	97	103
2005 SERIES (PROVIDENCE @ MOCKINGBIRD)	Interest	916	911	905	899	893
2005 SERIES (PLAZA CHASE OAKS)	Principal					
2005 SERIES (PLAZA CHASE OAKS)	Interest	720	720	720	720	720
2005 SERIES (CANAL PLACE APTS))	Principal			56	81	88
2005 SERIES (CANAL PLACE APTS))	Interest	1,026	1,026	1,024	1,018	1,011

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

2013-17	2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
$	$	$	$	$ 12,625	$	$	$ 12,625
2,398	2,399	2,399	2,399	2,296			14,291
				14,500			14,500
2,754	2,755	2,755	2,756	2,637			16,515
667	921	1,275	1,761	2,435	3,368	3,344	14,252
4,371	4,114	3,760	3,271	2,593	1,656	296	24,617
750	980	1,285	1,685	2,190	2,790	990	11,235
2,722	2,509	2,227	1,845	1,342	693	56	14,280
532	739	1,024	1,420	1,967	2,725	1,303	10,095
3,097	2,891	2,603	2,205	1,655	890	78	16,664
				13,600			13,600
2,706	2,706	2,706	2,707	2,684			16,216
630	872	1,205	1,666	2,304	3,185	3,732	14,050
4,319	4,076	3,741	3,279	2,635	1,750	415	24,709
623	863	1,192	1,648	2,281	3,154	3,774	13,986
4,304	4,066	3,735	3,279	2,649	1,776	452	24,663
491	679	939	1,298	1,796	2,484	2,974	11,016
3,387	3,199	2,937	2,577	2,076	1,385	338	19,424
539	745	1,030	1,425	1,972	2,726	3,341	12,168
3,743	3,536	3,250	2,851	2,303	1,543	392	21,512
508	702	970	1,343	1,858	2,567	3,144	11,459
3,526	3,330	3,060	2,685	2,169	1,455	368	20,260
1,032	1,395	1,893	2,575	3,518	859		11,900
2,043	1,814	1,500	1,076	496	13		9,154
600	1,200	2,000	2,700	4,000	4,100		15,000
2,862	2,689	2,378	1,906	1,230	95		14,122
581	807	1,122	1,559	2,166	3,011	4,348	14,000
4,394	4,166	3,850	3,410	2,799	1,951	559	25,686
790	1,015	1,330	1,680	2,120	2,680	1,935	12,195
2,711	2,495	2,213	1,847	1,390	814	150	14,500
662	890	1,196	1,605	2,157	780		7,650
1,323	1,175	975	707	345	18		5,974
426	587	807	1,110	1,527	2,100	3,587	10,400
3,182	3,022	2,802	2,499	2,082	1,507	535	18,927
627	862	1,187	1,633	2,248	3,093	4,254	14,360
4,353	4,116	3,790	3,342	2,724	1,875	577	25,301
		14,250					14,250
3,600	3,600	1,074					11,874
563	836	1,159	1,596	2,195	9,526		16,100
4,929	4,665	4,350	3,922	3,333	942		27,246

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

DESCRIPTION		2008	2009	2010	2011	2012
2005 SERIES (CORAL HILLS)	Principal	$	$	$	$	$
2005 SERIES (CORAL HILLS)	Interest	269	269	269	269	269
2006 SERIES (HARRIS BRANCH APTS)	Principal			200	200	200
2006 SERIES (HARRIS BRANCH APTS)	Interest	589	587	583	575	568
2006 SERIES (BELLA VISTA APTS)	Principal	15	45	45	45	50
2006 SERIES (BELLA VISTA APTS)	Interest	418	416	413	411	408
2006 SERIES (VILLAGE PARK)	Principal		105	190	190	200
2006 SERIES (VILLAGE PARK)	Interest	700	699	690	680	670
2006 SERIES (OAKMOOR)	Principal		75	95	101	107
2006 SERIES (OAKMOOR)	Interest	878	876	871	865	858
2006 SERIES (SUNSET POINTE)	Principal					
2006 SERIES (SUNSET POINTE)	Interest	599	598	598	598	599
2006 SERIES (HILLCREST)	Principal			175	160	170
2006 SERIES (HILLCREST)	Interest	653	653	647	638	629
2006 SERIES (PLEASANT VILLAGE)	Principal	34	71	75	80	84
2006 SERIES (PLEASANT VILLAGE)	Interest	365	361	356	351	347
2006 SERIES (GROVE VILLAGE)	Principal	35	73	77	82	86
2006 SERIES (GROVE VILLAGE)	Interest	376	371	367	362	358
2006 SERIES (RED HILLS VILLAS)	Principal					
2006 SERIES (RED HILLS VILLAS)	Interest	197	196	197	197	197
2006 SERIES (CHAMPIONS CROSSING)	Principal					
2006 SERIES (CHAMPIONS CROSSING)	Interest	201	201	201	201	201
2006 SERIES (STONEHAVEN)	Principal		61	77	82	87
2006 SERIES (STONEHAVEN)	Interest	655	654	649	645	640
2006 SERIES (CENTER RIDGE)	Principal			120	110	115
2006 SERIES (CENTER RIDGE)	Interest	416	416	413	407	401
2006 SERIES (MEADOWLANDS)	Principal		1,780	75	79	84
2006 SERIES (MEADOWLANDS)	Interest	810	757	701	696	691
2006 SERIES (EAST TEX PINES)	Principal				80	95
2006 SERIES (EAST TEX PINES)	Interest	668	668	668	665	660
2006 SERIES (VILLAS @ HENDERSON)	Principal			47	98	104
2006 SERIES (VILLAS @ HENDERSON)	Interest	290	290	290	286	282
2006 SERIES (ASPEN PARK)	Principal			105	95	100
2006 SERIES (ASPEN PARK)	Interest	490	490	488	483	478
2006 SERIES (IDLEWILDE)	Principal			77	162	173
2006 SERIES (IDLEWILDE)	Interest	571	569	569	564	558
2007 SERIES (LANCASTER)	Principal					
2007 SERIES (LANCASTER)	Interest	571	569	570	570	571
2007 SERIES (PARK PLACE AT LOYOLA)	Principal				98	104
2007 SERIES (PARK PLACE AT LOYOLA)	Interest	870	870	870	867	861

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

2013-17	2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
$	$	$	$	$	$ 5,320	$	$ 5,320
1,345	1,345	1,345	1,345	1,345	236		8,306
1,300	1,800	2,300	3,200	4,100	1,700		15,000
2,692	2,395	1,999	1,467	753	54		12,262
305	410	560	760	1,030	1,400	2,135	6,800
1,987	1,878	1,730	1,531	1,259	890	340	11,681
1,185	1,575	10,215					13,660
3,179	2,829	2,042					11,489
645	869	1,173	1,583	2,135	2,880	4,972	14,635
4,184	3,957	3,652	3,241	2,686	1,938	773	24,779
					15,000		15,000
2,991	2,991	2,991	2,992	2,991	1,126		19,074
1,020	1,380	1,885			7,645		12,435
2,996	2,680	2,250	2,005	2,005	637		15,793
510	690	4,456					6,000
1,645	1,465	267					5,157
525	711	4,591					6,180
1,696	1,508	137					5,175
	300	600	1,000	3,115			5,015
983	961	862	691	389			4,870
100	500	600	1,000	2,925			5,125
1,001	927	826	653	360			4,772
519	692	9,782					11,300
3,115	2,939	2,232					11,529
700	945	1,265			5,070		8,325
1,908	1,702	1,428	1,270	1,270	419		10,050
505	681	917	1,239	1,673	2,255	4,212	13,500
3,372	3,194	2,955	2,634	2,198	1,612	735	20,355
575	765	1,010	1,340	1,775	2,350	5,510	13,500
3,218	3,049	2,826	2,531	2,139	1,619	823	19,534
616	812	1,073	1,419	1,876	1,155		7,200
1,342	1,197	1,009	761	429	61		6,237
600	795	1,065			7,040		9,800
2,305	2,133	1,903	1,760	1,760	647		12,937
1,050	1,444	1,984	2,724	3,745	2,891		14,250
2,669	2,423	2,082	1,619	977	183		12,784
					14,250		14,250
2,849	2,850	2,850	2,851	2,849	1,636		18,736
620	828	1,104	1,476	1,971	2,632	6,167	15,000
4,204	3,996	3,717	3,344	2,847	2,183	1,197	25,826

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

DESCRIPTION		2008	2009	2010	2011	2012
2007 SERIES (TERRACES AT CIBOLO)	Principal	$	$	$	$	$
2007 SERIES (TERRACES AT CIBOLO)	Interest	313	313	313	313	313
2007 SERIES (SANTORA VILLAS)	Principal				64	89
2007 SERIES (SANTORA VILLAS)	Interest	758	758	758	757	752
2007 SERIES (A/B VILLAS @ MESQUITE CREEK)	Principal			210	155	165
2007 SERIES (A/B VILLAS @ MESQUITE CREEK)	Interest	858	858	853	843	833
2007 SERIES (SUMMIT POINT)	Principal			165	100	105
2007 SERIES (SUMMIT POINT)	Interest	603	603	598	593	588
2007 SERIES (COSTA RIALTO)	Principal				91	96
2007 SERIES (COSTA RIALTO)	Interest	663	663	663	660	655
2007 SERIES (WINDSHIRE)	Principal					
2007 SERIES (WINDSHIRE)	Interest	547	546	546	546	546
Total Multifamily Bonds		$ 84,005	$ 79,869	$ 79,528	$ 79,836	$ 79,894
	Total	$ 165,339	$ 167,568	$ 166,541	$ 165,648	$ 165,803
Less Interest		141,672	134,102	132,614	130,964	129,262
	Total Principal	$ 23,667	$ 33,466	$ 33,927	$ 34,684	$ 36,541

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2007
(Amounts in Thousands)

2013-17	2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
$	$	$	$	$	$ 8,000	$	$ 8,000
1,565	1,565	1,565	1,565	1,565	828		10,218
531	711	949	1,268	1,693	2,260	5,507	13,072
3,672	3,493	3,253	2,932	2,505	1,935	1,123	22,696
985	1,300	1,675	2,135	2,740	3,505	3,990	16,860
4,008	3,691	3,321	2,852	2,249	1,476	495	22,337
640	820	1,060	1,390	1,830	2,415	3,175	11,700
2,852	2,676	2,442	2,136	1,722	1,171	443	16,427
565	738	964	1,259	1,645	2,147	4,880	12,385
3,189	3,016	2,789	2,492	2,105	1,601	923	19,419
					14,000		14,000
2,730	2,730	2,730	2,730	2,730	1,841		18,222
$ 394,101	$ 394,030	$ 468,631	$ 361,566	$ 436,394	$ 312,761	$ 131,790	$ 2,902,405
$ 820,640	$ 846,560	$ 920,695	$ 798,465	$ 750,691	$ 332,680	$ 131,790	$ 5,432,420
612,468	544,784	445,656	324,822	179,356	69,953	13,293	2,858,946
$ 208,172	$ 301,776	$ 475,039	$ 473,643	$ 571,335	$ 262,727	$ 118,497	$ 2,573,474

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Suplementary Bond Schedules
SCHEDULE 1-D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS
For the Fiscal Year Ended August 31, 2007
(Amounts in thousands)

	Pledged and Other Sources and Related Expenditures for FY 2007			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
1997 Single Family Series A	$ 31,887	$ 29	$	$ 1,233
1997 Single Family Series B	740			
1997 Single Family Series D	16,354	14		502
2002 Single Family Series A	1,879	59		2,063
2002 Single Family Series A (Jr. Lien)	3,838	20		527
2002 Single Family Series B	6,592	62		2,213
2002 Single Family Series C	564	18	470	556
2002 Single Family Series D	592	9	895	242
2004 Single Family Series A	10,305	291	1,635	5,304
2004 Single Family Series A (Jr. Lien)	30	345		221
2004 Single Family Series B	2,736	131		2,057
2004 Single Family Series C	3,613	85	240	1,789
2004 Single Family Series D	1,709	81		1,335
2004 Single Family Series E	477	23	1,310	347
2005 Single Family Series A	5,701	310	780	4,180
2005 Single Family Series B	4,235	155	785	950
2005 Single Family Series C	1,110	59		435
2005 Single Family Series D	444	24		164
2006 Single Family Series A	3,681	1,194		2,968
2006 Single Family Series B	4,381	1,422		3,513
2006 Single Family Series C	6,646	2,161		5,384
2006 Single Family Series D	3,594	569		1,289
2006 Single Family Series E	1,658	341		685
2006 Single Family Series F	3,427	1,208		3,404
2006 Single Family Series G	618	218		501
2006 Single Family Series H	1,573	555		1,128
2007 Single Family Series A	1,302	159		1,466
Total Single Family Bonds	119,686	9,543	6,115	44,459
1998 RMRB Series A	7,411	48	1,275	2,267
1998 RMRB Series B	1,549	9		412
1999 RMRB Series A	1,418	15		326
1999 RMRB Series B-1	5,036	17		1,609
1999 RMRB Series C	657	3		234
2000 RMRB Series A	2,969	15	255	1,093
2000 RMRB Series B	9,855	55		3,028
2000 RMRB Series C	945	9		515
2000 RMRB Series D	1,014	8	565	395
2001 RMRB Series A	4,556	13	650	1,914
2001 RMRB Series B	816	5		637
2001 RMRB Series C	1,546	4	1,145	463
2001 RMRB Series D	33			13
2002 RMRB Series A	3,839	1	570	1,735
2003 RMRB Series A	6,610	36	1,135	3,239
Total Residential Mtg Revenue Bonds	48,255	236	5,595	17,880
1992 CHMRB Series C	3,577	10		957
Total CHMRB 1992	3,577	10		957

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Suplementary Bond Schedules
SCHEDULE 1-D (Continued)
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS
For the Fiscal Year Ended August 31, 2007
(Amounts in thousands)

	Pledged and Other Sources and Related Expenditures for FY 2007			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
1987 MF Series (South Texas Rental Housing)	$ 106	$	$ 84	$ 62
1993 MF Series A/B (RemHill/HighPt)	11,933	147		395
1996 MF Series A/B (Brighton's Mark)	481	2		502
1996 MF Series A/B (Las Colinas)	753	4		726
1996 MF Series A/B (Braxton's Mark)	829	3		825
1998 MF Series A (Volente Project)	10,244		85	324
1998 MF Series A (Pebble Brook)	551		180	551
1998 MF Series A-C (Residence Oaks)	448		141	448
1998 MF Series A (Dallas Oxford Refndg)	10,532			232
1998 MF Series A/B (Greens of Hickory Trial)	661		220	661
1999 MF Series A-C (Mayfield)	598		199	598
1999 MF Series A (Woodglen Village)	775			775
2000 MF Series A (Creek Point Apts)	345			245
2000 MF Series A (Deerwood Apts)	386		85	386
2000 MF Series A (Honeycreek)	21,398			1,035
2000 MF Series A (Timber Point Apts)	420			290
2000 MF Series A/B (Greenbridge)	1,461		156	1,461
2000 MF Series A/B (Oaks at Hampton)	709		68	709
2000 MF Series A/B (Parks @ Westmoreland)	705		67	705
2000 MF Series A/B (Red Hills Villas)	10,162		4	27
2000 MF Series A/B (Williams Run)	961		-5	961
2000 MF Series A-C (Collingham Park)	877		172	877
2000 MF Series A-C (Highland Meadow Apts)	3,007		58	608
2001 MF Series A (Bluffview Senior Apts)	799		55	799
2001 MF Series A (Knollwood Villas Apts)	1,027		71	1,027
2001 MF Series A (Oak Hollow Apts.)	448		37	448
2001 MF Series A (Greens Road Apts.)	435		110	435
2001 MF Series A (Skyway Villas)	1,038		125	463
2001 MF Series A/B (Cobb Park)	571		38	571
2001 MF Series A/B (Hillside Apts.)	986		42	886
2001 MF Series A/B (Meridian Apts.)	815		175	815
2001 MF Series A/B (Wildwood Apts.)	806		175	806
2001 MF Series A-C (Fallbrook Apts.)	875		193	875
2002 MF Series A (Clarkridge Villas Apts)	1,565		77	975
2002 MF Series A (Park Meadows Apts)	285		60	285
2002 MF Series A (Sugar Creek Apts.)	707		70	707
2002 MF Series A (West Oaks Apts.)	686		70	686
2002 MF Series A (Green Crest Apts)	800			800
2002 MF Series A (Hickory Trace Apts)	800		62	800
2002 MF Series A (Millstone Apts.)	2,326		170	616
2002 MF Series A (Woodway Village Apts)	397		100	397
2002 MF Series A/B (Ironwood Crossing)	1,215		67	1,215
2003 MF Series A (NHP-Asmara) Refunding	794		335	794
2003 MF Series A (Evergreen @ Mesquite)	729		103	729
2003 MF Series A/B (Reading Road)	513		20	513
2003 MF Series A/B (Arlington Villas)	1,179		46	1,179
2003 MF Series A/B (Ash Creek Apts)	1,095		73	1,095
2003 MF Series A/B (North Vista Apts)	694		200	694
2003 MF Series A/B (Parkview Twnhms)	1,119		73	1,119
2003 MF Series A/B (Peninsula Apts)	832		75	637
2003 MF Series A/B (Primrose Houston School)	1,102		73	1,102
2003 MF Series A/B (Sphinx @ Murdeaux)	723		160	723
2003 MF Series A/B (Timber Oaks Apts)	930		52	930

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Suplementary Bond Schedules
SCHEDULE 1-D (Continued)
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS
For the Fiscal Year Ended August 31, 2007
(Amounts in thousands)

	Pledged and Other Sources and Related Expenditures for FY 2007			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2003 MF Series A/B (West Virginia Apts)	469		135	469
2004 MF Series A (Bristol)	$ 469	$	$	$ 469
2004 MF Series A (Chisholm Trail)	446			446
2004 MF Series A (Churchill @ Pinnacle)	1,347		5	697
2004 MF Series A (Evergreen @ Plano)	966		13	966
2004 MF Series A (Humble Park)	770		90	770
2004 MF Series A (Montgomery Pines)	457			457
2004 MF Series A (Pinnacle)	539			539
2004 MF Series A (Rush Creek)	668		52	668
2004 MF Series A (Sphinx @ Delafield)	593		95	593
2004 MF Series A (Tranquility Bay)	929		79	929
2004 MF Series A (Village Fair)	915		50	915
2004 MF Series A (Addison Park)	539			539
2004 MF Series A/B (Century Park)	700		80	700
2004 MF Series A/B (Post Oak East)	515			515
2004 MF Series A/B (Timber Ridge)	451		32	451
2004 MF Series A/B (Veterans Memorial)	1,094		73	1,094
2005 MF Series A (Alta Cullen)	916			916
2005 MF Series A (Atascocita Pines)	445			445
2005 MF Series A/B (Canal Place)	720			720
2005 MF Series A (Lafayette Village)	14,186			86
2005 MF Series A (Del Rio)	746		31	746
2005 MF Series A (Park Manor)	581			581
2005 MF Series A (Pecan Grove)	911		44	911
2005 MF Series A (Chase Oaks)	720			720
2005 MF Series A (Port Royal)	792		32	792
2005 MF Series A (Prairie Oaks)	718		34	718
2005 MF Series A (Prairie Ranch)	597			592
2005 MF Series A (Mockingbird)	919			919
2005 MF Series A (St Augustine)	286			286
2005 MF Series A (Tower Ridge)	563			563
2006 MF Series A (Aspen Park Apts)	408			408
2006 MF Series A (Bella Vista)	418			418
2006 MF Series A (Center Ridge)	416			416
2006 MF Series A (Champions Crossing)	183			183
2005 MF Series A (Coral Hills)	269			269
2006 MF Series A (East Tex Pines)	570			570
2006 MF Series A (Grove Village)	377			377
2006 MF Series A (Harris Branch)	555			555
2006 MF Series A (Hillcrest)	653			653
2006 MF Series A (Idlewilde Apts)	414			414
2006 MF Series A (Meadowlands)	754			754
2006 MF Series A (Oakmoor)	805			805
2006 MF Series A (Pleasant Village)	366			366
2006 MF Series A (Red Hills Villas)	179			179
2006 MF Series A (Stonehaven)	630			630
2006 MF Series A (Sunset Pointe)	563			563
2006 MF Series A (Village Park)	688			688
2006 MF Series A (Villas at Henderson)	222			222
2007 MF Series A (Villas @ Mesquite Creek)	155			155
2007 MF Series A (Costa Rialto)	110			110
2007 MF Series A (Lancaster Apts)	344			344
2007 MF Series A (Park Place at Loyola)	459			459

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Suplementary Bond Schedules
SCHEDULE 1-D (Continued)
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS
For the Fiscal Year Ended August 31, 2007
(Amounts in thousands)

	Pledged and Other Sources and Related Expenditures for FY 2007			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2007 MF Series A (Santora Villas)	202			202
2007 MF Series A (Summit Point)	$ 104	$	$	$ 104
2007 MF Series A (Terraces at Cibolo)	107			107
2007 MF Series A (Windshire)	65			65
Total Multifamily Bonds	149,613	156	5,266	66,748
Total	$ 321,131	$ 9,946	$ 16,976	$ 130,044

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-E
DEFEASED BONDS OUTSTANDING
For the fiscal year ended August 31, 2007

Description of Issue	Year Refunded		Par Value Outstanding
Business-Type Activities			
1996 Multi Family Series A/B (NHP Foundation)	2003	$	24,525,000
1997 Single Family Series A	2007		27,120,000
1997 Single Family Series D	2007		9,580,000
Total Business-Type Activities		$	61,225,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-F
EARLY EXTINGUISHMENT AND REFUNDING
For the fiscal year ended August 31, 2007

			For Refunding Only		
Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Business-Type Activities					
1997 Single Family Series A	Advance Refunding	$ 27,120,000	$ 27,120,000	$ 14,714,665	$ 7,413,126
1997 Single Family Series A	Early Extinguishment	3,055,000			
1997 Single Family Series B	Early Extinguishment	740,000			
1997 Single Family Series D	Advance Refunding	9,580,000	9,480,000	5,197,879	2,618,649
1997 Single Family Series D	Early Extinguishment	5,125,000			
2002 Single Family Series A (Jr. Lien)	Early Extinguishment	3,685,000			
2002 Single Family Series B	Early Extinguishment	4,620,000			
2002 Single Family Series D	Early Extinguishment	310,000			
2004 Single Family Series A	Early Extinguishment	4,215,000			
2004 Single Family Series C	Early Extinguishment	1,825,000			
2005 Single Family Series A	Early Extinguishment	1,045,000			
2005 Single Family Series B	Early Extinguishment	3,040,000			
2005 Single Family Series C	Early Extinguishment	650,000			
2005 Single Family Series D	Early Extinguishment	260,000			
2006 Single Family Series A	Early Extinguishment	450,000			
2006 Single Family Series B	Early Extinguishment	535,000			
2006 Single Family Series C	Early Extinguishment	800,000			
2006 Single Family Series D	Early Extinguishment	2,055,000			
2006 Single Family Series E	Early Extinguishment	735,000			
1998 RMRB Series A	Early Extinguishment	4,695,000			
1998 RMRB Series B	Early Extinguishment	1,070,000			
1999 RMRB Series A	Early Extinguishment	850,000			
1999 RMRB Series B-1	Early Extinguishment	3,335,000			
1999 RMRB Series C	Early Extinguishment	380,000			
2000 RMRB Series A	Early Extinguishment	1,825,000			
2000 RMRB Series B	Early Extinguishment	6,580,000			
2000 RMRB Series C	Early Extinguishment	385,000			
2000 RMRB Series D	Early Extinguishment	540,000			
2001 RMRB Series A	Early Extinguishment	2,575,000			
2001 RMRB Series B	Early Extinguishment	90,000			
2001 RMRB Series C	Early Extinguishment	985,000			
2002 RMRB Series A	Early Extinguishment	2,140,000			
2003 RMRB Series A	Early Extinguishment	3,330,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	2,500,000			
1998 Series (Dallas-Oxford Refdg)	Early Extinguishment	10,300,000			
1993 Series A&B (Remhill/Highpt)	Early Extinguishment	11,390,000			
1998 Series (Volente)	Early Extinguishment	9,920,000			
2000 Series (Timber Point Apts)	Early Extinguishment	130,000			
2000 Series (Creek Point Apts)	Early Extinguishment	100,000			
2000 Series (Honey Creek)	Early Extinguishment	20,363,158			
2000 Series A-C (Highland Meadow Apts)	Early Extinguishment	2,399,000			
2000 Series A/B (Red Hills Villas Apts)	Early Extinguishment	10,134,381			
2001 Series A (Skyway Villas)	Early Extinguishment	575,000			
2001 Series A/B (Hillside Apts)	Early Extinguishment	100,000			
2002 Series A (Millstone Apts)	Early Extinguishment	1,710,000			
2002 Series (Clarkridge Villas Apts)	Early Extinguishment	590,381			
2003 Series A/B (Penninusla Apts)	Early Extinguishment	195,000			
2004 Series (Churchill @ Pinnacle)	Early Extinguishment	650,000			
2005 Series (Lafayette Villagae)	Early Extinguishment	14,100,000			
2005 Series (Prairie Ranch)	Early Extinguishment	5,000			
Total Business-Type Activities		$ 183,786,920	$ 36,600,000	$ 19,912,544	$ 10,031,775

Deloitte.

Deloitte Tax LLP
Suite 1700
400 West 15th Street
Austin, TX 78701
USA

Tel: +1 512 691 2300
Fax: +1 512 708 1035
www.deloitte.com

INDEPENDENT AUDITORS' REPORT ON INTERI OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MAT ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDAI *GOVERNMENT AUDITING STANDARDS*

To the Honorable Rick Perry, Governor,
and the Governing Board of
Texas Department of Housing and Community Affairs:

We have audited the basic financial statements of the Texas Department of Housing and Community Affairs (the "Department") as of and for the year ended August 31, 2007, and have issued our report thereon dated December 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, including the Public Funds Investment Act (§2256, Texas Government Code); regulations; contracts; and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

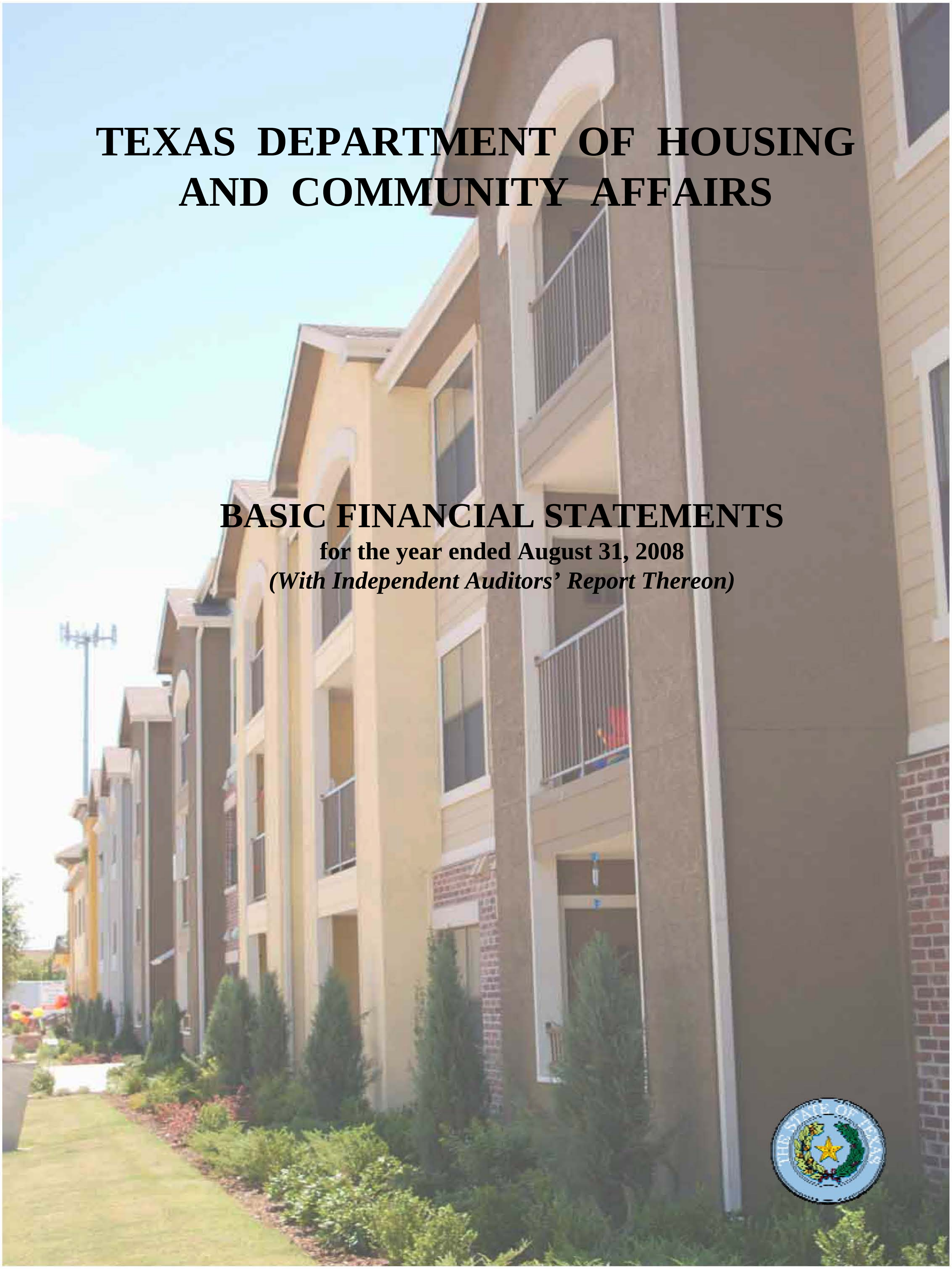
We noted certain matters that we reported to management of the Department in a separate letter dated December 19, 2007.

This report is intended solely for the information and use of the Governing Board, management, and federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

December 19, 2007

ATTACHMENT 11



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BASIC FINANCIAL STATEMENTS

for the year ended August 31, 2008

(With Independent Auditors' Report Thereon)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

December 18, 2008

The Honorable Rick Perry, Governor
The Honorable Susan Combs, Texas Comptroller
Mr. John O'Brien, Director, Legislative Budget Board
Mr. John Keel, CPA, State Auditor

Dear Governor Perry, Comptroller Combs, Mr. O'Brien and Mr. Keel:

We are pleased to submit the Annual Financial Report of the Texas Department of Housing and Community Affairs for the year ended August 31, 2008, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

The accompanying annual financial report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) reporting requirements. The financial report has been audited by an independent Auditor as required by statute.

If you have any questions, please contact David Cervantes, Director of Financial Administration at (512) 475-3875. Esther Ku may be contacted at (512) 475-3871 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Michael Gerber
Executive Director

MG/tt

221 EAST 11TH • P. O. BOX 13941 • AUSTIN, TEXAS 78711-3941 • (800) 525-0657 • (512) 475-3800

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Basic Financial Statements
for the year ended August 31, 2008

TABLE OF CONTENTS

Deloitte.

Deloitte & Touche LLP
Suite 1700
400 West 15th Street
Austin, TX 78701
USA

Tel: +1 512 691 2300
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Rick Perry, Governor,
and the Governing Board of
Texas Department of Housing and Community Affairs:

We have audited the accompanying financial statements of the governmental activities, business-type activities, major funds, remaining fund information, and supplementary schedules 1-A through 1-E of the Texas Department of Housing and Community Affairs (the "Department") as of and for the year ended August 31, 2008, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements and supplementary schedules 1-A through 1-E are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements and supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the state of Texas as of August 31, 2008, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, major funds, and remaining fund information of the Department, as of August 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, schedules 1-A through 1-E, as listed in the table of contents, present fairly, in all material respects, the information set forth therein in accordance with guidelines issued by the Texas Comptroller of Public Accounts.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Deloitte & Touche LLP

December 18, 2008

MANAGEMENT'S

DISCUSSION AND ANALYSIS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Texas Department of Housing and Community Affairs' (Department) annual financial report presents management's discussion and analysis of the Department's financial performance during the fiscal year that ended on August 31, 2008. Please read it in conjunction with the Department's financial statements, which follow this section.

The Department was created to assist local governments in helping residents overcome financial, social and environmental problems; to address very low to moderate income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the legislature in coordinating federal and state programs affecting local governments; and to continually inform the state and the public about the needs of local government.

The Manufactured Housing Division is administratively attached to the Department and is responsible for establishing standards and requirements for the construction and installation of manufactured housing that are reasonably necessary to protect the health, safety and welfare of the occupants of such housing and the general public. The Manufactured Housing Division has a governing Board of five members appointed by the Governor.

The Department is governed by a Board, composed of seven members, all of whom are appointed by the Governor with the advice and consent of the Texas Senate.

Financial Highlights

- The Department's business-type activity net assets increased $7.6 million and governmental activities net assets increased $1.1 million.

- The Department's proprietary fund experienced an increase in operating income in the amount of $14.5 million to an Operating Income of $2.3 million. This impact on operating income resulted primarily from the increase of the fair value of investments in the amount of $13.8 million. The $4.3 million increase in interest and investment income, the $1.8 million decrease in other operating revenues, the $5.1 million increase in interest expense, the $1.9 million decrease in bad debt expense and the $2.9 million decrease in Down Payment Assistance had a net offsetting effect on operating income.

- Net Assets in the Department's Governmental Activities increased from $770 thousand to $1.9 million. The change represents an increase in revenues larger than the increase in expenditures and transfers out.

- The Department's proprietary fund debt increased $86.7 million to $2.7 billion. Debt issuances and debt retirements totaled $213 million and $126.3 million, respectively.

- Loan originations for the year totaled $63.2 million and $40.4 million in the Department's proprietary and governmental funds, respectively.

- Subprime lending continues to receive significant attention in the financial market. A rise in the number of borrowers who are unable to pay debt obligations has led to increased foreclosures causing uncertainty in the housing market. According to Standard and Poor's, Housing Finance Agencies (HFAs) face lower risk from defaults on their loans. Homebuyer education programs, conservative underwriting, generous reserves and ongoing HFA asset management have resulted in strong portfolio performance which is expected to continue for the long-term. Since 1988, the Department has had its single family mortgage loans guaranteed by Federal National Mortgage Association (FNMA) , Government National Mortgage Association (GNMA) or Federal Home Loan Mortgage Corporation (FHLMC).

Overview of the Financial Statements

The financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two types of statements that present different views of the Department.

- The first set of statements are government-wide financial statements that provide information about the Department's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Assets and the Statement of Activities.

- The remaining statements are fund financial statements of the Department's governmental fund and proprietary fund. The governmental fund's activities are funded primarily from Federal funds but also include General Revenue appropriations for which the Department follows a modified accrual basis of accounting. The Department's proprietary fund operates similar to business activities and follows an accrual basis of accounting.

- The basic financial statements also include a "Notes to Financial Statement" section which explains some of the information presented in the Government-wide and fund financial statements and provides additional detailed data.

- The Notes to the Financial Statements are followed by a "Supplementary Information" section, which presents supplementary bond information.

The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of these statements.

Government-Wide Financial Statements

The Statement of Net Assets shows Governmental Activities and Business-type Activities consolidated on a full accrual basis. The Statement of Activities presents a government wide format of expenses, charges for services, operating grants and contributions and net expenses by both Governmental activities and Business-type activities. Both activities are further broken down by function and programs. The second section of the Statement of Activities shows general revenues not associated with a particular program but which provide resources for the Department's programs and operations. The fiduciary activity is not included in the government wide statements.

Schedule of Net Assets

The following tables show a summary of changes from prior year amounts for governmental activities.

Texas Department of Housing and Community Affairs
Condensed Schedule of Net Assets – Governmental Activities
As of August 31, 2008

	Governmental Activities		Increase / (Decrease)	
Assets	2008	2007	Amount	%
Cash & Investments	$ 6,899,689	$ 6,696,555	$ 203,134	3.0
Legislative Appropriations	3,193,155	2,880,562	312,593	10.9
Federal Receivables	3,458,607	399,825	3,058,782	765.0
Other Intergovernmental Receivables	847,500	65,593	781,907	1192.1
Accounts Receivable	42,082	353,456	(311,374)	(88.1)
Interfund Receivables	49,331	-	49,331	100.0
Loans and Contracts	128,660,128	116,647,963	12,012,165	10.3
Capital Assets	166,479	210,927	(44,448)	(21.1)
Other Assets	74,823	81,021	(6,198)	(7.6)
Total Assets	143,391,794	127,335,902	16,055,892	12.6
Liabilities				
Accounts Payable	10,897,247	7,230,317	3,666,930	50.7
Payroll Payable	853,101	971,482	(118,381)	(12.2)
Claims & Judgments Payable	-	109,334	(109,334)	(100.0)
Interfund Payable	104,613	577,403	(472,790)	(81.9)
Deferred Revenue	128,660,128	116,647,963	12,012,165	10.3
Other Current Liabilities	759,929	770,582	(10,653)	(1.4)
Other Non-current Liabilities	232,713	258,622	(25,909)	(10.0)
Total Liabilities	141,507,731	126,565,703	14,942,028	11.8
Net Assets				
Invested in Capital Assets	166,479	210,927	(44,448)	(21.1)
Restricted by Grantor	42,666	136,181	(93,515)	(68.7)
Unrestricted	1,674,918	423,091	1,251,827	295.9
Total Net Assets	$ 1,884,063	$ 770,199	$ 1,113,864	144.6

Net Assets of the Department's governmental fund were increased by 145%. The ending balance of Unrestricted Net Assets primarily consists of balances in the Housing Trust Fund Administration and Manufactured Housing Division. Restricted Net Assets represent balances in the Investor Owned Utility Programs.

The Department experienced an increase in Federal Receivables. This change occurred primarily because of the substantial payment activities for the Community Development Block Grant (CDBG) and the Low Income Home Energy Assistance Program (LIHEAP) at year end. A new round of CDBG funding was awarded to the Department for the purpose of disaster relief.

Other Intergovernmental Receivables in 2008 represents advances to the subgrantees for the Alternative Housing Pilot Program (AHPP) awarded by the Department of Homeland Security through the Federal Emergency Management Agency (FEMA) during the fiscal year.

Accounts Receivable in 2008 and 2007 are primarily receivables from surety companies to cover Manufactured Housing consumer's warranty claims. The Department experienced increased consumer claims in Manufactured Housing during fiscal year 2007. The claim activities slowed down in 2008. Consequently, Receivables from surety companies decreased.

The Department experienced increases of Loans and Contracts as well as Deferred Revenue. This change occurred primarily because of the increase of current and non-current program loans, which are funded by federal funds. These loans are for the purpose of Single Family HOME and newly awarded CDBG activities.

Accounts Payable experienced an increase during fiscal year 2008. This resulted primarily from additional disaster recovery grant funding of CDBG. There were also increased activities at year end for both LIHEAP and Community Services Block Grant (CSBG) programs.

Included in Other Liabilities is the current and non-current portion of Employees' Compensable Leave. It represents unpaid balances of employees' accumulated annual leave.

Business-Type Activities

Texas Department of Housing and Community Affairs
Business-Type Activities – Condensed Schedule of Net Assets as of August 31, 2008

	Business-Type Activities		**Increase / (Decrease)**	
Assets	2008	2007	Amount	%
Cash & Investments	$ 1,711,009,092	$ 1,630,392,649	$ 80,616,443	4.9
Loans and Contracts	1,292,439,525	1,285,810,608	6,628,917	0.5
Interest Receivable	14,973,551	20,078,776	(5,105,225)	(25.4)
Capital Assets	148,776	206,714	(57,938)	(28.0)
Real Estate Owned	578,375	295,124	283,251	96.0
Deferred Issuance Cost	11,991,756	11,655,758	335,998	2.9
Other Assets	1,868,800	1,661,912	206,889	12.5
Total Assets	3,033,009,875	2,950,101,541	82,908,335	2.8
Liabilities				
Current				
Interest Payable	38,307,371	40,093,199	(1,785,828)	(4.5)
Deferred Revenue	39,987,881	35,104,327	4,883,554	13.90
Other Liabilities	52,110,088	33,677,908	18,432,180	54.7
Non-current				
Bonds/Notes Payable	2,701,244,728	2,591,530,011	109,714,717	4.2
Other Non-current Liabilities	140,045,490	195,989,745	(55,944,255)	(28.5)
Total Liabilities	2,971,695,558	2,896,395,190	75,300,368	2.60
Net Assets				
Invested in Capital Assets	148,775	191,765	(42,990)	(22.4)
Restricted	17,304,915	11,349,639	5,955,276	52.5
Unrestricted	43,860,627	42,164,947	1,695,680	4.0
Total Net Assets	$ 61,314,317	$ 53,706,351	$ 7,607,966	14.2

Business-Type Activities Cont'd.

Net assets of the Department's proprietary fund increased $7.6 million, or 14.2%, to $61.3 million. An increase in the Department's fair value of its investments contributed to this increase in net assets offset by the increase of bond interest expense.

Restricted net assets of the Department's proprietary fund increased $6 million or 52.5%. Unrestricted net assets increased $1.7 million or 4%.

Cash and investments increased $80.6 million, or 4.9%, to $1.7 billion, as funds were generated from debt issuances, reinvestment of loan repayments, and interest earnings. Program loans receivable (current and non-current) increased $6.6 million, or 0.5%, to $1.3 billion, primarily as a result from the origination of $56 million and $48.4 million in payoffs of mortgage loans under the Department's Multifamily Program. Total bonds and notes payable (current and non-current) increased $127.3 million, or 4.9%, due to new debt issuances associated with the Department's Single Family and Multifamily Programs net of debt retirements.

Earnings within the Department's various funds were $164.3 million of which $151.6 million is classified as restricted and $12.7 million as unrestricted.

Restricted earnings are composed of $144.1 million in interest and investment income, $6.5 million in fair value of investments, and $1 million in other revenue. Interest and investment income are restricted per bond covenants for debt service. Fair value of investments is an unrealized gain due to the fact that the Department holds investments until maturity. Other revenue is predominantly an accounting recognition of fees received in previous years that were deferred when received and are being amortized over a period of time.

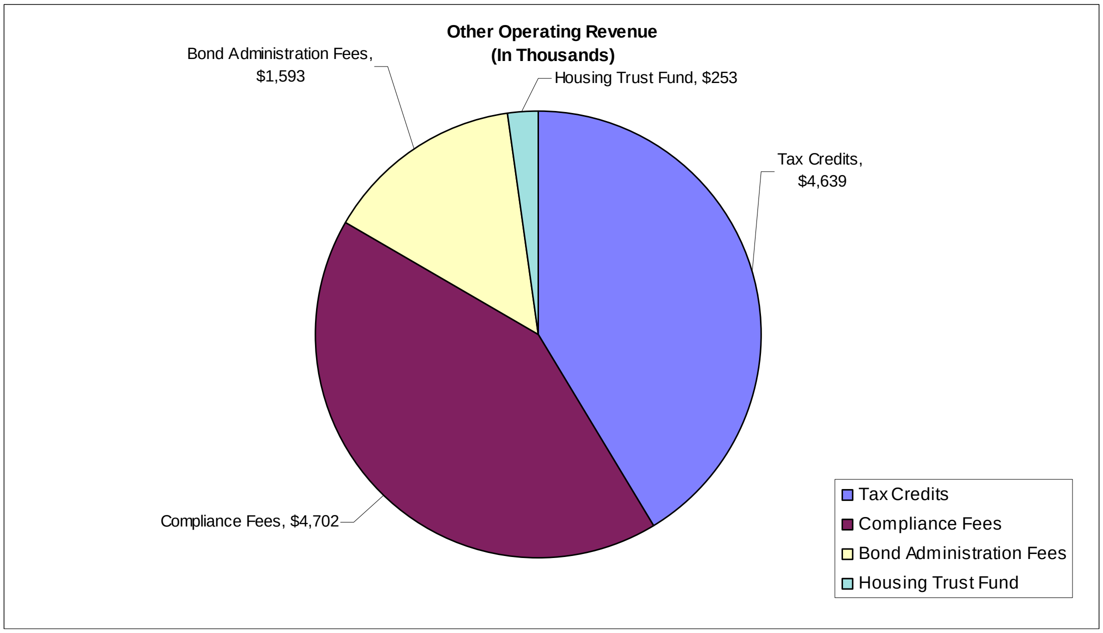
Unrestricted earnings are composed of $1.5 million in interest and investment income and $11.2 million in other operating revenue.

Interest and investment income earned from unrestricted investments are used to support various housing initiatives programs such as Housing Trust Fund and the Bootstrap Program. Sources for other operating revenue are fees from the Tax Credit Program, compliance fees, bond administrative fees, and miscellaneous interest earned from funds held by the Comptroller.

Fees earned under the Tax Credit Program are application fees, commitment fees, and inspection fees. Yearly compliance fees are generated from the Department's portfolio of multifamily properties. The Department performs on site visits and desk reviews to ensure that the properties are in compliance with the various housing regulations. Bond administrative fees are generated yearly from the various bond issuances to support the Department's administrative expenses.

Business-Type Activities Cont'd.

The graph below illustrates the composition of the $11.2 million in other operating revenue, classified as unrestricted earnings, according to the different housing programs.



Schedule of Activities

The Schedule of Activities reflects the sources of the Department's changes in net assets as they arise through its various programs and functions. Single Family, Multifamily and Housing Trust Fund are shown as business-type activities, and seven major programs are shown as governmental activities. Federal and state assistance activities allocate various subsidy funds to local governments, nonprofit organizations or individuals.

A condensed Schedule of Activities for the fiscal year ended August 31, 2008 and 2007 is shown in the table below.

Texas Department of Housing and Community Affairs
Condensed Schedule of Activities
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Program Revenues:						
Charges for Services	$ 4,918	4,561	$ 156,253	153,153	$ 161,171	157,714
Operating Grants and Contributions	169,542	160,692	-	-	169,542	160,692
General Revenues	8,193	7,073	8,005	(5,132)	16,198	1,941
Total Revenue	182,653	172,326	164,258	148,021	346,911	320,347
Total Expenses	174,631	167,412	161,975	160,274	336,606	327,686
Excess before Transfers	8,022	4,914	2,283	(12,253)	10,305	(7,339)
Transfers	(6,908)	(4,830)	5,325	3,008	(1,583)	(1,822)
Change in Net Assets	1,114	84	7,608	(9,245)	8,722	(9,161)
Beginning Net Assets	770	686	53,706	62,951	54,476	63,637
Ending Net Assets	$ 1,884	$ 770	$ 61,314	53,706	$ 63,198	54,476

Governmental Activities

Revenues of the Department's Governmental Activities were primarily from Operating Grants and Contributions. The majority of the revenues were from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Health and Human Services. General Revenues are revenues appropriated to the Department in accordance with legislative acts and regulations.

Total revenue increased $10.3 million. This increase consisted primarily of increases of $8.9 million in Operating Grants and Contributions, Charges for Services of $0.3 million and General Revenues of $1.1 million. The increase of Operating Grants and Contributions is a result of federal activities in the CDBG program which was for the purpose of disaster recovery. The increase was offset by decreased activities in the HOME and Energy Assistance Programs. The increase of General Revenues is due to an increased appropriation in Housing Trust Fund Administration.

Expenses of the Department's Governmental Activities consisted primarily of Intergovernmental Payments and Public Assistance Payments. The Department distributes program funds to local providers, including local governments, nonprofit and for-profit organizations, community based organizations and real estate developers. The net impact to expenses is primarily due to increased activities in the CDBG and decreased activities in the LIHEAP and HOME Programs.

Transfers consisted primarily of the transferring out of Housing Trust Fund (HTF) from Governmental Activities to Business-Type Activities according to TDHCA rider 10 in the 2008-2009 General Appropriations Act. It included transfers of interest earnings and loan repayments received during the year. In addition, it included transfers of Earned Federal Funds collected in accordance with H.B. 1, Article IX.

Business-Type Activities

Revenues of the Department's Business-type Activities were primarily from charges for services of $156.3 million and an increase in fair value of investments of $6.5 million. Charges for services consist primarily of earned interest income on loans for the three housing lending programs. It also includes program investment income which is earned within the Department's bond programs, the investments and the income of which are restricted to those programs by a pledge to the respective bond indentures. Total charges for services increased $3.1 million which is accounted by the following: a $7 million increase in interest and investment income related to single family bonds due to higher investment balances, a $2.1 million decrease in interest and investment income related to multifamily bonds due to lower mortgage loan balances and a $1.6 million decrease in other operating revenue related to the Administration funds.

Expenses of the Department's Business-type Activities consist primarily of interest expense of $136.9 million, which increased $5.1 million and down payment assistance of $10.2 million, which decreased $2.9 million. The increase in interest expense is a result of an increase in the Department's debt issued to fund its various Single Family and Multifamily lending programs. The direct expenses also include Administrative Funds, allocations of expenses of Department programs that directly involve the production or monitoring activities associated with the housing programs, as well as certain costs incurred, both internally and externally. Administrative expenses, which were incurred within the Department's Administrative Fund, including all other administrative and supportive functions and overhead expenses remained approximately constant.

Business-Type Activities Cont'd.

The Department's Business-type Activities expenses of $162 million exceeded Charges for Services of $156.3 million by $5.7 million. Charges for Services, primarily interest income on loans and investment income, are intended to cover bond principal and interest expense. The charges for services also covered the other direct expenses. This income, plus interest earned on loans, produces an adequate amount to pay Department obligations as required by the bond indentures covenants.

The Department's Business-type Activities also generated $1.6 million of unrestricted investment income, which was used primarily to pay administrative costs.

Fund Financial Statements

The fund financial statements provide more detailed information about the Department's most significant funds and the Department as a whole. The Department has two types of funds:

- Governmental fund – The General Revenue Fund is the Department's only Governmental Fund. It is the principal operating fund used to account for the Department's general activities. The financing for this fund is authorized through state legislative appropriations either as committed or collected revenues. Federal and state programs are also reported within this fund. The Condensed Balance Sheet – Governmental Funds would be substantially the same as that of the Condensed Statement of Net Assets – Governmental Activities and therefore, is not included.

- Proprietary fund – The Department's activities in its proprietary fund are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuances of taxable and tax-exempt bonds whose proceeds are used primarily to fund various types of loans to finance low and moderate-income housing. This fund also receives fee income from the Multifamily Tax Credit Program and Compliance fees collected for the purpose of covering the operating costs of the Department. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes or debt service. The Condensed Statement of Net Assets – Proprietary Funds would be exactly the same as the Business-Type Activities Condensed Statement of Net Assets and therefore, is not included.

Governmental Fund

Texas Department of Housing and Community Affairs
Governmental Fund Activities
Schedule of Revenues, Expenditures and Changes in Fund Balances

			Increase / (Decrease)	
OPERATING REVENUES	2008	2007	Amount	%
Legislative Appropriations	$ 7,154,112	$ 5,011,158	$ 2,142,954	42.8
Federal Revenues	167,174,647	158,265,413	8,909,234	5.6
Federal Grant Pass-Through	742,257	561,044	181,213	32.3
State Grant Pass-Through	3,024	4,924	(1,900)	(38.6)
Licenses, Fees and Permits	4,277,414	3,991,048	286,366	7.2
Interest and Investment Income	640,259	664,179	(23,920)	(3.6)
Sales of Goods and Services	640,355	570,340	70,015	12.3
Other Revenue	2,240,144	3,258,537	(1,018,393)	(31.3)
Total Operating Revenues	182,872,212	172,326,643	10,545,569	6.1
OPERATING EXPENDITURES				
Salaries and Wages	8,935,211	8,518,829	416,382	4.9
Payroll Related Costs	2,851,828	2,427,977	423,851	17.5
Professional Fees and Services	279,414	238,088	41,326	17.4
Travel	567,861	535,916	31,945	6.0
Materials and Supplies	324,873	408,758	(83,885)	(20.5)
Communications and Utilities	222,449	220,278	2,171	1.0
Repairs and Maintenance	519,147	484,966	34,181	7.0
Rentals and Leases	99,371	110,343	(10,972)	(9.9)
Printing and Reproduction	100,913	33,235	67,678	203.6
Claims and Judgments	198,278	858,419	(660,141)	(76.9)
Federal Grant Pass-Through	4,287,392	-	4,287,392	100.0
Intergovernmental Payments	54,509,539	39,748,890	14,760,649	37.1
Public Assistance Payments	101,372,718	113,265,314	(11,892,596)	(10.5)
Other Operating Expenditures	333,497	412,295	(78,798)	(19.1)
Capital Outlay	20,867	17,136	3,731	21.8
Total Operating Expenditures	174,623,358	167,280,444	7,342,914	4.4
Excess of Revenues over Expenditures	8,248,854	5,046,199	3,202,655	63.5
Other Financing Sources (Uses)	(6,907,753)	(4,830,068)	(2,077,685)	43.0
CHANGE IN FUND BALANCE	1,341,101	216,131	1,124,970	520.5
Beginning Fund Balance	1,588,476	1,372,345	216,131	15.7
Appropriations (Lapsed)	(219,351)	-	(219,351)	(100.0)
Ending Fund Balance	$ 2,710,226	$ 1,588,476	$ 1,121,750	70.6

Governmental Fund Cont'd.

Revenues of the Department's governmental activities totaled $182.8 million and were generated by federal grants primarily from LIHEAP, CSBG, CDBG and HOME programs. Expenditures of $174.6 million consisted primarily of Intergovernmental and Public Assistance Payments.

Total revenues from governmental activities were increased by $10.5 million in 2008 which consisted primarily of increases in the Federal Revenue and Legislative Appropriations and was offset by a decrease in Other Revenues.

Federal Revenue increased by $8.9 million. The increase was primarily attributed to the increase in the CDBG program and was offset by decreases in the HOME and LIHEAP programs. New CDBG funds were awarded to the Department for the purpose of disaster relief and long-term recovery related to Hurricanes of 2005. The HOME program decrease is due to insufficient applicants in the double funding cycle in 2006. The decrease of LIHEAP revenue is a result of phasing out emergency funding from the U.S. Department of Health and Human Services.

The increase in Legislative Appropriations was a result of increases to the Housing Trust Fund by the 80th Legislature.

The decrease in Other Revenues resulted from a decrease of revenue from Investor Owned Utilities. In addition, the Department experienced a decrease in consumer claims during the fiscal year. Consequently, reimbursements from sureties decreased.

The change in Federal Grant Pass-Through Revenues was due to CDBG funding awarded from HUD. This program was for disaster relief assistance in the areas impacted by Hurricane Rita.

The Department experienced similar changes in expenditures. The majority of the increase was attributed to the Intergovernmental Payments for the CDBG program. The increase was offset by a decrease of Intergovernmental Payments and Public Assistance Payments for LIHEAP and HOME programs. Federal Pass-Through expenditures represent payments to another state agency for the CDBG program.

The fiscal year 2008 Other Financing Sources (Uses) consisted primarily of the transfer of HTF from General Revenue to Texas Treasury Safekeeping Trust Company. It also included transfers of Earned Federal Funds to the Comptroller's Office for the purpose of reimbursement to the General Revenue Fund. The majority of the increase of Other Financing Sources (Uses) is related to the increased appropriations to the Housing Trust Fund in fiscal year 2008. The increase was offset by transfers included in 2007 which reduced funds appropriated to the Department for Allocation Office Space Reduction.

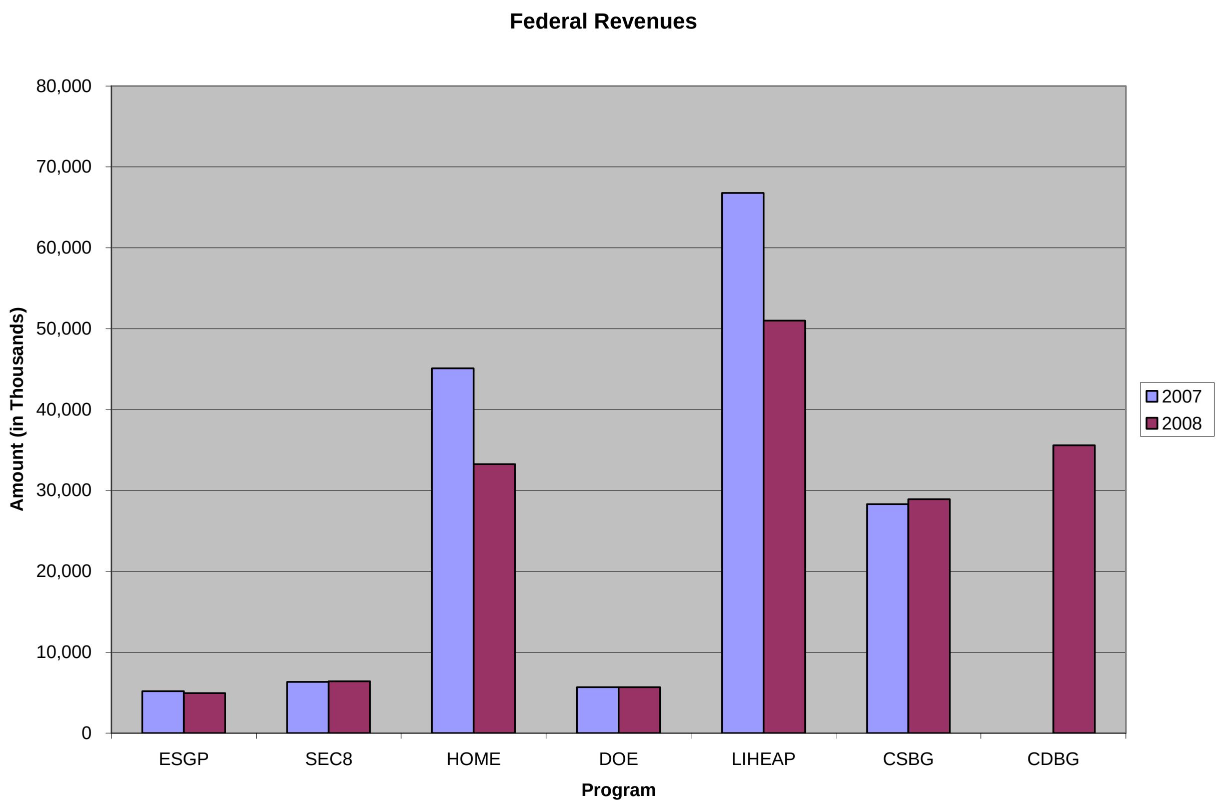
Governmental Fund Cont'd.

The following graphs illustrate a comparison between fiscal year 2008 and 2007 for Federal Revenues, Intergovernmental Payments, and Public Assistance Payments.

The acronyms used in the graphs are defined as following:

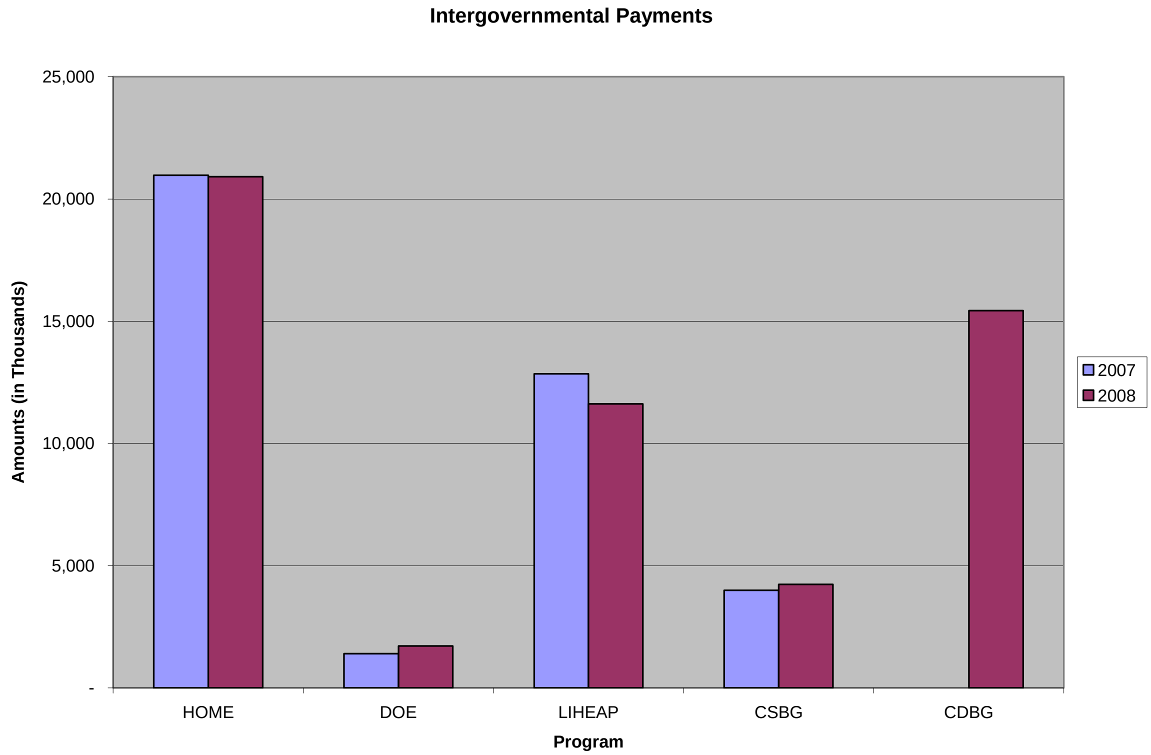
ESGP	Emergency Shelter Grants Program
SEC 8	Section 8 Housing Choice Vouchers
HOME	HOME Investment Partnerships Program
DOE	Department of Energy, Weatherization Assistance for Low-Income Persons
LIHEAP	Low-Income Home Energy Assistance Program
CSBG	Community Services Block Grant
CDBG	Community Development Block Grant

Federal Revenues: Receipts from the State's participation in programs financed with federal funds.

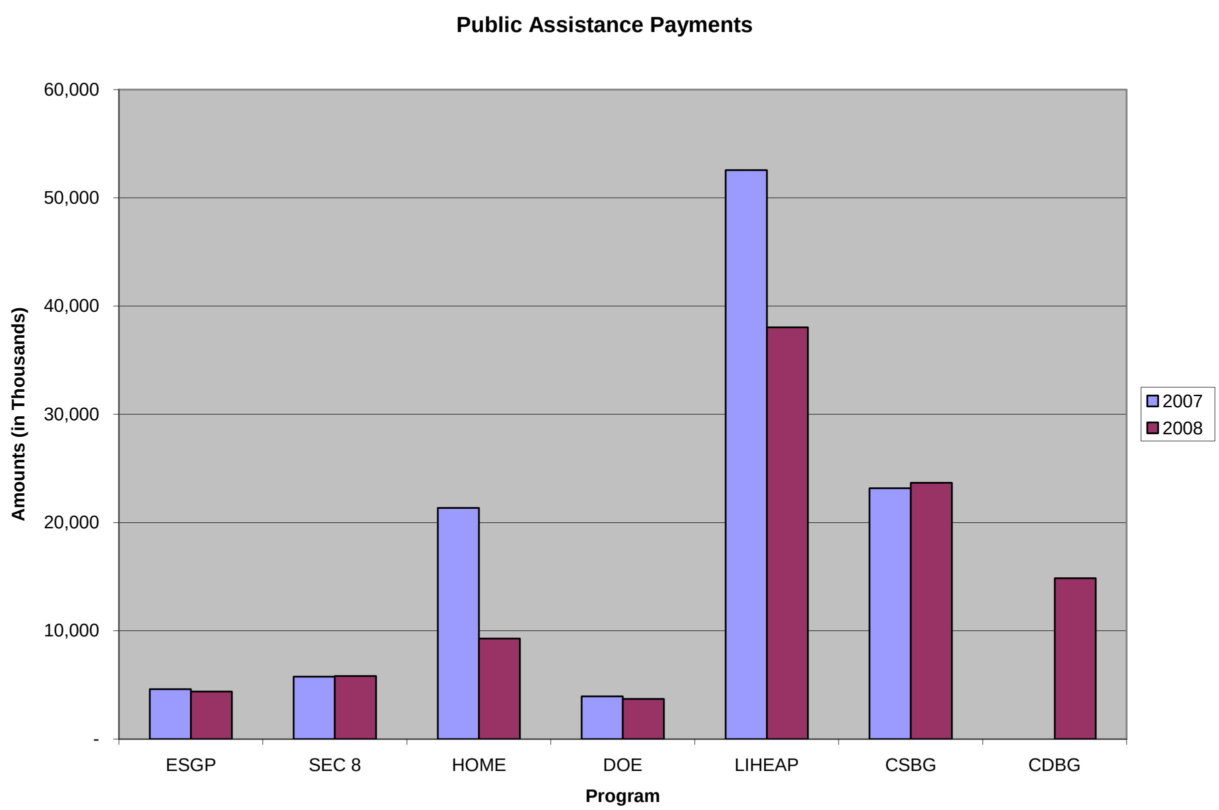


Governmental Fund Cont'd.

Intergovernmental Payments: Payment of grants to cities, counties, council of governments or other governmental entities.



Public Assistance Payments: Payment of grants to community action groups and organizations for community service programs.



Proprietary Fund

Net assets of the Department's proprietary fund increased from the August 31, 2008 figures by $7.6 million, or 14.2%, to $61.3 million. The following table summarizes the Schedule of Revenues, Expenses and Changes in Net Assets of the Department's proprietary fund for the fiscal years ended August 31, 2008 and August 31, 2007.

Texas Department of Housing and Community Affairs
Business-Type Activities
Schedule of Revenues, Expenses and Changes in Net Assets

			Increase / (Decrease)	
OPERATING REVENUES	2008	2007	Amount	%
Interest and Investment Income	$ 145,615,487	141,324,170	$ 4,291,317	3.0
Net Increase (Decrease) in Fair Value	6,488,246	(7,271,533)	13,759,779	189.2
Other Operating Revenues	12,154,130	13,969,145	(1,815,015)	13.0
Total Operating Revenues	164,257,863	148,021,782	16,236,081	205.2
OPERATING EXPENSES				
Salaries and Wages	7,648,771	6,963,206	685,565	9.9
Payroll Related Costs	1,281,350	1,530,973	(249,623)	(16.3)
Professional Fees and Services	2,074,725	1,273,659	801,066	62.9
Travel	289,375	215,834	73,541	34.0
Materials and Supplies	227,316	247,848	(20,532)	(8.3)
Communications and Utilities	112,000	132,166	(20,166)	(15.3)
Repairs and Maintenance	189,450	348,768	(159,318)	(45.7)
Rentals and Leases	50,580	66,536	(15,955)	(24.0)
Printing and Reproduction	16,867	12,925	3,942	305
Depreciation Expense	944,600	979,548	(34,948)	(3.6)
Interest	136,892,908	131,807,514	5,085,394	3.9
Bad Debt Expense	389,636	2,242,486	(1,852,850)	(82.6)
Down Payment Assistance	10,198,861	13,082,692	(2,883,831)	(22.0)
Other Operating Expenses	1,658,232	1,369,799	288,432	21.1
Total Operating Expenses	161,974,671	160,273,954	1,700,717	1.1
Operating Income (Loss)	2,283,192	(12,252,172)	14,535,364	118.6
NONOPERATING REVENUES (EXPENSES) & EXTRAORDINARY ITEMS	5,324,774	3,007,983	2,316,791	77.0
CHANGE IN NET ASSETS	7,607,966	(9,244,189)	16,852,155	182.30
Beginning Net Assets	53,706,351	62,950,540	(9,244,189)	(14.7)
Ending Net Assets	$ 61,314,317	53,706,351	$ 7,607,966	(14.2)

Proprietary Fund Cont'd.

Interest earned on program loans decreased by $2.6 million, or 3.7%, due primarily to a decrease within the Department's Multifamily Bond Program, due to lower loan amounts outstanding.

Investment income increased $6.9 million or 9.7% and reflected the investment of bond proceeds associated with one new Single Family issuance totaling $157 million. The primary increase in investment income was within the Single Family Bond Program funds, which increased $9 million or 18% but was offset by the Residential Mortgage Revenue Bond Program funds which declined $1.8 million.

The following table illustrates the changes in net assets by program of the Department's business-type activities for the fiscal years 2008 and 2007.

Texas Department of Housing and Community Affairs
Business-Type Activities
Changes in Net Assets by Fund Groups
(amounts in thousands)

				Increase / (Decrease)	
Fund		2008	2007	Amount	%
Single Family	$	5,693	4,616	$ 1,077	23.3
RMRB		9,800	5,253	4,547	86.6
CHMRB		1,915	1,587	328	20.7
Multifamily		(134)	(158)	24	(15.1)
Commercial Paper		32	52	(20)	(38.5)
General Funds		18,362	19,488	(1,126)	(5.8)
Housing Trust Fund		19,750	19,173	577	3.0
Administration Fund		314	(170)	484	(284.7)
Housing Initiatives & Compliance		5,582	3,865	1,717	44.4
Total	$	61,314	53,706	$ 7,608	14.2

The net assets of the RMRB Bond Program increased by $4.5 million or 86.6%, primarily due to an increase in fair value in investments.

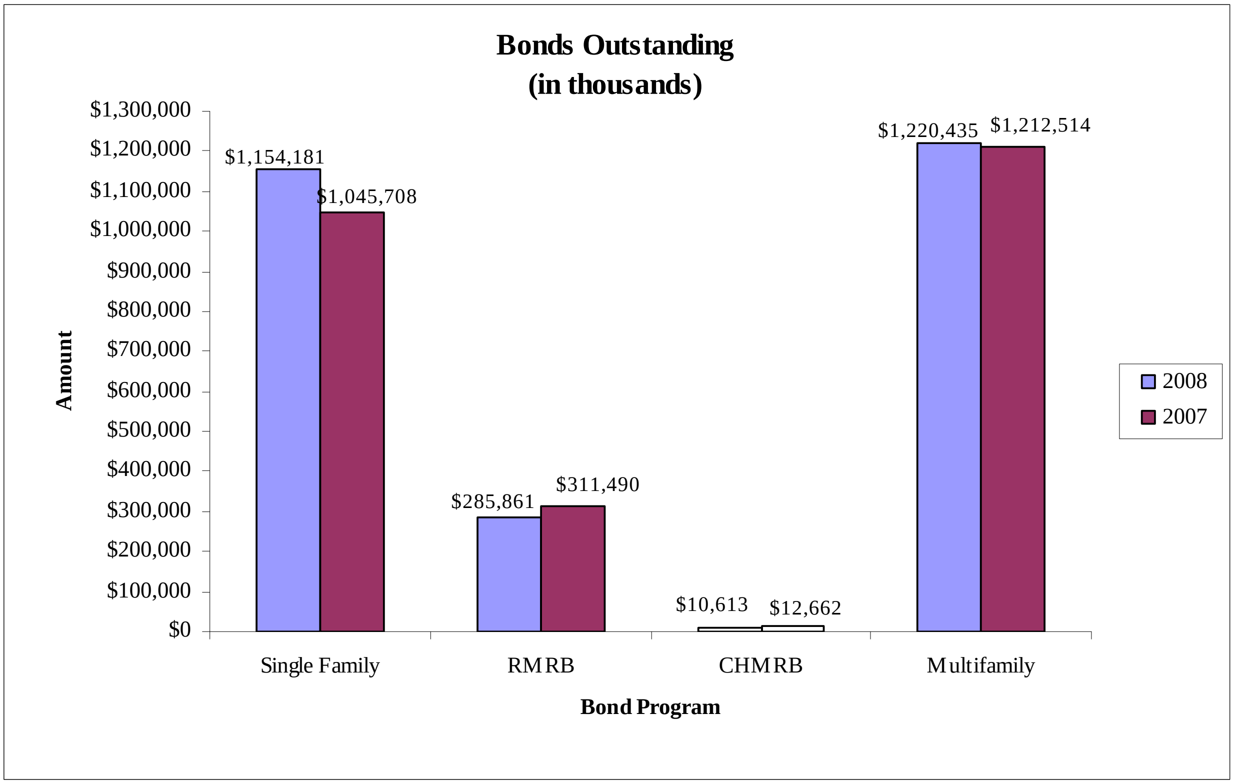
The net assets of the Housing Initiatives & Compliance increased $1.7 million due to the increase in properties being monitored.

Proprietary Fund Cont'd.

Department Debt

The Department's new debt issuances during fiscal year 2008 totaled $213.1 million. The Single Family program issued $157.1 million in bonds and the Multi-Family Bond Program issued $56 million. The Department also had $126 million in debt retirement during the year primarily due to consumer refinancing and prepayments of original loans. The net result was an increase in bonds payable of $86.7 million to $2.7 billion of which $41.3 million is due within one year. For additional information, see Note 10, Bond Indebtedness, and supplementary bond information schedules.

The following graph will illustrate a comparison of bonds outstanding between fiscal year 2008 and 2007 per bond program.



The recent credit and liquidity crisis precipitated by the failure of Wall Street investment bank Lehman Brothers among others began a cascading effect of rating downgrades. The current crisis affected counterparties which ultimately impacted the Department in various ways as discussed in Note 12 of the Notes to the Financial Statements.

Request for Information

This financial report is designed to provide a general overview of the Texas Department of Housing and Community Affairs' (TDHCA) operations for all parties interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Texas Department of Housing and Community Affairs, Director of Financial Administration, P.O. Box 13941, Austin, Texas, 78711-3941.

BASIC

FINANCIAL STATEMENTS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I
STATEMENT OF NET ASSETS - GOVERNMENT WIDE
As of August 31, 2008

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash on Hand	$ 200	$ 200	$ 400
Cash in Bank	20,000	119,559	139,559
Cash in State Treasury	-	2,047,522	2,047,522
Cash Equivalents	-	39,356,823	39,356,823
Restricted:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	-	547,555	547,555
Cash in State Treasury	6,879,489	-	6,879,489
Cash Equivalents	-	163,068,583	163,068,583
Short-term Investments (Note 3)	-	159,097,490	159,097,490
Loans and Contracts	-	12,655,872	12,655,872
Interest Receivable	-	14,898,359	14,898,359
Federal Receivable	3,458,607	-	3,458,607
Legislative Appropriations	3,193,155	-	3,193,155
Receivables From:			
Interest Receivable	62,440	75,192	137,632
Accounts Receivable	42,082	1,548,536	1,590,618
Other Intergovernmental	847,500	-	847,500
Interfund Receivable (Note 5)	49,331	55,282	104,613
Consumable Inventories	12,383	12,383	24,766
Loans and Contracts	6,417,158	1,607,741	8,024,899
Other Current Assets	-	252,599	252,599
Total Current Assets	20,982,345	395,343,696	416,326,041
Non-Current Assets:			
Loans and Contracts	-	32,067,350	32,067,350
Capital Assets (Note 2):			
Depreciable:			
Furniture & Equipment	1,724,291	1,026,111	2,750,402
Accumulated Depreciation	(1,615,098)	(935,196)	(2,550,294)
Other Capital Assets	130,964	132,279	263,243
Accumulated Depreciation	(73,678)	(74,418)	(148,096)
Restricted Assets:			
Investments (Note 3)	-	1,346,771,360	1,346,771,360
Loans and Contracts	122,242,970	1,246,108,562	1,368,351,532
Other Non-Current Assets:			
Deferred Issuance Cost, net (Note 10)	-	11,991,756	11,991,756
Real Estate Owned, net	-	578,375	578,375
Total Non-Current Assets	122,409,449	2,637,666,179	2,760,075,628
Total Assets	$ 143,391,794	$ 3,033,009,875	$ 3,176,401,669

See accompanying notes to the financial statements.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I (Continued)
STATEMENT OF NET ASSETS - GOVERNMENT WIDE
As of August 31, 2008

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
LIABILITIES			
Current Liabilities:			
Payables:			
Accounts Payable	$ 10,897,247	$ 1,105,178	$ 12,002,425
Accrued Bond Interest Payable	-	38,307,371	38,307,371
Payroll Payable	853,101	-	853,101
Interfund Payable (Note 5)	104,613	-	104,613
Deferred Revenues	128,660,128	39,987,881	168,648,009
Employees' Compensable Leave (Note 4)	759,929	717,957	1,477,886
Revenue Bonds Payable (Notes 4 & 10)	-	41,276,426	41,276,426
Other Current Liabilities	-	9,010,527	9,010,527
Total Current Liabilities	141,275,018	130,405,340	271,680,358
Non-Current Liabilities:			
Employees' Compensable Leave (Note 4)	232,713	237,194	469,907
Notes and Loans Payable (Note 4)	-	71,431,000	71,431,000
Revenue Bonds Payable (Notes 4 & 10)	-	2,629,813,728	2,629,813,728
Other Non-Current Liabilities (Note 4)	-	139,808,296	139,808,296
Total Non-Current Liabilities	232,713	2,841,290,218	2,841,522,931
Total Liabilities	141,507,731	2,971,695,558	3,113,203,289
NET ASSETS			
Invested in Capital Assets	166,479	148,775	315,254
Restricted:			
For Single Family Bonds	-	17,439,699	17,439,699
For MultiFamily Bonds	-	(134,784)	(134,784)
By Grantor	42,666	-	42,666
Unrestricted	1,674,917	43,860,627	45,535,544
Total Net Assets	$ 1,884,063	$ 61,314,317	$ 63,198,380

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT II
STATEMENT OF ACTIVITIES - GOVERNMENT WIDE
For the Year Ended August 31, 2008

		Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		
				Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**2008 Total**
Primary Government						
Governmental Activities:						
Manufactured Housing	$ 4,831,686	$ 4,881,391	$ -	$ 49,705	$ -	$ 49,705
HOME Investment in Affordable Housing	33,019,522	-	33,248,987	229,465	-	229,465
Energy Assistance	58,052,919	6,578	58,131,893	85,552	-	85,552
Community Services	33,812,977	29,800	33,884,125	100,948	-	100,948
Community Development	36,469,125	-	36,324,883	(144,242)	-	(144,242)
Federal Emergency Management	468,488	-	273,491	(194,997)	-	(194,997)
Section 8	6,391,580	-	6,400,208	8,628	-	8,628
Housing Trust Fund	199,417	-	163,888	(35,529)	-	(35,529)
Administration	1,385,529	-	1,114,806	(270,723)	-	(270,723)
Total Governmental Activities	174,631,243	4,917,769	169,542,281	(171,193)	-	(171,193)
Business-type Activities:						
Single Family Bonds	79,065,107	79,437,818	-	-	372,711	372,711
Multifamily Bonds	65,641,578	65,664,932	-	-	23,354	23,354
Housing Trust Fund Program	5,606,037	250,606	-	-	(5,355,431)	(5,355,431)
Administration	11,661,949	10,899,486	-	-	(762,463)	(762,463)
	161,974,671	156,252,842	-	-	(5,721,829)	(5,721,829)
Total Primary Government	$ 336,605,914	$ 161,170,611	$ 169,542,281	$ (171,193)	$ (5,721,829)	$ (5,893,022)

	Governmental Activities	Business-type Activities	2008 Total
General Revenues:			
Original Appropriations	$ 6,300,167	$ -	$ 6,300,167
Additional Appropriations	853,945	-	853,945
Interest & Other Investment Income	476,371	1,516,775	1,993,146
Appropriations Lapsed	(219,351)	-	(219,351)
Other Revenues	781,678	-	781,678
Net Increase in Fair Value of Investments	-	6,488,246	6,488,246
Legislative Transfers In	779,488	-	779,488
Transfers In (Out)	(7,687,241)	5,324,774	(2,362,467)
Total General Revenues and Transfers	1,285,057	13,329,795	14,614,852
Change in Net Assets	1,113,864	7,607,966	8,721,830
Net Assets, September 1, 2007	770,199	53,706,351	54,476,550
Net Assets - August 31, 2008	$ 1,884,063	$ 61,314,317	$ 63,198,380

See accompanying notes to the financial statements.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT III
COMBINED BALANCE SHEET - GOVERNMENTAL FUND
As of August 31, 2008

		Total
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3):		
Cash on Hand	$	200
Cash in Bank		20,000
Restricted:		
Cash and Cash Equivalents (Note 3):		
Cash in State Treasury		6,879,489
Federal Receivable		3,458,607
Legislative Appropriations		3,193,155
Accounts Receivable		42,082
Receivables From:		
Other Intergovernmental		847,500
Interest		62,440
Interfund Receivable (Note 5)		49,331
Consumable Inventories		12,383
Restricted - Loans and Contracts		6,417,158
Total Current Assets		20,982,345
Non-Current Assets:		
Restricted - Loans and Contracts		122,242,970
Total Non-Current Assets		122,242,970
Total Assets		143,225,315
LIABILITIES		
Current Liabilities:		
Payables From:		
Accounts Payable		10,897,247
Payroll Payable		853,101
Interfund Payable (Note 5)		104,613
Deferred Revenues		128,660,128
Total Liabilities		140,515,089
FUND FINANCIAL STATEMENT-FUND BALANCES		
Fund Balances:		
Reserved for:		
Encumbrances		964,135
Inventories		12,383
Imprest		20,200
Unreserved/Undesignated		1,713,508
Total Fund Balances as of August 31		2,710,226
NOTE: Amounts reported for governmental activities in the statement of net assets are different because:		
Capital net assets net of accumulated depreciation used in governmental activities are not financial resources and therefore not reported in the funds.		166,479
Long term liabilities relating to employees' compensable leave are not due and payable in the current year therefore are not reported in the funds.		(992,642)
NET ASSETS AS OF AUGUST 31	$	1,884,063

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND

Year Ended August 31, 2008

	Total
REVENUES	
Legislative Appropriations:	
Original Appropriations (GR)	$ 6,300,167
Additional Appropriations (GR)	853,945
Federal Revenue (PR-OP G/C)	167,174,647
Federal Revenue Grant Pass-Thru Revenue(PR-OP G/C)	742,257
State Grant Pass-Through Revenue (PR-OP G/C)	3,024
Licenses, Fees & Permits (PR-C/S)	4,277,414
Interest and Other Investment Income (PR-OP G/C)	163,888
Interest and Other Investment Income (GR)	476,371
Sales of Goods and Services (PR-C/S)	640,355
Other (PR-OP G/C)	1,458,466
Other (GR)	781,678
Total Revenues	182,872,212
EXPENDITURES	
Salaries and Wages	8,935,211
Payroll Related Costs	2,851,828
Professional Fees and Services	279,414
Travel	567,861
Materials and Supplies	324,873
Communication and Utilities	222,449
Repairs and Maintenance	519,147
Rentals & Leases	99,371
Printing and Reproduction	100,913
Claims and Judgments	198,278
Federal Pass-Through Expenditures	4,287,392
Intergovernmental Payments	54,509,539
Public Assistance Payments	101,372,718
Other Expenditures	333,497
Capital Outlay	20,867
Total Expenditures	174,623,358
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,248,854
OTHER FINANCING SOURCES (USES)	
Transfers In (Note 5)	21,648
Transfers Out (Note 5)	(7,708,889)
Legislative Transfers In (Note 5)	779,488
Total Other Financing (Uses)	(6,907,753)
Net Change in Fund Balances	1,341,101
FUND FINANCIAL STATEMENT-FUND BALANCES	
Fund Balances--Beginning	1,588,476
Appropriations Reinstated (Lapsed)	(219,351)
Fund Balances - August 31	$ 2,710,226

See accompanying notes to the financial statements.

EXHIBIT IV (Continued)
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2008

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the statement of activities.

		Total
Net Change in Fund Balances (Exhibit IV)	$	1,341,101
Appropriations (Lapsed)		(219,351)
Changes in Fund Balances		1,121,750
Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the adjustments to:		
- capital outlay expense		20,867
- depreciation expense		(65,315)
- payroll expense due to Compensable Leave		36,562
Changes in Net Assets, August 31 (Exhibit II)	$	1,113,864

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V
STATEMENT OF NET ASSETS - PROPRIETARY FUND
August 31, 2008

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	$ 200
Cash in Bank	119,559
Cash in State Treasury	2,047,522
Cash Equivalents	39,356,823
Restricted Assets:	
Cash and Cash Equivalents (Note 3)	
Cash in Bank	547,555
Cash Equivalents	163,068,583
Short-term Investments (Note 3)	159,097,490
Loans and Contracts	12,655,872
Interest Receivable	14,898,359
Receivable:	
Interest Receivable	75,192
Accounts Receivable	1,548,536
Interfund Receivable (Note 5)	55,282
Consumable Inventories	12,383
Loans and Contracts	1,607,741
Other Current Assets	252,599
Total Current Assets	395,343,696
Non-Current Assets:	
Loans and Contracts	32,067,350
Capital Assets: (Note 2)	
Depreciable	
Furniture and Equipment	1,026,111
Less: Accumulated Depreciation	(935,196)
Other Capital Assets	132,279
Less: Accumulated Depreciation	(74,418)
Restricted Assets:	
Investments (Note 3)	1,346,771,360
Loans and Contracts	1,246,108,562
Other Non-current Assets	
Deferred Issuance Cost, net (Note 10)	11,991,756
Real Estate Owned, net	578,375
Total Non-Current Assets	2,637,666,179
Total Assets	3,033,009,875

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V (Continued)
STATEMENT OF NET ASSETS - PROPRIETARY FUND
August 31, 2008

	Total
LIABILITIES	
Current Liabilities	
Payables:	
Accounts Payable	1,105,178
Accrued Bond Interest Payable	38,307,371
Deferred Revenues	39,987,881
Employees' Compensable Leave (Note 4)	717,957
Revenue Bonds Payable (Notes 4 & 10)	41,276,426
Other Current Liabilities	9,010,527
Total Current Liabilities	130,405,340
Non-Current Liabilities	
Employees' Compensable Leave (Note 4)	237,194
Notes and Loans Payable (Note 4)	71,431,000
Revenue Bonds Payable (Note 4 & 10)	2,629,813,728
Other Non-Current Liabilities (Note 4)	139,808,296
Total Non-Current Liabilities	2,841,290,218
Total Liabilities	2,971,695,558
NET ASSETS	
Invested in Capital Assets	148,775
Restricted	17,304,915
Unrestricted	43,860,627
Total Net Assets	$ 61,314,317

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUND

For the fiscal year ended August 31, 2008

		Total
OPERATING REVENUES		
Interest and Investment Income	$	145,615,487
Net Increase in Fair Value		6,488,246
Other Operating Revenues		12,154,130
Total Operating Revenues		164,257,863
OPERATING EXPENSES		
Salaries and Wages		7,648,771
Payroll Related Costs		1,281,350
Professional Fees and Services		2,074,725
Travel		289,375
Materials and Supplies		227,316
Communications and Utilities		112,000
Repairs and Maintenance		189,450
Rentals and Leases		50,580
Printing and Reproduction		16,867
Depreciation and Amortization		944,600
Interest		136,892,908
Bad Debt Expense		389,636
Down Payment Assistance		10,198,861
Other Operating Expenses		1,658,232
Total Operating Expenses		161,974,671
Operating Income		2,283,192
Income before Other Revenues, Expenses, Gains, Losses and Transfers		2,283,192
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS		
Transfers In (Note 8)		5,324,774
Total Other Revenues, Expenses, Gains, Losses and Transfers		5,324,774
CHANGE IN NET ASSETS		7,607,966
Net Assets, September 1, 2007		53,706,351
NET ASSETS, AUGUST 31, 2008	$	61,314,317

See accompanying notes to the financial statements.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2008

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	$ 69,570,639
Proceeds from Other Revenues	9,548,446
Payments to Suppliers for Goods/Services	(8,404,574)
Payments to Employees	(8,731,536)
Payments for Loans Provided	(63,176,373)
Net Cash (Used for) Operating Activities	(1,193,398)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	254,674,363
Proceeds from Transfers from Other Funds	5,324,774
Payments to Other Funds	(224,356)
Payments of Principal on Debt Issuance	(126,342,397)
Payments of Interest	(139,304,200)
Payments for Other Cost of Debt	(1,646,137)
Net Cash (Used for) Noncapital Financing Activities	(7,517,953)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for Additions to Capital Assets	(19,321)
Net Cash (Used for) Capital Activities	(19,321)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	620,189,369
Proceeds from Interest/Invest. Income	83,538,933
Payments to Acquire Investments	(654,572,612)
Net Cash Provided by Investing Activities	49,155,690
Net Increase in Cash and Cash Equivalents	40,425,018
Cash and Cash Equivalents, September 1, 2007	164,715,224
Cash and Cash Equivalents, August 31, 2008	$ 205,140,242

See accompanying notes to the financial statements.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII (Continued)
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2008

		Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$	2,283,192
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Amortization and Depreciation		944,600
Provision for Uncollectibles		389,636
Operating Income and Cash Flow Categories Classification Differences		49,823,170
Changes in Assets and Liabilities:		
(Increase) in Receivables		(154,915)
Decrease in Accrued Interest Receivable		5,105,225
(Increase) in Loans / Contracts		(6,628,919)
(Increase) in Property Owned		(283,251)
(Increase) in Acquisition Costs		(335,998)
(Increase) in Other Assets		(39,592)
Increase in Payables		271,724
Increase in Deferred Revenues		4,883,555
(Decrease) in Accrued Interest Payable		(1,785,828)
(Decrease) in Other Liabilities		(55,665,997)
Total Adjustments		(3,476,590)
Net Cash (Used for) Operating Activities	$	(1,193,398)

NON CASH TRANSACTIONS
Increase in Fair Value of Investments for 2008 was $6,488,246

Loans and the related properties acquired were transferred to real estate owned in the amount of $300,690 for 2008

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VIII
COMBINED STATEMENT OF FIDUCIARY NET ASSETS
As of August 31, 2008

AGENCY FUND		**Total**
ASSETS		
Current Assets:		
Restricted:		
Cash in State Treasury	$	61,910
Total Current Assets		61,910
Total Assets	$	61,910
LIABILITIES		
Current Liabilities:		
Accounts Payable	$	300
Funds Held for Others		61,610
Total Current Liabilities		61,910
Total Liabilities	$	61,910

NOTES TO THE

FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ENTITY

Effective September 1, 1991, the Texas Department of Housing and Community Affairs (Department) was created to assist local governments in helping residents overcome financial, social and environmental problems; to address very low to moderate income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the legislature in coordinating federal and state programs affecting local governments; and to continually inform the state and the public about the needs of local government (*Texas Government Code Ann., Chapter 2306*). The Department was created by merging two former agencies, the Texas Housing Agency and the Texas Department of Community Affairs.

The regulation of manufactured housing was transferred from the Texas Department of Licensing and Regulation to the Department on September 1, 1995. The Manufactured Housing Division is administratively attached to the Department and is responsible for establishing standards and requirements for the construction and installation of manufactured housing that are reasonably necessary to protect the health, safety and welfare of the occupants of such housing and the general public. The Manufactured Housing Division has a governing Board of five members appointed by the Governor.

The Department is governed by a Board, composed of seven members, all of whom are appointed by the Governor with the advice and consent of the Texas Senate. The Board then appoints the Executive Director, with the approval of the Governor.

The accompanying financial statements of the Department have been prepared to conform with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Component Units - No component units have been identified which should be included in the Department's financial statements.

FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

Governmental Funds

General Fund
The General Fund is the principal operating fund used to account for most of the Department's general activities. It accounts for all financial resources except those accounted for in other funds.

Proprietary Fund Types

Enterprise Funds (Business-Type Activity)
Enterprise Funds account for operations financed and operated in a manner similar to private business. The intent is to recover costs through user charges and where a periodic determination of revenues earned, expenses incurred, and net income are appropriate for management control, accountability, contractual obligations and other purposes.

Fiduciary Fund Types

Agency Funds
Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Basis of Accounting
The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental funds are accounted for using the modified accrual basis of accounting. Under modified accrual, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The Department considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for the Fund Financial Statements prepared on the modified accrual basis of accounting. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

The Government-wide Financial Statements are accounted for using the accrual method of accounting. This includes unpaid Employee Compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, capital assets and accumulated depreciation.

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary Funds distinguish operating from non-operating items. Operating revenues result from providing services or producing and delivering goods in connection with the proprietary funds principal ongoing operations. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The Department has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989 as allowed by GASB Statement No. 20.

BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The state monitors its statewide budget by establishing the legal level of control at the agency level to ensure that expenditures are not made in excess of budgetary authority. Within the Department, procedures are used to ensure that expenditures do not exceed their total budget at the division level, but the State Comptroller ultimately ensures that each total authorized agency budget is not exceeded.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

Assets

Cash and Cash Equivalents
Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Investments
Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* (GASB Statement 31). The Department utilizes established quoted market prices for determining the fair value of its debt securities in

reserve funds. Fair value of the Department's securitized mortgage loans (GNMA, FNMA, FHLMC) has been established by each bond issue's trustee using a pricing service.

The Department has reported all investment securities at fair value as of August 31, 2008 with exception of some short-term money market investments and nonparticipating interest-earning investments contracts which are reported at amortized cost provided that the fair value of these investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

Changes in the fair value for the Enterprise Fund are reported in the Combined Statement of Revenues, Expenses, and Changes in Net Assets-Proprietary Fund as "Net Increase (Decrease) in the Fair Value of Investments."

Restricted Assets
Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets in the General Fund include federal grants which are restricted by the grantor for specific program purposes established by the State Legislature. The Proprietary Fund includes certain assets pledged to respective bond indentures, the use of which is restricted by those same bond covenants.

.

Consumable Inventories
Consumable inventories consist of postage on hand at year-end. Inventories for governmental fund types and proprietary fund types are accounted for using the consumption method of accounting. The cost of these items is expensed when the items are consumed.

Capital Assets
Assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if donated, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset (5 years for both Furniture & Equipment and Other Capital Assets) using the straight-line method.

All capital assets acquired by proprietary funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the donation date. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

Loans and Contracts
Loans and contracts consist of loans in the General Fund made from federal funds for the purpose of Single Family loans and Multifamily development loans from the HOME and Community Development Block Grant Program.

Restricted loans and contracts in proprietary funds consist of mortgage loans made from Single Family and Multifamily bond proceeds. Unrestricted loans and contracts consist of Single Family loans and Multifamily development loans from the Housing Trust Fund and other Housing Initiative Programs. Loans receivable are carried at the unpaid principal balance outstanding, net of the allowance for estimated losses. Deferred commitment fees relating to the Single Family, Residential Mortgage Revenue Bonds (RMRB) Series 1987A and certain Multifamily programs are included as a reduction of loans receivable. Interest on loans is credited to income as earned. Loans are generally placed on nonaccrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when they are past due 90 days as to either principal or interest or when payment in full of principal and interest is not expected. Deferred commitment fees are recognized using the interest method over the estimated lives of the loans.

Real Estate Owned
Real estate owned are properties acquired through foreclosure that are carried at the unpaid principal balance on the related property plus accrued interest and reimbursable expenses through the date of foreclosure, less any sales proceeds, reimbursements received from mortgage insurers and an allowance for estimated losses on such properties, which approximates the net realizable value of the property at foreclosure.

Loans secured by Single Family properties on which there is an indication that the borrower no longer has the ability to repay the loan and that foreclosure is likely are considered in-substance foreclosures and are classified as real estate owned in the accompanying balance sheet. Interest on real estate owned is credited to income as earned based on a calculation of interest recoverable in accordance with the Department's agreements with its mortgage insurers.

Allowance for Estimated Losses on Loans and Foreclosed Properties
The allowance for estimated losses on loans is calculated for future charge-offs on Single Family and Multifamily loans. The allowance for estimated losses on real estate owned is calculated for future charge-offs on foreclosed Single Family loans.

All losses are charged to the allowance when the loss actually occurs or when a determination is made that a loss is likely to occur. During the year, management estimates the level of future losses to determine whether the allowances for estimated losses are adequate to absorb anticipated losses in the existing loan and real estate owned portfolios. Based on these estimates, a provision for estimated losses on loans and real estate owned is credited to the allowances in order to adjust the allowances to levels estimated to be adequate to absorb reasonably foreseeable losses.

While management uses available information to recognize losses in the loan and real estate owned portfolios, future additions may be necessary based on changes in economic conditions. However, it is the judgment of management that allowances are currently adequate to absorb reasonably foreseeable losses in the existing loan and real estate owned portfolios.

Commitment Fees
Commitment fees received in connection with the origination of loans are deferred and recognized using the interest method over the estimated lives of the related loans and mortgage-backed securities, or if the commitment expires unexercised it is credited to income upon expiration of the commitment.

Deferred Issuance Costs
Deferred issuance costs on bonds are amortized using the interest method over the contractual life of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of deferred issuance costs.

Discounts and Premiums on Debt
Discounts and premiums on debt are recognized using the interest method over the lives of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of discounts and premiums on debt.

Liabilities

Accounts Payable
Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Other Current Liabilities
Other current liabilities primarily consist of escrow fees and arbitrage rebate liability.

Deferred Revenues
Deferred Revenues in the governmental fund represent a deferral of amounts disbursed from funding agencies for the amount of Loans and Contracts outstanding. These deferred revenues are classified as current liabilities in accordance with GAAP. The deferred revenues in the proprietary fund represent fees such as commitment fees and compliance fees that are deferred upon receipt and amortized over a period of time. It also includes deferred revenues for loans and contracts.

Employees' Compensable Leave Balances
Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

Bonds Payable – Revenue Bonds
Revenue bonds are accounted for in the proprietary funds. The bonds payable are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or noncurrent in the statement of net assets.

Notes and Loans Payable
Notes and Loans Payable is composed of Commercial Paper Notes issued by the Department. Proceeds not used to refund outstanding Commercial Paper Notes are intended to redeem single-family mortgage revenue bonds.

Other Non-current Liabilities
Other non-current liabilities primarily account for funds due to Developers as a result of Multifamily bond proceeds. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the developers' fluctuation in cash flow needs, the current portion cannot be reasonably estimated.

Fund Balance/Net Assets
The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary and fiduciary fund statements, and the "Fund Balance" is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance
Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Reserved for Encumbrances
This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserved for Consumable Inventories
This represents the amount of postage to be used in the next fiscal year.

Reserve for Imprest Accounts
This represents reserves for travel and imprest cash in amounts equal to the assets.

Unreserved/Undesignated
Unreserved represents the unappropriated balance at year-end.

Net Assets
Invested in Capital Assets consists of capital assets including restricted capital assets, net of accumulated depreciation. The Department reports net assets as restricted when constraints placed on net assets are externally imposed by bond covenants and federal grants. Unrestricted Net Assets consist of net assets that do not meet the definition of Invested in Capital Assets or Restricted Net Assets.

Interfund Transactions and Balances

The Department may have the following types of transactions among funds:

1. Transfers - Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.

2. Legislative Sources/Uses – Budget transfers between agencies within the General Revenue Fund (0001).

3. Quasi-External Transactions - Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

NOTE 2: CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended August 31, 2008, is presented below:

PRIMARY GOVERNMMENT

Governmental Activities:	**Balance 09/01/07**	**Additions**	**Deletions**	**Balance 08/31/08**
Depreciable Assets:				
Furniture and Equipment	$1,735,344	$20,867	($31,920)	$1,724,291
Other Capital Assets	130,964	-	-	130,964
Total Depreciable Assets at Historical Costs	$1,866,308	$20,867	($31,920)	$1,855,255
Less Accumulated Depreciation for:				
Furniture and Equipment	($1,607,895)	($39,123)	$31,920	($1,615,098)
Other Capital Assets	(47,486)	(26,192)	-	(73,678)
Total Accumulated Depreciation	(1,655,381)	(65,315)	31,920	(1,688,776)
Governmental Activities Capital Assets, Net:	$210,927	($44,448)	-	$166,479

PRIMARY GOVERNMMENT

Business-Type Activities:	**Balance 09/01/07**	**Additions**	**Deletions**	**Balance 08/31/08**
Depreciable Assets:				
Furniture and Equipment	$1,437,962	$19,321	($431,172)	$1,026,111
Other Capital Assets	132,279	-	-	132,279
Total Depreciable Assets at Historical Costs	$1,570,241	$19,321	($431,172)	$1,158,390
Less Accumulated Depreciation for:				
Furniture and Equipment	($1,330,513)	($35,855)	$431,172	($935,196)
Other Capital Assets	(47,963)	(26,455)	-	(74,418)
Total Accumulated Depreciation	(1,378,476)	(62,310)	431,172	(1,009,614)
Business-Type Activities Capital Assets, Net:	$191,765	($42,989)	-	$148,776

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

The Department is authorized by statute to make investments following the "prudent person rule" and based upon provisions within the master bond indentures and its Investment Policy adopted by the Board in accordance with the Public Funds Investment Act. There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank
As of August 31, 2008, the carrying amount of deposits was $687,114.

Governmental Funds Current Assets Cash in Bank	$20,000
Proprietary Funds Current Assets Cash in Bank	
Texas Treasury Safekeeping Trust	119,559
Proprietary Funds Current Assets Restricted Cash in Bank	
Texas Treasury Safekeeping Trust	243,052
Demand Deposits	304,503
Cash in Bank	$687,114

At August 31, 2008 the Department's cash and deposits in the State Treasury amounted to $8,927,011. Of that amount, $8,927,011 was fully collateralized by securities held with a trustee in the State's name, as reported to the Department by the Comptroller of Public Accounts of the State of Texas.

Investments
The types of investments in which the Department may invest are restricted by the provisions of the master bond indentures and the Department's Investment Policy adopted by its Board in accordance with the Public Funds Investment Act. The indentures allow for investments in direct obligations of or guaranteed by the U.S. Government; obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by agencies or intermediaries of the U.S. Government; obligations issued by public agencies or municipalities; obligations and general obligations of or guaranteed by the state; demand deposits, interest-bearing time deposits or certificates of deposit; repurchase agreements in U.S. Government securities; direct or general obligations of any state within the territorial U.S.; investment agreements with any bank or financial institution; commercial paper; and guaranteed investment contracts. Certain trust indentures restrict the Department from investing in certain of the aforementioned investments.

At August 31, 2008, the fair value of investments (including both short-term and long-term) are shown below.

Business Type Activities	Carrying Value	Fair Value
U.S. Treasury Securities	$ 939,415	$ 1,013,942
U.S. Government Agency Obligations	1,332,487,317	1,308,774,174
Repurchase Agreements (TTSTC)	131,206,394	131,206,394
Fixed Income Money Markets	71,219,012	71,219,012
Misc (Investment Agreements/GICs)	196,080,733	196,080,733
Total	$ 1,731,932,871	$ 1,708,294,255

Credit Risk
Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Preservation and safety of principal is the foremost objective of the investment program. According to the Department's investment policy, investments should be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Credit risk is mitigated by

- Limiting investments to the safest types of securities.
- Pre-qualifying the financial institution, broker/dealers, intermediaries, and advisors with which the Department will do business.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd

As of August 31, 2008, the Department's credit quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	Not Rated	AAA	AA	A
05	3054	U.S. Government Agency Obligations		$231,003,819		
05	3054	Repurchase Agreements (TTSTC)	$131,206,394			
05	3054	Misc (Investment Agreements/GICs)	$196,080,733			
			Not Rated	**AAA-M**	**AA-M**	**A-M**
05	3054	Fixed Income Money Market		$71,219,012		

A total of $1,078,784,298 was not subject to credit risk disclosure due to their explicit guarantee by the U.S. Government which is composed of $1,013,942 in U.S. Treasury securities and $1,077,770,356 in U.S. Government Agency obligations issued by the Government National Mortgage Association.

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2008, the Department's concentration of credit risk is as follows.

Fund Type	GAAP Fund	Issuer	Carrying Value	% of Total Portfolio
05	3054	Paribas Corporation	$131,206,394	7.68%
05	3054	Transamerican Life	$ 88,070,816	5.16%

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investment. The longer the maturity of an investment will result in greater sensitivity of its fair value to changes in the market interest rates. The Department's investment policy allows for the mitigation of interest rate risk by

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities.

Information about the sensitivity of the fair values of the Departments investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Department's investments by maturity:

Remaining Maturity (in months)

Government and Business Type Activities	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Treasury Securities	$1,013,942				$1,013,942
U.S. Government Agency Obligations	1,308,774,174	$11,317,707		$12,085,642	1,285,370,825
Repurchase Agreements (TTSTC)	131,206,394	131,206,394			
Fixed Income Money Markets	71,219,012	71,219,012			
Misc (Investment Agreements/GICs)	196,080,733	147,779,783	$19,385,040		28,915,910
Total	$1,708,294,255	$361,522,896	$19,385,040	$12,085,642	$1,315,300,677

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd

Highly Sensitive Investments

Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. These prepayments result in a reduction of expected total cash flows affecting the fair value of these securities and make the fair value of these securities highly sensitive to the changes in interest rates. The Department does not make it a common practice to sell these investments. Any fluctuation in fair value generates an unrealized gain or loss. As of August 31, 2008, the Department holds $1,308,774,174 in mortgage backed securities.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2008, the following changes occurred in liabilities.

Governmental Activities	Balance 9/1/07	Additions	Reductions	Balance 8/31/08	Amounts Due Within One Year
Compensable Leave	$ 1,029,205	759,929	796,492	$ 992,642	$ 759,929
Total Governmental Activities	$ 1,029,205	759,929	796,492	$ 992,642	$ 759,929

Business-Type Activities	Balance 9/1/07	Additions	Reductions	Balance 8/31/08	Amounts Due Within One Year
Revenue Bonds Payable	$ 2,582,373,505	216,112,363	127,395,714	$ 2,671,090,154	$41,276,426
Notes Payable	32,869,000	38,562,000		71,431,000	-
Subtotal	2,615,242,505	254,674,363	127,395,714	2,742,521,154	41,276,426
Compensable Leave	756,566	717,957	519,372	955,151	717,957
Total Business-Type Activities	$ 2,615,999,071	255,392,320	127,915,086	$2,743,476,305	$41,994,383

Commercial Paper Notes Payable

The Department is authorized to issue the Notes in an aggregate principal amount not to exceed $75,000,000 outstanding. Proceeds of the initial issuance of the Notes and of future issues not issued to refund outstanding Notes will be used to redeem certain of the Department's single-family mortgage revenue bonds (the "Refunded Bonds"), which are subject to redemption as a result of the receipt by the Department of prepayments of the related underlying mortgage loans. Such prepayments may, at a future date, be recycled into new mortgage loans by the Department.

Commercial Paper Notes Payable Debt Service Requirements Business-Type Activities			
Year	**Principal**	**Interest**	**Total**
2009	$71,431,000	$194,623	$71,625,623
Total	**$71,431,000**	**$194,623**	**$71,625,623**

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES Cont'd.

Other Non-current Liabilities
Other non-current liabilities in the Enterprise Fund totaling $139,808,296 primarily account for funds due to Developers as a result of Multifamily bond proceeds which have corresponding investment balances not adjusted to market value. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the various variables related to the balance, the current portion cannot be reasonably estimated.

NOTE 5: INTERFUND BALANCES / ACTIVITIES

As explained in Note 1 on Interfund Transactions and Balances, there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Transfers In or Transfers Out
- Legislative Transfers In or Legislative Transfers Out

The Department experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statements.

Individual balances and activity at August 31, 2008, follows:

Fund	Current Interfund Receivable	Current Interfund Payable
General Fund (01)		
General Revenue (0001)	$ 49,331	$ 1,488
Consolidated Federal (0127)	-	103,125
Enterprise Fund (05, 0896)	55,282	-
Total Interfund Receivable/ Payable (Exhibit I & Exhibit III & VIII)	**$ 104,613**	**$ 104,613**

The Department has no Non-Current Interfund Receivables/Interfund Payables.

Fund	Transfers In	Transfers Out	Purpose
General Fund (01)			
Appd Fund 0001, D23 Fund 0001		$ 5,324,774	Article VII-6, Rider 10
Appd Fund 0001, D23 Fund 0001		1,492,594	Article IX, § 6.26
Appd Fund 0001, D23 Fund 0001		21,648	Article IX, § 13.09
Appd Fund 0001, D23 Fund 0066		89,971	Gov't Code, Sect. 403.021
Appd Fund 0001, D23 Fund 0077		414	Gov't Code, Sect. 403.021
Appd Fund 0001, D23 Fund 0088		779,488	Article IX, § 6.26
Appd Fund 5140, D23 Fund 5140	$ 21,648		Article IX, § 13.09
Total Transfers for Fund 0001 (Exhibit IV)	**$ 21,648**	**$ 7,708,889**	
Enterprise Fund (05)			
Appd Fund 3054, D23 Fund 0999	5,324,774		Article VII-6, Rider 10
Total Transfers for Fund 3054 (Exhibit VI)	**$ 5,324,774**		
Total Transfers *	**$ 5,346,422**	**$ 7,708,889**	

* The $2,362,467 difference between total transfers in/out represents transfers to the Texas Comptroller of Public Accounts.

NOTE 5: INTERFUND BALANCES / ACTIVITIES Cont'd

Fund	Legislative Transfers In	Legislative Transfers Out
General Fund (01)		
Appd Fund 0001, D23 Fund 0001	$ 717,174	-
Appd Fund 0001, D23 Fund 0066	61,521	-
Appd Fund 0001, D23 Fund 0077	793	-
Total Legislative Transfers (Exh IV)	$ **779,488**	**-**

NOTE 6: CONTINGENT LIABILITIES

The Department is a defendant in legal actions arising from transactions and activities conducted in the ordinary course of business. Management, after consultation with legal counsel, believes that the aggregate liabilities, if any, will not be material to the basic financial statements.

NOTE 7: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Department will be abolished effective September 1, 2011 unless continued in existence as provided by the Act. If abolished, the Department may continue until September 1, 2012 to close out its operations.

NOTE 8: RISK FINANCING AND RELATED INSURANCE

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the Department's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Department assumes substantially all risks associated with the performance of its duties. Currently there is no purchase of commercial insurance, nor is the Department involved in any risk pools with other government entities. The Department carries Public Official Liabilities Insurance coverage in the amount of $10,000,000; automobile liability insurance in the amount of $500,000, errors and omissions insurance of $300,000 related to loan servicing for others and a $350,000 Public Employee Fidelity Bond.

The Department's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. The Department incurred no claims liability during fiscal years 2007 and 2008 related to these policies.

NOTE 9: SEGMENT INFORMATION FOR ENTERPRISE FUND

The Segment information below is for the Department's direct debt associated with the issuance of Single Family bonds only and does not include the Multifamily bonds where the Department is only a conduit issuer. Therefore, this note represents less than what is reported in the Enterprise Fund as a whole. Each grouping consists of separate indentures that have one or more bonds outstanding with the revenue stream and assets exclusively pledged in support of that debt. Each indenture imposes the requirement of separate accounting of the revenues, expenses, gains, losses, assets, and liabilities.

CONDENSED SCHEDULE OF NET ASSETS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Restricted Assets:			
Current Assets	$ 167,908,195	$ 8,137,154	$ 789,899
Capital Assets	-	-	-
Other Assets	1,032,469,077	293,541,064	12,117,302
Total Assets	1,200,377,272	301,678,218	12,907,201
Liabilities:			
Current Liabilities	67,054,606	11,052,849	387,565
Long Term Liabilities	1,127,629,554	280,825,335	10,604,935
Total Liabilities	1,194,684,160	291,878,184	10,992,500
Net Assets:			
Restricted Net Assets	$ 5,693,112	$ 9,800,034	$ 1,914,701
Total Restricted Net Assets	$ 5,693,112	$ 9,800,034	$ 1,914,701

CONDENSED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Operating Revenues:			
Interest and Investment Income	$ 59,116,300	$ 17,317,425	$ 880,910
Net Increase in Fair Value	2,745,879	3,574,123	168,243
Other Operating Revenues	547,838	383,190	44,471
Operating Expenses	(59,972,390)	(16,279,137)	(768,372)
Depreciation and Amortization	(685,346)	(179,739)	(2,812)
Operating Income	1,752,281	4,815,862	322,440
Nonoperating Revenues (Expenses):			
Other Nonoperating Revenues (Expenses):	-	-	-
Special and Extraordinary Items	-	-	-
Transfers In (Out)	(674,723)	(268,968)	5,242
Changes in Net Assets	1,077,558	4,546,894	327,682
Net Assets, September 1, 2007	4,615,554	5,253,140	1,587,019
Net Assets, August 31, 2008	$ 5,693,112	$ 9,800,034	$ 1,914,701

NOTE 9: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

CONDENSED SCHEDULE OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Net Cash Provided (Used) By:			
Operating Activities	$ 769,104	$ 276,281	$ (8,609)
Noncapital Financing Activities	57,435,012	(41,953,320)	(2,761,477)
Investing Activities	(36,350,593)	40,436,808	2,697,423
Net Increase (Decrease)	21,853,523	(1,240,231)	(72,663)
Beginning Cash and Cash Equivalents	62,334,075	7,417,278	792,280
Ending Cash and Cash Equivalents	$ 84,187,598	$ 6,177,047	$ 719,617

NOTE 10: BONDED INDEBTEDNESS

The Department has 125 bond issues outstanding at August 31, 2008. All series are revenue bonds backed by the pledged revenue sources and restricted funds specified in the bond resolutions. Each series is designed to be self-supporting with no repayment nor obligation from the State's General Revenue. The Department issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (Detailed supplemental bond information is disclosed in Schedules 1-A, 1-B, 1-C, 1-D, and 1-E.)

Proceeds from the issuance of bonds under the Single Family and Residential Mortgage Revenue Bonds (RMRB) Series 1987A Programs were used to acquire loans. Proceeds from Collateralized Home Mortgage Revenue Bond (CHMRB) and the remaining RMRB programs were used to acquire pass-through certificates backed by mortgage loans. Proceeds from the remaining Multifamily bond issues were used to finance mortgage loans.

DEBT SERVICE REQUIREMENTS

PRINCIPAL ONLY (amounts in thousands)

Description	2009	2010	2011	2012	2013	2014 to 2018	2019 to 2023
Single-family	$ 26,192	$ 41,721	$ 43,706	$ 44,581	$ 46,301	$ 187,389	$ 137,505
RMRB	5,005	4,935	4,185	4,375	4,655	28,725	45,125
CHMRB							
Multifamily	9,671	9,706	10,612	11,305	11,909	70,354	111,240
Total	$ 40,868	$ 56,362	$ 58,503	$ 60,261	$ 62,865	$ 286,468	$ 293,870

Description	2024 to 2028	2029 to 2033	2034 to 2038	2039 to 2043	2044 to 2048	Total
Single-family	$186,890	$213,065	$201,160	$ 14,915	$ -	$ 1,143,425
RMRB	52,875	130,505	5,045	-	-	285,430
CHMRB	10,400	-	-	-	-	10,400
Multifamily	174,733	178,799	262,873	270,700	99,060	1,220,962
Total	$424,898	$522,369	$469,078	$285,615	$ 99,060	$ 2,660,217

NOTE 10: BONDED INDEBTEDNESS Cont'd.

Actual maturities will differ from contractual maturities since the Department has the right to call or prepay obligations with or without call or prepayment penalties as the related loans and mortgage-backed securities mature or prepay.

PRINCIPAL AND INTEREST (amounts in thousands)

Description	2009	2010	2011	2012	2013	2014 to 2018	2019 to 2023
Single-family	$ 70,435	$ 86,737	$ 87,455	$ 87,018	$ 87,338	$ 371,718	$ 292,802
RMRB	20,398	20,103	19,141	19,132	19,211	98,218	103,538
CHMRB	718	718	718	720	718	3,592	3,592
Multifamily	75,476	74,540	74,877	74,964	74,909	368,720	384,264
Total	$167,027	$182,098	$182,191	$181,834	$182,176	$ 842,248	$ 784,196

Description	2024 to 2028	2029 to 2033	2034 to 2038	2039 to 2043	2044 to 2048	Total
Single-family	$304,538	$288,446	$222,352	$ 15,313	$ -	$ 1,914,152
RMRB	97,279	154,095	5,184	-	-	556,299
CHMRB	10,991	-	-	-	-	21,767
Multifamily	406,958	362,847	392,247	330,415	107,529	2,727,746
Total	$819,766	$805,388	$619,783	$345,728	$107,529	$ 5,219,964

Interest on bonds and collateralized mortgage obligations is payable periodically, except for capital appreciation bonds, on which interest is compounded semiannually and payable at maturity or upon redemption.

The Single Family, RMRB and CHMRB bonds are collateralized by the revenues and assets pledged under the trust indentures, primarily Single Family mortgage loans, mortgage-backed securities (which had a change in ownership as discussed in Note 12) and investments. The Multifamily bonds are collateralized by varying methods, including, but not limited to, the mortgage loans on the applicable housing developments, certificates of deposit, letters of credit, guarantees provided by third parties and collateralized mortgage obligations issued by federally chartered, privately owned corporations.

The trust indentures contain positive and negative covenants. Events of default include the following: failure to make timely payment of both principal and interest on any outstanding bond; failure to make timely payment of any other monies required to be paid to the Trustee; and non-performance or non-observance of any other covenants, agreements or conditions contained in the indentures. Management believes they are in compliance with the covenants of the indentures.

Deferred issuance costs at August 31, 2008, consist of the following:

		Amount
Deferred Issuance Costs at August 31, 2008	$	41,272,747
Less Accumulated Amortization		(29,280,991)
Deferred Issuance Costs, net	$	11,991,756

NOTE 10: BONDED INDEBTEDNESS Cont'd

CHANGES IN BONDS PAYABLE (amounts in thousands)

Description	Bonds Outstanding 9/1/07	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extin-guished	Bonds Outstanding 8/31/08	Amounts Due Within One Year
Single Family	$ 1,037,085	$ 157,060	$ 10,550	$ 40,170	$ 1,143,425	$ 26,581
RMRB	310,690	-	5,205	20,055	285,430	5,036
CHMRB	12,400	-	-	2,000	10,400	8
Multifamily	1,213,299	56,025	6,780	41,582	1,220,962	9,652
Total Principal	$ 2,573,474	$ 213,085	$ 22,535	$ 103,807	$ 2,660,217	$ 41,277
Net Deferred Amt due to Refund	(239)					
Unamortized Premium	14,365				15,230	
Unamortized Refunding (Loss)	(5,226)				(4,357)	
Total	$ 2,582,374				$ 2,671,090	

VARIABLE TO FIXED INTEREST RATE SWAP

OBJECTIVE

In order to hedge against increases in interest rates on variable rate demand bond issues, the Department has entered into five interest rate swap agreements with the objective of reducing the interest rate risk of certain variable rate demand bonds. The variable rate demand bonds were issued at a lower total interest cost than attainable through traditional fixed rate bond structures. The Department has entered into interest rate swap agreements with various rated counterparties. Under the terms of the agreements, the Department makes periodic fixed interest rate payments in exchange for receiving variable rate payments comparable to the rates payable on the variable rate demand bonds. The swap notional amounts amortize in accordance with the scheduled and/or anticipated reductions in the related variable rate demand bond liability. The Department is potentially exposed to loss in the event of nonperformance by the counterparties under the swap agreements. Termination of the swap agreements may result in the Department making or receiving termination payments. Each swap agreement includes optional early termination provisions granting the Department the right, but not an obligation, to terminate the interest rate swaps at par without a termination payment after an effective date.

NOTE 10: BONDED INDEBTEDNESS Cont'd

TERMS AND FAIR VALUE

The terms, including the fair value of the outstanding swaps as of August 31, 2008 are as follows. The fair value of the swaps are not shown in the financial statements. The notional amounts of the swaps match the principal amount of the associated debt.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
UBS AG	$53,000,000	($2,510,824)	9/1/04	3.843 %	63% of LIBOR + .30%	9/1/34 (a)
Goldman Sachs Capital Markets, LP	35,000,000	(1,343,868)	1/1/05	3.6125 %	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	3/1/35 (b)
Bear Stearns Financial Products, Inc. (e)	94,860,000	(3,327,212)	8/1/05	3.99 %	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	9/1/36 (c)
UBS AG	36,000,000	(1,829,278)	11/15/06	3.857%	63% of LIBOR +.30%	9/1/25 (d)
Bear Stearns Financial Products, Inc. (e)	141,070,000	(4,926,319)	6/5/07	4.013% %	Less of (the greater of (a) 65% of LIBOR and (b) 56% of LIBOR + .45%) and LIBOR	9/1/38 (c)
Total	$359,930,000	($13,937,501)				

a. Swap Agreement has an optional early termination date of March 1, 2014 and every March and September thereafter. The maximum notional amount subject to early termination is equal to 60% of the current notional amount.
b. Swap Agreement has an optional early termination date of September 1, 2014 and every March and September thereafter.
c. Swap Agreement is subject to an early termination date at any time with a 10 business day notice.
d. Swap Agreement has an optional early termination date of March 1, 2016 and every March and September thereafter. The maximum notional amount subject to early termination is current notional amount per the amortization schedule.
e. Bear Stearns Financial Products, Inc. was formerly a subsidiary of The Bear Stearns Companies, Inc. As a result of Bear Stearns' acquisition by JP Morgan Chase & Co. on 3/16/2008, Bear Stearns Financial Products, Inc. operates as a subsidiary of JP Morgan Chase & Co.

CREDIT RISK

As of August 31, 2008, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps have negative fair values. If interest rates change and the fair value of the swaps become positive, the department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral agreements and insurance policies with the counterparties. The credit ratings for the counterparties are as follows.

Counterparty	Standard & Poor's	Moody's	Fitch
UBS AG	AA-	Aa2	AA+
Goldman Sachs Capital Markets, LP	A	Not Rated	AA-
Bear Stearns Financial Products, Inc.	AAA	Aaa	Not Rated

BASIS RISK

The Department's variable-rate bond coupon payments are equivalent to the Bond Market Association (BMA) rate. The swap agreements designate a function of LIBOR as the rate for payments received on these swaps. The Department will be exposed to basis risk should LIBOR and BMA converge. The swap agreements provide an option to terminate as stated above.

NOTE 10: BONDED INDEBTEDNESS Cont'd

ROLLOVER RISK is the risk that arises when a derivative associated with a government's variable-rate debt does not extend all the way to the maturity date of the associated debt, thereby creating a gap in the protection otherwise afforded by the derivative. The Department is not exposed to rollover risk on swap agreements which mature or may be terminated prior to the maturity of the associated debt. The counterparties in the swap agreements have limited rights to terminate the swap. They can terminate only if the Department were to be downgraded below investment grade or default on any swap payments. The swap providers cannot unilaterally terminate any of the swaps subjecting the Department to rollover risk.

The Department has retained optional termination rights which are listed below. They are intended to allow the Department to keep the notional amount in line with bonds outstanding to the extent the Department experiences prepayments.

Associated Debt Issuance	Debt Maturity Date	Swap Termination Date
2004B Single Family	September 2034	May be terminated as early as March 2014
2004D Single Family	March 2035	May be terminated as early as September 2014
2005A Single Family	September 2036	May be terminated at anytime giving 10 day notice
2006H Single Family	September 2037	May be terminated as early as March 2016
2007A Single Family	September 2038	May be terminated at anytime giving 10 day notice

SWAP PAYMENTS AND ASSOCIATED DEBT

Using rates as of August 31, 2008, debt service requirements of the Department's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate debt bond interest payments and new swap payments will vary. The Department's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds outstanding.

Fiscal Year Ending August 31	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Interest Rate Swaps, Net	Total
2009	$ 515,000	$ 7,485,423	$ 7,408,843	$ 15,409,266
2010	4,000,000	7,457,227	7,379,018	18,836,245
2011	4,755,000	7,366,041	7,284,980	19,406,021
2012	4,990,000	7,264,207	7,180,317	19,434,524
2013	5,220,000	7,157,443	7,070,539	19,447,982
2014-2018	43,800,000	33,573,795	33,133,761	110,507,556
2019-2023	62,505,000	27,882,390	27,544,377	117,931,767
2024-2028	77,485,000	20,560,946	20,344,511	118,390,457
2029-2033	86,070,000	11,843,341	11,762,883	109,676,224
2034-2038	69,990,000	3,154,100	3,229,756	76,373,856
2039-2042	600,000	6,090	6,554	612,644
Total	$ 359,930,000	$ 133,751,003	$ 132,345,539	$ 626,026,542

NOTE 10: BONDED INDEBTEDNESS Cont'd

Demand Bonds

The Department currently holds seven single family bond series in the amount $371,000,000 in variable rate demand bonds. The proceeds of these bonds were used to refund outstanding bonds or provide funds for the primary purpose of purchasing mortgaged-backed securities which are pools of first time homebuyer loans. These bond series have the following terms.

Demand Bonds - Standby Purchase Agreements

Single Family Bond Series	Liquidity Provider	Commitment Fee Rate	Outstanding Variable Rate Demand Bonds as of 8/31/08	Bank Bonds Remaining with Liquidity Provider as of 11/14/08	Liquidity Facility Expiration Date
2007A	DEPFA Bank plc	0.09%	$ 141,070,000	$ 139,380,000	06/5/2012
2006H	DEPFA Bank plc	0.09%	36,000,000	36,000,000	11/15/2009
Total DEPFA Bank plc			*$ 177,070,000*	*$ 175,380,000*	
2005A	Dexia Credit Local	0.275%	$ 94,860,000	$ 15,000,000	04/28/2011
2004D	Dexia Credit Local	0.275%	35,000,000	22,000,000	04/28/2011
2004B	Dexia Credit Local	0.275%	53,000,000	52,900,000	04/28/2011
2005C	Dexia Credit Local	0.1225%	7,215,000	4,515,000	12/15/2015
2004A Jr. Lien	Dexia Credit Local	0.315%	3,855,000	600,000	04/28/2011
Total Dexia Credit Local			*$ 193,930,000*	*$ 95,015,000*	
Total Demand Bonds			**$ 371,000,000**	**$ 270,395,000**	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to remarket any bonds, the liquidity facility will purchase the bonds (bank bonds). If bonds purchased by the liquidity facility are not remarketed according to the terms of the liquidity agreement, the Department will be subject to term out provisions with the corresponding liquidity provider to convert the bonds to an installment loan payable over seven years.

The 2007A series in the amount of $139,380,000 and 2006H series in the amount of $36,000,000 are subject to term out provisions effective within six months of the purchase of the bonds by DEPFA, currently April 2009. If these bonds are not remarketed by April 2009, the Department will be subject to 14 semi-annual payments over 7 years. The Department could potentially pay in principal and interest a total of $160,287,000 and $82,800,000 related to the 2007A and 2006H Series, respectively. Interest was computed using the prime lending rate of 4.00% effective during November 2008 (See Note 12 for related information).

The 2004A Jr. Lien, 2004B, 2004D, 2005A and 2005C variable rate demand bonds currently owned by DEXIA are not subject to term out provisions until six months following the expiration of the liquidity agreement.

Refunding Bonds

On August 22, 2008, the Department issued $14,000,000 in variable rate debt (Series 2008 Addison Park Apartments Multifamily) with a maximum rate of 12% to refund $14,000,000 of outstanding 2004 Multifamily (Addison Park Apartments) bonds. The purpose of the refunding was to establish a new financing structure establishing Freddie Mac as the credit enhancer which would guarantee payments to the bondholders and make the bonds AAA rated. In addition, the refunding transaction would establish a new letter of credit which would satisfy the expiring letter of credit under the original bond issue. The refunding transaction resulted in a cash flow loss of $247,989, and an economic loss of $153,684. Because the new debt is variable rate debt, the economic and cash differences were calculated using the current rate as of August 31, 2008 which is 2.05%. The cash flow and economic impact will fluctuate with the prevailing interest rates. Using the maximum rate allowable by the trust indenture of 12%, the Department could incur a maximum of additional $49,470,502 in debt service payments and an economic loss of $11,482,294 on the refunding.

NOTE 10: BONDED INDEBTEDNESS Cont'd

Pledged and Other Sources (amounts in thousands)

GASB Statement No. 48 requires the following disclosures for "specific revenues that have been formally committed to directly collateralize or secure debt of the Department." The following table summarizes by indenture, pledged and other sources and related expenditures for the Department's revenue bonds. A detail schedule of each bond issue is included in Schedule 2-D.

	Pledged and Other Sources and Related Expenditures for FY 2008			
	Net Available for Debt Service		Debt Service	
Description of Issue	**Total Pledged and Other Sources**	**Operating Expenses/Expenditures and Capital Outlay**	**Principal**	**Interest**
Total Single Family Bonds	$ 96,251	$ 6,695	$ 10,550	$ 53,660
Total Residential Mtg Revenue Bonds	37,764	388	5,205	16,165
Total 1992 CHMRB	2,909	11		787
Total Multifamily Bonds	107,246	9	6,780	65,369
Total	**$ 244,170**	**$ 7,103**	**$ 22,535**	**$ 135,981**

NOTE 11: EMPLOYEE BENEFITS

PLAN DESCRIPTION

The Department contributes to the Employees Retirement System of Texas (the "System"), a cost-sharing, multiple-employer, defined benefit plan. The Department has implemented GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which standardizes financial reporting for pensions by state and local government employers. The System provides service retirement, disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Subtitle B, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Employees Retirement System of Texas, P.O. Box 13207, Austin, Texas, 78711-3207 or by calling (512) 476-6431.

FUNDING POLICY

Under provisions in State law, plan members are required to contribute 6% of their annual covered salary, and the Department contributes an amount equal to 6.45% of the Department's covered payroll. The Department and the employees' contributions to the System for the years ending August 31, 2008, 2007, and 2006, were $1,002,741, $947,383, and $874,775, respectively, equal to the required contributions for each year.

NOTE 12: SUBSEQUENT EVENTS

The recent credit and liquidity crisis precipitated by the failure of Wall Street investment bank Lehman Brothers among others began a cascading effect of rating downgrades. The current crisis affected counterparties which ultimately impacted the Department in various ways as listed below.

On September 8, 2008 the Federal Housing Finance Agency (FHFA) placed FNMA and FHLMC into conservatorship. In addition, the U.S. Department of the Treasury agreed to provide up to $100 billion of capital as needed to FNMA and established a Preferred Stock Purchase Agreement with FHLMC to ensure they can continue to provide stability and liquidity to the U.S. mortgage market. As of August 31, 2008, the Department carried $217,235,754 and $13,768,065 in mortgage backed securities guaranteed by FNMA and FHLMC, respectively. Upon the conservatorship, these mortgage backed securities acquired the explicit guarantee of the U.S. Government.

NOTE 12: SUBSEQUENT EVENTS Cont'd.

On September 15, 2008, American Insurance Group, Inc. was downgraded by all credit rating agencies. Upon the downgrade, the Department decided to opt out of the investment agreements and on October 10, 2008 the standing agreements were terminated. As of August 31, 2008, the Department carried three investment agreements of $3,323,523 for the 2001 A-E RMRB bond issue, $1,220,015 for the 2003A RMRB bond issue and $3,161,147 for the 2000 BCDE RMRB bond issue. Upon the termination, the Department will invest repayments into overnight repurchase agreement held by Texas Treasury Safekeeping Trust Company.

On September 29, 2008, DEPFA Bank was downgraded to a BBB rating by the rating agencies. DEPFA Bank is the liquidity provider for the 2006H Single Family and 2007A Single Family variable rate demand bonds. On October 2, 2008, these bonds were downgraded from A-1 to A-2 by Standard & Poor's rating agency due to DEPFA's downgrade. Upon the downgrade these bonds were no longer eligible investments in tax-exempt money market funds, therefore, the Department began to receive tender notices on these bonds. Once the remarketing of the bonds was unsuccessful, DEPFA Bank acquired temporary ownership of the "bank bonds" until the Department is able to get a new liquidity provider and subsequently have the bonds upgraded in rating.

On September 30, 2008, Dexia Credit Local was downgraded to a AA- rating by credit agencies. Dexia Credit Local is the liquidity provider for the 2004 Junior Lien, 2004B Single Family, 2005A Single Family, and the 2005C Single Family variable rate demand bonds. Upon the downgrade of Dexia Credit Local, but not the Department's bonds, the Department began to receive tender notices on some portion of these bonds. Once the remarketing of the bonds was unsuccessful, Dexia Credit Local acquired temporary ownership of the "bank bonds" until the bonds are successfully remarketed.

SUPPLEMENTARY

BOND SCHEDULES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2008
(Amounts in Thousands)

Description of Issue		Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date	
1995 Single Family Series A	$	85,760	4.15%	6.15%	1997	2027	09/01/2005	
1995 Single Family Series C		71,760	6.44%	7.76%	2006	2017	09/01/2005	
1996 Single Family Series A		15,000	4.50%	6.30%	2001	2028	09/01/2006	
1996 Single Family Series D		70,760	5.45%	6.25%	2021	2028	09/01/2006	
1996 Single Family Series E		98,730	3.90%	6.00%	1997	2017	09/01/2006	
1997 Single Family Series A		44,465	5.25%	5.80%	2013	2029	09/01/2007	
1997 Single Family Series B		9,510	5.45%	5.45%	2019	2019	09/01/2007	
1997 Single Family Series D		44,795	5.65%	5.70%	2029	2029	09/01/2007	
1997 Single Family Series F		20,000	6.77%	6.77%	2029	2029	09/01/2007	
2002 Single Family Series A (Jr. Lien)		10,000	7.01%	7.01%	2025	2026	09/01/2012	
2002 Single Family Series A		38,750	5.45%	5.55%	2023	2034	03/01/2012	
2002 Single Family Series B		52,695	5.35%	5.55%	2033	2033	03/01/2012	
2002 Single Family Series C		12,950	2.80%	5.20%	2004	2017	03/01/2012	
2002 Single Family Series D		13,605	2.00%	4.50%	2003	2012	03/01/2012	
2004 Single Family Series A		123,610	2.00%	4.70%	2006	2035	03/01/2013	
2004 Single Family Series B		53,000	VAR - Weekly		2015	2034	03/01/2015	(f)
2004 Single Family Series A (Jr. Lien)		4,140	VAR - Weekly		2036	2036	09/01/2036	(f)
2004 Single Family Series C		41,245	4.30%	4.80%	2019	2036	09/01/2014	
2004 Single Family Series D		35,000	VAR - Weekly		2035	2035	(g)	
2004 Single Family Series E		10,825	2.45%	4.30%	2006	2013	09/01/2014	
2005 Single Family Series A		100,000	VAR - Weekly		2007	2036	03/01/2006	
2005 Single Family Series B		25,495	4.38%	4.38%	2006	2026	03/01/2006	
2005 Single Family Series C		8,970	VAR - Weekly		2017	2017	03/01/2006	
2005 Single Family Series D		3,730	5.00%	5.00%	2025	2035	03/01/2006	
2006 Single Family Series A		59,555	5.00%	5.00%	2008	2037	09/01/2006	
2006 Single Family Series B		70,485	5.00%	5.00%	2008	2034	09/02/2006	
2006 Single Family Series C		105,410	5.13%	5.13%	2008	2037	09/03/2006	
2006 Single Family Series D		29,685	4.50%	4.50%	2018	2028	09/04/2006	
2006 Single Family Series E		17,295	4.06%	4.06%	2007	2017	09/05/2006	
2006 Single Family Series F		81,195	4.65%	5.75%	2008	2038	03/01/2016	
2006 Single Family Series G		15,000	3.75%	4.60%	2012	2019	03/01/2016	
2006 Single Family Series H		36,000	VAR - Weekly		2016	2037	03/01/2016	(f)
2007 Single Family Series A		143,005	VAR - Weekly		2008	2038	03/01/2008	(f)
2007 Single Family Series B		157,060	3.90%	5.63%	2008	2039	03/01/2008	
1998 RMRB Series A		102,055	4.05%	5.35%	2002	2031	01/01/2009	
1998 RMRB Series B		14,300	5.30%	5.30%	2022	2022	01/01/2009	
1999 RMRB Series A		25,615	4.80%	5.50%	2018	2021	01/01/2009	
1999 RMRB Series B-1		52,260	6.32%	7.10%	2021	2032	07/01/2009	
1999 RMRB Series C		12,150	5..05%	6.25%	2003	2024	07/01/2009	
2000 RMRB Series A		50,000	5.10%	6.30%	2003	2031	07/01/2010	
2000 RMRB Series B		82,975	5.70%	5.70%	2005	2033	07/01/2010	
2000 RMRB Series C		13,675	5.82%	5.85%	2011	2025	07/01/2010	
2000 RMRB Series D		18,265	4.55%	5.85%	2003	2020	07/01/2010	
2001 RMRB Series A		52,715	3.15%	5.70%	2004	2033	07/01/2011	
2001 RMRB Series B		15,585	5.00%	5.25%	2011	2022	07/01/2011	
2001 RMRB Series C		32,225	2.55%	4.63%	2003	2015	07/01/2011	
2001 RMRB Series D		300	5.35%	5.35%	2008	2033	07/01/2011	
2002 RMRB Series A		42,310	2.25%	5.35%	2004	2034	07/01/2012	
2003 RMRB Series A		73,630	1.70%	5.00%	2005	2034	01/01/2013	
1992 Coll Home Mtg Rev Bonds, Series C		72,700	3.48%	10.27%	2024	2024	05/04/1995	
1994 SF MRB CHMRB Series C		15,360	6.25%	6.25%	2026	2026	06/27/2005	
TOTAL SINGLE FAMILY & RMRB BONDS	$	2,385,605						
1987 MF Series (South Texas Rental Housing)	$	1,400	9.50%	9.50%	1988	2012	02/01/1988	
1993 MF Series A/B (RemHill/HighPt)		26,370	VAR - Weekly		2023	2023	02/01/2000	
1996 MF Series A/B (Brighton's Mark)		10,174	6.13%	6.13%	2026	2026	01/01/2003	
1996 MF Series A/B (Las Colinas)		15,469	5.65%	5.65%	2026	2026	01/01/2003	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2008
(Amounts in Thousands)

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date	
1996 MF Series A/B (Braxton's Mark)	$ 14,867	5.81%	5.81%	2026	2026	01/01/2003	
1998 MF Series A (Pebble Brook)	10,900	4.95%	5.60%	2001	2030	06/01/2001	
1998 MF Series A-C (Residence Oaks)	8,200	5.98%	7.18%	2001	2030	05/01/2001	
1998 MF Series A (Volente Project)	10,850	5.00%	5.63%	2001	2031	07/01/2001	
1998 MF Series A (Dallas Oxford Refndg)	10,300	7.25%	7.25%	2018	2018	01/01/2004	
1998 MF Series A/B (Greens of Hickory Trial)	13,500	5.20%	6.03%	2001	2030	09/01/2008	
1999 MF Series A-C (Mayfield)	11,445	5.70%	7.25%	2001	2031	05/01/2002	
1999 MF Series A (Woodglen Village)	10,660	7.38%	8.25%	2002	2039	12/01/2016	
2000 MF Series A (Timber Point Apts)	8,100	VAR - Weekly		2003	2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton)	10,060	7.20%	9.00%	2002	2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apts)	6,435	5.25%	6.40%	2003	2032	06/01/2010	
2000 MF Series A (Creek Point Apts)	7,200	VAR - Weekly		2004	2032	07/01/2000	(a)
2000 MF Series A/B (Parks @ Westmoreland)	9,990	7.20%	9.00%	2002	2040	07/01/2017	(a)
2000 MF Series A (Honeycreek)	20,485	7.63%	8.15%	2004	2035	06/30/2007	
2000 MF Series A-C (Highland Meadow Apts)	13,500	6.75%	8.00%	2004	2033	05/01/2019	
2000 MF Series A/B (Greenbridge)	20,085	7.40%	10.00%	2003	2040	03/01/2014	
2000 MF Series A-C (Collingham Park)	13,500	6.72%	7.72%	2004	2033	05/01/2019	
2000 MF Series A/B (Williams Run)	12,850	7.65%	9.25%	2002	2040	01/01/2011	
2000 MF Series A/B (Red Hills Villas)	10,300	8.40%	9.50%	2003	2040	12/01/2017	
2001 MF Series A (Bluffview Senior Apts)	10,700	7.65%	7.65%	2003	2041	05/01/2018	
2001 MF Series A (Knollwood Villas Apts)	13,750	7.65%	7.65%	2003	2041	05/01/2018	
2001 MF Series A (Skyway Villas)	13,250	6.00%	6.50%	2005	2034	12/01/2011	
2001 MF Series A/B (Cobb Park)	7,785	6.77%	6.77%	2003	2041	07/01/2018	
2001 MF Series A (Greens Road Apts.)	8,375	5.30%	5.40%	2004	2034	12/01/2011	
2001 MF Series A/B (Meridian Apts.)	14,310	5.45%	6.85%	2004	2034	12/01/2011	
2001 MF Series A/B (Wildwood Apts.)	14,365	5.45%	6.75%	2004	2034	12/01/2011	
2001 MF Series A-C (Fallbrook Apts.)	14,700	6.06%	6.78%	2005	2034	01/01/2012	
2001 MF Series A (Oak Hollow Apts.)	8,625	7.00%	7.90%	2003	2041	11/01/2018	
2001 MF Series A/B (Hillside Apts.)	12,900	7.00%	9.25%	2003	2041	11/01/2018	
2002 MF Series A (Millstone Apts.)	12,700	5.35%	5.86%	2005	2035	06/01/2012	
2002 MF Series A (Sugar Creek Apts.)	11,950	6.00%	6.00%	2004	2042	01/01/2016	
2002 MF Series A (West Oaks Apts.)	10,150	7.15%	7.50%	2004	2042	12/01/2018	
2002 MF Series A (Park Meadows Apts)	4,600	6.53%	6.53%	2004	2034	05/01/2012	
2002 MF Series A (Clarkridge Villas Apts)	14,600	7.00%	7.00%	2004	2042	08/01/2019	
2002 MF Series A (Hickory Trace Apts)	11,920	7.00%	7.00%	2004	2042	12/01/2019	
2002 MF Series A (Green Crest Apts)	12,500	7.00%	7.00%	2004	2042	11/01/2019	
2002 MF Series A/B (Ironwood Crossing)	16,970	5.50%	8.75%	2005	2042	10/01/2027	
2002 MF Series A (Woodway Village Apts)	9,100	4.95%	5.20%	2006	2023	01/01/2013	
2003 MF Series A/B (Reading Road)	12,200	VAR-Weekly		2007	2036	01/01/2004	(a)
2003 MF Series A/B (North Vista Apts)	14,000	4.10%	5.41%	2006	2036	06/01/2013	
2003 MF Series A/B (West Virginia Apts)	9,450	4.15%	5.41%	2006	2036	06/01/2013	
2003 MF Series A/B (Sphinx @ Murdeaux)	15,085	3.55%	5.00%	2005	2042	06/20/2013	
2003 MF Series A/B (Primrose Houston School)	16,900	5.50%	8.00%	2006	2036	07/01/2003	(a)
2003 MF Series A/B (Timber Oaks Apts)	13,200	6.75%	8.75%	2005	2043	06/01/2020	
2003 MF Series A/B (Ash Creek Apts)	16,375	5.60%	15.00%	2006	2036	10/01/2003	(a)
2003 MF Series A/B (Peninsula Apts)	12,400	4.25%	5.30%	2007	2024	10/01/2013	
2003 MF Series A (Evergreen @ Mesquite)	11,000	6.60%	8.00%	2006	2043	09/01/2020	
2003 MF Series A/B (Arlington Villas)	17,100	6.75%	8.00%	2007	2036	01/01/2007	(a)
2003 MF Series A/B (Parkview Twnhms)	16,600	6.60%	8.50%	2006	2043	12/01/2020	
2003 MF Series A (NHP-Asmara) Refunding	31,500	VAR - Weekly		2007	2033	07/01/2007	(a)
2004 MF Series A/B (Timber Ridge)	7,500	5.75%	8.00%	2007	2037	03/01/2007	(a)
2004 MF Series A/B (Century Park)	13,000	5.75%	5.75%	2007	2037	05/01/2007	(a)
2004 MF Series A (Addison Park)	14,000	VAR - Weekly (c)		2007	2044	01/01/2007	(a)
2004 MF Series A/B (Veterans Memorial)	16,300	6.60%	8.50%	2006	2044	03/01/2006	(a)
2004 MF Series A (Rush Creek)	10,000	5.38%	6.70%	2006	2044	03/01/2021	
2004 MF Series A (Humble Park)	11,700	6.60%	6.60%	2007	2041	07/01/2021	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2008
(Amounts in Thousands)

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date	
2004 MF Series A (Chisholm Trail)	$ 12,000	VAR - Weekly (b)		2006	2037	10/15/2006	(a)
2004 MF Series A (Evergreen @ Plano)	14,750	5.25%	6.55%	2007	2044	06/01/2021	
2004 MF Series A (Montgomery Pines)	12,300	VAR - Weekly		2006	2037	12/15/2006	(a)
2004 MF Series A (Bristol)	12,625	VAR - Weekly		2007	2037	06/15/2007	(a)
2004 MF Series A (Pinnacle)	14,500	VAR - Weekly (c)		2007	2044	09/01/2007	(a)
2004 MF Series A (Tranquility Bay)	14,350	VAR - Weekly (c)		2007	2044	06/01/2021	(e)
2004 MF Series A (Sphinx @ Delafield)	11,380	5.05%	5.35%	2006	2044	07/20/2014	
2004 MF Series A (Churchill @ Pinnacle)	10,750	5.25%	6.55%	2007	2044	09/01/2021	(e)
2004 MF Series A/B (Post Oak East)	13,600	VAR - Weekly		(d)	2037	(d)	
2004 MF Series A (Village Fair)	14,100	5.00%	6.50%	2007	2044	12/01/2021	
2005 MF Series A (Pecan Grove)	14,030	5.00%	6.50%	2007	2045	01/01/2022	
2005 MF Series A (Prairie Oaks)	11,050	4.75%	6.50%	2007	2045	01/01/2022	
2005 MF Series A (Port Royal)	12,200	5.00%	6.50%	2007	2045	02/01/2022	
2005 MF Series A (Del Rio)	11,490	5.00%	6.50%	2007	2045	02/01/2022	
2005 MF Series A (Atascocita Pines)	11,900	VAR - Weekly (c)		2007	2037	(f)	
2005 MF Series A (Tower Ridge)	15,000	VAR - Weekly (b)		2009	2038	(f)	
2005 MF Series A (Alta Cullen)	14,000	5.89%	6.60%	2007	2045	06/01/2022	
2005 MF Series A (Lafayette Village)	14,100	VAR - Weekly		2008	2038	n/a	
2005 MF Series A (Prairie Ranch)	12,200	4.85%	4.85%	2007	2045	12/20/2015	
2005 MF Series A (St Augustine)	7,650	VAR - Weekly		2009	2038	n/a	
2005 MF Series A (Park Manor)	10,400	5.00%	6.40%	2008	2045	09/01/2022	
2005 MF Series A (Mockingbird)	14,360	6.40%	6.40%	2007	2045	08/01/2022	
2005 MF Series A (Chase Oaks)	14,250	5.05%	5.05%	2007	2035	(h)	
2005 MF Series A/B (Canal Place)	16,100	3.45%	8.00%	2019	2039	(i)	
2005 MF Series A (Coral Hills)	5,320	5.05%	5.05%	2038	2038	08/01/2015	
2006 MF Series A (Harris Branch)	15,000	VAR - Weekly		2009	2039	(j)	
2006 MF Series A (Bella Vista)	6,800	6.15%	6.15%	2008	2046	04/01/2016	
2006 MF Series A (Village Park)	13,660	4.75%	5.13%	2009	2026	06/01/2021	
2006 MF Series A (Oakmoor)	14,635	5.50%	6.00%	2008	2046	03/01/2023	
2006 MF Series A (Sunset Pointe)	15,000	VAR - Weekly		2039	2039	(i)	
2006 MF Series A (Hillcrest)	12,435	5.25%	5.25%	2009	2039	04/01/2021	
2006 MF Series A (Pleasant Village)	6,000	6.00%	6.00%	2008	2023	(k)	
2006 MF Series A (Grove Village)	6,180	6.00%	6.00%	2008	2023	(k)	
2006 MF Series A (Red Hills Villas)	5,015	VAR - Weekly		2036	2036	(j)	
2006 MF Series A (Champion Crossing)	5,125	VAR - Weekly		2036	2036	(j)	
2006 MF Series A (Stonehaven)	11,300	5.80%	5.80%	2008	2026	(h)	
2006 MF Series A (Center Ridge)	8,325	5.00%	5.00%	2009	2039	05/01/2021	
2006 MF Series A (Meadowlands)	13,500	6.00%	6.00%	2009	2046	09/01/2023	
2006 MF Series A (East Tex Pines)	13,500	4.95%	4.95%	2010	2046	(l)	
2006 MF Series A (Villas at Henderson)	7,200	VAR - Weekly		2010	2039	(m)	
2006 MF Series A (Aspen Park Apts)	9,800	5.00%	5.00%	2010	2039	07/01/2021	
2006 MF Series A (Idlewilde Apts)	14,250	VAR - Weekly		2010	2040	(j)	
2007 MF Series A (Lancaster Apts)	14,250	VAR - Weekly		2010	2040	(j)	
2007 MF Series A (Park Place)	15,000	5.80%	5.80%	2010	2047	03/01/2024	
2007 MF Series A (Terrace at Cibolo)	8,000	VAR - Weekly		2010	2040	(m)	
2007 MF Series A (Santora Villas)	13,072	5.80%	5.80%	2010	2047	06/01/2024	
2007 MF Series A (Villas @ Mesquite Creek)	16,860	5.00%	5.81%	2010	2047	01/20/2017	
2007 MF Series A (Summit Point)	11,700	4.80%	5.25%	2009	2047	06/20/2017	
2007 MF Series A (Costa Rialto)	12,385	5.35%	5.35%	2010	2047	08/01/2025	
2007 MF Series A (Windshire)	14,000	VAR - Weekly		2010	2041	(j)	
2007 MF Series A (Residences @ Onion Creek)	15,000	VAR - Weekly		2011	2040	(j)	
2008 MF Series A (West Oaks)	13,125	VAR - Weekly		2011	2041	(n)	
2008 MF Series A (Costa Ibiza)	13,900	VAR - Weekly		2011	2041	(f)	
2008 MF Series A (Addison Park)	14,000	VAR - Weekly		2008	2044	(n)	
TOTAL MULTIFAMILY BONDS	$ 1,411,622						
TOTAL BONDS ISSUED	**$ 3,797,227**						

FOOTNOTES:

(a) The taxable bonds shall be subject to redemption prior to maturity in whole or any part on any interest payment date after the completion date from the proceeds of an optional prepayment of the loan by the borrower.

(b) Variable rate not to exceed the maximum rate permitted by applicable law.

(c) Variable rate could change to fixed rate provided the conversion option is exercised.

(d) No set amortization, per trustee, amortization will occur in $100,000 denominations when the amount in the principal reserve fund exceeds 20% of the issue.

(e) The bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of a majority of the outstanding principal amount of the Bonds.

(f) The Bonds shall be subject to redemption prior to maturity, after giving the required notice, as follows: During the variable interest rate period the bonds shall be subject to optional redemption by the Department, in whole or in part on any business day, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date.

(g) The Series bonds are subject to redemption prior to maturity, after giving notice as provided in the Trust Indendure, as follows: During a daily interest rate period or weekly interest rate period for the Series bonds, the bonds shall be subject to optional redemption by the Department, in whole or in part on any business day, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date.

(h) The bonds are subject to redemption at the option of the Issuer, at the direction of the Borrower, in whole or in part on the first day of any month, in the event and to the extent the trustee receives funds from the Borrower representing an optional prepayment of the principal of the note, at a redemption price equal to the principal thereof, plus accrued interest to the redemption date plus any premium remitted therewith as required by the note.

(i) Bonds are subject to redemption if and to the extent the Borrower is entitled to make, or is required to make, a prepayment pursuant to the loan agreement.

(j) The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower.

(k) The Bonds are subject to optional redemption at the direction of the Borrower on any interest payment date, in whole or in part, at the redemption price (as calculated by the sole bondholder) calculated in accordance with the Exhibit H plus accrued and unpaid interest, if any, to the redemption date. Optional redemptions may be made only in denominations of $100,000 plus integral multiples of $5,000 or for the entire amount of the bonds outstanding.

(l) The Bonds shall be subject to redemption prior to maturity in whole but not in part on any Bond Payment Date on or after fifteen years from Conversion Date, from the proceeds of an optional prepayment of the Loan by the Borrower at a redemption price equal to the principal amount plus accrued and unpaid interest to the date fixed for redemption.

(m) The Bonds may be redeemed by the Trustee at the option of the Issuer, but only upon the written request of the Borrower pursuant of the Loan Agreement, and with the prior written consent of the Bank, in whole or in part, at a redemption price equal to the principal amount, without premium, plus accrued interest to the date of redemptions.

(n) With the prior Written consent of the Credit Facility Provider, the Bonds are subject to optional redemption, in whole or in part, upon optional prepayments on the Bond Mortgage Loan in accordance with the prepayment restrictions set forth in the Bond Mortgage Note and Financing Agreement.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-B
MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2008

Description of Issue	Bonds Outstanding 09/01/07	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/08	Amounts Due Within One Year
2002 SERIES A (Jr Lien)	$ 5,400,000	$	$	$ 1,260,000	$ 4,140,000	$
2002 SERIES A	37,485,000			950,000	36,535,000	
2002 SERIES B	39,135,000			5,690,000	33,445,000	19,506
2002 SERIES C	11,180,000		500,000	265,000	10,415,000	497,192
2002 SERIES D	5,740,000		875,000	235,000	4,630,000	839,174
2004 SERIES A	116,865,000		3,320,000	9,515,000	104,030,000	3,831,898
2004 SERIES B	53,000,000				53,000,000	
2004 SERIES A (Jr Lien)	4,140,000			285,000	3,855,000	
2004 SERIES C	36,805,000		405,000	4,615,000	31,785,000	341,941
2004 SERIES D	35,000,000				35,000,000	
2004 SERIES E	9,195,000		1,070,000	200,000	7,925,000	1,038,970
2005 SERIES A	98,145,000		165,000	3,120,000	94,860,000	
2005 SERIES B	20,705,000		705,000	2,565,000	17,435,000	572,574
2005 SERIES C	8,010,000			795,000	7,215,000	
2005 SERIES D	3,225,000			185,000	3,040,000	
2006 SERIES A	59,105,000		230,000	1,045,000	57,830,000	516,712
2006 SERIES B	69,950,000		720,000	1,240,000	67,990,000	1,523,826
2006 SERIES C	104,610,000		750,000	1,850,000	102,010,000	1,790,938
2006 SERIES D	27,630,000			3,510,000	24,120,000	(65,284)
2006 SERIES E	16,560,000		1,240,000	45,000	15,275,000	1,181,463
2006 SERIES F	81,195,000			695,000	80,500,000	648,318
2006 SERIES G	15,000,000		570,000	165,000	14,265,000	1,110,000
2006 SERIES H	36,000,000				36,000,000	2,571,428
2007 SERIES A	143,005,000			1,935,000	141,070,000	10,014,130
2007 SERIES B		157,060,000		5,000	157,055,000	148,084
1998 SERIES A	40,105,000		1,155,000	2,660,000	36,290,000	1,115,000
1998 SERIES B	7,125,000			775,000	6,350,000	
1999 SERIES A	5,865,000			980,000	4,885,000	(11,429)
1999 SERIES B-1	22,415,000			1,590,000	20,825,000	14,141
1999 SERIES C	3,500,000			15,000	3,485,000	(1,048)
2000 SERIES A	16,330,000		245,000	780,000	15,305,000	237,067
2000 SERIES B	48,165,000			3,830,000	44,335,000	9,294
2000 SERIES C	8,530,000				8,530,000	
2000 SERIES D	6,695,000		555,000		6,140,000	595,000
2001 SERIES A	33,500,000		590,000	2,230,000	30,680,000	602,235
2001 SERIES B	12,300,000			120,000	12,180,000	
2001 SERIES C	9,690,000		1,095,000	850,000	7,745,000	975,544
2001 SERIES D	235,000		5,000		230,000	10,000
2002 SERIES A	31,470,000		520,000	1,785,000	29,165,000	535,712
2003 SERIES A	64,765,000		1,040,000	4,440,000	59,285,000	954,258
1992 SERIES A-C	12,400,000			2,000,000	10,400,000	7,607
Total Single Family Bonds	1,360,175,000	157,060,000	15,755,000	62,225,000	1,439,255,000	31,624,252
1996 SERIES A&B (BRIGHTON'S MARK)	$ 8,075,000	$	$	$	$ 8,075,000	$
1996 SERIES A&B (MARKS OF LAS COLINAS)	12,670,000			12,670,000		
1996 SERIES A&B (BRAXTON'S MARK)	14,273,700				14,273,700	
1987 SOUTH TEXAS RENTAL HOUSING	612,309		92,573		519,736	102,000
1998 SERIES (PEBBLE BROOK)	9,895,000		190,000	35,000	9,670,000	205,000
1998 SERIES A-C (RESIDENCE OAKS)	7,408,000		151,000		7,257,000	159,000
1998 SERIES (GREENS-HICKORY TRAIL)	12,325,000		240,000		12,085,000	250,000
1999 SERIES (MAYFIELD)	10,407,000		209,000		10,198,000	222,000
1999 SERIES (WOODGLEN VILLAGE)	10,505,283			10,505,283		
2000 SERIES (TIMBER POINT APTS)	7,670,000			100,000	7,570,000	
2000 SERIES A/B (OAKS at HAMPTON)	9,753,846		74,648		9,679,198	82,000
2000 SERIES (DEERWOOD APTS)	6,075,000		95,000		5,980,000	95,000
2000 SERIES (CREEK POINT APTS)	6,585,000			115,000	6,470,000	
2000 SERIES A/B (PARKS at WESTMORELAND)	9,704,453		73,173		9,631,280	80,000
2000 SERIES A-C (HIGHLAND MEADOW APTS)	8,565,000		121,000		8,444,000	130,000
2000 SERIES A/B (GREENBRIDGE @ BUCKINGHM	19,735,000		177,541		19,557,459	113,000
2000 SERIES A-C (COLLINGHAM PARK APTS)	12,943,000		182,000		12,761,000	208,000
2000 SERIES A/B (WILLIAMS RUN APTS)	12,566,068		148,779		12,417,289	204,000
2001 SERIES (BLUFF SENIOR APTS)	10,488,996		59,342		10,429,654	64,000
2001 SERIES (KNOLLWOOD VILLAS APTS)	13,478,850		76,257		13,402,593	82,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-B (Continued)
MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2008

Description of Issue	Bonds Outstanding 09/01/07	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2008	Amounts Due Within One Year
2001 SERIES A (SKYWAY VILLAS)	$ 8,185,000	$	$ 125,000	$ 620,000	$ 7,440,000	$ 120,000
2001 SERIES A/B (COBB PARK APTS)	7,649,012		42,112		7,606,900	46,000
2001 SERIES A (GREENS ROAD APTS)	8,060,000		120,000		7,940,000	130,000
2001 SERIES A/B (MERIDIAN APARTMENTS)	13,885,000		185,000		13,700,000	200,000
2001 SERIES A/B (WILDWOOD BRANCH	13,940,000		190,000		13,750,000	205,000
2001 SERIES A-C (FALLBROOK APTS)	14,241,000		206,000		14,035,000	220,000
2001 SERIES (OAK HOLLOW APTS)	6,380,796		39,919		6,340,877	43,000
2001 SERIES A/B (HILLSIDE APTS)	12,599,075		43,277		12,555,798	47,000
2001 SERIES A (MILLSTONE APTS)	10,575,000		165,000		10,410,000	175,000
2002 SERIES (SUGARCREEK APTS)	11,750,000		115,000		11,635,000	75,657
2002 SERIES (WEST OAKS APTS)	9,572,873		57,361		9,515,512	62,000
2002 SERIES (PARK MEADOWS APTS)	4,335,000		60,000		4,275,000	70,000
2002 SERIES (CLARKRIDGE VILLAS APTS)	13,790,327		81,003		13,709,324	87,000
2002 SERIES A (HICKORY TRACE APTS)	11,400,985		66,548		11,334,436	71,000
2002 SERIES A (GREEN CREST APTS)	11,427,927		142,836		11,285,091	71,000
2002 SERIES A/B (IRON WOOD CROSSING)	16,851,886		72,841		16,779,045	79,000
2002 SERIES A (WOODWAY VILLAGE)	7,645,000		110,000		7,535,000	115,000
2003 SERIES A/B (READING ROAD)	12,180,000		20,000	200,000	11,960,000	20,000
2003 SERIES A/B (NORTH VISTA)	13,800,000		190,000	900,000	12,710,000	210,000
2003 SERIES A/B (WEST VIRGINIA)	9,315,000		145,000		9,170,000	150,000
2003 SERIES A/B (SPHINX @ MURDEAUX)	14,715,000		165,000		14,550,000	170,000
2003 SERIES A/B (PRIMROSE HOUSTON)	16,551,491		78,839		16,472,652	85,000
2003 SERIES A/B (TIMBER OAKS)	13,097,616		56,155		13,041,462	61,000
2003 SERIES A/B (ASH CREEK APTS)	16,278,361		79,621		16,198,740	86,000
2003 SERIES A/B (PENINSULA APTS)	12,130,000		160,000	5,000	11,965,000	160,000
2003 SERIES A (EVERGREEN @ MESQUITE)	10,856,023		109,755		10,746,268	117,000
2003 SERIES A/B (ARLINGTON VILLAS)	17,053,685		74,285		16,979,400	80,000
2003 SERIES A/B (PARKVIEW TWNHMS)	16,481,679		79,438		16,402,240	86,000
2003 SERIES (NHP-ASMARA)REFUNDING	21,290,000		360,000		20,930,000	370,517
2004 SERIES A/B (TIMBER RIDGE)	6,668,105		34,191		6,633,914	37,000
2004 SERIES A/B (CENTURY PARK)	12,920,000		165,000	300,000	12,455,000	170,000
2004 SERIES A (ADDISON PARK)	14,000,000			14,000,000		
2004 SERIES A/B (VETERANS MEMORIAL)	16,193,176		79,140		16,114,036	86,000
2004 SERIES (RUSH CREEK)	9,944,300		51,433	1,121,781	8,771,086	52,000
2004 SERIES (HUMBLE PARK)	11,610,000		100,000		11,510,000	110,000
2004 SERIES (CHISHOLM TRAIL)	12,000,000			100,000	11,900,000	
2004 SERIES (EVERGREEN @ PLANO)	14,737,224		79,644		14,657,580	85,000
2004 SERIES (MONTGOMERY PINES)	12,300,000				12,300,000	
2004 SERIES (BRISTOL)	12,625,000			325,000	12,300,000	
2004 SERIES (PINNACLE)	14,500,000			235,000	14,265,000	
2004 SERIES (TRANQUILITY BAY)	14,252,083		84,252		14,167,831	90,000
2004 SERIES (SPHINX @ DELAFIELD)	11,235,000		100,000		11,135,000	110,000
2004 SERIES (CHURCHILL @ PINNACLE)	10,094,601		67,132		10,027,469	72,000
2004 SERIES A/B (POST OAK EAST)	13,600,000				13,600,000	
2004 SERIES (VILLAGE FAIR)	14,049,658		79,712		13,969,946	85,000
2005 SERIES (PECAN GROVE)	13,986,289		78,889		13,907,399	84,000
2005 SERIES (PRAIRIE OAKS)	11,015,573		62,133		10,953,440	66,000
2005 SERIES (PORT ROYAL)	12,167,510		68,230		12,099,280	73,000
2005 SERIES (MISSION DEL RIO)	11,459,400		64,259		11,395,141	69,000
2005 SERIES (ATASCOCITA)	11,900,000				11,900,000	143,000
2005 SERIES (TOWER RIDGE)	15,000,000				15,000,000	100,000
2005 SERIES (ALTA CULLEN)	14,000,000				14,000,000	
2005 SERIES (PRAIRIE RANCH)	12,195,000		145,000		12,050,000	115,000
2005 SERIES (ST. AUGUSTINE)	7,650,000				7,650,000	47,000
2005 SERIES (PARK MANOR)	10,400,000				10,400,000	58,000
2005 SERIES (PROVIDENCE @ MOCKINGBIRD)	14,360,000		79,885		14,280,115	85,000
2005 SERIES (PLAZA CHASE OAKS)	14,250,000		137,731		14,112,269	215,000
2005 SERIES (CANAL PLACE)	16,100,000				16,100,000	
2006 SERIES (CORAL HILLS)	5,320,000			250,000	5,070,000	75,000
2006 SERIES (HARRIS BRANCH)	15,000,000				15,000,000	
2006 SERIES (BELLA VISTA)	6,800,000		15,000		6,785,000	45,000
2006 SERIES (VILLAGE PARK)	13,660,000				13,660,000	105,000
2006 SERIES (OAKMOOR)	14,635,000				14,635,000	75,000
2006 SERIES (SUNSET POINTE)	15,000,000				15,000,000	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-B (Continued)
MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2008

Description of Issue	Bonds Outstanding 09/01/07	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2008	Amounts Due Within One Year
2006 SERIES (HILLCREST)	$ 12,435,000	$	$	$	$ 12,435,000	$
2006 SERIES (PLEASANT VILLAGE)	6,000,000		28,768		5,971,232	74,000
2006 SERIES (GROVE VILLAGE)	6,180,000		29,631		6,150,369	77,000
2006 SERIES (RED HILLS)	5,015,000				5,015,000	
2006 SERIES (CHAMPION'S CROSSING)	5,125,000			100,000	5,025,000	
2006 SERIES (STONEHAVEN)	11,300,000				11,300,000	61,000
2006 SERIES (CENTER RIDGE)	8,325,000				8,325,000	
2006 SERIES (MEADOWLANDS)	13,500,000				13,500,000	1,780,000
2006 SERIES (EAST TEXAS PINES)	13,500,000				13,500,000	
2006 SERIES (VILLAS @ HENDERSON)	7,200,000				7,200,000	
2006 SERIES (ASPEN PARKS)	9,800,000				9,800,000	
2006 SERIES (IDLEWILDE)	14,250,000				14,250,000	
2007 SERIES (LANDCASTER)	14,250,000				14,250,000	
2007 SERIES (PARK PLACE AT LOYOLA)	15,000,000				15,000,000	
2007 SERIES (TERRACE AT CIBOLO)	8,000,000				8,000,000	
2007 SERIES (SANTORA VILLAS)	13,072,000				13,072,000	
2007 SERIES (A/B VILLAS @ MESQUITE)	16,860,000				16,860,000	
2007 SERIES (SUMMIT POINT)	11,700,000				11,700,000	
2007 SERIES (COSTA RIALTO)	12,385,000				12,385,000	
2007 SERIES (WINDSHIRE)	14,000,000				14,000,000	
2007 SERIES (RESIDENCES @ ONION CREEK)		15,000,000			15,000,000	
2008 SERIES (WEST OAKS APTS)		13,125,000			13,125,000	
2008 SERIES (COSTA IBIZA APTS)		13,900,000			13,900,000	
2008 SERIES (ADDISON PARKS APTS)		14,000,000			14,000,000	
Total Multifamily Bonds	$ 1,213,299,159	$ 56,025,000	$ 6,780,333	$ 41,582,064	$ 1,220,961,762	$ 9,652,174
	$ 2,573,474,159	**$ 213,085,000**	**$ 22,535,333**	**$ 103,807,064**	**$ 2,660,216,762 (a)**	**$ 41,276,426**

FOOTNOTES:

(a) Bonds Outstanding balance at 8/31/08 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 2,660,216,762
Unamortized (Discount)/Premium:	
Single Family	14,121,117
RMRB	1,423,356
CHMRB	212,543
Multi-Family	(526,746)
Unamortized Deferred Gain/(Loss) on Refunding:	
Single Family	(3,364,630)
RMRB	(992,248)
Deferred Amount on Refunding	-
Bonds Outstanding per Exhibit V	**$ 2,671,090,154**

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

DESCRIPTION		2009	2010	2011	2012	2013
2002 SINGLE FAMILY, SERIES A JUNIOR LIEN	Principal	$	$	$	$	$
2002 SINGLE FAMILY, SERIES A JUNIOR LIEN	Interest	290	290	290	290	290
2002 SINGLE FAMILY, SERIES A	Principal					
2002 SINGLE FAMILY, SERIES A	Interest	2,011	2,011	2,011	2,011	2,011
2002 SINGLE FAMILY, SERIES B	Principal					
2002 SINGLE FAMILY, SERIES B	Interest	1,823	1,823	1,823	1,823	1,823
2002 SINGLE FAMILY, SERIES C	Principal	515	540	575	610	1,310
2002 SINGLE FAMILY, SERIES C	Interest	501	478	451	423	374
2002 SINGLE FAMILY, SERIES D	Principal	850	885	915	965	1,015
2002 SINGLE FAMILY, SERIES D	Interest	164	127	88	46	
2004 SINGLE FAMILY, SERIES A	Principal	3,735	3,190	3,220	3,350	3,615
2004 SINGLE FAMILY, SERIES A	Interest	4,580	4,470	4,350	4,218	4,072
2004 SINGLE FAMILY, SERIES B	Principal					
2004 SINGLE FAMILY, SERIES B	Interest	1,181	1,182	1,182	1,183	1,181
2004 SINGLE FAMILY, SERIES A (JUNIOR LIEN)	Principal					
2004 SINGLE FAMILY, SERIES A (JUNIOR LIEN)	Interest	103	103	103	103	103
2004 SINGLE FAMILY, SERIES C	Principal	315	335	350	370	390
2004 SINGLE FAMILY, SERIES C	Interest	1,494	1,478	1,461	1,442	1,423
2004 SINGLE FAMILY, SERIES D	Principal					
2004 SINGLE FAMILY, SERIES D	Interest	717	718	717	718	717
2004 SINGLE FAMILY, SERIES E	Principal	1,085	1,125	1,170	1,230	1,285
2004 SINGLE FAMILY, SERIES E	Interest	278	240	198	150	99
2005 SINGLE FAMILY,SERIES A	Principal		1,430	2,050	2,130	2,215
2005 SINGLE FAMILY,SERIES A	Interest	2,113	2,094	2,049	2,004	1,951
2005 SINGLE FAMILY,SERIES B	Principal	660	690	725	760	780
2005 SINGLE FAMILY,SERIES B	Interest	753	726	697	666	633
2005 SINGLE FAMILY,SERIES C	Principal					
2005 SINGLE FAMILY,SERIES C	Interest	209	209	209	209	209
2005 SINGLE FAMILY,SERIES D	Principal					
2005 SINGLE FAMILY,SERIES D	Interest	152	152	152	152	152
2006 SINGLE FAMILY, SERIES A	Principal	480	515	550	590	630
2006 SINGLE FAMILY, SERIES A	Interest	2,874	2,848	2,821	2,792	2,761
2006 SINGLE FAMILY, SERIES B	Principal	1,465	1,530	1,590	1,660	1,740
2006 SINGLE FAMILY, SERIES B	Interest	3,345	3,269	3,190	3,108	3,022
2006 SINGLE FAMILY, SERIES C	Principal	1,540	1,610	1,695	1,785	1,885
2006 SINGLE FAMILY, SERIES C	Interest	5,169	5,087	5,002	4,911	4,816
2006 SINGLE FAMILY, SERIES D	Principal					
2006 SINGLE FAMILY, SERIES D	Interest	1,090	1,090	1,090	1,090	1,090

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	REQUIRED
$	$	$ 4,140	$	$	$	$	$ 4,140
1,450	1,450	656					5,006
	4,715	15,985		15,835			36,535
10,055	9,926	5,353	4,395	199			39,983
		3,515	27,480	2,450			33,445
9,115	9,115	8,875	6,109				42,329
6,865							10,415
744							2,971
							4,630
							425
15,685	14,895	17,950	21,820	16,570			104,030
18,182	15,011	11,126	6,355	947			73,311
6,620	11,110	13,420	16,305	5,545			53,000
5,619	4,509	3,134	1,464	62			20,697
				3,855			3,855
515	515	515	515	307			2,882
3,925	6,280	6,770	7,955	5,095			31,785
6,649	5,454	3,861	2,144	276			25,682
4,870	7,730	8,130	9,615	4,655			35,000
3,368	2,669	1,827	943	74			12,468
1,890	140						7,925
110	1						1,076
12,475	15,165	18,445	22,420	18,530			94,860
8,961	7,410	5,524	3,230	638			35,974
4,435	5,565	3,820					17,435
2,608	1,465	223					7,771
7,215							7,215
838							1,883
		1,790	805	445			3,040
760	760	596	201	25			3,102
3,840	5,375	7,100	9,525	29,225			57,830
13,263	12,102	10,524	8,449	3,340			61,774
9,915	12,175	15,350	19,110	3,455			67,990
13,682	10,902	7,443	3,085	61			51,107
10,910	14,115	18,195	23,480	26,795			102,010
22,478	19,251	15,080	9,701	2,860			94,355
850	9,610	12,055	1,605				24,120
5,431	4,116	1,661					16,658

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

DESCRIPTION		2009	2010	2011	2012	2013
2006 SINGLE FAMILY, SERIES E	Principal	$ 1,280	$ 1,315	$ 1,370	$ 1,420	$ 1,480
2006 SINGLE FAMILY, SERIES E	Interest	576	525	472	416	356
2006 SINGLE FAMILY, SERIES F	Principal	510	560	595	630	670
2006 SINGLE FAMILY, SERIES F	Interest	4,228	4,196	4,162	4,127	4,089
2006 SINGLE FAMILY, SERIES G	Principal	1,110	1,235	1,300	1,375	1,465
2006 SINGLE FAMILY, SERIES G	Interest	572	526	475	421	361
2006 SINGLE FAMILY, SERIES H	Principal	2,571	5,143	5,143	5,143	5,143
2006 SINGLE FAMILY, SERIES H	Interest	365	653	548	444	339
2007 SINGLE FAMILY, SERIES A	Principal	10,076	20,153	20,153	20,153	20,153
2007 SINGLE FAMILY, SERIES A	Interest	1,432	2,557	2,148	1,739	1,330
2007 SINGLE FAMILY, SERIES B	Principal		1,465	2,305	2,410	2,525
2007 SINGLE FAMILY, SERIES B	Interest	8,223	8,164	8,060	7,951	7,835
Total Single Family Bonds		70,435	86,737	87,455	87,018	87,338
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	1,115	1,155			
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	1,884	1,830	1,798	1,798	1,798
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal					
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	337	337	337	337	337
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal					
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	257	257	257	257	257
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES B-	Principal					
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES B-	Interest	1,362	1,362	1,362	1,362	1,362
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Principal					
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Interest	218	218	218	218	218
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	245				
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	953	945	945	945	945
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal					
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	2,578	2,578	2,578	2,578	2,578
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Principal					
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Interest	498	498	498	498	498
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Principal	595	640	680	720	785
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Interest	318	287	253	217	177
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	570	580	110	115	135
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	1,640	1,612	1,594	1,587	1,580
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal			725	770	805
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	627	627	612	575	536
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Principal	1,025	1,080	1,120	1,175	1,255
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Interest	314	270	222	172	131
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Principal	10	10	10	5	10
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Interest	12	12	11	11	10

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	REQUIRED
$ 8,410	$	$	$	$	$	$	$ 15,275
757							3,102
4,000	10,380	15,540	20,815	26,800			80,500
19,827	17,960	14,394	9,582	3,169			85,734
6,565	1,215						14,265
866	15						3,236
12,857							36,000
392							2,741
50,382							141,070
1,533							10,739
15,680	19,035	24,685	32,130	41,905	14,915		157,055
37,126	32,666	26,856	19,208	9,234	398		165,721
371,718	292,802	304,538	288,446	222,352	15,313		1,914,152
7,600			26,420				36,290
8,923	6,995	6,995	2,713				34,734
	6,350						6,350
1,685	1,175						4,545
1,675	3,210						4,885
1,272	411						2,968
	5,885		14,940				20,825
6,810	5,904	4,720	3,622				27,866
		3,485					3,485
1,090	1,090	179					3,449
	3,840		11,220				15,305
4,725	3,642	3,535	2,002				18,637
		12,000	32,335				44,335
12,890	12,890	10,680	7,656				57,006
	4,855	3,675					8,530
2,490	1,591	283					6,854
1,725	995						6,140
395	77						1,724
805	2,650	10,820	14,895				30,680
7,770	7,473	5,585	2,199				31,040
4,800	5,080						12,180
2,008	577						5,562
2,090							7,745
86							1,195
45	45	40	55				230
44	31	21	8				160

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

DESCRIPTION		2009	2010	2011	2012	2013
2002 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	$ 500	$ 510	$ 540	$ 560	$ 610
2002 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	1,527	1,504	1,479	1,452	1,423
2003 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	945	960	1,000	1,030	1,055
2003 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	2,868	2,831	2,792	2,750	2,706
Total Residential Mtg Revenue Bonds		20,398	20,103	19,141	19,132	19,211
1992 COLL HOME MTG REV BONDS, SERIES C	Principal					
1992 COLL HOME MTG REV BONDS, SERIES C	Interest	718	718	718	720	718
Total Coll Home Mtg Revenue Bonds		718	718	718	720	718
1987 MF SERIES (SOUTH TEXAS RENTAL HOUSING)	Principal	102	112	123	135	48
1987 MF SERIES (SOUTH TEXAS RENTAL HOUSING)	Interest	44	34	23	11	1
1996 MF SERIES A&B (BRIGHTON'S MARK)	Principal					
1996 MF SERIES A&B (BRIGHTON'S MARK)	Interest	495	495	495	495	495
1996 MF SERIES A&B (BRAXTON'S MARK)	Principal					
1996 MF SERIES A&B (BRAXTON'S MARK)	Interest	829	829	829	829	829
1998 MF SERIES (PEBBLE BROOK APARTMENTS)	Principal	205	215	225	245	255
1998 MF SERIES (PEBBLE BROOK APARTMENTS)	Interest	530	519	508	495	481
1998 MF SERIES A-C (RESIDENCE AT THE OAKS)	Principal	159	169	180	189	202
1998 MF SERIES A-C (RESIDENCE AT THE OAKS)	Interest	430	420	410	399	387
1998 MF SERIES A&B (GREENS OF HICKORY TRAIL)	Principal	250	270	290	310	335
1998 MF SERIES A&B (GREENS OF HICKORY TRAIL)	Interest	640	624	608	590	571
1999 MF SERIES A-C (MAYFIELD)	Principal	222	235	248	263	279
1999 MF SERIES A-C (MAYFIELD)	Interest	575	562	548	534	518
2000 MF SERIES (TIMBER POINT APTS)	Principal					
2000 MF SERIES (TIMBER POINT APTS)	Interest	152	152	152	152	152
2000 MF SERIES A&B (OAKS AT HAMPTON)	Principal	82	89	96	104	111
2000 MF SERIES A&B (OAKS AT HAMPTON)	Interest	696	689	681	674	667
2000 MF SERIES (DEERWOOD APTS)	Principal	95	105	115	120	
2000 MF SERIES (DEERWOOD APTS)	Interest	377	372	365	359	354
2000 MF SERIES (CREEK POINT APTS)	Principal					
2000 MF SERIES (CREEK POINT APTS)	Interest	130	130	130	130	130
2000 MF SERIES PARKS AT (WESTMORELAND)	Principal	80	87	94	101	108
2000 MF SERIES PARKS AT (WESTMORELAND)	Interest	816	809	801	793	784
2000 A/C MF SERIES (HIGHLAND MEADOWS)	Principal	130	139	149	159	170
2000 A/C MF SERIES (HIGHLAND MEADOWS)	Interest	565	556	546	536	524
2000 A&B MF SERIES (GREENBRIDGE)	Principal	113	137	148	159	171
2000 A&B MF SERIES (GREENBRIDGE)	Interest	2,105	1,432	1,421	1,410	1,397
2000 A/C MF SERIES (COLLINGHAM PARK)	Principal	208	230	244	259	274
2000 A/C MF SERIES (COLLINGHAM PARK)	Interest	850	905	888	869	850

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	REQUIRED
$ 3,545	$ 4,100	$ 7,845	$ 10,560	$ 395	$	$	$ 29,165
6,593	5,582	4,145	1,531	3			25,239
6,440	8,115	15,010	20,080	4,650			59,285
12,712	10,975	8,261	3,859	136			49,890
98,218	103,538	97,279	154,095	5,184			556,299
		10,400					10,400
3,592	3,592	591					11,367
3,592	3,592	10,991					21,767
							520
							113
		8,075					8,075
2,475	2,475	1,485					8,910
		14,274					14,274
4,145	4,145	2,495					14,930
1,570	2,145	2,950	1,860				9,670
2,166	1,659	956	134				7,448
			6,358				7,257
1,905	1,905	1,905	859				8,620
2,000	2,710	3,650	2,270				12,085
2,565	1,964	1,148	178				8,888
1,653	2,196	2,914	2,188				10,198
2,325	1,782	1,058	194				8,096
			7,570				7,570
760	760	760	612				3,652
693	993	1,422	2,036	2,914	1,139		9,679
3,196	2,897	2,468	1,854	974	67		14,863
	1,305		4,240				5,980
1,770	$ 1,521	$ 1,355	1,223				7,696
			6,470				6,470
650	650	650	532				3,132
674	965	1,381	1,977	2,829	1,335		9,631
3,761	3,419	2,926	2,222	1,215	113		17,659
1,041	1,456	2,030	2,831	339			8,444
2,426	2,006	1,419	602	4			9,184
1,074	1,552	2,246	3,246	4,694	6,017		19,557
6,768	6,287	5,589	4,582	3,125	725		34,841
1,644	2,226	3,037	4,161	478			12,761
3,913	3,214	2,262	959	5			14,715

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

DESCRIPTION		2009	2010	2011	2012	2013
2000 A&B MF SERIES (WILLIAMS RUN)	Principal	$ 204	$ 98	$ 106	$ 115	$ 124
2000 A&B MF SERIES (WILLIAMS RUN)	Interest	798	931	923	915	905
2001A MF SERIES (BLUFFVIEW SR. APTS.)	Principal	64	69	74	80	87
2001A MF SERIES (BLUFFVIEW SR. APTS.)	Interest	894	889	883	876	869
2001A MF SERIES (KNOLLWOOD VILLAS APTS)	Principal	82	89	96	103	111
2001A MF SERIES (KNOLLWOOD VILLAS APTS)	Interest	1,156	1,149	1,142	1,134	1,126
2001A MF SERIES (SKYWAY VILLAS)	Principal	120	130	135	145	150
2001A MF SERIES (SKYWAY VILLAS)	Interest	412	406	399	391	383
2001A MF SERIES (COBB PARK)	Principal	46	51	56	60	64
2001A MF SERIES (COBB PARK)	Interest	599	595	590	585	581
2001 MF SERIES (GREENS ROAD APTS.)	Principal	130	135	145	155	165
2001 MF SERIES (GREENS ROAD APTS.)	Interest	422	415	408	400	391
2001 MF SERIES (MERIDIAN APTS.)	Principal	200	215	230	245	260
2001 MF SERIES (MERIDIAN APTS.)	Interest	791	777	762	746	730
2001 MF SERIES (WILDWOOD APTS.)	Principal	205	220	235	250	270
2001 MF SERIES (WILDWOOD APTS.)	Interest	781	767	752	736	719
2001 A/C MF SERIES (FALLBROOK APTS.)	Principal	220	235	251	268	283
2001 A/C MF SERIES (FALLBROOK APTS.)	Interest	847	831	815	800	783
2001 MF SERIES (OAK HOLLOW APTS.)	Principal	43	46	49	53	57
2001 MF SERIES (OAK HOLLOW APTS.)	Interest	442	439	436	432	428
2001 A/B MF SERIES (HILLSIDE APTS.)	Principal	47	83	96	103	110
2001 A/B MF SERIES (HILLSIDE APTS.)	Interest	878	873	866	859	852
2002 MF SERIES (MILLSTONE APTS.)	Principal	175	185	195	215	215
2002 MF SERIES (MILLSTONE APTS.)	Interest	568	558	548	537	525
2002 MF SERIES (SUGAR CREEK APTS.)	Principal	85	90	100	105	110
2002 MF SERIES (SUGAR CREEK APTS.)	Interest	696	691	685	679	673
2002 MF SERIES (WEST OAKS APTS.)	Principal	62	66	71	76	82
2002 MF SERIES (WEST OAKS APTS.)	Interest	711	706	701	696	690
2002 MF SERIES (PARK MEADOWS APTS.)	Principal	70	65	80	80	85
2002 MF SERIES (PARK MEADOWS APTS.)	Interest	277	273	268	263	257
2002 SERIES (CLARKRIDGE VILLAS APTS)	Principal	87	93	100	107	115
2002 SERIES (CLARKRIDGE VILLAS APTS)	Interest	956	950	943	936	928
2002 SERIES A (HICKORY TRACE APTS)	Principal	71	77	82	88	94
2002 SERIES A (HICKORY TRACE APTS)	Interest	791	786	780	774	768
2002 SERIES A (GREEN CREST APTS)	Principal	71	76	82	88	94
2002 SERIES A (GREEN CREST APTS)	Interest	787	782	777	771	764
2002 SERIES A/B (IRON WOOD CROSSING)	Principal	79	87	95	103	113
2002 SERIES A/B (IRON WOOD CROSSING)	Interest	1,202	1,195	1,187	1,178	1,169

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	REQUIRED
$ 781	$ 1,145	$ 1,676	$ 2,454	$ 3,592	$ 2,122	$	$ 12,417
4,364	4,002	3,470	2,692	1,553	194		20,747
547	799	1,166	1,704	2,489	3,351		10,430
4,216	3,930	3,513	2,905	2,018	589		21,582
704	1,026	1,499	2,191	3,199	4,303		13,403
5,475	5,134	4,640	3,916	2,857	895		28,624
910	1,210	1,640	2,200	800			7,440
1,775	1,482	1,085	549	35			6,917
404	573	844	1,223	1,768	2,518		7,607
2,815	2,622	2,345	1,939	1,355	422		14,448
985	1,340	1,810	2,480	595			7,940
1,810	1,505	1,087	512	16			6,966
1,620	2,325	3,045	4,080	1,480			13,700
3,353	2,720	1,977	997	59			12,912
1,715	2,265	3,035	4,075	1,480			13,750
3,290	2,700	1,973	995	61			12,774
1,704	2,296	3,095	4,170	1,513			14,035
3,624	3,026	2,213	1,120	70			14,129
351	497	704	999	1,416	2,126		6,341
2,074	1,928	1,718	1,421	1,002	347		10,667
683	970	1,373	1,946	2,760	4,385		12,556
4,126	3,840	3,433	2,856	2,036	727		21,346
1,280	1,675	2,195	2,880	1,395			10,410
2,428	2,027	1,498	800	76			9,565
465					10,680		11,635
3,257	3,205	3,205	3,205	3,205	2,136		21,637
509	729	1,040	1,485	2,121	3,275		9,516
3,342	3,113	2,784	2,313	1,642	584		17,282
515	715	980	1,360	325			4,275
1,192	993	718	339	11			4,591
712	1,009	1,429	2,027	2,872	5,158		13,709
4,503	4,204	3,782	3,180	2,329	1,018		23,729
584	829	1,175	1,664	2,361	4,309		11,334
3,725	3,480	3,130	2,638	1,939	872		19,683
582	825	1,170	1,658	2,351	4,288		11,285
3,708	3,465	3,118	2,626	1,930	869		19,597
737	1,128	1,620	2,295	3,254	7,268		16,779
5,668	5,274	4,781	4,100	3,135	1,592		30,481

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

DESCRIPTION		2009	2010	2011	2012	2013
2002 SERIES A (WOODWAY VILLAGE)	Principal	$ 115	$ 120	$ 130	$ 135	$ 145
2002 SERIES A (WOODWAY VILLAGE)	Interest	386	380	374	368	361
2003 SERIES A/B (READING ROAD)	Principal	20	30	30	30	30
2003 SERIES A/B (READING ROAD)	Interest	337	336	334	332	330
2003 SERIES A/B (NORTH VISTA)	Principal	210	210	230	240	250
2003 SERIES A/B (NORTH VISTA)	Interest	632	623	613	603	592
2003 SERIES A/B (WEST VIRGINIA)	Principal	150	155	165	165	180
2003 SERIES A/B (WEST VIRGINIA)	Interest	456	450	443	435	428
2003 SERIES A/B (SPHINX @ MURDEAUX)	Principal	170	180	185	195	205
2003 SERIES A/B (SPHINX @ MURDEAUX)	Interest	2,005	2,013	2,022	2,031	2,041
2003 SERIES A/B (PRIMROSE HOUSTON)	Principal	85	93	101	109	118
2003 SERIES A/B (PRIMROSE HOUSTON)	Interest	1,090	1,083	1,075	1,067	1,058
2003 SERIES A/B (TIMBER OAKS)	Principal	61	67	73	80	87
2003 SERIES A/B (TIMBER OAKS)	Interest	920	915	909	902	895
2003 SERIES A/B (ASH CREEK APTS)	Principal	86	94	101	110	119
2003 SERIES A/B (ASH CREEK APTS)	Interest	1,082	1,075	1,067	1,059	1,049
2003 SERIES A/B (PENINSULA APTS)	Principal	160	170	180	190	205
2003 SERIES A/B (PENINSULA APTS)	Interest	622	614	606	597	587
2003 SERIES (EVERGREEN @ MESQUITE)	Principal	117	125	133	142	151
2003 SERIES (EVERGREEN @ MESQUITE)	Interest	737	729	720	711	701
2003 SERIES A/B (ARLINGTON VILLAS)	Principal	80	87	95	102	111
2003 SERIES A/B (ARLINGTON VILLAS)	Interest	1,167	1,161	1,153	1,145	1,137
2003 SERIES A/B (PARKVIEW TWNHMS)	Principal	86	94	102	111	121
2003 SERIES A/B (PARKVIEW TWNHMS)	Interest	1,105	1,098	1,089	1,080	1,070
2003 SERIES (NHP-ASMARA)REFUNDING	Principal	380	400	430	450	480
2003 SERIES (NHP-ASMARA)REFUNDING	Interest	386	379	371	364	355
2004 SERIES A/B (TIMBER RIDGE)	Principal	37	39	42	45	48
2004 SERIES A/B (TIMBER RIDGE)	Interest	446	444	441	438	435
2004 SERIES A/B (CENTURY PARK)	Principal	170	185	190	200	210
2004 SERIES A/B (CENTURY PARK)	Interest	667	657	647	636	625
2004 SERIES A/B (VETERANS MEMORIAL)	Principal	86	94	102	111	121
2004 SERIES A/B (VETERANS MEMORIAL)	Interest	1,081	1,073	1,065	1,056	1,046
2004 SERIES (RUSH CREEK)	Principal	52	56	60	64	68
2004 SERIES (RUSH CREEK)	Interest	586	582	578	574	570
2004 SERIES (HUMBLE PARK)	Principal	110	110	120	130	135
2004 SERIES (HUMBLE PARK)	Interest	757	749	742	734	725
2004 SERIES (CHISHOLM TRAIL)	Principal					
2004 SERIES (CHISHOLM TRAIL)	Interest	247	248	248	248	247

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	REQUIRED
$ 855	$ 6,035	$	$	$	$	$	$ 7,535
1,686	1,387						4,942
190	270	375	525	10,460			11,960
1,613	1,536	1,430	1,278	638			8,164
1,460	1,900	2,500	3,265	2,445			12,710
2,762	2,335	1,779	1,051	190			11,180
1,040	1,370	1,805	2,375	1,765			9,170
1,995	1,692	1,290	762	134			8,085
1,180	1,505	1,900	2,425	3,090	3,515		14,550
4,614	2,914	2,509	1,990	1,318	455		23,912
758	1,113	1,554	2,163	10,379			16,473
5,123	4,777	4,347	3,750	1,820			25,190
568	879	1,322	1,858	2,601	5,445		13,041
4,338	4,024	3,580	3,041	2,294	1,228		23,046
764	1,099	1,538	2,154	10,134			16,199
5,081	4,750	4,319	3,713	1,604			24,799
1,225	1,660	8,175					11,965
2,763	2,382	453					8,624
919	1,263	1,738	2,391	2,101	1,666		10,746
3,339	2,984	2,494	1,820	972	429		15,636
710	1,060	1,520	2,144	11,071			16,980
5,530	5,179	4,728	4,112	2,228			27,540
787	1,156	1,607	2,233	3,104	4,312	2,690	16,403
5,169	4,800	4,346	3,716	2,843	1,625	41	27,982
2,870	3,850	5,155	6,915				20,930
1,628	1,327	921	376				6,107
301	423	599	849	4,251			6,634
2,119	1,998	1,826	1,584	773			10,504
1,295	1,715	2,290	3,050	3,150			12,455
2,933	2,530	1,991	1,276	346			12,308
784	1,119	1,556	2,162	3,005	4,177	2,797	16,114
5,050	4,712	4,273	3,664	2,816	1,640	54	27,530
418	586	817	1,142	1,594	2,227	1,687	8,771
2,770	2,603	2,369	2,044	1,588	953	37	15,254
835	1,165	1,625	2,225	3,085	1,970		11,510
3,473	3,148	2,694	2,066	1,203	178		16,469
				11,900			11,900
1,239	1,239	1,239	1,238	891			7,084

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

DESCRIPTION		2009	2010	2011	2012	2013
2004 SERIES (EVERGREEN @ PLANO)	Principal	$ 85	$ 91	$ 97	$ 103	$ 110
2004 SERIES (EVERGREEN @ PLANO)	Interest	957	951	945	939	932
2004 SERIES (MONTGOMERY PINES)	Principal					
2004 SERIES (MONTGOMERY PINES)	Interest	256	256	256	256	256
2004 SERIES (BRISTOL)	Principal					
2004 SERIES (BRISTOL)	Interest	256	256	256	256	256
2004 SERIES (PINNACLE)	Principal					
2004 SERIES (PINNACLE)	Interest	296	297	297	297	296
2004 SERIES (TRANQUILITY BAY)	Principal	90	96	102	109	117
2004 SERIES (TRANQUILITY BAY)	Interest	918	912	905	898	891
2004 SERIES (SPHINX @ DELAFIELD)	Principal	110	110	120	125	135
2004 SERIES (SPHINX @ DELAFIELD)	Interest	583	577	572	566	559
2004 SERIES (CHURCHILL @ PINNACLE)	Principal	72	77	82	87	93
2004 SERIES (CHURCHILL @ PINNACLE)	Interest	654	649	644	639	633
2004 SERIES A/B (POST OAK EAST)	Principal					
2004 SERIES A/B (POST OAK EAST)	Interest	285	287	287	287	287
2004 SERIES (VILLAGE FAIR)	Principal	85	91	97	103	110
2004 SERIES (VILLAGE FAIR)	Interest	905	899	893	887	880
2005 SERIES (PECAN GROVE)	Principal	84	90	96	102	109
2005 SERIES (PECAN GROVE)	Interest	902	896	890	883	877
2005 SERIES (PRAIRIE OAKS)	Principal	66	71	75	81	86
2005 SERIES (PRAIRIE OAKS)	Interest	710	706	700	695	690
2005 SERIES (PORT ROYAL)	Principal	73	78	83	88	94
2005 SERIES (PORT ROYAL)	Interest	784	779	774	768	762
2005 SERIES (MISSION DEL RIO)	Principal	69	73	78	83	89
2005 SERIES (MISSION DEL RIO)	Interest	738	734	729	723	718
2005 SERIES (ATASCOCITA)	Principal	143	152	162	171	182
2005 SERIES (ATASCOCITA)	Interest	245	243	239	236	232
2005 SERIES (TOWER RIDGE)	Principal	100	100	100	100	100
2005 SERIES (TOWER RIDGE)	Interest	314	312	310	308	305
2005 SERIES (ALTA CULLEN)	Principal					
2005 SERIES (ALTA CULLEN)	Interest	924	924	924	924	924
2005 SERIES (PRAIRIE RANCH)	Principal	115	125	125	135	140
2005 SERIES (PRAIRIE RANCH)	Interest	582	576	570	564	557
2005 SERIES (ST. AUGUSTINE)	Principal	47	98	104	111	117
2005 SERIES (ST. AUGUSTINE)	Interest	159	157	155	152	150
2005 SERIES (PARK MANOR)	Principal	58	62	66	70	75
2005 SERIES (PARK MANOR)	Interest	664	660	656	651	647

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	REQUIRED
$ 674	$ 934	$ 1,296	$ 1,797	$ 2,490	$ 3,453	$ 3,527	$ 14,657
4,535	4,272	3,910	3,408	2,708	1,742	140	25,439
				12,300			12,300
1,280	1,280	1,280	1,280	964			7,364
				12,300			12,300
1,280	1,280	1,280	1,280	964			7,364
				14,265			14,265
1,484	1,484	1,484	1,483	1,123			8,541
711	983	1,360	1,879	2,598	3,594	2,529	14,168
4,326	4,052	3,674	3,153	2,429	1,429	107	23,694
790	1,035	1,360	1,775	2,295	2,940	340	11,135
2,684	2,459	2,159	1,755	1,225	541	12	13,692
568	789	1,093	1,516	2,099	2,909	643	10,028
3,061	2,841	2,533	2,109	1,521	705	16	16,005
				13,600			13,600
1,435	1,435	1,435	1,435	1,150			8,323
672	931	1,285	1,778	2,458	3,399	2,961	13,970
4,276	4,018	3,660	3,166	2,480	1,536	199	23,799
665	921	1,271	1,759	2,434	3,365	3,011	13,907
4,262	4,008	3,655	3,169	2,496	1,565	229	23,832
524	724	1,002	1,385	1,916	2,651	2,372	10,953
3,354	3,153	2,874	2,489	1,956	1,217	166	18,710
575	795	1,099	1,521	2,104	2,909	2,681	12,100
3,707	3,486	3,180	2,755	2,170	1,360	198	20,723
542	749	1,035	1,433	1,982	2,739	2,523	11,395
3,492	3,282	2,995	2,595	2,044	1,282	185	19,517
1,096	1,483	2,012	2,740	3,759			11,900
1,097	962	782	533	194			4,763
700	1,300	2,200	3,000	7,300			15,000
1,494	1,389	1,207	944	534			7,117
						14,000	14,000
4,620	4,620	4,620	4,620	4,620	4,620	1,386	33,726
830	1,070	1,400	1,760	2,220	2,810	1,320	12,050
2,672	2,445	2,146	1,764	1,285	682	69	13,912
703	944	1,268	1,703	2,288	267		7,650
709	623	507	351	138	1		3,102
454	625	861	1,183	1,627	2,239	3,080	10,400
3,152	2,981	2,744	2,420	1,972	1,357	301	18,205

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

DESCRIPTION		2009	2010	2011	2012	2013
2005 SERIES (PROVIDENCE @ MOCKINGBIRD)	Principal	$ 85	$ 91	$ 97	$ 103	$ 110
2005 SERIES (PROVIDENCE @ MOCKINGBIRD)	Interest	911	905	899	893	886
2005 SERIES (PLAZA CHASE OAKS)	Principal	215	227	238	251	264
2005 SERIES (PLAZA CHASE OAKS)	Interest	707	696	684	672	658
2005 SERIES (CANAL PLACE APTS))	Principal		56	81	88	95
2005 SERIES (CANAL PLACE APTS))	Interest	1,026	1,024	1,018	1,011	1,003
2005 SERIES (CORAL HILLS)	Principal	75	70	70	80	85
2005 SERIES (CORAL HILLS)	Interest	255	251	248	244	240
2006 SERIES (HARRIS BRANCH APTS)	Principal		200	200	200	300
2006 SERIES (HARRIS BRANCH APTS)	Interest	322	320	316	311	306
2006 SERIES (BELLA VISTA APTS)	Principal	45	45	45	50	55
2006 SERIES (BELLA VISTA APTS)	Interest	416	413	411	408	404
2006 SERIES (VILLAGE PARK)	Principal	105	190	190	200	215
2006 SERIES (VILLAGE PARK)	Interest	699	690	680	670	660
2006 SERIES (OAKMOOR)	Principal	75	95	101	107	114
2006 SERIES (OAKMOOR)	Interest	876	871	865	858	852
2006 SERIES (SUNSET POINTE)	Principal					
2006 SERIES (SUNSET POINTE)	Interest	315	315	315	315	315
2006 SERIES (HILLCREST)	Principal		175	160	170	180
2006 SERIES (HILLCREST)	Interest	653	647	638	629	620
2006 SERIES (PLEASANT VILLAGE)	Principal	74	79	84	88	95
2006 SERIES (PLEASANT VILLAGE)	Interest	361	356	351	347	340
2006 SERIES (GROVE VILLAGE)	Principal	77	81	86	91	98
2006 SERIES (GROVE VILLAGE)	Interest	372	367	362	357	351
2006 SERIES (RED HILLS VILLAS)	Principal					
2006 SERIES (RED HILLS VILLAS)	Interest	101	101	101	101	101
2006 SERIES (CHAMPIONS CROSSING)	Principal					
2006 SERIES (CHAMPIONS CROSSING)	Interest	101	102	102	102	101
2006 SERIES (STONEHAVEN)	Principal	61	77	82	87	92
2006 SERIES (STONEHAVEN)	Interest	654	649	645	640	635
2006 SERIES (CENTER RIDGE)	Principal		120	110	115	125
2006 SERIES (CENTER RIDGE)	Interest	416	413	407	401	395
2006 SERIES (MEADOWLANDS)	Principal	1,780	75	79	84	89
2006 SERIES (MEADOWLANDS)	Interest	757	701	696	691	686
2006 SERIES (EAST TEX PINES)	Principal			80	95	105
2006 SERIES (EAST TEX PINES)	Interest	668	668	665	660	655
2006 SERIES (VILLAS @ HENDERSON)	Principal		47	98	104	110
2006 SERIES (VILLAS @ HENDERSON)	Interest	125	124	123	121	119

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	REQUIRED
$ 668	$ 919	$ 1,265	$ 1,741	$ 2,396	$ 3,297	$ 3,508	$ 14,280
4,312	4,058	3,712	3,234	2,575	1,670	330	24,385
1,537	1,977	2,545	3,273	3,585			14,112
3,072	2,631	2,062	1,330	397			12,909
611	896	1,236	1,701	2,340	8,996		16,100
4,882	4,607	4,275	3,819	3,191	364		26,220
480	625	3,585					5,070
1,129	994	497					3,858
1,400	1,800	2,500	3,300	4,400	700		15,000
1,449	1,275	1,045	735	321	2		6,402
320	440	590	810	1,095	1,495	1,795	6,785
1,968	1,852	1,695	1,483	1,194	802	217	11,263
1,250	1,670	9,840					13,660
3,116	2,746	1,528					10,789
685	922	1,246	1,680	2,267	3,058	4,285	14,635
4,144	3,903	3,579	3,143	2,554	1,759	497	23,901
					15,000		15,000
1,575	1,575	1,575	1,575	1,575	273		9,723
1,085	1,470	1,550			7,645		12,435
2,940	2,605	2,162	2,005	2,005	236		15,140
570	4,981						5,971
1,605	1,273						4,633
586	5,131						6,150
1,654	1,309						4,772
	400	700	1,000	2,915			5,015
505	485	429	335	149			2,408
200	500	700	1,000	2,625			5,025
503	457	400	305	126			2,299
550	733	9,618					11,300
3,084	2,897	1,670					10,874
745	1,000	1,040			5,070		8,325
1,872	1,653	1,372	1,270	1,270	165		9,634
536	723	974	1,316	1,776	2,394	3,674	13,500
3,341	3,152	2,898	2,557	2,094	1,472	500	19,545
605	810	1,065	1,420	1,875	2,490	4,955	13,500
3,188	3,009	2,774	2,461	2,046	1,497	575	18,866
651	859	1,135	1,501	1,983	712		7,200
564	500	415	300	152	10		2,553

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

DESCRIPTION		2009	2010	2011	2012	2013
2006 SERIES (ASPEN PARK)	Principal	$	$ 105	$ 95	$ 100	$ 110
2006 SERIES (ASPEN PARK)	Interest	490	488	483	478	473
2006 SERIES (IDLEWILDE)	Principal		77	162	173	184
2006 SERIES (IDLEWILDE)	Interest	296	296	293	290	286
2007 SERIES (LANCASTER)	Principal					
2007 SERIES (LANCASTER)	Interest	296	296	296	297	296
2007 SERIES (PARK PLACE AT LOYOLA)	Principal			98	104	110
2007 SERIES (PARK PLACE AT LOYOLA)	Interest	870	870	867	861	855
2007 SERIES (TERRACES AT CIBOLO)	Principal					
2007 SERIES (TERRACES AT CIBOLO)	Interest	282	282	282	283	282
2007 SERIES (SANTORA VILLAS)	Principal			64	89	94
2007 SERIES (SANTORA VILLAS)	Interest	758	758	757	752	746
2007 SERIES (A/B VILLAS @ MESQUITE CREEK)	Principal		210	155	165	175
2007 SERIES (A/B VILLAS @ MESQUITE CREEK)	Interest	858	853	843	833	824
2007 SERIES (SUMMIT POINT)	Principal		165	100	105	120
2007 SERIES (SUMMIT POINT)	Interest	603	598	593	588	582
2007 SERIES (COSTA RIALTO)	Principal			91	96	101
2007 SERIES (COSTA RIALTO)	Interest	663	663	660	655	650
2007 SERIES (WINDSHIRE)	Principal					
2007 SERIES (WINDSHIRE)	Interest	291	291	291	291	291
2007 SERIES (RESIDENCE @ ONION CREEK)	Principal					
2007 SERIES (RESIDENCE @ ONION CREEK)	Interest	307	308	308	308	307
2008 SERIES (WEST OAKS APTS)	Principal					
2008 SERIES (WEST OAKS APTS)	Interest	268	269	269	269	269
2008 SERIES (COSTA IBIZA APTS)	Principal					
2008 SERIES (COSTA IBIZA APTS)	Interest	265	265	265	266	265
2008 SERIES (ADDISON PARK APTS)	Principal					
2008 SERIES (ADDISON PARK APTS)	Interest	740	763	763	764	762
Total Multifamily Bonds		$ 75,476	$ 74,540	$ 74,877	$ 74,964	$ 74,909
Total		$ 167,027	$ 182,098	$ 182,191	$ 181,834	$ 182,176
Less Interest		126,159	125,736	123,688	121,573	119,311
Total Principal		$ 40,868	$ 56,362	$ 58,503	$ 60,261	$ 62,865

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2008
(Amounts in Thousands)

2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	REQUIRED
$ 630	$ 845	$ 875	$	$	$ 7,040	$	$ 9,800
2,274	2,092	1,854	1,760	1,760	295		12,447
1,119	1,539	2,114	2,903	3,990	1,989		14,250
1,366	1,230	1,041	783	429	41		6,351
					14,250		14,250
1,481	1,481	1,482	1,481	1,481	559		9,446
657	877	1,170	1,564	2,088	2,789	5,543	15,000
4,167	3,946	3,651	3,256	2,729	2,025	859	24,956
					8,000		8,000
1,411	1,411	1,412	1,411	1,411	475		8,942
563	754	1,005	1,344	1,793	2,395	4,971	13,072
3,641	3,450	3,196	2,856	2,404	1,800	820	21,938
1,045	1,370	1,755	2,245	2,880	3,680	3,180	16,860
3,949	3,623	3,236	2,743	2,109	1,298	310	21,479
665	865	1,115	1,470	1,935	2,550	2,610	11,700
2,821	2,634	2,388	2,062	1,624	1,041	290	15,824
596	779	1,017	1,328	1,735	2,264	4,378	12,385
3,158	2,975	2,736	2,422	2,015	1,483	676	18,756
					14,000		14,000
1,455	1,455	1,455	1,455	1,455	697		9,427
					15,000		15,000
1,539	1,539	1,539	1,538	1,539	696		9,928
					13,125		13,125
1,345	1,345	1,345	1,345	1,345	764		8,833
					13,900		13,900
1,326	1,326	1,327	1,326	1,326	781		8,738
						14,000	14,000
3,815	3,815	3,816	3,814	3,815	3,815	255	26,937
$ 368,720	$ 384,264	$ 406,958	$ 362,847	$ 392,247	$ 330,415	$ 107,529	$ 2,727,746
$ 842,248	$ 784,196	$ 819,766	$ 805,388	$ 619,783	$ 345,728	$ 107,529	$ 5,219,964
555,780	490,326	394,868	283,019	150,705	60,113	8,469	2,559,747
$ 286,468	$ 293,870	$ 424,898	$ 522,369	$ 469,078	$ 285,615	$ 99,060	$ 2,660,217

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Suplementary Bond Schedules
SCHEDULE 1-D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS
For the Fiscal Year Ended August 31, 2008
(Amounts in thousands)

	Pledged and Other Sources and Related Expenditures for FY 2008			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2002 Single Family Series A	$ 2,820	$ 64	$	$ 2,026
2002 Single Family Series A (Jr. Lien)	1,365	9		316
2002 Single Family Series B	7,347	57		1,871
2002 Single Family Series C	775	17	500	546
2002 Single Family Series D	447	7	875	215
2004 Single Family Series A	14,677	289	3,320	4,724
2004 Single Family Series A (Jr. Lien)	292	19		146
2004 Single Family Series B	2,659	149		2,143
2004 Single Family Series C	6,187	99	405	1,526
2004 Single Family Series D	1,681	106		1,338
2004 Single Family Series E	602	25	1,070	363
2005 Single Family Series A	7,558	364	165	4,036
2005 Single Family Series B	3,500	96	705	905
2005 Single Family Series C	1,181	39		272
2005 Single Family Series D	348	17		154
2006 Single Family Series A	4,035	390	230	2,879
2006 Single Family Series B	4,638	443	720	3,380
2006 Single Family Series C	7,015	673	750	5,025
2006 Single Family Series D	4,733	159		1,196
2006 Single Family Series E	860	106	1,240	732
2006 Single Family Series F	4,686	793		4,122
2006 Single Family Series G	885	143	570	616
2006 Single Family Series H	1,832	364		1,433
2007 Single Family Series A	8,711	2,177		6,050
2007 Single Family Series B	7,415	90	-	7,649
Total Single Family Bonds	96,251	6,695	10,550	53,660
1998 RMRB Series A	5,167	34	1,155	2,018
1998 RMRB Series B	1,217	6		360
1999 RMRB Series A	1,466	12		294
1999 RMRB Series B-1	3,122	20		1,410
1999 RMRB Series C	264	3		219
2000 RMRB Series A	1,852	17	245	998
2000 RMRB Series B	6,788	82		2,682
2000 RMRB Series C	545	15		498
2000 RMRB Series D	389	11	555	346
2001 RMRB Series A	3,981	41	590	1,694
2001 RMRB Series B	820	16		629
2001 RMRB Series C	1,288	10	1,095	437
2001 RMRB Series D	29	1	5	13
2002 RMRB Series A	3,360	27	520	1,557
2003 RMRB Series A	7,475	93	1,040	3,010
Total Residential Mtg Revenue Bonds	37,764	388	5,205	16,165
1992 CHMRB Series C	2,909	11		787
Total 1992 CHMRB	2,909	11		787
1987 MF Series (South Texas Rental Housing)	80		92	53
1996 MF Series A/B (Brighton's Mark)	464	2		500
1996 MF Series A/B (Las Colinas)	13,396	4		683
1996 MF Series A/B (Braxton's Mark)	834	3		829
1998 MF Series A (Pebble Brook)	576		190	541
1998 MF Series A-C (Residence Oaks)	439		151	439
1998 MF Series A/B (Greens of Hickory Trial)	647		240	647
1999 MF Series A-C (Mayfield)	586		209	586
1999 MF Series A (Woodglen Village)	10,602			97
2000 MF Series A (Creek Point Apts)	288			173

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Suplementary Bond Schedules
SCHEDULE 1-D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS
For the Fiscal Year Ended August 31, 2008
(Amounts in thousands)

	Pledged and Other Sources and Related Expenditures for FY 2008			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2000 MF Series A (Deerwood Apts)	$ 381	$	$ 95	$ 381
2000 MF Series A (Timber Point Apts)	303			203
2000 MF Series A/B (Greenbridge)	1,459		178	1,459
2000 MF Series A/B (Oaks at Hampton)	703		75	703
2000 MF Series A/B (Parks @ Westmoreland)	698		73	698
2000 MF Series A/B (Williams Run)	960		149	960
2000 MF Series A-C (Collingham Park)	864		182	864
2000 MF Series A-C (Highland Meadow Apts)	573		121	573
2001 MF Series A (Bluffview Senior Apts)	795		59	795
2001 MF Series A (Knollwood Villas Apts)	1,021		76	1,021
2001 MF Series A (Oak Hollow Apts.)	445		40	445
2001 MF Series A (Greens Road Apts.)	429		120	429
2001 MF Series A (Skyway Villas)	1,052		125	432
2001 MF Series A/B (Cobb Park)	567		42	567
2001 MF Series A/B (Hillside Apts.)	882		43	882
2001 MF Series A/B (Meridian Apts.)	803		185	803
2001 MF Series A/B (Wildwood Apts.)	794		190	794
2001 MF Series A-C (Fallbrook Apts.)	861		206	861
2002 MF Series A (Clarkridge Villas Apts)	962		81	962
2002 MF Series A (Park Meadows Apts)	281		60	281
2002 MF Series A (Sugar Creek Apts.)	710		115	701
2002 MF Series A (West Oaks Apts.)	682		57	682
2002 MF Series A (Green Crest Apts)	794		143	794
2002 MF Series A (Hickory Trace Apts)	796		67	796
2002 MF Series A (Millstone Apts.)	577		165	577
2002 MF Series A (Woodway Village Apts)	392		110	392
2002 MF Series A/B (Ironwood Crossing)	1,209		73	1,209
2003 MF Series A (NHP-Asmara) Refunding	827		360	578
2003 MF Series A (Evergreen @ Mesquite)	725		110	724
2003 MF Series A/B (Reading Road)	595		20	395
2003 MF Series A/B (Arlington Villas)	1,174		74	1,174
2003 MF Series A/B (Ash Creek Apts)	1,089		80	1,089
2003 MF Series A/B (North Vista Apts)	1,545		190	645
2003 MF Series A/B (Parkview Twnhms)	1,112		79	1,112
2003 MF Series A/B (Peninsula Apts)	634		160	629
2003 MF Series A/B (Primrose Houston School)	1,096		79	1,096
2003 MF Series A/B (Sphinx @ Murdeaux)	718		165	718
2003 MF Series A/B (Timber Oaks Apts)	925		56	925
2003 MF Series A/B (West Virginia Apts)	463		145	463
2004 MF Series A (Bristol)	648			323
2004 MF Series A (Chisholm Trail)	414			314
2004 MF Series A (Churchill @ Pinnacle)	659		67	659
2004 MF Series A (Evergreen @ Plano)	962		80	962
2004 MF Series A (Humble Park)	764		100	764
2004 MF Series A (Montgomery Pines)	323			323
2004 MF Series A (Pinnacle)	610			375
2004 MF Series A (Rush Creek)	1,736		51	614
2004 MF Series A (Sphinx @ Delafield)	587		100	587
2004 MF Series A (Tranquility Bay)	923		84	923
2004 MF Series A (Village Fair)	910		80	910
2004 MF Series A (Addison Park)	14,385			385
2004 MF Series A/B (Century Park)	986		165	686
2004 MF Series A/B (Post Oak East)	363			363
2004 MF Series A/B (Timber Ridge)	449		34	449
2004 MF Series A/B (Veterans Memorial)	1,088		79	1,088
2005 MF Series A (Alta Cullen)	924			924
2005 MF Series A (Atascocita Pines)	312			312
2005 MF Series A/B (Canal Place)	1,025			1,026

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Suplementary Bond Schedules
SCHEDULE 1-D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS
For the Fiscal Year Ended August 31, 2008
(Amounts in thousands)

	Pledged and Other Sources and Related Expenditures for FY 2008			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2005 MF Series A (Del Rio)	$ 743	$	$ 64	$ 743
2005 MF Series A (Park Manor)	666			666
2005 MF Series A (Pecan Grove)	906		79	906
2005 MF Series A (Chase Oaks)	717		138	717
2005 MF Series A (Port Royal)	789		68	789
2005 MF Series A (Prairie Oaks)	714		62	714
2005 MF Series A (Prairie Ranch)	588		145	588
2005 MF Series A (Mockingbird)	916		80	916
2005 MF Series A (St Augustine)	201			201
2005 MF Series A (Tower Ridge)	413			413
2006 MF Series A (Aspen Park Apts)	490			490
2006 MF Series A (Bella Vista)	418		15	418
2006 MF Series A (Center Ridge)	416			416
2006 MF Series A (Champions Crossing)	238			138
2005 MF Series A (Coral Hills)	517			267
2006 MF Series A (East Tex Pines)	668			668
2006 MF Series A (Grove Village)	377		30	377
2006 MF Series A (Harris Branch)	402			402
2006 MF Series A (Hillcrest)	653			653
2006 MF Series A (Idlewilde Apts)	374			374
2006 MF Series A (Meadowlands)	810			810
2006 MF Series A (Oakmoor)	872			872
2006 MF Series A (Pleasant Village)	366		29	366
2006 MF Series A (Red Hills Villas)	136			136
2006 MF Series A (Stonehaven)	655			655
2006 MF Series A (Sunset Pointe)	413			413
2006 MF Series A (Village Park)	688			688
2006 MF Series A (Villas at Henderson)	191			191
2007 MF Series A (Villas @ Mesquite Creek)	858			858
2007 MF Series A (Costa Rialto)	663			663
2007 MF Series A (Lancaster Apts)	374			374
2007 MF Series A (Park Place @ Loyola)	870			870
2007 MF Series A (Santora Villas)	758			758
2007 MF Series A (Summit Point)	603			603
2007 MF Series A (Terraces at Cibolo)	210			210
2007 MF Series A (Windshire)	367			367
2007 MF Series A (Residences @ Onion Creek	271			271
2008 MF Series A (West Oaks Apts)	35			35
2008 MF Series A (Costa Ibiza Apts)	17			17
2008 MF Series A(Addison Park)	7			7
Total Multifamily Bonds	107,246	9	6,780	65,369
Total	$ 244,170	$ 7,103	$ 22,535	$ 135,981

Deloitte.

Deloitte & Touche LLP
Suite 1700
400 West 15th Street
Austin, TX 78701
USA

Tel: +1 512 691 2300
Fax: +1 512 708 1035
www.deloitte.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Rick Perry, Governor,
and the Governing Board of
Texas Department of Housing and Community Affairs:

We have audited the basic financial statements of the Texas Department of Housing and Community Affairs (the "Department") as of and for the year ended August 31, 2008, and have issued our report thereon dated December 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, including the Public Funds Investment Act (§2256, Texas Government Code); regulations; contracts; and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Department in a separate letter dated December 18, 2008.

This report is intended solely for the information and use of the Governing Board, management, and federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

December 18, 2008

ATTACHMENT 12

Relating to Funding

12. A copy of each operating budget from FY 2007 – 2009.

ATTACHMENT 12

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

FY-2007 APPROVED OPERATING BUDGET

(September 1, 2006 through August 31, 2007)

July 28, 2006

Prepared by the Financial Administration Division

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY-2007 OPERATING BUDGET

TABLE OF CONTENTS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY-2007 OPERATING BUDGET

T A B L E O F C O N T E N T S (Continued)

* * * * * * * * * * * * * * *

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

(298)

- **GOVERNOR**
  - **Manufactured Housing Division Governing Board**
    - **Executive Director**
      Tim Irvine
  - **Governing Board**
    - **Director of Internal Audit**
      David Gaines
    - **Executive Director**
      Michael Gerber
      - **Special Assistant to the Executive Director**
        Vacant
      - **Deputy Executive Director for Administration**
        Bill Dally
        - **Director of Administrative Support**
          John Gonzales
          - **Human Resources**
            Gina Esteves
          - **Facilities & Space Management**
            Trisha Randow
        - **Director of Information Systems**
          Curtis Howe
          - Software Development
          - Network & Technical Support
        - **Director of Financial Administration**
          David Cervantes
          - **Accounting Operations**
            Esther Ku
          - **Financial Services**
            Ernie Palacios
            - Loan Servicing
          - **Budget/Travel/ Payroll**
            David Aldrich
          - **Purchasing**
        - **Acting Director of Portfolio Management and Compliance**
          Kelly Crawford
          - **Portfolio Management**
            Sandy Mauro
          - **Compliance Monitoring**
            Patricia Murphy
          - **Portfolio Analysis**
            Lucy Trevino
      - **Deputy Executive Director for Programs**
        Brooke Boston
        - **Director of Office of Colonia Initiatives**
          Homer Cabello
          - **Field Offices**
            Edinburg
            El Paso
            Laredo
        - **Director of Community Affairs**
          Eddie Fariss
          - **Community Services**
            Jesse Mitchell
          - **Energy Assistance**
            Amy Oehler
          - Section 8
        - **Acting Director of Multifamily Finance Production**
          Robbye Meyer
          - Multifamily Awards & Allocation
          - Closing
        - **Director of Single Family Finance Production**
          Eric Pike
          - Loan Closing & Bond Administration
          - Product Development & Award
        - **Director of Real Estate Analysis**
          Tom Gouris
          - Workouts
          - Cost Certifications
          - Credit Underwriting
          - Credit Policy & Training
          - Asset Management
        - **Acting Director of Bond Finance**
          Matt Pogor
      - **Legal Services**
        Kevin Hamby
      - **Director of Policy and Public Affairs**
        Michael Lytle
        - Office of State and Federal Relations
        - Legislative Affairs
        - Research & Planning
        - Communications & Marketing

May 17, 2006

Comparison by Division

Method of Finance Chart

Comparison by Expense Object

FTEs by Division

Out of State Travel

Capital Budget

Capital Budget by Project

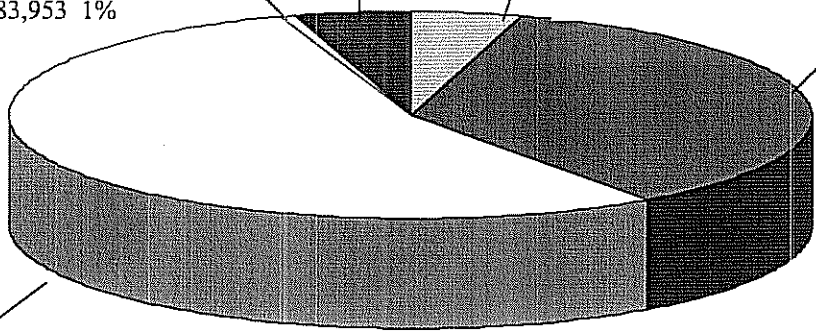
FY 2006 Projected Expenditures & Budget Balances

Texas Department of Housing and Community Affairs
Comparision by Division
Appropriation Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change	FY06 FTEs	FY07 FTEs	FTE Variance
Housing Programs Division:							
Office of Colonia Initiatives	$ 590,572	$ 590,608	$ 37	0.0%	8.0	8.0	0.0
Community Affairs Administration	242,985	234,440	(8,545)	-3.5%	3.0	3.0	0.0
Community Services Programs	995,440	1,024,886	29,446	3.0%	15.0	15.0	0.0
Energy Assistance	1,326,327	1,241,090	(85,237)	-6.4%	16.0	16.0	0.0
Section 8	468,562	396,541	(72,021)	-15.4%	7.0	7.0	0.0
Multifamily Finance Production	1,037,221	984,895	(52,326)	-5.0%	14.0	14.0	0.0
Single Family Finance Production	1,214,834	1,217,025	2,192	0.2%	13.0	13.0	0.0
Real Estate Analysis	838,745	832,070	(6,675)	-0.8%	11.0	11.0	0.0
Bond Finance	398,272	378,480	(19,792)	-5.0%	4.0	4.0	0.0
Subtotal, Housing Programs Division	7,112,958	6,900,036	(212,922)	-3.0%	91.0	91.0	0.0
Executive Administration:							
Executive Office	576,891	547,717	(29,174)	-5.1%	5.0	5.0	0.0
Board	77,600	75,157	(2,443)	-3.1%			
Legal Services	727,646	649,839	(77,806)	-10.7%	6.0	6.0	0.0
Internal Audit	276,483	263,964	(12,518)	-4.5%	4.0	4.0	0.0
Policy and Public Affairs	1,079,488	999,237	(80,251)	-7.4%	13.0	13.0	0.0
Subtotal, Executive Administration	2,738,107	2,535,914	(202,193)	-7.4%	28.0	28.0	0.0
Agency Administration:							
Director's Office of Financial Administration	487,511	483,240	(4,271)	-0.9%	6.0	6.0	0.0
Accounting Operations	769,645	768,296	(1,349)	-0.2%	12.0	12.0	0.0
Financial Services	1,090,387	1,110,146	19,759	1.8%	15.0	15.0	0.0
Purchasing	231,727	233,595	1,868	0.8%	4.0	4.0	0.0
Human Resources	363,781	349,305	(14,476)	-4.0%	5.0	5.0	0.0
Facilities and Space Management	297,083	297,899	816	0.3%	5.0	5.0	0.0
Information Systems	1,395,722	1,362,836	(32,886)	-2.4%	19.0	19.0	0.0
Portfolio Management and Compliance	3,852,629	3,658,899	(193,730)	-5.0%	44.0	44.0	0.0
Subtotal, Agency Administration	8,488,484	8,264,216	(224,268)	-2.6%	110.0	110.0	0.0
Capital Budget (Note: $10,000 in MH budget)	695,000	500,000	(195,000)	-28.1%			
Payroll Related Costs	2,924,547	3,049,410	124,863	4.3%			
Total, Department	$ 21,959,096	$ 21,249,576	$ (709,520)	-3.2%	229.0	229.0	0.0
Method of Finance:							
General Revenue	$ 981,322	$ 1,000,398	$ 19,076	1.9%			
Earned Federal Funds	1,003,656	909,146	(94,510)	-9.4%			
Federal Funds	7,866,129	7,983,260	117,131	1.5%			
Bond Admin Fees	5,500,401	5,350,191	(150,210)	-2.7%			
LIHTC Fees	5,020,834	4,772,912	(247,922)	-4.9%			
Affordable Housing Disposition Fees	1,002,121	659,210	(342,911)	-34.2%			
Interagency Contract (ORCA)	94,585	83,953	(10,632)	-11.2%			
Appropriated Receipts - MH	490,048	490,506	458	0.1%			
Total, Method of Finance	$ 21,959,096	$ 21,249,576	$ (709,520)	-3.2%			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY 2007 Method of Finance

Total Budget $20,759,070



Type	2006	2007
General Revenue	981,322	1,000,398
Federal Funds	7,866,129	7,983,260
Appropriated Receipts	11,523,356	10,782,313
Interagency Contracts	94,585	83,953
Earned Federal Funds	1,003,656	909,146
	21,469,048	20,759,070
MH Support	490,048	490,506
Total MOF	**21,959,096**	**21,249,576**

Texas Department of Housing and Community Affairs
Comparison by Expense Object
Appropriation Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 12,715,422	$ 13,258,304	$ 542,882	4.3%
Payroll Related Costs	2,924,547	3,049,410	124,863	4.3%
Travel In-State	500,587	500,587	-	0.0%
Travel Out-of-State	100,315	100,315	-	0.0%
Professional Fees	2,360,731	1,976,150	(384,581)	-16.3%
Material and Supplies	436,799	410,747	(26,052)	-6.0%
Repairs/Maintenance	415,503	368,527	(46,976)	-11.3%
Printing and Reproduction	130,791	82,692	(48,099)	-36.8%
Rentals and Leases	745,412	193,993	(551,419)	-74.0%
Membership Fees	79,975	78,925	(1,050)	-1.3%
Staff Development, Fees and Other Charges	310,168	352,369	42,201	13.6%
Employee Tuition	11,000	13,200	2,200	20.0%
Advertising	75,000	70,500	(4,500)	-6.0%
Freight/Delivery	24,350	30,050	5,700	23.4%
Temporary Help	452,544	200,156	(252,388)	-55.8%
Furniture and Equipment	270,532	66,051	(204,481)	-75.6%
Communication and Utilities	215,258	244,478	29,220	13.6%
Capital Outlay	130,000	200,000	70,000	53.8%
State Office of Risk Management	60,162	53,122	(7,040)	-11.7%
Total Department	$ 21,959,096	$ 21,249,576	$ (709,520)	-3.2%
FTE's	229.00	229.00	0.00	
Method of Finance:				
General Revenue	$ 981,322	$ 1,000,398	$ 19,076	1.9%
Earned Federal Funds	1,003,656	909,146	(94,510)	-9.4%
Federal Funds	7,866,129	7,983,260	117,131	1.5%
Bond Admin Fees	5,500,401	5,350,191	(150,210)	-2.7%
Housing Tax Credit	5,020,834	4,772,912	(247,922)	-4.9%
Affordable Housing Disposition Fees	1,002,121	659,210	(342,911)	-34.2%
Interagency Contracts	94,585	83,953	(10,632)	-11.2%
Appropriated Receipts - MH	490,048	490,506	458	0.1%
Total, Method of Finance	$ 21,959,096	$ 21,249,576	$ (709,520)	-3.2%

Texas Department of Housing and Community Affairs
FTEs by Division
Internal Operating Budget
Fiscal Year 2007

Executive Administration:	
Executive Office	5.00
Legal Services	6.00
Internal Audit	4.00
Policy and Public Affairs	13.00
Total, Executive Administration	28.00
Agency Administration:	
Human Resources	5.00
Facilities	5.00
Information Services	19.00
Director's Office of Financial Administration	6.00
Accounting Operations	12.00
Financial Services	15.00
Purchasing	4.00
Portfolio Management and Compliance	44.00
Total, Agency Administration	110.00
Housing Programs Division:	
Office of Colonia Initiatives	8.00
Division Administration-Community Affairs	3.00
Community Services	15.00
Energy Assistance	16.00
Section 8	7.00
Multi Family Finance Production	14.00
Single Family Finance Production	13.00
Real Estate Analysis	11.00
Bond Finance	4.00
Total, Housing Programs Division	91.00
Subtotal, Housing and Community Affairs	229.00
Manufactured Housing	64.00
MDSI Contracted FTEs	5.00
Total, Authorized FTEs per the General Appropriations Act (GAA)	298.00

Texas Department of Housing and Community Affairs
Out of State Travel
Fiscal Year 2007

Executive Administration:	Budget Draft 2007	Budget 2006	Variance
Executive Office	11,800	11,800	0
Board	8,600	8,600	0
Legal Services	4,200	2,800	1,400
Internal Audit	0	0	0
Policy and Public Affairs	4,900	6,900	-2,000
Total, Executive Administration	29,500	30,100	-600
Agency Administration:			
Human Resources	0	0	0
Facilities and Space Management	0	0	0
Information Services	2,400	2,400	0
Director's Office - Financial Administration	2,500	2,000	500
Accounting Operations	1,300	1,300	0
Financial Services	2,335	2,335	0
Purchasing	0	0	0
Portfolio Management and Compliance	13,000	14,499	-1,499
Total, Agency Administration	21,535	22,534	-999
Housing Programs Division:			
Office of Colonia Initiatives	3,500	3,000	500
Community Affairs - Administration	6,000	5,000	1,000
Community Services	3,100	3,100	0
Energy Assistance	3,800	3,800	0
Section 8	2,200	2,200	0
Multi Family Housing Production	11,500	11,500	0
Single Family Housing Production	5,730	5,730	0
Real Estate Analysis	4,250	4,250	0
Bond Finance	9,200	9,101	99
Total, Housing Programs Division	49,280	47,681	1,599
Department Total	100,315	100,315	0

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CAPITAL BUDGET
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2006 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	FEDERAL FUNDS	LIHTC	AHDP	BOND ADMIN FEES
Salaries					
Payroll Related Costs					
Travel In-State					
Travel Out-of-State					
Professional Fees	300,000	200,000	50,000		50,000
Materials/Supplies	0				
Repairs/Maintenance	0				
Printing and Reproduction	0				
Rental/Lease	0				
Membership Dues	0				
Staff Development, Fees and Other Charges	0				
Employee Tuition	0				
Advertising	0				
Freight/Delivery	0				
Temporary Help	0				
Furniture/Equipment	0				
Communications/Utilities	0				
Capital Outlay	200,000	63,000	100,000	0	37,000
State Office of Risk Management					
Total	500,000	263,000	150,000	0	87,000

Notes:
1. Capital Outlay Category is Normal Growth/Integrate Systems.
2. Professional Fees include the PeopleSoft 8.8 Implementation and the Community Services/Energy Assistance System
3. Does not tie to the Capital Budget Rider due to $10,000 budgeted in Manufactured Housing for Normal Growth
4. The Department estimates approximately $300,000 in capital projects budgeted in 2006 will conclude in 2007, we will carry the unexpended balance from 2006 forward to 2007 under authority of Article IX, Sec. 6.16 (i), (2), (j)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CAPITAL BUDGET by PROJECT
FISCAL YEAR 2007

Project Name	Federal Funds	Appropriated Receipts	Total
Normal Growth/Integrate Sysyems	63,000	137,000	200,000
PeopleSoft 8.8 Implementation	100,000	100,000	200,000
Community Services/Energy Assistance Contract	100,000		100,000
Section 8 Sysytem			0
Total, Fiscal Year 2007	263,000	237,000	500,000

Texas Department of Housing and Community Affairs
Projected Expenditures and Budget Balances
Appropriation Year 2006
September 2005 thru August 2006

	Budget 2,006	Expenditures thru June 2006	Estimated Expenditures July thru August	Estimated Annual Expenditures	Estimated Accruals For 2006	Total Estimated Accrued Expenditures	Estimated Budget Balance For 2006
Salaries and Wages	$ 12,715,422	$ 9,778,053	$ 2,014,279	$ 11,792,332	$ 10,000	$ 11,802,332	$ 913,090
Payroll Related Costs	2,924,547	2,248,952	463,284	2,712,236	2,300	2,714,536	210,011
Travel In-State	500,587	386,722	99,770	486,492	8,173	494,665	5,922
Travel Out-of-State	100,315	65,404	13,081	78,485	3,192	81,677	18,638
Professional Fees	2,360,731	1,080,444	631,848	1,712,292	350,439	2,062,731	298,000
Material and Supplies	436,799	229,789	45,958	275,747	41,999	317,746	119,053
Repairs/Maintenance	415,503	214,489	23,750	238,239	-	238,239	177,264
Printing and Reproduction	130,791	22,183	4,437	26,620	3,529	30,149	100,642
Rentals and Leases	745,412	628,523	52,000	680,523	6,282	686,805	58,607
Membership Fees	79,975	53,589	10,718	64,307	216	64,523	15,452
Staff Development, Fees and Other Charges	310,168	175,155	35,031	210,186	33,422	243,608	66,560
Employee Tuition	11,000	236	47	283		283	10,717
Advertising	75,000	16,077	3,215	19,292	3,775	23,067	51,933
Freight/Delivery	24,350	15,750	3,150	18,900	383	19,283	5,067
Temporary Help	452,544	280,191	56,038	336,229	13,542	349,771	102,773
Furniture and Equipment	270,532	139,562	5,500	145,062	1,860	146,922	123,610
Communication and Utilities	215,258	129,046	88,000	217,046	13,261	230,307	(15,049)
Capital Outlay	130,000	303,740	97,360	401,100		401,100	(271,100)
State Office of Risk Management	60,162	41,813		41,813		41,813	18,349
Total Department	$ 21,959,096	$ 15,809,718	$ 3,647,466	$ 19,457,184	$ 492,373	$ 19,949,557	$ 2,009,539

Executive Administration Division

Texas Department of Housing and Community Affairs
Executive Administration
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 1,831,009	$ 1,895,439	$ 64,430	3.5%
Travel In-State	73,075	73,075	-	0.0%
Travel Out-of-State	30,100	29,500	(600)	-2.0%
Professional Fees	329,431	222,500	(106,931)	-32.5%
Material and Supplies	86,391	58,857	(27,534)	-31.9%
Repairs/Maintenance	36,140	30,727	(5,413)	-15.0%
Printing and Reproduction	25,307	20,334	(4,973)	-19.7%
Rentals and Leases	98,786	32,742	(66,044)	-66.9%
Membership Fees	8,500	9,000	500	5.9%
Staff Development, Fees and Other Charges	74,548	76,964	2,416	3.2%
Employee Tuition	1,700	2,700	1,000	58.8%
Advertising	1,200	1,200	-	0.0%
Freight/Delivery	7,100	7,300	200	2.8%
Temporary Help	59,052	32,056	(26,996)	-45.7%
Furniture and Equipment	45,812	8,257	(37,555)	-82.0%
Communication and Utilities	29,956	33,302	3,346	11.2%
Capital Outlay	-	-	-	
State Office of Risk Management	-	1,961	1,961	
Total	$ 2,738,107	$ 2,535,914	$ (202,193)	-7.4%
FTE's	28.00	28.00	0.00	

Note:
Executive Administration includes:
- Executive Office
- Board
- Legal Services
- Internal Audit
- Policy and Public Affairs

Texas Department of Housing and Community Affairs
Executive Office
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 451,840	$ 457,620	$ 5,780	1.3%
Travel In-State	20,000	20,000	-	0.0%
Travel Out-of-State	11,800	11,800	-	0.0%
Professional Fees	2,500	-	(2,500)	-100.0%
Material and Supplies	11,257	8,053	(3,204)	-28.5%
Repairs/Maintenance	6,732	5,408	(1,324)	-19.7%
Printing and Reproduction	1,546	1,082	(464)	-30.0%
Rentals and Leases	13,355	1,561	(11,794)	-88.3%
Membership Fees	2,500	2,500	-	0.0%
Staff Development, Fees and Other Charges	22,161	21,833	(328)	-1.5%
Employee Tuition	-	-	-	
Advertising	-	-	-	
Freight/Delivery	3,000	3,000	-	0.0%
Temporary Help	7,527	2,706	(4,821)	-64.0%
Furniture and Equipment	13,163	2,046	(11,117)	-84.5%
Communication and Utilities	9,510	10,108	598	6.3%
Capital Outlay	-	-	-	
State Office of Risk Management	-	-	-	
Total	$ 576,891	$ 547,717	$ (29,174)	-5.1%
FTE's	5.00	5.00	0.00	

Texas Department of Housing and Community Affairs
Board
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages				
Travel In-State	$ 19,000	$ 19,000	$ -	0.0%
Travel Out-of-State	8,600	8,600	-	0.0%
Professional Fees	500	500	-	0.0%
Material and Supplies	4,000	2,021	(1,979)	-49.5%
Repairs/Maintenance	1,000	1,000	-	0.0%
Printing and Reproduction	1,000	536	(464)	-46.4%
Rentals and Leases	2,000	2,000	-	0.0%
Membership Fees	1,000	1,000	-	0.0%
Staff Development, Fees and Other Charges	21,000	21,000	-	0.0%
Employee Tuition	-	-	-	
Advertising	500	500	-	0.0%
Freight/Delivery	3,000	3,000	-	0.0%
Temporary Help	15,000	15,000	-	0.0%
Furniture and Equipment	1,000	1,000	-	0.0%
Communication and Utilities				
Capital Outlay				
State Office of Risk Management				
Total	$ 77,600	$ 75,157	$ (2,443)	-3.1%

Texas Department of Housing and Community Affairs
Legal Services
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 425,695	$ 434,089	$ 8,395	2.0%
Travel In-State	4,075	4,075	-	0.0%
Travel Out-of-State	2,800	4,200	1,400	50.0%
Professional Fees	200,000	150,000	(50,000)	-25.0%
Material and Supplies	40,109	23,712	(16,397)	-40.9%
Repairs/Maintenance	7,558	5,970	(1,588)	-21.0%
Printing and Reproduction	655	655	-	0.0%
Rentals and Leases	16,025	1,873	(14,152)	-88.3%
Membership Fees	2,000	2,000	-	0.0%
Staff Development, Fees and Other Charges	9,327	9,934	607	6.5%
Employee Tuition	-	-	-	
Advertising	400	400	-	0.0%
Freight/Delivery	600	600	-	0.0%
Temporary Help	10,133	4,347	(5,786)	-57.1%
Furniture and Equipment	3,457	2,455	(1,002)	-29.0%
Communication and Utilities	4,812	5,529	717	14.9%
Capital Outlay	-	-	-	
State Office of Risk Management	-	-	-	
Total	$ 727,646	$ 649,839	$ (77,806)	-10.7%
FTE's	6.00	6.00	0.00	

Texas Department of Housing and Community Affairs
Internal Audit
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 223,331	$ 234,639	$ 11,309	5.1%
Travel In-State	1,000	1,000	-	0.0%
Travel Out-of-State	-	-	-	
Professional Fees	-	-	-	
Material and Supplies	6,156	5,547	(609)	-9.9%
Repairs/Maintenance	4,907	3,847	(1,060)	-21.6%
Printing and Reproduction	687	571	(116)	-16.9%
Rentals and Leases	10,683	1,249	(9,434)	-88.3%
Membership Fees	1,500	2,000	500	33.3%
Staff Development, Fees and Other Charges	6,235	7,223	988	15.8%
Employee Tuition	1,700	2,700	1,000	58.8%
Advertising	300	300	-	0.0%
Freight/Delivery	-	200	200	
Temporary Help	4,423	565	(3,858)	-87.2%
Furniture and Equipment	12,353	437	(11,916)	-96.5%
Communication and Utilities	3,208	3,686	478	14.9%
Capital Outlay	-	-	-	
State Office of Risk Management	-	-	-	
Total	$ 276,483	$ 263,964	$ (12,518)	-4.5%
FTE's	4.00	4.00	0.00	

Texas Department of Housing and Community Affairs
Policy and Public Affairs
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 730,144	$ 769,091	$ 38,947	5.3%
Travel In-State	29,000	29,000	-	0.0%
Travel Out-of-State	6,900	4,900	(2,000)	-29.0%
Professional Fees	126,431	72,000	(54,431)	-43.1%
Material and Supplies	24,869	19,524	(5,345)	-21.5%
Repairs/Maintenance	15,943	14,502	(1,441)	-9.0%
Printing and Reproduction	21,419	17,490	(3,929)	-18.3%
Rentals and Leases	56,723	26,059	(30,664)	-54.1%
Membership Fees	1,500	1,500	-	0.0%
Staff Development, Fees and Other Charges	15,825	16,974	1,149	7.3%
Employee Tuition	-	-	-	
Advertising	-	-	-	
Freight/Delivery	500	500	-	0.0%
Temporary Help	21,969	9,438	(12,531)	-57.0%
Furniture and Equipment	15,839	2,319	(13,520)	-85.4%
Communication and Utilities	12,426	13,979	1,553	12.5%
Capital Outlay	-	-	-	
State Office of Risk Management	-	1,961	1,961	
Total	$ 1,079,488	$ 999,237	$ (80,251)	-7.4%
FTE's	13.00	13.00	0.00	

Housing Programs Division

Texas Department of Housing and Community Affairs
Housing Programs Division
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 4,858,517	$ 5,001,257	$ 142,740	2.9%
Travel In-State	263,062	263,062	-	0.0%
Travel Out-of-State	47,681	49,280	1,599	3.4%
Professional Fees	507,900	554,700	46,800	9.2%
Material and Supplies	192,047	212,935	20,888	10.9%
Repairs/Maintenance	181,608	164,019	(17,589)	-9.7%
Printing and Reproduction	65,685	35,247	(30,438)	-46.3%
Rentals and Leases	314,723	105,010	(209,713)	-66.6%
Membership Fees	56,505	55,505	(1,000)	-1.8%
Staff Development, Fees and Other Charges	93,743	117,913	24,170	25.8%
Employee Tuition	5,800	6,400	600	10.3%
Advertising	69,700	65,700	(4,000)	-5.7%
Freight/Delivery	10,200	17,000	6,800	66.7%
Temporary Help	194,093	94,958	(99,135)	-51.1%
Furniture and Equipment	126,259	32,185	(94,074)	-74.5%
Communication and Utilities	90,487	101,359	10,872	12.0%
Capital Outlay	-	-	-	
State Office of Risk Management	34,948	23,506	(11,442)	-32.7%
Total	$ 7,112,958	$ 6,900,036	$ (212,922)	-3.0%
FTE's	91.00	91.00	0.00	

Housing Programs Division Includes:
- Office of Colonia Initiatives
- Community Affairs
- Multifamily Finance Production
- Single Family Finance Production
- Real Estate Analysis
- Bond Finance

Texas Department of Housing and Community Affairs
Office of Colonia Initiatives
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 416,890	$ 452,598	$ 35,709	8.6%
Travel In-State	40,000	40,000	-	0.0%
Travel Out-of-State	3,000	3,500	500	16.7%
Professional Fees	6,000	6,000	-	0.0%
Material and Supplies	12,812	10,561	(2,251)	-17.6%
Repairs/Maintenance	9,811	7,694	(2,117)	-21.6%
Printing and Reproduction	1,873	1,409	(464)	-24.8%
Rentals and Leases	41,284	22,498	(18,786)	-45.5%
Membership Fees	1,000	1,000	-	0.0%
Staff Development, Fees and Other Charges	6,969	8,445	1,476	21.2%
Employee Tuition	600	600	-	0.0%
Advertising	2,000	2,000	-	0.0%
Freight/Delivery	1,000	1,000	-	0.0%
Temporary Help	14,343	10,631	(3,712)	-25.9%
Furniture and Equipment	14,891	3,873	(11,018)	-74.0%
Communication and Utilities	16,416	17,372	956	5.8%
Capital Outlay	-	-	-	
State Office of Risk Management	1,683	1,427	(256)	-15.2%
Total	$ 590,572	$ 590,608	$ 37	0.0%
FTE's	8.00	8.00	0.00	

Texas Department of Housing and Community Affairs
Community Affairs
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 2,007,488	$ 2,081,102	$ 73,614	3.7%
Travel In-State	141,562	141,562	-	0.0%
Travel Out-of-State	14,100	15,100	1,000	7.1%
Professional Fees	264,400	173,000	(91,400)	-34.6%
Material and Supplies	106,199	139,296	33,097	31.2%
Repairs/Maintenance	118,785	114,932	(3,853)	-3.2%
Printing and Reproduction	16,477	11,709	(4,768)	-28.9%
Rentals and Leases	138,611	41,800	(96,811)	-69.8%
Membership Fees	16,005	16,005	-	0.0%
Staff Development, Fees and Other Charges	35,719	45,833	10,114	28.3%
Employee Tuition	-	2,000	2,000	
Advertising	4,600	3,600	(1,000)	-21.7%
Freight/Delivery	4,200	4,300	100	2.4%
Temporary Help	59,821	33,293	(26,528)	-44.3%
Furniture and Equipment	54,407	20,327	(34,080)	-62.6%
Communication and Utilities	36,784	41,683	4,899	13.3%
Capital Outlay	-	-	-	
State Office of Risk Management	14,157	11,415	(2,742)	-19.4%
Total, Community Affairs	$ 3,033,315	$ 2,896,957	$ (136,358)	-4.5%
FTE's	41.00	41.00	0.00	

Community Affairs Division Includes:
- Division Administration - Community Affairs
- Community Services Program
- Energy Assistance Program
- Section 8

Texas Department of Housing and Community Affairs
Division Administration - Community Affairs
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 188,330	$ 197,448	$ 9,118	4.8%
Travel In-State	5,000	5,000	-	0.0%
Travel Out-of-State	5,000	6,000	1,000	20.0%
Professional Fees	1,000	4,000	3,000	300.0%
Material and Supplies	3,555	3,771	216	6.1%
Repairs/Maintenance	4,180	3,386	(794)	-19.0%
Printing and Reproduction	1,328	864	(464)	-34.9%
Rentals and Leases	9,113	1,937	(7,176)	-78.7%
Membership Fees	1,500	1,500	-	0.0%
Staff Development, Fees and Other Charges	4,114	3,917	(197)	-4.8%
Employee Tuition	-	-	-	
Advertising	-	-	-	
Freight/Delivery	500	500	-	0.0%
Temporary Help	5,315	1,924	(3,391)	-63.8%
Furniture and Equipment	11,644	1,428	(10,216)	-87.7%
Communication and Utilities	2,406	2,765	359	14.9%
Capital Outlay	-	-	-	
State Office of Risk Management	-	-	-	
Total	$ 242,985	$ 234,440	$ (8,545)	-3.5%
FTE's	3.00	3.00	0.00	

Texas Department of Housing and Community Affairs
Community Services Program
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 744,379	$ 776,507	$ 32,128	4.3%
Travel In-State	50,000	50,000	-	0.0%
Travel Out-of-State	3,100	3,100	-	0.0%
Professional Fees	18,800	74,000	55,200	293.6%
Material and Supplies	23,773	20,623	(3,150)	-13.3%
Repairs/Maintenance	18,397	14,426	(3,971)	-21.6%
Printing and Reproduction	7,638	4,852	(2,786)	-36.5%
Rentals and Leases	61,065	25,683	(35,382)	-57.9%
Membership Fees	7,050	7,050	-	0.0%
Staff Development, Fees and Other Charges	11,568	15,585	4,017	34.7%
Employee Tuition	-	2,000	2,000	
Advertising	-	-	-	
Freight/Delivery	1,000	1,000	-	0.0%
Temporary Help	21,581	7,120	(14,461)	-67.0%
Furniture and Equipment	8,043	3,788	(4,255)	-52.9%
Communication and Utilities	13,531	15,323	1,792	13.2%
Capital Outlay	-	-	-	
State Office of Risk Management	5,515	3,829	(1,686)	-30.6%
Total	$ 995,440	$ 1,024,886	$ 29,446	3.0%
FTE's	15.00	15.00	0.00	

Texas Department of Housing and Community Affairs
Energy Assistance Program
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 765,542	$ 789,451	$ 23,909	3.1%
Travel In-State	73,562	73,562	-	0.0%
Travel Out-of-State	3,800	3,800	-	0.0%
Professional Fees	177,600	81,000	(96,600)	-54.4%
Material and Supplies	65,310	103,829	38,519	59.0%
Repairs/Maintenance	87,622	90,388	2,766	3.2%
Printing and Reproduction	3,747	3,354	(393)	-10.5%
Rentals and Leases	49,736	11,995	(37,741)	-75.9%
Membership Fees	6,455	6,455	-	0.0%
Staff Development, Fees and Other Charges	13,439	18,391	4,952	36.8%
Employee Tuition	-	-	-	
Advertising	4,000	3,000	(1,000)	-25.0%
Freight/Delivery	2,500	2,500	-	0.0%
Temporary Help	20,688	17,260	(3,428)	-16.6%
Furniture and Equipment	30,553	14,347	(16,206)	-53.0%
Communication and Utilities	15,233	17,144	1,911	12.5%
Capital Outlay	-	-	-	
State Office of Risk Management	6,540	4,614	(1,926)	-29.4%
Total	$ 1,326,327	$ 1,241,090	$ (85,237)	-6.4%
FTE's	16.00	16.00	0.00	

Texas Department of Housing and Community Affairs
Section 8 - Rental Assistance Program
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 309,236	$ 317,696	$ 8,460	2.7%
Travel In-State	13,000	13,000	-	0.0%
Travel Out-of-State	2,200	2,200	-	0.0%
Professional Fees	67,000	14,000	(53,000)	-79.1%
Material and Supplies	13,561	11,073	(2,488)	-18.3%
Repairs/Maintenance	8,586	6,732	(1,854)	-21.6%
Printing and Reproduction	3,764	2,639	(1,125)	-29.9%
Rentals and Leases	18,697	2,185	(16,512)	-88.3%
Membership Fees	1,000	1,000	-	0.0%
Staff Development, Fees and Other Charges	6,598	7,940	1,342	20.3%
Employee Tuition	-	-	-	
Advertising	600	600	-	0.0%
Freight/Delivery	200	300	100	50.0%
Temporary Help	12,237	6,989	(5,248)	-42.9%
Furniture and Equipment	4,167	764	(3,403)	-81.7%
Communication and Utilities	5,614	6,451	837	14.9%
Capital Outlay	-	-	-	
State Office of Risk Management	2,102	2,972	870	41.4%
Total	$ 468,562	$ 396,541	$ (72,021)	-15.4%
FTE's	7.00	7.00	0.00	

Texas Department of Housing and Community Affairs
Multifamily Finance Production
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 767,661	$ 804,724	$ 37,063	4.8%
Travel In-State	25,000	25,000	-	0.0%
Travel Out-of-State	11,500	11,500	-	0.0%
Professional Fees	7,200	7,200	-	0.0%
Material and Supplies	31,922	26,756	(5,166)	-16.2%
Repairs/Maintenance	17,170	13,464	(3,706)	-21.6%
Printing and Reproduction	4,528	3,135	(1,393)	-30.8%
Rentals and Leases	43,643	13,571	(30,072)	-68.9%
Membership Fees	2,000	2,000	-	0.0%
Staff Development, Fees and Other Charges	14,697	18,976	4,279	29.1%
Employee Tuition	2,000	2,000	-	0.0%
Advertising	2,500	2,500	-	0.0%
Freight/Delivery	3,500	3,500	-	0.0%
Temporary Help	69,877	31,978	(37,899)	-54.2%
Furniture and Equipment	15,849	1,728	(14,121)	-89.1%
Communication and Utilities	11,229	12,901	1,672	14.9%
Capital Outlay	-	-	-	
State Office of Risk Management	6,945	3,962	(2,983)	-43.0%
Total	$ 1,037,221	$ 984,895	$ (52,326)	-5.0%
FTE's	14.00	14.00	0.00	

Texas Department of Housing and Community Affairs
Single Family Finance Production
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 731,674	$ 743,709	$ 12,036	1.6%
Travel In-State	46,000	46,000	-	0.0%
Travel Out-of-State	5,730	5,730	-	0.0%
Professional Fees	175,300	248,500	73,200	41.8%
Material and Supplies	21,120	18,110	(3,010)	-14.3%
Repairs/Maintenance	16,444	13,002	(3,442)	-20.9%
Printing and Reproduction	40,419	16,954	(23,465)	-58.1%
Rentals and Leases	51,122	22,458	(28,664)	-56.1%
Membership Fees	2,000	1,000	(1,000)	-50.0%
Staff Development, Fees and Other Charges	14,825	17,974	3,149	21.2%
Employee Tuition	600	600	-	0.0%
Advertising	50,000	50,000	-	0.0%
Freight/Delivery	-	5,950	5,950	
Temporary Help	20,371	3,837	(16,534)	-81.2%
Furniture and Equipment	15,039	2,919	(12,120)	-80.6%
Communication and Utilities	12,027	13,580	1,553	12.9%
Capital Outlay	-	-	-	
State Office of Risk Management	12,163	6,702	(5,461)	-44.9%
Total	$ 1,214,834	$ 1,217,025	$ 2,192	0.2%
FTE's	13.00	13.00	0.00	

Texas Department of Housing and Community Affairs
Real Estate Analysis
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 660,153	$ 632,755	$ (27,398)	-4.2%
Travel In-State	4,000	4,000	-	0.0%
Travel Out-of-State	4,250	4,250	-	0.0%
Professional Fees	51,000	116,000	65,000	127.5%
Material and Supplies	11,736	12,246	510	4.3%
Repairs/Maintenance	13,991	11,080	(2,911)	-20.8%
Printing and Reproduction	1,201	1,201	-	0.0%
Rentals and Leases	29,380	3,434	(25,946)	-88.3%
Membership Fees	500	500	-	0.0%
Staff Development, Fees and Other Charges	12,183	18,462	6,279	51.5%
Employee Tuition	600	600	-	0.0%
Advertising	600	600	-	0.0%
Freight/Delivery	250	250	-	0.0%
Temporary Help	25,258	14,654	(10,604)	-42.0%
Furniture and Equipment	14,820	1,901	(12,919)	-87.2%
Communication and Utilities	8,823	10,137	1,314	14.9%
Capital Outlay	-	-	-	
State Office of Risk Management	-	-	-	
Total	$ 838,745	$ 832,070	$ (6,675)	-0.8%
FTE's	11.00	11.00	0.00	

Texas Department of Housing and Community Affairs
Bond Finance
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 274,652	$ 286,368	$ 11,716	4.3%
Travel In-State	6,500	6,500	-	0.0%
Travel Out-of-State	9,101	9,200	99	1.1%
Professional Fees	4,000	4,000	-	0.0%
Material and Supplies	8,258	5,966	(2,292)	-27.8%
Repairs/Maintenance	5,407	3,847	(1,560)	-28.9%
Printing and Reproduction	1,187	839	(348)	-29.3%
Rentals and Leases	10,683	1,249	(9,434)	-88.3%
Membership Fees	35,000	35,000	-	0.0%
Staff Development, Fees and Other Charges	9,350	8,223	(1,127)	-12.1%
Employee Tuition	2,000	600	(1,400)	-70.0%
Advertising	10,000	7,000	(3,000)	-30.0%
Freight/Delivery	1,250	2,000	750	60.0%
Temporary Help	4,423	565	(3,858)	-87.2%
Furniture and Equipment	11,253	1,437	(9,816)	-87.2%
Communication and Utilities	5,208	5,686	478	9.2%
Capital Outlay	-	-	-	
State Office of Risk Management	-	-	-	
Total	$ 398,272	$ 378,480	$ (19,792)	-5.0%
FTE's	4.00	4.00	0.00	

Agency Administration Division

Texas Department of Housing and Community Affairs
Agency Administration
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 6,025,896	$ 6,361,608	$ 335,712	5.6%
Travel In-State	164,450	164,450	-	0.0%
Travel Out-of-State	22,534	21,535	(999)	-4.4%
Professional Fees	958,400	898,950	(59,450)	-6.2%
Material and Supplies	158,361	138,955	(19,406)	-12.3%
Repairs/Maintenance	197,755	173,781	(23,974)	-12.1%
Printing and Reproduction	39,799	27,111	(12,688)	-31.9%
Rentals and Leases	331,903	56,241	(275,662)	-83.1%
Membership Fees	14,970	14,420	(550)	-3.7%
Staff Development, Fees and Other Charges	141,877	157,492	15,615	11.0%
Employee Tuition	3,500	4,100	600	17.1%
Advertising	4,100	3,600	(500)	-12.2%
Freight/Delivery	7,050	5,750	(1,300)	-18.4%
Temporary Help	199,399	73,142	(126,257)	-63.3%
Furniture and Equipment	98,461	25,609	(72,852)	-74.0%
Communication and Utilities	94,815	109,817	15,002	15.8%
Capital Outlay	-	-	-	
State Office of Risk Management	25,214	27,655	2,441	9.7%
Total	$ 8,488,484	$ 8,264,216	$ (224,268)	-2.6%
FTE's	110.00	110.00	0.00	

Note:
Agency Administration Includes:
Human Resources
Facilities and Space Management
Information Systems
Financial Administration
Portfolio Management and Compliance

Texas Department of Housing and Community Affairs
Human Resources
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 292,755	$ 308,301	$ 15,546	5.3%
Travel In-State	500	500	-	0.0%
Travel Out-of-State	-	-	-	
Professional Fees	6,200	7,500	1,300	21.0%
Material and Supplies	8,757	7,042	(1,715)	-19.6%
Repairs/Maintenance	6,132	5,108	(1,024)	-16.7%
Printing and Reproduction	896	707	(189)	-21.1%
Rentals and Leases	13,355	1,561	(11,794)	-88.3%
Membership Fees	880	880	-	0.0%
Staff Development, Fees and Other Charges	5,856	7,896	2,040	34.8%
Employee Tuition	-	-	-	
Advertising	-	-	-	
Freight/Delivery	150	350	200	133.3%
Temporary Help	12,027	3,706	(8,321)	-69.2%
Furniture and Equipment	12,263	1,146	(11,117)	-90.7%
Communication and Utilities	4,010	4,608	598	14.9%
Capital Outlay	-	-	-	
State Office of Risk Management	-	-	-	
Total	$ 363,781	$ 349,305	$ (14,476)	-4.0%
FTE's	5.00	5.00	0.00	

Texas Department of Housing and Community Affairs
Facilities and Space Management
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 230,572	$ 246,585	$ 16,013	6.9%
Travel In-State	1,000	1,000	-	0.0%
Travel Out-of-State	-	-	-	
Professional Fees	-	-	-	
Material and Supplies	5,757	5,526	(231)	-4.0%
Repairs/Maintenance	6,882	6,308	(574)	-8.3%
Printing and Reproduction	2,096	1,617	(479)	-22.9%
Rentals and Leases	13,955	2,161	(11,794)	-84.5%
Membership Fees	340	340	-	0.0%
Staff Development, Fees and Other Charges	5,856	5,528	(328)	-5.6%
Employee Tuition	-	-	-	
Advertising	-	-	-	
Freight/Delivery	100	100	-	0.0%
Temporary Help	18,527	13,506	(5,021)	-27.1%
Furniture and Equipment	5,548	7,746	2,198	39.6%
Communication and Utilities	5,450	6,188	738	13.5%
Capital Outlay	-	-	-	
State Office of Risk Management	1,000	1,294	294	29.4%
Total	$ 297,083	$ 297,899	$ 816	0.3%
FTE's	5.00	5.00	0.00	

Texas Department of Housing and Community Affairs
Information Systems
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 1,146,026	$ 1,197,169	$ 51,143	4.5%
Travel In-State	10,000	10,000	-	0.0%
Travel Out-of-State	2,400	2,400	-	0.0%
Professional Fees	-	-	-	
Material and Supplies	37,179	29,694	(7,485)	-20.1%
Repairs/Maintenance	30,302	25,572	(4,730)	-15.6%
Printing and Reproduction	3,574	2,878	(696)	-19.5%
Rentals and Leases	54,048	9,232	(44,816)	-82.9%
Membership Fees	1,000	1,000	-	0.0%
Staff Development, Fees and Other Charges	32,052	35,808	3,756	11.7%
Employee Tuition	-	-	-	
Advertising	2,000	1,500	(500)	-25.0%
Freight/Delivery	1,000	1,000	-	0.0%
Temporary Help	37,002	19,684	(17,318)	-46.8%
Furniture and Equipment	18,597	2,674	(15,923)	-85.6%
Communication and Utilities	17,639	20,009	2,370	13.4%
Capital Outlay	-	-	-	
State Office of Risk Management	2,903	4,216	1,313	45.2%
Total	$ 1,395,722	$ 1,362,836	$ (32,886)	-2.4%
FTE's	19.00	19.00	0.00	

Texas Department of Housing and Community Affairs
Financial Administration
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 1,964,980	$ 2,113,689	$ 148,708	7.6%
Travel In-State	22,950	22,950	-	0.0%
Travel Out-of-State	5,635	6,135	500	8.9%
Professional Fees	130,700	147,800	17,100	13.1%
Material and Supplies	40,006	39,992	(14)	0.0%
Repairs/Maintenance	99,875	93,878	(5,997)	-6.0%
Printing and Reproduction	8,430	6,392	(2,038)	-24.2%
Rentals and Leases	99,824	12,551	(87,273)	-87.4%
Membership Fees	4,400	5,170	770	17.5%
Staff Development, Fees and Other Charges	61,781	64,810	3,029	4.9%
Employee Tuition	3,500	4,100	600	17.1%
Advertising	2,100	2,100	-	0.0%
Freight/Delivery	3,800	2,300	(1,500)	-39.5%
Temporary Help	58,204	15,028	(43,176)	-74.2%
Furniture and Equipment	28,268	6,840	(21,428)	-75.8%
Communication and Utilities	30,926	36,966	6,040	19.5%
Capital Outlay	-	-	-	
State Office of Risk Management	13,890	14,576	686	4.9%
Total	$ 2,579,269	$ 2,595,277	$ 16,007	0.6%
FTE's	37.00	37.00	0.00	

Note:
Financial Administration:
- Director's Office
- Accounting Operations
- Financial Services
- Purchasing

Texas Department of Housing and Community Affairs
Director's Office of Financial Administration
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 380,698	$ 411,766	$ 31,068	8.2%
Travel In-State	7,000	7,000	-	0.0%
Travel Out-of-State	2,000	2,500	500	25.0%
Professional Fees	19,000	17,000	(2,000)	-10.5%
Material and Supplies	7,609	7,037	(572)	-7.5%
Repairs/Maintenance	7,358	5,770	(1,588)	-21.6%
Printing and Reproduction	1,655	1,191	(464)	-28.0%
Rentals and Leases	17,025	2,873	(14,152)	-83.1%
Membership Fees	1,000	1,000	-	0.0%
Staff Development, Fees and Other Charges	5,227	4,834	(393)	-7.5%
Employee Tuition	600	600	-	0.0%
Advertising	600	600	-	0.0%
Freight/Delivery	700	700	-	0.0%
Temporary Help	7,433	1,647	(5,786)	-77.8%
Furniture and Equipment	13,072	1,155	(11,917)	-91.2%
Communication and Utilities	5,312	6,029	717	13.5%
Capital Outlay	-	-	-	
State Office of Risk Management	11,222	11,538	316	2.8%
Total	$ 487,511	$ 483,240	$ (4,271)	-0.9%
FTE's	6.00	6.00	0.00	

Texas Department of Housing and Community Affairs
Accounting Operations
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 625,757	$ 673,637	$ 47,880	7.7%
Travel In-State	6,000	6,000	-	0.0%
Travel Out-of-State	1,300	1,300	-	0.0%
Professional Fees	5,000	3,000	(2,000)	-40.0%
Material and Supplies	13,218	13,063	(155)	-1.2%
Repairs/Maintenance	16,218	13,040	(3,178)	-19.6%
Printing and Reproduction	4,310	2,917	(1,393)	-32.3%
Rentals and Leases	32,051	3,746	(28,305)	-88.3%
Membership Fees	700	700	-	0.0%
Staff Development, Fees and Other Charges	25,454	24,668	(786)	-3.1%
Employee Tuition	900	900	-	0.0%
Advertising	1,200	1,200	-	0.0%
Freight/Delivery	500	500	-	0.0%
Temporary Help	19,267	7,696	(11,571)	-60.1%
Furniture and Equipment	5,715	2,110	(3,605)	-63.1%
Communication and Utilities	9,625	11,058	1,433	14.9%
Capital Outlay	-	-	-	
State Office of Risk Management	2,430	2,761	331	13.6%
Total	$ 769,645	$ 768,296	$ (1,349)	-0.2%
FTE's	12.00	12.00	0.00	

Texas Department of Housing and Community Affairs
Financial Services
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 768,474	$ 821,252	$ 52,778	6.9%
Travel In-State	7,950	7,950	-	0.0%
Travel Out-of-State	2,335	2,335	-	0.0%
Professional Fees	106,700	127,800	21,100	19.8%
Material and Supplies	15,273	15,621	348	2.3%
Repairs/Maintenance	71,092	70,921	(171)	-0.2%
Printing and Reproduction	1,638	1,638	-	0.0%
Rentals and Leases	40,065	4,683	(35,382)	-88.3%
Membership Fees	2,300	3,070	770	33.5%
Staff Development, Fees and Other Charges	28,055	32,525	4,470	15.9%
Employee Tuition	-	600	600	
Advertising	-	-	-	
Freight/Delivery	2,500	1,000	(1,500)	-60.0%
Temporary Help	24,081	2,120	(21,961)	-91.2%
Furniture and Equipment	7,143	2,438	(4,705)	-65.9%
Communication and Utilities	12,781	16,193	3,412	26.7%
Capital Outlay	-	-	-	
State Office of Risk Management	-	-	-	
Total	$ 1,090,387	$ 1,110,146	$ 19,759	1.8%
FTE's	15.00	15.00	0.00	

Texas Department of Housing and Community Affairs
Purchasing
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 190,052	$ 207,034	$ 16,982	8.9%
Travel In-State	2,000	2,000	-	0.0%
Travel Out-of-State	-	-	-	
Professional Fees	-	-	-	
Material and Supplies	3,906	4,271	365	9.3%
Repairs/Maintenance	5,207	4,147	(1,060)	-20.4%
Printing and Reproduction	827	646	(181)	-21.9%
Rentals and Leases	10,683	1,249	(9,434)	-88.3%
Membership Fees	400	400	-	0.0%
Staff Development, Fees and Other Charges	3,045	2,783	(262)	-8.6%
Employee Tuition	2,000	2,000	-	0.0%
Advertising	300	300	-	0.0%
Freight/Delivery	100	100	-	0.0%
Temporary Help	7,423	3,565	(3,858)	-52.0%
Furniture and Equipment	2,338	1,137	(1,201)	-51.4%
Communication and Utilities	3,208	3,686	478	14.9%
Capital Outlay	-	-	-	
State Office of Risk Management	238	277	39	16.4%
Total	$ 231,727	$ 233,595	$ 1,868	0.8%
FTE's	4.00	4.00	0.00	

Texas Department of Housing and Community Affairs
Portfolio Management and Compliance
Comparison of Budget Years 2006 and 2007

	FY06 Budget (a)	FY07 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 2,391,563	$ 2,495,864	$ 104,301	4.4%
Travel In-State	130,000	130,000	-	0.0%
Travel Out-of-State	14,499	13,000	(1,499)	-10.3%
Professional Fees	821,500	743,650	(77,850)	-9.5%
Material and Supplies	66,662	56,701	(9,961)	-14.9%
Repairs/Maintenance	54,564	42,915	(11,649)	-21.3%
Printing and Reproduction	24,803	15,517	(9,286)	-37.4%
Rentals and Leases	150,721	30,736	(119,985)	-79.6%
Membership Fees	8,350	7,030	(1,320)	-15.8%
Staff Development, Fees and Other Charges	36,332	43,450	7,118	19.6%
Employee Tuition	-	-	-	
Advertising	-	-	-	
Freight/Delivery	2,000	2,000	-	0.0%
Temporary Help	73,639	21,218	(52,421)	-71.2%
Furniture and Equipment	33,785	7,203	(26,582)	-78.7%
Communication and Utilities	36,790	42,046	5,256	14.3%
Capital Outlay	-	-	-	
State Office of Risk Management	7,421	7,569	148	2.0%
Total	$ 3,852,629	$ 3,658,899	$ (193,730)	-5.0%
FTE's	44.00	44.00	0.00	

ATTACHMENT 12

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

FY-2008 APPROVED OPERATING BUDGET

(September 1, 2007 through August 31, 2008)

July 30, 2007

Prepared by the Financial Administration Division

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY-2008 OPERATING BUDGET

TABLE OF CONTENTS

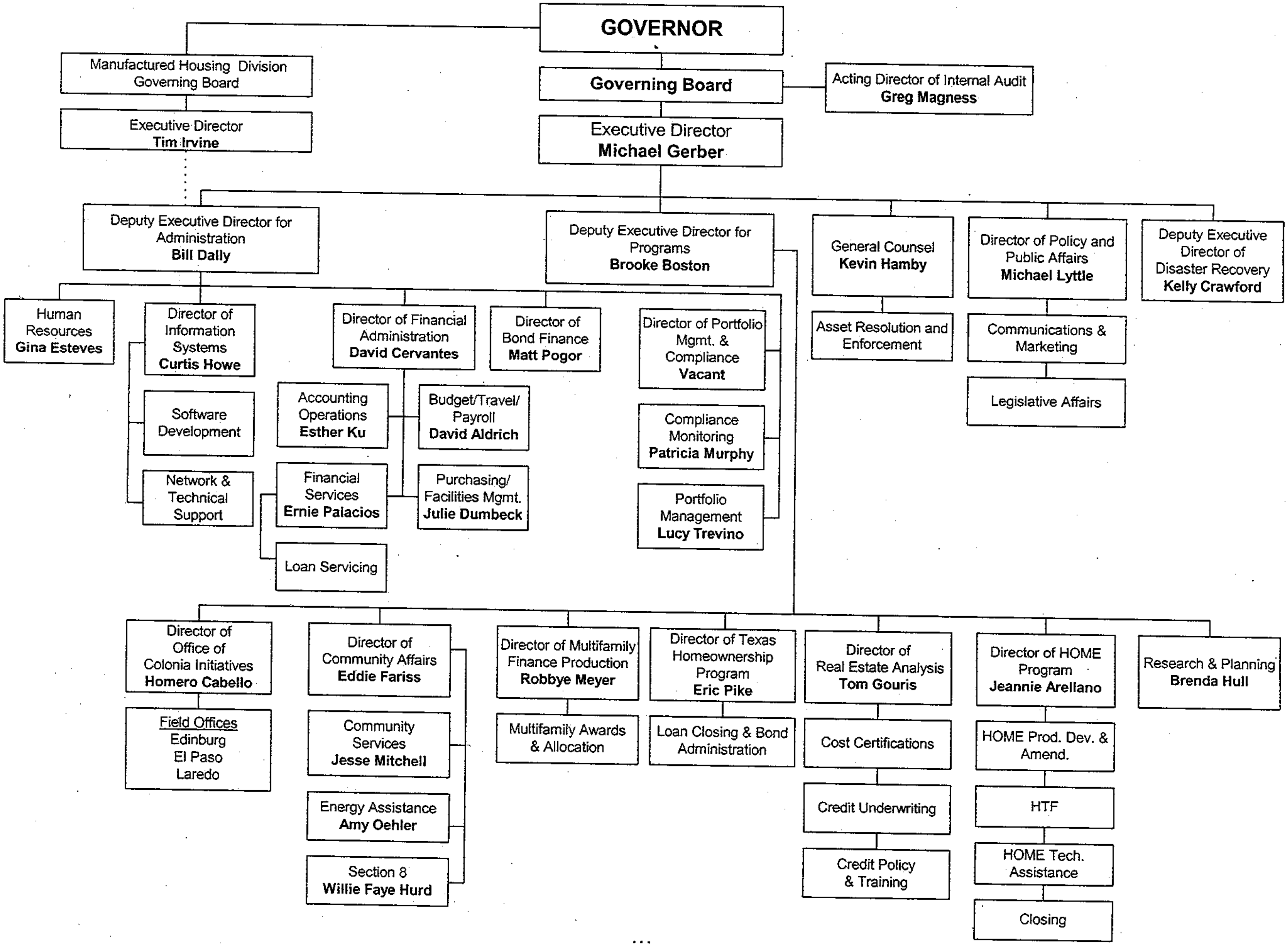
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY-2008 OPERATING BUDGET

T A B L E O F C O N T E N T S (Continued)

* * * * * * * * * * * * * * *

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

(298)



Texas Department of Housing and Community Affairs
Comparision by Division
Appropriation Years 2007 and 2008

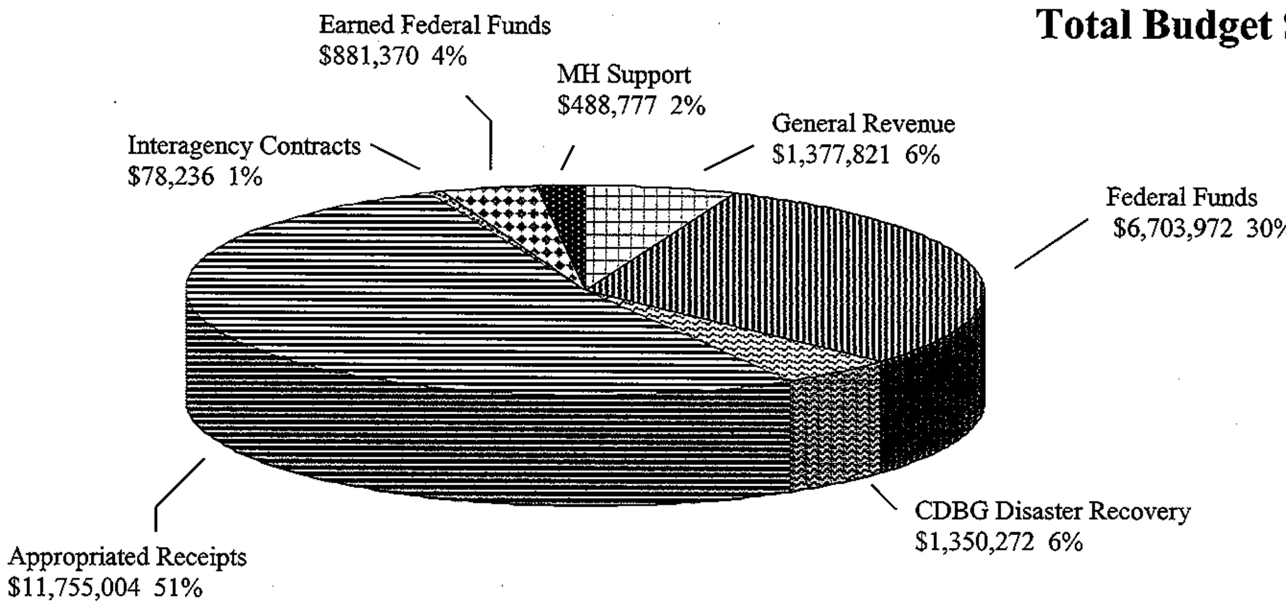
	FY07 Original Budget	FY08 Budget (b)	Variance (b-a)	Percentage Change	FY07 Original FTEs	FY08 FTEs	FTE Variance
Housing Programs Division:							
Office of Colonia Initiatives	$ 590,608	$ 571,954	$ (18,655)	-3.2%	8.0	7.0	(1.0)
Community Affairs Administration	234,440	241,729	7,290	3.1%	3.0	3.0	0.0
Community Services Programs	1,024,886	1,061,081	36,195	3.5%	15.0	15.0	0.0
Energy Assistance	1,241,090	1,150,003	(91,087)	-7.3%	16.0	16.0	0.0
Section 8	396,541	418,620	22,079	5.6%	7.0	7.0	0.0
Multifamily Finance Production	984,895	860,033	(124,862)	-12.7%	14.0	12.0	(2.0)
Texas Homeownership Program	1,217,025	539,314	(677,711)	-55.7%	13.0	5.0	(8.0)
HOME Program	-	2,042,506	2,042,506			27.0	27.0
Real Estate Analysis	832,070	746,679	(85,391)	-10.3%	11.0	10.0	(1.0)
Research and Planning	-	274,666	274,666			4.0	4.0
Subtotal, Housing Programs Division	6,521,556	7,906,587	1,385,030	21.2%	87.0	106.0	19.0
Disaster Recovery Division		1,125,295	1,125,295			12.0	12.0
Executive Administration:							
Executive Office	547,717	566,207	18,491	3.4%	5.0	5.0	0.0
Board	75,157	76,308	1,151	1.5%	0.0	0.0	0.0
Legal Services	649,839	866,075	216,236	33.3%	6.0	8.0	2.0
Internal Audit	263,964	286,834	22,870	8.7%	4.0	4.0	0.0
Policy and Public Affairs	999,237	559,379	(439,858)	-44.0%	13.0	6.0	(7.0)
Subtotal, Executive Administration	2,535,914	2,354,804	(181,111)	-7.1%	28.0	23.0	(5.0)
Agency Administration:							
Director's Office of Financial Administration	483,240	497,199	13,959	2.9%	6.0	6.0	0.0
Accounting Operations	768,296	845,206	76,910	10.0%	12.0	12.0	0.0
Financial Services	1,110,146	1,126,026	15,880	1.4%	15.0	15.0	0.0
Purchasing and Facilities Management	531,493	476,313	(55,180)	-10.4%	9.0	8.0	(1.0)
Human Resources	349,305	323,622	(25,683)	-7.4%	5.0	4.0	(1.0)
Facilities and Space Management	-	-	-	0.0%	0.0	0.0	0.0
Information Systems	1,362,836	1,318,122	(44,714)	-3.3%	19.0	18.0	(1.0)
Bond Finance	378,480	387,095	8,615	2.3%	4.0	4.0	0.0
Portfolio Management and Compliance	3,658,899	2,822,084	(836,816)	-22.9%	44.0	33.0	(11.0)
Subtotal, Agency Administration	8,642,695	7,795,666	(847,029)	-9.8%	114.0	100.0	(14.0)
Capital Budget (Note: $40,625 in MH 2008 budget)	500,000	159,375	(340,625)	-68.1%			
Payroll Related Costs	3,049,410	3,293,726	244,316	8.0%			
Total, Department	$ 21,249,576	$ 22,635,452	$ 1,385,876	6.5%	229.0	241.0	12.0

Method of Finance:				
General Revenue	$ 1,000,398	$ 1,377,821	$ 377,423	37.7%
Earned Federal Funds	909,146	881,370	(27,776)	-3.1%
Federal Funds	7,983,260	6,703,972	(1,279,288)	-16.0%
CDBG Disaster Recovery	-	1,350,272	1,350,272	0.0%
Appropriated Receipts - Housing Finance	10,782,313	11,755,004	972,691	9.0%
Interagency Contracts	83,953	78,236	(5,717)	-6.8%
Appropriated Receipts - Manufact. Housing	490,506	488,777	(1,730)	-0.4%
Total, Method of Finance	$ 21,249,576	$ 22,635,452	$ 1,385,876	6.5%

Note: Appropriated Receipts - Housing Finance include Bond Administration Fees, Housing Tax Credit Fees, and Affordable Housing Disposition Program Fees.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY 2008 Method of Finance

Total Budget $22,635,452



Type	2007	2008
General Revenue	1,000,398	1,377,821
Federal Funds	7,983,260	6,703,972
CDBG Disaster Recovery	-	1,350,272
Appropriated Receipts -HF	10,782,313	11,755,004
Interagency Contracts	83,953	78,236
Earned Federal Funds	909,146	881,370
MH Support (MOU)	490,506	488,777
Total MOF	**$21,249,576**	**$22,635,452**

Texas Department of Housing and Community Affairs
Comparison by Expense Object
Appropriation Years 2007 and 2008

	FY07 Budget (a)	FY08 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 13,258,303	$ 14,320,550	$ 1,062,247	8.0%
Payroll Related Costs	3,049,410	3,293,726	244,316	8.0%
Travel In-State	500,587	568,837	68,250	13.6%
Travel Out-of-State	100,315	125,392	25,077	25.0%
Professional Fees	1,976,150	1,717,495	(258,655)	-13.1%
Material and Supplies	410,747	407,736	(3,011)	-0.7%
Repairs/Maintenance	368,527	483,353	114,826	31.2%
Printing and Reproduction	82,692	91,676	8,984	10.9%
Rentals and Leases	193,993	158,000	(35,993)	-18.6%
Membership Fees	78,925	82,431	3,506	4.4%
Staff Development	270,370	344,044	73,674	27.2%
Insurance/Employee Bonds	82,000	92,000	10,000	12.2%
Employee Tuition	13,200	17,300	4,100	31.1%
Advertising	70,500	102,500	32,000	45.4%
Freight/Delivery	30,050	33,050	3,000	10.0%
Temporary Help	200,156	285,355	85,199	42.6%
Furniture and Equipment	66,051	184,359	118,308	179.1%
Communication and Utilities	244,478	268,740	24,262	9.9%
Capital Outlay	200,000	19,066	(180,934)	-90.5%
State Office of Risk Management	53,122	39,841	(13,281)	-25.0%
Total Department	$ 21,249,576	$ 22,635,452	$ 1,385,876	6.5%
FTE's	229.00	241.00	12.00	
Method of Finance:				
General Revenue	$ 1,000,398	$ 1,377,821	$ 377,423	37.7%
Earned Federal Funds	909,146	881,370	(27,776)	-3.1%
Federal Funds	7,983,260	6,703,972	(1,279,288)	-16.0%
CDBG Disaster Recovery	-	1,350,272	1,350,272	0.0%
Appropriated Receipts - Housing Finance	10,782,313	11,755,004	972,691	9.0%
Interagency Contracts	83,953	78,236	(5,717)	-6.8%
Appropriated Receipts - Manufact. Housing	490,506	488,777	(1,730)	-0.4%
Total, Method of Finance	$ 21,249,576	$ 22,635,452	$ 1,385,876	6.5%

Note: Appropriated Receipts - Housing Finance include Bond Administration Fees, Housing Tax Credit Fees, and Affordable Housing Disposition Program Fees.

Texas Department of Housing and Community Affairs
FTEs by Division
Internal Operating Budget
Appropriation Year 2008

	Budget
Executive Administration:	
Executive Office	5.00
Legal Services	8.00
Internal Audit	4.00
Policy and Public Affairs	6.00
Total, Executive Administration	23.00
Agency Administration:	
Human Resources	4.00
Information Services	18.00
Director's Office of Financial Administration	6.00
Accounting Operations	12.00
Financial Services	15.00
Purchasing and Facilities Management	8.00
Portfolio Management and Compliance	33.00
Bond Finance	4.00
Total, Agency Administration	100.00
Disaster Recovery Division	12.00
Housing Programs Division:	
HOME Program	27.00
Office of Colonia Initiatives	7.00
Division Administration-Community Affairs	3.00
Community Services	15.00
Energy Assistance	16.00
Section 8	7.00
Multi Family Finance Production	12.00
Texas Homeownership Program	5.00
Real Estate Analysis	10.00
Reasearch and Planing	4.00
Total, Housing Programs Division	106.00
Subtotal, Housing and Community Affairs	241.00
Manufactured Housing	64.00
MDSI Contracted FTEs	5.00
Total, Department FTEs	310.00

Note: HB 1, 80th Legislature, Article IX, Section 6.10 (f) and (g) Alllows the Department exceed the 298 FTE cap for disaster related emergencies as directed by the Governor.

Texas Department of Housing and Community Affairs
Out of State Travel
Fiscal Year 2008

	Budget Draft 2008
Executive Administration:	
Executive Office	15,078
Board	9,751
Legal Services	4,410
Internal Audit	1,500
Policy and Public Affairs	3,145
Total, Executive Administration	33,884
Disaster Recovery Division	8,000
Agency Administration:	
Human Resources	2,000
Information Services	2,520
Director's Office - Financial Administration	2,625
Accounting Operations	1,365
Financial Services	2,452
Purchasing	0
Facilities and Space Management	0
Portfolio Management and Compliance	11,001
Bond Finance	7,660
Total, Agency Administration	29,622
Housing Programs Division:	
HOME Program	11,341
Office of Colonia Initiatives	3,675
Community Affairs - Administration	6,300
Community Services	3,255
Energy Assistance	3,990
Section 8	2,310
Multi Family Housing Production	9,000
Texas Homeownership Program	6,017
Real Estate Analysis	6,000
Research and Planning	2,000
Total, Housing Programs Division	53,887
Department Total	125,393

New amount for 2008 in Executive Office is a pool available for distribution.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CAPITAL BUDGET
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	FEDERAL FUNDS	HF APPROP. RECEIPTS
Salaries			
Payroll Related Costs			
Travel In-State			
Travel Out-of-State			
Professional Fees			
Materials/Supplies			
Repairs/Maintenance			
Printing and Reproduction			
Rental/Lease			
Membership Dues			
Staff Development			
Insurance/Employee Bonds			
Employee Tuition			
Advertising			
Freight/Delivery			
Temporary Help			
Furniture/Equipment	140,309	48,796	91,513
Communications/Utilities			
Capital Outlay	19,066	7,202	11,864
State Office of Risk Management			
Total	159,375	55,998	103,377

Notes:

1. Capital Outlay and Furniture/Equip are Normal Growth/Integrate Systems.
2. Does not tie to the Capital Budget Rider due to $40,625 budgeted in Manufactured Housing for Normal Growth Manufactured Housing also has a $175,000 software system upgrade budgeted in capital outlay for 2008.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CAPITAL BUDGET by PROJECT
FISCAL YEAR 2008

Project Name	FEDERAL FUNDS	HF APPROP. RECEIPTS	Total
Normal Growth/Integrate Sysyems			
Furniture/Equipment (PCs, Printrs, etc)	48,796	91,513	140,309
Capital Outlay (Servers, Network enhancements)	7,202	11,864	19,066
Total, Fiscal Year 2008	55,998	103,377	159,375

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
EXECUTIVE ADMINISTRATION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS	HOME	CHRP GENERAL REVENUE
Salaries	1,718,936	36,554	112,399	52,417	1,467,676	49,889	
Travel In-State	65,575	1,000	4,250		57,775	2,550	
Travel Out-of-State	33,884				33,884		
Professional Fees	210,500				150,500		60,000
Materials/Supplies	49,687		2,932		44,997	1,759	
Repairs/Maintenance	23,942		1,314		21,840	788	
Printing and Reproduction	11,627		4,173		4,950	2,504	
Rental/Lease	6,771		311		6,273	187	
Membership Dues	8,750		125		8,550	75	
Staff Development	85,405		1,500		83,005	900	
Insurance/Employee Bonds	7,636		498		6,839	299	
Employee Tuition	2,700				2,700		
Advertising	1,200				1,200		
Freight/Delivery	7,050		125		6,850	75	
Temporary Help	79,984		2,271		76,351	1,362	
Furniture/Equipment	5,200				5,200		
Communications/Utilities	34,486		1,328		32,361	797	
Capital Outlay							
State Office of Risk Management	1,471				1,471		
Total	2,354,804	37,554	131,225	52,417	2,012,424	61,184	60,000

Note:
Executive Administration Includes:
- Executive Office
- Board
- Legal Services
- Internal Audit
- Policy and Public Affairs

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
EXECUTIVE OFFICE
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS
Salaries	451,247	10,506	440,741
Travel In-State	20,000		20,000
Travel Out-of-State	15,078		15,078
Professional Fees			
Materials/Supplies	7,804		7,804
Repairs/Maintenance	4,979		4,979
Printing and Reproduction	1,055		1,055
Rental/Lease	1,037		1,037
Membership Dues	2,500		2,500
Staff Development	40,305		40,305
Insurance/Employee Bonds	1,660		1,660
Employee Tuition			
Advertising			
Freight/Delivery	3,000		3,000
Temporary Help	3,236		3,236
Furniture/Equipment	1,500		1,500
Communications/Utilities	12,806		12,806
Capital Outlay			
State Office of Risk Management			
Total	566,207	10,506	555,701

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS
Salaries		
Payroll Related Costs		
Travel In-State	19,000	19,000
Travel Out-of-State	9,751	9,751
Professional Fees	500	500
Materials/Supplies	2,021	2,021
Repairs/Maintenance	1,000	1,000
Printing and Reproduction	536	536
Rental/Lease	2,000	2,000
Membership Dues	1,000	1,000
Staff Development	21,000	21,000
Insurance/Employee Bonds		
Employee Tuition		
Advertising	500	500
Freight/Delivery	3,000	3,000
Temporary Help	15,000	15,000
Furniture/Equipment	1,000	1,000
Communications/Utilities		
Capital Outlay		
State Office of Risk Management		
Total	76,308	76,308

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
LEGAL SERVICES
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS
Salaries	594,458	594,458
Travel In-State	4,075	4,075
Travel Out-of-State	4,410	4,410
Professional Fees	150,000	150,000
Materials/Supplies	25,321	25,321
Repairs/Maintenance	7,206	7,206
Printing and Reproduction	830	830
Rental/Lease	1,660	1,660
Membership Dues	2,000	2,000
Staff Development	8,100	8,100
Insurance/Employee Bonds	2,656	2,656
Employee Tuition		
Advertising	400	400
Freight/Delivery	600	600
Temporary Help	55,477	55,477
Furniture/Equipment	1,800	1,800
Communications/Utilities	7,082	7,082
Capital Outlay		
State Office of Risk Management		
Total	866,075	866,075

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INTERNAL AUDIT
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS
Salaries	256,047	36,554	24,370	195,123
Travel In-State	2,000	1,000		1,000
Travel Out-of-State	1,500			1,500
Professional Fees	0			
Materials/Supplies	5,347			5,347
Repairs/Maintenance	3,503			3,503
Printing and Reproduction	549			549
Rental/Lease	830			830
Membership Dues	2,000			2,000
Staff Development	6,000			6,000
Insurance/Employee Bonds	1,328			1,328
Employee Tuition	2,700			2,700
Advertising	300			300
Freight/Delivery	200			200
Temporary Help	989			989
Furniture/Equipment				
Communications/Utilities	3,541			3,541
Capital Outlay				
State Office of Risk Management				
Total	286,834	37,554	24,370	224,910

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
POLICY AND PUBLIC AFFAIRS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS	HOME	GENERAL REVENUE
Salaries	417,183	17,541	349,754	49,889	
Travel In-State	20,500		17,950	2,550	
Travel Out-of-State	3,145		3,145		
Professional Fees	60,000				60,000
Materials/Supplies	9,194		7,435	1,759	
Repairs/Maintenance	7,254		6,466	788	
Printing and Reproduction	8,657		6,153	2,504	
Rental/Lease	1,244		1,057	187	
Membership Dues	1,250		1,175	75	
Staff Development	10,000	-	9,100	900	
Insurance/Employee Bonds	1,992		1,693	299	
Employee Tuition					
Advertising					
Freight/Delivery	250		175	75	
Temporary Help	5,282		3,920	1,362	
Furniture/Equipment	900		900		
Communications/Utilities	11,057		10,260	797	
Capital Outlay					
State Office of Risk Management	1,471		1,471		
Total	559,379	17,541	420,654	61,184	60,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING PROGRAMS DIVISION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	ORCA IAC	FEDERAL FUNDS	HF APPROP. RECEIPTS
Salaries	5,974,426	518,233	63,607	3,584,079	1,808,507
Travel In-State	285,312	69,650		167,462	48,200
Travel Out-of-State	53,887	11,146		21,526	21,216
Professional Fees	583,200	135,780		392,800	54,620
Materials/Supplies	217,852	26,003		145,402	46,447
Repairs/Maintenance	164,328	24,320		110,865	29,143
Printing and Reproduction	48,506	9,214		19,641	19,651
Rental/Lease	102,417	22,455		48,430	31,533
Membership Dues	22,249	2,022		17,277	2,950
Staff Development	91,171	16,527		35,187	39,458
Insurance/Employee Bonds	35,188	6,324		18,092	10,773
Employee Tuition	6,570	1,220		2,550	2,800
Advertising	59,700	2,088		4,413	53,200
Freight/Delivery	15,250	3,049		6,374	5,828
Temporary Help	105,494	20,483		35,967	49,044
Furniture/Equipment	9,790	2,088		4,558	3,145
Communications/Utilities	113,616	21,726		53,569	38,321
Capital Outlay					
State Office of Risk Management	17,630	1,530		10,307	5,792
Total	7,906,587	893,857	63,607	4,678,496	2,270,627

Note:
Housing Programs Division Includes:
- Office of Colonia Initiatives
- Community Affairs
- Multi Family Finance Production
- Texas Homeownership Program
- Real Estate Analysis
- HOME Program
- Research and Planning

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
OFFICE OF COLONIA INITIATIVES
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	IAC ORCA	GENERAL REVENUE	HF APPROP. RECEIPTS
Salaries	444,205	63,607	146,950	233,649
Travel In-State	40,000		40,000	
Travel Out-of-State	3,675		3,675	
Professional Fees	6,000		2,700	3,300
Materials/Supplies	9,208		4,144	5,064
Repairs/Maintenance	6,130		2,759	3,372
Printing and Reproduction	1,262		568	694
Rental/Lease	21,452		9,653	11,799
Membership Dues	1,000		450	550
Staff Development	6,000		2,700	3,300
Insurance/Employee Bonds	2,324		1,046	1,278
Employee Tuition	600		270	330
Advertising	2,000		900	1,100
Freight/Delivery	1,000		450	550
Temporary Help	11,230		5,054	6,177
Furniture/Equipment	3,000		1,350	1,650
Communications/Utilities	11,797		5,309	6,488
Capital Outlay				
State Office of Risk Management	1,070		217	853
Total	571,954	63,607	228,193	280,154

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMMUNITY AFFAIRS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	FEDERAL FUNDS
Salaries	2,155,831	2,155,831
Travel In-State	141,562	141,562
Travel Out-of-State	15,855	15,855
Professional Fees	148,000	148,000
Materials/Supplies	127,737	127,737
Repairs/Maintenance	91,405	91,405
Printing and Reproduction	11,485	11,485
Rental/Lease	37,506	37,506
Membership Dues	16,005	16,005
Staff Development	24,300	24,300
Insurance/Employee Bonds	13,610	13,610
Employee Tuition	2,000	2,000
Advertising	3,600	3,600
Freight/Delivery	4,300	4,300
Temporary Help	25,631	25,631
Furniture/Equipment	3,850	3,850
Communications/Utilities	40,196	40,196
Capital Outlay		
State Office of Risk Management	8,561	8,561
Total	2,871,434	2,871,434

Note:
Community Affairs Includes:
Administration - Community Affairs
Community Services Program
Energy Assistance Program
Section 8

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ADMINISTRATION-COMMUNITY AFFAIRS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	CSBG	LIHEAP
Salaries	205,219	83,632	121,588
Travel In-State	5,000	2,500	2,500
Travel Out-of-State	6,300	3,150	3,150
Professional Fees	4,000	2,000	2,000
Materials/Supplies	3,621	1,811	1,811
Repairs/Maintenance	3,127	1,564	1,564
Printing and Reproduction	847	424	424
Rental/Lease	1,622	811	811
Membership Dues	1,500	750	750
Staff Development	3,000	1,500	1,500
Insurance/Employee Bonds	996	498	498
Employee Tuition			
Advertising			
Freight/Delivery	500	250	250
Temporary Help	2,241	1,121	1,121
Furniture/Equipment	1,100	550	550
Communications/Utilities	2,656	1,328	1,328
Capital Outlay			
State Office of Risk Management			
Total	241,729	101,887	139,843

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMMUNITY SERVICES PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	CSBG	ESGP
Salaries	804,399	601,657	202,742
Travel In-State	50,000	32,500	17,500
Travel Out-of-State	3,255	2,116	1,139
Professional Fees	74,000	74,000	
Materials/Supplies	19,873	19,873	
Repairs/Maintenance	26,136	26,136	
Printing and Reproduction	4,770	4,770	
Rental/Lease	24,112	24,112	
Membership Dues	7,050	7,050	
Staff Development	11,000	11,000	
Insurance/Employee Bonds	4,979	4,979	
Employee Tuition	2,000	2,000	
Advertising			
Freight/Delivery	1,000	1,000	
Temporary Help	8,706	8,706	
Furniture/Equipment	2,150	2,150	
Communications/Utilities	14,779	14,779	
Capital Outlay			
State Office of Risk Management	2,872	2,872	
Total	1,061,081	839,700	221,382

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ENERGY ASSISTANCE PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	DOE T&TA	DOE GRANTEE	LIHEAP
Salaries	812,988	90,874	118,055	604,058
Travel In-State	73,562	14,712	22,069	36,781
Travel Out-of-State	3,990	798	1,197	1,995
Professional Fees	56,000	16,800	16,800	22,400
Materials/Supplies	93,520			93,520
Repairs/Maintenance	47,012			47,012
Printing and Reproduction	3,267			3,267
Rental/Lease	10,320			10,320
Membership Dues	6,455			6,455
Staff Development	4,500			4,500
Insurance/Employee Bonds	5,311			5,311
Employee Tuition				
Advertising	3,000			3,000
Freight/Delivery	2,500			2,500
Temporary Help	6,954			6,954
Furniture/Equipment	600			600
Communications/Utilities	16,564			16,564
Capital Outlay				
State Office of Risk Management	3,460			3,460
Total	1,150,003	123,185	158,121	868,698

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SECTION 8 - RENTAL ASSISTANCE PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	SECTION 8
Salaries	333,224	333,224
Travel In-State	13,000	13,000
Travel Out-of-State	2,310	2,310
Professional Fees	14,000	14,000
Materials/Supplies	10,723	10,723
Repairs/Maintenance	15,130	15,130
Printing and Reproduction	2,601	2,601
Rental/Lease	1,452	1,452
Membership Dues	1,000	1,000
Staff Development	5,800	5,800
Insurance/Employee Bonds	2,324	2,324
Employee Tuition		
Advertising	600	600
Freight/Delivery	300	300
Temporary Help	7,730	7,730
Furniture/Equipment		
Communications/Utilities	6,197	6,197
Capital Outlay		
State Office of Risk Management	2,229	2,229
Total	418,620	418,620

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY FINANCE PRODUCTION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS	GENERAL REVENUE
Salaries	713,070	649,764	63,306
Travel In-State	18,750	15,000	3,750
Travel Out-of-State	9,000	7,200	1,800
Professional Fees	5,400	4,320	1,080
Materials/Supplies	20,973	16,778	4,195
Repairs/Maintenance	10,509	8,407	2,102
Printing and Reproduction	2,450	1,960	490
Rental/Lease	9,390	7,512	1,878
Membership Dues	1,500	1,200	300
Staff Development	14,697	11,758	2,939
Insurance/Employee Bonds	3,983	3,186	797
Employee Tuition	2,000	1,600	400
Advertising	1,875	1,500	375
Freight/Delivery	2,625	2,100	525
Temporary Help	25,466	20,373	5,093
Furniture/Equipment	150	120	30
Communications/Utilities	15,223	12,178	3,045
Capital Outlay			
State Office of Risk Management	2,972	2,553	419
Total	860,033	767,510	92,523

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
TEXAS HOMEOWNERSHIP PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS	GENERAL REVENUE
Salaries	332,170	237,729	94,442
Travel In-State	20,700	20,700	
Travel Out-of-State	6,017	6,017	
Professional Fees	79,000	7,000	72,000
Materials/Supplies	7,046	7,046	
Repairs/Maintenance	4,604	4,604	
Printing and Reproduction	7,510	7,510	
Rental/Lease	9,317	9,317	
Membership Dues	450	450	
Staff Development	6,300	6,300	
Insurance/Employee Bonds	1,660	1,660	
Employee Tuition	270	270	
Advertising	50,000	50,000	
Freight/Delivery	2,678	2,678	
Temporary Help	2,136	2,136	
Furniture/Equipment	675	675	
Communications/Utilities	6,396	6,396	
Capital Outlay			
State Office of Risk Management	2,386	2,386	
Total	539,314	372,872	166,442

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
REAL ESTATE ANALYSIS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS	HOME	GENERAL REVENUE
Salaries	567,213	455,958	56,721	54,533
Travel In-State	4,000	4,000		
Travel Out-of-State	6,000	6,000		
Professional Fees	100,000	40,000		60,000
Materials/Supplies	10,741	10,741		
Repairs/Maintenance	9,257	9,257		
Printing and Reproduction	1,037	1,037		
Rental/Lease	2,075	2,075		
Membership Dues	500	500		
Staff Development	15,100	15,100		
Insurance/Employee Bonds	3,320	3,320		
Employee Tuition	600	600		
Advertising	600	600		
Freight/Delivery	250	250		
Temporary Help	15,570	15,570		
Furniture/Equipment	700	700		
Communications/Utilities	9,717	9,717		
Capital Outlay				
State Office of Risk Management				
Total	746,679	575,425	56,721	114,533

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOME PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	HOME	GENERAL REVENUE
Salaries	1,530,529	1,371,527	159,002
Travel In-State	51,800	25,900	25,900
Travel Out-of-State	11,341	5,671	5,671
Professional Fees	244,800	244,800	
Materials/Supplies	35,330	17,665	17,665
Repairs/Maintenance	38,920	19,460	19,460
Printing and Reproduction	16,312	8,156	8,156
Rental/Lease	21,847	10,924	10,924
Membership Dues	2,544	1,272	1,272
Staff Development	21,774	10,887	10,887
Insurance/Employee Bonds	8,963	4,482	4,482
Employee Tuition	1,100	550	550
Advertising	1,625	813	813
Freight/Delivery	4,148	2,074	2,074
Temporary Help	20,672	10,336	10,336
Furniture/Equipment	1,415	708	708
Communications/Utilities	26,746	13,373	13,373
Capital Outlay			
State Office of Risk Management	2,640	1,746	894
Total	2,042,506	1,750,341	292,165

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESEARCH and PLANNING
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS
Salaries	231,407	231,407
Travel In-State	8,500	8,500
Travel Out-of-State	2,000	2,000
Professional Fees		
Materials/Supplies	6,818	6,818
Repairs/Maintenance	3,503	3,503
Printing and Reproduction	8,450	8,450
Rental/Lease	830	830
Membership Dues	250	250
Staff Development	3,000	3,000
Insurance/Employee Bonds	1,328	1,328
Employee Tuition		
Advertising		
Freight/Delivery	250	250
Temporary Help	4,789	4,789
Furniture/Equipment		
Communications/Utilities	3,541	3,541
Capital Outlay		
State Office of Risk Management		
Total	274,666	274,666

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
DISASTER RECOVERY DIVISION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	CDBG DISASTER RECOVERY
Salaries	749,797	749,797
Travel In-State	47,000	47,000
Travel Out-of-State	8,000	8,000
Professional Fees	110,000	110,000
Materials/Supplies	17,452	17,452
Repairs/Maintenance	86,009	86,009
Printing and Reproduction	8,245	8,245
Rental/Lease	9,990	9,990
Membership Dues	1,500	1,500
Staff Development	20,000	20,000
Insurance/Employee Bonds	3,983	3,983
Employee Tuition	600	600
Advertising	5,000	5,000
Freight/Delivery	3,000	3,000
Temporary Help	22,966	22,966
Furniture/Equipment	15,000	15,000
Communications/Utilities	16,753	16,753
Capital Outlay		
State Office of Risk Management		
Total	1,125,295	1,125,295

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
AGENCY ADMINISTRATION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	EARNED FEDERAL FUNDS	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS	FEDERAL FUNDS	CDBG DISASTER RECOVERY
Salaries	5,877,389	168,759	592,845	344,963	3,976,077	752,042	42,703
Travel In-State	170,950	6,200	4,500		115,250	45,000	
Travel Out-of-State	29,621	1,260	1,024		21,838	5,500	
Professional Fees	813,795		2,250		786,795	24,750	
Materials/Supplies	122,745	16,338	9,347		82,551	14,509	
Repairs/Maintenance	209,074	13,813	46,507		138,067	10,687	
Printing and Reproduction	23,298	1,710	2,139		15,084	4,365	
Rental/Lease	38,822	4,015	1,868		25,804	7,135	
Membership Dues	49,932	740	525		46,841	1,826	
Staff Development	147,468	18,436	15,750		106,682	6,600	
Insurance/Employee Bonds	45,195	3,784	2,987		34,487	3,937	
Employee Tuition	7,430	1,200	675		5,225	330	
Advertising	36,600	930	900		34,270	500	
Freight/Delivery	7,750	560	375		5,815	1,000	
Temporary Help	76,911	13,117	6,725		47,539	9,531	
Furniture/Equipment	14,060	720	600		12,080	660	
Communications/Utilities	103,885	13,502	7,967		71,276	11,140	
Capital Outlay							
State Office of Risk Management	20,741	872	2,071		17,798		
Total	7,795,666	265,956	699,054	344,963	5,543,479	899,511	42,703

Note:
Agency Administration Includes:
- Human Resources
- Information Systems
- Financial Administration
- Portfolio Management and Compliance
- Bond Finance

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HUMAN RESOURCES
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS
Salaries	241,518	40,337	201,181
Travel In-State	500		500
Travel Out-of-State	2,000		2,000
Professional Fees	7,500		7,500
Materials/Supplies	5,839		5,839
Repairs/Maintenance	3,803		3,803
Printing and Reproduction	576		576
Rental/Lease	830		830
Membership Dues	880		880
Staff Development	25,368		25,368
Insurance/Employee Bonds	1,328		1,328
Employee Tuition			
Advertising	25,000		25,000
Freight/Delivery	350		350
Temporary Help	3,989		3,989
Furniture/Equipment	600		600
Communications/Utilities	3,541		3,541
Capital Outlay			
State Office of Risk Management			
Total	323,622	40,337	283,285

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INFORMATION SYSTEMS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS
Salaries	1,152,607	66,205	128,086	958,316
Travel In-State	10,000	5,000		5,000
Travel Out-of-State	2,520	1,260		1,260
Professional Fees				
Materials/Supplies	27,790	13,895		13,895
Repairs/Maintenance	23,063	11,532		11,532
Printing and Reproduction	2,671	1,336		1,336
Rental/Lease	7,034	3,517		3,517
Membership Dues	1,000	500		500
Staff Development	35,000	17,500		17,500
Insurance/Employee Bonds	5,975	2,988		2,988
Employee Tuition				
Advertising	1,500	750		750
Freight/Delivery	1,000	500		500
Temporary Help	21,447	10,724		10,724
Furniture/Equipment	600	300		300
Communications/Utilities	22,754	11,377		11,377
Capital Outlay				
State Office of Risk Management	3,161	483		2,678
Total	1,318,122	147,866	128,086	1,042,171

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FINANCIAL ADMINISTRATION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	FEDERAL FUNDS	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS	GENERAL REVENUE
Salaries	2,371,499	592,845	99,564	176,540	1,399,997	102,554
Travel In-State	23,950	4,500			18,250	1,200
Travel Out-of-State	6,442	1,024			5,418	
Professional Fees	147,800	2,250			145,550	
Materials/Supplies	42,466	9,347			30,676	2,443
Repairs/Maintenance	149,205	46,507			100,416	2,282
Printing and Reproduction	7,676	2,139			5,163	374
Rental/Lease	10,107	1,868			7,742	498
Membership Dues	5,510	525			4,745	240
Staff Development	50,500	15,750			33,814	936
Insurance/Employee Bonds	25,610	2,987			21,826	797
Employee Tuition	4,100	675			2,225	1,200
Advertising	2,100	900			1,020	180
Freight/Delivery	2,400	375			1,965	60
Temporary Help	32,731	6,725			23,613	2,393
Furniture/Equipment	10,000	600			8,980	420
Communications/Utilities	40,745	7,967			30,653	2,125
Capital Outlay						
State Office of Risk Management	11,903	2,071			9,443	389
Total	2,944,744	699,054	99,564	176,540	1,851,496	118,090

Note:
Financial Administration Includes:
- Director's Office
- Accounting Operations
- Financial Services
- Purchasing and Facilities Management

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
DIRECTOR'S OFFICE of FINANCIAL ADMINISTRATION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS	GENERAL REVENUE
Salaries	425,041	44,137	47,104	273,614	60,187
Travel In-State	7,000			7,000	
Travel Out-of-State	2,625			2,625	
Professional Fees	17,000			17,000	
Materials/Supplies	6,738			6,738	
Repairs/Maintenance	5,254			5,254	
Printing and Reproduction	1,158			1,158	
Rental/Lease	2,245			2,245	
Membership Dues	1,000			1,000	
Staff Development	8,000			8,000	
Insurance/Employee Bonds	1,992			1,992	
Employee Tuition	600			600	
Advertising	600			600	
Freight/Delivery	700			700	
Temporary Help	2,281			2,281	
Furniture/Equipment	500			500	
Communications/Utilities	5,811			5,811	
Capital Outlay					
State Office of Risk Management	8,654			8,473	181
Total	497,199	44,137	47,104	345,591	60,368

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ACCOUNTING OPERATIONS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS
Salaries	704,284	548,708	76,927	78,648
Travel In-State	6,000	4,500		1,500
Travel Out-of-State	1,365	1,024		341
Professional Fees	3,000	2,250		750
Materials/Supplies	12,463	9,347		3,116
Repairs/Maintenance	62,009	46,507		15,502
Printing and Reproduction	2,852	2,139		713
Rental/Lease	2,490	1,868		623
Membership Dues	700	525		175
Staff Development	21,000	15,750		5,250
Insurance/Employee Bonds	3,983	2,987		996
Employee Tuition	900	675		225
Advertising	1,200	900		300
Freight/Delivery	500	375		125
Temporary Help	8,966	6,725		2,242
Furniture/Equipment	800	600		200
Communications/Utilities	10,623	7,967		2,656
Capital Outlay				
State Office of Risk Management	2,071	2,071		
Total	845,206	654,917	76,927	113,361

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FINANCIAL SERVICES
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS	HOME
Salaries	837,405	737,841	99,564
Travel In-State	7,950	7,950	
Travel Out-of-State	2,452	2,452	
Professional Fees	127,800	127,800	
Materials/Supplies	14,871	14,871	
Repairs/Maintenance	73,136	73,136	
Printing and Reproduction	1,556	1,556	
Rental/Lease	3,112	3,112	
Membership Dues	3,070	3,070	
Staff Development	15,940	15,940	
Insurance/Employee Bonds	16,979	16,979	
Employee Tuition	600	600	
Advertising			
Freight/Delivery	1,000	1,000	
Temporary Help	3,706	3,706	
Furniture/Equipment	800	800	
Communications/Utilities	15,649	15,649	
Capital Outlay			
State Office of Risk Management			
Total	1,126,026	1,026,462	99,564

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
PURCHASING and FACILITIES MANAGEMENT
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS
Salaries	404,769	42,367	52,508	309,894
Travel In-State	3,000	1,200		1,800
Travel Out-of-State				
Professional Fees				
Materials/Supplies	8,394	2,443		5,951
Repairs/Maintenance	8,806	2,282		6,524
Printing and Reproduction	2,110	374		1,736
Rental/Lease	2,260	498		1,762
Membership Dues	740	240		500
Staff Development	5,560	936		4,624
Insurance/Employee Bonds	2,656	797		1,859
Employee Tuition	2,000	1,200		800
Advertising	300	180		120
Freight/Delivery	200	60		140
Temporary Help	17,778	2,393		15,385
Furniture/Equipment	7,900	420		7,480
Communications/Utilities	8,662	2,125		6,537
Capital Outlay				
State Office of Risk Management	1,178	208		970
Total	476,313	57,722	52,508	366,082

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
PORTFOLIO MANAGEMENT and COMPLIANCE
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	CDBG DISASTER RECOVERY	HOME	HF APPROP. RECEIPTS
Salaries	1,815,491	42,703	652,478	1,120,310
Travel In-State	130,000		45,000	85,000
Travel Out-of-State	11,000		5,500	5,500
Professional Fees	654,495		24,750	629,745
Materials/Supplies	40,884		14,509	26,375
Repairs/Maintenance	29,500		10,687	18,813
Printing and Reproduction	11,558		4,365	7,193
Rental/Lease	20,021		7,135	12,886
Membership Dues	6,506		1,826	4,680
Staff Development	29,600		6,600	23,000
Insurance/Employee Bonds	10,954		3,937	7,017
Employee Tuition	2,730		330	2,400
Advertising	1,000		500	500
Freight/Delivery	2,000		1,000	1,000
Temporary Help	17,755		9,531	8,224
Furniture/Equipment	1,860		660	1,200
Communications/Utilities	31,054		11,140	19,914
Capital Outlay				
State Office of Risk Management	5,677			5,677
Total	2,822,084	42,703	799,947	1,979,433

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOND FINANCE
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2007 thru AUGUST 31, 2008

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS
Salaries	296,275	296,275
Travel In-State	6,500	6,500
Travel Out-of-State	7,660	7,660
Professional Fees	4,000	4,000
Materials/Supplies	5,766	5,766
Repairs/Maintenance	3,503	3,503
Printing and Reproduction	817	817
Rental/Lease	830	830
Membership Dues	36,036	36,036
Staff Development	7,000	7,000
Insurance/Employee Bonds	1,328	1,328
Employee Tuition	600	600
Advertising	7,000	7,000
Freight/Delivery	2,000	2,000
Temporary Help	989	989
Furniture/Equipment	1,000	1,000
Communications/Utilities	5,791	5,791
Capital Outlay		
State Office of Risk Management		
Total	387,095	387,095

ATTACHMENT 12

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

FY-2009 APPROVED OPERATING BUDGET

(September 1, 2008 through August 31, 2009)

June 26, 2008

Prepared by the Financial Administration Division

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY-2009 OPERATING BUDGET

TABLE OF CONTENTS

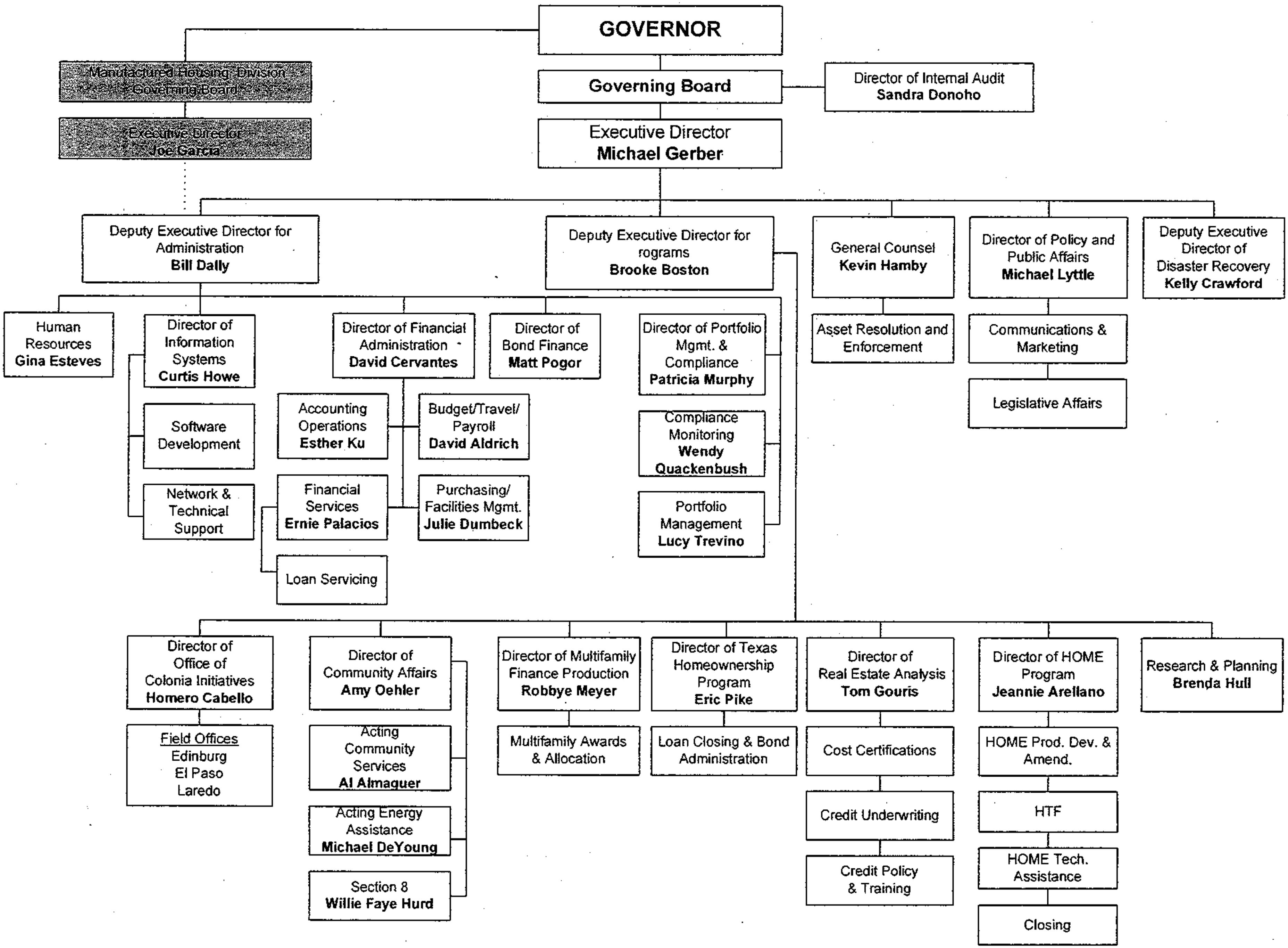
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY-2009 OPERATING BUDGET

T A B L E O F C O N T E N T S (Continued)

* * * * * * * * * * * * * * *

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

(298)



Texas Department of Housing and Community Affairs
Comparision by Division
Appropriation Years 2008 and 2009

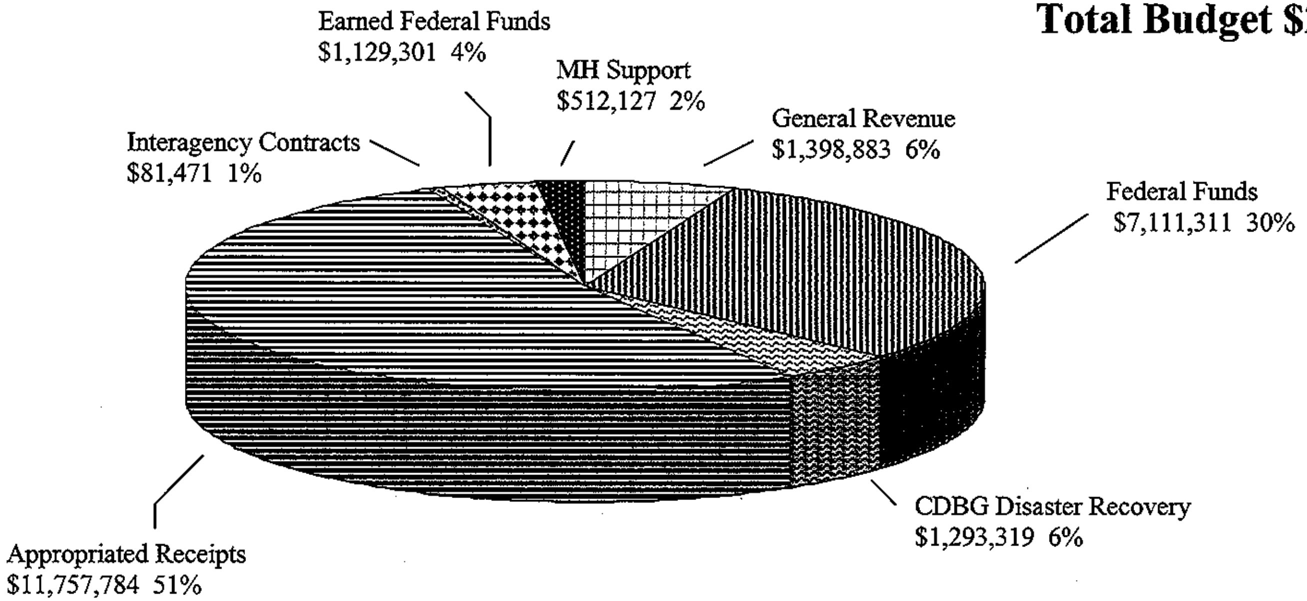
	FY08 Budget (a)	FY09 Budget (b)	Variance (b-a)	Percentage Change	FY08 FTEs	FY09 FTEs	FTE Variance
Housing Programs Division:							
Office of Colonia Initiatives	$ 571,954	$ 581,641	$ 9,687	1.7%	7.0	7.0	0.0
Community Affairs Administration	241,729	190,732	(50,997)	-21.1%	3.0	2.0	(1.0)
Community Services Programs	1,061,081	1,034,412	(26,669)	-2.5%	15.0	14.0	(1.0)
Energy Assistance	1,150,003	1,195,394	45,391	3.9%	16.0	16.0	0.0
Section 8	418,620	430,775	12,155	2.9%	7.0	7.0	0.0
Multifamily Finance Production	860,033	886,278	26,245	3.1%	12.0	12.0	0.0
Texas Homeownership Program	539,314	583,786	44,471	8.2%	5.0	5.0	0.0
HOME Program	2,042,506	2,094,915	52,410	2.6%	27.0	28.0	1.0
Real Estate Analysis	746,679	720,904	(25,776)	-3.5%	10.0	10.0	0.0
Research and Planning	274,666	400,779	126,113	45.9%	4.0	5.0	1.0
Subtotal, Housing Programs Division	7,906,586	8,119,614	213,029	3.3%	106.0	106.0	0.0
Disaster Recovery Division	1,125,295	1,086,215	(39,080)	-3.5%	12.0	12.0	0.0
Executive Administration:							
Executive Office	566,207	586,042	19,835	3.5%	5.0	5.0	0.0
Board	76,308	80,308	4,000	5.2%			
Legal Services	866,075	895,527	29,452	3.4%	8.0	8.0	0.0
Internal Audit	286,835	317,929	31,094	10.8%	4.0	4.0	0.0
Policy and Public Affairs	559,379	598,531	39,152	7.0%	6.0	6.0	0.0
Subtotal, Executive Administration	2,354,805	2,478,338	123,533	4.9%	23.0	23.0	0.0
Agency Administration:							
Director's Office of Financial Administration	497,199	565,247	68,047	13.7%	6.0	7.0	1.0
Accounting Operations	845,206	785,846	(59,359)	-7.0%	12.0	11.0	(1.0)
Financial Services	1,126,026	1,154,522	28,496	2.5%	15.0	15.0	0.0
Purchasing and Facilities Management	476,313	504,720	28,407	6.0%	8.0	8.0	0.0
Human Resources	323,622	362,690	39,067	12.1%	4.0	4.0	0.0
Information Systems	1,318,122	1,418,653	100,531	7.6%	18.0	19.0	1.0
Bond Finance	387,095	397,939	10,845	2.8%	4.0	4.0	0.0
Portfolio Management and Compliance	2,822,084	2,776,143	(45,941)	-1.6%	33.0	37.0	4.0
Subtotal, Agency Administration	7,795,666	7,965,760	170,093	2.2%	100.0	105.0	5.0
Capital Budget (Note: $207,566 in MH 2009 budget)	159,375	157,434	(1,941)	-1.2%			
Payroll Related Costs	3,293,726	3,476,836	183,110	5.6%			
Total, Department	$ 22,635,452	$ 23,284,196	$ 648,744	2.9%	241.0	246.0	5.0

	FY08 Budget (a)	FY09 Budget (b)	Variance (b-a)	Percentage Change
Method of Finance:				
General Revenue	$ 1,377,821	$ 1,398,883	$ 21,062	1.5%
Earned Federal Funds	881,370	1,129,301	247,931	28.1%
Federal Funds	6,703,972	7,111,311	407,338	6.1%
CDBG Disaster Recovery	1,350,272	1,293,319	(56,953)	-4.2%
Appropriated Receipts - Housing Finance	11,755,004	11,757,784	2,780	0.0%
Interagency Contracts	78,236	81,472	3,236	4.1%
Appropriated Receipts - Manufact. Housing	488,777	512,127	23,350	4.8%
Total, Method of Finance	$ 22,635,452	$ 23,284,196	$ 648,744	2.9%

Note: Appropriated Receipts - Housing Finance include Bond Administration Fees, Housing Tax Credit Fees and Compliance Fees.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY 2009 Method of Finance

Total Budget $23,284,196



Type	2008	2009
General Revenue	1,377,821	1,398,883
Federal Funds	6,703,972	7,111,311
CDBG Disaster Recovery	1,350,272	1,293,319
Appropriated Receipts -HF	11,755,004	11,757,784
Interagency Contracts	78,236	81,471
Earned Federal Funds	881,370	1,129,301
MH Support (MOU)	488,777	512,127
Total MOF	**$22,635,452**	**$23,284,196**

Texas Department of Housing and Community Affairs
Comparison by Expense Object
Appropriation Years 2008 and 2009

	FY08 Budget (a)	FY09 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 14,320,550	$ 15,116,679	$ 796,128	5.6%
Payroll Related Costs	3,293,726	3,476,836	183,110	5.6%
Travel In-State	568,837	636,837	68,000	12.0%
Travel Out-of-State	125,392	125,392	-	0.0%
Professional Fees	1,717,495	1,140,000	(577,495)	-33.6%
Material and Supplies	407,736	407,736	0	0.0%
Repairs/Maintenance	483,353	589,542	106,189	22.0%
Printing and Reproduction	91,676	89,797	(1,879)	-2.0%
Rentals and Leases	158,000	191,257	33,257	21.0%
Membership Fees	82,431	86,325	3,894	4.7%
Staff Development	344,044	312,770	(31,274)	-9.1%
Insurance/Employee Bonds	92,000	92,000	-	0.0%
Employee Tuition	17,300	18,000	700	4.0%
Advertising	102,500	93,000	(9,500)	-9.3%
Freight/Delivery	33,050	33,403	353	1.1%
Temporary Help	285,355	336,789	51,434	18.0%
Furniture and Equipment	184,359	141,675	(42,684)	-23.2%
Communication and Utilities	268,740	293,792	25,052	9.3%
Capital Outlay	19,066	62,944	43,878	230.1%
State Office of Risk Management	39,841	39,423	(419)	-1.1%
Total Department	$ 22,635,452	$ 23,284,196	$ 648,744	2.9%
FTE's	241.00	246.00	5.00	
Method of Finance:				
General Revenue	$ 1,377,821	$ 1,398,883	21,062	1.5%
Earned Federal Funds	881,370	1,129,301	247,931	28.1%
Federal Funds	6,703,972	7,111,311	407,338	6.1%
CDBG Disaster Recovery	1,350,272	1,293,319	(56,953)	-4.2%
Appropriated Receipts - Housing Finance	11,755,004	11,757,784	2,780	0.0%
Interagency Contracts	78,236	81,472	3,236	4.1%
Appropriated Receipts - Manufact. Housing	488,777	512,127	23,350	4.8%
Total, Method of Finance	$ 22,635,452	$ 23,284,196	$ 648,744	2.9%

Note: Appropriated Receipts - Housing Finance include Bond Administration Fees, Housing Tax Credit Fees

Texas Department of Housing and Community Affairs
FTEs by Division
Internal Operating Budget
Appropriation Year 2009

	Budget
Executive Administration:	
Executive Office	5.00
Legal Services	8.00
Internal Audit	4.00
Policy and Public Affairs	6.00
Total, Executive Administration	**23.00**
Agency Administration:	
Human Resources	4.00
Information Services	19.00
Director's Office of Financial Administration	7.00
Accounting Operations	11.00
Financial Services	15.00
Purchasing and Facilities Management	8.00
Portfolio Management and Compliance	37.00
Bond Finance	4.00
Total, Agency Administration	**105.00**
Disaster Recovery Division	**12.00**
Housing Programs Division:	
HOME Program	28.00
Office of Colonia Initiatives	7.00
Division Administration-Community Affairs	2.00
Community Services	14.00
Energy Assistance	16.00
Section 8	7.00
Multi Family Finance Production	12.00
Texas Homeownership Program	5.00
Real Estate Analysis	10.00
Reasearch and Planing	5.00
Total, Housing Programs Division	**106.00**
Subtotal, Housing and Community Affairs	**246.00**
Manufactured Housing	**64.00**
Total, Department FTEs	**310.00**

Note: HB 1, 80th Legislature, Article IX, Section 6.10 (f) and (g) Allows the Department t
exceed the 298 FTE cap for disaster related emergencies as directed by the Governor.

Texas Department of Housing and Community Affairs
Out of State Travel
Fiscal Year 2009

	Budget
Executive Administration:	
Executive Office	11,078
Board	13,751
Legal Services	4,410
Internal Audit	1,500
Policy and Public Affairs	3,145
Total, Executive Administration	**33,884**
Disaster Recovery Division	**8,000**
Agency Administration:	
Human Resources	2,000
Information Services	2,520
Director's Office - Financial Administration	2,625
Accounting Operations	1,365
Financial Services	2,452
Purchasing	0
Facilities and Space Management	0
Portfolio Management and Compliance	11,000
Bond Finance	7,660
Total, Agency Administration	**29,621**
Housing Programs Division:	
HOME Program	11,341
Office of Colonia Initiatives	3,675
Community Affairs - Administration	6,300
Community Services	3,255
Energy Assistance	3,990
Section 8	2,310
Multi Family Housing Production	9,000
Texas Homeownership Program	6,017
Real Estate Analysis	6,000
Housing Resource Center	2,000
Total, Housing Programs Division	**53,887**
Department Total	**125,392**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CAPITAL BUDGET
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	FEDERAL FUNDS	HF APPROP. RECEIPTS
Salaries			
Payroll Related Costs			
Travel In-State			
Travel Out-of-State			
Professional Fees			
Materials/Supplies			
Repairs/Maintenance			
Printing and Reproduction			
Rental/Lease			
Membership Dues			
Staff Development			
Insurance/Employee Bonds			
Employee Tuition			
Advertising			
Freight/Delivery			
Temporary Help			
Furniture/Equipment	94,490	47,603	46,887
Communications/Utilities			
Capital Outlay	62,944	23,779	39,165
State Office of Risk Management			
Total	157,434	71,382	86,052

Notes:
1. Capital Outlay and Furniture/Equip are Normal Growth/Integrate Systems.
2. Does not tie to the Capital Budget Rider due to $32,566 budgeted in Manufactured Housing for Normal Growth Manufactured Housing also has a $175,000 software system upgrade budgeted in capital outlay for 2009.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CAPITAL BUDGET by PROJECT
FISCAL YEAR 2009

Project Name	FEDERAL FUNDS	HF APPROP. RECEIPTS	Total
Normal Growth/Integrate Systems			
Furniture/Equipment (PCs, Printers, etc)	47,603	46,887	94,490
Capital Outlay (Servers, Network Enhancements)	23,779	39,165	62,944
Total, Fiscal Year 2009	71,382	86,052	157,434

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
EXECUTIVE ADMINISTRATION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS	HOME	CHRP GENERAL REVENUE
Salaries	1,814,476	248,321	132,920	56,829	1,326,112	50,294	
Travel In-State	68,575	5,000	5,950		55,075	2,550	
Travel Out-of-State	33,884	1,500	0		32,384		
Professional Fees	210,500	0	0		150,500		60,000
Materials/Supplies	49,244	5,270	4,064		38,169	1,742	
Repairs/Maintenance	38,012	5,951	3,123		27,599	1,339	
Printing and Reproduction	11,579	541	5,838		2,698	2,502	
Rental/Lease	30,908	854	448		29,414	192	
Membership Dues	8,750	2,000	175		6,500	75	
Staff Development	69,405	10,000	2,100		56,405	900	
Insurance/Employee Bonds	7,483	1,301	683		5,206	293	
Employee Tuition	2,700	2,700	0		0		
Advertising	1,200	300	0		900		
Freight/Delivery	7,050	200	175		6,600	75	
Temporary Help	80,096	1,008	3,189		74,532	1,367	
Furniture/Equipment	5,500	300	0		5,200		
Communications/Utilities	37,505	5,943	1,897		28,852	813	
Capital Outlay	0	0					
State Office of Risk Management	1,471	0	1,471				
Total	2,478,338	291,189	162,033	56,829	1,846,146	62,141	60,000

Note:
Executive Administration Includes:
- Executive Office
- Board
- Legal Services
- Internal Audit
- Policy and Public Affairs

6/18/2008

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
EXECUTIVE OFFICE
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS
Salaries	492,137	11,653	480,484
Travel In-State	20,000		20,000
Travel Out-of-State	11,078		11,078
Professional Fees	0		0
Materials/Supplies	7,709		7,709
Repairs/Maintenance	8,038		8,038
Printing and Reproduction	1,044		1,044
Rental/Lease	1,067		1,067
Membership Dues	2,500		2,500
Staff Development	20,305		20,305
Insurance/Employee Bonds	1,628		1,628
Employee Tuition	0		0
Advertising	0		0
Freight/Delivery	3,000		3,000
Temporary Help	3,260		3,260
Furniture/Equipment	1,500		1,500
Communications/Utilities	12,776		12,776
Capital Outlay	0		0
State Office of Risk Management	0		0
Total	586,042	11,653	574,389

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS
Salaries		
Payroll Related Costs		
Travel In-State	19,000	19,000
Travel Out-of-State	13,751	13,751
Professional Fees	500	500
Materials/Supplies	2,021	2,021
Repairs/Maintenance	1,000	1,000
Printing and Reproduction	536	536
Rental/Lease	2,000	2,000
Membership Dues	1,000	1,000
Staff Development	21,000	21,000
Insurance/Employee Bonds	0	0
Employee Tuition	0	0
Advertising	500	500
Freight/Delivery	3,000	3,000
Temporary Help	15,000	15,000
Furniture/Equipment	1,000	1,000
Communications/Utilities	0	0
Capital Outlay	0	0
State Office of Risk Management	0	0
Total	80,308	80,308

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
LEGAL SERVICES
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS
Salaries	619,013	619,013
Travel In-State	4,075	4,075
Travel Out-of-State	4,410	4,410
Professional Fees	150,000	150,000
Materials/Supplies	25,166	25,166
Repairs/Maintenance	12,099	12,099
Printing and Reproduction	813	813
Rental/Lease	1,707	1,707
Membership Dues	2,000	2,000
Staff Development	8,100	8,100
Insurance/Employee Bonds	2,602	2,602
Employee Tuition	0	0
Advertising	400	400
Freight/Delivery	600	600
Temporary Help	55,516	55,516
Furniture/Equipment	1,800	1,800
Communications/Utilities	7,226	7,226
Capital Outlay	0	0
State Office of Risk Management	0	0
Total	895,527	895,527

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INTERNAL AUDIT
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS
Salaries	275,061	248,321	26,740	0
Travel In-State	5,000	5,000		
Travel Out-of-State	1,500	1,500		
Professional Fees	0	0		
Materials/Supplies	5,270	5,270		
Repairs/Maintenance	5,951	5,951		
Printing and Reproduction	541	541		
Rental/Lease	854	854		
Membership Dues	2,000	2,000		
Staff Development	10,000	10,000		
Insurance/Employee Bonds	1,301	1,301		
Employee Tuition	2,700	2,700		
Advertising	300	300		
Freight/Delivery	200	200		
Temporary Help	1,008	1,008		
Furniture/Equipment	300	300		
Communications/Utilities	5,943	5,943		
Capital Outlay	0	0		
State Office of Risk Management	0	0		
Total	317,929	291,189	26,740	0

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
POLICY AND PUBLIC AFFAIRS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS	HOME	GENERAL REVENUE
Salaries	428,264	18,436	359,534	50,294	
Travel In-State	20,500		17,950	2,550	
Travel Out-of-State	3,145		3,145	0	
Professional Fees	60,000				60,000
Materials/Supplies	9,078		7,337	1,742	
Repairs/Maintenance	10,924		9,585	1,339	
Printing and Reproduction	8,645		6,143	2,502	
Rental/Lease	25,280		25,088	192	
Membership Dues	1,250		1,175	75	
Staff Development	10,000		9,100	900	
Insurance/Employee Bonds	1,952		1,659	293	
Employee Tuition	0				
Advertising	0				
Freight/Delivery	250		175	75	
Temporary Help	5,312		3,945	1,367	
Furniture/Equipment	900		900	0	
Communications/Utilities	11,560		10,747	813	
Capital Outlay	0				
State Office of Risk Management	1,471		1,471		
Total	598,531	18,436	457,955	62,141	60,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING PROGRAMS DIVISION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	ORCA IAC	FEDERAL FUNDS	HF APPROP. RECEIPTS	CDBG DISASTER RECOVERY
Salaries	6,187,340	561,662	66,237	3,654,461	1,879,583	25,396
Travel In-State	285,312	45,180		188,182	51,950	
Travel Out-of-State	53,887	4,809		26,062	23,016	
Professional Fees	526,200	156,000		317,800	52,400	
Materials/Supplies	215,793	12,646		157,236	45,911	
Repairs/Maintenance	205,394	14,826		142,243	48,325	
Printing and Reproduction	46,771	2,732		24,556	19,483	
Rental/Lease	109,803	21,692		66,102	22,009	
Membership Dues	22,205	1,250		18,255	2,700	
Staff Development	95,897	8,100		48,700	39,097	
Insurance/Employee Bonds	34,468	3,185		20,877	10,406	
Employee Tuition	6,670	720		3,080	2,870	
Advertising	59,700	2,163		5,063	52,475	
Freight/Delivery	15,103	1,400		7,900	5,803	
Temporary Help	106,014	13,376		44,276	48,363	
Furniture/Equipment	10;375	3,200		5,650	1,525	
Communications/Utilities	121,472	14,786		66,993	39,693	
Capital Outlay	0	0		0	0	
State Office of Risk Management	17,211	2,390		9,881	4,939	
Total	8,119,614	870,115	66,237	4,807,317	2,350,549	25,396

Note:
Housing Programs Division Includes:
- Office of Colonia Initiatives
- Community Affairs
- Multi Family Finance Production
- Texas Homeownership Program
- Real Estate Analysis
- HOME Program
- Research and Planning

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
OFFICE OF COLONIA INITIATIVES
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	IAC ORCA	GENERAL REVENUE	HF APPROP. RECEIPTS
Salaries	452,684	66,237	386,446	0
Travel In-State	40,000		40,000	
Travel Out-of-State	3,675		3,675	
Professional Fees	6,000		6,000	
Materials/Supplies	9,072		9,072	
Repairs/Maintenance	10,411		10,411	
Printing and Reproduction	1,247		1,247	
Rental/Lease	18,494		18,494	
Membership Dues	1,000		1,000	
Staff Development	6,000		6,000	
Insurance/Employee Bonds	2,274		2,274	
Employee Tuition	600		600	
Advertising	2,000		2,000	
Freight/Delivery	1,000		1,000	
Temporary Help	11,270		11,270	
Furniture/Equipment	3,000		3,000	
Communications/Utilities	11,843		11,843	
Capital Outlay	0		0	
State Office of Risk Management	1,070		1,070	
Total	581,640	66,237	515,403	0

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMMUNITY AFFAIRS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	FEDERAL FUNDS
Salaries	2,123,167	2,123,167
Travel In-State	141,562	141,562
Travel Out-of-State	15,855	15,855
Professional Fees	148,000	148,000
Materials/Supplies	125,071	125,071
Repairs/Maintenance	102,509	102,509
Printing and Reproduction	11,195	11,195
Rental/Lease	37,324	37,324
Membership Dues	16,005	16,005
Staff Development	29,800	29,800
Insurance/Employee Bonds	12,682	12,682
Employee Tuition	2,000	2,000
Advertising	3,600	3,600
Freight/Delivery	4,300	4,300
Temporary Help	25,326	25,326
Furniture/Equipment	3,850	3,850
Communications/Utilities	40,506	40,506
Capital Outlay	0	0
State Office of Risk Management	8,561	8,561
Total	2,851,313	2,851,313

Note:
Community Affairs Includes:
- Administration - Community Affairs
- Community Services Program
- Energy Assistance Program
- Section 8

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ADMINISTRATION-COMMUNITY AFFAIRS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	CSBG	LIHEAP
Salaries	155,223	77,612	77,612
Travel In-State	5,000	2,500	2,500
Travel Out-of-State	6,300	3,150	3,150
Professional Fees	4,000	2,000	2,000
Materials/Supplies	2,628	1,314	1,314
Repairs/Maintenance	3,475	1,738	1,738
Printing and Reproduction	739	370	370
Rental/Lease	1,427	714	714
Membership Dues	1,500	750	750
Staff Development	3,000	1,500	1,500
Insurance/Employee Bonds	650	325	325
Employee Tuition	0	0	0
Advertising	0	0	0
Freight/Delivery	500	250	250
Temporary Help	2,004	1,002	1,002
Furniture/Equipment	1,100	550	550
Communications/Utilities	3,186	1,593	1,593
Capital Outlay	0	0	0
State Office of Risk Management	0	0	0
Total	190,732	95,366	95,366

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMMUNITY SERVICES PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	CSBG	ESGP
Salaries	783,762	657,844	125,917
Travel In-State	50,000	32,500	17,500
Travel Out-of-State	3,255	2,116	1,139
Professional Fees	74,000	74,000	
Materials/Supplies	18,647	18,647	
Repairs/Maintenance	22,825	22,825	
Printing and Reproduction	4,637	4,637	
Rental/Lease	23,988	23,988	
Membership Dues	7,050	7,050	
Staff Development	11,000	11,000	
Insurance/Employee Bonds	4,553	4,553	
Employee Tuition	2,000	2,000	
Advertising	0	0	
Freight/Delivery	1,000	1,000	
Temporary Help	8,528	8,528	
Furniture/Equipment	2,150	2,150	
Communications/Utilities	14,145	14,145	
Capital Outlay	0	0	
State Office of Risk Management	2,872	2,872	
Total	1,034,412	889,855	144,557

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ENERGY ASSISTANCE PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	DOE T&TA	DOE GRANTEE	LIHEAP
Salaries	841,086	94,792	120,947	625,347
Travel In-State	73,562	14,712	22,069	36,781
Travel Out-of-State	3,990	798	1,197	1,995
Professional Fees	56,000	16,800	16,800	22,400
Materials/Supplies	93,209			93,209
Repairs/Maintenance	58,798			58,798
Printing and Reproduction	3,233			3,233
Rental/Lease	10,415			10,415
Membership Dues	6,455			6,455
Staff Development	10,000			10,000
Insurance/Employee Bonds	5,203			5,203
Employee Tuition	0			0
Advertising	3,000			3,000
Freight/Delivery	2,500			2,500
Temporary Help	7,031			7,031
Furniture/Equipment	600			600
Communications/Utilities	16,852			16,852
Capital Outlay	0			0
State Office of Risk Management	3,460			3,460
Total	1,195,394	127,103	161,012	907,279

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SECTION 8 - RENTAL ASSISTANCE PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	SECTION 8
Salaries	343,096	343,096
Travel In-State	13,000	13,000
Travel Out-of-State	2,310	2,310
Professional Fees	14,000	14,000
Materials/Supplies	10,587	10,587
Repairs/Maintenance	17,411	17,411
Printing and Reproduction	2,586	2,586
Rental/Lease	1,494	1,494
Membership Dues	1,000	1,000
Staff Development	5,800	5,800
Insurance/Employee Bonds	2,276	2,276
Employee Tuition	0	0
Advertising	600	600
Freight/Delivery	300	300
Temporary Help	7,763	7,763
Furniture/Equipment	0	0
Communications/Utilities	6,323	6,323
Capital Outlay	0	0
State Office of Risk Management	2,229	2,229
Total	430,775	430,775

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY FINANCE PRODUCTION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS	GENERAL REVENUE
Salaries	711,467	711,467	0
Travel In-State	18,750	18,750	
Travel Out-of-State	9,000	9,000	
Professional Fees	25,400	25,400	
Materials/Supplies	20,740	20,740	
Repairs/Maintenance	17,850	17,850	
Printing and Reproduction	2,425	2,425	
Rental/Lease	9,461	9,461	
Membership Dues	1,500	1,500	
Staff Development	14,697	14,697	
Insurance/Employee Bonds	3,902	3,902	
Employee Tuition	2,000	2,000	
Advertising	1,875	1,875	
Freight/Delivery	2,625	2,625	
Temporary Help	25,524	25,524	
Furniture/Equipment	150	150	
Communications/Utilities	16,359	16,359	
Capital Outlay	0	0	
State Office of Risk Management	2,553	2,553	
Total	886,278	886,278	0

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
TEXAS HOMEOWNERSHIP PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS	GENERAL REVENUE
Salaries	354,791	325,074	29,717
Travel In-State	20,700	20,700	
Travel Out-of-State	6,017	6,017	
Professional Fees	97,000	7,000	90,000
Materials/Supplies	6,949	6,949	
Repairs/Maintenance	7,663	7,663	
Printing and Reproduction	7,499	7,499	
Rental/Lease	9,347	9,347	
Membership Dues	450	450	
Staff Development	6,300	6,300	
Insurance/Employee Bonds	1,626	1,626	
Employee Tuition	270	270	
Advertising	50,000	50,000	
Freight/Delivery	2,678	2,678	
Temporary Help	2,160	2,160	
Furniture/Equipment	675	675	
Communications/Utilities	7,276	7,276	
Capital Outlay	0	0	
State Office of Risk Management	2,386	2,386	
Total	583,786	464,068	119,717

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
REAL ESTATE ANALYSIS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS	HOME	GENERAL REVENUE
Salaries	614,799	553,319	61,480	0
Travel In-State	4,000	4,000		
Travel Out-of-State	6,000	6,000		
Professional Fees	20,000	20,000		
Materials/Supplies	10,548	10,548		
Repairs/Maintenance	15,374	15,374		
Printing and Reproduction	1,016	1,016		
Rental/Lease	2,134	2,134		
Membership Dues	500	500		
Staff Development	15,100	15,100		
Insurance/Employee Bonds	3,252	3,252		
Employee Tuition	600	600		
Advertising	600	600		
Freight/Delivery	250	250		
Temporary Help	15,619	15,619		
Furniture/Equipment	700	700		
Communications/Utilities	10,412	10,412		
Capital Outlay	0	0		
State Office of Risk Management	0	0		
Total	720,904	659,424	61,480	0

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOME PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	HOME	GENERAL REVENUE
Salaries	1,640,708	1,469,814	145,499
Travel In-State	51,800	46,620	5,180
Travel Out-of-State	11,341	10,207	1,134
Professional Fees	169,800	169,800	0
Materials/Supplies	35,739	32,165	3,574
Repairs/Maintenance	44,149	39,734	4,415
Printing and Reproduction	14,846	13,361	1,485
Rental/Lease	31,976	28,778	3,198
Membership Dues	2,500	2,250	250
Staff Development	21,000	18,900	2,100
Insurance/Employee Bonds	9,106	8,195	911
Employee Tuition	1,200	1,080	120
Advertising	1,625	1,463	163
Freight/Delivery	4,000	3,600	400
Temporary Help	21,055	18,950	2,106
Furniture/Equipment	2,000	1,800	200
Communications/Utilities	29,430	26,487	2,943
Capital Outlay	0	0	0
State Office of Risk Management	2,640	1,320	1,320
Total	2,094,915	1,894,524	174,995

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESEARCH AND PLANNING
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS
Salaries	289,724	289,724
Travel In-State	8,500	8,500
Travel Out-of-State	2,000	2,000
Professional Fees	60,000	60,000
Materials/Supplies	7,675	7,675
Repairs/Maintenance	7,438	7,438
Printing and Reproduction	8,543	8,543
Rental/Lease	1,067	1,067
Membership Dues	250	250
Staff Development	3,000	3,000
Insurance/Employee Bonds	1,626	1,626
Employee Tuition	0	0
Advertising	0	0
Freight/Delivery	250	250
Temporary Help	5,060	5,060
Furniture/Equipment	0	0
Communications/Utilities	5,646	5,646
Capital Outlay	0	0
State Office of Risk Management	0	0
Total	400,779	400,779

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
DISASTER RECOVERY DIVISION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	CDBG DISASTER RECOVERY	FEMA AHPP
Salaries	764,640	676,973	87,667
Travel In-State	52,000	52,000	
Travel Out-of-State	8,000	8,000	
Professional Fees	110,000	110,000	
Materials/Supplies	17,219	17,219	
Repairs/Maintenance	18,350	18,350	
Printing and Reproduction	8,220	8,220	
Rental/Lease	10,061	10,061	
Membership Dues	2,000	2,000	
Staff Development	15,000	15,000	
Insurance/Employee Bonds	3,902	3,902	
Employee Tuition	1,200	1,200	
Advertising	5,000	5,000	
Freight/Delivery	3,000	3,000	
Temporary Help	38,024	23,024	15,000
Furniture/Equipment	15,000	15,000	
Communications/Utilities	14,599	14,599	
Capital Outlay	0		
State Office of Risk Management	0		
Total	1,086,215	983,548	102,667

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
AGENCY ADMINISTRATION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	EARNED FEDERAL FUNDS	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS	FEDERAL FUNDS	CDBG DISASTER RECOVERY
Salaries	6,350,224	171,370	558,494	359,534	4,326,725	934,100	0
Travel In-State	230,950	8,000	6,000		171,950	45,000	
Travel Out-of-State	29,621	1,512	1,365		21,245	5,500	
Professional Fees	293,300	0	3,000		290,300	0	
Materials/Supplies	125,480	21,019	11,296		76,483	16,682	
Repairs/Maintenance	327,786	27,588	17,862		259,671	22,665	
Printing and Reproduction	23,227	2,257	2,725		14,214	4,031	
Rental/Lease	40,485	5,267	2,348		25,115	7,755	
Membership Dues	53,370	1,000	700		49,870	1,800	
Staff Development	132,468	19,560	21,000		85,308	6,600	
Insurance/Employee Bonds	46,147	5,008	3,577		32,868	4,693	
Employee Tuition	7,430	2,000	900		4,200	330	
Advertising	27,100	1,200	1,200		24,200	500	
Freight/Delivery	8,250	700	500		6,050	1,000	
Temporary Help	112,655	12,880	8,772		60,767	30,236	
Furniture/Equipment	16,310	1,060	800		11,540	2,910	
Communications/Utilities	120,216	18,878	9,935		71,671	19,732	
Capital Outlay	0	0	0		0	0	
State Office of Risk Management	20,741	872	2,071		17,798	0	
Total	7,965,760	300,170	652,545	359,534	5,549,976	1,103,534	0

Note:
Agency Administration Includes:
- Human Resources
- Information Systems
- Financial Administration
- Portfolio Management and Compliance
- Bond Finance

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HUMAN RESOURCES
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS
Salaries	253,936	24,410	229,525
Travel In-State	500		500
Travel Out-of-State	2,000		2,000
Professional Fees	7,500		7,500
Materials/Supplies	5,761		5,761
Repairs/Maintenance	40,451		40,451
Printing and Reproduction	568		568
Rental/Lease	854		854
Membership Dues	880		880
Staff Development	25,368		25,368
Insurance/Employee Bonds	1,301		1,301
Employee Tuition	0		0
Advertising	15,000		15,000
Freight/Delivery	350		350
Temporary Help	4,008		4,008
Furniture/Equipment	600		600
Communications/Utilities	3,613		3,613
Capital Outlay	0		0
State Office of Risk Management	0		0
Total	362,690	24,410	338,279

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INFORMATION SYSTEMS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS
Salaries	1,248,438	61,020	141,875	1,045,543
Travel In-State	10,000	6,000		4,000
Travel Out-of-State	2,520	1,512		1,008
Professional Fees	0	0		0
Materials/Supplies	28,376	17,026		11,350
Repairs/Maintenance	35,561	21,337		14,224
Printing and Reproduction	2,735	1,641		1,094
Rental/Lease	7,355	4,413		2,942
Membership Dues	1,000	600		400
Staff Development	30,000	18,000		12,000
Insurance/Employee Bonds	6,179	3,707		2,472
Employee Tuition	0	0		0
Advertising	1,500	900		600
Freight/Delivery	1,000	600		400
Temporary Help	14,787	8,872		5,915
Furniture/Equipment	600	360		240
Communications/Utilities	25,441	15,265		10,176
Capital Outlay	0	0		0
State Office of Risk Management	3,161	483		2,678
Total	1,418,653	161,735	141,875	1,115,043

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FINANCIAL ADMINISTRATION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	FEDERAL FUNDS	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS	GENERAL REVENUE
Salaries	2,466,986	558,494	123,330	193,249	1,481,563	110,350
Travel In-State	23,950	6,000			15,950	2,000
Travel Out-of-State	6,442	1,365			5,077	0
Professional Fees	147,800	3,000			144,800	0
Materials/Supplies	41,671	11,296			26,382	3,993
Repairs/Maintenance	124,287	17,862			100,174	6,251
Printing and Reproduction	7,590	2,725			4,249	616
Rental/Lease	10,351	2,348			7,149	854
Membership Dues	5,510	700			4,410	400
Staff Development	45,500	21,000			22,940	1,560
Insurance/Employee Bonds	25,333	3,577			20,455	1,301
Employee Tuition	4,100	900			1,200	2,000
Advertising	2,100	1,200			600	300
Freight/Delivery	2,400	500			1,800	100
Temporary Help	32,930	8,772			20,150	4,008
Furniture/Equipment	10,000	800			8,500	700
Communications/Utilities	41,482	9,935			27,934	3,613
Capital Outlay	0	0			0	0
State Office of Risk Management	11,903	2,071			9,443	389
Total	3,010,335	652,545	123,330	193,249	1,902,776	138,435

Note:
Financial Administration Includes:
Director's Office
Accounting Operations
Financial Services
Purchasing and Facilities Management

6/18/2008

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
DIRECTOR'S OFFICE of FINANCIAL ADMINISTRATION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS	GENERAL REVENUE
Salaries	490,198	89,680	49,858	287,478	63,181
Travel In-State	7,000			7,000	
Travel Out-of-State	2,625			2,625	
Professional Fees	17,000			17,000	
Materials/Supplies	7,556			7,556	
Repairs/Maintenance	10,411			10,411	
Printing and Reproduction	1,247			1,247	
Rental/Lease	2,494			2,494	
Membership Dues	1,000			1,000	
Staff Development	3,000			3,000	
Insurance/Employee Bonds	2,276			2,276	
Employee Tuition	600			600	
Advertising	600			600	
Freight/Delivery	700			700	
Temporary Help	2,563			2,563	
Furniture/Equipment	500			500	
Communications/Utilities	6,823			6,823	
Capital Outlay	0			0	
State Office of Risk Management	8,654			8,473	181
Total	565,247	89,680	49,858	362,346	63,363

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ACCOUNTING OPERATIONS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS
Salaries	691,796	468,815	95,731	127,250
Travel In-State	6,000	6,000		
Travel Out-of-State	1,365	1,365		
Professional Fees	3,000	3,000		
Materials/Supplies	11,296	11,296		
Repairs/Maintenance	17,862	17,862		
Printing and Reproduction	2,725	2,725		
Rental/Lease	2,348	2,348		
Membership Dues	700	700		
Staff Development	21,000	21,000		
Insurance/Employee Bonds	3,577	3,577		
Employee Tuition	900	900		
Advertising	1,200	1,200		
Freight/Delivery	500	500		
Temporary Help	8,772	8,772		
Furniture/Equipment	800	800		
Communications/Utilities	9,935	9,935		
Capital Outlay	0	0		
State Office of Risk Management	2,071	2,071		
Total	785,846	562,865	95,731	127,250

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FINANCIAL SERVICES
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	HF APPROP. RECEIPTS	HOME
Salaries	856,717	733,387	123,330
Travel In-State	7,950	7,950	
Travel Out-of-State	2,452	2,452	
Professional Fees	127,800	127,800	
Materials/Supplies	14,581	14,581	
Repairs/Maintenance	82,312	82,312	
Printing and Reproduction	1,524	1,524	
Rental/Lease	3,201	3,201	
Membership Dues	3,070	3,070	
Staff Development	15,940	15,940	
Insurance/Employee Bonds	16,878	16,878	
Employee Tuition	600	600	
Advertising	0	0	
Freight/Delivery	1,000	1,000	
Temporary Help	3,779	3,779	
Furniture/Equipment	800	800	
Communications/Utilities	15,918	15,918	
Capital Outlay	0	0	
State Office of Risk Management	0	0	
Total	1,154,522	1,031,192	123,330

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
PURCHASING and FACILITIES MANAGEMENT
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	MH APPROP. RECEIPTS	HF APPROP. RECEIPTS
Salaries	428,276	47,169	47,659	333,448
Travel In-State	3,000	2,000		1,000
Travel Out-of-State	0	0		0
Professional Fees	0	0		0
Materials/Supplies	8,238	3,993		4,245
Repairs/Maintenance	13,702	6,251		7,451
Printing and Reproduction	2,094	616		1,478
Rental/Lease	2,308	854		1,454
Membership Dues	740	400		340
Staff Development	5,560	1,560		4,000
Insurance/Employee Bonds	2,602	1,301		1,301
Employee Tuition	2,000	2,000		0
Advertising	300	300		0
Freight/Delivery	200	100		100
Temporary Help	17,816	4,008		13,808
Furniture/Equipment	7,900	700		7,200
Communications/Utilities	8,806	3,613		5,193
Capital Outlay	0	0		0
State Office of Risk Management	1,178	208		970
Total	504,720	75,072	47,659	381,988

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
PORTFOLIO MANAGEMENT and COMPLIANCE
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	CDBG DISASTER RECOVERY	HOME	HF APPROP. RECEIPTS
Salaries	2,078,788	0	810,770	1,268,018
Travel In-State	190,000		45,000	145,000
Travel Out-of-State	11,000		5,500	5,500
Professional Fees	134,000		0	134,000
Materials/Supplies	43,984		16,682	27,302
Repairs/Maintenance	121,536		22,665	98,871
Printing and Reproduction	11,525		4,031	7,494
Rental/Lease	21,071		7,755	13,316
Membership Dues	6,480		1,800	4,680
Staff Development	24,600		6,600	18,000
Insurance/Employee Bonds	12,033		4,693	7,340
Employee Tuition	2,730		330	2,400
Advertising	1,500		500	1,000
Freight/Delivery	2,500		1,000	1,500
Temporary Help	59,922		30,236	29,686
Furniture/Equipment	4,110		2,910	1,200
Communications/Utilities	44,687		19,732	24,955
Capital Outlay	0		0	0
State Office of Risk Management	5,677		0	5,677
Total	2,776,143	0	980,204	1,795,938

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOND FINANCE
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2008 thru AUGUST 31, 2009

BUDGET CATEGORIES	BUDGETED	SINGLE FAMILY BOND ADMIN	MULTI FAMILY BOND ADMIN
Salaries	302,075	271,868	30,208
Travel In-State	6,500	5,850	650
Travel Out-of-State	7,660	6,894	766
Professional Fees	4,000	3,600	400
Materials/Supplies	5,688	5,119	569
Repairs/Maintenance	5,951	5,356	595
Printing and Reproduction	809	728	81
Rental/Lease	854	769	85
Membership Dues	39,500	35,550	3,950
Staff Development	7,000	6,300	700
Insurance/Employee Bonds	1,301	1,171	130
Employee Tuition	600	540	60
Advertising	7,000	6,300	700
Freight/Delivery	2,000	1,800	200
Temporary Help	1,008	907	101
Furniture/Equipment	1,000	900	100
Communications/Utilities	4,993	4,494	499
Capital Outlay	0	0	0
State Office of Risk Management	0	0	0
Total	397,939	358,145	39,794

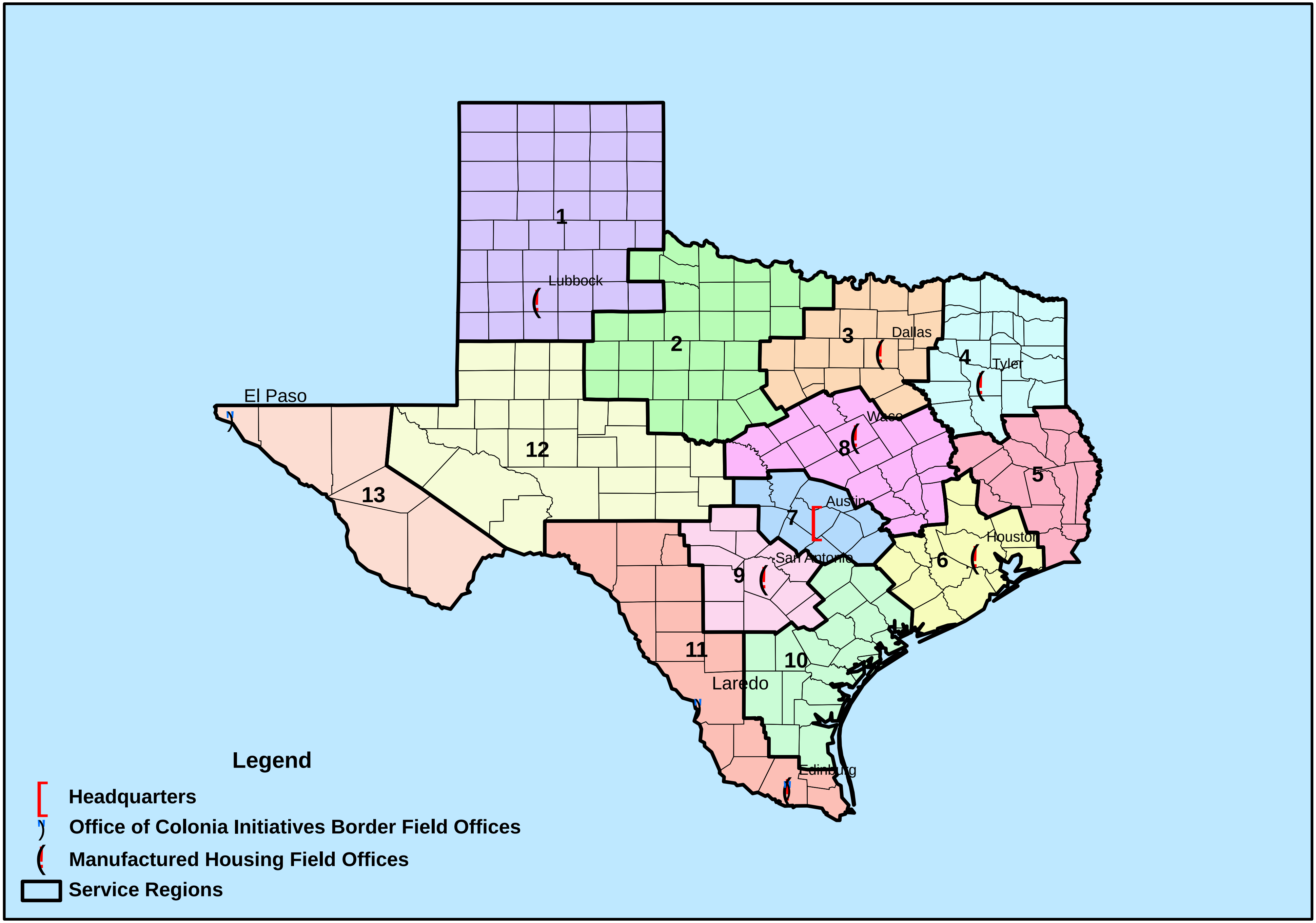
ATTACHMENT 13

Relating to Organization

13. If applicable, a map to illustrate the regional boundaries, headquarters location, and field or regional office locations.

    - TDHCA Field Offices Map attached.

Texas Department of Housing and Community Affairs
Field Offices



ATTACHMENT 14

Relating to Agency Performance Evaluation

14. A copy of each quarterly performance report completed by the agency in FY 2006 – 2008.

1st Qtr 2006

ACTUAL PERFORMANCE FOR OUTPUT/EFFICIENCY MEASURES
332 - DEPT HOUSING-COMM AFFAIRS
FISCAL YEAR
2/1/2006

Edwina P. Carrington 2/2/06
Edwina P. Carrington Date
Executive Director

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target

Output Measures

1-1-1 MRB PROGRAM - SINGLE FAMILY
1 # HOUSEHOLDS ASST. W/SF MRB

Quarter 1	1,727.00	537.00	537.00	31.09 % *

Explanation of Variance: Households assisted with Single Family Mortgage Revenue Bond originations were higher than targeted because of the increased benefit of the program's interest rates over increasing market interest rates.

1-1-3 HOUSING TRUST FUND - SINGLE FAMILY
1 # HOUSEHOLDS ASST THRU SF HTF

Quarter 1	100.00	15.00	15.00	15.00 % *

Explanation of Variance: A NOFA for the Texas Bootstrap Loan Program was released on September 30, 2005 in the approximate amount of $6,000,000. Deadline for submission of applications was at 5:00 pm on November 18, 2005. This funding represented program awards for fiscal years 2006 and 2007. On January 18, 2006, 17 applications were recommended to the TDCHA's Board of Directors for approval totaling $6,673,322.71 in Housing Trust Funds and Bond Refinancing Residuals. Loans are anticipated to start closing within the 3rd quarter. The loan closings within the 1st quarter represent closings from previous awards.

Prior Amount: 15.00

Prior YTD: 15.00

1-1-4 SECTION 8 RENTAL ASSISTANCE
1 # HOUSEHOLDS ASSISTED

* Varies by 5% or more from target.

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	

Output Measures

1 # HOUSEHOLDS ASSISTED

Quarter 1	2,100.00	1,008.00	1,008.00	48.00 %	*

Explanation of Variance: The targeted measure of 2,100 vouchers was developed when the U. S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on the number of Housing Choice vouchers available. The allocation of HAP funds changed for the Section 8 Program Year beginning January 1, 2005. TDHCA no longer receives HAP funds based on a specified number of vouchers. Instead, for PY 2005 and 2006, TDHCA receives funds from HUD based on the average number of active tenants during May, June, and July, 2004.

1-1-5 FEDERAL TAX CREDITS

1 # HOUSEHOLDS ASST THRU HTC PROGRAM

Quarter 1	18,832.00	2,581.00	2,581.00	13.71 %	*

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% (competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

1-1-6 HOME PROGRAM - MULTIFAMILY

1 # HOUSEHOLDS ASST WITH MF FUNDS

Quarter 1	741.00	22.00	22.00	2.97 %	*

Explanation of Variance: The HOME rental development program runs an open cycle application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. Therefore, the HOME application cycle does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the third or fourth quarters of the State fiscal year.

1-1-8 MRB PROGRAM-MULTIFAMILY

1 # HOUSEHOLDS ASST MF MRB PROG

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
1 # HOUSEHOLDS ASST MF MRB PROG					
Quarter 1	3,500.00	374.00	374.00	10.69 %	*

Explanation of Variance: Total multifamily mortgage revenue bond unit production for the first quarter is lower than targeted due to tighter than expected rental markets in major metropolitan areas; limited access to the bond cap; and increasing construction costs related to natural disasters in Texas and the Gulf region.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
2-1-1 HOUSING RESOURCE CENTER					
1 # REQUESTS COMPLETED					
Quarter 1	5,400.00	1,097.00	1,097.00	20.31 %	
2-2-1 COLONIA SERVICE CENTERS					
1 SERVICE CENTER ON-SITE VISITS					
Quarter 1	600.00	366.00	366.00	61.00 %	*

Explanation of Variance: The better than target performance, reflects technical assistance visits to units of local governments and nonprofit organizations, to assist them with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers. This activity was boosted through extensive marketing and technical assistance to nonprofit organizations related to the 2006 and 2007 application cycle for the Texas Bootstrap Loan Program.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
3-1-1 POVERTY-RELATED FUNDS					
1 # PERSONS ASSISTED					
Quarter 1	440,000.00	87,718.00	87,718.00	19.94 %	*

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant and Emergency Shelter Grants (ESG) Program. ESG funds are awarded via a competitive process annually and since subrecipients vary from year to year it is difficult to estimate how many persons will be assisted.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
2 # PERSONS IMPROVED					
Quarter 1	2,000.00	766.00	766.00	38.30 %	*

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

3 # SHELTERS ASSISTED					
Quarter 1	70.00	76.00	76.00	108.57 %	*

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). The ESGP grant awards are issued only once each fiscal year and the FY'05 contracts began September 2005 and thus the entire measure is met during the 1st quarter. The Department exceeded the measure set because it is difficult to determine how many how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and the ranking of the applications based upon their score.

3-2-1 ENERGY ASSISTANCE PROGRAMS					
1 # RECEIVING ENERGY ASSIST					
Quarter 1	63,200.00	11,952.00	11,952.00	18.91 %	*

Explanation of Variance: This quarter, falling toward the end of the CEAP program year, finds energy assistance contractors running out of money – following a year of extreme client demand resulting from rapidly rising energy costs and an elongated air conditioning season.

2 # WEATHERIZED DWELLINGS					
Quarter 1	4,800.00	1,110.00	1,110.00	23.13 %	
4-1-1 MONITOR HOUSING REQUIREMENTS					

* Varies by 5% or more from target.

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
3 # OF ONSITE REVIEWS					
Quarter 1	888.00	165.00	165.00	18.58 %	*

Explanation of Variance: Onsite reviews were cancelled in September 2005 in the Houston area due to Hurricane Katrina. The number will increase in the 2nd Quarter.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
4-1-2 MONITOR CONTRACT REQUIREMENTS					
1 # OF MONITORING REVIEWS					
Quarter 1	10,725.00	2,798.00	2,798.00	26.09 %	
5-1-1 TITLING AND LICENSING					
1 # SOL ISSUED					
Quarter 1	89,000.00	41,514.00	41,514.00	46.64 %	*

Explanation of Variance: Performance is over the targeted projection due to an increase in applications resulting from lienholders revising Statements of Ownership and Location to reflect the most current mortgage lien information. This is due to a new law that became effective in June 2005 that allows a real property owner to declare a home abandoned if they properly send notices of intent to the owner of the home and all lienholders that are on file with the Department.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
2 # LICENSES ISSUED					
Quarter 1	4,435.00	1,093.00	1,093.00	24.64 %	
5-1-2 INSPECTIONS					
1 # ROUTINE INSPECTIONS					

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
1 # ROUTINE INSPECTIONS					
Quarter 1	8,000.00	1,071.00	1,071.00	13.39 %	*

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 27.49%.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
5-1-3 ENFORCEMENT					
1 # COMPLAINTS RESOLVED					
Quarter 1	1,700.00	173.00	173.00	10.18 %	*

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Efficiency Measures					
5-1-3 ENFORCEMENT					
2 AVERAGE TIME RESOLUTION					
Quarter 1	180.00	119.60	119.60	66.44 %	*

Explanation of Variance: This measure is under the targeted projection, which is desirable.

* Varies by 5% or more from target.

2nd Qtr 2006

ACTUAL PERFORMANCE FOR OUTPUT/EFFICIENCY MEASURES
332 - DEPT HOUSING-COMM AFFAIRS
FISCAL YEAR
4/7/2006

William Dally
William Dally
Acting Executive Director

4-7-2006
Date

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
1-1-1 MRB PROGRAM - SINGLE FAMILY					
1 # HOUSEHOLDS ASST. W/SF MRB					
Quarter 1	1,727.00	537.00	537.00	31.09 %	*

Explanation of Variance: Households assisted with Single Family Mortgage Revenue Bond originations were higher than targeted because of the increased benefit of the program's interest rates over increasing market interest rates.

Prior Amount: 537.00

Prior YTD: 537.00

Quarter 2	1,727.00	704.00	1,241.00	71.86 %	*

Explanation of Variance: Households assisted with Single Family Mortgage Revenue Bond originations were higher than targeted because of the increased benefit of the program's interest rates over increasing market interest rates.

Explanation of Update: Had to reenter number in order to get YTD to calculate correctly.

Prior Amount: 704.00

Prior YTD: 1,256.00

1-1-3 HOUSING TRUST FUND - SINGLE FAMILY

1 # HOUSEHOLDS ASST THRU SF HTF

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	

Output Measures

1 # HOUSEHOLDS ASST THRU SF HTF

Quarter 1	100.00	15.00	15.00	15.00 %	*

Explanation of Variance: A NOFA for the Texas Bootstrap Loan Program was released on September 30, 2005 in the approximate amount of $6,000,000. Deadline for submission of applications was at 5:00 pm on November 18, 2005. This funding represented program awards for fiscal years 2006 and 2007. On January 18, 2006, 17 applications were recommended to the TDCHA's Board of Directors for approval totaling $6,673,322.71 in Housing Trust Funds and Bond Refinancing Residuals. Loans are anticipated to start closing within the 3rd quarter. The loan closings within the 1st quarter represent closings from previous awards.

Prior Amount: 15.00

Prior YTD: 15.00

Quarter 2	100.00	15.00	30.00	30.00 %	*

Explanation of Variance: Many homes that are currently under construction have not been completed. It is anticipated that the number of fully closed loans will increase significantly within the 3rd and 4th quarters.

1-1-4 SECTION 8 RENTAL ASSISTANCE

1 # HOUSEHOLDS ASSISTED

Quarter 1	2,100.00	1,008.00	1,008.00	48.00 %	*

Explanation of Variance: The targeted measure of 2,100 vouchers was developed when the U. S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on the number of Housing Choice vouchers available. The allocation of HAP funds changed for the Section 8 Program Year beginning January 1, 2005. TDHCA no longer receives HAP funds based on a specified number of vouchers. Instead, for PY 2005 and 2006, TDHCA receives funds from HUD based on the average number of active tenants during May, June, and July, 2004.

Quarter 2	2,100.00	9.00	1,017.00	48.43 %	

1-1-5 FEDERAL TAX CREDITS

* Varies by 5% or more from target.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	

Output Measures

1 # HOUSEHOLDS ASST THRU HTC PROGRAM

Quarter 1	18,832.00	2,185.00	2,185.00	11.60 %	*

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% (competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

Explanation of Update: Number was updated to reflect an administrative correction in the number of units approved by the Board during the 1st Qtr.

Prior Amount: 2,581.00

Prior YTD: 2,581.00

Quarter 2	18,832.00	2,427.00	4,612.00	24.49 %	*

Explanation of Variance: Targets are for combined cyclical and noncyclical allocations. The performance measures reported for the first and second quarter are mostly 4% noncyclical allocations. It is anticipated that the targets will be met once the 9% cyclical allocations are awarded in July.

1-1-6 HOME PROGRAM - MULTIFAMILY

1 # HOUSEHOLDS ASST WITH MF FUNDS

Quarter 1	741.00	62.00	62.00	8.37 %	*

Explanation of Variance: The HOME rental development program runs an open cycle application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. Therefore, the HOME application cycle does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the third or fourth quarters of the State fiscal year.

Explanation of Update: 1st Quarter total was increased by 40 units to include households assisted thru Non-CHDO rehab/acquisition activities.

Prior Amount: 22.00

Prior YTD: 22.00

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
1 # HOUSEHOLDS ASST WITH MF FUNDS					
Quarter 2	741.00	66.00	128.00	17.27 %	*

Explanation of Variance: Average and total development costs have fluctuated significantly but should normalize as the number of awards increase in the 3rd and 4th quarter. Additionally, due to many of the HOME awards being coupled with other cyclical program funds, the production number are below target. It is anticipated that the numbers will increase when the cyclical allocations are awarded during the fourth quarter.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
1-1-8 MRB PROGRAM-MULTIFAMILY					
1 # HOUSEHOLDS ASST MF MRB PROG					
Quarter 1	3,500.00	323.00	323.00	9.23 %	*

Explanation of Variance: Total multifamily mortgage revenue bond unit production for the first quarter is lower than targeted due to tighter than expected rental markets in major metropolitan areas; limited access to the bond cap; and increasing construction costs related to natural disasters in Texas and the Gulf region.

Explanation of Update: The number of MF Bond units was updated to reflect the actual number of units approved by the Board in the 1st quarter.

Prior Amount: 374.00

Prior YTD: 374.00

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Quarter 2	3,500.00	914.00	1,237.00	35.34 %	*

Explanation of Variance: As was discussed in the 1st quarter variance explanation, overall production numbers are lagging but are anticipated to rebound in the 3rd and 4th quarters.

2-1-1 HOUSING RESOURCE CENTER
1 # REQUESTS COMPLETED

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
1 # REQUESTS COMPLETED					
Quarter 1	5,400.00	1,097.00	1,097.00	20.31 %	
Quarter 2	5,400.00	1,054.00	2,151.00	39.83 %	*

Explanation of Variance: TDHCA made a phone system upgrade during the quarter. A 1-800 number for the entire agency was added and an automated attendant was added to the phone tree. This system has resulted in more calls being directly routed to the appropriate division instead of being forwarded by the Department's receptionist to DPPA for response.

2-2-1 COLONIA SERVICE CENTERS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
1 SERVICE CENTER ON-SITE VISITS					
Quarter 1	600.00	366.00	366.00	61.00 %	*

Explanation of Variance: The better than target performance, reflects technical assistance visits to units of local governments and nonprofit organizations, to assist them with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers. This activity was boosted through extensive marketing and technical assistance to nonprofit organizations related to the 2006 and 2007 application cycle for the Texas Bootstrap Loan Program.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Quarter 2	600.00	331.00	697.00	116.17 %	*

Explanation of Variance: The activity consisted of technical assistance visits to units of local governments and nonprofit organizations, to assist them with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program, and the Colonia Self-Help Centers. In particular, extensive marketing and technical assistance to nonprofit organizations regarding the 2006 and 2007 application cycle for the Bootstrap during the first half of the year has accounted for the high number of contacts with local governments and nonprofit organizations. In addition, increased interest in the OCI Programs has contributed to OCI exceeding its goal.

3-1-1 POVERTY-RELATED FUNDS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	

Output Measures

1 # PERSONS ASSISTED

Quarter 1	440,000.00	87,718.00	87,718.00	19.94 %	*

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant and Emergency Shelter Grants (ESG) Program. ESG funds are awarded via a competitive process annually and since subrecipients vary from year to year it is difficult to estimate how many persons will be assisted.

Quarter 2	440,000.00	128,010.00	215,728.00	49.03 %	

2 # PERSONS IMPROVED

Quarter 1	2,000.00	766.00	766.00	38.30 %	*

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

Quarter 2	2,000.00	411.00	1,177.00	58.85 %	*

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

3 # SHELTERS ASSISTED

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
3 # SHELTERS ASSISTED					
Quarter 1	70.00	76.00	76.00	108.57 %	*

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). The ESGP grant awards are issued only once each fiscal year and the FY'05 contracts began September 2005 and thus the entire measure is met during the 1st quarter. The Department exceeded the measure set because it is difficult to determine how many how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and the ranking of the applications based upon their score.

Quarter 2	70.00	0.00	76.00	108.57 %	*

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). The ESGP grant awards are issued only once each fiscal year and the FY'05 contracts began September 2005 and thus the entire measure is met during the 1st quarter. The Department exceeded the measure set because it is difficult to determine how many how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and the ranking of the applications based upon their score.

3-2-1 ENERGY ASSISTANCE PROGRAMS
1 # RECEIVING ENERGY ASSIST

Quarter 1	63,200.00	11,952.00	11,952.00	18.91 %	*

Explanation of Variance: This quarter, falling toward the end of the CEAP program year, finds energy assistance contractors running out of money – following a year of extreme client demand resulting from rapidly rising energy costs and an elongated air conditioning season.

Quarter 2	63,200.00	15,087.00	27,039.00	42.78 %	*

Explanation of Variance: Cold weather months (November – April) typically account for roughly 40% of utility assistance demand. Although this quarter's performance satisfies only 96% of a quarter of the year's goal, the cumulative households assisted represent 43% of the annual goal. We anticipate 60 percent or more of demand for program services will occur in the next two quarters.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	

Output Measures

2 # WEATHERIZED DWELLINGS

Quarter 1	4,800.00	1,100.00	1,100.00	22.92 %	

Explanation of Update: The 1st quarter number was incorrectly entered as 1,110 instead of 1,100.

Prior Amount: 1,110.00

Prior YTD: 1,110.00

Quarter 2	4,800.00	971.00	2,071.00	43.15 %	*

Explanation of Variance: Winter weather and the end of the program year typically slows weatherization activity in the second quarter of the State fiscal year.

Prior Amount: 971.00

Prior YTD: 2,081.00

4-1-1 MONITOR HOUSING REQUIREMENTS

3 # OF ONSITE REVIEWS

Quarter 1	888.00	165.00	165.00	18.58 %	*

Explanation of Variance: Onsite reviews were cancelled in September 2005 in the Houston area due to Hurricane Katrina. The number will increase in the 2nd Quarter.

Quarter 2	888.00	187.00	352.00	39.64 %	*

Explanation of Variance: Due to a recent turn over in staff that has resulted in a shortage of Compliance Monitors, the number of completed On-site Reviews has not increased as expected. As adjustments are made for this change, the number will rise and the variance will decrease in the following quarters.

4-1-2 MONITOR CONTRACT REQUIREMENTS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
1 # OF MONITORING REVIEWS					
Quarter 1	10,725.00	2,842.00	2,842.00	26.50 %	

Explanation of Update: Revised to include additional reviews that occured in the 1st Quarter but were not documented until after the LBB reporting deadline.

Prior Amount: 2,798.00

Prior YTD: 2,798.00

Quarter 2	10,725.00	3,444.00	6,286.00	58.61 %	*

Explanation of Variance: Improved tracking of contract performance has resulted in an increase in the total number of monitoring reviews.

Prior Amount: 3,444.00

Prior YTD: 6,242.00

5-1-1 TITLING AND LICENSING

1 # SOL ISSUED

Quarter 1	89,000.00	41,514.00	41,514.00	46.64 %	*

Explanation of Variance: Performance is over the targeted projection due to an increase in applications resulting from lienholders revising Statements of Ownership and Location to reflect the most current mortgage lien information. This is due to a new law that became effective in June 2005 that allows a real property owner to declare a home abandoned if they properly send notices of intent to the owner of the home and all lienholders that are on file with the Department.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
1 # SOL ISSUED					
Quarter 2	89,000.00	20,422.00	61,936.00	69.59 %	*

Explanation of Variance: Performance is over the targeted projection due to an increase in applications resulting from lienholders revising Statements of Ownership and Location to reflect the most current mortgage lien information. This is due to a new law that became effective in June 2005 that allows a real property owner to declare a home abandoned if they properly send notices of intent to the owner of the home and all lienholders that are on file with the Department.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
2 # LICENSES ISSUED					
Quarter 1	4,435.00	1,093.00	1,093.00	24.64 %	
Quarter 2	4,435.00	1,016.00	2,109.00	47.55 %	
5-1-2 INSPECTIONS					
1 # ROUTINE INSPECTIONS					
Quarter 1	8,000.00	1,071.00	1,071.00	13.39 %	*

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 27.49%.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Quarter 2	8,000.00	1,240.00	2,311.00	28.89 %	*

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 29%.

5-1-3 ENFORCEMENT

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	

Output Measures

1 # COMPLAINTS RESOLVED

	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Quarter 1	1,700.00	173.00	173.00	10.18 %	*

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Quarter 2	1,700.00	272.00	445.00	26.18 %	*

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

Efficiency Measures

5-1-3 ENFORCEMENT

2 AVERAGE TIME RESOLUTION

	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Quarter 1	180.00	119.60	119.60	66.44 %	*

Explanation of Variance: This measure is under the targeted projection, which is desirable.

	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Quarter 2	180.00	161.70	145.40	80.78 %	*

Explanation of Variance: This measure is under the targeted projection, which is desirable.

* Varies by 5% or more from target.

3rd Qtr 2006

ACTUAL PERFORMANCE FOR OUTPUT/EFFICIENCY MEASURES
332 - DEPT HOUSING-COMM AFFAIRS
FISCAL YEAR
7/6/2006

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	

Output Measures

1-1-1 MRB PROGRAM - SINGLE FAMILY
1 # HOUSEHOLDS ASST. W/SF MRB

Quarter 1	1,727.00	537.00	537.00	31.09 %	*

Explanation of Variance: Households assisted with Single Family Mortgage Revenue Bond originations were higher than targeted because of the increased benefit of the program's interest rates over increasing market interest rates.

Prior Amount: 537.00

Prior YTD: 537.00

Quarter 2	1,727.00	704.00	1,241.00	71.86 %	*

Explanation of Variance: Households assisted with Single Family Mortgage Revenue Bond originations were higher than targeted because of the increased benefit of the program's interest rates over increasing market interest rates.

Explanation of Update: Had to reenter number in order to get YTD to calculate correctly.

Prior Amount: 704.00

Prior YTD: 1,256.00

Quarter 3	1,727.00	438.00	1,679.00	97.22 %	*

Explanation of Variance: Same as previous quarter.

1-1-3 HOUSING TRUST FUND - SINGLE FAMILY
1 # HOUSEHOLDS ASST THRU SF HTF

* Varies by 5% or more from target.

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
1 # HOUSEHOLDS ASST THRU SF HTF					
Quarter 1	100.00	15.00	15.00	15.00 %	*

Explanation of Variance: A NOFA for the Texas Bootstrap Loan Program was released on September 30, 2005 in the approximate amount of $6,000,000. Deadline for submission of applications was at 5:00 pm on November 18, 2005. This funding represented program awards for fiscal years 2006 and 2007. On January 18, 2006, 17 applications were recommended to the TDCHA's Board of Directors for approval totaling $6,673,322.71 in Housing Trust Funds and Bond Refinancing Residuals. Loans are anticipated to start closing within the 3rd quarter. The loan closings within the 1st quarter represent closings from previous awards.

Prior Amount: 15.00

Prior YTD: 15.00

Quarter 2	100.00	15.00	30.00	30.00 %	*

Explanation of Variance: Many homes that are currently under construction have not been completed. It is anticipated that the number of fully closed loans will increase significantly within the 3rd and 4th quarters.

Quarter 3	100.00	11.00	41.00	41.00 %	*

Explanation of Variance: Many homes that are currently under construction have not been completed. It is anticipated that the number of fully closed loans will increase significantly within the 4th quarter.

1-1-4 SECTION 8 RENTAL ASSISTANCE

1 # HOUSEHOLDS ASSISTED

* Varies by 5% or more from target.

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	

Output Measures

1 # HOUSEHOLDS ASSISTED

Quarter 1	2,100.00	1,008.00	1,008.00	48.00 %	*

Explanation of Variance: The targeted measure of 2,100 vouchers was developed when the U. S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on the number of Housing Choice vouchers available. The allocation of HAP funds changed for the Section 8 Program Year beginning January 1, 2005. TDHCA no longer receives HAP funds based on a specified number of vouchers. Instead, for PY 2005 and 2006, TDHCA receives funds from HUD based on the average number of active tenants during May, June, and July, 2004.

Quarter 2	2,100.00	9.00	1,017.00	48.43 %	
Quarter 3	2,100.00	7.00	1,024.00	48.76 %	*

Explanation of Variance: Variance explanation is the same as 1st quarter.

1-1-5 FEDERAL TAX CREDITS

1 # HOUSEHOLDS ASST THRU HTC PROGRAM

Quarter 1	18,832.00	2,185.00	2,185.00	11.60 %	*

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% (competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

Explanation of Update: Number was updated to reflect an administrative correction in the number of units approved by the Board during the 1st Qtr.

Prior Amount: 2,581.00

Prior YTD: 2,581.00

* Varies by 5% or more from target.

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
1 # HOUSEHOLDS ASST THRU HTC PROGRAM					
Quarter 2	18,832.00	2,427.00	4,612.00	24.49 %	*

Explanation of Variance: Targets are for combined cyclical and noncyclical allocations. The performance measures reported for the first and second quarter are mostly 4% noncyclical allocations. It is anticipated that the targets will be met once the 9% cyclical allocations are awarded in July.

Quarter 3	18,832.00	2,143.00	6,755.00	35.87 %	*

Explanation of Variance: The HTC program has experienced slower than anticipated production numbers from 4% HTC developments but expects to meet overall annual goals with the award of 9% HTC developments in the 4th quarter.

1-1-6 HOME PROGRAM - MULTIFAMILY

1 # HOUSEHOLDS ASST WITH MF FUNDS					
Quarter 1	741.00	62.00	62.00	8.37 %	*

Explanation of Variance: The HOME rental development program runs an open cycle application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. Therefore, the HOME application cycle does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the third or fourth quarters of the State fiscal year.

Explanation of Update: 1st Quarter total was increased by 40 units to include households assisted thru Non-CHDO rehab/acquisition activities.

Prior Amount: 22.00

Prior YTD: 22.00

Quarter 2	741.00	66.00	128.00	17.27 %	*

Explanation of Variance: Average and total development costs have fluctuated significantly but should normalize as the number of awards increase in the 3rd and 4th quarter. Additionally, due to many of the HOME awards being coupled with other cyclical program funds, the production number are below target. It is anticipated that the numbers will increase when the cyclical allocations are awarded during the fourth quarter.

* Varies by 5% or more from target.

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	

Output Measures

1 # HOUSEHOLDS ASST WITH MF FUNDS

Quarter 3	741.00	45.00	173.00	23.35 %	*

Explanation of Variance: Production numbers for HOME rental programs are on track to meet annual targets. Although numbers are low, the bulk of awards will occur in the 4th quarter since many applications are layered with 9% HTCs.

1-1-8 MRB PROGRAM-MULTIFAMILY

1 # HOUSEHOLDS ASST MF MRB PROG

Quarter 1	3,500.00	323.00	323.00	9.23 %	*

Explanation of Variance: Total multifamily mortgage revenue bond unit production for the first quarter is lower than targeted due to tighter than expected rental markets in major metropolitan areas; limited access to the bond cap; and increasing construction costs related to natural disasters in Texas and the Gulf region.

Explanation of Update: The number of MF Bond units was updated to reflect the actual number of units approved by the Board in the 1st quarter.

Prior Amount: 374.00

Prior YTD: 374.00

Quarter 2	3,500.00	914.00	1,237.00	35.34 %	*

Explanation of Variance: As was discussed in the 1st quarter variance explanation, overall production numbers are lagging but are anticipated to rebound in the 3rd and 4th quarters.

Quarter 3	3,500.00	294.00	1,531.00	43.74 %	*

Explanation of Variance: Production numbers of MF Bonds are mixed from initial estimates. New construction appears to be far below targets, while rehab developments are exceeding targets annual targets already. We believe this is a factor of high land costs and resistance to new affordable developments from neighborhood groups. The average amount of bonds per household are exceeding expectations, along with the average cost of new construction. However, the average cost of rehab units are lower than anticiapted for the year. Factors for these trend include rising construction and land costs, tighter housing markets in metropolitain areas and increases in bond yields to investors.

* Varies by 5% or more from target.

Agency code: 332 Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	

Output Measures

2-1-1 HOUSING RESOURCE CENTER
1 # REQUESTS COMPLETED

	Target	Actual	YTD	Percent	
Quarter 1	5,400.00	1,097.00	1,097.00	20.31 %	
Quarter 2	5,400.00	1,054.00	2,151.00	39.83 %	*

Explanation of Variance: TDHCA made a phone system upgrade during the quarter. A 1-800 number for the entire agency was added and an automated attendant was added to the phone tree. This system has resulted in more calls being directly routed to the appropriate division instead of being forwarded by the Department's receptionist to DPPA for response.

	Target	Actual	YTD	Percent	
Quarter 3	5,400.00	1,540.00	3,691.00	68.35 %	*

Explanation of Variance: While the number of responses increased over the previous quarter due to better internal tracking, the reason for the overall YTD variance is the same as that reported in the 2nd Quarter.

2-2-1 COLONIA SERVICE CENTERS
1 SERVICE CENTER ON-SITE VISITS

	Target	Actual	YTD	Percent	
Quarter 1	600.00	366.00	366.00	61.00 %	*

Explanation of Variance: The better than target performance, reflects technical assistance visits to units of local governments and nonprofit organizations, to assist them with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers. This activity was boosted through extensive marketing and technical assistance to nonprofit organizations related to the 2006 and 2007 application cycle for the Texas Bootstrap Loan Program.

* Varies by 5% or more from target.

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
1 SERVICE CENTER ON-SITE VISITS					
Quarter 2	600.00	331.00	697.00	116.17 %	*

Explanation of Variance: The activity consisted of technical assistance visits to units of local governments and nonprofit organizations, to assist them with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program, and the Colonia Self-Help Centers. In particular, extensive marketing and technical assistance to nonprofit organizations regarding the 2006 and 2007 application cycle for the Bootstrap during the first half of the year has accounted for the high number of contacts with local governments and nonprofit organizations. In addition, increased interest in the OCI Programs has contributed to OCI exceeding its goal.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Quarter 3	600.00	359.00	1,056.00	176.00 %	*

Explanation of Variance: Variance explanation is the same as the previous quarter.

3-1-1 POVERTY-RELATED FUNDS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
1 # PERSONS ASSISTED					
Quarter 1	440,000.00	87,718.00	87,718.00	19.94 %	*

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant and Emergency Shelter Grants (ESG) Program. ESG funds are awarded via a competitive process annually and since subrecipients vary from year to year it is difficult to estimate how many persons will be assisted.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Quarter 2	440,000.00	128,010.00	215,728.00	49.03 %	
Quarter 3	440,000.00	121,643.00	337,371.00	76.68 %	
2 # PERSONS IMPROVED					

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	

Output Measures

2 # PERSONS IMPROVED

Quarter 1	2,000.00	766.00	766.00	38.30 %	*

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

Quarter 2	2,000.00	411.00	1,177.00	58.85 %	*

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

Quarter 3	2,000.00	251.00	1,428.00	71.40 %	

3 # SHELTERS ASSISTED

Quarter 1	70.00	76.00	76.00	108.57 %	*

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). The ESGP grant awards are issued only once each fiscal year and the FY'05 contracts began September 2005 and thus the entire measure is met during the 1st quarter. The Department exceeded the measure set because it is difficult to determine how many how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and the ranking of the applications based upon their score.

Agency code: 332 Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
3 # SHELTERS ASSISTED					
Quarter 2	70.00	0.00	76.00	108.57 %	*

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). The ESGP grant awards are issued only once each fiscal year and the FY'05 contracts began September 2005 and thus the entire measure is met during the 1st quarter. The Department exceeded the measure set because it is difficult to determine how many how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and the ranking of the applications based upon their score.

Quarter 3	70.00	0.00	76.00	108.57 %	*

Explanation of Variance: Variance explanation is the same as previous quarter.

3-2-1 ENERGY ASSISTANCE PROGRAMS

1 # RECEIVING ENERGY ASSIST

Quarter 1	63,200.00	11,952.00	11,952.00	18.91 %	*

Explanation of Variance: This quarter, falling toward the end of the CEAP program year, finds energy assistance contractors running out of money – following a year of extreme client demand resulting from rapidly rising energy costs and an elongated air conditioning season.

Quarter 2	63,200.00	15,087.00	27,039.00	42.78 %	*

Explanation of Variance: Cold weather months (November – April) typically account for roughly 40% of utility assistance demand. Although this quarter's performance satisfies only 96% of a quarter of the year's goal, the cumulative households assisted represent 43% of the annual goal. We anticipate 60 percent or more of demand for program services will occur in the next two quarters.

Quarter 3	63,200.00	16,495.00	43,534.00	68.88 %	*

Explanation of Variance: Utility customers experienced high energy rates and unusually hot weather in the Spring.

2 # WEATHERIZED DWELLINGS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
2 # WEATHERIZED DWELLINGS					
Quarter 1	4,800.00	1,100.00	1,100.00	22.92 %	
Quarter 2	4,800.00	971.00	2,071.00	43.15 %	*
Quarter 3	4,800.00	1,079.00	3,150.00	65.63 %	*

Output Measures

2 # WEATHERIZED DWELLINGS

Quarter 1 4,800.00 | 1,100.00 | 1,100.00 | 22.92 %

Explanation of Update: The 1st quarter number was incorrectly entered as 1,110 instead of 1,100.

Prior Amount: 1,110.00

Prior YTD: 1,110.00

Quarter 2 4,800.00 | 971.00 | 2,071.00 | 43.15 % *

Explanation of Variance: Winter weather and the end of the program year typically slows weatherization activity in the second quarter of the State fiscal year.

Prior Amount: 971.00

Prior YTD: 2,081.00

Quarter 3 4,800.00 | 1,079.00 | 3,150.00 | 65.63 % *

Explanation of Variance: Program year closeout activities, high production costs, and funding difficulties supressed weatherization production in the third quarter.

4-1-1 MONITOR HOUSING REQUIREMENTS

3 # OF ONSITE REVIEWS

Quarter 1 888.00 | 165.00 | 165.00 | 18.58 % *

Explanation of Variance: Onsite reviews were cancelled in September 2005 in the Houston area due to Hurricane Katrina. The number will increase in the 2nd Quarter.

* Varies by 5% or more from target.

Agency code: 332 Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target

Output Measures

3 # OF ONSITE REVIEWS

Quarter 2	888.00	187.00	352.00	39.64 % *

Explanation of Variance: Due to a recent turn over in staff that has resulted in a shortage of Compliance Monitors, the number of completed On-site Reviews has not increased as expected. As adjustments are made for this change, the number will rise and the variance will decrease in the following quarters.

Quarter 3	888.00	259.00	611.00	68.81 % *

Explanation of Variance: While the number of reviews increased over the previous quarter, the variance caused by the issues described in the 1st and 2nd quarters continues to be addressed. It is expected that progress towards reducing the current 7% difference between the actual and target number will continue in the fourth quarter.

4-1-2 MONITOR CONTRACT REQUIREMENTS

1 # OF MONITORING REVIEWS

Quarter 1	10,725.00	2,842.00	2,842.00	26.50 %

Explanation of Update: Revised to include additional reviews that occured in the 1st Quarter but were not documented until after the LBB reporting deadline.

Prior Amount: 2,798.00

Prior YTD: 2,798.00

Quarter 2	10,725.00	3,444.00	6,286.00	58.61 % *

Explanation of Variance: Improved tracking of contract performance has resulted in an increase in the total number of monitoring reviews.

Prior Amount: 3,444.00

Prior YTD: 6,242.00

* Varies by 5% or more from target.

Agency code: 332 Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
1 # OF MONITORING REVIEWS					
Quarter 3	10,725.00	3,993.00	10,279.00	95.84 %	*

Explanation of Variance: Variance explanation is the same as the previous quarter.

5-1-1 TITLING AND LICENSING

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
1 # SOL ISSUED					
Quarter 1	89,000.00	41,514.00	41,514.00	46.64 %	*

Explanation of Variance: Performance is over the targeted projection due to an increase in applications resulting from lienholders revising Statements of Ownership and Location to reflect the most current mortgage lien information. This is due to a new law that became effective in June 2005 that allows a real property owner to declare a home abandoned if they properly send notices of intent to the owner of the home and all lienholders that are on file with the Department.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Quarter 2	89,000.00	20,422.00	61,936.00	69.59 %	*

Explanation of Variance: Performance is over the targeted projection due to an increase in applications resulting from lienholders revising Statements of Ownership and Location to reflect the most current mortgage lien information. This is due to a new law that became effective in June 2005 that allows a real property owner to declare a home abandoned if they properly send notices of intent to the owner of the home and all lienholders that are on file with the Department.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Quarter 3	89,000.00	21,557.00	83,493.00	93.81 %	*

Explanation of Variance: Variance explanation is the same as previous quarter.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
2 # LICENSES ISSUED					
Quarter 1	4,435.00	1,093.00	1,093.00	24.64 %	

* Varies by 5% or more from target.

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
2 # LICENSES ISSUED					
Quarter 2	4,435.00	1,016.00	2,109.00	47.55 %	
Quarter 3	4,435.00	1,159.00	3,268.00	73.69 %	
5-1-2 INSPECTIONS					
1 # ROUTINE INSPECTIONS					
Quarter 1	8,000.00	1,071.00	1,071.00	13.39 %	*

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 27.49%.

Quarter 2	8,000.00	1,240.00	2,311.00	28.89 %	*

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 29%.

Quarter 3	8,000.00	1,395.00	3,706.00	46.33 %	*

Explanation of Variance: Variance explanation is the same as previous quarter.

5-1-3 ENFORCEMENT					
1 # COMPLAINTS RESOLVED					
Quarter 1	1,700.00	173.00	173.00	10.18 %	*

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

* Varies by 5% or more from target.

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	
Output Measures					
1 # COMPLAINTS RESOLVED					
Quarter 2	1,700.00	272.00	445.00	26.18 %	*

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

Quarter 3	1,700.00	250.00	695.00	40.88 %	*

Explanation of Variance: Variance explanation is the same as the previous quarter.

Efficiency Measures

5-1-3 ENFORCEMENT

2 AVERAGE TIME RESOLUTION

Quarter 1	180.00	119.60	119.60	66.44 %	*

Explanation of Variance: This measure is under the targeted projection, which is desirable.

Quarter 2	180.00	161.70	145.40	80.78 %	*

Explanation of Variance: This measure is under the targeted projection, which is desirable.

Quarter 3	180.00	189.50	161.20	89.56 %	*

Explanation of Variance: Variance explanation is the same as the previous quarter.

* Varies by 5% or more from target.

4th Qtr 2006

ACTUAL PERFORMANCE FOR OUTPUT/EFFICIENCY MEASURES
332-DEPT HOUSING AND COMMUNITY AFFAIRS
FISCAL YEAR 2006
10/6/2006

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Output Measures					
1-1-1 MRB PROGRAM - SINGLE FAMILY					
1 # HOUSEHOLDS ASST. W/SF MRB					
Quarter 1	1,727.00	537.00	537.00	31.09 % *	345.40 - 518.10
Explanation of Variance: Households assisted with Single Family Mortgage Revenue Bond originations were higher than targeted because of the increased benefit of the program's interest rates over increasing market interest rates.					
Quarter 2	1,727.00	704.00	1,241.00	71.86 % *	777.15 - 949.85
Explanation of Variance: Households assisted with Single Family Mortgage Revenue Bond originations were higher than targeted because of the increased benefit of the program's interest rates over increasing market interest rates.					
Quarter 3	1,727.00	438.00	1,679.00	97.22 % *	1,208.90 - 1,381.60
Explanation of Variance: Same as previous quarter.					
Quarter 4	1,727.00	576.00	2,255.00	130.57 % *	1,640.65 - 1,813.35
Explanation of Variance: Same as 2nd Quarter. Note that the 4th quarter # of loans was reduced by 1 to resolve a reporting discrepancy from the first quarter.					
1-1-3 HOUSING TRUST FUND - SINGLE FAMILY					
1 # HOUSEHOLDS ASST THRU SF HTF					
Quarter 1	100.00	15.00	15.00	15.00 % *	20.00 - 30.00
Explanation of Variance: A NOFA for the Texas Bootstrap Loan Program was released on September 30, 2005 in the approximate amount of $6,000,000. Deadline for submission of applications was at 5:00 pm on November 18, 2005. This funding represented program awards for fiscal years 2006 and 2007. On January 18, 2006, 17 applications were recommended to the TDCHA's Board of Directors for approval totaling $6,673,322.71 in Housing Trust Funds and Bond Refinancing Residuals. Loans are anticipated to start closing within the 3rd quarter. The loan closings within the 1st quarter represent closings from previous awards.					
Quarter 2	100.00	15.00	30.00	30.00 % *	45.00 - 55.00
Explanation of Variance: Many homes that are currently under construction have not been completed. It is anticipated that the number of fully closed loans will increase significantly within the 3rd and 4th quarters.					
Quarter 3	100.00	11.00	41.00	41.00 % *	70.00 - 80.00
Explanation of Variance: Many homes that are currently under construction have not been completed. It is anticipated that the number of fully closed loans will increase significantly within the 4th quarter.					
Quarter 4	100.00	25.00	66.00	66.00 % *	95.00 - 105.00
Explanation of Variance: Need variance explanation.					

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Output Measures					
1-1-4 SECTION 8 RENTAL ASSISTANCE					
1 # HOUSEHOLDS ASSISTED					
Quarter 1	2,100.00	1,008.00	1,008.00	48.00 % *	420.00 - 630.00
Explanation of Variance: The targeted measure of 2,100 vouchers was developed when the U. S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on the number of Housing Choice vouchers available. The allocation of HAP funds changed for the Section 8 Program Year beginning January 1, 2005. TDHCA no longer receives HAP funds based on a specified number of vouchers. Instead, for PY 2005 and 2006, TDHCA receives funds from HUD based on the average number of active tenants during May, June, and July, 2004.					
Quarter 2	2,100.00	9.00	1,017.00	48.43 %	945.00 - 1,155.00
Quarter 3	2,100.00	7.00	1,024.00	48.76 % *	1,470.00 - 1,680.00
Explanation of Variance: Variance explanation is the same as 1st quarter.					
Quarter 4	2,100.00	1.00	1,025.00	48.81 % *	1,995.00 - 2,205.00
Explanation of Variance: Variance explanation is the same as the 1st quarter.					
1-1-5 FEDERAL TAX CREDITS					

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # HOUSEHOLDS ASST THRU HTC PROGRAM					
Quarter 1	18,832.00	2,353.00	2,353.00	12.49 % *	3,766.40 - 5,649.60

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% (competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

Quarter 2	18,832.00	2,628.00	4,981.00	26.45 % *	8,474.40 - 10,357.60

Explanation of Variance: Targets are for combined cyclical and noncyclical allocations. The performance measures reported for the first and second quarter are mostly 4% noncyclical allocations. It is anticipated that the targets will be met once the 9% cyclical allocations are awarded in July.

Quarter 3	18,832.00	2,298.00	7,279.00	38.65 % *	13,182.40 - 15,065.60

Explanation of Variance: The HTC program has experienced slower than anticipated production numbers from 4% HTC developments but expects to meet overall annual goals with the award of 9% HTC developments in the 4th quarter.

Quarter 4	18,832.00	9,971.00	17,250.00	91.60 % *	17,890.40 - 19,773.60

Explanation of Variance: In 06, fewer "4%" units associated with developments that receive Private Activity Bond (PAB) financing were approved than originally projected. PAB financed developments are primarily in urban/metro market; it is believed that the reduced number of associated units is related to over-saturation and concentration of affordable housing in these communities. Sharp increases in development costs after Hurricanes Katrina and Rita also reduced units served by requiring more subsidy per unit. Projections for 07-09 reflect continued reduction in 4% units and escalating development costs associated with Hurricanes Katrina and Rita.

1-1-6 HOME PROGRAM - MULTIFAMILY

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2006 Target**	**2006 Actual**	**2006 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
1 # HOUSEHOLDS ASST WITH MF FUNDS					
Quarter 1	741.00	62.00	62.00	8.37 % *	148.20 - 222.30

Explanation of Variance: The HOME rental development program runs an open cycle application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. Therefore, the HOME application cycle does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the third or fourth quarters of the State fiscal year.

Quarter 2	741.00	66.00	128.00	17.27 % *	333.45 - 407.55

Explanation of Variance: Average and total development costs have fluctuated significantly but should normalize as the number of awards increase in the 3rd and 4th quarter. Additionally, due to many of the HOME awards being coupled with other cyclical program funds, the production number are below target. It is anticipated that the numbers will increase when the cyclical allocations are awarded during the fourth quarter.

Quarter 3	741.00	45.00	173.00	23.35 % *	518.70 - 592.80

Explanation of Variance: Production numbers for HOME rental programs are on track to meet annual targets. Although numbers are low, the bulk of awards will occur in the 4th quarter since many applications are layered with 9% HTCs.

Quarter 4	741.00	293.00	466.00	62.89 % *	703.95 - 778.05

Explanation of Variance: Despite strong indications early in the HOME MF cycle, the total number of units to be produced was significantly lower than anticipated. One primary weakness in current program rules was the ability of applicants to minimize HOME units layered with HTC properties.

1-1-8 MRB PROGRAM-MULTIFAMILY

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # HOUSEHOLDS ASST MF MRB PROG					
Quarter 1	3,500.00	323.00	323.00	9.23 % *	700.00 - 1,050.00

Explanation of Variance: Total multifamily mortgage revenue bond unit production for the first quarter is lower than targeted due to tighter than expected rental markets in major metropolitan areas; limited access to the bond cap; and increasing construction costs related to natural disasters in Texas and the Gulf region.

Quarter 2	3,500.00	914.00	1,237.00	35.34 % *	1,575.00 - 1,925.00

Explanation of Variance: As was discussed in the 1st quarter variance explanation, overall production numbers are lagging but are anticipated to rebound in the 3rd and 4th quarters.

Quarter 3	3,500.00	294.00	1,531.00	43.74 % *	2,450.00 - 2,800.00

Explanation of Variance: Production numbers of MF Bonds are mixed from initial estimates. New construction appears to be far below targets, while rehab developments are exceeding targets annual targets already. We believe this is a factor of high land costs and resistance to new affordable developments from neighborhood groups. The average amount of bonds per household are exceeding expectations, along with the average cost of new construction. However, the average cost of rehab units are lower than anticiapted for the year. Factors for these trend include rising construction and land costs, tighter housing markets in metropolitain areas and increases in bond yields to investors.

Quarter 4	3,500.00	1,596.00	3,127.00	89.34 % *	3,325.00 - 3,675.00

Explanation of Variance: Households served through this program in 06 were less than anticipated as a result of a reduced demand for Private Activity Bond financing. PAB financed developments are primarily in urban/metro market; it is believed that the reduced number of associated units is related to over-saturation and concentration of affordable housing in these communities. Sharp increases in development costs after Hurricanes Katrina and Rita also reduced units served by requiring more subsidy per unit. Projections for 07-09 reflect continued reduction in demand and escalating development costs associated with Hurricanes Katrina and Rita.

2-1-1 HOUSING RESOURCE CENTER

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # REQUESTS COMPLETED					
Quarter 1	5,400.00	1,097.00	1,097.00	20.31 %	1,080.00 - 1,620.00
Quarter 2	5,400.00	1,054.00	2,151.00	39.83 % *	2,430.00 - 2,970.00

Explanation of Variance: TDHCA made a phone system upgrade during the quarter. A 1-800 number for the entire agency was added and an automated attendant was added to the phone tree. This system has resulted in more calls being directly routed to the appropriate division instead of being forwarded by the Department's receptionist to DPPA for response.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Quarter 3	5,400.00	1,540.00	3,691.00	68.35 % *	3,780.00 - 4,320.00

Explanation of Variance: While the number of responses increased over the previous quarter due to better internal tracking, the reason for the overall YTD variance is the same as that reported in the 2nd Quarter.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Quarter 4	5,400.00	1,314.00	5,005.00	92.69 % *	5,130.00 - 5,670.00

Explanation of Variance: The reason for the overall YTD variance is the same as that reported in the 2nd Quarter.

2-2-1 COLONIA SERVICE CENTERS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
1 SERVICE CENTER ON-SITE VISITS					
Quarter 1	600.00	366.00	366.00	61.00 % *	120.00 - 180.00

Explanation of Variance: The better than target performance, reflects technical assistance visits to units of local governments and nonprofit organizations, to assist them with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers. This activity was boosted through extensive marketing and technical assistance to nonprofit organizations related to the 2006 and 2007 application cycle for the Texas Bootstrap Loan Program.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Quarter 2	600.00	331.00	697.00	116.17 % *	270.00 - 330.00

Explanation of Variance: The activity consisted of technical assistance visits to units of local governments and nonprofit organizations, to assist them with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program, and the Colonia Self-Help Centers. In particular, extensive marketing and technical assistance to nonprofit organizations regarding the 2006 and 2007 application cycle for the Bootstrap during the first half of the year has accounted for the high number of contacts with local governments and nonprofit organizations. In addition, increased interest in the OCI Programs has contributed to OCI exceeding its goal.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Quarter 3	600.00	359.00	1,056.00	176.00 % *	420.00 - 480.00

Explanation of Variance: Variance explanation is the same as the previous quarter.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Quarter 4	600.00	270.00	1,326.00	221.00 % *	570.00 - 630.00

Explanation of Variance: Variance explanation is the same as the previous quarter.

3-1-1 POVERTY-RELATED FUNDS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # PERSONS ASSISTED					
Quarter 1	440,000.00	87,718.00	87,718.00	19.94 % *	88,000.00 - 132,000.00

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant and Emergency Shelter Grants (ESG) Program. ESG funds are awarded via a competitive process annually and since subrecipients vary from year to year it is difficult to estimate how many persons will be assisted.

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Quarter 2	440,000.00	128,010.00	215,728.00	49.03 %	198,000.00 - 242,000.00
Quarter 3	440,000.00	121,643.00	337,371.00	76.68 %	308,000.00 - 352,000.00
Quarter 4	440,000.00	211,791.00	549,162.00	124.81 % *	418,000.00 - 462,000.00

Explanation of Variance: Beginning in January, 2006, the reporting procedures for CSBG subrecipients was revised by TDHCA. The revision allowed these subrecipients to report persons assisted through any programs they operate. As a result, a higher number of persons assisted were reported.

Note: This number contains an adjustment of 8,409 to account for administrative adjustments in the number of persons served in previous quarters.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/<u>Strategy</u>/Measure	**2006 Target**	**2006 Actual**	**2006 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
2 # PERSONS IMPROVED					
Quarter 1	2,000.00	766.00	766.00	38.30 % *	400.00 - 600.00

<u>Explanation of Variance:</u> Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

Quarter 2	2,000.00	411.00	1,177.00	58.85 % *	900.00 - 1,100.00

<u>Explanation of Variance:</u> Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

Quarter 3	2,000.00	251.00	1,428.00	71.40 %	1,400.00 - 1,600.00
Quarter 4	2,000.00	230.00	1,658.00	82.90 % *	1,900.00 - 2,100.00

<u>Explanation of Variance:</u> CSBG subrecipients use intensive case management programs to help persons transition out of poverty. These programs are extremely labor intensive and helping individual clients to make this transition may take from 90 days to several years.

A major factor which affected case management efforts was Hurricanes Katrina and Rita. CSBG subrecipients diverted staff resources from case management to emergency assistance to assist in relief efforts and to provide short and long term assistance to individuals impacted by the hurricanes.

Another factor which diverted staff resources from case management was the large increases in fuel costs which increased the number of persons seeking emergency utility assistance.

Note: This number contains an adjustment of -154 to account for administrative adjustments in the number of persons served in previous quarters.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Output Measures					
3 # SHELTERS ASSISTED					
Quarter 1	70.00	76.00	76.00	108.57 % *	14.00 - 21.00

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). The ESGP grant awards are issued only once each fiscal year and the FY'05 contracts began September 2005 and thus the entire measure is met during the 1st quarter. The Department exceeded the measure set because it is difficult to determine how many how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and the ranking of the applications based upon their score.

Quarter 2	70.00	0.00	76.00	108.57 % *	31.50 - 38.50

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). The ESGP grant awards are issued only once each fiscal year and the FY'05 contracts began September 2005 and thus the entire measure is met during the 1st quarter. The Department exceeded the measure set because it is difficult to determine how many how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and the ranking of the applications based upon their score.

Quarter 3	70.00	0.00	76.00	108.57 % *	49.00 - 56.00

Explanation of Variance: Variance explanation is the same as previous quarter.

Quarter 4	70.00	0.00	76.00	108.57 % *	66.50 - 73.50

Explanation of Variance: Variance explanation is the same as the 2nd Quarter.

3-2-1 ENERGY ASSISTANCE PROGRAMS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # RECEIVING ENERGY ASSIST					
Quarter 1	63,200.00	11,952.00	11,952.00	18.91 % *	12,640.00 - 18,960.00

Explanation of Variance: This quarter, falling toward the end of the CEAP program year, finds energy assistance contractors running out of money – following a year of extreme client demand resulting from rapidly rising energy costs and an elongated air conditioning season.

Quarter 2	63,200.00	15,087.00	27,039.00	42.78 % *	28,440.00 - 34,760.00

Explanation of Variance: Cold weather months (November – April) typically account for roughly 40% of utility assistance demand. Although this quarter's performance satisfies only 96% of a quarter of the year's goal, the cumulative households assisted represent 43% of the annual goal. We anticipate 60 percent or more of demand for program services will occur in the next two quarters.

Quarter 3	63,200.00	16,495.00	43,534.00	68.88 % *	44,240.00 - 50,560.00

Explanation of Variance: The distribution of this year's available funding to local contractors did not occur until the beginning of the second quarter. This suppressed the level of energy assistance activities that occurred through the 3rd quarter. As can be seen by the increase in activity between the 2nd and 3rd quarters, utility customers experienced higher energy rates and unusually hot weather in the Spring which resulted in increasing demand. This trend is expected to continue during the summer months. It is anticipated that the annual performance target will be exceeded at the conclusion of the 4th Quarter.

Quarter 4	63,200.00	43,454.00	86,988.00	137.64 % *	60,040.00 - 66,360.00

Explanation of Variance: The following items caused this outcome to exceed projections.
1) There was increased demand for utility assistance by customers in summer months due to high energy rates and unusually hot weather.
2) The program received an infusion of LIHEAP funds in addition to its budgeted annual funding amount.'
3) Program design changes were implemented that also allowed more households to be served.

2 # WEATHERIZED DWELLINGS					
Quarter 1	4,800.00	1,100.00	1,100.00	22.92 %	960.00 - 1,440.00
Quarter 2	4,800.00	971.00	2,071.00	43.15 % *	2,160.00 - 2,640.00

Explanation of Variance: Winter weather and the end of the program year typically slows weatherization activity in the second quarter of the State fiscal year.

Quarter 3	4,800.00	1,079.00	3,150.00	65.63 % *	3,360.00 - 3,840.00

Explanation of Variance: Program year closeout activities, high production costs, and funding difficulties supressed weatherization production in the third quarter.

Quarter 4	4,800.00	754.00	3,904.00	81.33 % *	4,560.00 - 5,040.00

Explanation of Variance: Mid year changes in the program design allowed for higher expenditures per unit (in order to assist lower income households) that resulted in lower than projected performance for the year.

4-1-1 MONITOR HOUSING REQUIREMENTS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target		Target Range
Output Measures						
3 # OF ONSITE REVIEWS						
Quarter 1	888.00	165.00	165.00	18.58 %	*	177.60 - 266.40
Explanation of Variance: Onsite reviews were cancelled in September 2005 in the Houston area due to Hurricane Katrina. The number will increase in the 2nd Quarter.						
Quarter 2	888.00	187.00	352.00	39.64 %	*	399.60 - 488.40
Explanation of Variance: Due to a recent turn over in staff that has resulted in a shortage of Compliance Monitors, the number of completed On-site Reviews has not increased as expected. As adjustments are made for this change, the number will rise and the variance will decrease in the following quarters.						
Quarter 3	888.00	259.00	611.00	68.81 %	*	621.60 - 710.40
Explanation of Variance: While the number of reviews increased over the previous quarter, the variance caused by the issues described in the 1st and 2nd quarters continues to be addressed. It is expected that progress towards reducing the current 7% difference between the actual and target number will continue in the fourth quarter.						
Quarter 4	888.00	267.00	878.00	98.87 %		843.60 - 932.40
4-1-2 MONITOR CONTRACT REQUIREMENTS						
1 # OF MONITORING REVIEWS						
Quarter 1	10,725.00	2,842.00	2,842.00	26.50 %		2,145.00 - 3,217.50
Quarter 2	10,725.00	3,444.00	6,286.00	58.61 %	*	4,826.25 - 5,898.75
Explanation of Variance: Improved tracking of contract performance has resulted in an increase in the total number of monitoring reviews.						
Quarter 3	10,725.00	3,993.00	10,279.00	95.84 %	*	7,507.50 - 8,580.00
Explanation of Variance: Variance explanation is the same as the previous quarter:						
Quarter 4	10,725.00	3,130.00	13,409.00	125.03 %	*	10,188.75 - 11,261.25
Explanation of Variance: TDHCA reviewed all Single Audits received by Contract Administrators that expended over $500K in federal funds during their fiscal year. The target for this measure is being revised in 2008/2009 to better estimate the actual number of reviews conducted annually. Because the number of contracts administered during the fiscal year was greater than anticipated, the Department was required to conduct a greater number of desk reviews.						
5-1-1 TITLING AND LICENSING						

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # SOL ISSUED					
Quarter 1	89,000.00	41,514.00	41,514.00	46.64 % *	17,800.00 - 26,700.00
Explanation of Variance: Performance is over the targeted projection due to an increase in applications resulting from lienholders revising Statements of Ownership and Location to reflect the most current mortgage lien information. This is due to a new law that became effective in June 2005 that allows a real property owner to declare a home abandoned if they properly send notices of intent to the owner of the home and all lienholders that are on file with the Department.					
Quarter 2	89,000.00	20,422.00	61,936.00	69.59 % *	40,050.00 - 48,950.00
Explanation of Variance: Performance is over the targeted projection due to an increase in applications resulting from lienholders revising Statements of Ownership and Location to reflect the most current mortgage lien information. This is due to a new law that became effective in June 2005 that allows a real property owner to declare a home abandoned if they properly send notices of intent to the owner of the home and all lienholders that are on file with the Department.					
Quarter 3	89,000.00	21,557.00	83,493.00	93.81 % *	62,300.00 - 71,200.00
Explanation of Variance: Variance explanation is the same as previous quarter.					
Quarter 4	89,000.00	22,645.00	106,138.00	119.26 % *	84,550.00 - 93,450.00
Explanation of Variance: Variance explanation is the same as previous quarter.					
2 # LICENSES ISSUED					
Quarter 1	4,435.00	1,093.00	1,093.00	24.64 %	887.00 - 1,330.50
Quarter 2	4,435.00	1,016.00	2,109.00	47.55 %	1,995.75 - 2,439.25
Quarter 3	4,435.00	1,159.00	3,268.00	73.69 %	3,104.50 - 3,548.00
Quarter 4	4,435.00	807.00	4,075.00	91.88 % *	4,213.25 - 4,656.75
Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications resulting from a continued slowdown of activity in the industry.					
5-1-2 INSPECTIONS					

* Varies by 5% or more from target.

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # ROUTINE INSPECTIONS					
Quarter 1	8,000.00	1,071.00	1,071.00	13.39 % *	1,600.00 - 2,400.00
Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 27.49%.					
Quarter 2	8,000.00	1,240.00	2,311.00	28.89 % *	3,600.00 - 4,400.00
Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 29%.					
Quarter 3	8,000.00	1,395.00	3,706.00	46.33 % *	5,600.00 - 6,400.00
Explanation of Variance: Variance explanation is the same as previous quarter.					
Quarter 4	8,000.00	1,397.00	5,103.00	63.79 % *	7,600.00 - 8,400.00
Explanation of Variance: Variance explanation is the same as previous quarter. Actual YTD inspection rate is 30.38%.					
5-1-3 ENFORCEMENT					
1 # COMPLAINTS RESOLVED					
Quarter 1	1,700.00	173.00	173.00	10.18 % *	340.00 - 510.00
Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.					
Quarter 2	1,700.00	272.00	445.00	26.18 % *	765.00 - 935.00
Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.					
Quarter 3	1,700.00	250.00	695.00	40.88 % *	1,190.00 - 1,360.00
Explanation of Variance: Variance explanation is the same as the previous quarter.					
Quarter 4	1,700.00	307.00	1,002.00	58.94 % *	1,615.00 - 1,785.00
Explanation of Variance: Variance explanation is the same as the previous quarter.					
Efficiency Measures					
5-1-3 ENFORCEMENT					

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2006 Target	2006 Actual	2006 YTD	Percent of Annual Target	Target Range
Efficiency Measures					
2 AVERAGE TIME RESOLUTION					
Quarter 1	180.00	119.60	119.60	66.44 % *	171.00 - 189.00
Explanation of Variance: This measure is under the targeted projection, which is desirable.					
Quarter 2	180.00	161.70	145.40	80.78 % *	171.00 - 189.00
Explanation of Variance: This measure is under the targeted projection, which is desirable.					
Quarter 3	180.00	189.50	161.20	89.56 % *	171.00 - 189.00
Explanation of Variance: Variance explanation is the same as the previous quarter.					
Quarter 4	180.00	228.40	181.80	101.00 %	171.00 - 189.00

* Varies by 5% or more from target.

ACTUAL PERFORMANCE FOR EXPLANATORY MEASURES
332 - DEPT HOUSING-COMM AFFAIRS
FISCAL YEAR 2006
3/14/2007

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2006 Target**	**2006 YTD**	**Percent of Annual Target**	**Target Range**
Explanatory/Input Measures				
5-1-2 INSPECTIONS				
1 # INSTALLATION REPORTS				
Quarter 1	20,000.00	16,799.00	84.00 % *	19,000.00 - 21,000.00

Explanation of Variance: Fewer reports are received due to the continued slowdown in the industry. The installation forms that we receive incomplete are not included in this total because they are not data entered in the database.

Type/Strategy/Measure	**2006 Target**	**2006 YTD**	**Percent of Annual Target**	**Target Range**
5-1-3 ENFORCEMENT				
1 # JURISDICTIONAL COMPLAINT RECEIVED				
Quarter 1	1,800.00	1,006.00	55.89 % *	1,710.00 - 1,890.00

Explanation of Variance: This measure is under the targeted projection, which is desirable because the Department encourages the informal resolution of customer concerns prior to their issues becoming official complaints.

* Varies by 5% or more from target.

1st Qtr 2007

ACTUAL PERFORMANCE FOR OUTPUT/EFFICIENCY MEASURES
332 - DEPT HOUSING-COMM AFFAIRS
FISCAL YEAR
1/10/2007

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range

Output Measures

1-1-1 MRB PROGRAM - SINGLE FAMILY
1 # HOUSEHOLDS ASST. W/SF MRB

Quarter 1	1,727.00	816.00	816.00	47.25 % *	345.40 - 518.10

Explanation of Variance: Originations were higher as a result of increased market interest rates.

1-1-3 HOUSING TRUST FUND - SINGLE FAMILY
1 # HOUSEHOLDS ASST THRU SF HTF

Quarter 1	100.00	22.00	22.00	22.00 %	20.00 - 30.00

1-1-4 SECTION 8 RENTAL ASSISTANCE
1 # HOUSEHOLDS ASSISTED

Quarter 1	2,100.00	930.00	930.00	44.29 % *	420.00 - 630.00

Explanation of Variance: The targeted measure of 2,100 vouchers was developed:
a) prior to the Department's transfer of 560 vouchers to Brazoria County, effective May 1, 2005; and
b) at a time when the U.S. Department of Housing and Urban Development provided the Section 8 Housing Assistance Program (HAP) funds based on the number of vouchers the Department was authorized to distribute. Prior to 2005, HUD provided assistance in an amount that covered all eligible costs associated with the vouchers the Department distributed during the year. After 2005, HUD established a maximum annual allocation amount for the Department.

Both of these events have significantly decreased the number of vouchers available for allocation by the Department each year.

1-1-5 FEDERAL TAX CREDITS
1 # HOUSEHOLDS ASST THRU HTC PROGRAM

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # HOUSEHOLDS ASST THRU HTC PROGRAM					
Quarter 1	20,151.00	2,265.00	2,265.00	11.24 % *	4,030.20 - 6,045.30

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
1-1-6 HOME PROGRAM - MULTIFAMILY					
1 # HOUSEHOLDS ASST WITH MF FUNDS					
Quarter 1	647.00	22.00	22.00	3.40 % *	129.40 - 194.10

Explanation of Variance: The HOME rental development program runs an open cycle application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. Therefore, the application cycle which awards most of the HOME funding does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the third or fourth quarters of the State fiscal year.

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
1-1-8 MRB PROGRAM-MULTIFAMILY					
1 # HOUSEHOLDS ASST MF MRB PROG					
Quarter 1	3,500.00	971.00	971.00	27.74 %	700.00 - 1,050.00
2-1-1 HOUSING RESOURCE CENTER					
1 # REQUESTS COMPLETED					
Quarter 1	5,400.00				1,080.00 - 1,620.00
2-2-1 COLONIA SERVICE CENTERS					
1 SERVICE CENTER ON-SITE VISITS					

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Output Measures					
1 SERVICE CENTER ON-SITE VISITS					
Quarter 1	600.00	295.00	295.00	49.17 % *	120.00 - 180.00

Explanation of Variance: Technical assistance visits to units of local governments and nonprofit organizations continue to increase in order provide them assistance with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers.

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
3-1-1 POVERTY-RELATED FUNDS					
1 # PERSONS ASSISTED					
Quarter 1	440,000.00	175,309.00	175,309.00	39.84 % *	88,000.00 - 132,000.00

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). Beginning in January 2006, the Department revised the reporting procedures for Community Services Block Grant (CSBG) subrecipients. The revision allowed CSBG subrecipients to report persons assisted through any programs operated by the CSBG subrecipient to be reported to the Department. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds.

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
2 # PERSONS IMPROVED					
Quarter 1	2,000.00	843.00	843.00	42.15 % *	400.00 - 600.00

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

3 # SHELTERS ASSISTED

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range

Output Measures

3 # SHELTERS ASSISTED

Quarter 1	70.00	76.00	76.00	108.57 % *	14.00 - 21.00

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded. It is difficult to determine how many how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score.

3-2-1 ENERGY ASSISTANCE PROGRAMS

1 # RECEIVING ENERGY ASSIST

Quarter 1	63,200.00	27,229.00	27,229.00	43.08 % *	12,640.00 - 18,960.00

Explanation of Variance: This quarter benefited from a large supplemental appropriation for LIHEAP that helped subrecipient agencies assist households with rising utility bills and unusually warm weather.

2 # WEATHERIZED DWELLINGS

Quarter 1	4,800.00	1,316.00	1,316.00	27.42 %	960.00 - 1,440.00

4-1-1 MONITOR HOUSING REQUIREMENTS

3 # OF ONSITE REVIEWS

Quarter 1	917.00	210.00	210.00	22.90 %	183.40 - 275.10

4-1-2 MONITOR CONTRACT REQUIREMENTS

1 # OF MONITORING REVIEWS

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # OF MONITORING REVIEWS					
Quarter 1	9,220.00	3,445.00	3,445.00	37.36 % *	1,844.00 - 2,766.00

Explanation of Variance: All monitoring requests received by the Department require a review. A request has been submitted to the LBB to amend the target to 11,235 reviews, which will more accurately reflect the actual number of reviews that the Department is required to complete. With the implementation of the amended target, the variance is reduced to 6%. Because several contracts expired during the first quarter, the Department received a larger number of draw requests than projected.

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
5-1-1 TITLING AND LICENSING					
1 # SOL ISSUED					
Quarter 1	89,000.00	20,364.00	20,364.00	22.88 %	17,800.00 - 26,700.00
2 # LICENSES ISSUED					
Quarter 1	4,435.00	568.00	568.00	12.81 % *	887.00 - 1,330.50

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
5-1-2 INSPECTIONS					
1 # ROUTINE INSPECTIONS					
Quarter 1	8,000.00	1,378.00	1,378.00	17.23 % *	1,600.00 - 2,400.00

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 28.74%.

5-1-3 ENFORCEMENT

1 # COMPLAINTS RESOLVED

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # COMPLAINTS RESOLVED					
Quarter 1	1,700.00	255.00	255.00	15.00 % *	340.00 - 510.00

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Efficiency Measures					
5-1-3 ENFORCEMENT					
2 AVERAGE TIME RESOLUTION					
Quarter 1	180.00	182.90	182.90	101.61 %	171.00 - 189.00

* Varies by 5% or more from target.

ACTUAL PERFORMANCE FOR OUTPUT/EFFICIENCY MEASURES
332 - DEPT HOUSING-COMM AFFAIRS
FISCAL YEAR
4/4/2007

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**

Output Measures

1-1-1 MRB PROGRAM - SINGLE FAMILY

1 # HOUSEHOLDS ASST. W/SF MRB

Quarter 1	1,727.00	816.00	816.00	47.25 % *	345.40 - 518.10

Explanation of Variance: Originations were higher as a result of increased market interest rates.

Quarter 2	1,727.00	686.00	1,502.00	86.97 % *	777.15 - 949.85

Explanation of Variance: Loan originations were higher as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.

1-1-3 HOUSING TRUST FUND - SINGLE FAMILY

1 # HOUSEHOLDS ASST THRU SF HTF

Quarter 1	100.00	22.00	22.00	22.00 %	20.00 - 30.00
Quarter 2	100.00	37.00	59.00	59.00 % *	45.00 - 55.00

Explanation of Variance: Due to limited number of organizations that are able to deliver a self-help constructed home, the Department has provided extensive technical assistance to nonprofit organizations that have limited resources. The higher number of households assisted is due to increased technical assistance, including outreach and communication, provided to assist nonprofit organizations to fulfill their contractual obligations.

1-1-4 SECTION 8 RENTAL ASSISTANCE

1 # HOUSEHOLDS ASSISTED

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
1 # HOUSEHOLDS ASSISTED					
Quarter 1	2,100.00	930.00	930.00	44.29 % *	420.00 - 630.00

Explanation of Variance: The targeted measure of 2,100 vouchers was developed:
a) prior to the Department's transfer of 560 vouchers to Brazoria County, effective May 1, 2005; and
b) at a time when the U.S. Department of Housing and Urban Development provided the Section 8 Housing Assistance Program (HAP) funds based on the number of vouchers the Department was authorized to distribute. Prior to 2005, HUD provided assistance in an amount that covered all eligible costs associated with the vouchers the Department distributed during the year. After 2005, HUD established a maximum annual allocation amount for the Department.

Both of these events have significantly decreased the number of vouchers available for allocation by the Department each year.

Quarter 2	2,100.00	27.00	957.00	45.57 %	945.00 - 1,155.00
1-1-5 FEDERAL TAX CREDITS					
1 # HOUSEHOLDS ASST THRU HTC PROGRAM					
Quarter 1	20,151.00	2,265.00	2,265.00	11.24 % *	4,030.20 - 6,045.30

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

Quarter 2	20,151.00	1,217.00	3,482.00	17.28 % *	9,067.95 - 11,083.05

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

1-1-6 HOME PROGRAM - MULTIFAMILY

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**

Output Measures

1 # HOUSEHOLDS ASST WITH MF FUNDS

Quarter 1	647.00	22.00	22.00	3.40 % *	129.40 - 194.10

Explanation of Variance: The HOME rental development program runs an open cycle application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. Therefore, the application cycle which awards most of the HOME funding does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the third or fourth quarters of the State fiscal year.

Quarter 2	647.00	0.00	22.00	3.40 % *	291.15 - 355.85

Explanation of Variance: The HOME rental development program runs an application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. Therefore, the application cycle which awards most of the HOME funding does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the third or fourth quarters of the State fiscal year in line with the tax credit awards.

1-1-8 MRB PROGRAM-MULTIFAMILY

1 # HOUSEHOLDS ASST MF MRB PROG

Quarter 1	3,500.00	971.00	971.00	27.74 %	700.00 - 1,050.00
Quarter 2	3,500.00	504.00	1,475.00	42.14 % *	1,575.00 - 1,925.00

Explanation of Variance: This quarter there was a limited amount of bond allocation carryforward which affected the amount of bond volume cap available for the second quarter. With a lower amount of bond volume cap, there are fewer households assisted through the program.

2-1-1 HOUSING RESOURCE CENTER

1 # REQUESTS COMPLETED

* Varies by 5% or more from target.

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**

Output Measures

1 # REQUESTS COMPLETED

Quarter 1	5,400.00	823.00	823.00	15.24 % *	1,080.00 - 1,620.00

Explanation of Variance: Explanation of Variance: TDHCA made a phone system upgrade in the first quarter of 2006. A 1-800 number for the entire agency was added and an automated attendant was added to the phone tree. This system has resulted in more calls being directly routed to the appropriate division instead of being forwarded by the Department's receptionist to DPPA for response. The Department has also continued to improve its website so that potential requests can be resolved via the internet instead of through the Housing Resource Center. Therefore, the number of completed requests has decreased from what was targeted.

Quarter 2	5,400.00	734.00	1,557.00	28.83 % *	2,430.00 - 2,970.00

Explanation of Variance: The Department made a phone system upgrade in the first quarter of 2006. A 1-800 number for the entire agency was implemented and an automated attendant was added to the phone tree. This system has resulted in more calls being directly routed to the appropriate division instead of being forwarded to the Housing Resource Center for response. The Department has also continued to improve its website so that potential requests can be resolved via the internet instead of through the Housing Resource Center. Therefore, the number of completed requests has decreased from what was originally projected.

2-2-1 COLONIA SERVICE CENTERS

1 SERVICE CENTER ON-SITE VISITS

Quarter 1	600.00	295.00	295.00	49.17 % *	120.00 - 180.00

Explanation of Variance: Technical assistance visits to units of local governments and nonprofit organizations continue to increase in order provide them assistance with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers.

Quarter 2	600.00	258.00	553.00	92.17 % *	270.00 - 330.00

Explanation of Variance: Technical assistance visits to units of local governments and nonprofit organizations continue to increase in order to provide them assistance with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers. The Department continues to prioritize technical assistance to local organizations and this in turn has increased the demand for on-site visits.

3-1-1 POVERTY-RELATED FUNDS

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
1 # PERSONS ASSISTED					
Quarter 1	440,000.00	175,309.00	175,309.00	39.84 % *	88,000.00 - 132,000.00

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). Beginning in January 2006, the Department revised the reporting procedures for Community Services Block Grant (CSBG) subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds.

Quarter 2	440,000.00	114,095.00	289,404.00	65.77 % *	198,000.00 - 242,000.00

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). Beginning in January 2006, the Department revised the reporting procedures for Community Services Block Grant (CSBG) subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds.

2 # PERSONS IMPROVED					
Quarter 1	2,000.00	843.00	843.00	42.15 % *	400.00 - 600.00

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
2 # PERSONS IMPROVED					
Quarter 2	2,000.00	633.00	1,476.00	73.80 % *	900.00 - 1,100.00

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty. It is anticipated that the Department will exceed the target for fiscal year 2007.

3 # SHELTERS ASSISTED					
Quarter 1	70.00	76.00	76.00	108.57 % *	14.00 - 21.00

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded. It is difficult to determine how many how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score.

Quarter 2	70.00	0.00	76.00	108.57 % *	31.50 - 38.50

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded. It is difficult to determine how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score.

3-2-1 ENERGY ASSISTANCE PROGRAMS

1 # RECEIVING ENERGY ASSIST

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
1 # RECEIVING ENERGY ASSIST					
Quarter 1	63,200.00	27,229.00	27,229.00	43.08 % *	12,640.00 - 18,960.00

Explanation of Variance: This quarter benefited from a large supplemental appropriation for LIHEAP that helped subrecipient agencies assist households with rising utility bills and unusually warm weather.

Quarter 2	63,200.00	14,391.00	41,620.00	65.85 % *	28,440.00 - 34,760.00

Explanation of Variance: The Department exceeded the first quarter goal due to supplemental funds from the Low Income Home Energy Assistance Program (LIHEAP)that were not included in original projections. The Department typically serves fewer households in the second quarter because the program year for the utility assistance program ends December 31st. Most subrecipients use the month of January and the beginning of February to close out the previous program year and prepare for the upcoming program year.

2 # WEATHERIZED DWELLINGS					
Quarter 1	4,800.00	1,316.00	1,316.00	27.42 %	960.00 - 1,440.00
Quarter 2	4,800.00	1,282.00	2,598.00	54.13 %	2,160.00 - 2,640.00
4-1-1 MONITOR HOUSING REQUIREMENTS					
3 # OF ONSITE REVIEWS					
Quarter 1	917.00	210.00	210.00	22.90 %	183.40 - 275.10
Quarter 2	917.00	238.00	448.00	48.85 %	412.65 - 504.35
4-1-2 MONITOR CONTRACT REQUIREMENTS					
1 # OF MONITORING REVIEWS					

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
1 # OF MONITORING REVIEWS					
Quarter 1	9,220.00	3,445.00	3,445.00	37.36 % *	1,844.00 - 2,766.00

Explanation of Variance: All monitoring requests received by the Department require a review. A request has been submitted to the LBB to amend the target to 11,235 reviews, which will more accurately reflect the actual number of reviews that the Department is required to complete. With the implementation of the amended target, the variance is reduced to 6%. Because several contracts expired during the first quarter, the Department received a larger number of draw requests than projected.

Quarter 2	9,220.00	2,751.00	6,196.00	67.20 % *	4,149.00 - 5,071.00

Explanation of Variance: All monitoring requests received by the Department require a review. Monitoring reviews include set up and draw reviews. As contracts near their expiration date, contractors submit more set up and draw reviews in order to complete them before contract expiration. Because several contracts expired during the first quarter, the Department received a larger number of draw requests than projected.

5-1-1 TITLING AND LICENSING					
1 # SOL ISSUED					
Quarter 1	89,000.00	20,364.00	20,364.00	22.88 %	17,800.00 - 26,700.00
Quarter 2	89,000.00	22,773.00	43,137.00	48.47 %	40,050.00 - 48,950.00
2 # LICENSES ISSUED					
Quarter 1	4,435.00	568.00	568.00	12.81 % *	887.00 - 1,330.50

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
2 # LICENSES ISSUED					
Quarter 2	4,435.00	563.00	1,131.00	25.50 % *	1,995.75 - 2,439.25

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
5-1-2 INSPECTIONS					
1 # ROUTINE INSPECTIONS					
Quarter 1	8,000.00	1,378.00	1,378.00	17.23 % *	1,600.00 - 2,400.00

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 28.74%.

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Quarter 2	8,000.00	949.00	2,327.00	29.09 % *	3,600.00 - 4,400.00

Explanation of Variance: The Department has experienced a higher level of non-routine inspection activity including an increased amount of affordable housing property inspections and complaint/investigative inspections. In addition, there have been several inspectors out on extended leave due to injuries. Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 30.7%

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
5-1-3 ENFORCEMENT					
1 # COMPLAINTS RESOLVED					
Quarter 1	1,700.00	255.00	255.00	15.00 % *	340.00 - 510.00

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
1 # COMPLAINTS RESOLVED					
Quarter 2	1,700.00	252.00	507.00	29.82 % *	765.00 - 935.00

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Efficiency Measures					
5-1-3 ENFORCEMENT					
2 AVERAGE TIME RESOLUTION					
Quarter 1	180.00	182.90	182.90	101.61 %	171.00 - 189.00
Quarter 2	180.00	211.40	197.00	109.44 % *	171.00 - 189.00

Explanation of Variance: The Department resolved a greater number of complex, time-consuming complaints during the second quarter.

* Varies by 5% or more from target.

ACTUAL PERFORMANCE FOR OUTPUT/EFFICIENCY MEASURES
332-DEPT HOUSING/COMM AFFAIRS
3rd QUARTER 2007
4/3/2007

Michael Gerber, Executive Director

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target		Target Range
Output Measures						
1-1-1 MRB PROGRAM - SINGLE FAMILY						
1 # HOUSEHOLDS ASST. W/SF MRB						
Quarter 1	1,727.00	816.00	816.00	47.25 %	*	345.40 - 518.10
Explanation of Variance: Originations were higher as a result of increased market interest rates						
Quarter 2	1,727.00	686.00	1,502.00	86.97 %	*	777.15 - 949.85
Explanation of Variance: Loan originations were higher as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.						
Quarter 3	1,727.00	476.00	1,978.00	114.53 %	*	1,208.90 - 1,381.60
Explanation of Variance: Loan originations were higher as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.						
1-1-3 HOUSING TRUST FUND - SINGLE FAMILY						
1 # HOUSEHOLDS ASST THRU SF HTF						
Quarter 1	100.00	22.00	22.00	22.00 %		20.00 - 30.00
Quarter 2	100.00	37.00	59.00	59.00 %	*	45.00 - 55.00
Explanation of Variance: Due to limited number of organizations that are able to deliver a self-help constructed home, the Department has provided extensive technical assistance to nonprofit organizations that have limited resources The higher number of households assisted is due to increased technical assistance, including outreach and communication, provided to assist nonprofit organizations to fulfill their contractual obligations						
Quarter 3	100.00	21.00	80.00	80.00 %	*	70.00 - 80.00
Explanation of Variance: Due to limited number of organizations that are able to deliver a self-help constructed home, the Department has provided extensive technical assistance to nonprofit organizations that have limited resources The higher number of households assisted is due to increased technical assistance, including outreach and communication, provided to assist nonprofit organizations to fulfill their contractual obligations						
1-1-4 SECTION 8 RENTAL ASSISTANCE						

* Varies by 5% or more from target

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target		Target Range
Output Measures						
1 # HOUSEHOLDS ASSISTED						
Quarter 1	2,100.00	930.00	930.00	44.29 %	*	420.00 - 630.00

Explanation of Variance: The targeted measure of 2,100 vouchers was developed:
a) prior to the Department's transfer of 560 vouchers to Brazoria County, effective May 1, 2005; and
b) at a time when the U.S. Department of Housing and Urban Development provided the Section 8 Housing Assistance Program (HAP) funds based on the number of vouchers the Department was authorized to distribute Prior to 2005, HUD provided assistance in an amount that covered all eligible costs associated with the vouchers the Department distributed during the year After 2005, HUD established a maximum annual allocation amount for the Department

Both of these events have significantly decreased the number of vouchers available for allocation by the Department each year

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target		Target Range
Quarter 2	2,100.00	27.00	957.00	45.57 %		945.00 - 1,155.00
Quarter 3	2,100.00	56.00	1,013.00	48.24 %	*	1,470.00 - 1,680.00

Explanation of Variance: The targeted measure of 2,100 vouchers was developed when the U.S. Department of Housing and Urban Development provided Section 8 Housing Assistance Program (HAP) funds on the number of Housing Choice Vouchers available The allocation of HAP funds changed for the Section 8 program year beginning January 1, 2005. The Department no longer receives HAP funds based on a specified number of vouchers Consequently, the number of households served will be below target

1-1-5 FEDERAL TAX CREDITS

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target		Target Range
1 # HOUSEHOLDS ASST THRU HTC PROGRAM						
Quarter 1	20,151.00	2,265.00	2,265.00	11.24 %	*	4,030.20 - 6,045.30

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target		Target Range
Quarter 2	20,151.00	1,217.00	3,482.00	17.28 %	*	9,067.95 - 11,083.05

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target		Target Range
Quarter 3	20,151.00	1,502.00	4,984.00	24.73 %	*	14,105.70 - 16,120.80

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter

1-1-6 HOME PROGRAM - MULTIFAMILY

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target		Target Range
Output Measures						
1 # HOUSEHOLDS ASST WITH MF FUNDS						
Quarter 1	647.00	22.00	22.00	3.40 %	*	129.40 - 194.10
Explanation of Variance: The HOME rental development program runs an open cycle application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs Therefore, the application cycle which awards most of the HOME funding does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the third or fourth quarters of the State fiscal year						
Quarter 2	647.00	0.00	22.00	3.40 %	*	291.15 - 355.85
Explanation of Variance: The HOME rental development program runs an application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. Therefore, the application cycle which awards most of the HOME funding does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the third or fourth quarters of the State fiscal year in line with the tax credit awards.						
Quarter 3	647.00	0.00	22.00	3.40 %	*	452.90 - 517.60
Explanation of Variance: The HOME rental development program runs an application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. Therefore, the application cycle which awards most of the HOME funding does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the fourth quarter of the State fiscal year in line with the tax credit awards.						
1-1-8 MRB PROGRAM-MULTIFAMILY						
1 # HOUSEHOLDS ASST MF MRB PROG						
Quarter 1	3,500.00	971.00	971.00	27.74 %		700.00 - 1,050.00
Quarter 2	3,500.00	504.00	1,475.00	42.14 %	*	1,575.00 - 1,925.00
Explanation of Variance: This quarter there was a limited amount of bond allocation carryforward which affected the amount of bond volume cap available for the second quarter. With a lower amount of bond volume cap, there are fewer households assisted through the program						
Quarter 3	3,500.00	1,054.00	2,529.00	72.26 %		2,450.00 - 2,800.00
2-1-1 HOUSING RESOURCE CENTER						

* Varies by 5% or more from target.

Agency code: 332 Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # REQUESTS COMPLETED					
Quarter 1	5,400.00	823.00	823.00	15.24 % *	1,080.00 - 1,620.00

Explanation of Variance: Explanation of Variance: TDHCA made a phone system upgrade in the first quarter of2006. A 1-800 number for the entire agency was added and an automated attendant was added to the phone tree. This system has resulted in more calls being directly routed to the appropriate division instead of being forwarded by the Department's receptionist to DPPA for response. The Department has also continued to improve its website so that potential requests can be resolved via the internet instead of through the Housing Resource Center. Therefore, the number of completed requests has decreased from what was targeted

Quarter 2	5,400.00	734.00	1,557.00	28.83 % *	2,430.00 - 2,970.00

Explanation of Variance: The Department made a phone system upgrade in the first quarter of2006. A 1-800 number for the entire agency was implemented and an automated attendant was added to the phone tree. This system has resulted in more calls being directly routed to the appropriate division instead of being forwarded to the Housing Resource Center for response. The Department has also continued to improve its website so that potential requests can be resolved via the internet instead of through the Housing Resource Center. Therefore, the number of completed requests has decreased from what was originally projected

Quarter 3	5,400.00	1,123.00	2,680.00	49.63 % *	3,780.00 - 4,320.00

Explanation of Variance: The Department made a phone system upgrade in the first quarter of2006. A 1-800 number for the entire agency was implemented and an automated attendant was added to the phone tree. This system has resulted in more calls being directly routed to the appropriate division instead of being forwarded to the Housing Resource Center for response. The Department has also continued to improve its website so that potential requests can be resolved via the internet instead of through the Housing Resource Center. Therefore, the number of completed requests has decreased from what was originally projected

2-2-1 COLONIA SERVICE CENTERS

1 SERVICE CENTER ON-SITE VISITS					
Quarter 1	600.00	295.00	295.00	49.17 % *	120.00 - 180.00

Explanation of Variance: Technical assistance visits to units of local governments and nonprofit organizations continue to increase in order provide them assistance with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers.

Quarter 2	600.00	258.00	553.00	92.17 % *	270.00 - 330.00

Explanation of Variance: Technical assistance visits to units of local governments and nonprofit organizations continue to increase in order to provide them assistance with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers. The Department continues to prioritize technical assistance to local organizations and this in turn has increased the demand for onsite visits.

Quarter 3	600.00	279.00	832.00	138.67 % *	420.00 - 480.00

Explanation of Variance: Technical assistance visits to units of local governments and nonprofit organizations continue to increase in order to provide them assistance with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers. The Department continues to prioritize technical assistance to local organizations and this in turn has increased the demand for onsite visits.

3-1-1 POVERTY-RELATED FUNDS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # PERSONS ASSISTED					
Quarter 1	440,000.00	175,309.00	175,309.00	39.84 % *	88,000.00 - 132,000.00

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant(CSBG) and Emergency Shelter Grants Program (ESGP). Beginning in January 2006, the Department revised the reporting procedures for Community Services Block Grant(CSBG) subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Quarter 2	440,000.00	114,095.00	289,404.00	65.77 % *	198,000.00 - 242,000.00

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant(CSBG) and Emergency Shelter Grants Program (ESGP). Beginning in January 2006, the Department revised the reporting procedures for Community Services Block Grant(CSBG) subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Quarter 3	440,000.00	116,989.00	406,393.00	92.36 % *	308,000.00 - 352,000.00

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant(CSBG) and Emergency Shelter Grants Program (ESGP). Beginning in January 2006, the Department revised the reporting procedures for Community Services Block Grant(CSBG) subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds

* Varies by 5% or more from target

Agency code: 332 Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range

Output Measures

2 # PERSONS IMPROVED

	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Quarter 1	2,000.00	843.00	843.00	42.15 % *	400.00 - 600.00

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in selfsufficiency case management programs and how many of them will complete the program and finally transition out of poverty

	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Quarter 2	2,000.00	633.00	1,476.00	73.80 % *	900.00 - 1,100.00

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in selfsufficiency case management programs and how many of them will complete the program and finally transition out of povertyIt is anticipated that the Department will exceed the target for fiscal year 2007.

	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Quarter 3	2,000.00	733.00	2,209.00	110.45 % *	1,400.00 - 1,600.00

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in selfsufficiency case management programs and how many of them will complete the program and finally transition out of povertyIt is anticipated that the Department will exceed the target for fiscal year 2007.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Output Measures					
3 # SHELTERS ASSISTED					
Quarter 1	70.00	76.00	76.00	108.57 % *	14.00 - 21.00
Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program(ESGP). At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded It is difficult to determine how many how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score.					
Quarter 2	70.00	0.00	76.00	108.57 % *	31.50 - 38.50
Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program(ESGP). At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded It is difficult to determine how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score					
Quarter 3	70.00	0.00	76.00	108.57 % *	49.00 - 56.00
Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program(ESGP). At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded It is difficult to determine how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score					
3-2-1 ENERGY ASSISTANCE PROGRAMS					
1 # RECEIVING ENERGY ASSIST					
Quarter 1	63,200.00	27,229.00	27,229.00	43.08 % *	12,640.00 - 18,960.00
Explanation of Variance: This quarter benefited from a large supplemental appropriation for LIHEAP that helped subrecipient agencies assist households with rising utility bills and unusually warm weather					
Quarter 2	63,200.00	14,391.00	41,620.00	65.85 % *	28,440.00 - 34,760.00
Explanation of Variance: The Department exceeded the first quarter goal due to supplemental funds from the Low Income Home Energy Assistance Program (LIHEAP)that were not included in original projections. The Department typically serves fewer households in the second quarter because the program year for the utility assistance program ends December 31st. Most subrecipients use the month of January and the beginning of February to close out the previous program year and prepare for the upcoming program year					
Quarter 3	63,200.00	22,798.00	64,418.00	101.93 % *	44,240.00 - 50,560.00
Explanation of Variance: High home energy prices accross the state contributed to high demand for utility assistance during the third quarter					

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target		Target Range
Output Measures						
2 # WEATHERIZED DWELLINGS						
Quarter 1	4,800.00	1,316.00	1,316.00	27.42 %		960.00 - 1,440.00
Quarter 2	4,800.00	1,282.00	2,598.00	54.13 %		2,160.00 - 2,640.00
Quarter 3	4,800.00	1,938.00	4,536.00	94.50 %	*	3,360.00 - 3,840.00
Explanation of Variance: Advantageous weather enabled high weatherization production this quarter						
4-1-1 MONITOR HOUSING REQUIREMENTS						
3 # OF ONSITE REVIEWS						
Quarter 1	917.00	259.00	259.00	28.24 %		183.40 - 275.10
Quarter 2	917.00	280.00	539.00	58.78 %	*	412.65 - 504.35
Explanation of Variance: More onsite monitoring reviews were scheduled during this quarter than previously anticipated						
Quarter 3	917.00	286.00	825.00	89.97 %	*	641.90 - 733.60
Explanation of Variance: More onsite monitoring reviews were scheduled during this quarter than previously anticipated						
4-1-2 MONITOR CONTRACT REQUIREMENTS						
1 # OF MONITORING REVIEWS						
Quarter 1	9,220.00	3,432.00	3,432.00	37.22 %	*	1,844.00 - 2,766.00
Explanation of Variance: All monitoring requests received by the Department require a review A request has been submitted to the LBB to amend the target to 11,235 reviews, which will more accurately reflect the actual number of reviews that the Department is required to complete With the implementation of the amended target, the variance is reduced to 6%. Because several contracts expired during the first quarter, the Department received a larger number of draw requests than projected.						
Quarter 2	9,220.00	2,781.00	6,213.00	67.39 %	*	4,149.00 - 5,071.00
Explanation of Variance: All monitoring requests received by the Department require a review Monitoring reviews include set up and draw reviews As contracts near their expiration date, contractors submit more set up and draw reviews in order to complete them before contract expiration Because several contracts expired during the quarter, the Department received a larger number of draw requests than projected						
Quarter 3	9,220.00	2,737.00	8,950.00	97.07 %	*	6,454.00 - 7,376.00
Explanation of Variance: All monitoring requests received by the Department require a review Monitoring reviews include set up and draw reviews As contracts near their expiration date, contractors submit more set up and draw reviews in order to complete them before contract expiration Because several contracts expired during the quarter, the Department received a larger number of draw requests than projected						
5-1-1 TITLING AND LICENSING						

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # SOL ISSUED					
Quarter 1	89,000.00	20,364.00	20,364.00	22.88 %	17,800.00 - 26,700.00
Quarter 2	89,000.00	22,773.00	43,137.00	48.47 %	40,050.00 - 48,950.00
Quarter 3	89,000.00	20,905.00	64,042.00	71.96 %	62,300.00 - 71,200.00
2 # LICENSES ISSUED					
Quarter 1	4,435.00	568.00	568.00	12.81 % *	887.00 - 1,330.50
Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses					
Quarter 2	4,435.00	563.00	1,131.00	25.50 % *	1,995.75 - 2,439.25
Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses					
Quarter 3	4,435.00	684.00	1,815.00	40.92 % *	3,104.50 - 3,548.00
Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses					
5-1-2 INSPECTIONS					
1 # ROUTINE INSPECTIONS					
Quarter 1	8,000.00	1,378.00	1,378.00	17.23 % *	1,600.00 - 2,400.00
Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 28.74%.					
Quarter 2	8,000.00	949.00	2,327.00	29.09 % *	3,600.00 - 4,400.00
Explanation of Variance: The Department has experienced a higher level of non-routine inspection activity including an increased amount of affordable housing property inspections and complaint/investigative inspections. In addition, there have been several inspectors out on extended leave due to injuries. Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 30.7%					
Quarter 3	8,000.00	1,168.00	3,495.00	43.69 % *	5,600.00 - 6,400.00
Explanation of Variance: The Department has experienced a higher level of non-routine inspection activity including an increased amount of affordable housing property inspections and complaint/investigative inspections. In addition, there have been several inspectors out on extended leave due to injuries. Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 30.49%.					
5-1-3 ENFORCEMENT					

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2007 Target	2007 Actual	2007 YTD	Percent of Annual Target	Target Range
Output Measures					
1 # COMPLAINTS RESOLVED					
Quarter 1	1,700.00	255.00	255.00	15.00 % *	340.00 - 510.00
Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved					
Quarter 2	1,700.00	252.00	507.00	29.82 % *	765.00 - 935.00
Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved					
Quarter 3	1,700.00	239.00	746.00	43.88 % *	1,190.00 - 1,360.00
Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved					
Efficiency Measures					
5-1-3 ENFORCEMENT					
2 AVERAGE TIME RESOLUTION					
Quarter 1	180.00	182.90	182.90	101.61 %	171.00 - 189.00
Quarter 2	180.00	211.40	197.00	109.44 % *	171.00 - 189.00
Explanation of Variance: The Department resolved a greater number of complex, time-consuming complaints during the second quarter					
Quarter 3	180.00	204.20	199.30	110.72 % *	171.00 - 189.00
Explanation of Variance: The Department resolved a greater number of complex, time-consuming complaints during the second quarter					

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**		**Target Range**
Output Measures						
1-1-1 MRB PROGRAM - SINGLE FAMILY						
1 # HOUSEHOLDS ASST. W/SF MRB						
Quarter 1	1,727.00	816.00	816.00	47.25 %	*	345.40 - 518.10
Explanation of Variance: Originations were higher as a result of increased market interest rates.						
Quarter 2	1,727.00	686.00	1,502.00	86.97 %	*	777.15 - 949.85
Explanation of Variance: Loan originations were higher as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.						
Quarter 3	1,727.00	476.00	1,978.00	114.53 %	*	1,208.90 - 1,381.60
Explanation of Variance: Loan originations were higher as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.						
Quarter 4	1,727.00	749.00	2,727.00	157.90 %	*	1,640.65 - 1,813.35
Explanation of Variance: Loan originations were higher as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.						
1-1-3 HOUSING TRUST FUND - SINGLE FAMILY						
1 # HOUSEHOLDS ASST THRU SF HTF						
Quarter 1	100.00	22.00	22.00	22.00 %		20.00 - 30.00
Quarter 2	100.00	37.00	59.00	59.00 %	*	45.00 - 55.00
Explanation of Variance: Due to limited number of organizations that are able to deliver a self-help constructed home, the Department has provided extensive technical assistance to nonprofit organizations that have limited resources. The higher number of households assisted is due to increased technical assistance, including outreach and communication, provided to assist nonprofit organizations to fulfill their contractual obligations.						
Quarter 3	100.00	21.00	80.00	80.00 %	*	70.00 - 80.00
Explanation of Variance: Due to limited number of organizations that are able to deliver a self-help constructed home, the Department has provided extensive technical assistance to nonprofit organizations that have limited resources. The higher number of households assisted is due to increased technical assistance, including outreach and communication, provided to assist nonprofit organizations to fulfill their contractual obligations.						
Quarter 4	100.00	35.00	115.00	115.00 %	*	95.00 - 105.00
Explanation of Variance: Performance was higher than anticipated this quarter due to the closing out of previous fiscal year contracts this quarter and an elevated amount of technical assistance provided by the Department to ensure that the nonprofit organizations are meeting their performance benchmarks.						
1-1-4 SECTION 8 RENTAL ASSISTANCE						

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**

Output Measures

1 # HOUSEHOLDS ASSISTED

Quarter 1	2,100.00	930.00	930.00	44.29 % *	420.00 - 630.00

Explanation of Variance: The targeted measure of 2,100 vouchers was developed:
a) prior to the Department's transfer of 560 vouchers to Brazoria County, effective May 1, 2005; and
b) at a time when the U.S. Department of Housing and Urban Development provided the Section 8 Housing Assistance Program (HAP) funds based on the number of vouchers the Department was authorized to distribute. Prior to 2005, HUD provided assistance in an amount that covered all eligible costs associated with the vouchers the Department distributed during the year. After 2005, HUD established a maximum annual allocation amount for the Department.

Both of these events have significantly decreased the number of vouchers available for allocation by the Department each year.

Quarter 2	2,100.00	27.00	957.00	45.57 %	945.00 - 1,155.00
Quarter 3	2,100.00	56.00	1,013.00	48.24 % *	1,470.00 - 1,680.00

Explanation of Variance: The targeted measure of 2,100 vouchers was developed when the U.S. Department of Housing and Urban Development provided Section 8 Housing Assistance Program (HAP) funds on the number of Housing Choice Vouchers available. The allocation of HAP funds changed for the Section 8 program year beginning January 1, 2005. The Department no longer receives HAP funds based on a specified number of vouchers. Consequently, the number of households served will be below target.

Quarter 4	2,100.00	51.00	1,064.00	50.67 % *	1,995.00 - 2,205.00

Explanation of Variance: The targeted measure of 2,100 vouchers was developed when the U.S. Department of Housing and Urban Development provided Section 8 Housing Assistance Program (HAP) funds on the number of Housing Choice Vouchers available. The allocation of HAP funds changed for the Section 8 program year beginning January 1, 2005. The Department no longer receives HAP funds based on a specified number of vouchers. Consequently, the number of households served will be below target. At this time the Department has committed or has identified tenants for all available funds.

1-1-5 FEDERAL TAX CREDITS

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
1 # HOUSEHOLDS ASST THRU HTC PROGRAM					
Quarter 1	20,151.00	2,265.00	2,265.00	11.24 % *	4,030.20 - 6,045.30
Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.					
Quarter 2	20,151.00	1,217.00	3,482.00	17.28 % *	9,067.95 - 11,083.05
Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.					
Quarter 3	20,151.00	1,502.00	4,984.00	24.73 % *	14,105.70 - 16,120.80
Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.					
Quarter 4	20,151.00	8,014.00	12,998.00	64.50 % *	19,143.45 - 21,158.55
Explanation of Variance: The Department allocated approximately $3.7 million from the 2007 credit ceiling in order to address construction cost increases for tax credit awards from 2004 and 2005. This resulted in more funds being allocated to developments without creating additional units.					
1-1-6 HOME PROGRAM - MULTIFAMILY					

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**

Output Measures

1 # HOUSEHOLDS ASST WITH MF FUNDS

Quarter 1	647.00	22.00	22.00	3.40 % *	129.40 - 194.10

Explanation of Variance: The HOME rental development program runs an open cycle application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. Therefore, the application cycle which awards most of the HOME funding does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the third or fourth quarters of the State fiscal year.

Quarter 2	647.00	0.00	22.00	3.40 % *	291.15 - 355.85

Explanation of Variance: The HOME rental development program runs an application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. Therefore, the application cycle which awards most of the HOME funding does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the third or fourth quarters of the State fiscal year in line with the tax credit awards.

Quarter 3	647.00	0.00	22.00	3.40 % *	452.90 - 517.60

Explanation of Variance: The HOME rental development program runs an application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. Therefore, the application cycle which awards most of the HOME funding does not open until the second quarter of each State fiscal year. It is not anticipated that performance targets will be met until the fourth quarter of the State fiscal year in line with the tax credit awards.

Quarter 4	647.00	122.00	144.00	22.26 % *	614.65 - 679.35

Explanation of Variance: The HOME rental development program runs an application process in line with statutory requirements to maintain a uniform application cycle for all TDHCA rental development programs. The HOME and Housing Tax Credit programs operated concurrent application cycles. Due to the competitiveness of the cycle, not all applicants that applied for both sources of funds were competitive in the Housing Tax Credit round and eligible for an award. Therefore, the awarding of HOME funds was limited to those applications that were competitive and received a Housing Tax Credit award.

1-1-8 MRB PROGRAM-MULTIFAMILY

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
1 # HOUSEHOLDS ASST MF MRB PROG					
Quarter 1	3,500.00	971.00	971.00	27.74 %	700.00 - 1,050.00
Quarter 2	3,500.00	504.00	1,475.00	42.14 % *	1,575.00 - 1,925.00
Explanation of Variance: This quarter there was a limited amount of bond allocation carryforward which affected the amount of bond volume cap available for the second quarter. With a lower amount of bond volume cap, there are fewer households assisted through the program.					
Quarter 3	3,500.00	1,054.00	2,529.00	72.26 %	2,450.00 - 2,800.00
Quarter 4	3,500.00	468.00	2,997.00	85.63 % *	3,325.00 - 3,675.00
Explanation of Variance: This quarter the Department was limited in the amount multifamily volume cap that was available. The June 1, 2007 collapse at the Texas Bond Review Board allowed for local issuers to receive additional volume cap, however, the Department per statute is not included in that collapse and therefore did not benefit from the increase.					
2-1-1 HOUSING RESOURCE CENTER					

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**

Output Measures

1 # REQUESTS COMPLETED

Quarter 1	5,400.00	823.00	823.00	15.24 % *	1,080.00 - 1,620.00

Explanation of Variance: Explanation of Variance: TDHCA made a phone system upgrade in the first quarter of 2006. A 1-800 number for the entire agency was added and an automated attendant was added to the phone tree. This system has resulted in more calls being directly routed to the appropriate division instead of being forwarded by the Department's receptionist to DPPA for response. The Department has also continued to improve its website so that potential requests can be resolved via the internet instead of through the Housing Resource Center. Therefore, the number of completed requests has decreased from what was targeted.

Quarter 2	5,400.00	734.00	1,557.00	28.83 % *	2,430.00 - 2,970.00

Explanation of Variance: The Department made a phone system upgrade in the first quarter of 2006. A 1-800 number for the entire agency was implemented and an automated attendant was added to the phone tree. This system has resulted in more calls being directly routed to the appropriate division instead of being forwarded to the Housing Resource Center for response. The Department has also continued to improve its website so that potential requests can be resolved via the internet instead of through the Housing Resource Center. Therefore, the number of completed requests has decreased from what was originally projected.

Quarter 3	5,400.00	1,123.00	2,680.00	49.63 % *	3,780.00 - 4,320.00

Explanation of Variance: The Department made a phone system upgrade in the first quarter of 2006. A 1-800 number for the entire agency was implemented and an automated attendant was added to the phone tree. This system has resulted in more calls being directly routed to the appropriate division instead of being forwarded to the Housing Resource Center for response. The Department has also continued to improve its website so that potential requests can be resolved via the internet instead of through the Housing Resource Center. Therefore, the number of completed requests has decreased from what was originally projected.

Quarter 4	5,400.00	1,144.00	3,824.00	70.81 % *	5,130.00 - 5,670.00

Explanation of Variance: The Department made a phone system upgrade in the first quarter of 2006. A 1-800 number for the entire agency was implemented and an automated attendant was added to the phone tree. This system has resulted in more calls being directly routed to the appropriate division instead of being forwarded to the Housing Resource Center for response. The Department has also continued to improve its website so that potential requests can be resolved via the internet instead of through the Housing Resource Center. Therefore, the number of completed requests has decreased from what was originally projected.

2-2-1 COLONIA SERVICE CENTERS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**

Output Measures

1 SERVICE CENTER ON-SITE VISITS

Quarter 1	600.00	295.00	295.00	49.17 % *	120.00 - 180.00

Explanation of Variance: Technical assistance visits to units of local governments and nonprofit organizations continue to increase in order provide them assistance with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers.

Quarter 2	600.00	258.00	553.00	92.17 % *	270.00 - 330.00

Explanation of Variance: Technical assistance visits to units of local governments and nonprofit organizations continue to increase in order to provide them assistance with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers. The Department continues to prioritize technical assistance to local organizations and this in turn has increased the demand for on-site visits.

Quarter 3	600.00	279.00	832.00	138.67 % *	420.00 - 480.00

Explanation of Variance: Technical assistance visits to units of local governments and nonprofit organizations continue to increase in order to provide them assistance with the implementation of the Texas Bootstrap Loan Program, Contract for Deed Conversion Program and the Colonia Self-Help Centers. The Department continues to prioritize technical assistance to local organizations and this in turn has increased the demand for on-site visits.

Quarter 4	600.00	131.00	963.00	160.50 % *	570.00 - 630.00

Explanation of Variance: Technical assistance visits to units of local government and nonprofit organizations continued to increase due to various changes to the programs administered through the field offices.

3-1-1 POVERTY-RELATED FUNDS

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**

Output Measures

1 # PERSONS ASSISTED

Quarter 1	440,000.00	175,309.00	175,309.00	39.84 % *	88,000.00 - 132,000.00

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). Beginning in January 2006, the Department revised the reporting procedures for Community Services Block Grant (CSBG) subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds.

Quarter 2	440,000.00	114,095.00	289,404.00	65.77 % *	198,000.00 - 242,000.00

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). Beginning in January 2006, the Department revised the reporting procedures for Community Services Block Grant (CSBG) subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds.

Quarter 3	440,000.00	136,388.00	425,792.00	96.77 % *	308,000.00 - 352,000.00

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). Beginning in January 2006, the Department revised the reporting procedures for Community Services Block Grant (CSBG) subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds.

Quarter 4	440,000.00	140,030.00	565,822.00	128.60 % *	418,000.00 - 462,000.00

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). Beginning in January 2006, the Department revised the reporting procedures for Community Services Block Grant (CSBG) subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
2 # PERSONS IMPROVED					
Quarter 1	2,000.00	843.00	843.00	42.15 % *	400.00 - 600.00

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

Quarter 2	2,000.00	633.00	1,476.00	73.80 % *	900.00 - 1,100.00

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty. It is anticipated that the Department will exceed the target for fiscal year 2007.

Quarter 3	2,000.00	733.00	2,209.00	110.45 % *	1,400.00 - 1,600.00

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty. It is anticipated that the Department will exceed the target for fiscal year 2007.

Quarter 4	2,000.00	878.00	3,087.00	154.35 % *	1,900.00 - 2,100.00

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**

Output Measures

3 # SHELTERS ASSISTED

Quarter 1	70.00	76.00	76.00	108.57 % *	14.00 - 21.00

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded. It is difficult to determine how many how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score.

Quarter 2	70.00	0.00	76.00	108.57 % *	31.50 - 38.50

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded. It is difficult to determine how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score.

Quarter 3	70.00	0.00	76.00	108.57 % *	49.00 - 56.00

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded. It is difficult to determine how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score.

Quarter 4	70.00	0.00	76.00	108.57 % *	66.50 - 73.50

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded. It is difficult to determine how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score.

3-2-1 ENERGY ASSISTANCE PROGRAMS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**		**Target Range**
Output Measures						
1 # RECEIVING ENERGY ASSIST						
Quarter 1	63,200.00	27,229.00	27,229.00	43.08 %	*	12,640.00 - 18,960.00
Explanation of Variance: This quarter benefited from a large supplemental appropriation for LIHEAP that helped subrecipient agencies assist households with rising utility bills and unusually warm weather.						
Quarter 2	63,200.00	14,391.00	41,620.00	65.85 %	*	28,440.00 - 34,760.00
Explanation of Variance: The Department exceeded the first quarter goal due to supplemental funds from the Low Income Home Energy Assistance Program (LIHEAP)that were not included in original projections. The Department typically serves fewer households in the second quarter because the program year for the utility assistance program ends December 31st. Most subrecipients use the month of January and the beginning of February to close out the previous program year and prepare for the upcoming program year.						
Quarter 3	63,200.00	22,798.00	64,418.00	101.93 %	*	44,240.00 - 50,560.00
Explanation of Variance: High home energy prices accross the state contributed to high demand for utility assistance during the third quarter.						
Quarter 4	63,200.00	19,111.00	83,529.00	132.17 %	*	60,040.00 - 66,360.00
Explanation of Variance: High home energy prices contributed to higher demand for energy assistance.						
2 # WEATHERIZED DWELLINGS						
Quarter 1	4,800.00	1,316.00	1,316.00	27.42 %		960.00 - 1,440.00
Quarter 2	4,800.00	1,282.00	2,598.00	54.13 %		2,160.00 - 2,640.00
Quarter 3	4,800.00	1,938.00	4,536.00	94.50 %	*	3,360.00 - 3,840.00
Explanation of Variance: Advantageous weather enabled high weatherization production this quarter.						
Quarter 4	4,800.00	868.00	5,404.00	112.58 %	*	4,560.00 - 5,040.00
Explanation of Variance: The Department is below target for this quarter due to the fact that weatherization production decreases in June, July and August when subrecipients focus on providing energy assistance. The Department is above target for the year due to the high production during the third quarter as a result of advantageous weather enabling higher weatherization production.						

4-1-1 MONITOR HOUSING REQUIREMENTS

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
3 # OF ONSITE REVIEWS					
Quarter 1	917.00	259.00	259.00	28.24 %	183.40 - 275.10
Quarter 2	917.00	280.00	539.00	58.78 % *	412.65 - 504.35
Explanation of Variance: More onsite monitoring reviews were scheduled during this quarter than previously anticipated.					
Quarter 3	917.00	286.00	825.00	89.97 % *	641.90 - 733.60
Explanation of Variance: More onsite monitoring reviews were scheduled during this quarter than previously anticipated.					
Quarter 4	917.00	165.00	990.00	107.96 % *	871.15 - 962.85
Explanation of Variance: More onsite monitoring reviews were scheduled during the quarter than were previously anticipated at the time the measures were established.					
4-1-2 MONITOR CONTRACT REQUIREMENTS					
1 # OF MONITORING REVIEWS					
Quarter 1	9,220.00	3,432.00	3,432.00	37.22 % *	1,844.00 - 2,766.00
Explanation of Variance: All monitoring requests received by the Department require a review. A request has been submitted to the LBB to amend the target to 11,235 reviews, which will more accurately reflect the actual number of reviews that the Department is required to complete. With the implementation of the amended target, the variance is reduced to 6%. Because several contracts expired during the first quarter, the Department received a larger number of draw requests than projected.					
Quarter 2	9,220.00	2,781.00	6,213.00	67.39 % *	4,149.00 - 5,071.00
Explanation of Variance: All monitoring requests received by the Department require a review. Monitoring reviews include set up and draw reviews. As contracts near their expiration date, contractors submit more set up and draw reviews in order to complete them before contract expiration. Because several contracts expired during the quarter, the Department received a larger number of draw requests than projected.					
Quarter 3	9,220.00	2,737.00	8,950.00	97.07 % *	6,454.00 - 7,376.00
Explanation of Variance: All monitoring requests received by the Department require a review. Monitoring reviews include set up and draw reviews. As contracts near their expiration date, contractors submit more set up and draw reviews in order to complete them before contract expiration. Because several contracts expired during the quarter, the Department received a larger number of draw requests than projected.					
Quarter 4	9,220.00	2,524.00	11,474.00	124.45 % *	8,759.00 - 9,681.00
Explanation of Variance: All monitoring requests received by the Department require a review. Monitoring reviews include set up and draw reviews. As contracts near their expiration date, contractors submit more set up and draw reviews in order to complete them before contract expiration. Because several contracts expired during the quarter, the Department received a larger number of draw requests than projected.					

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
5-1-1 TITLING AND LICENSING					
1 # SOL ISSUED					
Quarter 1	89,000.00	20,364.00	20,364.00	22.88 %	17,800.00 - 26,700.00
Quarter 2	89,000.00	22,773.00	43,137.00	48.47 %	40,050.00 - 48,950.00
Quarter 3	89,000.00	20,905.00	64,042.00	71.96 %	62,300.00 - 71,200.00
Quarter 4	89,000.00	21,993.00	86,035.00	96.67 %	84,550.00 - 93,450.00
2 # LICENSES ISSUED					
Quarter 1	4,435.00	568.00	568.00	12.81 % *	887.00 - 1,330.50
Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.					
Quarter 2	4,435.00	563.00	1,131.00	25.50 % *	1,995.75 - 2,439.25
Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.					
Quarter 3	4,435.00	684.00	1,815.00	40.92 % *	3,104.50 - 3,548.00
Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.					
Quarter 4	4,435.00	787.00	2,602.00	58.67 % *	4,213.25 - 4,656.75
Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.					
5-1-2 INSPECTIONS					

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**		**Target Range**
Output Measures						
1 # ROUTINE INSPECTIONS						
Quarter 1	8,000.00	1,378.00	1,378.00	17.23 %	*	1,600.00 - 2,400.00
Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 28.74%.						
Quarter 2	8,000.00	949.00	2,327.00	29.09 %	*	3,600.00 - 4,400.00
Explanation of Variance: The Department has experienced a higher level of non-routine inspection activity including an increased amount of affordable housing property inspections and complaint/investigative inspections. In addition, there have been several inspectors out on extended leave due to injuries. Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 30.7%						
Quarter 3	8,000.00	1,168.00	3,495.00	43.69 %	*	5,600.00 - 6,400.00
Explanation of Variance: The Department has experienced a higher level of non-routine inspection activity including an increased amount of affordable housing property inspections and complaint/investigative inspections. In addition, there have been several inspectors out on extended leave due to injuries. Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 30.49%.						
Quarter 4	8,000.00	1,108.00	4,603.00	57.54 %	*	7,600.00 - 8,400.00
Explanation of Variance: The Department has experienced a higher level of non-routine inspection activity including an increased amount of affordable housing property inspections and complaint/investigative inspections. In addition, there have been several inspectors out on extended leave due to injuries. Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 30.76%.						
5-1-3 ENFORCEMENT						

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 Actual**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Output Measures					
1 # COMPLAINTS RESOLVED					
Quarter 1	1,700.00	255.00	255.00	15.00 % *	340.00 - 510.00
Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.					
Quarter 2	1,700.00	252.00	507.00	29.82 % *	765.00 - 935.00
Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.					
Quarter 3	1,700.00	239.00	746.00	43.88 % *	1,190.00 - 1,360.00
Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.					
Quarter 4	1,700.00	306.00	1,052.00	61.88 % *	1,615.00 - 1,785.00
Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.					
Efficiency Measures					
5-1-3 ENFORCEMENT					
2 AVERAGE TIME RESOLUTION					
Quarter 1	180.00	182.90	182.90	101.61 %	171.00 - 189.00
Quarter 2	180.00	211.40	197.00	109.44 % *	171.00 - 189.00
Explanation of Variance: The Department resolved a greater number of complex, time-consuming complaints during the second quarter.					
Quarter 3	180.00	204.20	199.30	110.72 % *	171.00 - 189.00
Explanation of Variance: The Department resolved a greater number of complex, time-consuming complaints during the second quarter.					
Quarter 4	180.00	177.90	193.10	107.28 % *	171.00 - 189.00
Explanation of Variance: The Department resolved a greater number of complex, time-consuming complaints during this quarter.					

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Objective/Measure	**2007 Target**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
1-1 MAKE FUNDS AVAILABLE				
1 %VLI/LI/MI RECEIVE HOUSING	1.81 %	0.89 %	49.17 % *	1.72 - 1.90

Explanation of Variance: To accurately represent the level of housing need addressed by Department activities, the 1.1 Outcome measures use 2000 Census data as the Explanatory measure. However, the 2006-2007 targets were calculated using 1990 Census data. The 1990 need population was much lower than in the 2000 Census. Since the measure of need is the calculation's denominator, the use of the 1990 data generated higher percentage targets thatn using the 2000 data would have.
If the 1990 data had been used to calculate the actual 2007 Outcome, then 1.31% of the State's need would have been met, representing 73% of the target. See Outcome 1.2 below for an explation of the remaining variance from the target.

2 % VLI RECEIVING HOUSING	1.46 %	0.24 %	16.44 % *	1.39 - 1.53

Explanation of Variance: As described for Outcome 1.1, the continued use of 1990 Census data inflates the targets. If 1990 data were used to calculate the 2006 Outcome, then 20% of the target would have been met.

The remaining difference is due to several factors:
1) Fewer Section 8 vouchers were distributed than anticipated because a large number of vouchers were transferred by HUD to a large consortium and were no longer available to the Department. Also, the overall number of vouchers has decreased from what was originally projected. This is because the methodology that HUD uses to distribute Section 8 assistance has changed from distributing vouchers based on the average number of vouchers to distributing funding based on assistance provided during a time period of three months.
2) The multifamily HOME program application process runs concurrently with the Housing Tax Credit process as statutorily required. Due to the competitiveness of the cycle, not all applicants for both sources of funds were competitive and did not receive an award.
3) In 2006, the Department announced single family HOME funds available for 2006-2007. Applications were received and eligible applications not funded in 2006 were funded in 2007. The total number of units assisted are significantly lower than the target due to the impact of the biennial funding cycle, programmatic changes, and fewer applications received resulting in an undersubscription for Homebuyer Assistance and Tenant Based Rental Assistance activities.

3 % LI RECEIVING HOUSING	2.75 %	3.02 %	109.82 % *	2.61 - 2.89

Explanation of Variance: A higher portion of the 2007 9% Housing Tax Credit funding will serve LI households than was originally projected.

4 % MI RECEIVING HOUSING	0.17 %	0.22 %	129.41 % *	0.16 - 0.18

Explanation of Variance: Households assisted with Single Family Mortgage Revenue Bond originations were higher than targeted because of the increased benefit of the program's interest rate over increasing market interest rates.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Objective/Measure	**2007 Target**	**2007 YTD**	**Percent of Annual Target**		**Target Range**
3-1 PROGRAMS FOR HOMELESS/VLI					
1 % POVERTY ASSISTANCE	14.60 %	13.56 %	92.88 %	*	13.87 - 15.33

Explanation of Variance: To accurately represent the level of poverty assistance need addressed by TDHCA activities, the 3.1.1 Outcome measure uses 2000 Census data as the Explanatory measure. However, the 2006-2007 target was calculated using 1990 Census data. The 1990 need population was much lower than in the 2000 Census. Since the measure of need is the calculation's denominator, the use of 1990 data generated a higher percentage than using the 2000 Census data would have.

If the 1990 data were used to calcuate the actual 2007 Outcome, then 18.85% of the State's need would have been met, or 129% of the target..

Type/Objective/Measure	**2007 Target**	**2007 YTD**	**Percent of Annual Target**		**Target Range**
3-2 REDUCE HOME ENERGY COSTS					
1 % VLI HOUSEHOLD RECIPIENTS	6.00 %	6.72 %	112.00 %	*	5.70 - 6.30

Explanation of Variance: The following factors contributed to the Department exceeding the projected targets:
1) The program received an infusion of LIHEAP funds in addition to the budgeted annual funding amount.
2) There was increased demand for utility assistance due to high energy costs.

Type/Objective/Measure	**2007 Target**	**2007 YTD**	**Percent of Annual Target**		**Target Range**
5-1 PROTECT CITIZENS					
2 % CONSUMER COMPLAINT INSPECTIONS	100.00 %	100.00 %	100.00 %		95.00 - 105.00
3 % COMPLAINTS DISCIPLINARY ACTION	22.00 %	12.36 %	56.18 %	*	20.90 - 23.10

Explanation of Variance: Performance under target is desirable because the preference of the Department is to resolve complaints before disciplinary actions are required. Disciplinary actions are cases that require action by the Board or Executive Director of the Manufactured Housing Division.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2007 Target**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
Explanatory/Input Measures				
5-1-2 INSPECTIONS				
1 # INSTALLATION REPORTS	20,000.00	14,963.00	74.82 % *	19,000.00 - 21,000.00

Explanation of Variance: Fewer reports were received due to the continued slowdown in the manufactured housing industry. The installation forms that are incomplete when received are not included in the total reported for this measure because they are not entered into the database.

Type/Strategy/Measure	**2007 Target**	**2007 YTD**	**Percent of Annual Target**	**Target Range**
5-1-3 ENFORCEMENT				
1 # JURISDICTIONAL COMPLAINT RECEIVED	1,800.00	845.00	46.94 % *	1,710.00 - 1,890.00

Explanation of Variance: This measure is under the targeted projection, which is desirable because the Department encourages the informal resolution of customer concerns prior to becoming official complaints.

* Varies by 5% or more from target.

ACTUAL PERFORMANCE FOR OUTPUT/EFFICIENCY MEASURES
332-DEPT HOUSING/COMM AFFAIRS
1st QUARTER 2008
1/07/08

Michael Gerber, Executive Director

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target

Output Measures

1-1-1 MRB PROGRAM - SINGLE FAMILY

1 # HOUSEHOLDS ASST. W/SF MRB

Quarter 1	2,016.00	753.00	753.00	37.35 % *

Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.

1-1-2 HOME PROGRAM - SINGLE FAMILY

1 # HOUSEHOLDS ASST. W/SF HOME FUNDS

Quarter 1	1,255.00	257.00	257.00	20.48 %

1-1-3 HOUSING TRUST FUND - SINGLE FAMILY

1 # HOUSEHOLDS ASST THRU SF HTF

Quarter 1	228.00	60.00	60.00	26.32 %

1-1-4 SECTION 8 RENTAL ASSISTANCE

1 # HOUSEHOLDS ASSISTED

Quarter 1	1,494.00	967.00	967.00	64.73 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers. Consequently, the number of households served will be below target.

1-1-5 FEDERAL TAX CREDITS

1 # HOUSEHOLDS ASST THRU HTC PROGRAM

Quarter 1	12,261.00	1,937.00	1,937.00	15.80 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

1-1-6 HOME PROGRAM - MULTIFAMILY

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target	
Output Measures					
1 # HOUSEHOLDS ASST WITH MF FUNDS					
Quarter 1	500.00	0.00	0.00	0.00 %	*

Explanation of Variance: The Department did not release any NOFAs for awards during the first quarter due to the reorganization of the HOME division and impending rule changes. The Department has recently released two multifamily HOME NOFAs and we anticipate these awards will be made during the second or third quarter.

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target	
1-1-8 MRB PROGRAM - MULTIFAMILY					
1 # HOUSEHOLDS ASST MF MRB PROG					
Quarter 1	2,393.00	224.00	224.00	9.36 %	*

Explanation of Variance: This quarter there was a limited amount of bond volume cap available following the August 15th collapse. With a lower amount of bond volume cap, there are fewer households assisted through the program.

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target	
2-1-1 HOUSING RESOURCE CENTER					
1 # REQUESTS COMPLETED					
Quarter 1	4,900.00	1,705.00	1,705.00	34.80 %	*

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During the first quarter the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target	
2-2-1 COLONIA SERVICE CENTERS					
1 SERVICE CENTER ON-SITE VISITS					
Quarter 1	800.00	283.00	283.00	35.38 %	*

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program, field staff continues to provide technical assistance to units of local government and nonprofit organizations. Some of the changes that have been implemented in the last few months include the implementation of the Texas Bootstrap Loan Preservation Reservation System.

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target	
3-1-1 POVERTY-RELATED FUNDS					
1 # PERSONS ASSISTED					
Quarter 1	512,244.00	146,713.00	146,713.00	28.64 %	

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Output Measures				
2 # PERSONS IMPROVED				
Quarter 1	2,200.00	1,157.00	1,157.00	52.59 % *

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-suffiency case management programs and how many of those will complete the program and transition out of poverty.

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
3 # SHELTERS ASSISTED				
Quarter 1	73.00	78.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
3-2-1 ENERGY ASSISTANCE PROGRAMS				
1 # RECEIVING ENERGY ASSIST				
Quarter 1	51,502.00	14,383.00	14,383.00	27.93 %
2 # WEATHERIZED DWELLINGS				
Quarter 1	3,004.00	1,057.00	1,057.00	35.19 % *

Explanation of Variance: Moderate weather enabled higher weatherization production than originally anticipated for the first quarter.

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
4-1-1 MONITOR HOUSING REQUIREMENTS				
3 # OF ONSITE REVIEWS				
Quarter 1	915.00	265.00	265.00	28.96 %
4-1-2 MONITOR CONTRACT REQUIREMENTS				
1 # OF MONITORING REVIEWS				
Quarter 1	12,715.00	2,655.00	2,655.00	20.88 %
5-1-1 TITLING AND LICENSING				
1 # SOL ISSUED				
Quarter 1	90,000.00	22,886.00	22,886.00	25.43 %

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
2 # LICENSES ISSUED				
Quarter 1	4,000.00	685.00	685.00	17.13 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

5-1-2 INSPECTIONS

1 # ROUTINE INSPECTIONS				
Quarter 1	6,000.00	1,004.00	1,004.00	16.73 % *

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 27.67%.

5-1-3 ENFORCEMENT

1 # COMPLAINTS RESOLVED				
Quarter 1	1,250.00	230.00	230.00	18.40 % *

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to becoming official complaints. This effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

Efficiency Measures

5-1-3 ENFORCEMENT

2 AVERAGE TIME RESOLUTION				
Quarter 1	180.00	162.20	162.20	90.11 % *

Explanation of Variance: The average time is under the targeted projection, which is desirable.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1-1-1 MRB PROGRAM - SINGLE FAMILY

1 # HOUSEHOLDS ASST. W/SF MRB

Quarter 1	2,016.00	753.00	753.00	37.35 % *

Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.

Quarter 2	2,016.00	517.00	1,270.00	63.00 % *

Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.

1-1-2 HOME PROGRAM - SINGLE FAMILY

1 # HOUSEHOLDS ASST. W/SF HOME FUNDS

Quarter 1	1,255.00	257.00	257.00	20.48 %
Quarter 2	1,255.00	0.00	257.00	20.48 % *

Explanation of Variance: The Department has released two Notice of Funding Availability (NOFAs) for single-family activities and anticipates awarding these funds during the third quarter. Additionally, the Department signed its 2008 Funding Agreement with the US Department of Housing and Urban Development in March, permitting the allocation of 2008 funds in the third and fourth quarters.

1-1-3 HOUSING TRUST FUND - SINGLE FAMILY

1 # HOUSEHOLDS ASST THRU SF HTF

Quarter 1	228.00	142.00	142.00	62.28 % *

Explanation of Variance: The legislature appropriated approximately $5.8 million over the biennium for the Housing Trust Fund. It is anticipated that the Department will surpass existing performance measure targets.

Quarter 2	228.00	123.00	265.00	116.23 % *

Explanation of Variance: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan allocating the new source of funds, $1,000,000 was awarded as gap financing for the Disaster Recovery effort in Southeast Texas. During the first quarter, this investment supported the rehabilitation of 100 housing units with grants or deferred forgivable loans up to $10,000. Additionally, the Department was able to award $1,062,816 from local funds funded by loan repayments and investment earnings, resulting in 78 units in Veteran's Housing Assistance. An additional 24 units were funded in March and will be reported for the third quarter. The Veteran's Housing Assistance Program is an innovative program initiated by the Department in 2007, which supports homebuyer and rental assistance to veterans transitioning back into their communities.

1-1-4 SECTION 8 RENTAL ASSISTANCE

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASSISTED

Quarter 1	1,494.00	967.00	967.00	64.73 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers. Consequently, the number of households served will be below target.

Quarter 2	1,494.00	25.00	992.00	66.40 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers. Consequently, the number of households served will be below target.

1-1-5 FEDERAL TAX CREDITS

1 # HOUSEHOLDS ASST THRU HTC PROGRAM

Quarter 1	12,261.00	1,937.00	1,937.00	15.80 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

Quarter 2	12,261.00	1,001.00	2,938.00	23.96 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA expects to make progress on this measure in the fourth quarter however the 4% credits are tied to the bond market which is experiencing a dramatic slowdown.

1-1-6 HOME PROGRAM - MULTIFAMILY

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASST WITH MF FUNDS

Quarter 1	500.00	0.00	0.00	0.00 % *

Explanation of Variance: The Department did not release any NOFAs for awards during the first quarter due to the reorganization of the HOME division and impending rule changes. The Department has recently released two multifamily HOME NOFAs and we anticipate these awards will be made during the second or third quarter.

Quarter 2	500.00	0.00	0.00	0.00 % *

Explanation of Variance: The Department has recently republished two multifamily HOME NOFAs to operate in conjunction with the 2008 HOME rule changes and we anticipate these awards will be made during the third or fourth quarter.

1-1-8 MRB PROGRAM - MULTIFAMILY

1 # HOUSEHOLDS ASST MF MRB PROG

Quarter 1	2,393.00	224.00	224.00	9.36 % *

Explanation of Variance: This quarter there was a limited amount of bond volume cap available following the August 15th collapse. With a lower amount of bond volume cap, there are fewer households assisted through the program.

Quarter 2	2,393.00	0.00	224.00	9.36 % *

Explanation of Variance: The awards from the previous quarter were applications from the 2007 fiscal year. The Department has not awarded any bond applications during the second quarter due to the fact that the Bond Review Board did not begin issuing reservations for bond funds for the 2008 fiscal year until January. TDHCA expects to make progress on this measure in the third and fourth quarters however this measure is tied to the bond market which is experiencing a dramatic slowdown.

2-1-1 HOUSING RESOURCE CENTER

1 # REQUESTS COMPLETED

Quarter 1	4,900.00	1,705.00	1,705.00	34.80 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During the first quarter the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

Quarter 2	4,900.00	1,612.00	3,317.00	67.69 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During this quarter, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

2-2-1 COLONIA SERVICE CENTERS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 SERVICE CENTER ON-SITE VISITS

Quarter 1	800.00	283.00	283.00	35.38 % *

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program, field staff continues to provide technical assistance to units of local government and nonprofit organizations. Some of the changes that have been implemented in the last few months include the implementation of the Texas Bootstrap Loan Preservation Reservation System.

Quarter 2	800.00	203.00	486.00	60.75 % *

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program, field staff continues to provide technical assistance to units of local government and nonprofit organizations. Some of the recent changes that have been implemented include the implementation of the Texas Bootstrap Loan Preservation Reservation System.

3-1-1 POVERTY-RELATED FUNDS

1 # PERSONS ASSISTED

Quarter 1	512,244.00	146,713.00	146,713.00	28.64 %
Quarter 2	512,244.00	89,901.00	236,614.00	46.19 %

2 # PERSONS IMPROVED

Quarter 1	2,200.00	1,157.00	1,157.00	52.59 % *

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-suffiency case management programs and how many of those will complete the program and transition out of poverty.

Quarter 2	2,200.00	818.00	1,975.00	89.77 % *

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-suffiency case management programs and how many of those will complete the program and transition out of poverty.

* Varies by 5% or more from target.

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

3 # SHELTERS ASSISTED

Quarter 1	73.00	78.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

Quarter 2	73.00	0.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

3-2-1 ENERGY ASSISTANCE PROGRAMS

1 # RECEIVING ENERGY ASSIST

Quarter 1	51,502.00	14,383.00	14,383.00	27.93 %
Quarter 2	51,502.00	7,457.00	21,840.00	42.41 % *

Explanation of Variance: Administering agencies were unable to sign their 2008 contracts with the Department due to delayed implementation of the new contract and reporting system. This delay forced agencies to postpone their outreach efforts until funding was secured. The funding has been secured and the Department anticipates meeting the targets in the third and fourth quarters.

2 # WEATHERIZED DWELLINGS

Quarter 1	3,004.00	1,057.00	1,057.00	35.19 % *

Explanation of Variance: Moderate weather enabled higher weatherization production than originally anticipated for the first quarter.

Quarter 2	3,004.00	774.00	1,831.00	60.95 % *

Explanation of Variance: A moderate winter enabled higher weatherization production to continue into the second quarter.

4-1-1 MONITOR HOUSING REQUIREMENTS

3 # OF ONSITE REVIEWS

Quarter 1	915.00	265.00	265.00	28.96 %
Quarter 2	915.00	226.00	491.00	53.66 %

4-1-2 MONITOR CONTRACT REQUIREMENTS

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
1 # OF MONITORING REVIEWS				
Quarter 1	12,715.00	2,655.00	2,655.00	20.88 %
Quarter 2	12,715.00	2,269.00	4,924.00	38.73 % *

Explanation of Variance: The closing of contracts from previous years and a delay in the generation and execution of 2007 contracts has yielded fewer contracts to be serviced by staff. Additionally, a risk assessment was completed and a monitoring plan was developed during the early part of the fiscal year. The number of onsite monitoring visits will increase in the upcoming quarters due to the risk assessment and monitoring plan.

5-1-1 TITLING AND LICENSING

1 # SOL ISSUED				
Quarter 1	90,000.00	22,886.00	22,886.00	25.43 %
Quarter 2	90,000.00	12,783.00	35,669.00	39.63 % *

Explanation of Variance: The measure is below target because there were fewer applications received by the Department. In addition, the Department received more incomplete applications. The incomplete applications are due to the public being unaware of a new requirement in Section 1201.206(g) of the Standards Act that requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold. In order to educate the public and tax offices about the changes, the Department has posted notice of the requirement on the Department's website and has mailed a notice letter to all tax assessor-collectors.

2 # LICENSES ISSUED				
Quarter 1	4,000.00	685.00	685.00	17.13 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Quarter 2	4,000.00	733.00	1,418.00	35.45 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

5-1-2 INSPECTIONS

1 # ROUTINE INSPECTIONS				
Quarter 1	6,000.00	1,004.00	1,004.00	16.73 % *

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 27.67%.

Quarter 2	6,000.00	1,039.00	2,043.00	34.05 % *

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 33.41%.

5-1-3 ENFORCEMENT

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
1 # COMPLAINTS RESOLVED				
Quarter 1	1,250.00	230.00	230.00	18.40 % *
Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to becoming official complaints. This effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.				
Quarter 2	1,250.00	198.00	428.00	34.24 % *
Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.				
Efficiency Measures				
5-1-3 ENFORCEMENT				
2 AVERAGE TIME RESOLUTION				
Quarter 1	180.00	162.20	162.20	90.11 % *
Explanation of Variance: The average time is under the targeted projection, which is desirable.				
Quarter 2	180.00	129.40	147.00	81.67 % *
Explanation of Variance: The average time for complaint resolution is under the targeted projection, which is desirable.				

* Varies by 5% or more from target.

ACTUAL PERFORMANCE FOR OUTPUT/EFFICIENCY MEASURES
332-DEPT HOUSING/COMM AFFAIRS
3rd QUARTER 2008
6/25/05

Michael Gerber, Executive Director

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
1-1-1 MRB PROGRAM - SINGLE FAMILY				
1 # HOUSEHOLDS ASST. W/SF MRB				
Quarter 1	2,016.00	753.00	753.00	37.35 % *
Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.				
Quarter 2	2,016.00	517.00	1,270.00	63.00 % *
Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.				
Quarter 3	2,016.00	352.00	1,622.00	80.46 % *
Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products and the lack of availability of other affordable options.				
1-1-2 HOME PROGRAM - SINGLE FAMILY				
1 # HOUSEHOLDS ASST. W/SF HOME FUNDS				
Quarter 1	1,255.00	257.00	257.00	20.48 %
Quarter 2	1,255.00	0.00	257.00	20.48 % *
Explanation of Variance: The Department has released two Notice of Funding Availability (NOFAs) for single-family activities and anticipates awarding these funds during the third quarter. Additionally, the Department signed its 2008 Funding Agreement with the US Department of Housing and Urban Development in March, permitting the allocation of 2008 funds in the third and fourth quarters.				
Quarter 3	1,255.00	512.00	769.00	61.27 % *
Explanation of Variance: The Department is in the process of publishing its 2008 Single Family Notice of Funding Availability (NOFA), which includes Owner-Occupied Housing Assistance (OCC), Tenant-Based Rental Assistance (TBRA), and Homebuyer Assistance (HBA) activities, and anticipates awarding funds later this year. For this reporting period, awards for Rehabilitation activities provided disaster relief with OCC and are funded by deobligated funds in accordance with the Department's Deobligated Funds Rule.				
1-1-3 HOUSING TRUST FUND - SINGLE FAMILY				

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
1-1-1 MRB PROGRAM - SINGLE FAMILY				
1 # HOUSEHOLDS ASST. W/SF MRB				
Quarter 1	2,016.00	753.00	753.00	37.35 % *
Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.				
Quarter 2	2,016.00	517.00	1,270.00	63.00 % *
Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.				
Quarter 3	2,016.00	352.00	1,622.00	80.46 % *
Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products and the lack of availability of other affordable options.				
1-1-2 HOME PROGRAM - SINGLE FAMILY				
1 # HOUSEHOLDS ASST. W/SF HOME FUNDS				
Quarter 1	1,255.00	257.00	257.00	20.48 %
Quarter 2	1,255.00	0.00	257.00	20.48 % *
Explanation of Variance: The Department has released two Notice of Funding Availability (NOFAs) for single-family activities and anticipates awarding these funds during the third quarter. Additionally, the Department signed its 2008 Funding Agreement with the US Department of Housing and Urban Development in March, permitting the allocation of 2008 funds in the third and fourth quarters.				
Quarter 3	1,255.00	512.00	769.00	61.27 % *
Explanation of Variance: The Department is in the process of publishing its 2008 Single Family Notice of Funding Availability (NOFA), which includes Owner-Occupied Housing Assistance (OCC), Tenant-Based Rental Assistance (TBRA), and Homebuyer Assistance (HBA) activities, and anticipates awarding funds later this year. For this reporting period, awards for Rehabilitation activities provided disaster relief with OCC and are funded by deobligated funds in accordance with the Department's Deobligated Funds Rule.				
1-1-3 HOUSING TRUST FUND - SINGLE FAMILY				

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1-1-1 MRB PROGRAM - SINGLE FAMILY

1 # HOUSEHOLDS ASST. W/SF MRB

Quarter 1	2,016.00	753.00	753.00	37.35 % *

Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.

Quarter 2	2,016.00	517.00	1,270.00	63.00 % *

Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.

Quarter 3	2,016.00	352.00	1,622.00	80.46 % *

Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products and the lack of availability of other affordable options.

1-1-2 HOME PROGRAM - SINGLE FAMILY

1 # HOUSEHOLDS ASST. W/SF HOME FUNDS

Quarter 1	1,255.00	257.00	257.00	20.48 %
Quarter 2	1,255.00	0.00	257.00	20.48 % *

Explanation of Variance: The Department has released two Notice of Funding Availability (NOFAs) for single-family activities and anticipates awarding these funds during the third quarter. Additionally, the Department signed its 2008 Funding Agreement with the US Department of Housing and Urban Development in March, permitting the allocation of 2008 funds in the third and fourth quarters.

Quarter 3	1,255.00	512.00	769.00	61.27 % *

Explanation of Variance: The Department is in the process of publishing its 2008 Single Family Notice of Funding Availability (NOFA), which includes Owner-Occupied Housing Assistance (OCC), Tenant-Based Rental Assistance (TBRA), and Homebuyer Assistance (HBA) activities, and anticipates awarding funds later this year. For this reporting period, awards for Rehabilitation activities provided disaster relief with OCC and are funded by deobligated funds in accordance with the Department's Deobligated Funds Rule.

1-1-3 HOUSING TRUST FUND - SINGLE FAMILY

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASST THRU SF HTF

Quarter 1	228.00	142.00	142.00	62.28 % *

Explanation of Variance: The legislature appropriated approximately $5.8 million over the biennium for the Housing Trust Fund. It is anticipated that the Department will surpass existing performance measure targets.

Quarter 2	228.00	123.00	265.00	116.23 % *

Explanation of Variance: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan allocating the new source of funds, $1,000,000 was awarded as gap financing for the Disaster Recovery effort in Southeast Texas. During the first quarter, this investment supported the rehabilitation of 100 housing units with grants or deferred forgivable loans up to $10,000. Additionally, the Department was able to award $1,062,816 from local funds funded by loan repayments and investment earnings, resulting in 78 units in Veteran’s Housing Assistance. An additional 24 units were funded in March and will be reported for the third quarter. The Veteran’s Housing Assistance Program is an innovative program initiated by the Department in 2007, which supports homebuyer and rental assistance to veterans transitioning back into their communities.

Quarter 3	228.00	101.00	366.00	160.53 % *

Explanation of Variance: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan allocating the new source of funds, $1,000,000 was awarded as gap financing for the Disaster Recovery effort in Southeast Texas resuting in assistance to 100 housing units during the first quarter. Additionally, the Department was able to award $1,062,816 funded by loan repayments and investment earnings, resulting in 78 units in Veteran’s Housing Assistance, supporting homebuyer and rental assistance to veterans transitioning back into their communities. The Veteran's NOFA is currently oversubscribed and the Department anticipates making additional awards in the fourth quarter. For the third quarter, two awards were made that will assist 48 households. In addition to the activity associated with the new and innovative programs described above, the Bootstrap (owner-builder) program is surpassing established targets due to an additional $3,500,000 in funding and program improvements including a new loan reservation system that effectively expands the number of organizations eligible to participate in the program.

1-1-4 SECTION 8 RENTAL ASSISTANCE

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASST THRU SF HTF

Quarter 1	228.00	142.00	142.00	62.28 % *

Explanation of Variance: The legislature appropriated approximately $5.8 million over the biennium for the Housing Trust Fund. It is anticipated that the Department will surpass existing performance measure targets.

Quarter 2	228.00	123.00	265.00	116.23 % *

Explanation of Variance: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan allocating the new source of funds, $1,000,000 was awarded as gap financing for the Disaster Recovery effort in Southeast Texas. During the first quarter, this investment supported the rehabilitation of 100 housing units with grants or deferred forgivable loans up to $10,000. Additionally, the Department was able to award $1,062,816 from local funds funded by loan repayments and investment earnings, resulting in 78 units in Veteran’s Housing Assistance. An additional 24 units were funded in March and will be reported for the third quarter. The Veteran’s Housing Assistance Program is an innovative program initiated by the Department in 2007, which supports homebuyer and rental assistance to veterans transitioning back into their communities.

Quarter 3	228.00	101.00	366.00	160.53 % *

Explanation of Variance: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan allocating the new source of funds, $1,000,000 was awarded as gap financing for the Disaster Recovery effort in Southeast Texas resuting in assistance to 100 housing units during the first quarter. Additionally, the Department was able to award $1,062,816 funded by loan repayments and investment earnings, resulting in 78 units in Veteran’s Housing Assistance, supporting homebuyer and rental assistance to veterans transitioning back into their communities. The Veteran's NOFA is currently oversubscribed and the Department anticipates making additional awards in the fourth quarter. For the third quarter, two awards were made that will assist 48 households. In addition to the activity associated with the new and innovative programs described above, the Bootstrap (owner-builder) program is surpassing established targets due to an additional $3,500,000 in funding and program improvements including a new loan reservation system that effectively expands the number of organizations eligible to participate in the program.

1-1-4 SECTION 8 RENTAL ASSISTANCE

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASST THRU SF HTF

Quarter 1	228.00	142.00	142.00	62.28 % *

Explanation of Variance: The legislature appropriated approximately $5.8 million over the biennium for the Housing Trust Fund. It is anticipated that the Department will surpass existing performance measure targets.

Quarter 2	228.00	123.00	265.00	116.23 % *

Explanation of Variance: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan allocating the new source of funds, $1,000,000 was awarded as gap financing for the Disaster Recovery effort in Southeast Texas. During the first quarter, this investment supported the rehabilitation of 100 housing units with grants or deferred forgivable loans up to $10,000. Additionally, the Department was able to award $1,062,816 from local funds funded by loan repayments and investment earnings, resulting in 78 units in Veteran’s Housing Assistance. An additional 24 units were funded in March and will be reported for the third quarter. The Veteran’s Housing Assistance Program is an innovative program initiated by the Department in 2007, which supports homebuyer and rental assistance to veterans transitioning back into their communities.

Quarter 3	228.00	101.00	366.00	160.53 % *

Explanation of Variance: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan allocating the new source of funds, $1,000,000 was awarded as gap financing for the Disaster Recovery effort in Southeast Texas resuting in assistance to 100 housing units during the first quarter. Additionally, the Department was able to award $1,062,816 funded by loan repayments and investment earnings, resulting in 78 units in Veteran’s Housing Assistance, supporting homebuyer and rental assistance to veterans transitioning back into their communities. The Veteran's NOFA is currently oversubscribed and the Department anticipates making additional awards in the fourth quarter. For the third quarter, two awards were made that will assist 48 households. In addition to the activity associated with the new and innovative programs described above, the Bootstrap (owner-builder) program is surpassing established targets due to an additional $3,500,000 in funding and program improvements including a new loan reservation system that effectively expands the number of organizations eligible to participate in the program.

1-1-4 SECTION 8 RENTAL ASSISTANCE

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASSISTED

Quarter 1	1,494.00	967.00	967.00	64.73 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers. Consequently, the number of households served will be below target.

Quarter 2	1,494.00	25.00	992.00	66.40 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers. Consequently, the number of households served will be below target.

Quarter 3	1,494.00	4.00	996.00	66.67 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers but rather receives a set amount of funding that limits the number of households served to approximately 1,100 a year. Consequently, the number of households served will be below target.

1-1-5 FEDERAL TAX CREDITS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASSISTED

Quarter 1	1,494.00	967.00	967.00	64.73 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers. Consequently, the number of households served will be below target.

Quarter 2	1,494.00	25.00	992.00	66.40 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers. Consequently, the number of households served will be below target.

Quarter 3	1,494.00	4.00	996.00	66.67 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers but rather receives a set amount of funding that limits the number of households served to approximately 1,100 a year. Consequently, the number of households served will be below target.

1-1-5 FEDERAL TAX CREDITS

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
1 # HOUSEHOLDS ASSISTED				
Quarter 1	1,494.00	967.00	967.00	64.73 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers. Consequently, the number of households served will be below target.

Quarter 2	1,494.00	25.00	992.00	66.40 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers. Consequently, the number of households served will be below target.

Quarter 3	1,494.00	4.00	996.00	66.67 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers but rather receives a set amount of funding that limits the number of households served to approximately 1,100 a year. Consequently, the number of households served will be below target.

1-1-5 FEDERAL TAX CREDITS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASST THRU HTC PROGRAM

Quarter 1	12,261.00	1,937.00	1,937.00	15.80 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

Quarter 2	12,261.00	1,001.00	2,938.00	23.96 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA expects to make progress on this measure in the fourth quarter however the 4% credits are tied to the bond market which is experiencing a dramatic slowdown.

Quarter 3	12,261.00	712.00	3,650.00	29.77 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA expects to make progress on this measure in the fourth quarter; however, the 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.

1-1-6 HOME PROGRAM - MULTIFAMILY

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASST THRU HTC PROGRAM

Quarter 1	12,261.00	1,937.00	1,937.00	15.80 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

Quarter 2	12,261.00	1,001.00	2,938.00	23.96 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA expects to make progress on this measure in the fourth quarter however the 4% credits are tied to the bond market which is experiencing a dramatic slowdown.

Quarter 3	12,261.00	712.00	3,650.00	29.77 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA expects to make progress on this measure in the fourth quarter; however, the 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.

1-1-6 HOME PROGRAM - MULTIFAMILY

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASST THRU HTC PROGRAM

Quarter 1	12,261.00	1,937.00	1,937.00	15.80 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

Quarter 2	12,261.00	1,001.00	2,938.00	23.96 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA expects to make progress on this measure in the fourth quarter however the 4% credits are tied to the bond market which is experiencing a dramatic slowdown.

Quarter 3	12,261.00	712.00	3,650.00	29.77 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA expects to make progress on this measure in the fourth quarter; however, the 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.

1-1-6 HOME PROGRAM - MULTIFAMILY

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASST WITH MF FUNDS

Quarter 1	500.00	0.00	0.00	0.00 % *

Explanation of Variance: The Department did not release any NOFAs for awards during the first quarter due to the reorganization of the HOME division and impending rule changes. The Department has recently released two multifamily HOME NOFAs and we anticipate these awards will be made during the second or third quarter.

Quarter 2	500.00	0.00	0.00	0.00 % *

Explanation of Variance: The Department has recently republished two multifamily HOME NOFAs to operate in conjunction with the 2008 HOME rule changes and we anticipate these awards will be made during the third or fourth quarter.

Quarter 3	500.00	78.00	78.00	15.60 % *

Explanation of Variance: The Department has recently republished two multifamily HOME NOFAs to operate in conjunction with the 2008 HOME rule changes and we anticipate these awards will be made during the fourth quarter. A majority of the applicants for the funds have applied for both HOME and Housing Tax Credits (HTC). Any anticipated HOME awards will be made in conjunction with the HTC awards at the July 31, 2008 Board meeting and will be reported for the fourth quarter. Additionally, the Department is in the process of releasing the 2008 Rental Housing Development and Community Housing Development Organization (CHDO) NOFAs, which may include additional uncommitted and/or deobligated funds, in order to make funding available on a first-come, first-served basis.

1-1-8 MRB PROGRAM - MULTIFAMILY

1 # HOUSEHOLDS ASST MF MRB PROG

Quarter 1	2,393.00	224.00	224.00	9.36 % *

Explanation of Variance: This quarter there was a limited amount of bond volume cap available following the August 15th collapse. With a lower amount of bond volume cap, there are fewer households assisted through the program.

Quarter 2	2,393.00	0.00	224.00	9.36 % *

Explanation of Variance: The awards from the previous quarter were applications from the 2007 fiscal year. The Department has not awarded any bond applications during the second quarter due to the fact that the Bond Review Board did not begin issuing reservations for bond funds for the 2008 fiscal year until January. TDHCA expects to make progress on this measure in the third and fourth quarters however this measure is tied to the bond market which is experiencing a dramatic slowdown.

Quarter 3	2,393.00	232.00	456.00	19.06 % *

Explanation of Variance: The Department expects to make progress on this measure in the fourth quarter however this measure is tied to the bond market which is experiencing a dramatic slowdown. Economic conditions in the equity markets have made it very difficult for developers to present financially feasible applications to the Department.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASST WITH MF FUNDS

Quarter 1	500.00	0.00	0.00	0.00 % *

Explanation of Variance: The Department did not release any NOFAs for awards during the first quarter due to the reorganization of the HOME division and impending rule changes. The Department has recently released two multifamily HOME NOFAs and we anticipate these awards will be made during the second or third quarter.

Quarter 2	500.00	0.00	0.00	0.00 % *

Explanation of Variance: The Department has recently republished two multifamily HOME NOFAs to operate in conjunction with the 2008 HOME rule changes and we anticipate these awards will be made during the third or fourth quarter.

Quarter 3	500.00	78.00	78.00	15.60 % *

Explanation of Variance: The Department has recently republished two multifamily HOME NOFAs to operate in conjunction with the 2008 HOME rule changes and we anticipate these awards will be made during the fourth quarter. A majority of the applicants for the funds have applied for both HOME and Housing Tax Credits (HTC). Any anticipated HOME awards will be made in conjunction with the HTC awards at the July 31, 2008 Board meeting and will be reported for the fourth quarter. Additionally, the Department is in the process of releasing the 2008 Rental Housing Development and Community Housing Development Organization (CHDO) NOFAs, which may include additional uncommitted and/or deobligated funds, in order to make funding available on a first-come, first-served basis.

1-1-8 MRB PROGRAM - MULTIFAMILY

1 # HOUSEHOLDS ASST MF MRB PROG

Quarter 1	2,393.00	224.00	224.00	9.36 % *

Explanation of Variance: This quarter there was a limited amount of bond volume cap available following the August 15th collapse. With a lower amount of bond volume cap, there are fewer households assisted through the program.

Quarter 2	2,393.00	0.00	224.00	9.36 % *

Explanation of Variance: The awards from the previous quarter were applications from the 2007 fiscal year. The Department has not awarded any bond applications during the second quarter due to the fact that the Bond Review Board did not begin issuing reservations for bond funds for the 2008 fiscal year until January. TDHCA expects to make progress on this measure in the third and fourth quarters however this measure is tied to the bond market which is experiencing a dramatic slowdown.

Quarter 3	2,393.00	232.00	456.00	19.06 % *

Explanation of Variance: The Department expects to make progress on this measure in the fourth quarter however this measure is tied to the bond market which is experiencing a dramatic slowdown. Economic conditions in the equity markets have made it very difficult for developers to present financially feasible applications to the Department.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # HOUSEHOLDS ASST WITH MF FUNDS

Quarter 1	500.00	0.00	0.00	0.00 % *

Explanation of Variance: The Department did not release any NOFAs for awards during the first quarter due to the reorganization of the HOME division and impending rule changes. The Department has recently released two multifamily HOME NOFAs and we anticipate these awards will be made during the second or third quarter.

Quarter 2	500.00	0.00	0.00	0.00 % *

Explanation of Variance: The Department has recently republished two multifamily HOME NOFAs to operate in conjunction with the 2008 HOME rule changes and we anticipate these awards will be made during the third or fourth quarter.

Quarter 3	500.00	78.00	78.00	15.60 % *

Explanation of Variance: The Department has recently republished two multifamily HOME NOFAs to operate in conjunction with the 2008 HOME rule changes and we anticipate these awards will be made during the fourth quarter. A majority of the applicants for the funds have applied for both HOME and Housing Tax Credits (HTC). Any anticipated HOME awards will be made in conjunction with the HTC awards at the July 31, 2008 Board meeting and will be reported for the fourth quarter. Additionally, the Department is in the process of releasing the 2008 Rental Housing Development and Community Housing Development Organization (CHDO) NOFAs, which may include additional uncommitted and/or deobligated funds, in order to make funding available on a first-come, first-served basis.

1-1-8 MRB PROGRAM - MULTIFAMILY

1 # HOUSEHOLDS ASST MF MRB PROG

Quarter 1	2,393.00	224.00	224.00	9.36 % *

Explanation of Variance: This quarter there was a limited amount of bond volume cap available following the August 15th collapse. With a lower amount of bond volume cap, there are fewer households assisted through the program.

Quarter 2	2,393.00	0.00	224.00	9.36 % *

Explanation of Variance: The awards from the previous quarter were applications from the 2007 fiscal year. The Department has not awarded any bond applications during the second quarter due to the fact that the Bond Review Board did not begin issuing reservations for bond funds for the 2008 fiscal year until January. TDHCA expects to make progress on this measure in the third and fourth quarters however this measure is tied to the bond market which is experiencing a dramatic slowdown.

Quarter 3	2,393.00	232.00	456.00	19.06 % *

Explanation of Variance: The Department expects to make progress on this measure in the fourth quarter however this measure is tied to the bond market which is experiencing a dramatic slowdown. Economic conditions in the equity markets have made it very difficult for developers to present financially feasible applications to the Department.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

2-1-1 HOUSING RESOURCE CENTER

1 # REQUESTS COMPLETED

Quarter 1	4,900.00	1,705.00	1,705.00	34.80 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During the first quarter the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

Quarter 2	4,900.00	1,612.00	3,317.00	67.69 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During this quarter, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

Quarter 3	4,900.00	1,397.00	4,714.00	96.20 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During this quarter, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

2-2-1 COLONIA SERVICE CENTERS

1 SERVICE CENTER ON-SITE VISITS

Quarter 1	800.00	283.00	283.00	35.38 % *

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program, field staff continues to provide technical assistance to units of local government and nonprofit organizations. Some of the changes that have been implemented in the last few months include the implementation of the Texas Bootstrap Loan Preservation Reservation System.

Quarter 2	800.00	203.00	486.00	60.75 % *

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program, field staff continues to provide technical assistance to units of local government and nonprofit organizations. Some of the recent changes that have been implemented include the implementation of the Texas Bootstrap Loan Preservation Reservation System.

Quarter 3	800.00	173.00	659.00	82.38 % *

Explanation of Variance: As we continue to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program OCI Field Staff continues to provide technical assistance to units of local governments and nonprofit organizations. Some of the changes that have been implemented recently include the implementation of the Texas Bootstrap Loan Program Reservation System which has necessitated increased outreach activities.

3-1-1 POVERTY-RELATED FUNDS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

2-1-1 HOUSING RESOURCE CENTER

1 # REQUESTS COMPLETED

Quarter 1	4,900.00	1,705.00	1,705.00	34.80 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During the first quarter the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

Quarter 2	4,900.00	1,612.00	3,317.00	67.69 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During this quarter, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

Quarter 3	4,900.00	1,397.00	4,714.00	96.20 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During this quarter, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

2-2-1 COLONIA SERVICE CENTERS

1 SERVICE CENTER ON-SITE VISITS

Quarter 1	800.00	283.00	283.00	35.38 % *

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program, field staff continues to provide technical assistance to units of local government and nonprofit organizations. Some of the changes that have been implemented in the last few months include the implementation of the Texas Bootstrap Loan Preservation Reservation System.

Quarter 2	800.00	203.00	486.00	60.75 % *

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program, field staff continues to provide technical assistance to units of local government and nonprofit organizations. Some of the recent changes that have been implemented include the implementation of the Texas Bootstrap Loan Preservation Reservation System.

Quarter 3	800.00	173.00	659.00	82.38 % *

Explanation of Variance: As we continue to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program OCI Field Staff continues to provide technical assistance to units of local governments and nonprofit organizations. Some of the changes that have been implemented recently include the implementation of the Texas Bootstrap Loan Program Reservation System which has necessitated increased outreach activities.

3-1-1 POVERTY-RELATED FUNDS

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

2-1-1 HOUSING RESOURCE CENTER

1 # REQUESTS COMPLETED

Quarter 1	4,900.00	1,705.00	1,705.00	34.80 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During the first quarter the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

Quarter 2	4,900.00	1,612.00	3,317.00	67.69 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During this quarter, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

Quarter 3	4,900.00	1,397.00	4,714.00	96.20 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During this quarter, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

2-2-1 COLONIA SERVICE CENTERS

1 SERVICE CENTER ON-SITE VISITS

Quarter 1	800.00	283.00	283.00	35.38 % *

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program, field staff continues to provide technical assistance to units of local government and nonprofit organizations. Some of the changes that have been implemented in the last few months include the implementation of the Texas Bootstrap Loan Preservation Reservation System.

Quarter 2	800.00	203.00	486.00	60.75 % *

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program, field staff continues to provide technical assistance to units of local government and nonprofit organizations. Some of the recent changes that have been implemented include the implementation of the Texas Bootstrap Loan Preservation Reservation System.

Quarter 3	800.00	173.00	659.00	82.38 % *

Explanation of Variance: As we continue to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program OCI Field Staff continues to provide technical assistance to units of local governments and nonprofit organizations. Some of the changes that have been implemented recently include the implementation of the Texas Bootstrap Loan Program Reservation System which has necessitated increased outreach activities.

3-1-1 POVERTY-RELATED FUNDS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
1 # PERSONS ASSISTED				
Quarter 1	512,244.00	146,713.00	146,713.00	28.64 %
Quarter 2	512,244.00	89,901.00	236,614.00	46.19 %
Quarter 3	512,244.00	150,866.00	387,480.00	75.64 %
2 # PERSONS IMPROVED				
Quarter 1	2,200.00	1,157.00	1,157.00	52.59 % *
Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.				
Quarter 2	2,200.00	818.00	1,975.00	89.77 % *
Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.				
Quarter 3	2,200.00	422.00	2,397.00	108.95 % *
Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.				

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
1 # PERSONS ASSISTED				
Quarter 1	512,244.00	146,713.00	146,713.00	28.64 %
Quarter 2	512,244.00	89,901.00	236,614.00	46.19 %
Quarter 3	512,244.00	150,866.00	387,480.00	75.64 %
2 # PERSONS IMPROVED				
Quarter 1	2,200.00	1,157.00	1,157.00	52.59 % *
Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.				
Quarter 2	2,200.00	818.00	1,975.00	89.77 % *
Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.				
Quarter 3	2,200.00	422.00	2,397.00	108.95 % *
Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.				

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
1 # PERSONS ASSISTED				
Quarter 1	512,244.00	146,713.00	146,713.00	28.64 %
Quarter 2	512,244.00	89,901.00	236,614.00	46.19 %
Quarter 3	512,244.00	150,866.00	387,480.00	75.64 %
2 # PERSONS IMPROVED				
Quarter 1	2,200.00	1,157.00	1,157.00	52.59 % *
Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.				
Quarter 2	2,200.00	818.00	1,975.00	89.77 % *
Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.				
Quarter 3	2,200.00	422.00	2,397.00	108.95 % *
Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.				

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

3 # SHELTERS ASSISTED

Quarter 1	73.00	78.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

Quarter 2	73.00	0.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

Quarter 3	73.00	0.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

3-2-1 ENERGY ASSISTANCE PROGRAMS

1 # RECEIVING ENERGY ASSIST

Quarter 1	51,502.00	14,383.00	14,383.00	27.93 %
Quarter 2	51,502.00	7,457.00	21,840.00	42.41 % *

Explanation of Variance: Administering agencies were unable to sign their 2008 contracts with the Department due to delayed implementation of the new contract and reporting system. This delay forced agencies to postpone their outreach efforts until funding was secured. The funding has been secured and the Department anticipates meeting the targets in the third and fourth quarters.

Quarter 3	51,502.00	16,581.00	38,421.00	74.60 %

2 # WEATHERIZED DWELLINGS

Quarter 1	3,004.00	1,057.00	1,057.00	35.19 % *

Explanation of Variance: Moderate weather enabled higher weatherization production than originally anticipated for the first quarter.

Quarter 2	3,004.00	774.00	1,831.00	60.95 % *

Explanation of Variance: A moderate winter enabled higher weatherization production to continue into the second quarter.

Quarter 3	3,004.00	1,234.00	3,065.00	102.03 % *

Explanation of Variance: Additional one-time funding for the program enabled the weatherization subrecipients to exceed their quarterly targets for assistance.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

3 # SHELTERS ASSISTED

Quarter 1	73.00	78.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

Quarter 2	73.00	0.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

Quarter 3	73.00	0.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

3-2-1 ENERGY ASSISTANCE PROGRAMS

1 # RECEIVING ENERGY ASSIST

Quarter 1	51,502.00	14,383.00	14,383.00	27.93 %
Quarter 2	51,502.00	7,457.00	21,840.00	42.41 % *

Explanation of Variance: Administering agencies were unable to sign their 2008 contracts with the Department due to delayed implementation of the new contract and reporting system. This delay forced agencies to postpone their outreach efforts until funding was secured. The funding has been secured and the Department anticipates meeting the targets in the third and fourth quarters.

Quarter 3	51,502.00	16,581.00	38,421.00	74.60 %

2 # WEATHERIZED DWELLINGS

Quarter 1	3,004.00	1,057.00	1,057.00	35.19 % *

Explanation of Variance: Moderate weather enabled higher weatherization production than originally anticipated for the first quarter.

Quarter 2	3,004.00	774.00	1,831.00	60.95 % *

Explanation of Variance: A moderate winter enabled higher weatherization production to continue into the second quarter.

Quarter 3	3,004.00	1,234.00	3,065.00	102.03 % *

Explanation of Variance: Additional one-time funding for the program enabled the weatherization subrecipients to exceed their quarterly targets for assistance.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

3 # SHELTERS ASSISTED

Quarter 1	73.00	78.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

Quarter 2	73.00	0.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

Quarter 3	73.00	0.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

3-2-1 ENERGY ASSISTANCE PROGRAMS

1 # RECEIVING ENERGY ASSIST

Quarter 1	51,502.00	14,383.00	14,383.00	27.93 %
Quarter 2	51,502.00	7,457.00	21,840.00	42.41 % *

Explanation of Variance: Administering agencies were unable to sign their 2008 contracts with the Department due to delayed implementation of the new contract and reporting system. This delay forced agencies to postpone their outreach efforts until funding was secured. The funding has been secured and the Department anticipates meeting the targets in the third and fourth quarters.

Quarter 3	51,502.00	16,581.00	38,421.00	74.60 %

2 # WEATHERIZED DWELLINGS

Quarter 1	3,004.00	1,057.00	1,057.00	35.19 % *

Explanation of Variance: Moderate weather enabled higher weatherization production than originally anticipated for the first quarter.

Quarter 2	3,004.00	774.00	1,831.00	60.95 % *

Explanation of Variance: A moderate winter enabled higher weatherization production to continue into the second quarter.

Quarter 3	3,004.00	1,234.00	3,065.00	102.03 % *

Explanation of Variance: Additional one-time funding for the program enabled the weatherization subrecipients to exceed their quarterly targets for assistance.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
4-1-1 MONITOR HOUSING REQUIREMENTS				
3 # OF ONSITE REVIEWS				
Quarter 1	915.00	265.00	265.00	28.96 %
Quarter 2	915.00	226.00	491.00	53.66 %
Quarter 3	915.00	300.00	791.00	86.45 % *

Explanation of Variance: There were more onsite reviews scheduled this quarter than originally ancipated when the annual performance measure targets were established.

4-1-2 MONITOR CONTRACT REQUIREMENTS				
1 # OF MONITORING REVIEWS				
Quarter 1	12,715.00	2,657.00	2,657.00	20.90 %
Quarter 2	12,715.00	2,227.00	4,884.00	38.41 % *

Explanation of Variance: The closing of contracts from previous years and a delay in the generation and execution of 2007 contracts has yielded fewer contracts to be serviced by staff. Additionally, a risk assessment was completed and a monitoring plan was developed during the early part of the fiscal year. The number of onsite monitoring visits will increase in the upcoming quarters due to the risk assessment and monitoring plan.

Quarter 3	12,715.00	1,998.00	6,882.00	54.13 % *

Explanation of Variance: This measure reports contract administration and monitoring activities. During the third quarter, there were few new contracts resulting in less contract administration activity. Additionally, a significant number of contracts have been deobligated within the last two quarters, resulting in decreased pipeline activity due to the decrease in active contracts. The numbers reported this quarter reflect activity on contracts pending from previous years. The Department anticipates releasing the 2008 HOME Single Family NOFA during the fourth quarter, and an increase in the performance is anticipated.

5-1-1 TITLING AND LICENSING

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
4-1-1 MONITOR HOUSING REQUIREMENTS				
3 # OF ONSITE REVIEWS				
Quarter 1	915.00	265.00	265.00	28.96 %
Quarter 2	915.00	226.00	491.00	53.66 %
Quarter 3	915.00	300.00	791.00	86.45 % *

Explanation of Variance: There were more onsite reviews scheduled this quarter than originally ancipated when the annual performance measure targets were established.

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
4-1-2 MONITOR CONTRACT REQUIREMENTS				
1 # OF MONITORING REVIEWS				
Quarter 1	12,715.00	2,657.00	2,657.00	20.90 %
Quarter 2	12,715.00	2,227.00	4,884.00	38.41 % *

Explanation of Variance: The closing of contracts from previous years and a delay in the generation and execution of 2007 contracts has yielded fewer contracts to be serviced by staff. Additionally, a risk assessment was completed and a monitoring plan was developed during the early part of the fiscal year. The number of onsite monitoring visits will increase in the upcoming quarters due to the risk assessment and monitoring plan.

Quarter 3	12,715.00	1,998.00	6,882.00	54.13 % *

Explanation of Variance: This measure reports contract administration and monitoring activities. During the third quarter, there were few new contracts resulting in less contract administration activity. Additionally, a significant number of contracts have been deobligated within the last two quarters, resulting in decreased pipeline activity due to the decrease in active contracts. The numbers reported this quarter reflect activity on contracts pending from previous years. The Department anticipates releasing the 2008 HOME Single Family NOFA during the fourth quarter, and an increase in the performance is anticipated.

5-1-1 TITLING AND LICENSING

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
4-1-1 MONITOR HOUSING REQUIREMENTS				
3 # OF ONSITE REVIEWS				
Quarter 1	915.00	265.00	265.00	28.96 %
Quarter 2	915.00	226.00	491.00	53.66 %
Quarter 3	915.00	300.00	791.00	86.45 % *

Explanation of Variance: There were more onsite reviews scheduled this quarter than originally ancipated when the annual performance measure targets were established.

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
4-1-2 MONITOR CONTRACT REQUIREMENTS				
1 # OF MONITORING REVIEWS				
Quarter 1	12,715.00	2,657.00	2,657.00	20.90 %
Quarter 2	12,715.00	2,227.00	4,884.00	38.41 % *

Explanation of Variance: The closing of contracts from previous years and a delay in the generation and execution of 2007 contracts has yielded fewer contracts to be serviced by staff. Additionally, a risk assessment was completed and a monitoring plan was developed during the early part of the fiscal year. The number of onsite monitoring visits will increase in the upcoming quarters due to the risk assessment and monitoring plan.

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Quarter 3	12,715.00	1,998.00	6,882.00	54.13 % *

Explanation of Variance: This measure reports contract administration and monitoring activities. During the third quarter, there were few new contracts resulting in less contract administration activity. Additionally, a significant number of contracts have been deobligated within the last two quarters, resulting in decreased pipeline activity due to the decrease in active contracts. The numbers reported this quarter reflect activity on contracts pending from previous years. The Department anticipates releasing the 2008 HOME Single Family NOFA during the fourth quarter, and an increase in the performance is anticipated.

5-1-1 TITLING AND LICENSING

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
1 # SOL ISSUED				
Quarter 1	90,000.00	22,886.00	22,886.00	25.43 %
Quarter 2	90,000.00	12,783.00	35,669.00	39.63 % *
Explanation of Variance: The measure is below target because there were fewer applications received by the Department. In addition, the Department received more incomplete applications. The incomplete applications are due to the public being unaware of a new requirement in Section 1201.206(g) of the Standards Act that requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold. In order to educate the public and tax offices about the changes, the Department has posted notice of the requirement on the Department's website and has mailed a notice letter to all tax assessor-collectors.				
Quarter 3	90,000.00	14,093.00	49,762.00	55.29 % *
Explanation of Variance: The measure is below target because there were fewer applications received by the Department. In addition, the Department received more incomplete applications. The incomplete applications are due to the public being unaware of a new requirement in Section 1201.206(g) of the Standards Act that requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold. In order to educate the public and tax offices about the changes, the Department has posted notice of the requirement on the Department's website and has mailed a notice letter to all tax assessor-collectors.				
2 # LICENSES ISSUED				
Quarter 1	4,000.00	685.00	685.00	17.13 % *
Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.				
Quarter 2	4,000.00	733.00	1,418.00	35.45 % *
Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.				
Quarter 3	4,000.00	1,322.00	2,740.00	68.50 % *
Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.				
5-1-2 INSPECTIONS				

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # SOL ISSUED

Quarter 1	90,000.00	22,886.00	22,886.00	25.43 %
Quarter 2	90,000.00	12,783.00	35,669.00	39.63 % *

Explanation of Variance: The measure is below target because there were fewer applications received by the Department. In addition, the Department received more incomplete applications. The incomplete applications are due to the public being unaware of a new requirement in Section 1201.206(g) of the Standards Act that requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold. In order to educate the public and tax offices about the changes, the Department has posted notice of the requirement on the Department's website and has mailed a notice letter to all tax assessor-collectors.

Quarter 3	90,000.00	14,093.00	49,762.00	55.29 % *

Explanation of Variance: The measure is below target because there were fewer applications received by the Department. In addition, the Department received more incomplete applications. The incomplete applications are due to the public being unaware of a new requirement in Section 1201.206(g) of the Standards Act that requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold. In order to educate the public and tax offices about the changes, the Department has posted notice of the requirement on the Department's website and has mailed a notice letter to all tax assessor-collectors.

2 # LICENSES ISSUED

Quarter 1	4,000.00	685.00	685.00	17.13 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Quarter 2	4,000.00	733.00	1,418.00	35.45 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Quarter 3	4,000.00	1,322.00	2,740.00	68.50 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

5-1-2 INSPECTIONS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # SOL ISSUED

Quarter 1	90,000.00	22,886.00	22,886.00	25.43 %
Quarter 2	90,000.00	12,783.00	35,669.00	39.63 % *

Explanation of Variance: The measure is below target because there were fewer applications received by the Department. In addition, the Department received more incomplete applications. The incomplete applications are due to the public being unaware of a new requirement in Section 1201.206(g) of the Standards Act that requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold. In order to educate the public and tax offices about the changes, the Department has posted notice of the requirement on the Department's website and has mailed a notice letter to all tax assessor-collectors.

Quarter 3	90,000.00	14,093.00	49,762.00	55.29 % *

Explanation of Variance: The measure is below target because there were fewer applications received by the Department. In addition, the Department received more incomplete applications. The incomplete applications are due to the public being unaware of a new requirement in Section 1201.206(g) of the Standards Act that requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold. In order to educate the public and tax offices about the changes, the Department has posted notice of the requirement on the Department's website and has mailed a notice letter to all tax assessor-collectors.

2 # LICENSES ISSUED

Quarter 1	4,000.00	685.00	685.00	17.13 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Quarter 2	4,000.00	733.00	1,418.00	35.45 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Quarter 3	4,000.00	1,322.00	2,740.00	68.50 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

5-1-2 INSPECTIONS

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Output Measures				
1 # ROUTINE INSPECTIONS				
Quarter 1	6,000.00	1,004.00	1,004.00	16.73 % *
Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 27.67%.				
Quarter 2	6,000.00	1,039.00	2,043.00	34.05 % *
Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 33.41%.				
Quarter 3	6,000.00	781.00	2,824.00	47.07 % *
Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 28.76%.				
5-1-3 ENFORCEMENT				
1 # COMPLAINTS RESOLVED				
Quarter 1	1,250.00	230.00	230.00	18.40 % *
Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to becoming official complaints. This effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.				
Quarter 2	1,250.00	198.00	428.00	34.24 % *
Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.				
Quarter 3	1,250.00	120.00	548.00	43.84 % *
Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.				
Efficiency Measures				
5-1-3 ENFORCEMENT				

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # ROUTINE INSPECTIONS

Quarter 1	6,000.00	1,004.00	1,004.00	16.73 % *

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 27.67%.

Quarter 2	6,000.00	1,039.00	2,043.00	34.05 % *

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 33.41%.

Quarter 3	6,000.00	781.00	2,824.00	47.07 % *

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 28.76%.

5-1-3 ENFORCEMENT

1 # COMPLAINTS RESOLVED

Quarter 1	1,250.00	230.00	230.00	18.40 % *

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to becoming official complaints. This effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

Quarter 2	1,250.00	198.00	428.00	34.24 % *

Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.

Quarter 3	1,250.00	120.00	548.00	43.84 % *

Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.

Efficiency Measures

5-1-3 ENFORCEMENT

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**

Output Measures

1 # ROUTINE INSPECTIONS

Quarter 1	6,000.00	1,004.00	1,004.00	16.73 % *

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 27.67%.

Quarter 2	6,000.00	1,039.00	2,043.00	34.05 % *

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 33.41%.

Quarter 3	6,000.00	781.00	2,824.00	47.07 % *

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 28.76%.

5-1-3 ENFORCEMENT

1 # COMPLAINTS RESOLVED

Quarter 1	1,250.00	230.00	230.00	18.40 % *

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to becoming official complaints. This effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

Quarter 2	1,250.00	198.00	428.00	34.24 % *

Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.

Quarter 3	1,250.00	120.00	548.00	43.84 % *

Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.

Efficiency Measures

5-1-3 ENFORCEMENT

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Efficiency Measures				
2 AVERAGE TIME RESOLUTION				
Quarter 1	180.00	162.20	162.20	90.11 % *
Explanation of Variance: The average time is under the targeted projection, which is desirable.				
Quarter 2	180.00	129.40	147.00	81.67 % *
Explanation of Variance: The average time for complaint resolution is under the targeted projection, which is desirable.				
Quarter 3	180.00	131.60	143.70	79.83 % *
Explanation of Variance: The average time for complaint resolution is under the targeted projection, which is desirable.				

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Efficiency Measures				
2 AVERAGE TIME RESOLUTION				
Quarter 1	180.00	162.20	162.20	90.11 % *
Explanation of Variance: The average time is under the targeted projection, which is desirable.				
Quarter 2	180.00	129.40	147.00	81.67 % *
Explanation of Variance: The average time for complaint resolution is under the targeted projection, which is desirable.				
Quarter 3	180.00	131.60	143.70	79.83 % *
Explanation of Variance: The average time for complaint resolution is under the targeted projection, which is desirable.				

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 Actual**	**2008 YTD**	**Percent of Annual Target**
Efficiency Measures				
2 AVERAGE TIME RESOLUTION				
Quarter 1	180.00	162.20	162.20	90.11 % *
Explanation of Variance: The average time is under the targeted projection, which is desirable.				
Quarter 2	180.00	129.40	147.00	81.67 % *
Explanation of Variance: The average time for complaint resolution is under the targeted projection, which is desirable.				
Quarter 3	180.00	131.60	143.70	79.83 % *
Explanation of Variance: The average time for complaint resolution is under the targeted projection, which is desirable.				

* Varies by 5% or more from target.

ACTUAL PERFORMANCE FOR OUTPUT/EFFICIENCY MEASURES
332-DEPT HOUSING/COMM AFFAIRS
4th QUARTER 2008
9/30/08

Michael Gerber, Executive Director

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Output Measures				
1-1-1 MRB PROGRAM - SINGLE FAMILY				
1 # HOUSEHOLDS ASST. W/SF MRB				
Quarter 1	2,016.00	753.00	753.00	37.35 % *
Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.				
Quarter 2	2,016.00	517.00	1,270.00	63.00 % *
Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.				
Quarter 3	2,016.00	352.00	1,622.00	80.46 % *
Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.				
Quarter 4	2,016.00	412.00	2,034.00	100.89 %
1-1-2 HOME PROGRAM - SINGLE FAMILY				

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target

Output Measures

1 # HOUSEHOLDS ASST. W/SF HOME FUNDS

Quarter 1	1,255.00	257.00	257.00	20.48 %
Quarter 2	1,255.00	0.00	257.00	20.48 % *

Explanation of Variance: The Department has released two Notice of Funding Availability (NOFAs) for single-family activities and anticipates awarding these funds during the third quarter. Additionally, the Department signed its 2008 Funding Agreement with the US Department of Housing and Urban Development in March, permitting the allocation of 2008 funds in the third and fourth quarters.

Quarter 3	1,255.00	512.00	769.00	61.27 % *

Explanation of Variance: The Department is in the process of publishing its 2008 Single Family Notice of Funding Availability (NOFA), which includes Owner-Occupied Housing Assistance (OCC), Tenant-Based Rental Assistance (TBRA), and Homebuyer Assistance (HBA) activities, and anticipates awarding funds later this year. For this reporting period, awards for Rehabilitation activities provided disaster relief with OCC and are funded by deobligated funds in accordance with the Department's Deobligated Funds Rule.

Quarter 4	1,255.00	166.00	935.00	74.50 % *

Explanation of Variance: Due to the delayed progress on current awards for Owner-Occupied Housing Assistance, the Department postponed its publication of the 2008 Single Family Notice of Funding Availability (NOFA), which includes Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance activities, until the 4th Quarter and anticipates awarding funds in FY 2009. For this reporting period, awards for Rehabilitation Activities provided disaster relief with OCC and are funded by deobligated funds in accordance with the Department's Deobligated Funds Rule. A HBA and a TBRA NOFA were released in December of 2007. The source of the funds for these NOFA's were deobligated dollars from previous contracts and uncommitted funds from prior years. These NOFA's were not anticipated as a part of the regular funding cycle and were not estimated as a part of the performance measure targets.

1-1-3 HOUSING TRUST FUND - SINGLE FAMILY

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target

Output Measures

1 # HOUSEHOLDS ASST THRU SF HTF

Quarter 1	228.00	142.00	142.00	62.28 % *

Explanation of Variance: The legislature appropriated approximately $5.8 million over the biennium for the Housing Trust Fund. It is anticipated that the Department will surpass existing performance measure targets.

Quarter 2	228.00	127.00	269.00	117.98 % *

Explanation of Variance: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan allocating the new source of funds, $1,000,000 was awarded as gap financing for the Disaster Recovery effort in Southeast Texas. During the first quarter, this investment supported the rehabilitation of 100 housing units with grants or deferred forgivable loans up to $10,000. Additionally, the Department was able to award $1,062,816 from local funds funded by loan repayments and investment earnings, resulting in 78 units in Veteran's Housing Assistance. An additional 24 units were funded in March and will be reported for the third quarter. The Veteran's Housing Assistance Program is an innovative program initiated by the Department in 2007, which supports homebuyer and rental assistance to veterans transitioning back into their communities.

Quarter 3	228.00	101.00	370.00	162.28 % *

Explanation of Variance: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan allocating the new source of funds, $1,000,000 was awarded as gap financing for the Disaster Recovery effort in Southeast Texas resuting in assistance to 100 housing units during the first quarter. Additionally, the Department was able to award $1,062,816 funded by loan repayments and investment earnings, resulting in 78 units in Veteran's Housing Assistance, supporting homebuyer and rental assistance to veterans transitioning back into their communities. The Veteran's NOFA is currently oversubscribed and the Department anticipates making additional awards in the fourth quarter. For the third quarter, two awards were made that will assist 48 households. In addition to the activity associated with the new and innovative programs described above, the Bootstrap (owner-builder) program is surpassing established targets due to an additional $3,500,000 in funding and program improvements including a new loan reservation system that effectively expands the number of organizations eligible to participate in the program.

Quarter 4	228.00	189.00	559.00	245.18 % *

Explanation of Variance: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan allocating the new source of funds, $1,000,000 was awarded as gap financing for the Disaster Recovery effort in Southeast Texas. During the first quarter, this investment supported the rehabilitation of 100 housing units with grants or deferred forgivable loans up to $10,000. Additionally, the Department was able to award $1,062,816 from local funds funded by loan repayments and investment earnings, resulting in 102 units in Veteran's Housing Assistance. During the second quarter, the Department also released a Homeownership SuperNOFA making available $1,000,000 from the annual appropriation. In June 2008, the Board approved an additional $1,000,000 in Housing Trust Fund loan repayments and investment earnings for the Homeownership SuperNOFA, increasing the total amount available to $2,000,000. This increase resulted in four additional awards assisting 80 Texas families during the 4th Quarter. The Department was able to exceed the target due to the lower amount of assistance provided per household for the gap financing for Disaster Recovery and Veteran's Housing Assistance programs.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target

Output Measures

1-1-4 SECTION 8 RENTAL ASSISTANCE

1 # HOUSEHOLDS ASSISTED

	Target	Actual	YTD	Percent of Annual Target
Quarter 1	1,494.00	967.00	967.00	64.73 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers. Consequently, the number of households served will be below target.

	Target	Actual	YTD	Percent of Annual Target
Quarter 2	1,494.00	25.00	992.00	66.40 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers. Consequently, the number of households served will be below target.

	Target	Actual	YTD	Percent of Annual Target
Quarter 3	1,494.00	4.00	996.00	66.67 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers but rather receives a set amount of funding that limits the number of households served to approximately 1,100 a year. Consequently, the number of households served will be below target.

	Target	Actual	YTD	Percent of Annual Target
Quarter 4	1,494.00	40.00	1,036.00	69.34 % *

Explanation of Variance: The targeted measure of 1,494 vouchers was developed when the U.S. Department of Housing and Urban Development (HUD) provided Section 8 Housing Assistance Program (HAP) funds based on a specified number of vouchers. The methodology for the allocation of HAP funds has changed and the Department no longer receives funds based on a specified number of vouchers but rather receives a set amount of funding that limits the number of households served to approximately 1,100 a year. Consequently, the number of households served will be below target.

1-1-5 FEDERAL TAX CREDITS

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target

Output Measures

1 # HOUSEHOLDS ASST THRU HTC PROGRAM

Quarter 1	12,261.00	1,937.00	1,937.00	15.80 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA does not anticipate meeting its targeted measures for this output until the fourth quarter.

Quarter 2	12,261.00	509.00	2,446.00	19.95 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA expects to make progress on this measure in the fourth quarter however the 4% credits are tied to the bond market which is experiencing a dramatic slowdown.

Quarter 3	12,261.00	712.00	3,158.00	25.76 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. TDHCA expects to make progress on this measure in the fourth quarter; however, the 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.

Quarter 4	12,261.00	6,918.00	10,076.00	82.18 % *

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% (competitive application cycle) rental development funding awards. The 9% program is statutorily required to award funding during the fourth quarter of each fiscal year. The 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.

1-1-6 HOME PROGRAM - MULTIFAMILY

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target

Output Measures

1 # HOUSEHOLDS ASST WITH MF FUNDS

	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Quarter 1	500.00	0.00	0.00	0.00 % *

Explanation of Variance: The Department did not release any NOFAs for awards during the first quarter due to the reorganization of the HOME division and impending rule changes. The Department has recently released two multifamily HOME NOFAs and we anticipate these awards will be made during the second or third quarter.

	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Quarter 2	500.00	0.00	0.00	0.00 % *

Explanation of Variance: The Department has recently republished two multifamily HOME NOFAs to operate in conjunction with the 2008 HOME rule changes and we anticipate these awards will be made during the third or fourth quarter.

	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Quarter 3	500.00	78.00	78.00	15.60 % *

Explanation of Variance: The Department has recently republished two multifamily HOME NOFAs to operate in conjunction with the 2008 HOME rule changes and we anticipate these awards will be made during the fourth quarter. A majority of the applicants for the funds have applied for both HOME and Housing Tax Credits (HTC). Any anticipated HOME awards will be made in conjunction with the HTC awards at the July 31, 2008 Board meeting and will be reported for the fourth quarter. Additionally, the Department is in the process of releasing the 2008 Rental Housing Development and Community Housing Development Organization (CHDO) NOFAs, which may include additional uncommitted and/or deobligated funds, in order to make funding available on a first-come, first-served basis.

	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Quarter 4	500.00	585.00	663.00	132.60 % *

Explanation of Variance: The Department has made HOME funds available for this activity since October 2007 and awarded twenty awards in conjunction with the Housing Tax Credit awards at the July 31, 2008 board meeting. Additional HOME funds that were deobligated from single family activities were made available for this strategy. This allowed the Department to maintain a continuous, open-cycle NOFA and facilitated the timely commitment and expenditure of HOME funds in accordance with federal requirements.

1-1-8 MRB PROGRAM - MULTIFAMILY

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Output Measures				
1 # HOUSEHOLDS ASST MF MRB PROG				
Quarter 1	2,393.00	224.00	224.00	9.36 % *

Explanation of Variance: This quarter there was a limited amount of bond volume cap available following the August 15th collapse. With a lower amount of bond volume cap, there are fewer households assisted through the program.

Quarter 2	2,393.00	0.00	224.00	9.36 % *

Explanation of Variance: The awards from the previous quarter were applications from the 2007 fiscal year. The Department has not awarded any bond applications during the second quarter due to the fact that the Bond Review Board did not begin issuing reservations for bond funds for the 2008 fiscal year until January. TDHCA expects to make progress on this measure in the third and fourth quarters however this measure is tied to the bond market which is experiencing a dramatic slowdown.

Quarter 3	2,393.00	232.00	456.00	19.06 % *

Explanation of Variance: The Department expects to make progress on this measure in the fourth quarter however this measure is tied to the bond market which is experiencing a dramatic slowdown. Economic conditions in the equity markets have made it very difficult for developers to present financially feasible applications to the Department.

Quarter 4	2,393.00	422.00	878.00	36.69 % *

Explanation of Variance: This measure is tied to the bond market which is experiencing a dramatic slowdown. Economic conditions in the equity markets have made it very difficult for developers to present financially feasible applications to the Department.

2-1-1 HOUSING RESOURCE CENTER

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Output Measures				
1 # REQUESTS COMPLETED				
Quarter 1	4,900.00	1,705.00	1,705.00	34.80 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During the first quarter the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

Quarter 2	4,900.00	1,612.00	3,317.00	67.69 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During this quarter, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

Quarter 3	4,900.00	1,397.00	4,714.00	96.20 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During this quarter, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

Quarter 4	4,900.00	1,395.00	6,109.00	124.67 % *

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During this fiscal year, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the quality of the data collected for information and technical assistance requests.

2-2-1 COLONIA SERVICE CENTERS

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Output Measures				
1 SERVICE CENTER ON-SITE VISITS				
Quarter 1	800.00	283.00	283.00	35.38 % *

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program, field staff continues to provide technical assistance to units of local government and nonprofit organizations. Some of the changes that have been implemented in the last few months include the implementation of the Texas Bootstrap Loan Preservation Reservation System.

Quarter 2	800.00	203.00	486.00	60.75 % *

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program, field staff continues to provide technical assistance to units of local government and nonprofit organizations. Some of the recent changes that have been implemented include the implementation of the Texas Bootstrap Loan Preservation Reservation System.

Quarter 3	800.00	173.00	659.00	82.38 % *

Explanation of Variance: As we continue to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program OCI Field Staff continues to provide technical assistance to units of local governments and nonprofit organizations. Some of the changes that have been implemented recently include the implementation of the Texas Bootstrap Loan Program Reservation System which has necessitated increased outreach activities.

Quarter 4	800.00	245.00	904.00	113.00 % *

Explanation of Variance: As we continue to improve the Texas Bootstrap Loan Program and the Colonia Self-Help Center Program OCI Field Staff continues to provide technical assistance to units of local governments and nonprofit organizations. The Texas Bootstrap Loan Program Reservation System has necessitated increased technical activities. In addition, technical assistance visits have increased for the Colonia Self-Help Program due to environmental assessments and other related federal regulations.

3-1-1 POVERTY-RELATED FUNDS

1 # PERSONS ASSISTED

	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Quarter 1	512,244.00	146,713.00	146,713.00	28.64 %
Quarter 2	512,244.00	89,901.00	236,614.00	46.19 %
Quarter 3	512,244.00	150,866.00	387,480.00	75.64 %
Quarter 4	512,244.00	151,956.00	539,436.00	105.31 % *

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). Beginning in January 2006, the Department revised the reporting procedures for Community Services Block Grant (CSBG) subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds. Additionally, funding for the ESGP program was higher than anticipated when the measures were set.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target	
Output Measures					
2 # PERSONS IMPROVED					
Quarter 1	2,200.00	1,157.00	1,157.00	52.59 %	*

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.

Quarter 2	2,200.00	818.00	1,975.00	89.77 %	*

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.

Quarter 3	2,200.00	422.00	2,397.00	108.95 %	*

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.

Quarter 4	2,200.00	627.00	3,024.00	137.45 %	*

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Output Measures				
3 # SHELTERS ASSISTED				
Quarter 1	73.00	78.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

Quarter 2	73.00	0.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

Quarter 3	73.00	0.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

Quarter 4	73.00	0.00	78.00	106.85 % *

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the target was established, the Department anticipated funding fewer subrecipients than the number that was actually funded. The number of contracts awarded varies by the amount of funds requested and then awarded and the ranking of the applications based upon their score.

3-2-1 ENERGY ASSISTANCE PROGRAMS

1 # RECEIVING ENERGY ASSIST				
Quarter 1	51,502.00	14,383.00	14,383.00	27.93 %
Quarter 2	51,502.00	7,457.00	21,840.00	42.41 % *

Explanation of Variance: Administering agencies were unable to sign their 2008 contracts with the Department due to delayed implementation of the new contract and reporting system. This delay forced agencies to postpone their outreach efforts until funding was secured. The funding has been secured and the Department anticipates meeting the targets in the third and fourth quarters.

Quarter 3	51,502.00	16,581.00	38,421.00	74.60 %
Quarter 4	51,502.00	11,412.00	49,833.00	96.76 %

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Output Measures				
2 # WEATHERIZED DWELLINGS				
Quarter 1	3,004.00	1,057.00	1,057.00	35.19 % *
Explanation of Variance: Moderate weather enabled higher weatherization production than originally anticipated for the first quarter.				
Quarter 2	3,004.00	774.00	1,831.00	60.95 % *
Explanation of Variance: A moderate winter enabled higher weatherization production to continue into the second quarter.				
Quarter 3	3,004.00	1,234.00	3,065.00	102.03 % *
Explanation of Variance: Additional one-time funding for the program enabled the weatherization subrecipients to exceed their quarterly targets for assistance.				
Quarter 4	3,004.00	935.00	4,000.00	133.16 % *
Explanation of Variance: Additional one-time funding for the program enabled the weatherization subrecipients to exceed their quarterly and annual targets for assistance.				
4-1-1 MONITOR HOUSING REQUIREMENTS				
3 # OF ONSITE REVIEWS				
Quarter 1	915.00	265.00	265.00	28.96 %
Quarter 2	915.00	226.00	491.00	53.66 %
Quarter 3	915.00	300.00	791.00	86.45 % *
Explanation of Variance: There were more onsite reviews scheduled this quarter than originally ancipated when the annual performance measure targets were established.				
Quarter 4	915.00	255.00	1,046.00	114.32 % *
Explanation of Variance: There were more onsite reviews scheduled for the fiscal year than originally ancipated when the annual performance measure targets were established.				
4-1-2 MONITOR CONTRACT REQUIREMENTS				

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Output Measures				
1 # OF MONITORING REVIEWS				
Quarter 1	12,715.00	2,657.00	2,657.00	20.90 %
Quarter 2	12,715.00	2,227.00	4,884.00	38.41 % *

Explanation of Variance: The closing of contracts from previous years and a delay in the generation and execution of 2007 contracts has yielded fewer contracts to be serviced by staff. Additionally, a risk assessment was completed and a monitoring plan was developed during the early part of the fiscal year. The number of onsite monitoring visits will increase in the upcoming quarters due to the risk assessment and monitoring plan.

Quarter 3	12,715.00	1,998.00	6,882.00	54.13 % *

Explanation of Variance: This measure reports contract administration and monitoring activities. During the third quarter, there were few new contracts resulting in less contract administration activity. Additionally, a significant number of contracts have been deobligated within the last two quarters, resulting in decreased pipeline activity due to the decrease in active contracts. The numbers reported this quarter reflect activity on contracts pending from previous years. The Department anticipates releasing the 2008 HOME Single Family NOFA during the fourth quarter, and an increase in the performance is anticipated.

Quarter 4	12,715.00	1,853.00	8,735.00	68.70 % *

Explanation of Variance: During this reporting period, there were few new contracts which would result in contract administration activity. Additionally, a significant number of contracts have been deobligated within the last three reporting periods which has also resulted in decreased pipeline activity. The numbers reported reflect activity on contracts pending from the previous years. The Department has released the 2008 HOME Single Family NOFA during the 4th Quarter and anticipates an increase in the activities reported during the first quarter of FY 2009.

5-1-1 TITLING AND LICENSING

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Output Measures				
1 # SOL ISSUED				
Quarter 1	90,000.00	22,886.00	22,886.00	25.43 %
Quarter 2	90,000.00	12,783.00	35,669.00	39.63 % *

Explanation of Variance: The measure is below target because there were fewer applications received by the Department. In addition, the Department received more incomplete applications. The incomplete applications are due to the public being unaware of a new requirement in Section 1201.206(g) of the Standards Act that requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold. In order to educate the public and tax offices about the changes, the Department has posted notice of the requirement on the Department's website and has mailed a notice letter to all tax assessor-collectors.

Quarter 3	90,000.00	14,093.00	49,762.00	55.29 % *

Explanation of Variance: The measure is below target because there were fewer applications received by the Department. In addition, the Department received more incomplete applications. The incomplete applications are due to the public being unaware of a new requirement in Section 1201.206(g) of the Standards Act that requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold. In order to educate the public and tax offices about the changes, the Department has posted notice of the requirement on the Department's website and has mailed a notice letter to all tax assessor-collectors.

Quarter 4	90,000.00	12,622.00	62,384.00	69.32 % *

Explanation of Variance: The measure is under the projected total because there were fewer applications received and there was an increase in incomplete applications that cannot be processed until the required information is received by the Department. The increase in incomplete applications is due to many sellers being unaware of the new requirement in §1201.206(g) of the Standards Act that became effective on 01/01/2008, which requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold that are not in a retailer's inventory. To educate the public and tax offices the Department posted notice of the requirement on the Department's website and mailed a notice letter in January 2008 to all tax assessor-collectors.

2 # LICENSES ISSUED				
Quarter 1	4,000.00	685.00	685.00	17.13 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Quarter 2	4,000.00	733.00	1,418.00	35.45 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Quarter 3	4,000.00	1,322.00	2,740.00	68.50 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Quarter 4	4,000.00	861.00	3,601.00	90.03 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

5-1-2 INSPECTIONS

* Varies by 5% or more from target.

Agency code: 332 Agency name: DEPT HOUSING-COMM AFFAIRS

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Output Measures				
1 # ROUTINE INSPECTIONS				
Quarter 1	6,000.00	1,004.00	1,004.00	16.73 % *
Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 27.67%.				
Quarter 2	6,000.00	1,039.00	2,043.00	34.05 % *
Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 33.41%.				
Quarter 3	6,000.00	781.00	2,824.00	47.07 % *
Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 28.76%.				
Quarter 4	6,000.00	808.00	3,632.00	60.53 % *
Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 26%.				
5-1-3 ENFORCEMENT				
1 # COMPLAINTS RESOLVED				
Quarter 1	1,250.00	230.00	230.00	18.40 % *
Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to becoming official complaints. This effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.				
Quarter 2	1,250.00	198.00	428.00	34.24 % *
Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.				
Quarter 3	1,250.00	120.00	548.00	43.84 % *
Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.				
Quarter 4	1,250.00	255.00	803.00	64.24 % *
Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.				
Efficiency Measures				
5-1-3 ENFORCEMENT				

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	2008 Target	2008 Actual	2008 YTD	Percent of Annual Target
Efficiency Measures				
2 AVERAGE TIME RESOLUTION				
Quarter 1	180.00	162.20	162.20	90.11 % *
Explanation of Variance: The average time is under the targeted projection, which is desirable.				
Quarter 2	180.00	129.40	147.00	81.67 % *
Explanation of Variance: The average time for complaint resolution is under the targeted projection, which is desirable.				
Quarter 3	180.00	131.60	143.70	79.83 % *
Explanation of Variance: The average time for complaint resolution is under the targeted projection, which is desirable.				
Quarter 4	180.00	95.90	128.50	71.39 % *
Explanation of Variance: The average time for complaint resolution is under target, which is desirable.				

* Varies by 5% or more from target.

ACTUAL PERFORMANCE FOR OUTCOME MEASURES
332-DEPT HOUSING/COMM AFFAIRS
4th QUARTER 2008
9/30/08

Michael Gerber, Executive Director

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Objective/Measure	2008 Target	2008 YTD	Percent of Annual Target
1-1 MAKE FUNDS AVAILABLE			
1 %VLI/LI/MI RECEIVE HOUSING	0.91 %	0.70 %	76.92 % *

Explanation of Variance: For the HOME program, the Department posponed the publication of the 2008 Single Family Notice of Funding Availability due to the delayed progress on current awards for Owner-Occupied Housing Assistance. The performance target for Section 8 was developed prior to a change in how the U.S. Department of Housing and Urban Development distributes funding. Consequently, the number of Section 8 households served will be below target. The Housing Tax Credit program is a combination of 4% (multifamily bond-related) and 9% (competitive application cycle) rental development funding. The 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.

2 % VLI RECEIVING HOUSING	0.28 %	0.25 %	89.29 % *

Explanation of Variance: For the HOME program, the Department posponed the publication of the 2008 Single Family Notice of Funding Availability due to the delayed progress on current awards for Owner-Occupied Housing Assistance. The performance target for Section 8 was developed prior to a change in how the U.S. Department of Housing and Urban Development distributes funding. Consequently, the number of Section 8 households served will be below target. The Housing Tax Credit program is a combination of 4% (multifamily bond-related) and 9% (competitive application cycle) rental development funding. The 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.

3 % LI RECEIVING HOUSING	3.15 %	2.29 %	72.70 % *

Explanation of Variance: For the HOME program, the Department posponed the publication of the 2008 Single Family Notice of Funding Availability due to the delayed progress on current awards for Owner-Occupied Housing Assistance. The performance target for Section 8 was developed prior to a change in how the U.S. Department of Housing and Urban Development distributes funding. Consequently, the number of Section 8 households served will be below target. The Housing Tax Credit program is a combination of 4% (multifamily bond-related) and 9% (competitive application cycle) rental development funding. The 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.

4 % MI RECEIVING HOUSING	0.10 %	0.14 %	140.00 % *

Explanation of Variance: Loan originations through the Texas First Time Homebuyer Program were higher than originally ancipated as a result of increased market interest rates. The increased market interest rates generated higher demand for the Department's low-interest rate products.

3-1 PROGRAMS FOR HOMELESS/VLI			
1 % POVERTY ASSISTANCE	12.32 %	12.93 %	104.95 %

* Varies by 5% or more from target.

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Objective/Measure	2008 Target	2008 YTD	Percent of Annual Target
3-2 REDUCE HOME ENERGY COSTS			
1 % VLI HOUSEHOLD RECIPIENTS	4.12 %	4.07 %	98.79 %
5-1 PROTECT CITIZENS			
2 % CONSUMER COMPLAINT INSPECTIONS	100.00 %	100.00 %	100.00 %
3 % COMPLAINTS DISCIPLINARY ACTION	15.00 %	12.08 %	80.53 % *

Explanation of Variance: The Department is under the projected target, which is desirable.

* Varies by 5% or more from target.

ACTUAL PERFORMANCE FOR EXPLANATORY MEASURES
332-DEPT HOUSING/COMM AFFAIRS
4th QUARTER 2008
9/30/08

Michael Gerber, Executive Director

Agency code: **332** Agency name: **DEPT HOUSING-COMM AFFAIRS**

Type/Strategy/Measure	**2008 Target**	**2008 YTD**	**Percent of Annual Target**
Explanatory/Input Measures			
5-1-2 INSPECTIONS			
1 # INSTALLATION REPORTS			
Quarter 1	20,000.00	13,984.00	69.92 % *

Explanation of Variance: Performance is under the targeted projection due to receiving fewer installation reports than originally projected

5-1-3 ENFORCEMENT			
1 # JURISDICTIONAL COMPLAINT RECEIVED			
Quarter 1	1,200.00	731.00	60.92 % *

Explanation of Variance: The Department has received fewer complaints than originally anticipated

* Varies by 5% or more from target.

ATTACHMENT 15

Relating to Agency Performance Evaluation

15. A copy of any recent studies on the agency or any of its functions conducted by outside management consultants or academic institutions.

vogt williams bowen
RESEARCH

869 W. Goodale Blvd.,
Columbus, OH 43212
(614) 225-9500
Fax: (614) 225-9505

12731 Research Blvd.,
Building A, Suite 110,
Austin, TX 78759
(512) 351-4781
Fax: (512) 258-8244

vwbresearch.com

OVERALL HOUSING NEEDS ASSESSMENT

FOR

PARMER, CASTRO, AND DEAF SMITH COUNTIES, TEXAS

FOR

MR. MICHAEL GERBER
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
221 EAST 11TH STREET
AUSTIN, TEXAS 78701-2410

EFFECTIVE DATE

AUGUST 22, 2008

JOB REFERENCE NUMBER

4778-AM

MARKET STUDY CERTIFICATION

This certifies that Christopher Bunch and Ted Uritus, employees of VWB Research, personally made inspections of Deaf Smith, Castro, and Parmer counties in Texas, including surveying existing rental developments. Further, the information contained in this report is true and accurate as of August 22, 2008.

VWB Research is a disinterested third party without any current or future financial interest in any projects under consideration in the study area. We have received a fee in preparation of the market study. However, no contingency fees exist between our firm and the client.

Certified:

Andrew Mazak
Project Director
Date: August 22, 2008

Patrick M. Bowen
Partner
Date: August 22, 2008

TABLE OF CONTENTS

vogtwilliamsbowen RESEARCH

I. INTRODUCTION

A. PURPOSE

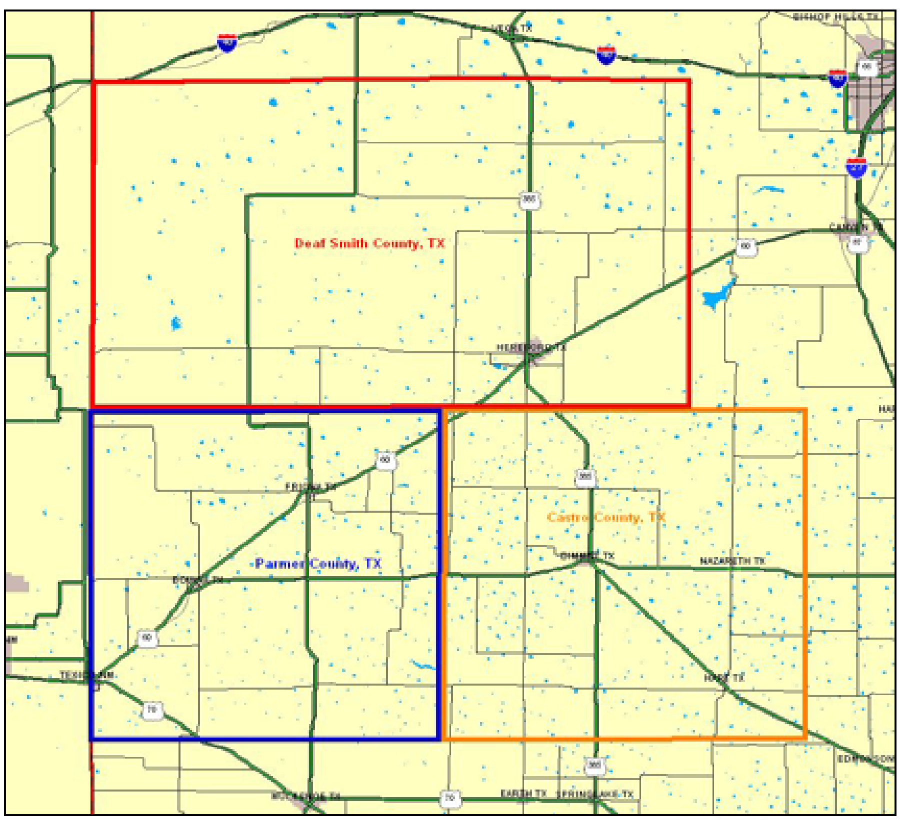
The purpose of this report is to evaluate the need for affordable rental housing in Deaf Smith County, Castro County, and Parmer County, Texas. This assessment is based upon the identification and analysis of the housing markets in each of these three subject counties. We have surveyed the housing stock, conducted interviews with key stakeholders, and provided a demand analysis indicating potential housing opportunities and a general housing needs assessment. The impact of farmworkers (both migrant and year-round) on the housing markets of each county has also been addressed in this analysis.

Mr. Michael Gerber of the Texas Department of Housing and Community Affairs (TDHCA) initiated this study.

B. METHODOLOGIES

Methodologies used by VWB Research include the following:

- Establishment of market areas, which are defined as the county boundaries for Deaf Smith County, Castro County, and Parmer County, Texas. The following map illustrates these three counties:



- Evaluation of general characteristics of each county including demographic and economic trends. The economic evaluation includes an assessment of area employment composition, income growth (particularly among the target market), and area growth perceptions. The demographic evaluation uses the most recently issued Census information, as well as projections that determine the characteristics of the market. We have also analyzed the impact of farms in each county and the number of farmworkers employed.

- A survey of area Tax Credit properties. All Tax Credit properties have been identified by lists provided by the Texas Department of Housing and Community Affairs (TDHCA). Both 9% and 4% allocation projects have been included. We surveyed at least 40% of listed TDHCA properties in person in order to evaluate overall condition and quality.

- A survey of most available market-rate properties in each county. For each county we have included details regarding all surveyed properties, including the overall vacancy rate, the number of units built per year, as well as the average rent and unit square footage for each unit type in the submarket.

- A survey of existing government-subsidized properties in each county. These properties were identified and analyzed due to their purpose of serving low- and very-low-income households in the area.

- Area building statistics and interviews with area officials familiar with area development provides identification of those properties that might be planned or proposed for the area that will have an impact on the rental housing market. Planned and proposed projects are always in different stages of development. As a result, it is important to establish the likelihood of construction, the timing of the project, and its impact on the market.

- A demand analysis by bedroom type and income range was completed to determine the need for additional Tax Credit development in each submarket. This analysis has been segregated into overall demand and demand from households age 55+.

- We have also projected the number of income-qualified households at 0% to 30% of the Area Median Household Income (AMHI), 31% to 40% AMHI, 41% to 50% AMHI, 51% to 60% AMHI, 61% to 80% AMHI, and 81% to 100% AMHI for the years 2008 through 2013. A detailed explanation of the demand analysis methodology is included at the beginning of each submarket demand section.

C. SOURCES

VWB Research uses various sources to gather and confirm data used in each analysis. These sources include the following:

- The 1990 and 2000 Census on Housing
- ESRI Demographics
- InfoUSA
- Ribbon Demographics HISTA Data
- U.S. Department of Labor
- Management for each property included in the survey
- Local planning and building officials
- Local Housing Authority representatives
- Farm owners and agricultural representatives
- U.S. Department of Housing and Urban Development (HUD)
- USDA National Agriculture Statistics Service (NASS) 2002 Census of Agriculture

D. REPORT LIMITATIONS

VWB Research relies on a variety of sources of data to generate this report. These data sources are not always verifiable; however, VWB Research makes a significant effort to assure accuracy. While this is not always possible, we believe our effort provides an acceptable standard margin of error. VWB Research is not responsible for errors of or omissions in the data provided by other sources.

Any reproduction or duplication of this report without the express approval by the Texas Department of Housing and Community Affairs or VWB Research is strictly prohibited.

II. EXECUTIVE SUMMARY

This report provides a rental housing needs assessment of the Deaf Smith County, Castro County, and Parmer County areas in the panhandle region of Texas. The focus of this report is to evaluate supply and demand characteristics and to determine the potential need for additional affordable rental housing in the subject counties. Potential housing demand was calculated for general occupancy, seniors, disabled persons, and migrant farm workers.

Demographic Overview

The following table provides demographic characteristics of each of the three subject counties, as well as the demographic characteristics of the state of Texas and the nation as a whole. Since 2000, Deaf Smith County is the only subject county to have experienced an increase in population and households. Overall, Deaf Smith County is the largest of the three subject counties and offers the most community services and employment opportunities. The following table reflects demographic trends projected to 2013:

	DEAF SMITH COUNTY		CASTRO COUNTY		PARMER COUNTY		TEXAS		U.S.	
	POP.	H.H.	POP.	H.H.	POP.	H.H.	POP.	H.H.	POP.	H.H.
1990 CENSUS	19,153	6,182	9,070	2,877	9,863	3,241	16,986,510	6,070,937	248,709,873	91,947,410
2000 CENSUS	18,561	6,180	8,285	2,761	10,016	3,322	20,851,820	7,393,354	281,421,906	105,480,101
2008 ESTIMATED	18,644	6,287	7,623	2,591	9,821	3,274	24,460,809	8,627,984	303,820,613	114,779,751
CHANGE 2000-2008	83	107	-662	-170	-195	-48	3,608,989	1,234,630	22,398,707	9,299,650
PERCENT CHANGE 2000-2008	0.4%	1.7%	-8.0%	-6.2%	-1.9%	-1.4%	17.3%	16.7%	8.0%	8.8%
2013 PROJECTED	18,721	6,346	7,260	2,486	9,686	3,235	26,832,696	9,456,782	317,696,069	120,338,490
CHANGE 2008-2013	77	59	-363	-105	-135	-39	2,371,887	828,798	13,875,456	5,558,739
PERCENT CHANGE 2008-2013	0.4%	0.9%	-4.8%	-4.1%	-1.4%	-1.2%	9.7%	9.6%	4.6%	4.8%

Source: VWB Research; ESRI; 1990, 2000 Census
H.H. – Households
POP. - Population

The state of Texas experienced significant growth in population and total households between 2000 and 2008, increasing by 17.3% and 16.7%, respectively. During the same time period, the population and households in Deaf Smith County increased by 0.4% and 1.7%, respectively. Essentially, household formations (i.e. younger people moving out of their parents' homes) are being created faster than the population growth rate. Note Castro County experienced declines of 8.0% and 6.2%, respectively. Parmer County also experienced a decline in population and households of 1.9% and 1.4%, respectively. Despite the projected decline in total population in Castro and Parmer counties over the next five years, the senior population (age 55 years and older) is projected to increase in all three subject counties. This is indicative of an aging population base and an increasing need for affordable senior housing.

Rental Housing Survey

We personally surveyed a total of 31 rental housing properties within the three subject counties. All properties surveyed in this analysis were found through apartment guide listing, classified advertisements, the Multiple Listing Service, interviews with local real estate agents and professionals, government officials, and the personal observations of our analysts. These 31 total properties surveyed contain a total of 886 units with an overall occupancy rate of 96.5%. This is considered a high occupancy rate for rental housing. The following table summarizes the rental housing supply by project type for each subject county.

	DEAF SMITH COUNTY				CASTRO COUNTY				PARMER COUNTY			
PROJECT TYPE	PROJECT SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	PROJECT SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	PROJECT SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE
MRR	10	217	13	94.0%	3	55	0	100.0%	7	126	8	93.7%
MRT	1	76	4	94.7%	0	0	-	-	0	0	-	-
TAX	1	32	1	96.9%	0	0	-	-	0	0	-	-
TGS	2	159	0	100.0%	0	0	-	-	0	0	-	-
GSS	4	150	5	96.7%	2	60	0	100.0%	1	11	0	100.0%
TOTAL	18	634	23	96.4%	5	115	0	100.0%	8	137	8	94.2%

MRR – Market-rate
MRT – Market-rate/Tax Credit
TAX – Tax Credit
TGS – Tax Credit/Government-Subsidized
GSS – Government-Subsidized

Based on our survey of rental housing alternatives in the Panhandle Region, vacancies are highest among market-rate properties. This is common, as demand for lower cost, affordable rental housing is typically higher than market-rate rental housing. In Parmer County, the overall occupancy rate is being slightly skewed by the currently under renovation 6th Street/Avenue B South Apartments (Map ID 3). This property has three vacancies among its six rentable units that have recently been renovated. Excluding this property, the 120 market-rate units surveyed in Parmer County have a combined occupancy rate of 95.8%, which is considered very good for market-rate rentals.

Overall, the demand for rental housing in each of the three counties appears to be strong. However, Castro County does not have any available rental units, clearly indicating a shortage of housing choices. Despite the declining demographic and economic trends in Castro County, the existing rental housing opportunities are not sufficient to accommodate the rental housing demand.

Demand Estimates

a. *Overall Affordable Housing*

Pursuant to the TDHCA RFP, two demand models were conducted as part of this analysis of affordable housing within the subject markets. These demand components include the following (Note: demand estimates for disabled persons and farm workers were conducted separately from the following analysis):

1. Demand based on strict need:
   - Household growth
   - Cost overburdened households
   - Overcrowding
   - Substandard housing
   - Demand from other non-overlapping sources

2. Demand based upon traditional transitory patterns:
   - Household growth
   - Turnover
   - Demand from other non-overlapping sources

We have summarized demand into three categories: below 40% of AMHI; between 41% and 60% of AMHI; and between 61% and 100% of AMHI. Note that although most government-subsidized units actually target households with incomes up to 50% of AMHI and Tax Credit units often target households with incomes as low as 30% of AMHI, we used the income levels that are typical for specific program occupants. Typically, households with incomes below 40% of AMHI reside in government-subsidized units, while those with incomes between 41% and 60% typically reside in Tax Credit units, and households with incomes between 61% and 100% of AMHI often reside in non-income-restricted market-rate units. Although exceptions can certainly occur, this summary is considered the most likely illustration of potential demand for each of the three subject counties (both the *Strict Need Demand* and *Traditional* T*ransitory Demand* model estimates are shown). This summary is also illustrated on page V-27 of this report, as well as project-specific demand calculations assuming a single project can capture 25% of the very-low income anticipated demand or 10% of the moderate-income anticipated demand.

OVERALL DEMAND SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)												
	DEAF SMITH COUNTY				CASTRO COUNTY				PARMER COUNTY			
	2008		2013		2008		2013		2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY	STRICT	TRANSITORY	STRICT	TRANSITORY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND (0%-40% AMHI)	457	411	389	402	85	97	82	106	216	160	188	153
TOTAL NET DEMAND (41%-60% AMHI)	92	92	118	185	-12	51	13	49	89	91	39	81
TOTAL NET DEMAND (61%-100% AMHI)	107	301	147	301	12	96	16	86	3	137	40	129
SENIOR HOUSING (AGE 55+)												
TOTAL NET DEMAND (0%-40% AMHI)	203	196	188	181	26	27	38	37	66	52	65	51
TOTAL NET DEMAND (41%-60% AMHI)	59	75	51	69	6	11	7	13	16	20	14	18
TOTAL NET DEMAND (61%-100% AMHI)	42	71	47	80	3	11	11	21	10	21	20	33

Regardless of the demand model used, most of the potential support for new affordable product appears to be in Deaf Smith County, where there are as many as 457 potentially income-eligible households with incomes under 40% of AMHI may be currently supported throughout the county. Currently, up there are up to 203 age- and income-restricted households that could potentially be supported in Deaf Smith County. It is important to reiterate that the total potential demand is for the entire county, rather than one specific site. Many additional factors such as site location, design, features, and rents all contribute to a project's ability to capture market support. As such, unless all product types at varying rent levels serving seniors and families at a wide band of income levels was built in several locations throughout the county, we would not anticipate that the total number of units listed in the table above could actually be supported. Instead, we believe only a portion of these units could be supported at a single site. A site specific estimate of support is addressed later in this report.

The demand estimates also indicate that a smaller support base appears to be in Castro and Parmer Counties, particularly among senior households. While there are many rent overburdened and overcrowded households in these two counties, any new product developed in this market may have difficulty attracting enough support to fill very many units. In the event that a well-designed and affordable project was built in either of these counties, it is anticipated that because most of its support would have to originate from existing rentals in the market, some existing projects may be adversely impacted and lease-up for the subject project(s) may be slower than typical. At this time, it appears that a mixed income range project (0% to 60% of AMHI) targeting both seniors and families would have the greatest support potential.

b. *Special Needs Housing (Disabled)*

The following table summarizes the demand for special needs housing in each subject county (Note: the data includes those non-institutionalized persons age 16+ with a sensory or physical disability).

DEAF SMITH COUNTY						
APPROPRIATE INCOME RANGE BY TARGETED AMHI	**0% - 30%**	**31% - 40%**	**41% - 50%**	**51% - 60%**	**61% - 80%**	**81% - 100%**
% BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	36.7%	9.4%	10.1%	10.5%	19.1%	14.3%
X DISABLED RENTER HOUSEHOLDS	547	547	547	547	547	547
TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS WITH DISABLED RESIDENT	201	51	55	57	104	78
CASTRO COUNTY						
APPROPRIATE INCOME RANGE BY TARGETED AMHI	**0% - 30%**	**31% - 40%**	**41% - 50%**	**51% - 60%**	**61% - 80%**	**81% - 100%**
% BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	31.1%	12.7%	11.4%	10.2%	16.8%	17.7%
X DISABLED RENTER HOUSEHOLDS	145	145	145	145	145	145
TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS WITH DISABLED RESIDENT	45	18	16	15	24	26
PARMER COUNTY						
APPROPRIATE INCOME RANGE BY TARGETED AMHI	**0% - 30%**	**31% - 40%**	**41% - 50%**	**51% - 60%**	**61% - 80%**	**81% - 100%**
% BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	31.6%	9.6%	10.9%	12.6%	21.7%	13.6%
X DISABLED RENTER HOUSEHOLDS	209	209	209	209	209	209
TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS WITH DISABLED RESIDENT	66	20	23	26	45	28

The preceding analysis assumes persons with disabilities have incomes reflective of the general population. In reality, it is more likely persons with disabilities will have lower incomes than the general population; therefore, the above analysis understates the housing required to serve this component at lower incomes. If units were developed to 100% of the above level, some vacancies would likely occur in the market since so many people are cared for in conventional units.

We recommend a development target of no more than 2% to 5% of total demand for special needs households. Due to the limitations of accurate information available pertaining to special needs households, we strongly recommend any planned project involve extensive interviews with appropriate local service providers, caregivers, medical facilities, etc., to help determine the demand of special needs households within that market, and the type or characteristics of the housing required.

c. *Farm Worker Housing*

Rural Development defines a farm worker household as a "household of one or more persons wherein at least one member of the household is a farmworker." Farmworker is defined by Rural Development as "any laborer who is employed on a seasonal, temporary, or permanent basis in the planting, cultivating, harvesting or processing of agricultural or aquacultural products and who has derived at least 50% of his or her income in the immediately preceding 12 calendar months from such employment."

The number of hired farm labor farms and workers for each county is as follows.

COUNTY	HIRED FARM LABOR FARMS	HIRED FARMWORKERS (FARMS WITH $1,000+ PAYROLL)		
		TOTAL	150 DAYS OR MORE	LESS THAN 150 DAYS
DEAF SMITH	226	1,072	619	453
CASTRO	251	1,393	520	873
PARMER	261	1,662	635	1,027

Source: USDA National Agriculture Statistics Service (NASS) 2002 Census of Agriculture

Although Deaf Smith County has the largest population, it has the fewest number of hired farm labor farms and farmworkers among the three subject counties. In addition, the hired farmworkers in Deaf Smith County are predominately those working 150 days or more per year. Conversely, the majority of hired farmworkers in Castro County and Parmer County work less than 150 days per year, indicating more migrant workers. This indicates potential need for migrant farmworker housing.

Based on the National Agricultural Workers Study (NAWS) completed in 1998 by the U.S. Department of Labor, nearly three-quarters of U.S. farm workers earned less than $10,000 per year; three out of five farm worker families had incomes below the poverty level. Therefore, farmworkers often live in overcrowded homes in order to reduce their housing costs. More than half of all farm workers live in overcrowded housing.

The table on the following page is a summary of the three projects in the subject counties that are either designated as farmworker housing or have a large share of farmworkers. For the purpose of this analysis, we have assumed two persons per bedroom for each of the farmworker apartment complexes identified.

	AMISTAD 301 S. TEXAS AVE. HEREFORD, TX		AZTECA APARTMENTS I & II 3910 E. JONES ST. DIMMITT, TX		COTTONWOOD TOWNHOMES 1300 WALNUT AVE. FRIONA, TX	
BEDROOMS	UNITS	POTENTIAL FARMWORKERS *	UNITS	POTENTIAL FARMWORKERS *	UNITS	POTENTIAL FARMWORKERS *
ONE-BR.	-	-	-	-	4	8
TWO-BR.	24	96	16	24	10	40
THREE-BR.	20	120	16	96	16	96
FOUR-BR.	6	48	28	224	-	-
TOTAL	50	264	60	344	30	144

*Based on two-persons per bedroom

Assuming that the hired farmworkers in each county that work less than 150 days per year reside at conventional apartment projects targeting farmworkers, we have estimated a farmworker housing deficit for each county in the following table. It is estimated that farmworkers that work more than 150 days per year, and are not migrant, typically reside in other conventional low-income apartments.

COUNTY	HIRED FARMWORKERS THAT WORK LESS THAN 150 DAYS	MINUS	TOTAL POTENTIAL BEDS OF EXISTING FARMWORKER HOUSING	EQUALS	FARMWORKER BEDS DEFICIT
DEAF SMITH	453	-	264	=	189
CASTRO	873	-	344	=	529
PARMER	1,027	-	144	=	883

As indicated in the preceding table, the largest farmworker housing deficit (based on the number of hired migrant farmworkers and the existing conventional farmworker housing opportunities in each county) is in Parmer County. As illustrated in the table above, Parmer County has the largest migrant farmworker base and the fewest existing beds available in conventional farmworker housing. The farmworker bed deficit is based on the number of beds for each farmworker, rather than the number of potential units of farmworker housing, considering that farmworkers often reside in overcrowded housing units, with an average of two persons per bedroom. The number of achievable units would be dependent upon the bedroom-types offered.

Based on our analysis of each of the three subject counties and the farmworker housing characteristics, it appears that due to the increasing dairy industry in the Texas Panhandle, farmworker housing is in increasing demand. Additional farmworker housing can likely be supported in each county. Numerous factors go into the specific achievability of a specific farmworker housing project. For instance, although Deaf Smith County has the fewest number of hired farmworkers (compared to Castro and Parmer Counties), this area may potentially be able to support a large project due to available community services and the fact that farmworkers are accustomed to commuting between counties for employment. The ability of a project to draw support from an entire county or three-county area will be dependent upon design type (garden, townhouse, single-family), unit mix and bedroom types, amenities, rents, targeted AMHI and housing assistance, and location (proximity to community services, visibility, access, and surrounding land uses).

Similar to the achievability of non-farmworker rental housing, it is anticipated that any new farmworker rental project can capture no more than a small share of the total demand (based on deficit) in a given county. While this preceding analysis illustrates the gap between the number of hired migrant farmworkers in each of the three subject counties and the existing conventional rental farmworker housing supply, it does not take into account additional farmworker housing opportunities, such as private single-family rentals, mobile home rentals, or motels. Thus, caution must be exercised when determining the market potential of a specific farmworker housing project.

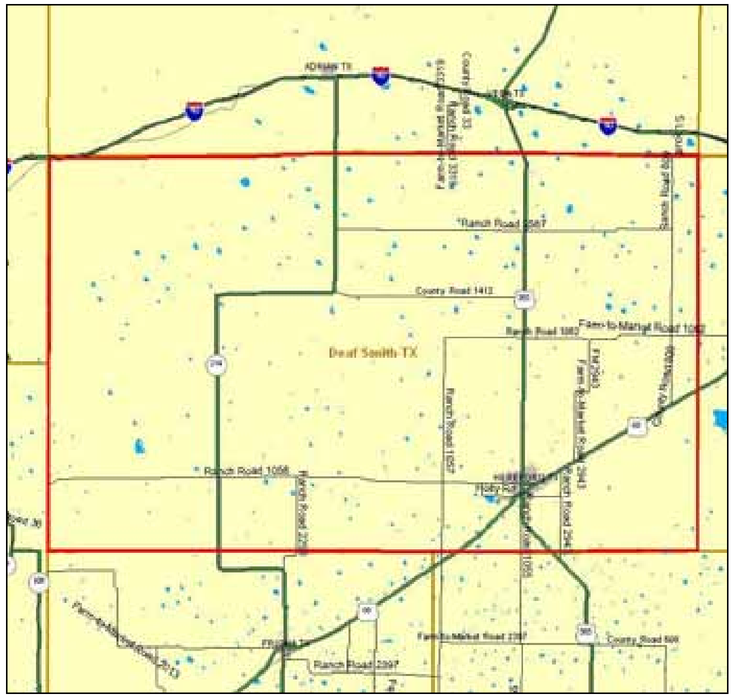
The following pages summarize of the key findings of each of the three subject counties.

DEAF SMITH COUNTY

Deaf Smith County: 1,498 square miles
2008 Median Household Income: $35,976
2008 Median Home Value: $67,699

	Population	Households
1990 Census	19,153	6,182
2000 Census	18,561	6,180
Change '90-'00	-592	-2
% Change '90-'00	-3.1%	0.0%
2008 Estimated	18,644	6,287
2013 Projected	18,721	6,346
Change '08-'13	77	59
% Change '08-'13	0.4%	0.9%

Source: VWB Research; ESRI; 1990, 2000 Census



Top 5 Employers	
Employer	**Number of Employees**
Hereford Services	500
Panda Hereford Ethanol	500
T & G Service Company	400
Blue Sky Petfoods	300
Tejas Industries	300
Total	**2,723**

Source: Deaf Smith County Chamber of Commerce

We identified and personally surveyed 18 conventional rental housing projects containing a total of 634 units within Deaf Smith County, which have a combined occupancy rate of 96.4%, a high rate.

MAP CODE	PROJECT NAME	PROJECT TYPE	YEAR BUILT	TOTAL UNITS	VACANT	OCCUPANCY RATE
1	Amistad	GSS	1991	50	0	100%
2	Arbor Glen	MRR	1986	24	1	96%
3	Bluewater Garden	TGS	1972	131	0	100%
4	Boardwalk	MRR	1962	30	12	60%
5	Countryside Village	GSS	1990	28	4	86%
6	Forrest Apts.	MRR	1955	16	0	100%
7	Hereford Senior Community	TGS	1995	28	0	100%
8	La Plata Manor	GSS	1985	28	1	96%
9	Masters Apts.	MRR	1978	20	0	100%
10	Paloma Lane	GSS	1972	44	0	100%
11	California Apts.	MRR	1960	37	0	100%
12	Thunderbird	MRR	1958	16	0	100%
13	Town Square	MRR	1974	17	0	100%
14	Hereford Central Place	TAX	2007	32	1	97%
15	Tierra Blanca	MRT	2007	76	4	95%
16	Royal Copper House	MRR	1980	0	0	U/C
17	Buena Vista Apts.	MRR	1960	41	0	100%
18	Sugarland Quads	MRR	1965	16	0	100%

PROJECT TYPE	PROJECT SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE
MRR – Market-Rate	10	217	13	94.0%
MRT – Market-Rate/Tax Credit	1	76	4	94.7%
TAX – Tax Credit	1	32	1	96.9%
TGS – Tax Credit/Government-Subsidized	2	159	0	100.0%
GSS – Government-Subsidized	4	150	5	96.7%

The following is a summary of the potential demand estimates for Deaf Smith County illustrated in full detail in Section V of this analysis.

DEAF SMITH COUNTY OVERALL DEMAND SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)				
	2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND FOR UNITS 0%-40% AMHI	457	411	389	402
TOTAL NET DEMAND FOR UNITS 41%-60% AMHI	92	92	118	185
TOTAL NET DEMAND FOR UNITS 61%-100% AMHI	107	301	147	301
SENIOR HOUSING				
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (0%-40% AMHI)	203	196	188	181
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (41%-60% AMHI)	59	75	51	69
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (61%-100% AMHI)	42	71	47	80

The following table summarizes the potential number of units that can be supported within a single project in Deaf Smith County, assuming a single project can capture 25% of very low-income potential households and 10% of low- and moderate-income potential households in any given county.

DEAF SMITH COUNTY SITE SPECIFIC DEMAND SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)				
	2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND FOR UNITS 0%-40% AMHI	114	103	97	101
TOTAL NET DEMAND FOR UNITS 41%-60% AMHI	9	9	12	19
TOTAL NET DEMAND FOR UNITS 61%-100% AMHI	11	30	15	30
SENIOR HOUSING				
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (0%-40% AMHI)	51	49	47	75
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (41%-60% AMHI)	6	8	5	7
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (61%-100% AMHI)	4	7	5	8

The following table summarizes the demand for special needs housing in Deaf Smith County (those non-institutionalized persons age 16+ with a sensory or physical disability).

DEAF SMITH COUNTY SPECIAL NEEDS DEMAND SUMMARY						
APPROPRIATE INCOME RANGE BY TARGETED AMHI	0% - 30%	31% - 40%	41% - 50%	51% - 60%	61% - 80%	81% - 100%
% BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	36.7%	9.4%	10.1%	10.5%	19.1%	14.3%
X DISABLED RENTER HOUSEHOLDS	547	547	547	547	547	547
TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS WITH DISABLED RESIDENT	**201**	**51**	**55**	**57**	**104**	**78**

The following table illustrates the migrant farmworker demand for Deaf Smith County:

COUNTY	HIRED FARMWORKERS THAT WORK LESS THAN 150 DAYS	MINUS	TOTAL POTENTIAL BEDS OF EXISTING FARMWORKER HOUSING	EQUALS	FARMWORKER BEDS DEFICIT
DEAF SMITH	453	-	264	=	189

SUMMARY OF DEAF SMITH COUNTY FINDINGS

Deaf Smith County experienced positive demographic growth between 2000 and 2008, which is projected to continue (at a minimal rate) through 2013. It should be noted that of the three subject counties, Deaf Smith County is the only area projected to experience a demographic increase in total population and total households over the next five years.

Over the past 10 years, Deaf Smith County has experienced in increase in total employment of 16.7%, which is a positive indication of the strength of the area economy. Data for 2007, the most recent year that year-end figures are available, indicates in-place employment in Deaf Smith County to be 81.6% of the total county employment. This indicates that the number of employment opportunities in the county is fewer than the number of employable persons seeking work. A high share of employed persons leaving the county for employment could have an adverse impact on residency with increasing energy costs.

The rental housing market within the Deaf Smith County area is considered to be strong, with an overall occupancy rate of 96.4%. There is only one existing conventional rental project serving farmworkers, Amistad (Map ID 1). This project originally constructed 30 units in 1991 under the RD 514 and 516 programs. In 2000, an additional 20 units were constructed due to strong demand. While additional small motels are rented on a weekly basis during the migratory farmworker season, we were unable to obtain specific rental information from these small properties due to the sensitivity of the migrant farmworker situation and likely presence of illegal immigrants in the migrant farmworking community.

Based on the demand calculations found in Section V of this analysis, Deaf Smith County appears to have the largest demographic support base for additional very low-income conventional rental units and senior rental units when compared to Castro and Parmer Counties. Combined with the increasing demographic trends, Deaf Smith County appears to be a favorable location for additional consideration for the development of modern rental housing.

However, despite the positive factors associated with the new development of conventional rental housing in the Hereford and Deaf Smith County area, this county appears to have the lowest deficit of farmworker housing based on the number of farms that hire farm laborers. Interviews with local representatives have stated that many farms in the Deaf Smith County area highly mechanized and do not need significant farmworker labor forces. The farms in Castro and Parmer Counties appear to need more farmworker labor than the farms in Deaf Smith County. As such, there appears to be a potentially higher demand in these counties for farmworker housing. However, it is very important to note that this area may potentially be able to support a farmworker project due to available community services and the fact that farmworkers are accustomed to commuting between counties for employment. The ability of a project to draw support from an entire county or three-county area will be dependent upon design type (garden, townhouse, single-family), unit mix and bedroom types, amenities, rents, targeted AMHI and housing assistance, and location (proximity to community services, visibility, access, and surrounding land uses).

CASTRO COUNTY

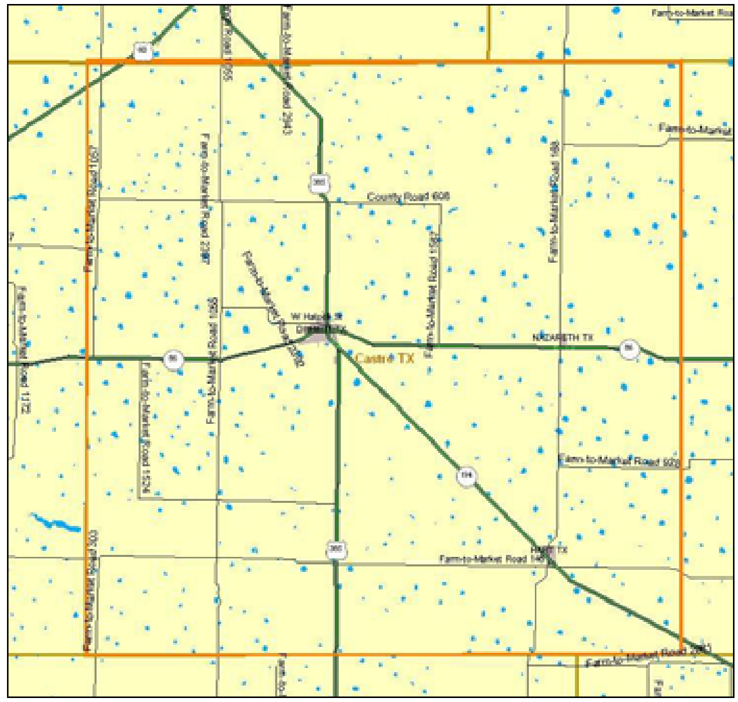
Castro County: 899 square miles
2008 Median Household Income: $36,918
2008 Median Home Value: $73,556

	Population	Households
1990 Census	9,070	2,877
2000 Census	8,285	2,761
Change '90-'00	-785	-116
% Change '90-'00	-8.7%	-4.0%
2008 Estimated	7,623	2,591
2013 Projected	7,260	2,486
Change '08-'13	-363	-105
% Change '08-'13	-4.8%	-4.1%

Source: VWB Research; ESRI; 1990, 2000 Census

Top 5 Employers	
Employer	**Number of Employees**
Dimmitt ISD	142
Castro Co. Hospital	53
Debruce Grain	50
Pioneer Dairy Lab	40
City of Dimmitt	28
Total	**313**

Source: Dimmitt Chamber of Commerce



We identified and personally surveyed five conventional rental housing projects containing a total of 115 units within Castro County. This survey was conducted to establish the overall strength of the rental market. These rentals have a combined occupancy rate of 100.0%, indicating a clear lack of housing choices. Among these projects, three are three non-subsidized (market-rate) projects containing 55 units. The remaining two projects contain 60 government-subsidized units.

MAP CODE	PROJECT NAME	PROJECT TYPE	YEAR BUILT	TOTAL UNITS	VACANT	OCCUPANCY RATE
1	Azteca Apts. Phase I	GSS	1962	48	0	100%
2	Azteca Apts. Phase II	GSS	2007	32	0	100%
3	121 E. Bedford St.	MRR	1929	6	0	100%
4	Northside Apts.	MRR	1992	24	0	100%
5	Dimmitt Gardens	MRR	1988	25	0	100%

PROJECT TYPE	PROJECT SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE
MRR – Market-Rate	3	55	0	100.0%
GSS – Government-Subsidized	2	60	0	100.0%

The following is a summary of the potential demand estimates for Castro County illustrated in full detail in Section V of this analysis.

CASTRO COUNTY OVERALL DEMAND SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)				
	2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND FOR UNITS 0%-40% AMHI	85	97	82	106
TOTAL NET DEMAND FOR UNITS 41%-60% AMHI	-12	51	13	49
TOTAL NET DEMAND FOR UNITS 61%-100% AMHI	12	96	16	86
SENIOR HOUSING				
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (0%-40% AMHI)	26	27	38	37
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (41%-60% AMHI)	6	11	7	13
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (61%-100% AMHI)	3	11	11	21

The following table summarizes the potential number of units that can be supported within a single project in Castro County, assuming a single project can capture 25% of very low-income potential households and 10% of low- and moderate-income potential households in any given county.

CASTRO COUNTY DEMAND SITE SPECIFIC SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)				
	2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND FOR UNITS 0%-40% AMHI	21	24	21	27
TOTAL NET DEMAND FOR UNITS 41%-60% AMHI	0	5	1	5
TOTAL NET DEMAND FOR UNITS 61%-100% AMHI	1	10	2	9
SENIOR HOUSING				
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (0%-40% AMHI)	7	7	10	9
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (41%-60% AMHI)	1	1	1	1
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (61%-100% AMHI)	1	1	1	2

The following table summarizes the demand for special needs housing in Castro County (those non-institutionalized persons age 16+ with a sensory or physical disability).

CASTRO COUNTY SPECIAL NEEDS DEMAND SUMMARY						
APPROPRIATE INCOME RANGE BY TARGETED AMHI	**0% - 30%**	**31% - 40%**	**41% - 50%**	**51% - 60%**	**61% - 80%**	**81% - 100%**
% BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	31.1%	12.7%	11.4%	10.2%	16.8%	17.7%
X DISABLED RENTER HOUSEHOLDS	145	145	145	145	145	145
TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS WITH DISABLED RESIDENT	45	18	16	15	24	26

The following table illustrates the migrant farmworker demand for Castro County:

COUNTY	HIRED FARMWORKERS THAT WORK LESS THAN 150 DAYS	MINUS	TOTAL POTENTIAL BEDS OF EXISTING FARMWORKER HOUSING	EQUALS	FARMWORKER BEDS DEFICIT
CASTRO	873	-	344	=	529

SUMMARY OF CASTRO COUNTY FINDINGS

Castro County experienced a decline in total population and households between 2000 and 2008. This county is projected to experience the largest demographic decline over the next five years compared to the other two subject counties.

Over the past 10 years, Castro County experienced a decline in total employment of 13.3%, which coupled with the demographic decline, is an indication of the instability of the area. Given the increasing senior demographic base in Castro County, it appears the area is aging faster than new persons and employment opportunities are entering the county.

Despite the negative demographic and economic factors in Castro County, the housing market appears to be very strong, as there is a lack of available rental housing opportunities. As previously stated, all surveyed rental units within Castro County are 100.0% occupied. Based on our analysis of the Dimmitt area and the surrounding Castro County area, there are two existing conventional rental projects currently serving farmworkers. Azteca Apartments I and II (Map IDs 1 and 2), built in 1962 and 2007, respectively, were developed under the RD 514 and 516 programs by the Azteca Economic Development Corporation. Phase I of the project originally consisted of 48 one-bedroom units; however, recent renovations converted this project into 20 three-bedroom units and eight remaining one-bedroom units. The second phase of Azteca Apartments consists of eight two-bedroom units, 16 three-bedroom units, and eight four-bedroom units. As expected, since the first phase was constructed in 1962 and the second phase was constructed in 2007, the first phase has a C- overall quality rating, while the second phase has a B+ overall quality rating. The contract rents are priced accordingly.

Joe Franco, Executive Director of Azteca Economic Development Corporation manages the Azteca Apartments I and II. According to Mr. Franco, most of the employment for farmworkers in the area is at dairy farms. Three new dairies are expected to come online in Castro County within the next year. By his estimate, each of these dairies will employ approximately 20 people, for a total of 60 people. All 60 of these new employees will require housing. Mr. Franco also noted that there has been a "dynamic change" in what groups need housing in Castro County. Over the years, the need for housing has shifted from migrant farmworkers to permanent farmworkers employed at dairies and feed lots. One dairy in Castro County, in order to meet its workforce needs, is currently importing workers from Africa, Guatemala, and Mexico. Housing is being provided by the dairy in double-wide trailers subdivided into additional units, as no other housing is available. Although dairies may provide housing for employees, this is the exception rather than the standard. Farmworkers that are new to the area will typically stay with established family members in the area, if housing is not available for them, until a unit opens up elsewhere.

Based on the demand calculations found in Section V of this analysis, Castro County appears to have the smallest demographic support base for additional very low-income conventional rental units and senior rental units when compared to the other two subject counties. Combined with the decreasing demographic trends, Castro County does not appear to be the most favorable location for the additional development of rental housing.

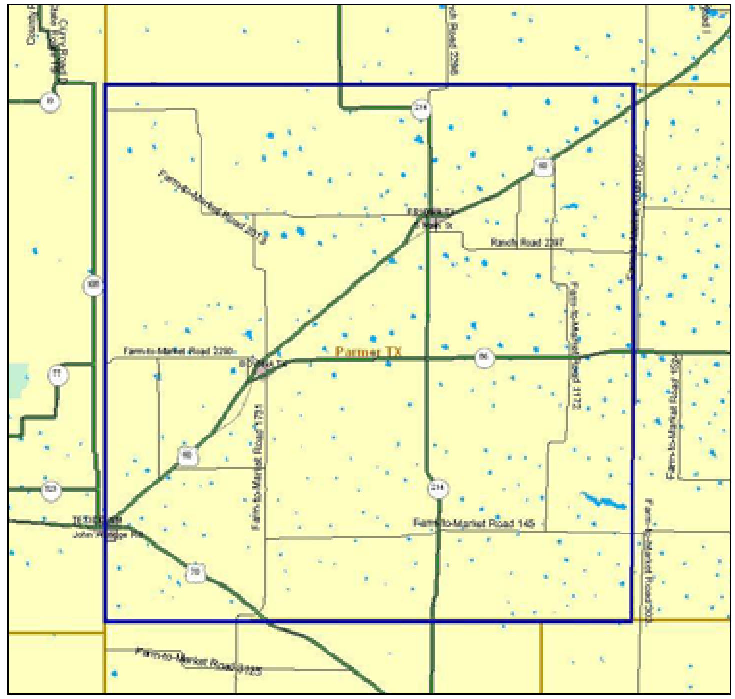
However, despite these negative factors in the Dimmitt and Castro County areas, it should be noted that all surveyed rental housing projects are currently 100.0% occupied. Possibly no more than 20 new units of affordable general occupancy housing could be supported at this time. In addition, the existing farmworker housing projects are also fully occupied and maintain waiting lists. With the potential addition of three new dairy farms in the Castro County area, the need for additional farmworker housing appears to be positive, despite the demographic trends. The farmworker beds deficit in Castro County is considerably higher than that in Deaf Smith County. As such, Castro County could likely support a new small farmworker housing complex.

PARMER COUNTY

Parmer County: 885 square miles
2008 Median Household Income: $37,267
2008 Median Home Value: $74,768

	Population	Households
1990 Census	9,863	3,241
2000 Census	10,016	3,322
Change ’90-‘00	153	81
% Change ’90-‘00	1.6%	2.5%
2008 Estimated	9,821	3,274
2013 Projected	9,686	3,235
Change ‘08-‘13	-135	-39
% Change ‘08-‘13	-1.4%	-1.2%

Source: VWB Research; ESRI; 1990, 2000 Census



Top 5 Employers	
Employer	**Number of Employees**
Cargill Meat Solutions	2,000
Friona ISD	235
Hi-Pro Inc.	114
Parmer County Hospital	65
Prairie Acres	85
Total	**2,499**

Source: Dimmitt Chamber of Commerce

We identified and personally surveyed eight conventional housing projects containing a total of 137 units within the Parmer County. This survey was conducted to establish the overall strength of the rental market. These rentals have a combined occupancy rate of 94.2%, a moderate rate for rental housing. However, it is important to note that the only project with a high share of vacancies is 6th Street/Avenue B South (Map ID 3), which currently has three vacancies among the six rentable units. This project is undergoing renovations and has an additional six units currently under construction. Six of the eight conventional rentals in the Parmer County area are all 100.0% occupied, indicating a strong rental market.

MAP CODE	PROJECT NAME	PROJECT TYPE	YEAR BUILT	TOTAL UNITS	VACANT	OCCUPANCY RATE
1	Cottonwood Twnhms.	MRR	1960	60	5	92%
2	1502 W. 5th St.	MRR	1970	10	0	100%
3	6th St./Ave. B South	MRR	1980	6	3	50%
4	Eastridge Manor	GSS	1978	11	0	100%
5	4th St./Ave. A	MRR	1950	10	0	100%
6	Heritage Square Garden Homes	MRR	1990	8	0	100%
7	Farwell Gardens	MRR	1965	8	0	100%
8	902-912 W. 9th St.	MRR	1960	24	0	100%

PROJECT TYPE	PROJECT SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE
MRR – Market-Rate	7	126	8	93.7%
GSS – Government-Subsidized	1	11	0	100.0%

The following is a summary of the potential demand estimates for Parmer County illustrated in full detail in Section V of this analysis.

PARMER COUNTY OVERALL DEMAND SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)				
	2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND FOR UNITS 0%-40% AMHI	216	160	188	153
TOTAL NET DEMAND FOR UNITS 41%-60% AMHI	89	91	39	81
TOTAL NET DEMAND FOR UNITS 61%-100% AMHI	3	137	40	129
SENIOR HOUSING				
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (0%-40% AMHI)	66	52	65	51
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (41%-60% AMHI)	16	20	14	18
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (61%-100% AMHI)	10	21	20	33

The following table summarizes the potential number of units that can be supported within a single project in Parmer County, assuming a single project can capture 25% of very low-income potential households and 10% of low- and moderate-income potential households in any given county.

PARMER COUNTY SITE SPECIFIC DEMAND SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)				
	2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND FOR UNITS 0%-40% AMHI	54	40	47	38
TOTAL NET DEMAND FOR UNITS 41%-60% AMHI	9	10	4	8
TOTAL NET DEMAND FOR UNITS 61%-100% AMHI	1	14	4	13
SENIOR HOUSING				
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (0%-40% AMHI)	17	13	16	13
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (41%-60% AMHI)	2	2	1	2
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (61%-100% AMHI)	1	2	2	3

The following table summarizes the demand for special needs housing in Parmer County (those non-institutionalized persons age 16+ with a sensory or physical disability).

PARMER COUNTY SPECIAL NEEDS DEMAND SUMMARY						
APPROPRIATE INCOME RANGE BY TARGETED AMHI	0% - 30%	31% - 40%	41% - 50%	51% - 60%	61% - 80%	81% - 100%
% BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	31.6%	9.6%	10.9%	12.6%	21.7%	13.6%
X DISABLED RENTER HOUSEHOLDS	209	209	209	209	209	209
TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS WITH DISABLED RESIDENT	66	20	23	26	45	28

The following table illustrates the migrant farmworker demand for Parmer County:

COUNTY	HIRED FARMWORKERS THAT WORK LESS THAN 150 DAYS	MINUS	TOTAL POTENTIAL BEDS OF EXISTING FARMWORKER HOUSING	EQUALS	FARMWORKER BEDS DEFICIT
PARMER	1,027	-	144	=	883

SUMMARY OF PARMER COUNTY FINDINGS

Parmer County experienced a decline in total population and households between 2000 and 2008. This county is projected to experience a continued demographic decline over the next five years; however, not as significant a demographic decline as projected in Castro County.

Over the past 10 years, Parmer County experienced a slight decline in total employment of 0.6%. However, the unemployment rate in Parmer County has historically remained well below the state average, as well as the unemployment rates for Deaf Smith County and Castro County. Overall, the Parmer County economy has fluctuated, increasing between 1998 and 2003, only to decline between 2003 and 2008. Regardless, it is very important to note that in-place employment in Parmer County is 114.3% of the total county employment. This means that Parmer County has more employed persons coming to the county from other counties for work (daytime employment). It is likely that a large share of Deaf Smith County and Castro County residents are working in Parmer County. A high share of employed persons commuting to Parmer County from other areas for employment is an indication that there may be a lack of available housing within this county. This would suggest that Parmer County lacks housing choices for employed persons in the area. Considering our field survey of conventional rental units (discussed in Section IV and listed in full detail in Section VIII), there does appear to be a lack of rental housing in the area, as indicated by the fact that six of the eight projects surveyed are currently 100.0% occupied.

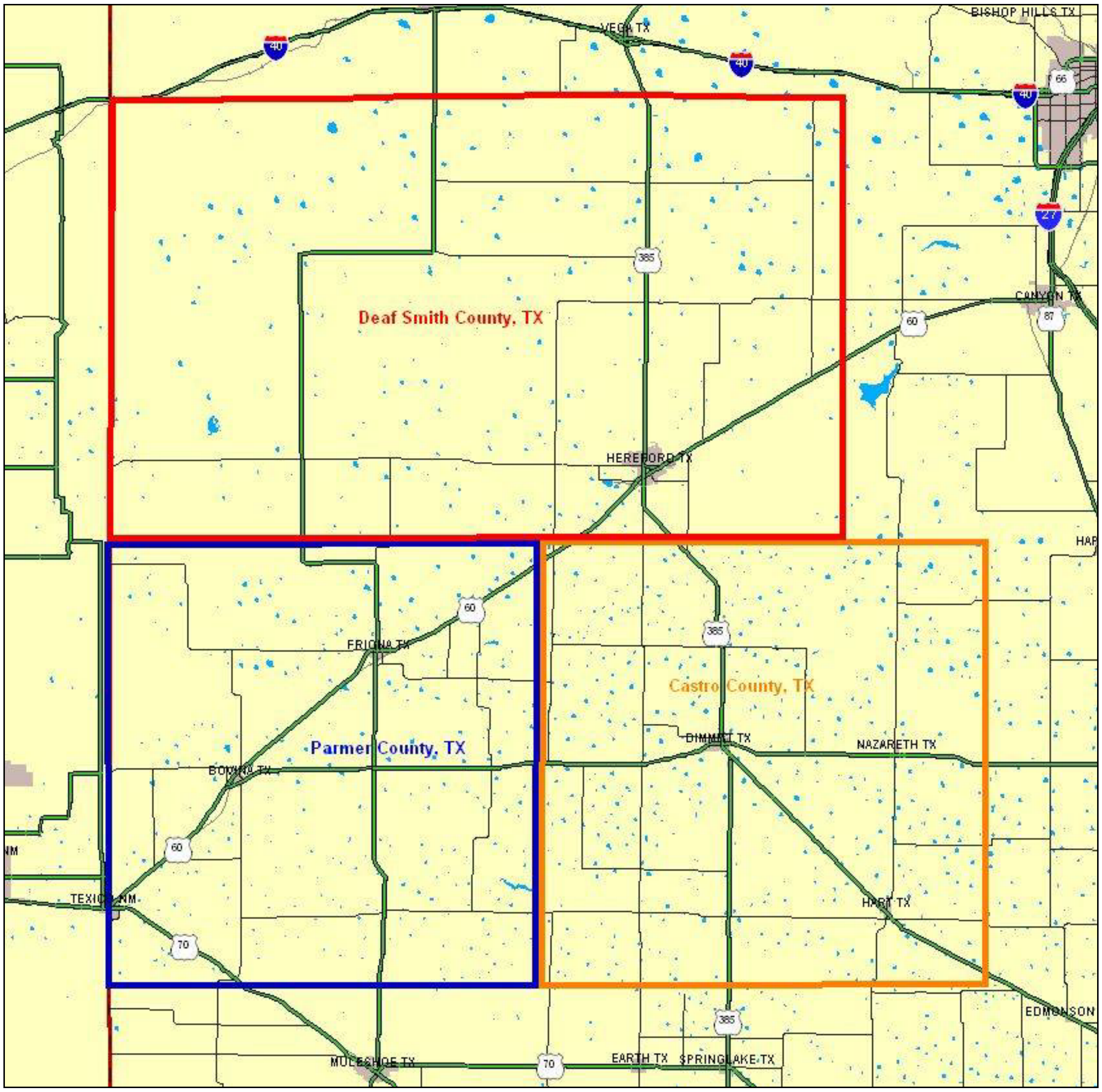
In addition, agricultural statistics provided by the most recent USDA National Agriculture Statistics Service (NASS) Census of Agriculture (2002) indicate that compared to Deaf Smith County and Castro County, Parmer County has the highest number of farms requiring hired farm laborers. In addition, Parmer County has the most hired farmworkers working in the county, compared to the other two subject counties. Given the strength of the overall rental market, there appears to be demographic support for farmworker housing. This is further illustrated by the fact that Parmer County has the largest farmworker beds deficit compared to the Deaf Smith and Castro Counties.

Based on the demand calculations found in Section V of this analysis, Parmer County appears to have a moderate demographic support base for additional very low-income conventional rental units and senior rental units when compared to the other two subject counties. Deaf Smith County has a larger demographic support base, while Castro County has a smaller demographic support base.

Overall, considering the in-place employment statistics, the existing farmworker housing beds deficit, and the increasing dairy industry in the Texas Panhandle, there appears to be support in Parmer County for additional farmworker housing.

III. GENERAL, DEMOGRAPHIC, AND ECONOMIC INFORMATION

The purpose of this analysis is to evaluate the general and demographic information of the three subject counties: Deaf Smith County, Castro County, and Parmer County. The following map illustrates the boundaries of the three subject counties.



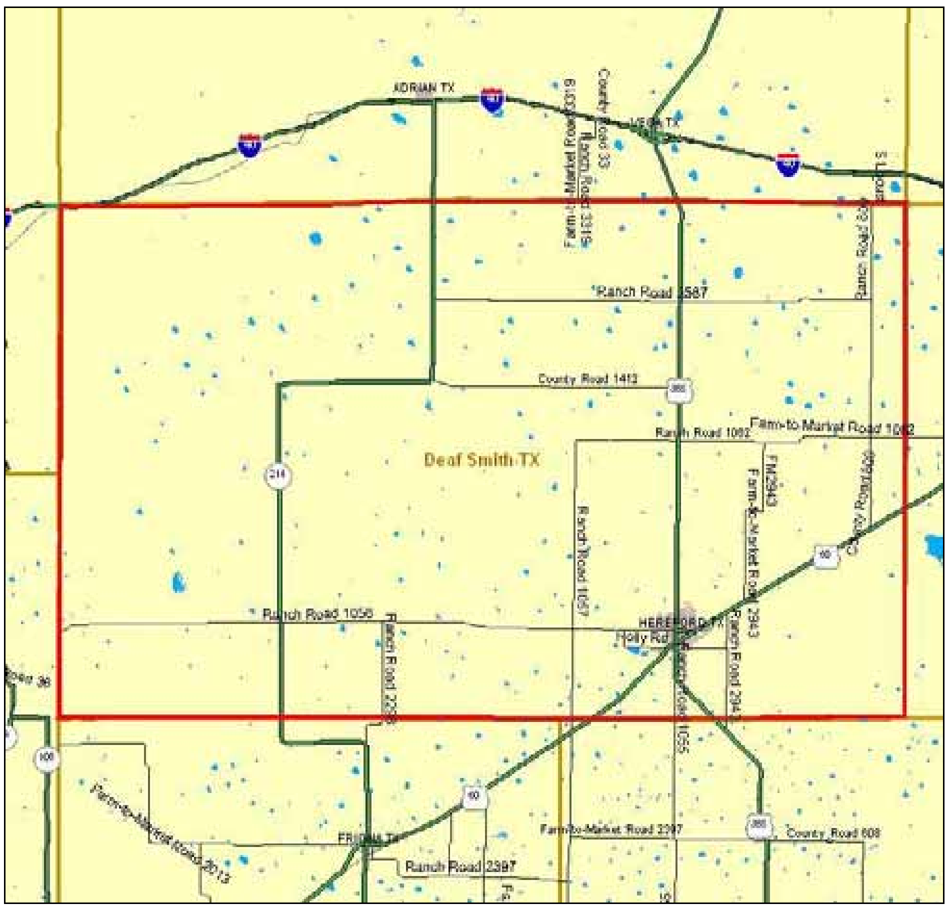
As illustrated in the preceding map, Deaf Smith County is notably larger than both Castro and Parma counties. We have evaluated the demographic and economic trends of each county later in this analysis. However, the following portion of this section of the analysis discusses the general characteristics and description of each county. Later in this section, the demographic and economic trends are illustrated simultaneously for comparison purposes.

A. GENERAL DESCRIPTION

1. DEAF SMITH COUNTY

The first area analyzed and discussed in this report is the largest of the three counties, Deaf Smith County. This county is located in the far northwestern portion of Texas and shares its western border with the state of New Mexico. The following are relevant facts about Deaf Smith County:

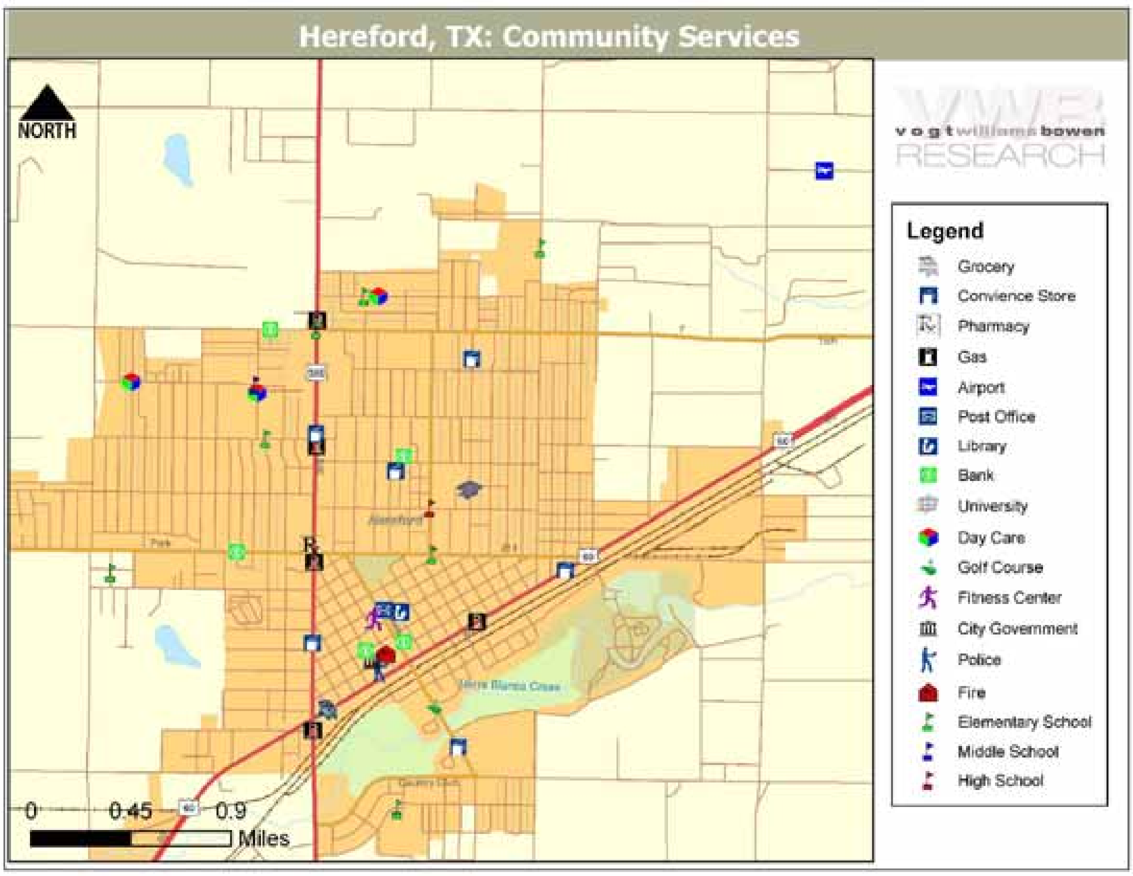
Deaf Smith County: 1,498 square miles
2008 Population: 18,644
2008 Households: 6,287
2008 Median Household Income: $35,976
2008 Median Home Value: $67,699



The largest city within Deaf Smith County is Hereford, which is located along U.S. Highway 60 and U.S. Highway 385 and is the county seat. Hereford is the largest city within all three subject counties (Deaf Smith, Castro, and Parmer), and is estimated to have a 2008 population of 14,646 with 4,911 households. The 2008 median household income in the city of Hereford is $35,812 and the median home value in 2008 is estimated to be $70,047.

Hereford City Hall and the offices of the county government are both located in the city. Hereford has access to numerous community services including grocery shopping, pharmacy, banking, employment opportunities, religious and educational institutions, medical and social services, recreational facilities, and community parks.

A Wal-Mart Supercenter is located on the north side of Hereford, which serves many purposes including grocery, pharmacy, and a major employment center. Along Main Street there are several small specialty shops and offices. Also in Hereford is a small branch of Amarillo College, a community aquatic center, and a rodeo arena. There are also numerous employment opportunities in close proximity, including feedlots and meat packaging facilities. The following map illustrates some of the key community services in the Hereford area:



Total crime risk for Deaf Smith County is below the national average with an overall personal crime index of 49 and property crime index of 63. Total crime risk for the state of Texas is above the national average with indices for personal and property crime of 114 and 127, respectively.

	CRIME RISK INDEX	
	DEAF SMITH COUNTY	**TEXAS**
TOTAL CRIME	**58**	**126**
PERSONAL CRIME	**49**	**114**
MURDER	16	110
RAPE	45	111
ROBBERY	17	115
ASSAULT	111	115
PROPERTY CRIME	**63**	**127**
BURGLARY	69	134
LARCENY	94	129
MOTOR VEHICLE THEFT	21	101

Source: Applied Geographic Solutions

Although the Deaf Smith County Total Crime risk (58) is higher than that of Castro County (42) and Parmer County (26), it is important to note that overall, the area is considered to be safe. Interviews with local law enforcement officers and Judge Tom Simons, the Deaf Smith County Judge, revealed that crime does not appear to be significant.

The homes in Hereford are primarily older ranch homes varying in condition for poor to excellent. Larger, better quality homes are typically located towards the outskirts of town, and in the county outside of town on large lots. According to ESRI demographic information, the median home value in 2008 within Deaf Smith County was $67,699.

The following pages contain photographs of significant land uses in the Hereford area.

HEREFORD AREA PHOTOGRAPHIS

Hereford City Hall

Hereford State Bank

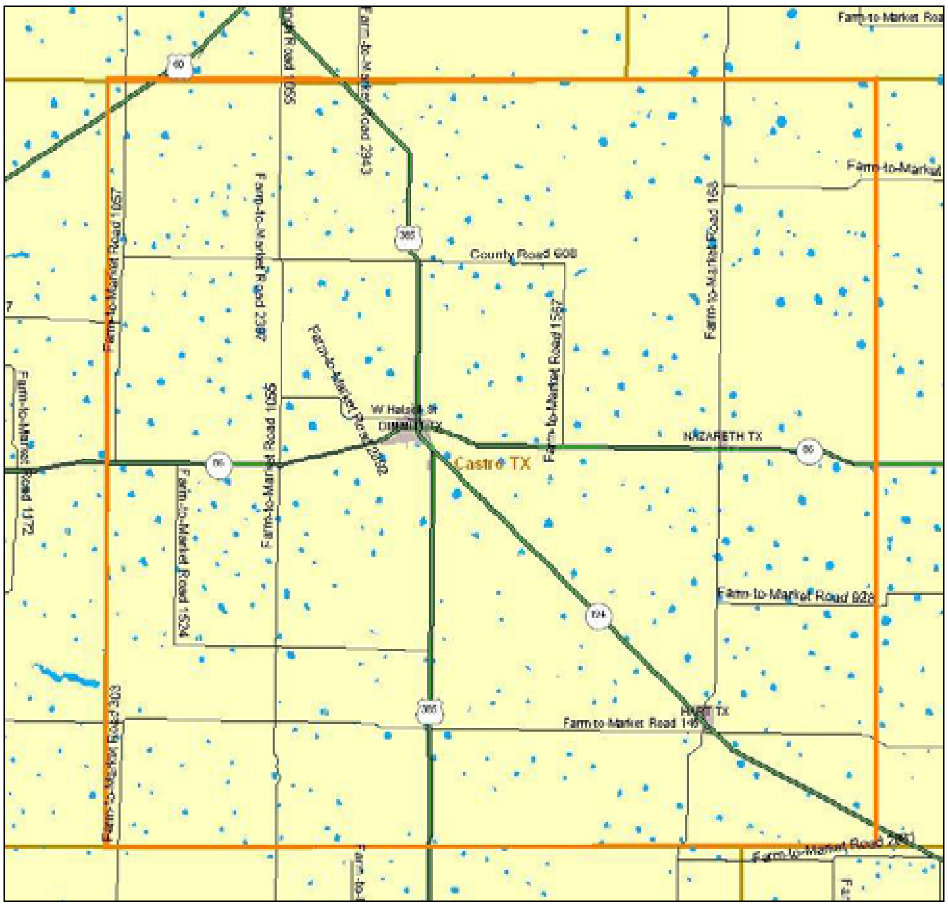
Main Street

Main Street

2. CASTRO COUNTY

Castro County is located south and southeast of Deaf Smith County. Castro County is the smallest county of the three subject counties in terms of population and total households. The physical square-mile size of the county is very similar to that of Parmer County, but notably smaller than Deaf Smith County. The following are relevant facts about Castro County:

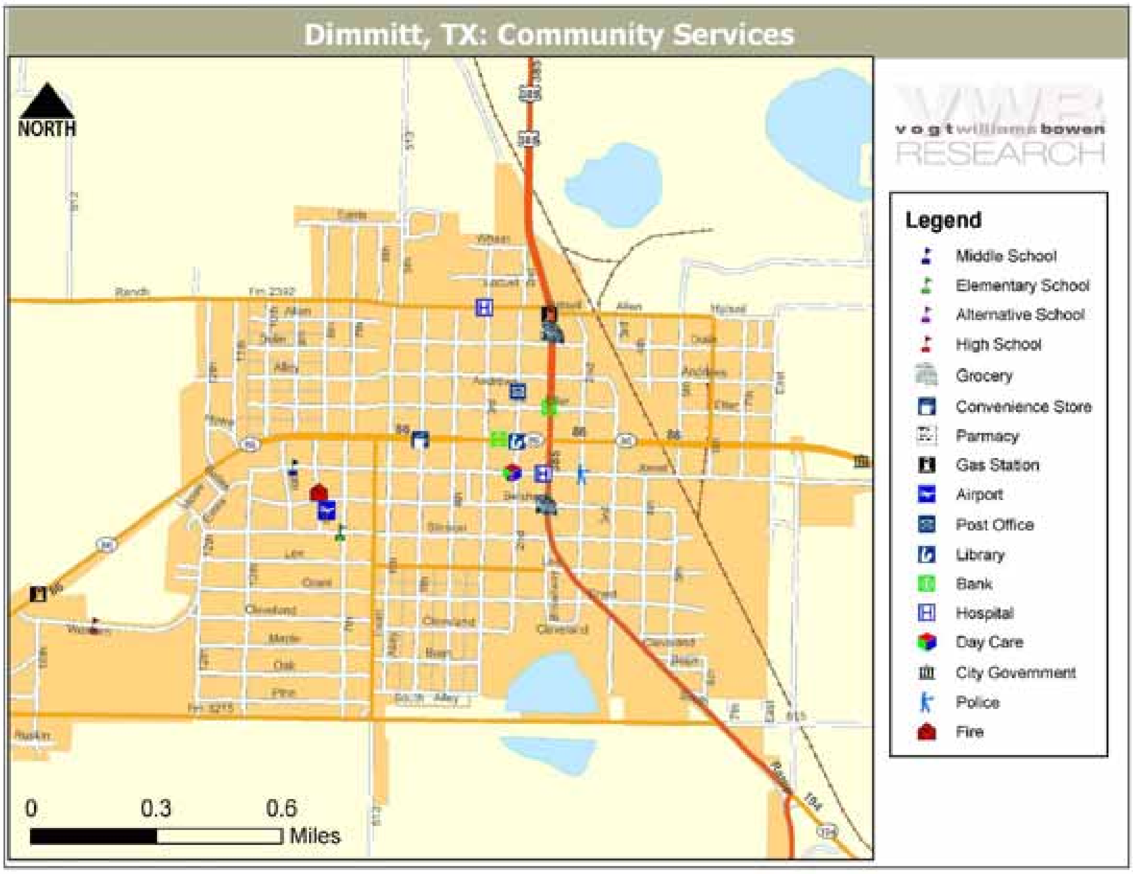
Castro County: 899 square miles
2008 Population: 7,623
2008 Households: 2,591
2008 Median Household Income: $36,918
2008 Median Home Value: $73,556



The largest city in Castro County is Dimmitt, which is located along U.S. Highway 385 and State Route 86. Dimmitt is also the county seat of Castro County. Dimmitt is estimated to have a 2008 population of 4,088 with 1,397 total households. The 2008 median household income in the city of Dimmitt is $35,337 and the median home value in 2008 is estimated to be $71,399.

Dimmitt and is home to the majority of county offices. Several small shops including a Dollar General Store, as well as other community services are located along Bedford Street, the main arterial roadway in Dimmitt. Also in Dimmitt is the Castro County Healthcare Medical Center, which is one of the area's major employers. There are also other employment opportunities within the city limits and the surrounding area, many of which are feedlots and meat packaging facilities.

The following map illustrates some of the key community services in the Dimmitt area:



Total crime risk for Castro County is well below the national average with an overall personal crime index of 35 and property crime index of 47. Total crime risk for the state of Texas is above the national average with indices for personal and property crime of 114 and 127, respectively.

	CRIME RISK INDEX	
	CASTRO COUNTY	TEXAS
TOTAL CRIME	**42**	**126**
PERSONAL CRIME	**35**	**114**
MURDER	4	110
RAPE	38	111
ROBBERY	10	115
ASSAULT	80	115
PROPERTY CRIME	**47**	**127**
BURGLARY	69	134
LARCENY	41	129
MOTOR VEHICLE THEFT	27	101

Source: Applied Geographic Solutions

As illustrated in the preceding table, the crime risk index for Castro County is very low. Parmer County has a lower total crime risk (26) and Deaf Smith County has a higher crime risk (58). Overall, the Castro County area is considered to be relatively safe, and crime is not considered to be a significant issue in the area.

The housing in Dimmitt is similar to the other two counties with mainly single-family homes in varying condition. Again, larger, better quality homes in the best condition are located on the periphery of Dimmitt and scattered throughout the county on large lots. According to ESRI demographic information, the median home value in 2008 within Castro County was $73,556.

The following pages contain photographs of land uses in the Dimmitt area.

DIMMITT AREA PHOTOGRAPHS

Castro County Courthouse

Bedford Street

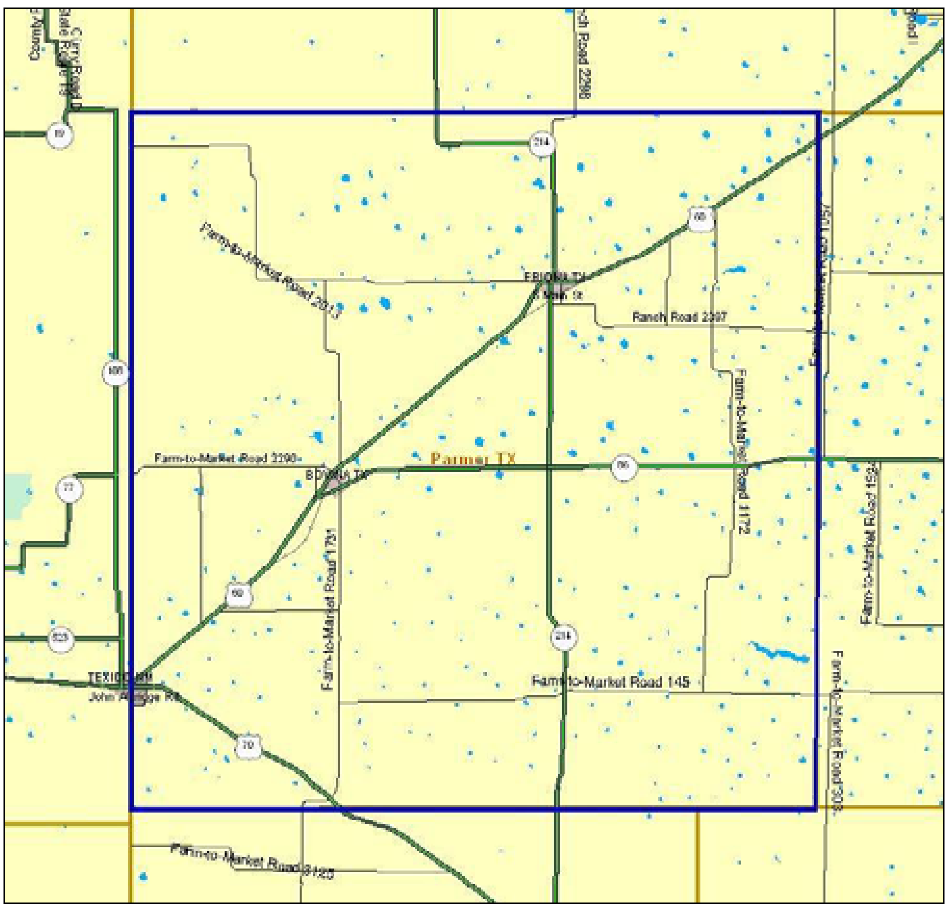
Bedford Street

Rhodes Memorial Library

3. PARMER COUNTY

Parmer County is located south and southwest of Deaf Smith County, and directly west of Castro County. Although slightly larger in terms of population and households than Castro County, Parmer County is considered relatively similar in size. Compared to Deaf Smith County, Parmer and Castro counties are both considerably smaller in terms of square miles, population, and total households. The following are relevant facts about Parmer County:

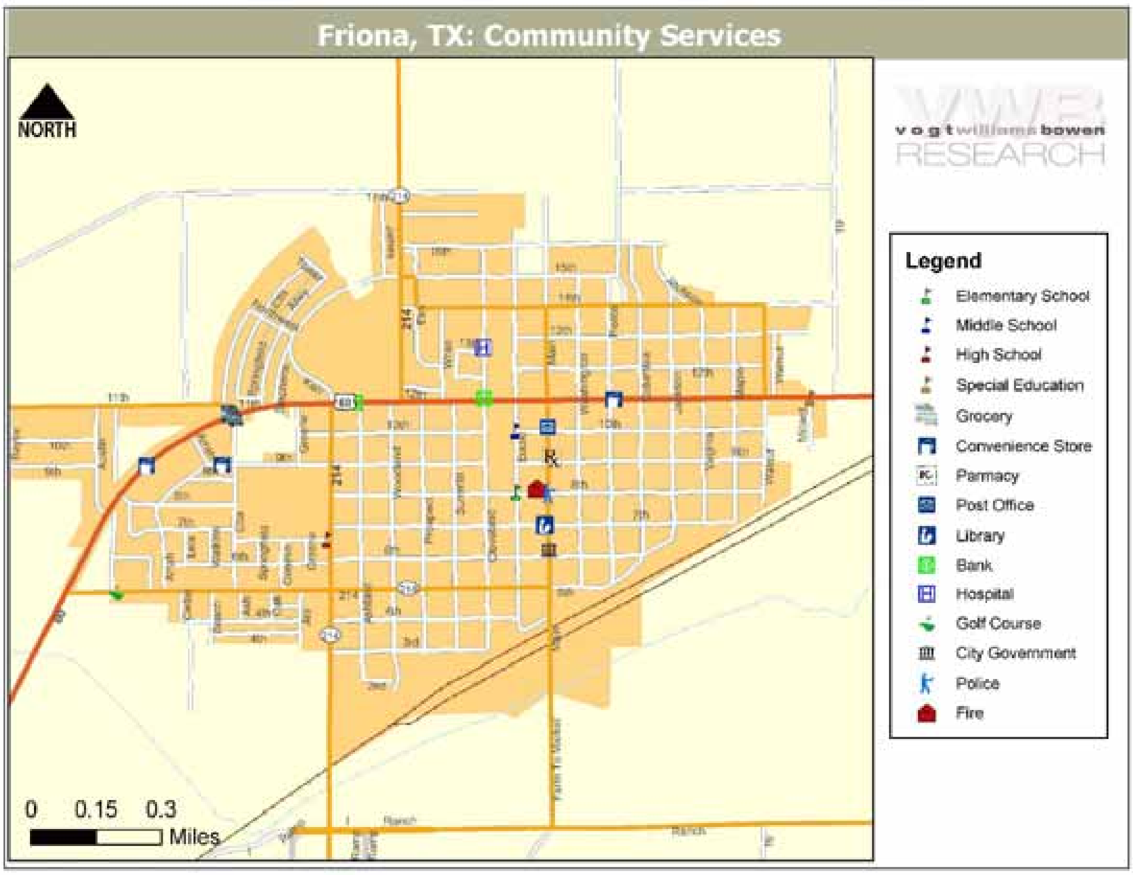
Parmer County: 885 square miles
2008 Population: 9,821
2008 Households: 3,274
2008 Median Household Income: $37,267
2008 Median Home Value: $74,768



The county seat is the city of Farwell, located near the New Mexico border along U.S. Highways 60, 70, and 84. The county government offices are located in Farwell where there are adequate employment opportunities but limited community services (compared to other large cities in the subject counties). There is a small medical clinic as well as other essential community services such as a small grocery store and gas station/convenience store.

Although Farwell is the county seat of Parmer County, the city of Friona, located along U.S. Highway 60 (approximately 25.0 miles northeast of Farwell), is the largest city in the county and has significantly more community services and employment opportunities. Friona is estimated to have a 2008 population of 3,881 with 1,293 total households. The 2008 median household income in the city of Friona is $39,811 and the median home value in 2008 is estimated to be $72,007.

There are various retail shops and small offices located on U.S. Highway 60 and State Route 214. Also, Friona has a city hall and public library near the center of town. There are adequate employment opportunities in the Friona area (compared to other cities in the subject counties), comprised mainly of cattle-related industries including feedlots and meat packaging facilities. The following map illustrates some of the key community services in the Friona area:



Total crime risk for Parmer County is significantly below the national average and virtually non-existent with an overall personal crime index of 21 and property crime index of 29. As previously stated, total crime risk for the state of Texas is above the national average with indices for personal and property crime of 114 and 127, respectively.

	CRIME RISK INDEX	
	PARMER COUNTY	**TEXAS**
TOTAL CRIME	**26**	**126**
PERSONAL CRIME	**21**	**114**
MURDER	26	110
RAPE	24	111
ROBBERY	9	115
ASSAULT	23	115
PROPERTY CRIME	**29**	**127**
BURGLARY	44	134
LARCENY	30	129
MOTOR VEHICLE THEFT	13	101

Source: Applied Geographic Solutions

As illustrated in the preceding table, the crime risk index for Parmer County is very low. Deaf Smith County and Castro County both have higher crime indices, with total crime risk indexes of 58 and 46, respectively. Overall, the Parmer County area is considered to be very safe, and crime is not considered to be a significant issue in the area.

The housing in both Farwell and Friona is comprised mainly of single-family homes in varying size and condition. The larger and newer homes are located towards the outskirts of town on much larger lots. According to ESRI demographic information, the median home value in 2008 within Parmer County was $74,768.

The following pages contain photographs of land uses in the Friona area.

FRIONA AREA PHOTOGRAPHS

Friona City Park

Friona City Hall

Friona Public Library

B. DEMOGRAPHIC CHARACTERISTICS AND TRENDS

For comparison purposes, we have evaluated the demographic trends of each of the three counties together in the following analysis.

1. POPULATION TRENDS

Deaf Smith County is notably larger than Castro County and Parmer County, which are relatively similar in size to each other. Between 1990 and 2000, Deaf Smith County and Castro County experienced declines in population of 3.1% and 8.7%, respectively. During the same time period, the population in Parmer County increased slightly by 1.6%. The population bases for 1990, 2000, 2008 (estimated), and 2013 (projected) are summarized for all three subject counties area illustrated as follows:

		YEAR			
		1990 (CENSUS)	**2000 (CENSUS)**	**2008 (ESTIMATED)**	**2013 (PROJECTED)**
DEAF SMITH COUNTY	POPULATION	19,153	18,561	18,644	18,721
	POPULATION CHANGE	-	-592	83	77
	PERCENT CHANGE	-	-3.1%	0.4%	0.4%
CASTRO COUNTY	POPULATION	9,070	8,285	7,623	7,260
	POPULATION CHANGE	-	-785	-662	-363
	PERCENT CHANGE	-	-8.7%	-8.0%	-4.8%
PARMER COUNTY	POPULATION	9,863	10,016	9,821	9,686
	POPULATION CHANGE	-	153	-195	-135
	PERCENT CHANGE	-	1.6%	-1.9%	-1.4%

Source: 2000 Census; ESRI; VWB Research

Between 2000 and 2008, Deaf Smith County is the only county estimated to have experienced an increase in population, which rose by 0.4%. Castro County and Parmer County experienced declines in population during the same time period of 8.0% and 1.9%, respectively. These trends are projected to continue through 2013, as Deaf Smith County will continue to increase slightly, while Castro and Parmer Counties will continue to decline.

The following table illustrates the population bases by age for the three Texas counties:

POPULATION BY AGE	DEAF SMITH COUNTY 2008 (ESTIMATED) NUMBER	DEAF SMITH COUNTY 2008 (ESTIMATED) PERCENT	CASTRO COUNTY 2008 (ESTIMATED) NUMBER	CASTRO COUNTY 2008 (ESTIMATED) PERCENT	PARMER COUNTY 2008 (ESTIMATED) NUMBER	PARMER COUNTY 2008 (ESTIMATED) PERCENT
19 & UNDER	6,351	34.1%	2,558	33.6%	3,281	33.4%
20 TO 24	1,345	7.2%	503	6.6%	727	7.4%
25 TO 34	2,461	13.2%	861	11.3%	1,216	12.4%
35 TO 44	2,176	11.7%	850	11.1%	1,210	12.3%
45 TO 54	2,202	11.8%	1,100	14.4%	1,263	12.9%
55 TO 64	1,710	9.2%	796	10.4%	868	8.8%
65 TO 74	1,238	6.6%	532	7.0%	648	6.6%
75 & HIGHER	1,161	6.2%	424	5.6%	608	6.2%
TOTAL	18,644	100.0%	7,623	100.0%	9,821	100.0%

Source: 2000 Census; ESRI; VWB Research

As the preceding table illustrates, approximately 43.0% to 45.0% of all three subject counties are estimated to have a population base between the ages of 20 and 54 years old. It should also be noted that despite the projected decline in total population in Castro and Parmer counties over the next five years, the seniors population age 55 years and older is projected to increase in all three subject counties. This is indicative of an aging population base and the potential increasing need for affordable senior housing.

2. HOUSEHOLD TRENDS

Between 1990 and 2000, Parmer County experienced a 2.5% increase in total households, while Deaf Smith County remained stagnant and Castro County declined by 4.0%. The population bases for 1990, 2000, 2008 (estimated), and 2013 (projected) are summarized for all three subject counties as follows:

		YEAR 1990 (CENSUS)	2000 (CENSUS)	2008 (ESTIMATED)	2013 (PROJECTED)
DEAF SMITH COUNTY	HOUSEHOLDS	6,182	6,180	6,287	6,346
	HOUSEHOLD CHANGE	-	-2	107	59
	PERCENT CHANGE	-	<0.0%	1.7%	0.9%
CASTRO COUNTY	HOUSEHOLDS	2,877	2,761	2,591	2,486
	HOUSEHOLD CHANGE	-	-116	-170	-105
	PERCENT CHANGE	-	-4.0%	-6.2%	-4.1%
PARMER COUNTY	HOUSEHOLDS	3,241	3,322	3,274	3,235
	HOUSEHOLD CHANGE	-	81	-48	-39
	PERCENT CHANGE	-	2.5%	-1.4%	-1.2%

Source: 2000 Census; ESRI; VWB Research

Similar to population trends, between 2000 and 2008, Deaf Smith County is the only county estimated to have experienced an increase in total households, which rose by 1.7%. Castro County and Parmer County experienced declines in total households during the same time period of 6.2% and 1.4%, respectively. These trends are projected to continue through 2013, as Deaf Smith County households will continue to increase slightly, while Castro and Parmer counties total households will continue to decline.

The three subject counties household bases by age for 2008 are summarized as follows:

HOUSEHOLDS BY AGE	DEAF SMITH COUNTY 2008 (ESTIMATED)		CASTRO COUNTY 2008 (ESTIMATED)		PARMER COUNTY 2008 (ESTIMATED)	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
UNDER 25	384	6.1%	100	3.9%	174	5.3%
25 - 34	1,085	17.3%	402	15.5%	566	17.3%
35 - 44	1,125	17.9%	423	16.3%	615	18.8%
45 - 54	1,166	18.5%	599	23.1%	674	20.6%
55 - 64	980	15.6%	445	17.2%	475	14.5%
65 - 74	780	12.4%	329	12.7%	396	12.1%
75 - 84	575	9.1%	212	8.2%	262	8.0%
85 & HIGHER	193	3.1%	81	3.1%	114	3.5%
TOTAL	6,287	100.0%	2,591	100.0%	3,274	100.0%

Source: 2000 Census; ESRI; VWB Research

More than half of each of the three subject counties household bases are between the ages of 25 and 54 years of age. It should be noted that Castro County, which is projected to experience the most significant declines in population and households, has the lowest share of young households, under the age of 25. This is indicative of a likely continuing decline in households.

Households by tenure for the three counties in 2008 are distributed as follows:

TENURE	DEAF SMITH COUNTY 2008 (ESTIMATED)		CASTRO COUNTY 2008 (ESTIMATED)		PARMER COUNTY 2008 (ESTIMATED)	
	HOUSEHOLDS	PERCENT	HOUSEHOLDS	PERCENT	HOUSEHOLDS	PERCENT
OWNER-OCCUPIED	4,353	69.2%	1,882	72.6%	2,415	73.8%
RENTER-OCCUPIED	1,933	30.8%	709	27.4%	859	26.2%
TOTAL	6,287	100.0%	2,591	100.0%	3,274	100.0%

Source: 2000 Census; ESRI; VWB Research

Deaf Smith County has the highest share of renter-occupied households, which comprise 30.8% of all occupied housing units, while Castro County has a 27.4% renter share and Parmer County has a 26.2% renter share. These shares are typical of rural Texas counties.

The household size within the three subject counties, based on 2008 estimates, is distributed as follows:

	DEAF SMITH COUNTY		CASTRO COUNTY		PARMER COUNTY	
RENTER PERSONS PER HOUSEHOLD	2008 (ESTIMATED)		2008 (ESTIMATED)		2008 (ESTIMATED)	
	HOUSEHOLDS	PERCENT	HOUSEHOLDS	PERCENT	HOUSEHOLDS	PERCENT
1 PERSON	585	30.3%	170	24.0%	199	23.2%
2 PERSONS	333	17.2%	162	22.8%	211	24.5%
3 PERSONS	346	17.9%	153	21.6%	159	18.5%
4 PERSONS	268	13.8%	90	12.7%	150	17.4%
5+ PERSONS	402	20.8%	133	18.8%	141	16.4%
TOTAL	1,933	100.0%	709	100.0%	859	100.0%

Source: 2000 Census; ESRI; VWB Research

	DEAF SMITH COUNTY		CASTRO COUNTY		PARMER COUNTY	
OWNER PERSONS PER HOUSEHOLD	2008 (ESTIMATED)		2008 (ESTIMATED)		2008 (ESTIMATED)	
	HOUSEHOLDS	PERCENT	HOUSEHOLDS	PERCENT	HOUSEHOLDS	PERCENT
1 PERSON	799	18.3%	403	21.4%	459	19.0%
2 PERSONS	1,456	33.4%	638	33.9%	857	35.5%
3 PERSONS	660	15.2%	317	16.8%	336	13.9%
4 PERSONS	708	16.3%	214	11.4%	360	14.9%
5+ PERSONS	731	16.8%	311	16.5%	402	16.7%
TOTAL	4,353	100.0%	1,882	100.0%	2,415	100.0%

Source: 2000 Census; ESRI; VWB Research

As illustrated in the preceding table, Deaf Smith County has a higher share of small one-person renter households than the other two counties, but a smaller share of two-person households. Overall, Deaf Smith County also has the highest share of large five+ person renter households.

3. INCOME TRENDS

The distribution of households by income within the three counties are summarized as follows:

	DEAF SMITH COUNTY		CASTRO COUNTY		PARMER COUNTY	
HOUSEHOLD INCOME	2008 (ESTIMATED)		2008 (ESTIMATED)		2008 (ESTIMATED)	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
LESS THAN $10,000	811	12.9%	288	11.1%	392	12.0%
$10,000 - $19,999	826	13.1%	338	13.0%	392	12.0%
$20,000 - $29,999	891	14.2%	419	16.2%	501	15.3%
$30,000 - $39,999	951	15.1%	331	12.8%	486	14.8%
$40,000 - $49,999	718	11.4%	312	12.0%	370	11.3%
$50,000 - $59,999	563	9.0%	272	10.5%	283	8.6%
$60,000 - $74,999	518	8.2%	212	8.2%	329	10.0%
$75,000 - $99,999	505	8.0%	167	6.4%	241	7.4%
$100,000 & HIGHER	503	8.0%	253	9.8%	280	8.6%
TOTAL	6,286	100.0%	2,592	100.0%	3,274	100.0%
MEDIAN INCOME	$35,976		$36,918		$37,267	

Source: 2000 Census; ESRI; VWB Research

Parmer County has the highest median household income, while Castro County has the second highest, and Deaf Smith County has the lowest median household income. The median household incomes in Deaf Smith County is estimated to be $35,976, while the Castro County median household income is slightly higher at $36,918, and the Parmer County median household income is $37,267.

The distribution of senior (age 55+) households by income within the three counties are summarized as follows:

HOUSEHOLD INCOME (55+)	DEAF SMITH COUNTY 2008 (ESTIMATED)		CASTRO COUNTY 2008 (ESTIMATED)		PARMER COUNTY 2008 (ESTIMATED)	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
LESS THAN $10,000	673	26.6%	253	23.7%	315	25.3%
$10,000 - $19,999	395	15.6%	143	13.4%	186	14.9%
$20,000 - $29,999	301	11.9%	180	16.9%	179	14.4%
$30,000 - $39,999	399	15.8%	170	15.9%	192	15.4%
$40,000 - $49,999	361	14.3%	170	15.9%	192	15.4%
$50,000 - $59,999	205	8.1%	37	3.5%	59	4.7%
$60,000 - $74,999	108	4.3%	72	6.8%	66	5.3%
$75,000 - $99,999	34	1.3%	21	2.0%	25	2.0%
$100,000 & HIGHER	50	2.0%	20	1.9%	32	2.6%
TOTAL	2,527	100.0%	1,066	100.0%	1,246	100.0%
MEDIAN INCOME	$31,386		$32,787		$31,714	

Source: 2000 Census; ESRI; VWB Research

Castro County has the highest median senior (age 55+) household income, while Parmer County has the second highest, and Deaf Smith County has the lowest median senior household income. The median household income in Deaf Smith County is estimated to be $31,386, while the Parmer County median household income is slightly higher at $31,714, and the Castro County median household income is $32,787. Note that in all three counties, more than half of the total population has incomes below $30,000.

The following tables provide renter household income by household size for each of the three counties in 2008 (estimated).

RENTER HOUSEHOLDS	DEAF SMITH COUNTY 2008 ESTIMATED					
	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5+-PERSON	TOTAL
$0 - $10,000	221	99	89	54	39	502
$10,000 - $20,000	129	59	72	44	45	349
$20,000 - $30,000	139	57	65	52	92	405
$30,000 - $40,000	60	31	17	50	63	221
$40,000 - $50,000	8	31	50	34	40	163
$50,000 - $60,000	1	12	5	7	56	81
$60,000+	27	44	48	27	67	213
TOTAL	585	333	346	268	402	1,933

Source: Ribbon Demographics, ESRI

RENTER HOUSEHOLDS	CASTRO COUNTY 2008 ESTIMATED					
	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5+-PERSON	TOTAL
$0 - $10,000	56	25	20	9	11	121
$10,000 - $20,000	35	42	19	21	25	142
$20,000 - $30,000	28	15	23	5	23	95
$30,000 - $40,000	25	18	31	6	23	102
$40,000 - $50,000	4	18	15	7	21	64
$50,000 - $60,000	7	14	16	11	5	54
$60,000+	15	30	29	31	26	131
TOTAL	170	162	153	90	133	709

Source: Ribbon Demographics, ESRI

RENTER HOUSEHOLDS	PARMER COUNTY 2008 ESTIMATED					
	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5+-PERSON	TOTAL
$0 - $10,000	99	21	19	26	15	180
$10,000 - $20,000	39	26	36	20	24	145
$20,000 - $30,000	27	48	44	31	50	201
$30,000 - $40,000	15	23	5	34	19	97
$40,000 - $50,000	13	15	23	20	20	90
$50,000 - $60,000	5	20	14	14	4	57
$60,000+	0	57	18	5	10	90
TOTAL	199	211	159	150	141	859

Source: Ribbon Demographics, ESRI

The following tables illustrate senior (age 55+) renter household income by household size for each of the three counties in 2008 (estimated).

RENTER HOUSEHOLDS (55+)	DEAF SMITH COUNTY 2008 ESTIMATED					
	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5+-PERSON	TOTAL
$0 - $10,000	179	45	2	3	3	232
$10,000 - $20,000	79	44	6	10	0	139
$20,000 - $30,000	63	17	24	0	8	111
$30,000 - $40,000	25	4	1	1	2	34
$40,000 - $50,000	5	4	3	3	10	24
$50,000 - $60,000	1	4	1	1	1	8
$60,000+	0	26	22	0	12	61
TOTAL	352	143	59	18	37	609

Source: Ribbon Demographics, ESRI

RENTER HOUSEHOLDS (55+)	CASTRO COUNTY 2008 ESTIMATED					
	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5+-PERSON	TOTAL
$0 - $10,000	49	15	0	0	3	67
$10,000 - $20,000	14	19	2	0	4	39
$20,000 - $30,000	5	8	3	0	0	16
$30,000 - $40,000	7	12	14	0	0	33
$40,000 - $50,000	0	7	0	0	0	7
$50,000 - $60,000	1	9	0	1	1	11
$60,000+	7	17	8	12	0	43
TOTAL	83	86	27	13	7	216

Source: Ribbon Demographics, ESRI

RENTER HOUSEHOLDS (55+)	PARMER COUNTY 2008 ESTIMATED					
	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5+-PERSON	TOTAL
$0 - $10,000	55	5	2	2	0	64
$10,000 - $20,000	18	11	9	5	0	43
$20,000 - $30,000	5	25	5	4	0	39
$30,000 - $40,000	10	3	0	3	3	18
$40,000 - $50,000	0	5	8	0	0	13
$50,000 - $60,000	0	12	0	0	0	12
$60,000+	0	24	0	0	0	24
TOTAL	87	84	24	14	3	212

Source: Ribbon Demographics, ESRI

Data from the preceding tables is used in our demand estimates.

C. ECONOMIC PROFILE AND ANALYSIS

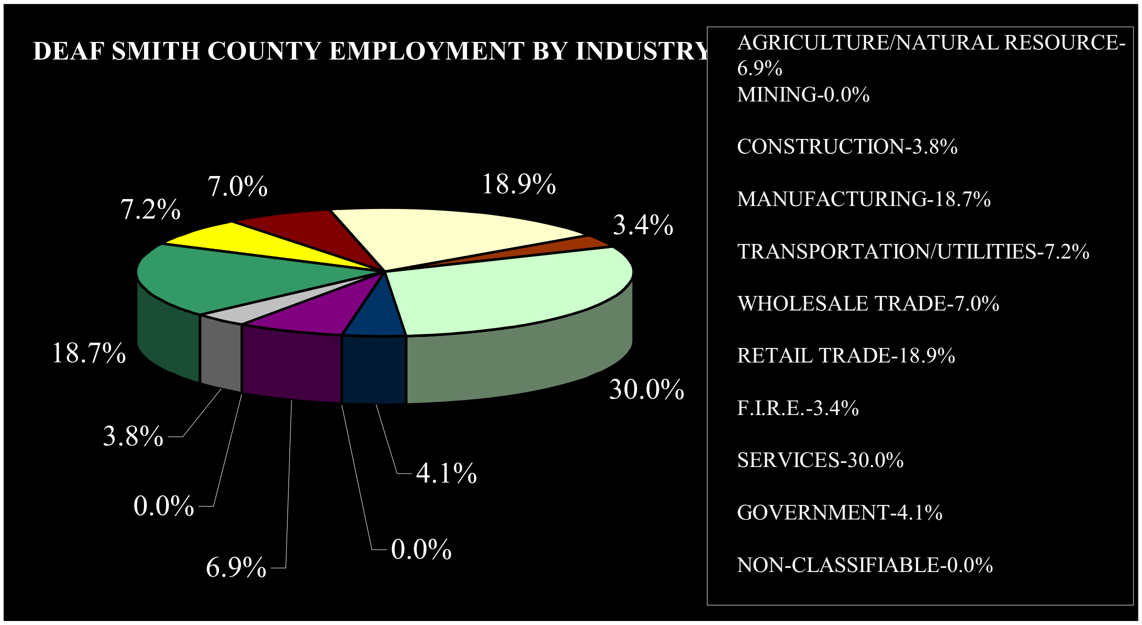
1. LABOR FORCE PROFILE

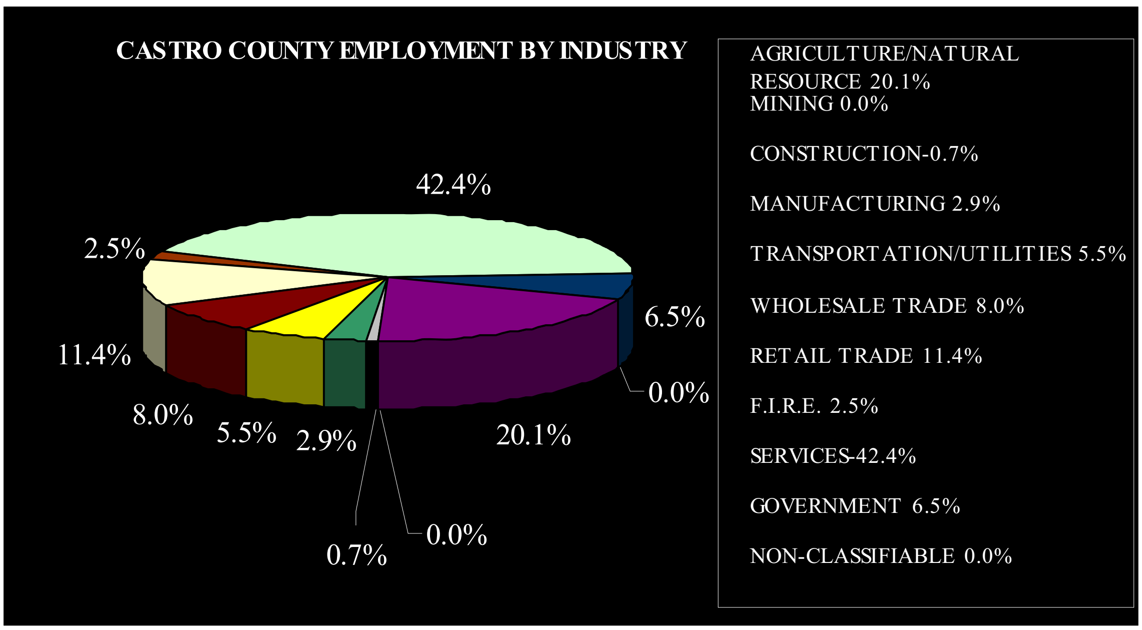
Employment within the three Texas counties as of 2008 is distributed as follows:

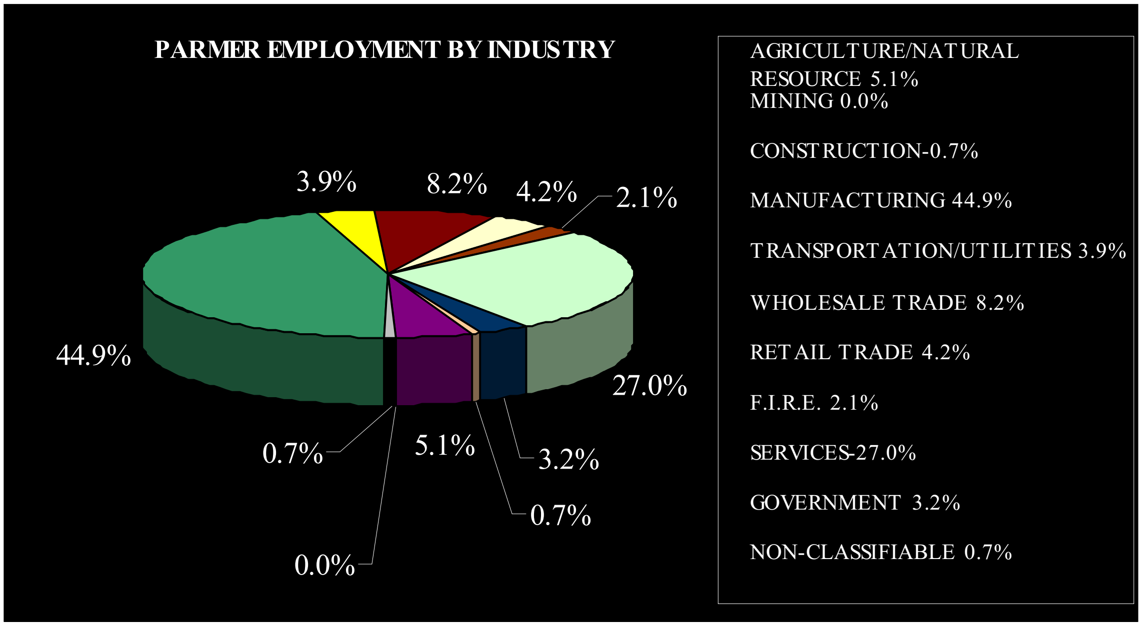
	DEAF SMITH COUNTY		CASTRO COUNTY		PARMER COUNTY	
SIC GROUP	EMPLOYEES	PERCENT	EMPLOYEES	PERCENT	EMPLOYEES	PERCENT
AGRICULTURE & NATURAL RESOURCES	471	6.9%	442	20.1%	225	5.1%
MINING	3	0.0%	0	0.0%	0	0.0%
CONSTRUCTION	257	3.8%	15	0.7%	32	0.7%
MANUFACTURING	1,282	18.7%	63	2.9%	1,994	44.9%
TRANSPORTATION & UTILITIES	495	7.2%	122	5.5%	172	3.9%
WHOLESALE TRADE	478	7.0%	177	8.0%	363	8.2%
RETAIL TRADE	1,291	18.9%	250	11.4%	185	4.2%
F.I.R.E.	235	3.4%	56	2.5%	92	2.1%
SERVICES	2,051	30.0%	933	42.4%	1,200	27.0%
GOVERNMENT	279	4.1%	144	6.5%	144	3.2%
NON-CLASSIFIABLE	1	0.0%	0	0.0%	30	0.7%
TOTAL	6,843	100.0%	2,202	100.0%	4,437	100.0%

Source: 2000 Census; ESRI; VWB Research
Note: Due to the fact that this survey is conducted of establishments and not of residents, some employees may not live within the Site PMA. However, these employees are included in our labor force calculations because their places of employment are located within the Site PMA.

The Services industry plays a significant role in the local economy of all three counties. However, within Parmer County, the Manufacturing industry represents 44.9% of the entire county labor force. Similarly, Manufacturing represents a relatively high share of the Deaf Smith County economy. However, in Castro County, Manufacturing is not significant. Retail Trade is notable in Deaf Smith County and Castro County, but not in Parmer County. The employment by share is provided in the preceding table.


DEAF SMITH COUNTY EMPLOYMENT BY INDUSTRY
7.0%
18.9%
7.2%
3.4%
18.7%
30.0%
3.8%
4.1%
0.0%
6.9%
0.0%
AGRICULTURE/NATURAL RESOURCE-6.9%
MINING-0.0%
CONSTRUCTION-3.8%
MANUFACTURING-18.7%
TRANSPORTATION/UTILITIES-7.2%
WHOLESALE TRADE-7.0%
RETAIL TRADE-18.9%
F.I.R.E.-3.4%
SERVICES-30.0%
GOVERNMENT-4.1%
NON-CLASSIFIABLE-0.0%


CASTRO COUNTY EMPLOYMENT BY INDUSTRY
42.4%
2.5%
6.5%
11.4%
0.0%
8.0%
5.5%
2.9%
20.1%
0.0%
0.7%
AGRICULTURE/NATURAL RESOURCE 20.1%
MINING 0.0%
CONSTRUCTION-0.7%
MANUFACTURING 2.9%
TRANSPORTATION/UTILITIES 5.5%
WHOLESALE TRADE 8.0%
RETAIL TRADE 11.4%
F.I.R.E. 2.5%
SERVICES-42.4%
GOVERNMENT 6.5%
NON-CLASSIFIABLE 0.0%



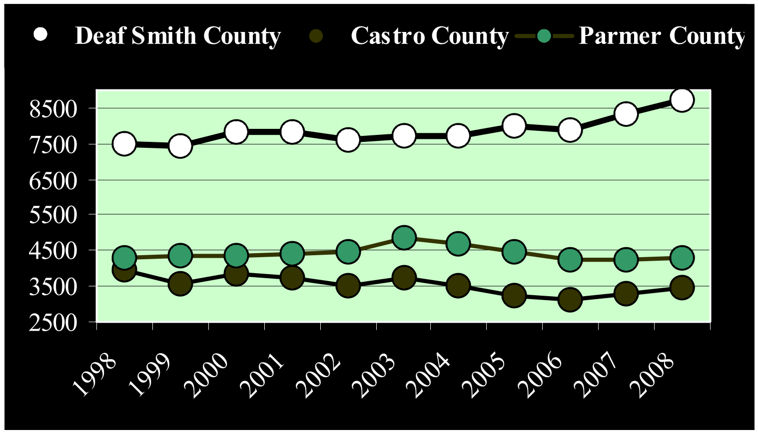
2. EMPLOYMENT TRENDS

The following tables were generated from the U.S. Department of Labor, Bureau of Labor Statistics and reflect employment trends within the county in which the site is located.

The following illustrates the total employment base for Deaf Smith, Castro and Parmer counties:

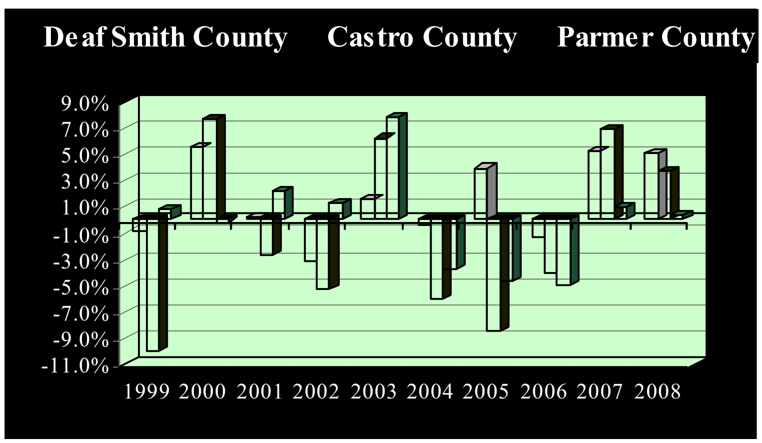
	TOTAL EMPLOYMENT			
YEAR	DEAF SMITH COUNTY	CASTRO COUNTY	PARMER COUNTY	TEXAS
1998	7,480	3,958	4,303	9,600,982
1999	7,418	3,559	4,341	9,766,299
2000	7,828	3,835	4,334	9,896,002
2001	7,841	3,730	4,427	9,991,920
2002	7,590	3,531	4,485	10,115,299
2003	7,716	3,752	4,840	10,228,640
2004	7,691	3,523	4,660	10,403,340
2005	7,996	3,222	4,442	10,592,626
2006	7,891	3,092	4,220	10,815,873
2007	8,307	3,308	4,261	10,992,828
2008*	8,729	3,432	4,279	11,205,744

Source: Department of Labor, Bureau of Labor Statistics
*Through July



Somewhat similar to total population and household trends, Deaf Smith County has experienced the largest increase in total employment over the past 10 years, increasing by 16.7%. Castro County and Parmer County have experienced declines in employment by 13.3% and 0.6%, respectively.

The following table contains the percent change in employment for Deaf Smith, Castro and Parmer counties:



Despite declines in the early part of the decade, all three counties experienced growth between 2006 and July 2008. This is a positive economic trend, especially considering the uncertain and fluctuating state of the national economy. The area's dependence on agriculture, farming, and food production has stabilized the economy over the last few years.

Unemployment rates for Deaf Smith, Castro and Parmer counties follow:

	UNEMPLOYMENT RATE			
YEAR	DEAF SMITH COUNTY	CASTRO COUNTY	PARMER COUNTY	TEXAS
1998	7.5%	4.6%	3.0%	4.9%
1999	5.9%	4.5%	2.6%	4.7%
2000	4.9%	3.7%	3.4%	4.4%
2001	4.6%	4.1%	3.7%	5.0%
2002	5.9%	4.8%	4.1%	6.4%
2003	5.8%	5.1%	4.1%	6.7%
2004	5.3%	5.0%	4.5%	6.0%
2005	4.6%	5.5%	3.9%	5.4%
2006	4.3%	4.7%	3.8%	4.9%
2007	3.7%	3.9%	3.3%	4.3%
2008*	3.5%	3.6%	3.2%	4.8%

Source: Department of Labor, Bureau of Labor Statistics
*Through July

The unemployment rates in the three subject counties have all remained between 3.2% and 5.8% over the past five years. Since 2005, all three counties have experienced declines in unemployment, which is a positive indication of the growing economic stability of this portion of Texas. Note that the overall Texas unemployment rate has historically remained higher than the three subject counties.

In-place employment reflects the total number of jobs within the county regardless of the employee's county of residence. The following illustrates the total in-place employment base for the three subject counties:

	IN-PLACE EMPLOYMENT								
	DEAF SMITH COUNTY			CASTRO COUNTY			PARMER COUNTY		
YEAR	EMPLOYMENT	CHANGE	% CHANGE	EMPLOYMENT	CHANGE	% CHANGE	EMPLOYMENT	CHANGE	% CHANGE
2001	5,942	-	-	2,546	-	-	4,743	-	-
2002	5,633	-309	-5.2%	2,384	-162	-6.4%	4,784	41	0.9%
2003	5,475	-158	-2.8%	2,387	3	0.1%	4,942	158	3.3%
2004	5,622	147	2.7%	2,327	-60	-2.5%	4,914	-28	-0.6%
2005	6,384	762	13.6%	2,200	-127	-5.5%	4,956	42	0.9%
2006	6,521	137	2.1%	2,235	35	1.6%	4,849	-107	-2.2%
2007	7,123	602	9.2%	2,438	203	9.1%	4,871	22	0.5%

Source: Department of Labor, Bureau of Labor Statistics

Data for 2007, the most recent year that year-end figures are available, indicates in-place employment in Deaf Smith County to be 81.6% of the total county employment, while the in-place employment in Castro County is 73.7% of the total county employment, and the in-place employment in Parmer County is 114.3% of the total county employment. This means that Deaf Smith County and Castro County have fewer employment opportunities in the respective county than employable persons seeking work. Conversely, Parmer County has more employed persons coming to the county from other counties for work (daytime employment). It is likely that a large share of Deaf Smith County and Castro County residents are working in Parmer County.

A high share of employed persons leaving the county for employment could have an adverse impact on residency with increasing energy costs. A high share of employed persons commuting to the county from other areas for employment is an indication that there may be a lack of available housing within that county. This would suggest that Parmer County lacks housing choices for employed persons in the area. Considering our field survey of conventional rental units (discussed in Section IV and listed in full detail in Section VIII), there does appear to be a lack of rental housing in the area, as indicated by the fact that six of the eight projects surveyed are currently 100.0% occupied.

3. MAJOR EMPLOYERS AND ECONOMIC INTERVIEWS

a. Major Employers in Deaf Smith County

EMPLOYER	INDUSTRY	NUMBER OF EMPLOYEES	STATUS
HEREFORD SERVICES	MANUFACTURING	500	STABLE
PANDA HEREFORD ETHANOL	ETHANOL PRODUCTION	500	STABLE
T&G SERVICE COMPANY, INC.	CLEANING SERVICES	400	STABLE
BLUE SKY PETFOODS	MANUFACTURING	300	STABLE
TEJAS INDUSTRIES	PET FOOD	300	STABLE
CAVINESS PACKING	MEAT PACKING	200	EXPANDING
AZTX CATTLE COMPANY	AGRICULTURE	150	STABLE
HEREFORD HIGH SCHOOL	EDUCATION	136	STABLE
KING'S MANOR METHODIST HOME	RETIREMENT HOME	125	STABLE
HEREFORD JUNIOR HIGH	EDUCATION	112	STABLE
	TOTAL	**2,723**	

Caviness Packing Company, currently the 6th largest employer in Deaf Smith County, is expected to add 250 to 300 employees by October 2008. Sheila Quirk of the Hereford Economic Development Corporation estimates that the average wage will be $10 per hour and above. Caviness Packing Company currently employs approximately 200 people.

A regional medical center is also planned along West 15th Street in Hereford, immediately east of a planned 260-unit (likely market-rate) apartment project. According to Steve Bartels, Assistant City Manager for Hereford, this medical center project will be constructed in two phases. The first phase of this regional medical center will consist of a clinic. This clinic is presently under construction, and is expected to open by the end of 2008. It is anticipated that employees for this clinic will be transferred from existing facilities in Hereford. Planning for the second phase of this development has yet to be finalized.

State of Texas Comptroller Susan Comps reported that the city of Hereford has experienced a 19.8% increase in sales tax revenue from December 2006 to December 2008 (Sources: Amarillo Globe-News; Texas A & M University Real Estate Center). This is a positive indication of the increasing amount of retail opportunities and economic spending, which is also tied to the increasing population.

In December 2007, White Energy opened a 100 million gallon ethanol plant in Hereford, the first in the state of Texas. This facility will mostly burn corn shipped from the Midwest by rail. Panda Energy also opened a 100 million gallon ethanol plant (the second in the state) in the first quarter of 2008. This plant presently uses cow manure in its process of converting crops into ethanol (Sources: Lubbock Avalanche-Journal; Texas A & M University Real Estate Center).

Dairy production in the Texas Panhandle, where Deaf Smith County is located, has increased dramatically since 2001. This increase is due in part to less expensive land and an ideal climate (i.e. low humidity and low precipitation) for dairy production. It is anticipated that the cow population in the Texas Panhandle will increase by approximately 20,000 cows annually for the next few years. It is also estimated that one dairy job is created for every 100 cows added to local dairies. Using this calculation, the Panhandle can expect to add 200 new dairy jobs annually (Sources: Associated Press; Texas A&M University Real Estate Center). Note that Deaf Smith, Castro, and Parmer counties only make up a small portion of the entire Panhandle.

b. Major Employers in Castro County

EMPLOYER	INDUSTRY	NUMBER OF EMPLOYEES	STATUS
DIMMITT INDEPENDENT SCHOOL DISTRICT	EDUCATION	142	STABLE
CASTRO COUNTY HOSPITAL DISTRICT	HEALTHCARE	53	STABLE
DEBRUCE GRAIN	AGRICULTURE	50*	STABLE
PIONEER DAIRY LABORATORY	TESTING LAB	40*	STABLE
CITY OF DIMMITT	GOVERNMENT	28	STABLE
	TOTAL	**313**	

*Estimated figures

As previously stated, dairy production in the Texas Panhandle, where Castro County is located, has increased dramatically since 2001. According to the Associated Press and Texas A&M University Real Estate Center, the Texas Panhandle can expect to add approximately 200 new dairy jobs annually. Note that Deaf Smith, Castro, and Parmer Counties only make up a small portion of the entire Panhandle.

Joe Franco, Executive Director of Azteca Economic Development Corporation, estimated that most of the employment for farm workers in Castro County is at dairy farms. Mr. Franco anticipates that three new dairies are expected to come online in Castro County within the next year. By his estimate, each of these dairies will employ approximately 20 people, for a total of 60 new employment positions.

Vanderham Dairy, an existing dairy located outside of the city of Hart, is expected to add an estimated 70 to 80 jobs. Due to the specialized nature of dairy work, Zach Vanderham of Vanderham Dairy expects that many of these jobs will be filled by people who live outside of the area. The planned increase in employment at Vanderham Dairy would most likely make this facility one of the five largest employers in Castro County.

c. Major Employers in Parmer County

EMPLOYER	INDUSTRY	NUMBER OF EMPLOYEES	STATUS
CARGILL MEAT SOLUTIONS	BEEF PACKING	2,000	EXPANDING
FRIONA INDEPENDENT SCHOOL DISTRICT	EDUCATION	235	STABLE
HI-PRO INC.	AGRICULTURE	114	STABLE
PARMER COUNTY COMMUNITY HOSPITAL	MEDICAL FACILITY	65	STABLE
PRAIRIE ACRES	NURSING HOME	85	STABLE
CATTLE TOWN INC.	CATTLE FEEDING	48	STABLE
CAPROCK INDUSTRIES	CATTLE FEEDING	43	STABLE
PACO FEEDERS	CATTLE FEEDING	40	STABLE
FRIONA FEED YARDS	CATTLE FEEDING	35	STABLE
FRIONA STATE BANK	FINANCIAL SERVICES	25	STABLE
	TOTAL	**2,690**	

Note that six of the top 10 employers in Parmer County are based in agriculture. The largest employer by far is Cargill Meat Solutions, which has a total of 2,000 employees. In fact, the 2,000 employees at Cargill Meat Solutions represent nearly 75.0% of the 2,690 employees at the 10 largest employers in Parmer County. With the anticipated expansion of Cargill Meat Solutions, coupled with the recent and planned growth of the dairy industry, it is anticipated that the share of jobs based in agriculture will continue to increase in Parmer County.

As previously stated, dairy production in the Texas Panhandle, where Parmer County is located, has increased dramatically since 2001. According to the Associated Press and Texas A&M University Real Estate Center, the Texas Panhandle can expect to add approximately 200 new dairy jobs annually.

Friona is the largest city in Parmer County. The Community Fact Sheet, published by the Friona Chamber of Commerce and Agriculture, states that "Friona is seeking to diversify and strengthen its agricultural base. The community is working earnestly to build an economic development program that embodies those characteristics that have caused the recent expansion of Cargill Corporation…" (Website: www.frionachamber.com).

D. AGRICULTURAL INFORMATION

Since the housing needs assessment of Deaf Smith, Castro and Parmer counties is significantly influenced by the agriculture industry, which dominates this region of Texas' economy, we have provided general agricultural statistics regarding to farmworkers and farm labor employment. This analysis will provide an understanding of the local factors impacting the housing market and the overall demand for housing (permanent and/or seasonal) in Deaf Smith, Castro and Parmer counties.

According to the National Center for Farmworker Health, Inc., it is estimated that there are over three million migrant and seasonal farmworkers in the United States. Based on the National Agricultural Workers Study (NAWS) completed in 1998 by the U.S. Department of Labor, approximately 81% of all farmworkers are foreign born with an estimated 95% born in Mexico, 2% in Latin America, 1% in Asia, and 1% in other countries.

Additionally, 56% of farmworkers surveyed migrated in order to secure employment. Of those 56%, 17% had at least two farm jobs more than 75.0 miles from their home base. Forty-four percent of farmworkers surveyed were non-migrants; working farm jobs less than 75.0 miles away from their home base. Nearly three-quarters of U.S. farmworkers earned less than $10,000 per year; three out of five farmworker families had incomes below the poverty level.

The USDA National Agriculture Statistics Service (NASS) 2002 Census of Agriculture provides the most current detailed information regarding farmworkers and labor farms in each of the three subject counties. The following table illustrates the total number of farms within Deaf Smith, Castro and Parmer counties, as well as the total number of hired farm labor workers with payrolls over $1,000.

COUNTY	HIRED FARM LABOR FARMS	TOTAL FARM LABOR WORKERS
DEAF SMITH	226	1,072
CASTRO	251	1,393
PARMER	261	1,662

Source: USDA National Agriculture Statistics Service (NASS) 2002 Census of Agriculture

As indicated in the previous table, Parmer County has the most total farms and hired farm labor workers of the three subject counties. Although Deaf Smith is the largest county in terms of population and total households, it has the fewest farms and hired farm labor farms.

The following table illustrates the breakdown of type of farms within each of the three subject counties.

ITEM	DEAF SMITH COUNTY	CASTRO COUNTY	PARMER COUNTY
OILSEED AND GRAIN FARMING	160	112	122
VEGETABLE AND MELON FARMING	4	-	17
FRUIT AND TREE NUT FARMING	-	-	-
GREENHOUSE, NURSERY, AND FLORICULTURE PRODUCTION	3	-	-
OTHER CROP FARMING	235	223	312
TOBACCO FARMING	-	-	-
COTTON FARMING	55	90	134
SUGARCANE, HAY, AND ALL OTHER CROP FARMING	180	133	178
BEEF CATTLE RANCHING AND FARMING	211	141	148
CATTLE FEEDLOTS	31	24	28
DAIRY CATTLE AND MILK PRODUCTION	4	4	4
HOG AND PIG FARMING	-	7	4
POULTRY AND EGG PRODUCTION	4	-	-
SHEEP AND GOAT FARMING	5	6	3
ANIMAL AQUACULTURE AND OTHER ANIMAL PRODUCTION	46	18	22
TOTAL FARMS	703	535	660

Source: USDA National Agriculture Statistics Service (NASS) 2002 Census of Agriculture

The following table illustrates the number of hired farm labor farms and workers for each county.

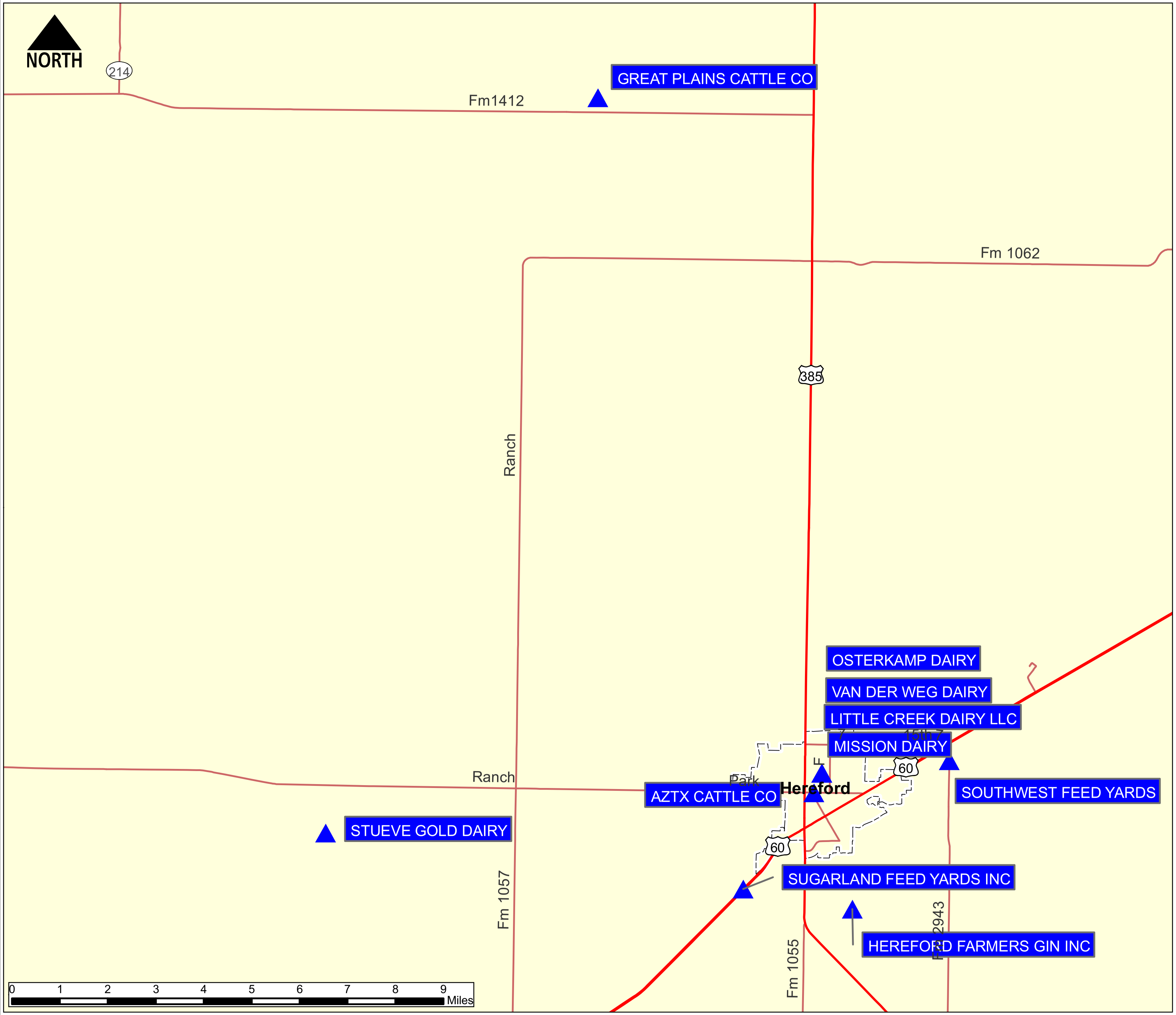
COUNTY	HIRED FARM LABOR FARMS	HIRED FARMWORKERS (FARMS WITH $1,000+ PAYROLL)		
		TOTAL	150 DAYS OR MORE	LESS THAN 150 DAYS
DEAF SMITH	226	1,072	619	453
CASTRO	251	1,393	520	873
PARMER	261	1,662	635	1,027

Source: USDA National Agriculture Statistics Service (NASS) 2002 Census of Agriculture

Although Deaf Smith County has the largest population, it has the fewest number of hired farm labor farms and farmworkers in the three subject counties. In addition, the hired farmworkers in Deaf Smith County are predominately those working 150 days or more per year. Conversely, the majority of hired farmworkers in Castro County and Parmer County work less than 150 days per year, indicating more migrant workers. This indicates potential need for migrant farmworker housing.

The following maps locate the 10 largest farms for each county in terms of sales volume and total employees. The following maps were derived from InfoUSA employment data sources. Due to the sensitivity of farmworker labor and migrant workers, many farmers do not report the actual number of employees to the government. Since the USDA National Agriculture Statistics Service (NASS) 2002 Census of Agriculture is not reported to the government directly, farmers are typically more willing to provide accurate information. Therefore, we have mapped both the largest sales volume farms and the farms with the most reported employees. These maps for each county are illustrated on the preceding pages. Note that the location of each farm is the address reported to the government and InfoUSA and may not represent the actual physical location of the farm. However, based on data provided as well as on-site research, the farm locations appear to be accurate.

Deaf Smith County, TX: 2008 Estimated Largest Farms by Sales Volume



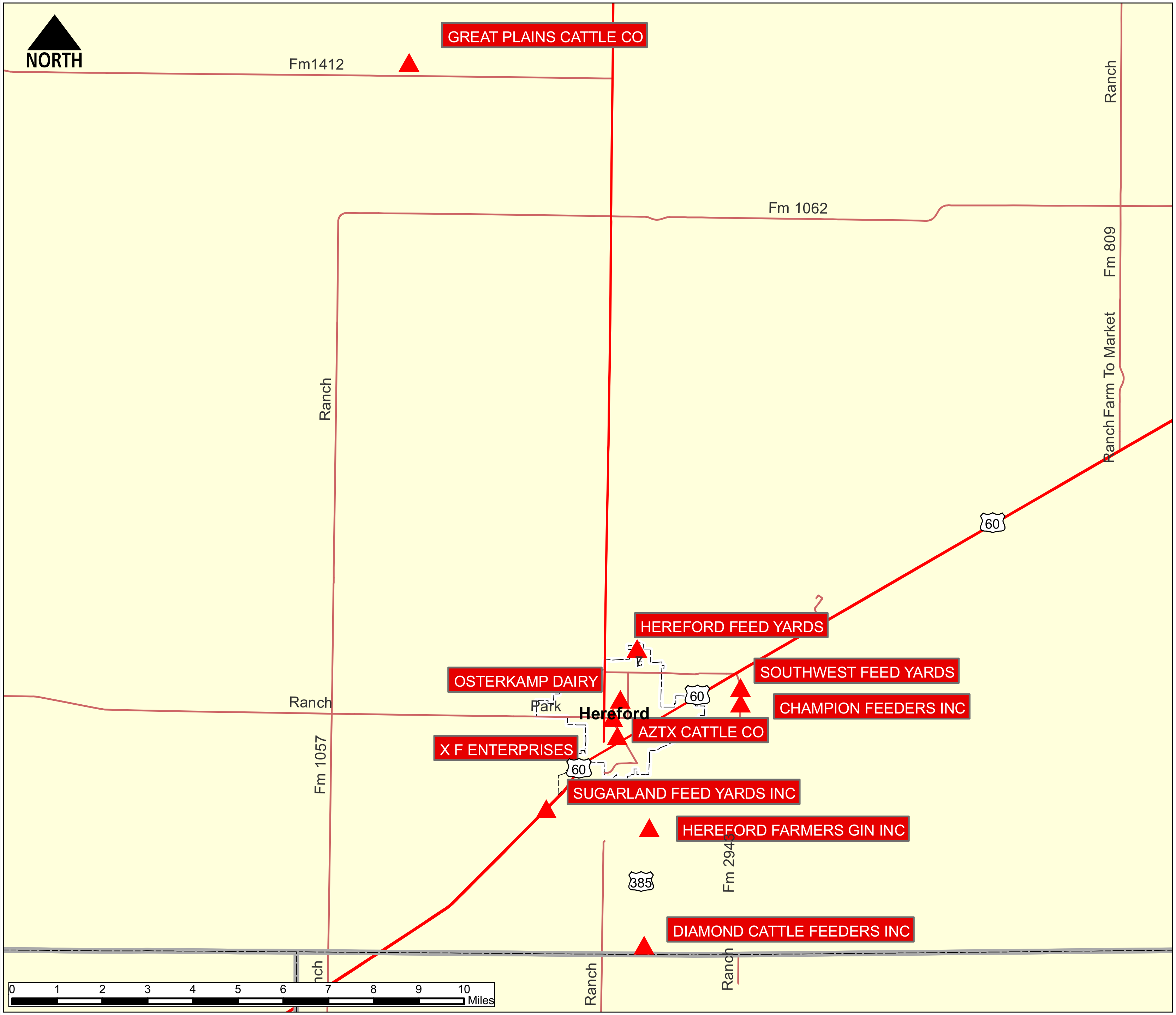
vogtwilliamsbowen RESEARCH

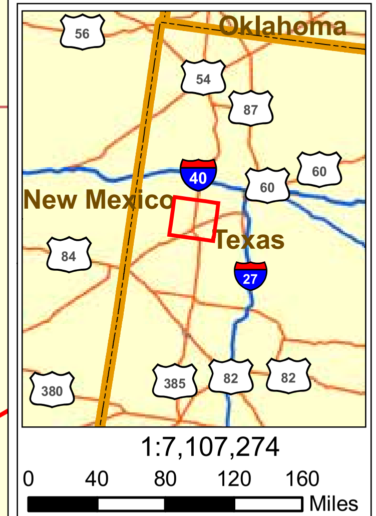
Legend

- Farm
- county
- Primary Limited Access
- Primary US and State Highways
- Secondary State and County
- Highway Ramp
- City Boundary

1:179,127

Deaf Smith County, TX: 2008 Estimated Largest Farms by Total Employees

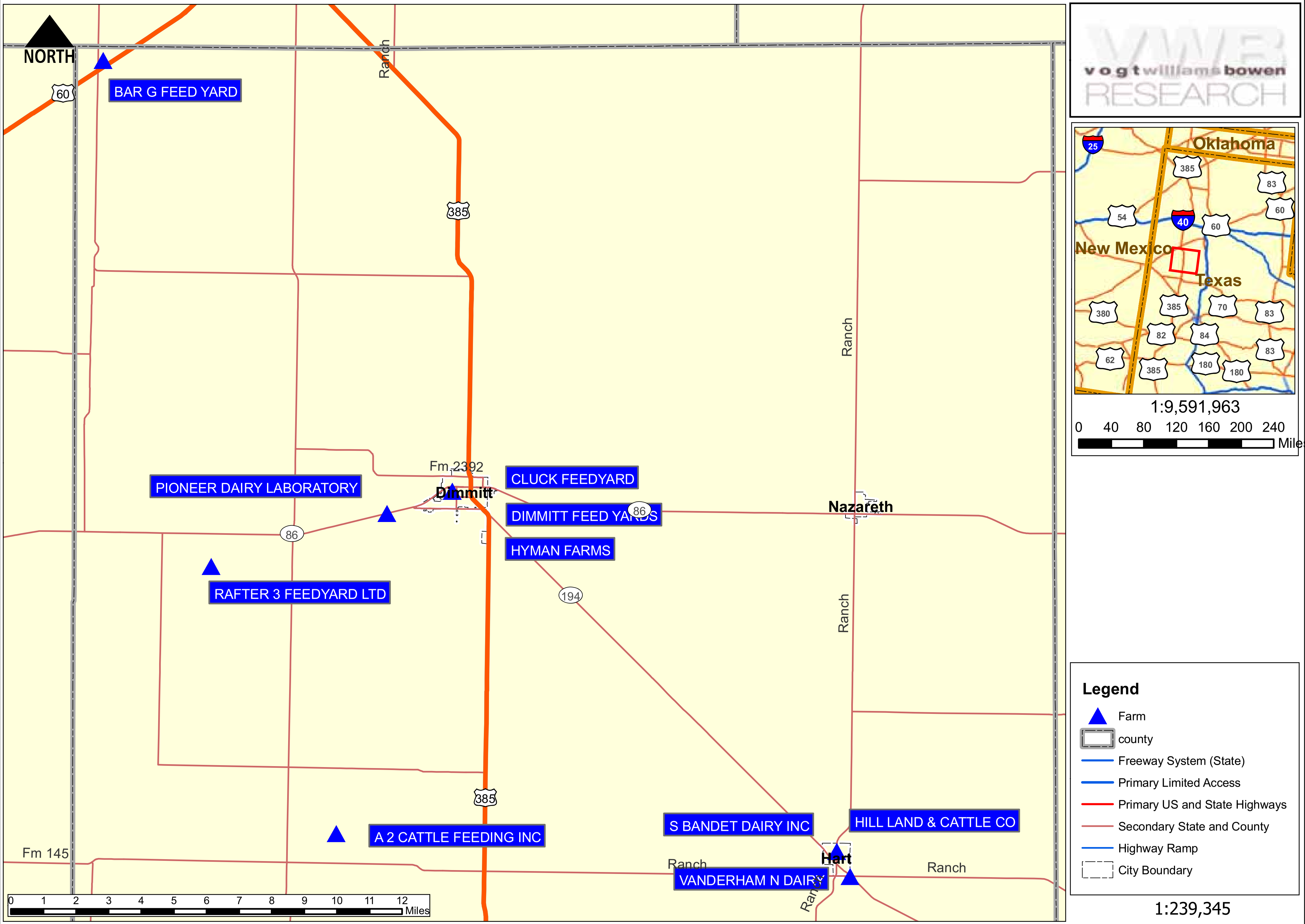




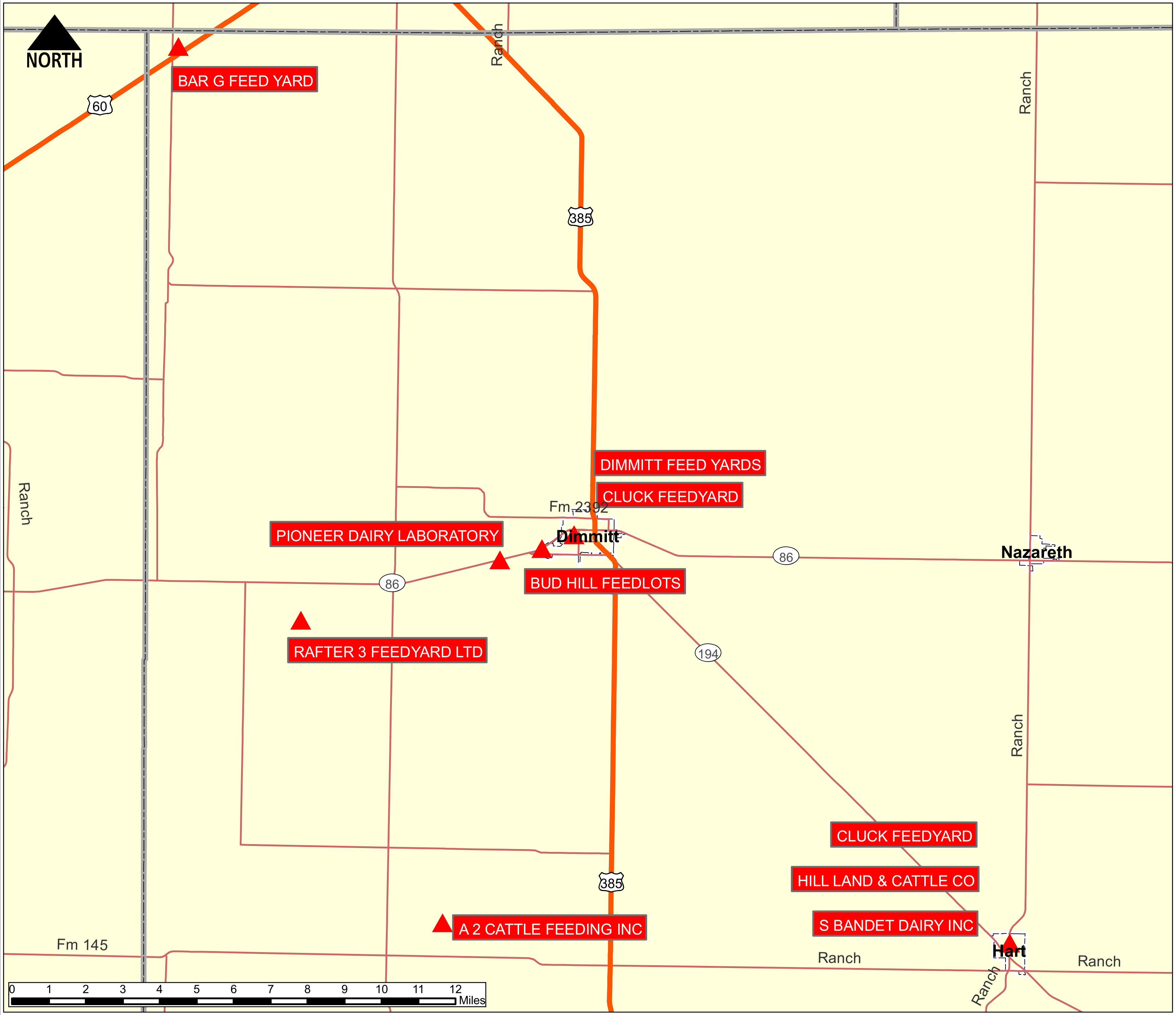
Legend
- Farm
- county
- Primary Limited Access
- Primary US and State Highways
- Secondary State and County
- Highway Ramp
- City Boundary

1:189,894

Castro County, TX: 2008 Estimated Largest Farms by Sales Volume



Castro County, TX: 2008 Estimated Largest Farms by Total Employees

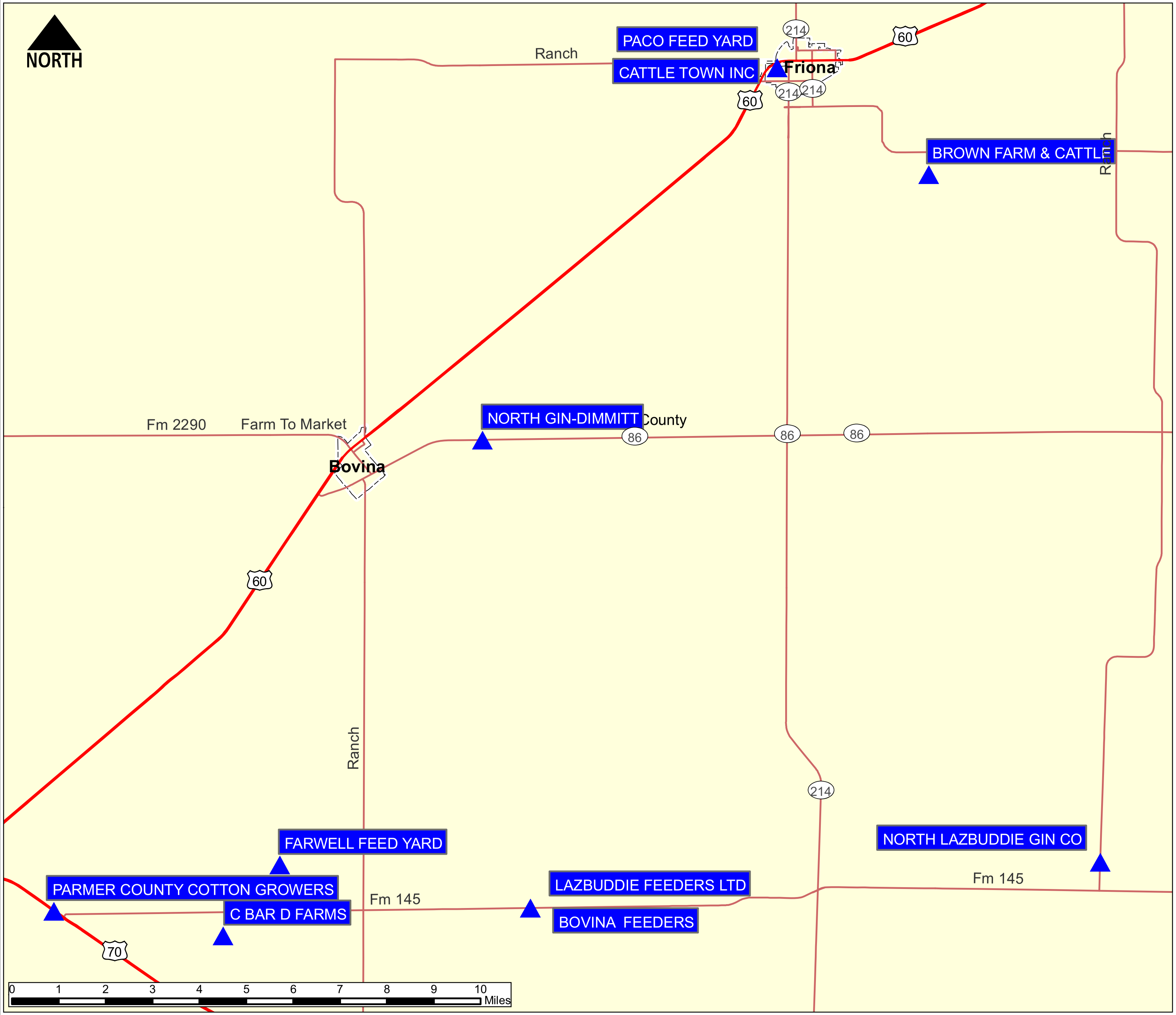


Legend

- Farm
- county
- Freeway System (State)
- Primary Limited Access
- Primary US and State Highways
- Secondary State and County
- Highway Ramp
- City Boundary

1:232,374

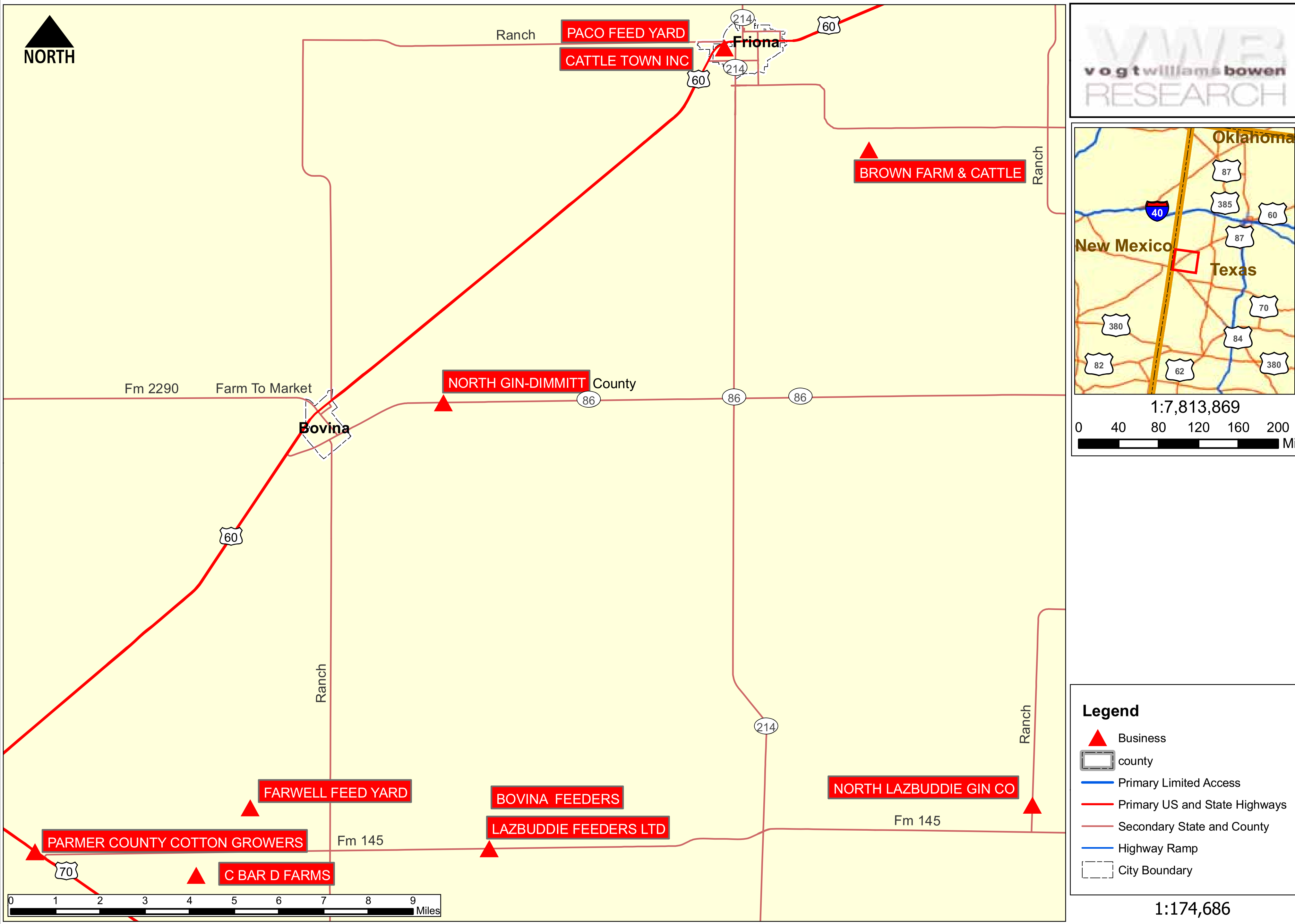
Parmer County, TX: 2008 Estimated Largest Farms by Sales Volume



Legend
- Farm
- county
- Primary Limited Access
- Primary US and State Highways
- Secondary State and County
- Highway Ramp
- City Boundary

1:183,222

Parmer County, TX: 2008 Estimated Largest Farms by Total Employees



IV. HOUSING AND SUPPLY ANALYSIS

A. OVERVIEW OF HOUSING

The purpose of this analysis is to evaluate the need for additional housing in the subject counties: Deaf Smith County, Castro County, and Parmer County, Texas. For a general understanding of the three subject counties housing markets, the following table is a breakdown of existing occupied housing units by structure type. In the following overview of housing, we have compared information in Deaf Smith County, Castro County, and Parmer County. Later in this analysis, each county is evaluated in further detail.

	DEAF SMITH COUNTY		CASTRO COUNTY		PARMER COUNTY	
UNITS IN STRUCTURE	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
1; DETACHED	4,993	80.8%	2,281	82.6%	2,781	83.7%
1; ATTACHED	76	1.2%	26	0.9%	39	1.2%
2 TO 4	393	6.4%	80	2.9%	68	2.0%
5 TO 9	115	1.9%	53	1.9%	18	0.5%
10 TO 19	64	1.0%	14	0.5%	12	0.4%
20 TO 49	50	0.8%	0	0.0%	0	0.0%
50+	56	0.9%	0	0.0%	15	0.5%
MOBILE HOMES	428	6.9%	300	10.9%	381	11.5%
BOAT, RV, VANS	5	0.1%	7	0.3%	8	0.2%
TOTAL	6,180	100.0%	2,761	100.0%	3,322	100.0%

U.S. Census Bureau; Census 2000

According to the preceding table, mobile homes represent a popular housing option in Castro and Parmer counties, comprising 10.9% and 11.5%, respectively, of all housing by types. Mobile homes do not represent as significant a share of total housing units (6.9%) in Deaf Smith County.

Based on the 2000 Census, the following table is a distribution of the housing stock in Deaf Smith, Castro, and Parmer counties.

	DEAF SMITH COUNTY		CASTRO COUNTY		PARMER COUNTY	
HOUSING TYPE	HOUSING UNITS	PERCENT	HOUSING UNITS	PERCENT	PERCENT	PERCENT
TOTAL OCCUPIED	6,180	89.4%	2,761	86.3%	3,322	89.0%
OWNER-OCCUPIED	4,163	67.4%	1,964	71.1%	2,403	72.3%
RENTER-OCCUPIED	2,017	32.6%	797	28.9%	919	27.7%
VACANT	734	10.6%	437	13.7%	410	11.0%
TOTAL	6,914	100.0%	3,198	100.0%	3,732	100.0%

U.S. Census Bureau; Census 2000

Note that in 2000, Deaf Smith County had a 10.6% overall vacancy rate, while Castro County has a 13.7% overall vacancy rate, and Parmer County had a 11.0% vacancy rate. These vacancies can be attributed to numerous factors, including the age of the units, the overall quality, seasonal use, etc. The following table is a breakdown of vacancies by status as of the 2000 Census.

	DEAF SMITH COUNTY VACANCIES		CASTRO COUNTY VACANCIES		PARMER COUNTY VACANCIES	
VACANCY STATUS BY HOUSING UNITS	**NUMBER**	**PERCENT**	**NUMBER**	**PERCENT**	**NUMBER**	**PERCENT**
FOR RENT	220	30.0%	93	21.3%	99	24.1%
FOR SALE ONLY	106	14.4%	61	14.0%	66	16.1%
RENTED OR SOLD, NOT OCCUPIED	49	6.7%	38	8.7%	0	0.0%
FOR SEASONAL, RECREATIONAL, OR OCCASIONAL USE	43	5.9%	27	6.2%	32	7.8%
FOR MIGRANT WORKERS	9	1.2%	65	14.9%	15	3.7%
OTHER VACANT	307	41.8%	153	35.0%	198	48.3%
TOTAL	734	100.0%	437	100.0%	410	100.0%

U.S. Census Bureau; Census 2000

Castro County had the highest share of vacancies for migrant worker housing (14.9%), while Deaf Smith County and Parmer County only had 1.2% and 3.7%, respectively, vacant for migrant worker housing.

Based on the 2000 Census, the following is a distribution of the share of housing units in each of the three subject counties by year of construction.

	DEAF SMITH COUNTY HOUSING UNITS			CASTRO COUNTY HOUSING UNITS			PARMER COUNTY HOUSING UNITS		
YEAR	**OWNER**	**RENTER**	**TOTAL**	**OWNER**	**RENTER**	**TOTAL**	**OWNER**	**RENTER**	**PERCENT**
1999 TO MARCH 2000	0.4%	0.0%	0.3%	0.4%	0.0%	0.2%	0.8%	0.4%	0.7%
1995 TO 1998	2.3%	2.0%	2.2%	5.9%	2.3%	4.6%	3.8%	3.7%	3.6%
1990 TO 1994	1.5%	4.6%	2.5%	1.9%	3.6%	2.3%	3.2%	1.4%	2.7%
1980 TO 1989	10.6%	10.7%	10.6%	8.5%	11.9%	9.1%	8.2%	8.3%	7.9%
1970 TO 1979	25.6%	29.6%	26.8%	23.5%	17.6%	20.9%	21.5%	18.9%	20.1%
1960 TO 1969	26.6%	18.3%	23.8%	21.9%	26.1%	22.2%	23.6%	21.8%	22.3%
1940 TO 1959	27.2%	30.8%	28.3%	31.8%	41.3%	33.1%	31.0%	49.7%	35.0%
1939 OR EARLIER	6.0%	5.1%	5.6%	6.3%	11.8%	7.5%	7.9%	7.7%	7.6%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2000 Census

The general age of housing units in all three counties appears to be relatively similar. The largest share of total housing units for all subject counties were built between 1940 and 1959. With the second largest production of housing built between 1060 and 1979, Deaf Smith, Castro, and Parmer counties all have a dated housing stock. Note that the median year of construction for all housing units in Deaf Smith County was 1966, while the median year of construction for Castro County was 1963, and for Parmer County, it was 1962.

The following table is a distribution of owner-occupied and renter-occupied households considered to be living in substandard units (lacking complete plumbing facilities) in each of the three subject counties as of 2000.

	TENURE	SUBSTANDARD UNITS 2000 CENSUS				
		TOTAL HOUSING UNITS	PERCENT	COMPLETE PLUMBING FACILITIES	LACKING COMPLETE PLUMBING FACILITIES	PERCENT SUBSTANDARD
DEAF SMITH COUNTY	OWNER-OCCUPIED	4,163	67.4%	4,121	42	1.0%
	RENTER-OCCUPIED	2,017	32.6%	2,003	14	0.7%
	TOTAL	6,180	100.0%	6,124	56	0.9%
CASTRO COUNTY	OWNER-OCCUPIED	1,964	71.1%	1,950	14	0.7%
	RENTER-OCCUPIED	797	28.9%	780	17	2.1%
	TOTAL	2,761	100.0%	2,730	31	1.1%
PARMER COUNTY	OWNER-OCCUPIED	2,403	72.3%	2,395	8	0.3%
	RENTER-OCCUPIED	919	27.7%	898	21	2.3%
	TOTAL	3,322	100.0%	3,293	29	0.9%

Source: 2000 Census

Deaf Smith County has the highest share of owner-occupied households living in substandard housing, 1.0%. Parmer County has the highest share of renter-occupied households living in substandard housing, 2.3%. Overall, Deaf Smith County and Parmer County has a combined total of 0.9% of all occupied households living in substandard housing, while Castro County has a combined total of 1.1% of occupied households living in substandard housing.

The following table contains the tenure by occupants per room for each of the three subject counties. The purpose of this table is to illustrate the number of households living in overcrowded situations (those households with 1.01 or more occupants per room according to the 2000 Census).

	TENURE BY OCCUPANTS PER ROOM		
	DEAF SMITH COUNTY	CASTRO COUNTY	PARMER COUNTY
TOTAL	6,180	2,761	3,322
OWNER OCCUPIED	4,163	1,964	2,403
0.50 OR LESS OCCUPANTS PER ROOM	2,429	1,246	1,455
0.51 TO 1.00 OCCUPANTS PER ROOM	1,290	460	674
1.01 OCCUPANTS OR MORE PER ROOM	443	258	274
RENTER OCCUPIED	2,017	797	919
0.50 OR LESS OCCUPANTS PER ROOM	901	383	405
0.51 TO 1.00 OCCUPANTS PER ROOM	792	279	385
1.01 OCCUPANTS OR MORE PER ROOM	324	135	130

Source: 2000 Census

Over 16.0% of all renter households in Deaf Smith County were overcrowded, while in Castro County, 16.9% of all renter households were overcrowded, and in Parmer County 14.1% of all renter households were overcrowded. These demographics are used later in our demand calculations.

In addition to substandard and overcrowded housing situations, it is also important to evaluate the population living in poverty (according to the US Census Bureau) for each of the three counties.

	POVERTY STATUS 2000 CENSUS		
DEAF SMITH COUNTY	POPULATION LIVING IN POVERTY	3,815	20.6%
	POPULATION NOT LIVING IN POVERTY	14,746	79.4%
	TOTAL*	18,561	100.0%
CASTRO COUNTY	POPULATION LIVING IN POVERTY	1,575	19.0%
	POPULATION NOT LIVING IN POVERTY	6,710	81.0%
	TOTAL*	8,285	100.0%
PARMER COUNTY	POPULATION LIVING IN POVERTY	1,700	17.0%
	POPULATION NOT LIVING IN POVERTY	8,316	83.0%
	TOTAL*	10,016	100.0%

Source: Summary File 3, Census of Population and Housing, U.S. Bureau of the Census, 2000
* Population for whom poverty status is determined

According to the 2000 Census, Deaf Smith County has the highest share of population living in poverty, 20.6%. Parmer County has the lowest share of population living in poverty (17.9%), while Castro County has 19.0% of its population living in poverty. All shares, however, are relatively similar.

In addition to the evaluation of the area population living in poverty, we have also evaluated the share of rent overburdened households (those households paying more than 35% of their gross income towards rent). This share of renter overburdened households for Deaf Smith County, Castro County, and Parmer County is illustrated as follows.

PERCENTAGE OF RENT OVERBURDENED*	
DEAF SMITH COUNTY	22.9%
CASTRO COUNTY	15.9%
PARMER COUNTY	22.5%

Source: 2000 Census, Claritas
*Households paying more than 35% of their gross income to rent

Deaf Smith County has the highest share of rent overburdened households (22.9%), similar to the Parmer County 22.5% share. Castro County has a considerably lower share of rent overburdened households, 15.9%. As discussed earlier, Castro County has the highest share of households in substandard housing situations. Thus, it is reasonable that the households living in substandard units are not rent overburdened.

B. RENTAL HOUSING ANALYSIS

The following analysis includes a detailed survey of rental housing opportunities in each of the three subject counties. We have surveyed conventional rental housing units including market-rate, Tax Credit and government-subsidized apartments, for-sale homes, as well as farmworker housing. All properties surveyed were found through apartment guide listing, classified advertisements, the Multiple Listing Service, interviews with local real estate agents and professionals, government officials, and the personal observations of our analysts.

1. DEAF SMITH COUNTY

We identified and personally surveyed 18 conventional housing projects containing a total of 634 units within Deaf Smith County. This survey was conducted to establish the overall strength of the rental market. These rentals have a combined occupancy rate of 96.4%, a stable rate for rental housing. Among these projects, 12 are non-subsidized (market-rate and Tax Credit) projects containing 325 units. These non-subsidized units are 94.5% occupied. The remaining six projects contain 309 government-subsidized units, which are 98.4% occupied.

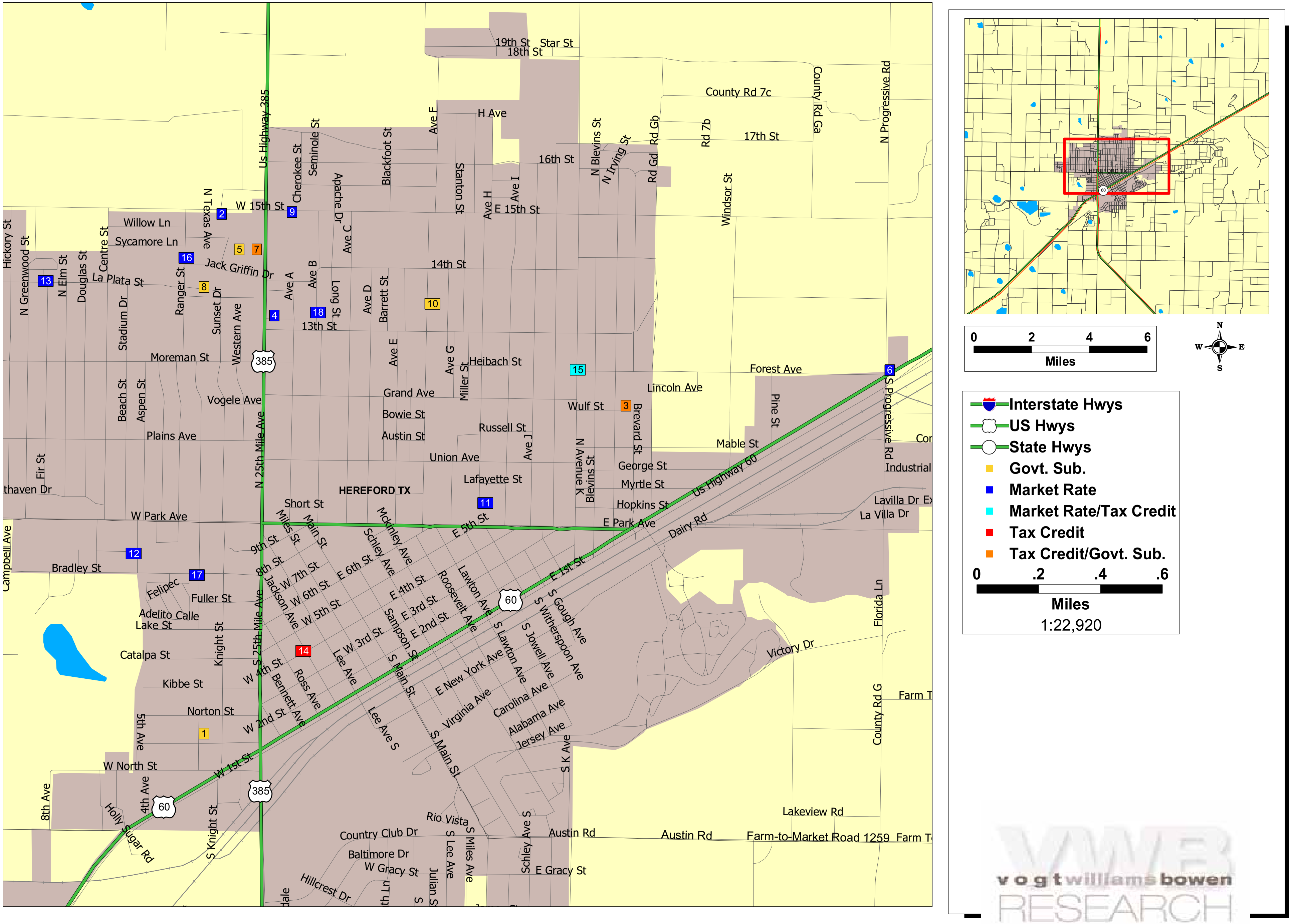
The following is a list of the 18 total conventional rental projects surveyed in the Deaf Smith County area.

MAP CODE	PROJECT NAME	PROJECT TYPE	YEAR BUILT	TOTAL UNITS	VACANT	OCCUPANCY RATE
1	Amistad	GSS	1991	50	0	100%
2	Arbor Glen	MRR	1986	24	1	96%
3	Bluewater Garden	TGS	1972	131	0	100%
4	Boardwalk	MRR	1962	30	12	60%
5	Countryside Village	GSS	1990	28	4	86%
6	Forrest Apts.	MRR	1955	16	0	100%
7	Hereford Senior Community	TGS	1995	28	0	100%
8	La Plata Manor	GSS	1985	28	1	96%
9	Masters Apts.	MRR	1978	20	0	100%
10	Paloma Lane	GSS	1972	44	0	100%
11	California Apts.	MRR	1960	37	0	100%
12	Thunderbird	MRR	1958	16	0	100%
13	Town Square	MRR	1974	17	0	100%
14	Hereford Central Place	TAX	2007	32	1	97%
15	Tierra Blanca	MRT	2007	76	4	95%
16	Royal Copper House	MRR	1980	0	0	U/C
17	Buena Vista Apts.	MRR	1960	41	0	100%
18	Sugarland Quads	MRR	1965	16	0	100%

PROJECT TYPE	PROJECT SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE
MRR – Market-Rate	10	217	13	94.0%
MRT – Market-Rate/Tax Credit	1	76	4	94.7%
TAX – Tax Credit	1	32	1	96.9%
TGS – Tax Credit/Government-Subsidized	2	159	0	100.0%
GSS – Government-Subsidized	4	150	5	96.7%

The map on the following page illustrates the map of the surveyed properties within Deaf Smith County. Note the map ID numbers coincide with the labels listed in the field survey of conventional rentals in Section VII of this analysis.

Deaf Smith County, TX: Apartment Locations



Conventional Non-Subsidized Apartments (Deaf Smith County)

The following table summarizes the breakdown of market-rate and Tax Credit units within Deaf Smith County:

MARKET RATE						
BEDROOMS	**BATHS**	**UNITS**	**DISTRIBUTION**	**VACANCY**	**%VACANT**	**MEDIAN GROSS RENT**
STUDIO	1.0	1	0.5%	0	0.0%	$411
ONE-BEDROOM	1.0	57	25.9%	7	12.3%	$530
TWO-BEDROOM	1.0	109	49.5%	6	5.5%	$630
TWO-BEDROOM	1.5	16	7.3%	0	0.0%	$555
TWO-BEDROOM	2.0	3	1.4%	0	0.0%	$610
THREE-BEDROOM	1.0	6	2.7%	0	0.0%	$460
THREE-BEDROOM	2.0	16	7.3%	0	0.0%	$828
FOUR-BEDROOM	2.0	12	5.5%	0	0.0%	$914
TOTAL MARKET RATE		**220**	**100.0%**	**13**	**5.9%**	**-**
TAX CREDIT						
BEDROOMS	**BATHS**	**UNITS**	**DISTRIBUTION**	**VACANCY**	**%VACANT**	**MEDIAN GROSS RENT**
ONE-BEDROOM	1.0	19	18.1%	0	0.0%	$482
TWO-BEDROOM	2.0	47	44.8%	0	0.0%	$578
THREE-BEDROOM	2.0	39	37.1%	5	12.8%	$668
TOTAL TAX CREDIT		**105**	**100.0%**	**5**	**4.8%**	**-**

Of these 325 non-subsidized units that were surveyed, 94.5% are occupied. More specifically, the market-rate units were 94.1% occupied and the Tax Credit units are 95.2% occupied, indicating a stable rental housing market.

The preceding table illustrates the median gross rents by bedroom type of all non-subsidized units surveyed. Gross rents include the collected rent plus the estimated cost of the tenant-paid utilities at each project. It is important when comparing and evaluating rent levels to consider gross rents, as they consider the cost of collected rent and utilities.

Over 59% of all non-subsidized apartments surveyed were built prior to 1980. These older apartments have a vacancy rate of 6.2%, slightly higher than the overall market. The following is a distribution of units surveyed by year built for the county:

YEAR BUILT	UNITS	VACANCY RATE
PRIOR TO 1960	32	0.0%
1960 – 1969	124	9.7%
1970 – 1979	37	0.0%
1980 – 1989	24	4.2%
1990 – 1999	0	0.0%
2000 – 2005	0	0.0%
2006	0	0.0%
2007	108	4.6%
2008*	0	0.0%
TOTAL	325	5.5%

*As of July

Only 108 conventional non-subsidized apartment units have been added to the market in more than 15 years. Of these 108 total new units in the market, 32 are found at Hereford Central Place (Map ID 14), a family Tax Credit project consisting of one-, two-, and three-bedroom units targeting households with incomes up to 60% of AMHI. The remaining 76 new non-subsidized units in the market are located at Tierra Blanca (Map ID 15), which contains market-rate and Tax Credit rental units found in one-, two-, and three-bedroom apartments. As such, the existing rental housing stock is considered to be old in the Hereford area.

Hereford Central Place opened in September 2007 and was fully occupied by December 2007, leasing more than eight units per month. This is a positive indication of the strong demand for modern, quality affordable rental housing in the Hereford area. In addition, Tierra Blanca opened in May 2007 and reached at 100.0% occupancy in November 2007. This represents an absorption rate of approximately 10 to 12 units per month, which is considered very good.

We rated each market-rate and LIHTC property surveyed on a scale of A through E. Our rating system is described as follows, with "+" and "-" variations assigned according to variances from the following general descriptions:

A – Upscale/high-quality property
B – Good condition and quality
C – Fair condition, in need of minor improvements
D – Poor condition
E – Serious disrepair, dilapidated

Following is a distribution by quality rating, units, and vacancies.

MARKET-RATE PROPERTIES				MEDIAN GROSS RENT			
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	STUDIO	ONE-BR.	TWO-BR.	THREE-BR.
B+	1	3	0.0%	-	$612	$680	-
B	1	17	0.0%	$411	-	$667	$914
B-	2	44	2.3%	-	$517	$610	-
C	2	32	0.0%	-	-	$555	-
C-	1	37	0.0%	-	$530	$630	-
D+	1	30	40.0%	-	$537	$710	-
D	2	57	0.0%	-	$318	$416	$547
NON-SUBSIDIZED TAX CREDIT PROPERTIES				MEDIAN NET RENT			
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	STUDIO	ONE-BR.	TWO-BR.	THREE-BR.
B+	2	105	4.8%	-	$482	$578	$668

As indicated in the preceding table, the highest vacancy rate is among units with an overall quality rating of D+. It is important to note that despite the low quality rating, management at this project is charging some of the highest rents in the market. Thus, the rent levels are likely a main reason for the high vacancy rate.

<u>Conventional Government-Subsidized Apartments (Deaf Smith County)</u>

Within Deaf Smith County, the six government-subsidized projects currently existing operate under the HUD Section 8, RD 514, 515, and 516 programs. Generally, these properties have few amenities, are older, and offer small unit sizes (square feet). The government-subsidized units in the county are summarized as follows.

BEDROOMS	UNITS	DISTRIBUTION	VACANT	PERCENT
ONE-BEDROOM/1.0 BATH	92	29.8%	5	5.4%
TWO-BEDROOM/1.0 BATH	112	36.2%	0	0.0%
THREE-BEDROOM/1.0 BATH	20	6.5%	0	0.0%
THREE-BEDROOM/1.5 BATH	63	20.4%	0	0.0%
FOUR-BEDROOM/1.5 BATH	16	5.2%	0	0.0%
FOUR-BEDROOM/2.0 BATH	6	1.9%	0	0.0%
TOTAL	309	100.0%	5	1.6%

There is a very low vacancy rate (1.6%) among the government-subsidized projects Deaf Smith County, indicating a very strong market for low-income housing. Four of the six government-subsidized projects are currently 100.0% occupied with waiting lists for government-subsidized units ranging from two households to 37 households.

According to Sherry Reeves, the Director of Housing for Panhandle Community Services, there are currently 274 Housing Choice Vouchers issued in the county. Ms. Reeves stated that there are currently 106 people on the waiting list for additional Vouchers; however, Vouchers have not been issued in seven years. This is an indication of very strong demand for low-income housing. The Fair Market Rents for Deaf Smith County are illustrated as follows.

FAIR MARKET RENTS	
STUDIO UNIT	$358
ONE-BEDROOM UNIT	$456
TWO-BEDROOM UNIT	$550
THREE-BEDROOM UNIT	$799
FOUR-BEDROOM UNIT	$910

A complete field survey of all conventional apartments we surveyed in Death Smith County is included in Section VII. “Field Survey – Deaf Smith County, Texas”.

<u>For-Sale Housing (Deaf Smith County)</u>

Real estate representatives were able to provide Multiple Listing Service data for the currently for-sale homes in Hereford. We identified 101 for-sale properties within the Hereford area. The following tables provide the average and median current asking price by bedroom type as well as the average and median home size (in square feet) for the for-sale homes in the area.

	ASKING PRICE			
BEDROOM TYPE	**LOW**	**HIGH**	**MEDIAN**	**AVERAGE**
TWO-BEDROOM	$28,000	$250,000	$60,000	$68,580
THREE-BEDROOM	$47,000	$255,000	$114,900	$115,032
FOUR-BEDROOM	$49,900	$250,000	$170,700	$163,257
FIVE-BEDROOM	$69,500	$230,454	$149,977	$149,977

	HOME SIZE (SQUARE FEET)			
BEDROOM TYPE	**LOW**	**HIGH**	**MEDIAN**	**AVERAGE**
TWO-BEDROOM	530	2,047	1,220	1,249
THREE-BEDROOM	936	3,739	1,757	1,823
FOUR-BEDROOM	1,556	3,679	2,525	2,612
FIVE-BEDROOM	3,717	3,717	3,717	3,717

The average for-sale asking price per square foot is $54.90 for two-bedroom units, $63.10 per square foot for three-bedroom homes, $62.50 per square foot for four-bedroom homes, and $40.35 per square foot for five-bedroom homes.

A description and photographs of a sampling of five currently for-sale homes in the area are provided on the following pages. These photographs provide an illustration of the type, size, and price of a variety of homes currently for-sale in the Hereford (Deaf Smith County) area.

SINGLE-FAMILY FOR-SALE HOMES (HEREFORD, TEXAS)

400 W. 3RD STREET, HEREFORD, TX
3 BEDROOM/2.0-BATH AT 1,591 SQ. FT.
$74,900

537 W. 15TH, HEREFORD, TX
3 BEDROOM/2.0-BATH AT 2,412 SQ. FT.
$105,000

1405 16TH, HEREFORD, TX
4 BEDROOM/2.5-BATH AT 2,146 SQ. FT.
$120,000

239 AVENUE C, HEREFORD, TX
2 BEDROOM/1.0-BATH AT 840 SQ. FT.
$57,500

232 AVENUE I, HEREFORD, TX
2 BEDROOM/1.0-BATH AT 1,200 SQ. FT.
$67,500

Considering the rural nature of the three subject counties, including Deaf Smith County and the Hereford area, the USDA Homeownership Direct Loan Program (Section 502) has been in effect in the area. The USDA 502 direct loan program offers mortgages for low-income homebuyers in rural areas. There is also a separate Section 502 loan guarantee program.

The purpose of the USDA Section 502 direct loan is to provide financing for low-income households to purchase, build, repair, renovate, or relocate homes. At least 40% of the funds appropriated each year must be used to assist families with incomes below 50% of AMHI. Households with incomes below 50% of AMHI are considered very low-income households, while households with incomes between 50% and 80% of AMHI are considered low-income households. In order to qualify for the Section 502 loan, applicants must be unable to obtain credit elsewhere, and have reasonable credit histories.

Section 502 loans offer limits for up to 33 years (38 years for those with incomes below 60% of AMHI and who cannot afford a 33-year term). For manufactured homes, the term is 30 years, and no down payment is required for any Section 502 loans. In Deaf Smith County, since 2001, there have been five USDA Section 502 loans allocated to individuals:

YEAR	COUNTY	LOCAL OFFICE	ASSISTANCE TYPE	TOTAL OBLIGATION AMOUNT
2001	DEAF SMITH	AMARILLO	SEC 502 LOAN	$37,500
2003	DEAF SMITH	AMARILLO	DIRECT 504 LOAN GRANT ONLY	$6,978
2005	DEAF SMITH	AMARILLO	DIRECT 502 LOAN GENERAL - LOW INCOME	$32,400
2005	DEAF SMITH	AMARILLO	DIRECT 504 LOAN GRANT ONLY	$7,500
2007	DEAF SMITH	AMARILLO	DIRECT 502 LOAN GENERAL - LOW INCOME	$63,998

According to ESRI Demographics, the median home value in Deaf Smith County was $72,227 in 2007. At an estimated interest rate of 6.0% and a 30-year term (and 95% LTV), the monthly mortgage for a $72,227 home is $514, including estimated taxes and insurance.

BUY VERSUS RENT ANALYSIS	
DEAF SMITH COUNTY AVERAGE HOME PRICE – ESRI	$72,227
MORTGAGED VALUE = 95% OF AVERAGE HOME PRICE	$68,616
INTEREST RATE – BANKRATE.COM – 6.0%	6.0%
TERM – 30 YEARS	30
MONTHLY PRINCIPAL & INTEREST	$411
ESTIMATED TAXES AND INSURANCE*	$103
ESTIMATED MONTHLY MORTGAGE PAYMENT:	$514

* Estimated at 25% of principal and interest.

The estimated typical mortgage for a home in Deaf Smith County is approximately $514 per month. It should be noted that based on our field survey of conventional rental units in the Deaf County area, the two-, three- and four-bedroom collected market-rate rents range from $300 to $800 per month, with the majority of rents in the $500 to $650 range. As such, it is likely that there is and will continue to be some competitive overlap between the for-sale and rental markets. However, most renters in the area are families that would likely neither be able to afford the down payment or have qualifying credit to purchase a home, especially given the current mortgage situation.

Migrant and Farmworker Housing (Deaf Smith County)

Based on our analysis of the Hereford area and surrounding Deaf Smith County area, there is only one existing conventional rental project serving farmworkers. This project, Amistad (Map ID 1), originally constructed 30 units in 1991 under the RD 514 and 516 programs. In 2000, an additional 20 units were constructed due to strong demand. While additional small motels are rented on a weekly basis during the migratory farmworker season, we were unable to obtain specific rental information from these small properties due to the sensitivity of the migrant farmworker situation and presence of illegal immigrants in the migrant farmworking community.

Angie Alonzo manages the Amistad Apartments in Hereford, the only farmworker project in Hereford. The biggest obstacle for her property is that many of these people that work at dairy farms will earn an overall wage that is above the maximum income to qualify for residency. For example, the hourly wage may be low, but these workers may work 60+ hours a week generating an income that exceeds the projects maximum allowable income. As a result, persons with higher incomes than allowed at this property must seek market-rate alternatives.

All Amistad residents employed as farmworkers are permanent residents of the complex. Ms. Alonzo has not had a migrant farmworker apply for housing in the past five to six years. By and large, migrant farmworker jobs in the Hereford area are not typically available due to advances in farming technology and the effectiveness of fertilizers. Ms. Alonzo also described the Hereford economy as “booming”, despite the downturns in the national economy, and she stated that there is a need for new rental housing in the area.

The following page illustrates a one-page field sheet for the Amistad Apartments.

APARTMENT PROJECT PROFILE - DEAF SMITH COUNTY, TEXAS

Map Code 1 **Total Units** 50 **Vacancies** 0	
Project Name Amistad	
Address 301 S. Texas Ave. Hereford, TX 79045	
Phone (806) 364-5082 **Contact** Angie	
Project Type Government-Subsidized	
Year Open 1991 **Floors** 1,2	
Concessions No Rent Specials	
Parking Surface Parking	**Quality Rating** B- **Neighborhood Rating** C
Waiting List 4-5 households	**Percent Occupied** 100.0%

UNIT CONFIGURATION

BEDROOMS	BATHS	TYPE	SQUARE FEET	UNITS	OCCUP.	VACANT	COLLECTED RENT
2	1	G	779 to 795	24	24	0	$435 to $465
3	1	T	971 to 1017	20	20	0	$565 to $590
4	2	T	1168	6	6	0	$680

Utilities	Landlord pays Electric, Gas Heat, Gas Hot Water, Gas for Cooking, Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Window AC, Vinyl Flooring, Blinds
Project Amenities	On-site Management, Laundry Facility, Meeting Room, Playground, Sports Court, Picnic Area
Remarks	Government-subsidized, RD 514 & 516; Phase I built 1991; Phase II built 2000; Phase II units are higher rent

Surveyed - July 2008

Building Permits and Planned Projects (Deaf Smith County)

HOUSING UNIT BUILDING PERMITS FOR DEAF SMITH COUNTY, TX						
	2003	**2004**	**2005**	**2006**	**2007**	**2008***
UNITS IN SINGLE-FAMILY STRUCTURES	3	6	17	17	25	8
UNITS IN 2-UNIT MULTIFAMILY STRUCTURES	0	0	2	2	0	0
UNITS IN 3- AND 4-UNIT MULTIFAMILY STRUCTURES	0	0	0	0	0	0
UNITS IN 5+ UNIT MULTIFAMILY STRUCTURES	0	0	0	108	0	0
UNITS IN ALL MULTIFAMILY STRUCTURES	0	0	2	110	0	0
TOTAL UNITS	3	6	19	127	25	8

Source: SOCDS
*Through July

Since 2003, there have been 188 total building permits issued in Deaf Smith County. According to our field survey of conventional rentals, 108 were for Hereford Central Place and Tierra Blanca, local affordable rental projects built in 2007.

According to Steve Bartels, Assistant City Manager of Hereford, a 260-unit market-rate apartment project is planned on West 15th Street, in the northwest portion of Hereford. This project will be on a 22-acre parcel that was recently annexed into the city of Hereford. Plans have been sent to the city government for review, but no permits have been issued. This $9 million project is being developed by CMS Properties of Lubbock (806-794-1492; www.cmspropertiesinc.com). If this project is developed, it will be significantly larger than all other multifamily housing projects in the area. City representatives anticipate it is likely that the initially proposed 260-units will be decreased to a smaller size, as the Hereford area cannot support 260 new market-rate rental units.

2. CASTRO COUNTY

We identified and personally surveyed five conventional housing projects containing a total of 115 units within Castro County. This survey was conducted to establish the overall strength of the rental market. These rentals have a combined occupancy rate of 100.0%, indicating a clear lack of housing choices. Among these projects, three are three non-subsidized (market-rate) projects containing 55 units. The remaining two projects contain 60 government-subsidized units.

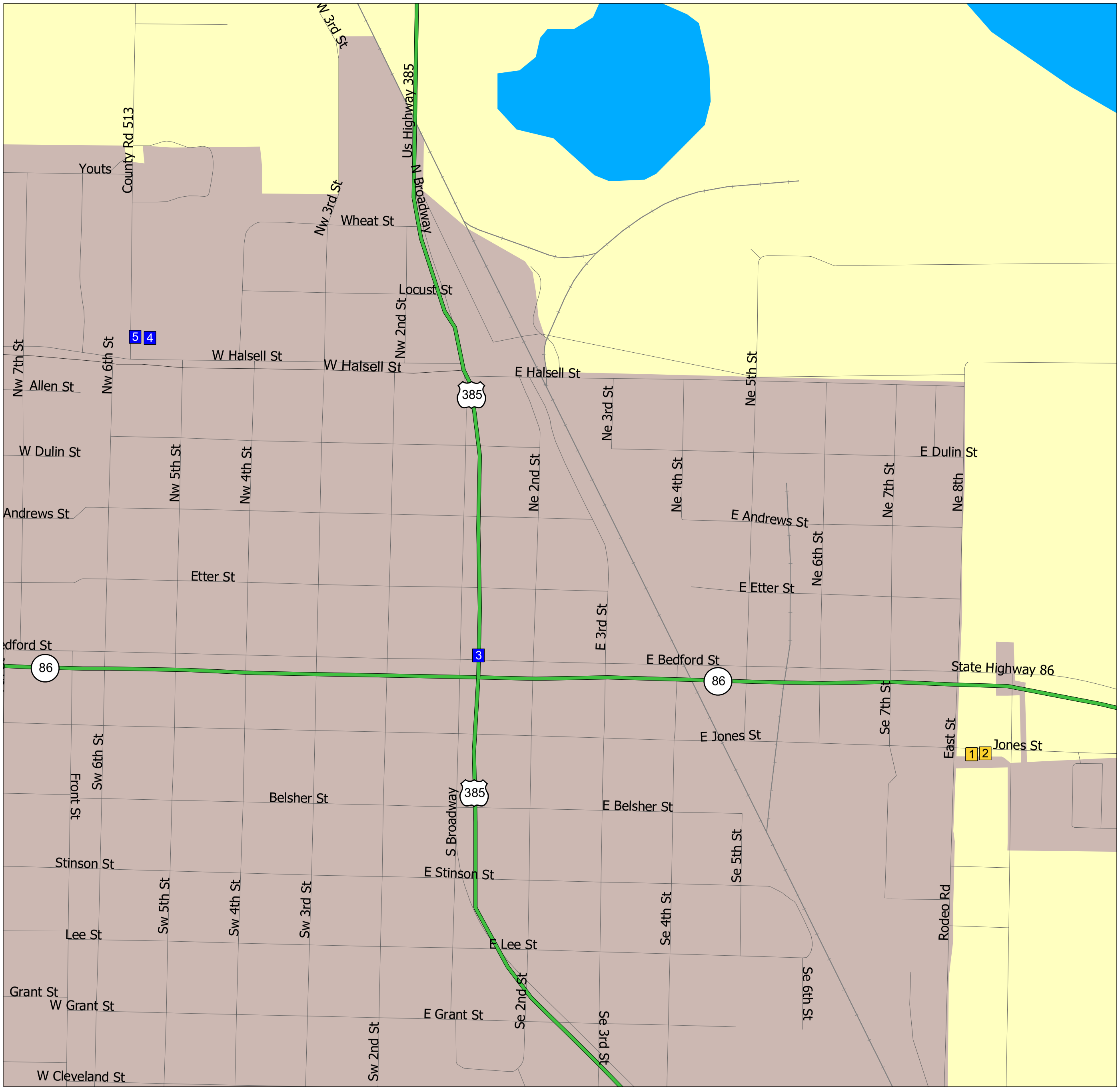
The following is a list of the five total conventional rental projects surveyed in the Castro County area.

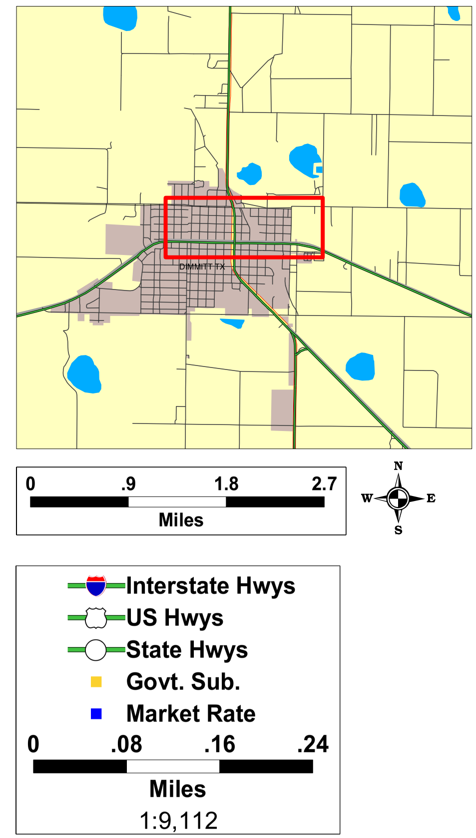
MAP CODE	PROJECT NAME	PROJECT TYPE	YEAR BUILT	TOTAL UNITS	VACANT	OCCUPANCY RATE
1	Azteca Apts. Phase I	GSS	1962	48	0	100%
2	Azteca Apts. Phase II	GSS	2007	32	0	100%
3	121 E. Bedford St.	MRR	1929	6	0	100%
4	Northside Apts.	MRR	1992	24	0	100%
5	Dimmitt Gardens	MRR	1988	25	0	100%

PROJECT TYPE	PROJECT SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE
MRR – Market-Rate	3	55	0	100.0%
GSS – Government-Subsidized	2	60	0	100.0%

The map on the following page illustrates the surveyed properties within Castro County. Note the map ID numbers coincide with the labels listed in the field survey of conventional rentals in Section VIII of this analysis.

Castro County, TX: Apartment Locations





vogtwilliamsbowen
RESEARCH

Conventional Non-Subsidized Apartments (Castro County)

The following table summarizes the breakdown of market-rate units within Castro County:

MARKET RATE						
BEDROOMS	**BATHS**	**UNITS**	**DISTRIBUTION**	**VACANCY**	**%VACANT**	**MEDIAN GROSS RENT**
ONE-BEDROOM	1.0	47	85.5%	0	0.0%	$487
TWO-BEDROOM	1.0	8	14.5%	0	0.0%	$555
TOTAL MARKET RATE		**55**	**100.0%**	**0**	**0.0%**	**-**

As previously stated and illustrated in the preceding table, the lack of available non-subsidized rental units in Castro County (especially in the city of Dimmitt) is a positive indication of the potential demand for additional rental housing.

The following is a distribution of units surveyed by year built for Castro County:

YEAR BUILT	UNITS	VACANCY RATE
PRIOR TO 1960	6	0.0%
1960 – 1969	0	0.0%
1970 – 1979	0	0.0%
1980 – 1989	25	0.0%
1990 – 1994	24	0.0%
1995 – 1999	0	0.0%
2000 – 2005	0	0.0%
2006	0	0.0%
2007	0	0.0%
2008*	0	0.0%
TOTAL	55	0.0%

*As of July

No conventional non-subsidized apartment units have been added to the market since 1992. However, Azteca Apartments Phase II was constructed in 2007. This is a 32-unit government-subsidized rental community targeting migrant farmworkers. We have discussed this project in further detail later in the Migrant and Farmworker Housing portion of this analysis.

We rated each market-rate property surveyed on a scale of A through E. Our rating system is described as follows, with "+" and "-" variations assigned according to variances from the following general descriptions:

A – Upscale/high-quality property
B – Good condition and quality
C – Fair condition, in need of minor improvements
D – Poor condition
E – Serious disrepair, dilapidated

Following is a distribution by quality rating, units, and vacancies.

MARKET-RATE PROPERTIES				MEDIAN GROSS RENT			
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	STUDIO	ONE-BR.	TWO-BR.	THREE-BR.
B	2	30	0.0%	-	$487	$555	-
B-	1	25	0.0%	-	$487	$555	-

Due to the lack of vacancies in the market, there is a clear demand for all rental housing. Quality currently does not have an impact on demand, as there is a lack of available rental housing.

A complete field survey of all conventional apartments we surveyed in Castro County is included in Section VIII. "Field Survey – Castro County, Texas".

Conventional Government-Subsidized Apartments (Castro County)

Within Castro County, the two government-subsidized projects currently existing (Azteca Apartments I and II) operate under the RD 514 and 516 programs. While Azteca Apartments Phase I is considered to have an overall quality rating of C-, it should be noted that Azteca Apartments Phase II was recently constructed in 2007 and is considered to have a B+ quality rating. The aggregate unit breakdown of these two government-subsidized projects is summarized as follows.

BEDROOMS	UNITS	DISTRIBUTION	VACANT	PERCENT
ONE-BEDROOM/1.0 BATH	8	13.3%	0	0.0%
TWO-BEDROOM/1.0 BATH	8	13.3%	0	0.0%
THREE-BEDROOM/2.0 BATH	36	60.0%	0	0.0%
FOUR-BEDROOM/2.0 BATH	8	13.3%	0	0.0%
TOTAL	**60**	**100.0%**	**0**	**0.0%**

According to management at Azteca Economic Development Corporation, there is a very strong demand for farmworker housing in the area. Some units are occupied by multigenerational families due to the current lack of rental housing in the Castro County area. Additional details of these projects are discussed later in this analysis.

According to Sherry Reeves, the Director of Housing for Panhandle Community Services, there are currently 123 Housing Choice Vouchers issued in the county. Ms. Reeves stated that there are currently 14 people on the waiting list for additional Vouchers; however, Vouchers have not been issued in seven years. This is an indication of very strong demand for low-income housing. The Fair Market Rents for Castro County are illustrated as follows.

FAIR MARKET RENTS	
STUDIO UNIT	$448
ONE-BEDROOM UNIT	$450
TWO-BEDROOM UNIT	$550
THREE-BEDROOM UNIT	$733
FOUR-BEDROOM UNIT	$756

For-Sale Housing (Castro County)

Given the rural nature of the Castro County and Dimmitt, real estate representatives were unable to provide MLS data for the currently for-sale homes. However, we were able to obtain a listing of most currently for-sale homes in the Dimmitt area. The following tables contain the average and median current asking price by bedroom type as well as the average and median home size (in square feet) for the for-sale homes in the area.

	ASKING PRICE			
BEDROOM TYPE	**LOW**	**HIGH**	**MEDIAN**	**AVERAGE**
THREE-BEDROOM	$48,000	$109,000	$51,500	$65,000
FOUR-BEDROOM	$44,500	$44,500	$44,500	$44,500

	HOME SIZE (SQUARE FEET)			
BEDROOM TYPE	**LOW**	**HIGH**	**MEDIAN**	**AVERAGE**
THREE-BEDROOM	936	3,739	1,757	1,823
FOUR-BEDROOM	1,556	3,679	2,525	2,612

The average for-sale asking price per square foot is $36.87 per square foot for three-bedroom homes and $30.52 per square foot for four-bedroom homes.

A sampling of five currently for-sale homes in the area are illustrated on the following page. These photographs show the type, size, and price of a variety of homes currently for-sale in the Dimmitt (Castro County) area.

SINGLE-FAMILY FOR-SALE HOMES (DIMMITT, TEXAS)

709 W. LEE STREET, DIMMITT, TX
3 BEDROOM/2.0-BATH AT 2,150 SQ. FT.
$55,000

403 NW 6TH STREET, DIMMITT, TX
3 BEDROOM/2.0-BATH AT 2,000 SQ. FT.
$48,000

210 FRONT STREET, DIMMITT, TX
3 BEDROOM/1.5-BATH AT 1,300 SQ. FT.
$109,000

1015 STINSON STREET, DIMMITT, TX

3 BEDROOM/1.5-BATH AT 1,600 SQ. FT.

$48,000

604 OAK STREET, DIMMITT, TX

4 BEDROOM/1.5-BATH AT 1,458 SQ. FT.

$44,500

As discussed in greater detail earlier in this analysis (on page IV-13), considering the rural nature of the three subject counties, including Castro County and the Dimmitt area, the USDA Homeownership Direct Loan Program (Section 502) has been in effect in the area. The USDA 502 direct loan program offers mortgages for low-income homebuyers in rural areas.

In Castro County, since 2001, there have been three USDA Section 502 loans allocated to individuals. The following shows each loan and the amount of the total obligation.

YEAR	COUNTY	LOCAL OFFICE	ASSISTANCE TYPE	TOTAL OBLIGATION AMOUNT
2004	CASTRO	AMARILLO	DIRECT 502 LOAN GENERAL – VERY LOW INCOME	$58,800
2005	CASTRO	AMARILLO	DIRECT 502 LOAN GENERAL – VERY LOW INCOME	$35,805
2006	CASTRO	AMARILLO	DIRECT 502 LOAN GENERAL – VERY LOW INCOME	$54,500

According to ESRI Demographics, the median home value in Castro County was $69,251 in 2007. At an estimated interest rate of 6.0% and a 30-year term (and 95% LTV), the monthly mortgage for a $69,251 home is $493, including estimated taxes and insurance.

BUY VERSUS RENT ANALYSIS	
CASTRO COUNTY AVERAGE HOME PRICE – ESRI	$69,251
MORTGAGED VALUE = 95% OF AVERAGE HOME PRICE	$65,788
INTEREST RATE – BANKRATE.COM – 6.0%	6.0%
TERM – 30 YEARS	30
MONTHLY PRINCIPAL & INTEREST	$394
ESTIMATED TAXES AND INSURANCE*	$99
ESTIMATED MONTHLY MORTGAGE PAYMENT:	$493

* Estimated at 25% of principal and interest.

The estimated typical mortgage for a home in Castro County is approximately $493 per month. It should be noted that based on our field survey of conventional rental units in the Castro County area, the surveyed units (one- and two-bedroom) collected market-rate rents range from $425 to $550 per month, with the majority of rents in the $425 to $475 range. As such, most rentals in the market are priced below the cost of a typical home ownership alternative. It should be noted that most renters in the area are families that would likely neither be able to afford the down payment or have qualifying credit to purchase a home, especially given the current mortgage situation. Thus, there does not appear to be any competitive impact between the rental and the for-sale markets in the Castro County.

Migrant and Farmworker Housing (Castro County)

Based on our analysis of the Dimmitt area and the surrounding Castro County area, there are two existing conventional rental projects currently serving farmworkers. Azteca Apartment I and II, built in 1962 and 2007, respectively, were developed under the RD 514 and 516 programs by the Azteca Economic Development Corporation. Phase I of the project originally consisted of 48 one-bedroom units; however, recent renovations converted this project into 20 three-bedroom units and eight remaining one-bedroom units. The second phase of Azteca Apartments consists of eight two-bedroom units, 16 three-bedroom units, and eight four-bedroom units. As expected, since the first phase was constructed in 1962 and the second phase was constructed in 2007, the first phase has a C- overall quality rating while the second phase has a B+ overall quality rating. The contract rents are priced accordingly.

Joe Franco, Executive Director of Azteca Economic Development Corporation manages the Azteca Apartments I and II. According to Mr. Franco, most of the employment for farmworkers in the area is at dairy farms. Three new dairies are expected to come online in Castro County within the next year. By his estimate, each of these dairies will employ approximately 20 people, for a total of 60 people. All 60 of these new employees will require housing.

At Azteca Apartments, only two or three families include migrant farmworkers. Mr. Franco suspects that these families will take permanent jobs, and will therefore become permanent residents. These migrant farmworkers currently drive silage trucks for area feed lots. Mr. Franco also noted that there has been a "dynamic change" as far as which groups need housing in Castro County. Over the years, the need for housing has shifted from migrant farmworkers to permanent farmworkers employed at dairies and feed lots. One dairy in Castro County to meet its workforce needs is currently importing workers from Africa, Guatemala, and Mexico. Housing is being provided by the dairy in double-wide trailers subdivided into additional units, as no other housing is available. Although dairies may provide housing for employees, this is the exception rather than the rule. Farmworkers that are new to the area will typically stay with established family members in the area, if housing is not available for them, until a unit opens up elsewhere. While additional small motels are rented on a weekly basis during the migratory farmworker season, information was unable to be obtained from these small properties due to the sensitivity of the migrant farmworker situation and presence of illegal immigrants in the migrant farmworking community.

The following page illustrates one-page field sheets for the first and second phase of the Azteca Apartments.

APARTMENT PROJECT PROFILE - CASTRO, TEXAS

Map Code 1 **Total Units** 28 **Vacancies** 0	
Project Name Azteca Apts. Phase I	
Address 910 E. Jones St. Dimmitt, TX 79027	
Phone (806) 647-3406 **Contact** Joe	
Project Type Government-Subsidized	
Year Open 1962 **Renovated** 2006 **Floors** 1	
Concessions No Rent Specials	
Parking Surface Parking	**Quality Rating** C- **Neighborhood Rating** C
Waiting List 4-8 households	**Percent Occupied** 100.0%

UNIT CONFIGURATION

BEDROOMS	BATHS	TYPE	SQUARE FEET	UNITS	OCCUP.	VACANT	COLLECTED RENT
1	1	G	450	8	8	0	$275
3	2	G	900	20	20	0	$450

Utilities	Landlord pays Electric, Gas Heat, Gas Hot Water, Gas for Cooking, Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Central AC, Vinyl Flooring, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	On-site Management, Laundry Facility, Playground, Sports Court, Business Center, Wireless Internet
Remarks	Government-subsidized, RD 514 & 516

Surveyed - July 2008

Map Code 2 Total Units 32 Vacancies 0	
Project Name Azteca Apts. Phase II	
Address 910 E. Jones St. Dimmitt, TX 79027	
Phone (806) 647-3406 Contact Joe	
Project Type Government-Subsidized	
Year Open 2007 Floors 1	
Concessions No Rent Specials	
Parking Surface Parking	Quality Rating B+ Neighborhood Rating C
Waiting List 4-8 households	Percent Occupied 100.0%

UNIT CONFIGURATION

BEDROOMS	BATHS	TYPE	SQUARE FEET	UNITS	OCCUP.	VACANT	COLLECTED RENT
2	1	G	800	8	8	0	$525
3	2	G	1000	16	16	0	$625
4	2	G	1170	8	8	0	$800

Utilities	Landlord pays Electric, Electric Heat, Electric HotWater, for Cooking Heat, Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Window AC, Washer/Dryer Hook Up, Concrete Flooring
Project Amenities	On-site Management, Laundry Facility, Playground, Sports Court, Business Center, Wireless Internet
Remarks	Government-subsidized, RD 514 & 516

Surveyed - July 2008

Building Permits and Planned Projects (Castro County)

HOUSING UNIT BUILDING PERMITS FOR CASTRO COUNTY, TX						
	2003	2004	2005	2006	2007	2008*
UNITS IN SINGLE-FAMILY STRUCTURES	0	0	0	4	1	0
UNITS IN 2-UNIT MULTIFAMILY STRUCTURES	0	0	0	0	0	0
UNITS IN 3- AND 4-UNIT MULTIFAMILY STRUCTURES	0	0	0	0	0	0
UNITS IN 5+ UNIT MULTIFAMILY STRUCTURES	0	0	0	0	0	0
UNITS IN ALL MULTIFAMILY STRUCTURES	0	0	0	0	0	0
TOTAL UNITS	0	0	0	4	1	0

Source: SOCDS
*Through July

As shown in the preceding table, since 2003, the SOCDS website lists building permits for only five total units in Castro County. However, it is important to reiterate that Azteca Apartments Phase II completed the constructed of 32 units in 2007. In some instances, rural areas outside of city limits do not need to report building permits. Considering Azteca Apartments Phase II is located just outside of the city limits of Dimmitt, this was likely the case for this property.

According to interviews with local planned and development representatives for Dimmitt and Castro County, there are currently no plans for any additional new construction multifamily projects in the area.

3. PARMER COUNTY

Conventional Non-Subsidized Apartments (Parmer County)

We identified and personally surveyed eight conventional housing projects containing a total of 137 units within the Parmer County. This survey was conducted to establish the overall strength of the rental market. These rentals have a combined occupancy rate of 94.2%, a moderate rate for rental housing. However, it is important to note that the only project with a high share of vacancies is 6th Street/Avenue B South (Map ID 3), which currently has three vacancies among the six rentable units. This project is currently undergoing renovations and has an additional six units currently under construction. Management anticipates the project will be fully occupied within two months of completion of renovations. Excluding this project, Cottonwood Townhomes also has five vacancies, resulting in a 91.7% overall occupancy rate. The six remaining conventional rentals in the Parmer County area are all 100.0% occupied, indicating a strong rental market.

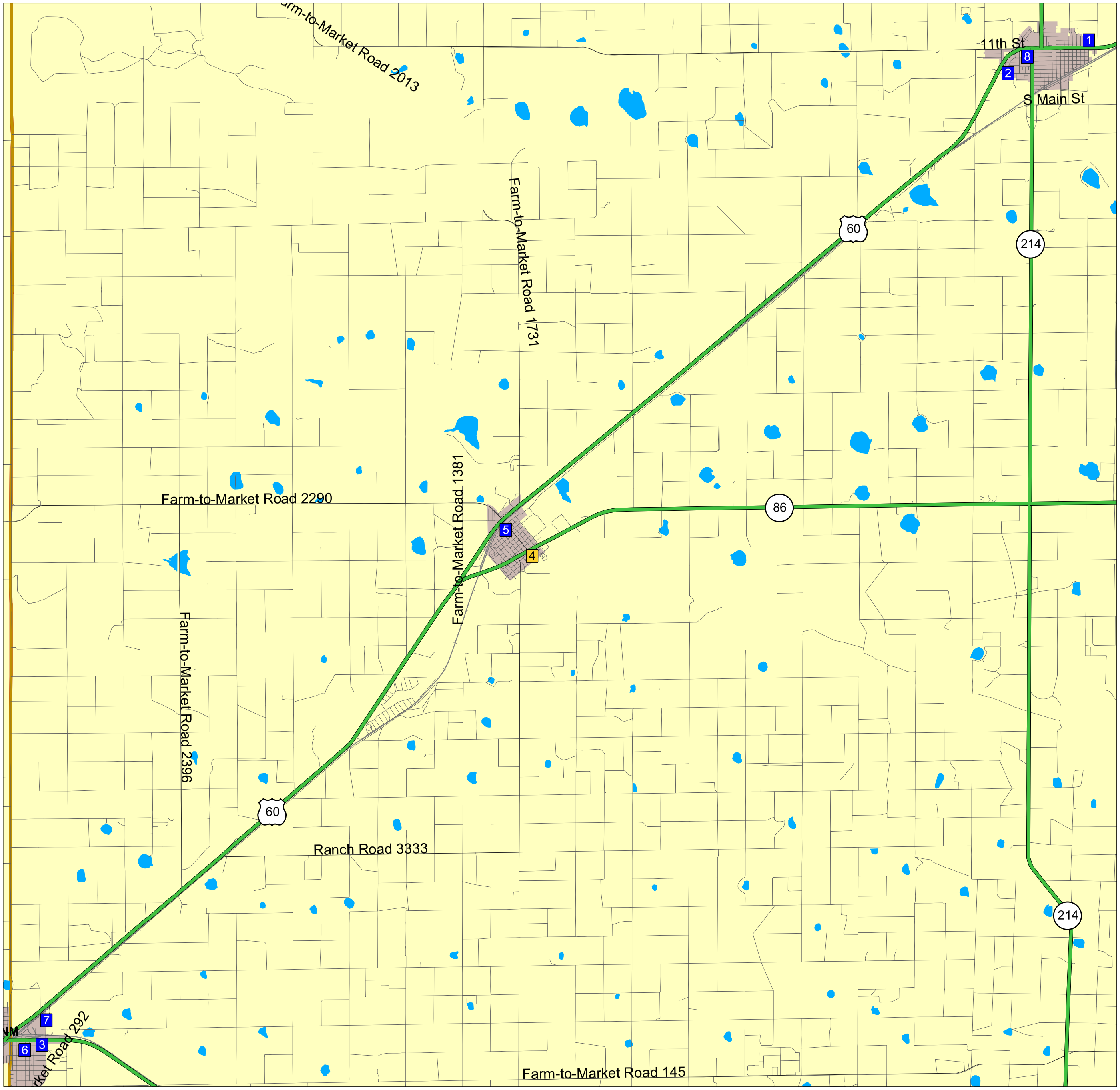
Among the eight surveyed projects, seven are non-subsidized (market-rate) projects containing 126 units. These non-subsidized units are 93.7% occupied. The remaining project contains 11 government-subsidized units, which are 100.0% occupied. The following is a list of the eight total conventional rental projects surveyed in the Parmer County area.

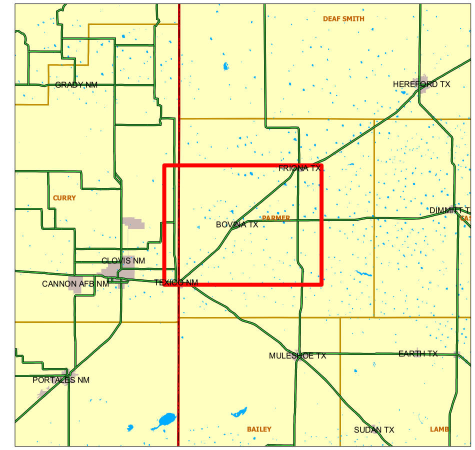
MAP CODE	PROJECT NAME	PROJECT TYPE	YEAR BUILT	TOTAL UNITS	VACANT	OCCUPANCY RATE
1	Cottonwood Twnhms.	MRR	1960	60	5	92%
2	1502 W. 5th St.	MRR	1970	10	0	100%
3	6th St./Ave. B South	MRR	1980	6	3	50%
4	Eastridge Manor	GSS	1978	11	0	100%
5	4th St./Ave. A	MRR	1950	10	0	100%
6	Heritage Square Garden Homes	MRR	1990	8	0	100%
7	Farwell Gardens	MRR	1965	8	0	100%
8	902-912 W. 9th St.	MRR	1960	24	0	100%

PROJECT TYPE	PROJECT SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE
MRR – Market-Rate	7	126	8	93.7%
GSS – Government-Subsidized	1	11	0	100.0%

The map on the following page illustrates the surveyed properties within Parmer County. Note the map ID numbers coincide with the labels listed in the field survey of conventional rentals in Section VIII of this analysis.

Parmer County, TX: Apartment Locations





0 10 20 30
Miles

N
W E
S

Interstate Hwys
US Hwys
State Hwys
Govt. Sub.
Market Rate

0 1 2 3
Miles
1:150,038

vogt williams bowen RESEARCH

Conventional Non-Subsidized Apartments (Parmer County)

The following table summarizes the breakdown of market-rate units within Parmer County:

MARKET RATE						
BEDROOMS	**BATHS**	**UNITS**	**DISTRIBUTION**	**VACANCY**	**%VACANT**	**MEDIAN GROSS RENT**
ONE-BEDROOM	1.0	21	16.7%	4	19.0%	$449
TWO-BEDROOM	1.0	73	57.9%	1	1.4%	$481
THREE-BEDROOM	1.5	32	25.4%	3	9.4%	$538
TOTAL MARKET RATE		**126**	**100.0%**	**8**	**6.3%**	**-**

Of these 126 non-subsidized units that were surveyed, 93.7% are occupied. As previously stated, this occupancy rate is primarily due to the vacancies at 6th Street/ Avenue B South (Map ID 3). Excluding this project, the remaining 120 market-rate units have a combined occupancy rate of 95.8%, which is considered good for market-rate rental housing.

Nearly 90.0% of all apartments surveyed were built prior to 1980, with the majority of units built in the 1960s. The following is a distribution of units surveyed by year built for the Site PMA:

YEAR BUILT	UNITS	VACANCY RATE
PRIOR TO 1960	10	0.0%
1960 – 1969	92	5.4%
1970 – 1979	10	0.0%
1980 – 1989	6	50.0%
1990 – 1994	8	0.0%
1995 – 1999	0	0.0%
2000 – 2005	0	0.0%
2006	0	0.0%
2007	0	0.0%
2008*	0	0.0%
TOTAL	126	6.3%

*As of July

No conventional apartment units have been added to the market since 1990. As such, the existing rental housing stock in Parmer County is considered to be old.

We rated each market-rate property surveyed on a scale of A through E. Our rating system is described as follows, with "+" and "-" variations assigned according to variances from the following general descriptions:

A – Upscale/high-quality property
B – Good condition and quality
C – Fair condition, in need of minor improvements
D – Poor condition
E – Serious disrepair, dilapidated

Following is a distribution by quality rating, units, and vacancies.

MARKET-RATE PROPERTIES				MEDIAN GROSS RENT			
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	STUDIO	ONE-BR.	TWO-BR.	THREE-BR.
B+	1	8	0.0%	-	-	$655	-
B	1	6	50.0%	-	$537	-	-
B-	1	60	8.3%	-	$449	$481	$538
C+	2	18	0.0%	-	$444	$580	-
C-	1	24	0.0%	-	-	$480	-
D	1	10	0.0%	-	$295	$367	-

The preceding table illustrates that no direct correlation appears to exist in the Parmer County area between quality of units and vacancies. The B vacancies are due to the project currently being renovated in the area, 6th Street/Avenue B South. In addition, the B- vacancies are due to the fact that Cottonwood Townhomes are significantly larger in size (60 total units) than all other existing rental communities.

A complete field survey of all conventional apartments we surveyed in Parmer County is included in Section IX. "Field Survey – Parmer County, Texas".

Conventional Government-Subsidized Apartments (Parmer County)

The government-subsidized project within the Site PMA, Eastridge Manor (Map ID 4), operates under the Rural Development 515 program. Built in 1978, this project is considered to have a B- overall quality rating and competitive unit sizes. However, the only kitchen appliance included at this property is a range. The following table is a breakdown of bedroom types at Eastridge Manor.

BEDROOMS	UNITS	DISTRIBUTION	VACANT	PERCENT
ONE-BEDROOM/1.0 BATH	4	36.4%	0	0.0%
TWO-BEDROOM/1.0 BATH	7	63.6%	0	0.0%
TOTAL	11	100.0%	0	0.0%

As previously stated, Eastridge Manor is currently 100.0% occupied with a five-person waiting list for the next available two-bedroom units. This is a positive indication of the demand for affordable rental housing in the area.

According to Sherry Reeves, the Director of Housing for Panhandle Community Services, there are currently 54 Housing Choice Vouchers issued in the county. Ms. Reeves stated that there are currently two people on the waiting list for additional Vouchers; however, Vouchers have not been issued in seven years. This is an indication of strong demand for low-income housing. The Fair Market Rents for Parmer County are illustrated as follows.

FAIR MARKET RENTS	
STUDIO UNIT	$448
ONE-BEDROOM UNIT	$450
TWO-BEDROOM UNIT	$550
THREE-BEDROOM UNIT	$733
FOUR-BEDROOM UNIT	$756

For-Sale Housing (Parmer County)

Given the rural nature of the Parmer County and Friona, real estate representatives were unable to provide MLS data for the currently for-sale homes. However, we were able to obtain a listing of most currently for-sale homes in the Friona area. The following table contains the average current asking price by bedroom type for the for-sale homes in the area.

	ASKING PRICE			
BEDROOM TYPE	LOW	HIGH	MEDIAN	AVERAGE
TWO-BEDROOM	$72,000	$72,000	$72,000	$72,000
THREE-BEDROOM	$95,000	$145,000	$115,000	$118,333
FOUR-BEDROOM	$85,000	$128,000	$108,000	$107,000
FIVE-BEDROOM	$295,000	$295,000	$295,000	$295,000

A sampling of five currently for-sale homes in the area are illustrated on the following page. These photographs provide an indication of the type, size, and price of a variety of homes currently for-sale in the Friona (Parmer County) area.

SINGLE-FAMILY FOR-SALE HOMES (FRIONA, TX)

911 WOODLAND, FRIONA, TX
4 BEDROOM/3.0-BATH
$85,000

1001 AUSTIN, FRIONA, TX
3 BEDROOM/3.0-BATH
$145,000

905 W. 6TH, FRIONA, TX
4 BEDROOM/2.0-BATH
$128,000

1210 ELM AVENUE, FRIONA, TX

4 BEDROOM/3.0-BATH

$108,000

805 SUMMIT AVENUE, FRIONA, TX

2 BEDROOM/1.0-BATH

$72,000

As discussed in greater detail earlier in this analysis (on page IV-13), considering the rural nature of the three subject counties, including Parmer County and the Friona area, the USDA Homeownership Direct Loan Program (Section 502) has been in effect in the area. The USDA 502 direct loan program offers mortgages for low-income homebuyers in rural areas.

In Parmer County, since 2001, there have been three USDA Section 502 loans allocated to individuals. The following shows each loan and the amount of the total obligation.

YEAR	COUNTY	LOCAL OFFICE	ASSISTANCE TYPE	TOTAL OBLIGATION AMOUNT
2001	PARMER	AMARILLO	SEC 502 LOAN	$34,000
2001	PARMER	AMARILLO	SEC 504 GRANT	$7,500
2006	PARMER	AMARILLO	DIRECT 502 LOAN GENERAL – VERY LOW INCOME	$44,000

According to ESRI Demographics, the median home value in Parmer County was $70,139 in 2007. At an estimated interest rate of 6.0% and a 30-year term (and 95% LTV), the monthly mortgage for a $70,139 home is $499, including estimated taxes and insurance.

BUY VERSUS RENT ANALYSIS	
PARMER COUNTY AVERAGE HOME PRICE – ESRI	$70,139
MORTGAGED VALUE = 95% OF AVERAGE HOME PRICE	$66,632
INTEREST RATE – BANKRATE.COM – 6.0%	6.0%
TERM – 30 YEARS	30
MONTHLY PRINCIPAL & INTEREST	$399
ESTIMATED TAXES AND INSURANCE*	$100
ESTIMATED MONTHLY MORTGAGE PAYMENT:	$499

* Estimated at 25% of principal and interest.

As illustrated in the preceding table, the estimated typical mortgage for a home in Castro County is approximately $499 per month. It should be noted that based on our field survey of conventional rental units in the Castro County area, the surveyed units (one- and two-bedroom) collected market-rate rents range from $200 to $575 per month. Since Cottonwood Townhomes offers the most rental units in any one location, it should be noted that this property currently charges collected rents between $380 and $440. As such, most rentals in the market are priced below the cost of a typical home ownership alternative. It should be noted that most renters in the area are likely families that would likely neither be able to afford the down payment or have qualifying credit to purchase a home, especially given the current mortgage situation. Thus, there does not appear to be any competitive impact between the rental and the for-sale markets in the Parmer County.

Migrant and Farmworker Housing (Parmer County)

Based on our analysis of the Friona, Farwell, and Bovina areas, as well as the surrounding Parmer County area, there is one existing conventional rental project that has a large share (50% of the 60 total units) of farmworkers. Although this project, Cottonwood Townhomes, is not restricted to farmworkers and is actually a non-income-restricted market-rate project, we have included it in the following analysis, as it represents the most readily available rental opportunity.

According to management at this project, the farmworkers currently residing at the project typically work at either Cargill or daries, and the majority are permanent residents of the area. Temporary and migratory farmworkers typically reside in motels, trailers, or with family/friends.

The following page illustrates a one-page field sheet for Cottonwood Townhomes.

APARTMENT PROJECT PROFILE - PARMER, TEXAS

Map Code 1 **Total Units** 60 **Vacancies** 5	
Project Name Cottonwood Twnhms.	
Address 1300 Walnut Ave. Friona, TX 79035	
Phone (806) 250-5288 **Contact** Betty	
Project Type Market-Rate	
Year Open 1960 **Renovated** 1998 **Floors** 2	
Concessions No Rent Specials	
Parking Surface Parking	**Quality Rating** B- **Neighborhood Rating** B
Waiting List NONE	**Percent Occupied** 91.7%

UNIT CONFIGURATION

BEDROOMS	BATHS	TYPE	SQUARE FEET	UNITS	OCCUP.	VACANT	COLLECTED RENT
1	1	G	549	8	7	1	$380
2	1	T	944	20	19	1	$400
3	1.5	T	1121	32	29	3	$440

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Central AC, Carpet, Blinds, VCT Tile
Project Amenities	On-site Management, Laundry Facility, Sports Court
Remarks	Has RA (12 units); Landlord pays gas in 1-br units; ~50% farmworkers, not designated; Property for-sale; Playground planned

Surveyed - July 2008

Building Permits and Planned Projects (Parmer County)

HOUSING UNIT BUILDING PERMITS FOR PARMER COUNTY, TX						
	2003	2004	2005	2006	2007	2008
UNITS IN SINGLE-FAMILY STRUCTURES	3	4	1	6	6	0
UNITS IN 2-UNIT MULTIFAMILY STRUCTURES	0	0	0	0	0	0
UNITS IN 3- AND 4-UNIT MULTIFAMILY STRUCTURES	0	0	0	0	0	0
UNITS IN 5+ UNIT MULTIFAMILY STRUCTURES	0	0	0	6	0	0
UNITS IN ALL MULTIFAMILY STRUCTURES	0	0	0	6	0	0
TOTAL UNITS	3	4	1	12	6	0

Source: SOCDS

Since 2003, the SOCDS website lists building permits for only 26 total units in Parmer County. As such, there has been very minimal development of new housing in the area over the past five years. According to interviews with local planning and development representatives for Friona, Farwell, Bovina, and Castro County, there are currently no plans for any additional new construction multifamily projects in the area.

C. POTENTIAL SUPPORT FROM NEW MEXICO

Interviews with local representatives in the Clovis, New Mexico area were conducted in order to determine the the potential impact on the housing markets in Deaf Smith, Castro, and Parmer counties. Renee Ortiz, property manager for Eastern Plains Council of Governments, stated that while many residents of Clovis will commute to nearby counties (Deaf Smith, Castro, and Parmer counties) for employment, they rarely if ever move to those communities. The main reason so few people move the subject counties is a lack of community services in those communities compared to Clovis. The city of Clovis is larger than any city in the three subject counties.

Kim Stevenson, occupancy specialist for Region IV Housing Authority, works for the housing authority that covers Clovis and some of the surrounding areas in New Mexico. She stated that in her time at the housing authority she cannot remember anyone leaving Clovis for any of the three subject counties. She cited a lack of appropriate housing as the reason so few people move to the other counties.

Leighann Melancon, finance director and city clerk for the city of Clovis, spoke about the lack of community services in the three counties compared to Clovis. She felt that most people in the area would rather live in Clovis and commute to work given the disparity in housing and community services.

All three were in agreement that very few, if any, residents of Clovis would relocate to Deaf Smith, Castro, or Parmer. Potentially, if Hereford or any of the other large cities in the subject counties would develop and offer more community services and housing opportunities, there would be potential to draw housing support from the Clovis area. However, currently, there does not appear to be any significant draw from the Clovis area.

V. DEMAND ANALYSIS

A. INTRODUCTION

Pursuant to the Texas Department of Housing and Community Affairs RFP, two demand models are required as part of this analysis of affordable housing within the subject markets. These demand components include the following:

1. Demand based on strict need
   - Household growth
   - Cost overburdened households
   - Overcrowding;
   - Substandard housing; and,
   - Demand from other non-overlapping sources

2. Demand based upon traditional transitory patterns:
   - Household growth
   - Turnover; and
   - Demand from other non-overlapping sources

This analysis identifies demand for additional housing units for the most recent baseline data year (2008) and five years later (2013).

It is important to note that this analysis considers the number of income-appropriate household growth by household size. Projections based only on income often include estimates of smaller households even though they are over income-qualified due to their household size limitation (i.e. income analysis based on a five-person limit set at $46,000 includes two-person households with incomes above their maximum but below $46,000, thus overstating the number who are qualified).

Cost overburdened households are those renter households that pay more than 35% of their annual household income towards rent. Typically, such households will choose a comparable property (including new affordable housing product) if it is less of a rent burden.

Overcrowded housing is often considered housing units with 1.01 or more persons per room. These units are often occupied by multi-generational families or large families that are in need of more appropriately-sized and affordable housing units. Farmworkers are also often found in overcrowded conditions.

Substandard housing is typically considered product that lacks complete indoor plumbing facilities. Such housing is often considered to be of such poor quality and disrepair that is should be replaced.

Turnover of existing renters within a market each year represents a potential base of support for rental properties. Turnover is considered the number of households that move annually from one rental to another.

B. DETERMINATION OF INCOME ELIGIBILITY

The number of income-eligible households in the market is an important consideration in evaluating the market's potential to support affordable housing units. This section of the report establishes the window of affordability for each of the targeted income levels considered in this report.

a. Maximum Income Limits

Under affordable housing programs, household eligibility is based on household income not exceeding the targeted percentage of Area Median Household Income (AMHI), depending upon household size.

The maximum allowable incomes for the three counties are identical. The following table summarizes the maximum allowable income by household size for the three subject counties at various levels of AMHI.

HOUSEHOLD SIZE	MAXIMUM ALLOWABLE INCOME					
	30%	40%	50%	60%	80%	100%
ONE-PERSON	$9,150	$12,200	$15,250	$18,300	$24,400	$30,500
TWO-PERSON	$10,470	$13,960	$17,450	$20,940	$27,920	$34,900
THREE-PERSON	$11,760	$15,680	$19,600	$23,520	$31,360	$39,200
FOUR-PERSON	$13,080	$17,440	$21,800	$26,160	$34,880	$43,600
FIVE-PERSON	$14,130	$18,840	$23,550	$28,260	$37,680	$47,100

b. Minimum Income Requirements

Pursuant to TDHCA 2009 market study guidelines, the maximum rent to income ratio permitted for family projects is 35% and 50% for elderly projects.

For the purposes of this analysis, we have established the minimum income requirement for each county and each targeted income level by household size by using the maximum income limit for the next lowest targeted income. For example, the maximum income for a one-person household at 30% of AMHI in Deaf Smith County is $9,150. Therefore, we assume that the minimum income requirement for a one-person household at 40% of AMHI would be $9,150. This approach eliminates overlap between the various targeted income levels and prevents double-counting of eligible households in the market. It should be noted that the minimum income requirement for the 30% of AMHI units is $0. The following table summarizes the minimum annual income requirement for the subject counties and at each targeted income level (note: all three counties have the same income and rent restrictions).

HOUSEHOLD SIZE	MINIMUM ANNUAL INCOME REQUIREMENT					
	< 30%	40%	50%	60%	80%	100%
ONE-PERSON	$0	$9,150	$12,200	$15,250	$18,300	$24,400
TWO-PERSON	$0	$10,470	$13,960	$17,450	$20,940	$27,920
THREE-PERSON	$0	$11,760	$15,680	$19,600	$23,520	$31,360
FOUR-PERSON	$0	$13,080	$17,440	$21,800	$26,160	$34,880
FIVE-PERSON	$0	$14,130	$18,840	$23,550	$28,260	$37,680

c. **Income-Appropriate Range**

Based on the preceding analyses, the income-appropriate range at each target AMHI is as follows:

HOUSEHOLD SIZE	ANNUAL HOUSEHOLD INCOME RANGE					
	0%-30%	31% - 40%	41% - 50%	51% - 60%	61% - 80%	81% - 100%
ONE-PERSON	$0 - $9,150	$9,150 - $12,200	$12,200 - $15,250	$15,250 - $18,300	$18,300 - $24,400	$24,400 - $30,500
TWO-PERSON	$0 - $10,470	$10,470 - $13,960	$13,960 - $17,450	$17,450 - $20,940	$20,940 - $27,920	$27,920 - $34,900
THREE-PERSON	$0 - $11,760	$11,760 - $15,680	$15,680 - $19,600	$19,600 - $23,520	$23,520 - $31,360	$31,360 - $39,200
FOUR-PERSON	$0 - $13,080	$13,080 - $17,440	$17,440 - $21,800	$21,800 - $26,160	$26,160 - $34,880	$34,880 - $43,600
FIVE-PERSON	$0 - $14,130	$14,130 - $18,840	$18,840 - $23,550	$23,550 - $28,260	$28,260 - $37,680	$37,680 - $47,100

C. METHODOLOGY

Pursuant to TDHCA requirements, the following are the demand components used in our analysis:

a. **Household Growth.** The growth in the number of renter households is determined using the 2000 Census and projecting forward to the current year (2008). We have also conducted such an analysis evaluating the change in renter households between 2008 and 2013. We have used growth rates and projections established from ESRI, a reputable national data provider. This data was evaluated for all households, seniors (age 55+) and disabled households to the degree the data was available.

b. **Rent over-burdened households.** This calculation evaluates renter households paying more than 35% of their income toward rent. Based on the 2000 Census, depending upon targeted income level, the share of the renter households that were rent overburdened ranged from 10.9% to 51.2% in Deaf Smith County, 0.6% to 48.1% in Castro County, and 5.8% to 69.2% to Parmer County. These shares have been applied to the number of income eligible households within the market for the study year (either 2008 or 2013).

c. **Overcrowded Households.** Overcrowded households are defined as those with 1.01 persons or more per room. Households in substandard housing are adjusted for age, income band, and tenure that apply. Based on the 2000 Census, the share of all renter households living in overcrowded housing was 16.1% in Deaf Smith County, 16.9% in Castro County, and 14.1% in Parmer County. These shares were applied to the number of income-eligible renter households within each income band evaluated.

d. **Substandard Housing.** Substandard housing is considered occupied housing units that lack complete indoor plumbing. Based on the 2000 Census, the share of all renter households living in substandard housing was 0.7% in Deaf Smith County, 2.1% in Castro County, and 2.3% in Parmer County. We have applied these shares to the number of income-eligible renter households within each income band evaluated.

e. **Elderly homeowners likely to convert to rentership (senior projects only).** Based on information from the 2005 American Housing Survey in markets throughout the U.S., we have estimated that on average, just 1.4% of low-income senior homeowners will convert to a rental in a given year. This share has been applied to the number of income-qualified homeowner. The American Housing survey conducted interviews of seniors to determine residency status and previous residency of senior renters. Based on calculations from Table 3-9, Table 4-9 and Table 4-10, we determined that nationally, approximately 0.7% of all senior renter households moved from owner-occupied housing units in any one year. Considering the limited number of rental opportunities in many areas throughout the country, and the fact that the three subject counties are considered relatively rural, we have doubled this share of senior homeowners likely to convert to rentership, assuming a new senior rental alternatives were made available. Thus, the 1.4% senior homeowner conversion rate has been used in the following demand calculations.

f. **Turnover from existing renters.** Turnover is considered those renters that typically move out of a rental property in any given year. The turnover rates, based on IREM's 2007 report, is 62.9% for region VI, which includes the subject counties that are evaluated in this report. Note that IREM does not report specific information for non-metropolitan statistical areas. Therefore, while the actual turnover may be slightly lower in the subject counties due to the lack of available rental housing, we consider this 62.9% turnover rate to be accurate assuming a new rental project was built in one of these counties.

The components from the preceding paragraphs are combined to represent total demand for the proposed subject project.

D. DEMAND CALCULATIONS

a. Introduction

The following tables summarize projected demand for affordable housing for all renter households 2008 as well as 2013. Note the 2008 Baseline Total Renter Households includes *all* renter households, while the demand analysis only considers households earning up to 100% AMHI ($47,100). Therefore, the total Baseline Targeted Income-Qualified Renter Households for each income band does not equate to the total number of renter households in 2008. For example, there were a total of 1,933 renter households in the Deaf Smith County Submarket in 2008; out of this total, 1,591 were *income-qualified* renter households. This results in 342 renter households earning above $47,000.

b. General Occupancy Demand

The tables on the following page illustrate the appropriate income range by targeted AMHI level as well as the number of targeted income-eligible renter households.

DEAF SMITH COUNTY
2008 SUPPORT BASE ESTIMATES

GENERAL OCCUPANCY – DEAF SMITH COUNTY SUBMARKET						
	TARGETED AMHI					
APPROPRIATE INCOME RANGE BY TARGETED AMHI	0%-30%	31% - 40%	41% - 50%	51% - 60%	61% - 80%	81% - 100%
1-PERSON	$0 - $9,150	$9,150 – $12,200	$12,200 - $15,250	$15,250 - $18,300	$18,300 - $24,400	$24,400 - $30,500
2-PERSON	$0 - $10,470	$10,470 - $13,960	$13,960 - $17,450	$17,450 - $20,940	$20,940 - $27,920	$27,920 - $34,900
3-PERSON	$0 - $11,760	$11,760 - $15,680	$15,680 - $19,600	$19,600 - $23,520	$23,520 - $31,360	$31,360 - $39,200
4-PERSON	$0 - $13,080	$13,080 - $17,440	$17,440 - $21,800	$21,800 - $26,160	$26,160 - $34,880	$34,880 - $43,600
5+-PERSON	$0 - $14,130	$14,130 - $18,840	$18,840 - $23,550	$23,550 - $28,260	$28,260 - $37,680	$37,680 - $47,100
BASELINE TOTAL RENTER HOUSEHOLDS (HISTA DATA)	1,933	1,933	1,933	1,933	1,933	1,933
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS						
1-PERSON	202	47	39	39	83	86
2-PERSON	102	21	21	20	40	27
3-PERSON	102	28	28	26	44	13
4-PERSON	68	19	20	23	45	38
5+-PERSON	57	21	38	44	64	43
= BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	531	136	146	152	276	207

CASTRO COUNTY
2008 SUPPORT BASE ESTIMATES

GENERAL OCCUPANCY – CASTRO COUNTY SUBMARKET						
	TARGETED AMHI					
APPROPRIATE INCOME RANGE BY TARGETED AMHI	**0%-30%**	**31% - 40%**	**41% - 50%**	**51% - 60%**	**61% - 80%**	**81% - 100%**
1-PERSON	$0 - $9,150	$9,150 – $12,200	$12,200 - $15,250	$15,250 - $18,300	$18,300 - $24,400	$24,400 - $30,500
2-PERSON	$0 - $10,470	$10,470 - $13,960	$13,960 - $17,450	$17,450 - $20,940	$20,940 - $27,920	$27,920 - $34,900
3-PERSON	$0 - $11,760	$11,760 - $15,680	$15,680 - $19,600	$19,600 - $23,520	$23,520 - $31,360	$31,360 - $39,200
4-PERSON	$0 - $13,080	$13,080 - $17,440	$17,440 - $21,800	$21,800 - $26,160	$26,160 - $34,880	$34,880 - $43,600
5+-PERSON	$0 - $14,130	$14,130 - $18,840	$18,840 - $23,550	$23,550 - $28,260	$28,260 - $37,680	$37,680 - $47,100
BASELINE TOTAL RENTER HOUSEHOLDS (HISTA DATA)	709	709	709	709	709	709
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS						
1-PERSON	51	13	11	11	19	17
2-PERSON	27	15	15	12	10	12
3-PERSON	23	7	7	9	19	24
4-PERSON	15	9	6	2	5	5
5+-PERSON	21	12	11	11	21	20
= BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	137	56	50	45	74	78

PARMER COUNTY
2008 SUPPORT BASE ESTIMATES

GENERAL OCCUPANCY – PARMER COUNTY SUBMARKET						
	TARGETED AMHI					
APPROPRIATE INCOME RANGE BY TARGETED AMHI	**0%-30%**	**31% - 40%**	**41% - 50%**	**51% - 60%**	**61% - 80%**	**81% - 100%**
1-PERSON	$0 - $9,150	$9,150 – $12,200	$12,200 - $15,250	$15,250 - $18,300	$18,300 - $24,400	$24,400 - $30,500
2-PERSON	$0 - $10,470	$10,470 - $13,960	$13,960 - $17,450	$17,450 - $20,940	$20,940 - $27,920	$27,920 - $34,900
3-PERSON	$0 - $11760	$11,760 - $15,680	$15,680 - $19,600	$19,600 - $23,520	$23,520 - $31,360	$31,360 - $39,200
4-PERSON	$0 - $13080	$13,080 - $17,440	$17,440 - $21,800	$21,800 - $26,160	$26,160 - $34,880	$34,880 - $43,600
5+-PERSON	$0 - $14130	$14,130 - $18,840	$18,840 - $23,550	$23,550 - $28,260	$28,260 - $37,680	$37,680 - $47,100
BASELINE TOTAL RENTER HOUSEHOLDS (HISTA DATA)	859	859	859	859	859	859
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS						
1-PERSON	91	16	12	12	19	16
2-PERSON	22	9	9	12	34	21
3-PERSON	25	14	14	16	29	4
4-PERSON	32	9	11	14	29	25
5+-PERSON	25	11	21	24	23	18
= BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	195	59	67	78	134	84

or demand by bedroom type and household size, we have based this estimate upon the share of households currently within those bedroom types from the American Housing Survey findings for MSAs in Texas within close proximity to the subject counties (which are not located in an MSA). This distribution of demand by bedroom type and household size is distributed as follows:

DEMAND BY BEDROOM AND HOUSEHOLD SIZE				
	STUDIO / 1-BR.	2-BR.	3-BR.	4+-BR.
1-PERSON HH	68%	24%	8%	-
2-PERSON HH	36%	44%	16%	4%
3-PERSON HH	16%	55%	22%	7%
4-PERSON HH	7%	46%	42%	12%
5+-PERSON HH	-	44%	37%	19%

Source: American Housing Survey; VWB Research
HH-Household

These percentages, applied to the number of income-qualified renter households in each submarket, are as follows:

DEAF SMITH COUNTY
SUPPORT BASE BY BEDROOM TYPE, HOUSEHOLD SIZE & AMHI
2008 ESTIMATES

HOUSEHOLD SIZE	PERCENT AMHI	STUDIO / 1-BR.	2-BR.	3-BR.	4-BR.	TOTAL
1-PERSON HOUSEHOLD	0%-30%	137	48	16	0	201
	31%-40%	32	11	4	0	47
	41%-50%	27	9	3	0	39
	51%-60%	27	9	3	0	39
	61%-80%	56	20	7	0	83
	81%-100%	58	21	7	0	86
2-PERSON HOUSEHOLD	0%-30%	37	45	16	4	102
	31%-40%	8	9	3	1	21
	41%-50%	8	9	3	1	21
	51%-60%	7	9	3	1	20
	61%-80%	14	18	6	2	40
	81%-100%	10	12	4	1	27
3-PERSON HOUSEHOLD	0%-30%	16	56	22	7	101
	31%-40%	4	15	6	2	27
	41%-50%	4	15	6	2	27
	51%-60%	4	14	6	2	26
	61%-80%	7	24	10	3	44
	81%-100%	2	7	3	1	13
4-PERSON HOUSEHOLD	0%-30%	5	31	29	8	73
	31%-40%	1	9	8	2	20
	41%-50%	1	9	8	2	20
	51%-60%	2	11	10	3	26
	61%-80%	3	21	19	5	48
	81%-100%	3	17	16	5	41
5+-PERSON HOUSEHOLD	0%-30%	0	25	21	11	57
	31%-40%	0	9	8	4	21
	41%-50%	0	17	14	7	38
	51%-60%	0	19	16	8	43
	61%-80%	0	28	24	12	64
	81%-100%	0	19	16	8	43
TOTAL (%)	0%-30%	195 (37%)	205 (38%)	104 (19%)	30 (6%)	534
	31%-40%	45 (33%)	53 (39%)	29 (21%)	9 (7%)	136
	41%-50%	40 (28%)	59 (41%)	34 (23%)	12 (8%)	145
	51%-60%	40 (26%)	62 (40%)	38 (25%)	14 (9%)	154
	61%-80%	80 (29%)	111 (40%)	66 (24%)	22 (8%)	279
	81%-100%	73 (35%)	76 (36%)	46 (22%)	15 (7%)	210
OVERALL TOTALS		**473**	**566**	**317**	**102**	

Some totals may vary from other demand estimates reported earlier in this section due to rounding.

CASTRO COUNTY
SUPPORT BASE BY BEDROOM TYPE, HOUSEHOLD SIZE & AMHI
2008 ESTIMATES

HOUSEHOLD SIZE	PERCENT AMHI	STUDIO / 1-BR.	2-BR.	3-BR.	4-BR.	TOTAL
1-PERSON HOUSEHOLD	0%-30%	35	12	4	0	51
	31%-40%	9	3	1	0	13
	41%-50%	7	3	1	0	11
	51%-60%	7	3	1	0	11
	61%-80%	13	5	2	0	20
	81%-100%	12	4	1	0	17
2-PERSON HOUSEHOLD	0%-30%	10	12	4	1	27
	31%-40%	5	7	2	1	15
	41%-50%	5	7	2	1	15
	51%-60%	4	5	2	0	11
	61%-80%	4	4	2	0	10
	81%-100%	4	5	2	0	11
3-PERSON HOUSEHOLD	0%-30%	4	13	5	2	24
	31%-40%	1	4	2	0	7
	41%-50%	1	4	2	0	7
	51%-60%	1	5	2	1	9
	61%-80%	3	10	4	1	18
	81%-100%	4	13	5	2	24
4-PERSON HOUSEHOLD	0%-30%	1	7	6	2	16
	31%-40%	1	4	4	1	10
	41%-50%	0	3	3	1	7
	51%-60%	0	1	1	0	2
	61%-80%	0	2	2	1	5
	81%-100%	0	2	2	1	5
5+-PERSON HOUSEHOLD	0%-30%	0	9	8	4	21
	31%-40%	0	5	4	2	11
	41%-50%	0	5	4	2	11
	51%-60%	0	5	4	2	11
	61%-80%	0	9	8	4	21
	81%-100%	0	9	7	4	20
TOTAL (%)	0%-30%	50 (36%)	53 (38%)	27 (19%)	9 (6%)	139
	31%-40%	16 (29%)	23 (41%)	13 (23%)	4 (7%)	56
	41%-50%	13 (25%)	22 (43%)	12 (24%)	4 (8%)	51
	51%-60%	12 (27%)	19 (43%)	10 (23%)	3 (7%)	44
	61%-80%	20 (27%)	30 (41%)	18 (24%)	6 (8%)	74
	81%-100%	20 (26%)	33 (43%)	17 (22%)	7 (9%)	77
OVERALL TOTALS		**131**	**180**	**97**	**33**	

Some totals may vary from other demand estimates reported earlier in this section due to rounding.

PARMER COUNTY
SUPPORT BASE BY BEDROOM TYPE, HOUSEHOLD SIZE & AMHI
2008 ESTIMATES

HOUSEHOLD SIZE	PERCENT AMHI	STUDIO / 1-BR.	2-BR.	3-BR.	4-BR.	TOTAL
1-PERSON HOUSEHOLD	0%-30%	62	22	7	0	91
	31%-40%	11	4	1	0	16
	41%-50%	8	3	1	0	12
	51%-60%	8	3	1	0	12
	61%-80%	13	5	2	0	20
	81%-100%	11	4	1	0	16
2-PERSON HOUSEHOLD	0%-30%	8	10	4	1	23
	31%-40%	3	4	1	0	8
	41%-50%	3	4	1	0	8
	51%-60%	4	5	2	0	11
	61%-80%	12	15	5	1	33
	81%-100%	8	9	3	1	21
3-PERSON HOUSEHOLD	0%-30%	4	14	6	2	26
	31%-40%	2	8	3	1	14
	41%-50%	2	8	3	1	14
	51%-60%	3	9	4	1	17
	61%-80%	5	16	6	2	29
	81%-100%	1	2	1	0	4
4-PERSON HOUSEHOLD	0%-30%	2	15	13	4	34
	31%-40%	1	4	4	1	10
	41%-50%	1	5	5	1	12
	51%-60%	1	6	6	2	15
	61%-80%	2	13	12	3	30
	81%-100%	2	12	11	3	28
5+-PERSON HOUSEHOLD	0%-30%	0	11	9	5	25
	31%-40%	0	5	4	2	11
	41%-50%	0	9	8	4	21
	51%-60%	0	11	9	5	25
	61%-80%	0	10	9	4	23
	81%-100%	0	8	7	3	18
TOTAL (%)	0%-30%	76 (38%)	72 (36%)	39 (20%)	12 (6%)	199
	31%-40%	17 (29%)	25 (42%)	13 (22%)	4 (7%)	59
	41%-50%	14 (21%)	29 (43%)	18 (27%)	6 (9%)	67
	51%-60%	16 (20%)	34 (43%)	22 (28%)	8 (10%)	80
	61%-80%	32 (24%)	59 (44%)	34 (25%)	10 (7%)	135
	81%-100%	22 (25%)	35 (40%)	23 (26%)	7 (8%)	87
OVERALL TOTALS		**177**	**254**	**149**	**47**	

Some totals may vary from other demand estimates reported earlier in this section due to rounding.

DEAF SMITH COUNTY
SUPPORT BASE FROM GROWTH, RENT BURDEN, OVERCROWDING & SUBSTANDARD HOUSEHOLDS/HOUSING
2008 ESTIMATES

STRICT NEED DEMAND

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$14,130)**	**31% - 40% ($9,150-$18,840)**	**41% - 50% ($12,200-$23,550)**	**51% - 60% ($15,250-$28,260)**	**61% - 80% ($18,300-$37,680)**	**81% - 100% ($24,400-$47,100)**
2000 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	492	147	108	127	283	242
2008 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	531	136	146	152	276	207
NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH OVER PROJECTION PERIOD (2000 TO 2008)	39	-11	38	25	-7	-35
II. COST OVERBURDENED HOUSEHOLDS						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	531	136	146	152	276	207
(X) SHARE OF RENT 0VERBURDENED HOUSEHOLDS IN 2000	51.2%	39.6%	26.3%	24.1%	17.6%	10.9%
(=) ESTIMATED NUMBER OF RENT OVERBURDENED HOUSEHOLDS IN 2008	272	54	38	37	49	23
III. OVERCROWDED HOUSEHOLDS						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	531	136	146	152	276	207
(X) SHARE OF OVERCROWDED HOUSEHOLDS IN 2000	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%
(=) ESTIMATED NUMBER OF OVERCROWDED HOUSEHOLDS IN 2008	85	22	24	24	44	33
IV. SUBSTANDARD HOUSING						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	531	136	146	152	276	207
(X) SHARE OF SUBSTANDARD HOUSING UNITS IN 2000	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
(=) ESTIMATED NUMBER OF SUBSTANDARD HOUSEHOLDS IN 2008	4	1	1	1	2	1
V. EXISTING COMPARABLE SUPPLY						
(-) NUMBER OF COMPARABLE UNITS BUILT SINCE 2000	9	0	24	72	0	3
VI. TOTAL *NET* DEMAND	**391**	**66**	**77**	**15**	**88**	**19**

Note: 2000 income-qualified households based on 2000 income limits.

TRADITIONAL TRANSITORY DEMAND

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$14,130)**	**31% - 40% ($9,150-$18,840)**	**41% - 50% ($12,200-$23,550)**	**51% - 60% ($15,250-$28,260)**	**61% - 80% ($18,300-$37,680)**	**81% - 100% ($24,400-$47,100)**
2000 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	492	147	108	127	283	242
2008 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	531	136	146	152	276	207
ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH ('00-'08)	39	-11	38	25	-7	-35
II. HOUSEHOLD TURNOVER						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	531	136	146	152	276	207
(X) SHARE OF ANNUAL TURNOVER	62.9%	62.9%	62.9%	62.9%	62.9%	62.9%
(=) ESTIMATED NUMBER OF RENTER HOUSEHOLDS FROM TURNOVER 2008	334	86	92	96	174	130
III. EXISTING COMPARABLE SUPPLY						
(-) NUMBER OF COMPARABLE UNITS BUILT SINCE 2000	9	0	24	72	0	3
IV. TOTAL *NET* DEMAND	**325**	**86**	**68**	**24**	**174**	**127**

Note: 2000 income-qualified households based on 2000 income limits.

DEAF SMITH COUNTY
SUPPORT BASE FROM GROWTH, RENT BURDEN, OVERCROWDING & SUBSTANDARD HOUSEHOLDS/HOUSING
2013 ESTIMATES

STRICT NEED DEMAND

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$14,130)**	**31% - 40% ($9,150-$18,840)**	**41% - 50% ($12,200-$23,550)**	**51% - 60% ($15,250-$28,260)**	**61% - 80% ($18,300-$37,680)**	**81% - 100% ($24,400-$47,100)**
2008 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	531	136	146	152	276	207
2013 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	505	133	144	149	272	207
ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH ('08-'13)	-26	-3	-2	-3	-4	0
II. COST OVERBURDENED HOUSEHOLDS						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	505	133	144	149	272	207
(X) SHARE OF RENT 0VERBURDENED HOUSEHOLDS IN 2000	51.2%	39.6%	26.3%	24.1%	17.6%	10.9%
(=) ESTIMATED NUMBER OF RENT OVERBURDENED HOUSEHOLDS IN 2013	259	53	38	36	48	23
III. OVERCROWDED HOUSEHOLDS						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	505	133	144	149	272	207
(X) SHARE OF OVERCROWDED HOUSEHOLDS IN 2000	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%
(=) ESTIMATED NUMBER OF OVERCROWDED HOUSEHOLDS IN 2013	81	21	23	24	44	33
IV. SUBSTANDARD HOUSING						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	505	133	144	149	272	207
(X) SHARE OF SUBSTANDARD HOUSING UNITS IN 2000	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
(=) ESTIMATED NUMBER OF SUBSTANDARD HOUSEHOLDS IN 2013	4	1	1	1	2	1
V. PLANNED DEVELOPMENT						
(-) NUMBER OF COMPARABLE UNITS PLANNED FOR THE MARKET	0	0	0	0	0	0
VI. TOTAL *NET* DEMAND	**317**	**72**	**60**	**58**	**90**	**57**

Note: 2013 income limits are projected based on average annual historical increase between 2000-2008.

TRADITIONAL TRANSITORY DEMAND

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$14,130)**	**31% - 40% ($9,150-$18,840)**	**41% - 50% ($12,200-$23,550)**	**51% - 60% ($15,250-$28,260)**	**61% - 80% ($18,300-$37,680)**	**81% - 100% ($24,400-$47,100)**
2008 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	531	136	146	152	276	207
2013 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	505	133	144	149	272	207
ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH ('08-'13)	-26	-3	-2	-3	-4	0
II. HOUSEHOLD TURNOVER						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	505	133	144	149	272	207
(X) SHARE OF ANNUAL TURNOVER	62.9%	62.9%	62.9%	62.9%	62.9%	62.9%
(=) ESTIMATED NUMBER OF RENTER HOUSEHOLDS FROM TURNOVER 2013	318	84	91	94	171	130
III. PLANNED DEVELOPMENT						
(-) NUMBER OF COMPARABLE UNITS PLANNED FOR THE MARKET	0	0	0	0	0	0
IV. TOTAL *NET* DEMAND	**318**	**84**	**91**	**94**	**171**	**130**

Note: 2013 income limits are projected based on average annual historical increase between 2000-2008.

CASTRO COUNTY
SUPPORT BASE FROM GROWTH, RENT BURDEN, OVERCROWDING & SUBSTANDARD HOUSEHOLDS/HOUSING
2008 ESTIMATES

STRICT NEED DEMAND

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$14,130)**	**31% - 40% ($9,150-$18,840)**	**41% - 50% ($12,200-$23,550)**	**51% - 60% ($15,250-$28,260)**	**61% - 80% ($18,300-$37,680)**	**81% - 100% ($24,400-$47,100)**
2000 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	138	69	71	65	102	74
2008 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	137	56	50	45	74	78
NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH OVER PROJECTION PERIOD (2000 TO 2008)	-1	-13	-21	-20	-28	4
II. COST OVERBURDENED HOUSEHOLDS						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	137	56	50	45	74	78
(X) SHARE OF RENT 0VERBURDENED HOUSEHOLDS IN 2000	48.1%	36.4%	22.3%	17.4%	9.5%	0.6%
(=) ESTIMATED NUMBER OF RENT OVERBURDENED HOUSEHOLDS IN 2008	66	20	11	8	7	0
III. OVERCROWDED HOUSEHOLDS						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	137	56	50	45	74	78
(X) SHARE OF OVERCROWDED HOUSEHOLDS IN 2000	16.9%	16.9%	16.9%	16.9%	16.9%	16.9%
(=) ESTIMATED NUMBER OF OVERCROWDED HOUSEHOLDS IN 2008	23	9	8	8	13	13
IV. SUBSTANDARD HOUSING						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	137	56	50	45	74	78
(X) SHARE OF SUBSTANDARD HOUSING UNITS IN 2000	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
(=) ESTIMATED NUMBER OF SUBSTANDARD HOUSEHOLDS IN 2008	3	1	1	1	2	2
V. EXISTING COMPARABLE SUPPLY						
(-) NUMBER OF COMPARABLE UNITS BUILT SINCE 2000	14	10	8	0	0	0
VI. TOTAL *NET* DEMAND	**77**	**8**	**-8**	**-4**	**-7**	**19**

Note: 2000 income-qualified households based on 2000 income limits.

TRADITIONAL TRANSITORY DEMAND

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$14,130)**	**31% - 40% ($9,150-$18,840)**	**41% - 50% ($12,200-$23,550)**	**51% - 60% ($15,250-$28,260)**	**61% - 80% ($18,300-$37,680)**	**81% - 100% ($24,400-$47,100)**
2000 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	138	69	71	65	102	74
2008 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	137	56	50	45	74	78
ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH ('00-'08)	-1	-13	-21	-20	-28	4
II. HOUSEHOLD TURNOVER						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	137	56	50	45	74	78
(X) SHARE OF ANNUAL TURNOVER	62.9%	62.9%	62.9%	62.9%	62.9%	62.9%
(=) ESTIMATED NUMBER OF RENTER HOUSEHOLDS FROM TURNOVER 2008	86	35	31	28	47	49
III. EXISTING COMPARABLE SUPPLY						
(-) NUMBER OF COMPARABLE UNITS BUILT SINCE 2000	14	10	8	0	0	0
IV. TOTAL *NET* DEMAND	**72**	**25**	**23**	**28**	**47**	**49**

Note: 2000 income-qualified households based on 2000 income limits.

CASTRO COUNTY
SUPPORT BASE FROM GROWTH, RENT BURDEN, OVERCROWDING & SUBSTANDARD HOUSEHOLDS/HOUSING
2013 ESTIMATES

STRICT NEED DEMAND						
I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$14,130)**	**31% - 40% ($9,150-$18,840)**	**41% - 50% ($12,200-$23,550)**	**51% - 60% ($15,250-$28,260)**	**61% - 80% ($18,300-$37,680)**	**81% - 100% ($24,400-$47,100)**
2008 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	137	56	50	45	74	78
2013 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	121	47	41	37	68	68
ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH ('08-'13)	-16	-9	-9	-8	-6	-10
II. COST OVERBURDENED HOUSEHOLDS						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	121	47	41	37	68	68
(X) SHARE OF RENT 0VERBURDENED HOUSEHOLDS IN 2000	48.1%	36.4%	22.3%	17.4%	9.5%	0.6%
(=) ESTIMATED NUMBER OF RENT OVERBURDENED HOUSEHOLDS IN 2013	58	17	9	6	6	0
III. OVERCROWDED HOUSEHOLDS						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	121	47	41	37	68	68
(X) SHARE OF OVERCROWDED HOUSEHOLDS IN 2000	16.9%	16.9%	16.9%	16.9%	16.9%	16.9%
(=) ESTIMATED NUMBER OF OVERCROWDED HOUSEHOLDS IN 2013	20	8	7	6	11	11
IV. SUBSTANDARD HOUSING						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	121	47	41	37	68	68
(X) SHARE OF SUBSTANDARD HOUSING UNITS IN 2000	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
(=) ESTIMATED NUMBER OF SUBSTANDARD HOUSEHOLDS IN 2013	3	1	1	1	1	1
V. PLANNED DEVELOPMENT						
(-) NUMBER OF COMPARABLE UNITS PLANNED FOR THE MARKET	0	0	0	0	0	0
VI. TOTAL *NET* DEMAND	**65**	**17**	**8**	**5**	**13**	**3**

Note: 2013 income limits are projected based on average annual historical increase between 2000-2008.

TRADITIONAL TRANSITORY DEMAND						
I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$14,130)**	**31% - 40% ($9,150-$18,840)**	**41% - 50% ($12,200-$23,550)**	**51% - 60% ($15,250-$28,260)**	**61% - 80% ($18,300-$37,680)**	**81% - 100% ($24,400-$47,100)**
2008 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	137	56	50	45	74	78
2013 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	121	47	41	37	68	68
ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH ('08-'13)	-16	-9	-9	-8	-6	-10
II. HOUSEHOLD TURNOVER						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	121	47	41	37	68	68
(X) SHARE OF ANNUAL TURNOVER	62.9%	62.9%	62.9%	62.9%	62.9%	62.9%
(=) ESTIMATED NUMBER OF RENTER HOUSEHOLDS FROM TURNOVER 2013	76	30	26	23	43	43
III. PLANNED DEVELOPMENT						
(-) NUMBER OF COMPARABLE UNITS PLANNED FOR THE MARKET	0	0	0	0	0	0
IV. TOTAL *NET* DEMAND	**76**	**30**	**26**	**23**	**43**	**43**

Note: 2013 income limits are projected based on average annual historical increase between 2000-2008.

PARMER COUNTY
SUPPORT BASE FROM GROWTH, RENT BURDEN, OVERCROWDING & SUBSTANDARD HOUSEHOLDS/HOUSING
2008 ESTIMATES

STRICT NEED DEMAND						
I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$14,130)**	**31% - 40% ($9,150-$18,840)**	**41% - 50% ($12,200-$23,550)**	**51% - 60% ($15,250-$28,260)**	**61% - 80% ($18,300-$37,680)**	**81% - 100% ($24,400-$47,100)**
2000 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	180	66	53	67	159	113
2008 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	195	59	67	78	134	84
NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH OVER PROJECTION PERIOD (2000 TO 2008)	15	-7	14	11	-25	-29
II. COST OVERBURDENED HOUSEHOLDS						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	195	59	67	78	134	84
(X) SHARE OF RENT 0VERBURDENED HOUSEHOLDS IN 2000	69.2%	52.6%	29.0%	26.7%	12.3%	5.8%
(=) ESTIMATED NUMBER OF RENT OVERBURDENED HOUSEHOLDS IN 2008	135	31	19	21	16	5
III. OVERCROWDED HOUSEHOLDS						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	195	59	67	78	134	84
(X) SHARE OF OVERCROWDED HOUSEHOLDS IN 2000	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%
(=) ESTIMATED NUMBER OF OVERCROWDED HOUSEHOLDS IN 2008	27	8	9	11	19	12
IV. SUBSTANDARD HOUSING						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	195	59	67	78	134	84
(X) SHARE OF SUBSTANDARD HOUSING UNITS IN 2000	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
(=) ESTIMATED NUMBER OF SUBSTANDARD HOUSEHOLDS IN 2008	4	1	2	2	3	2
V. EXISTING COMPARABLE SUPPLY						
(-) NUMBER OF COMPARABLE UNITS BUILT SINCE 2000	0	0	0	0	0	0
VI. TOTAL *NET* DEMAND	**182**	**34**	**44**	**45**	**13**	**-10**

Note: 2000 income-qualified households based on 2000 income limits.

TRADITIONAL TRANSITORY DEMAND						
I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$14,130)**	**31% - 40% ($9,150-$18,840)**	**41% - 50% ($12,200-$23,550)**	**51% - 60% ($15,250-$28,260)**	**61% - 80% ($18,300-$37,680)**	**81% - 100% ($24,400-$47,100)**
2000 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	180	66	53	67	159	113
2008 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	195	59	67	78	134	84
ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH ('00-'08)	15	-7	14	11	-25	-29
II. HOUSEHOLD TURNOVER						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	195	59	67	78	134	84
(X) SHARE OF ANNUAL TURNOVER	62.9%	62.9%	62.9%	62.9%	62.9%	62.9%
(=) ESTIMATED NUMBER OF RENTER HOUSEHOLDS FROM TURNOVER 2008	123	37	42	49	84	53
III. EXISTING COMPARABLE SUPPLY						
(-) NUMBER OF COMPARABLE UNITS BUILT SINCE 2000	0	0	0	0	0	0
IV. TOTAL *NET* DEMAND	**123**	**37**	**42**	**49**	**84**	**53**

Note: 2000 income-qualified households based on 2000 income limits.

PARMER COUNTY
SUPPORT BASE FROM GROWTH, RENT BURDEN, OVERCROWDING & SUBSTANDARD HOUSEHOLDS/HOUSING
2013 ESTIMATES

STRICT NEED DEMAND

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$14,130)**	**31% - 40% ($9,150-$18,840)**	**41% - 50% ($12,200-$23,550)**	**51% - 60% ($15,250-$28,260)**	**61% - 80% ($18,300-$37,680)**	**81% - 100% ($24,400-$47,100)**
2008 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	195	59	67	78	134	84
2013 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	184	59	62	66	122	83
ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH ('08-'13)	-11	0	-5	-12	-12	-1
II. COST OVERBURDENED HOUSEHOLDS						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	184	59	62	66	122	83
(X) SHARE OF RENT 0VERBURDENED HOUSEHOLDS IN 2000	69.2%	52.6%	29.0%	26.7%	12.3%	5.8%
(=) ESTIMATED NUMBER OF RENT OVERBURDENED HOUSEHOLDS IN 2013	127	31	18	18	15	5
III. OVERCROWDED HOUSEHOLDS						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	184	59	62	66	122	83
(X) SHARE OF OVERCROWDED HOUSEHOLDS IN 2000	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%
(=) ESTIMATED NUMBER OF OVERCROWDED HOUSEHOLDS IN 2013	26	8	9	9	17	12
IV. SUBSTANDARD HOUSING						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	184	59	62	66	122	83
(X) SHARE OF SUBSTANDARD HOUSING UNITS IN 2000	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
(=) ESTIMATED NUMBER OF SUBSTANDARD HOUSEHOLDS IN 2013	4	1	1	2	3	2
V. PLANNED DEVELOPMENT						
(-) NUMBER OF COMPARABLE UNITS PLANNED FOR THE MARKET	0	0	0	0	0	0
VI. TOTAL *NET* DEMAND	**147**	**41**	**23**	**16**	**23**	**17**

Note: 2013 income limits are projected based on average annual historical increase between 2000-2008.

TRADITIONAL TRANSITORY DEMAND

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$14,130)**	**31% - 40% ($9,150-$18,840)**	**41% - 50% ($12,200-$23,550)**	**51% - 60% ($15,250-$28,260)**	**61% - 80% ($18,300-$37,680)**	**81% - 100% ($24,400-$47,100)**
2008 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	195	59	67	78	134	84
2013 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	184	59	62	66	122	83
ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH ('08-'13)	-11	0	-5	-12	-12	-1
II. HOUSEHOLD TURNOVER						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	184	59	62	66	122	83
(X) SHARE OF ANNUAL TURNOVER	62.9%	62.9%	62.9%	62.9%	62.9%	62.9%
(=) ESTIMATED NUMBER OF RENTER HOUSEHOLDS FROM TURNOVER 2013	116	37	39	42	77	52
III. PLANNED DEVELOPMENT						
(-) NUMBER OF COMPARABLE UNITS PLANNED FOR THE MARKET	0	0	0	0	0	0
IV. TOTAL *NET* DEMAND	**116**	**37**	**39**	**42**	**77**	**52**

Note: 2013 income limits are projected based on average annual historical increase between 2000-2008.

c. Senior (age 55+) Demand

The following tables summarize projected demand for affordable housing for senior households (55+) in 2008 and 2013.

SENIOR (55+) OCCUPANCY – DEAF SMITH COUNTY (2008)						
	TARGETED AMHI					
APPROPRIATE INCOME RANGE BY TARGETED AMHI	**0%-30%**	**31% - 40%**	**41% - 50%**	**51% - 60%**	**61% - 80%**	**81% - 100%**
1-PERSON	$0 - $9,150	$9,150 – $12,200	$12,200 - $15,250	$15,250 - $18,300	$18,300 - $24,400	$24,400 - $30,500
2-PERSON	$0 - $10,470	$10,470 - $13,960	$13,960 - $17,450	$17,450 - $20,940	$20,940 - $27,920	$27,920 - $34,900
BASELINE TOTAL RENTER HOUSEHOLDS (HISTA DATA)	609	609	609	609	609	609
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS						
1-PERSON	164	32	24	24	41	36
2-PERSON	47	15	15	13	12	5
= BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	211	47	39	37	53	41

SENIOR (55+) OCCUPANCY – CASTRO COUNTY (2008)						
	TARGETED AMHI					
APPROPRIATE INCOME RANGE BY TARGETED AMHI	**0%-30%**	**31% - 40%**	**41% - 50%**	**51% - 60%**	**61% - 80%**	**81% - 100%**
1-PERSON	$0 - $9,150	$9,150 – $12,200	$12,200 - $15,250	$15,250 - $18,300	$18,300 - $24,400	$24,400 - $30,500
2-PERSON	$0 - $10,470	$10,470 - $13,960	$13,960 - $17,450	$17,450 - $20,940	$20,940 - $27,920	$27,920 - $34,900
BASELINE TOTAL RENTER HOUSEHOLDS (HISTA DATA)	216	216	216	216	216	216
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS						
1-PERSON	45	7	4	4	4	3
2-PERSON	16	7	7	6	5	8
= BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	61	14	11	10	9	11

SENIOR (55+) OCCUPANCY – PARMER COUNTY (2008)						
	TARGETED AMHI					
APPROPRIATE INCOME RANGE BY TARGETED AMHI	**0%-30%**	**31% - 40%**	**41% - 50%**	**51% - 60%**	**61% - 80%**	**81% - 100%**
1-PERSON	$0 - $9,150	$9,150 – $12,200	$12,200 - $15,250	$15,250 - $18,300	$18,300 - $24,400	$24,400 - $30,500
2-PERSON	$0 - $10,470	$10,470 - $13,960	$13,960 - $17,450	$17,450 - $20,940	$20,940 - $27,920	$27,920 - $34,900
BASELINE TOTAL RENTER HOUSEHOLDS (HISTA DATA)	212	212	212	212	212	212
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS						
1-PERSON	50	9	5	5	5	3
2-PERSON	6	4	4	5	17	6
= BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	64	18	14	14	30	11

Using the estimated share of demand for seniors 55+ by bedroom type and household size for MSAs in Texas within close proximity to the subject counties (which are not located in an MSA) (note: while some low-income seniors would respond to a three-bedroom unit, for the purposes of this analysis, we have only evaluated demand for one- and two-bedroom units):

DEMAND BY BEDROOM AND HOUSEHOLD SIZE		
	STUDIO / 1-BR.	2-BR.
1-PERSON HH	68%	24%
2-PERSON HH	36%	44%

Source: American Housing Survey
HH-Household

These percentages, as applied to the number of income-qualified renter households age 55+ in each county, are as follows:

DEAF SMITH COUNTY
SENIOR DEMAND BY BEDROOM TYPE, HOUSEHOLD SIZE & AMHI
2008 ESTIMATES

DEMAND BY BEDROOM TYPE AND HOUSEHOLD SIZE				
	AMHI	STUDIO / 1-BR.	2-BR.	TOTAL
1-PERSON HH	0%-30%	112	39	151
	31%-40%	22	8	30
	41%-50%	16	6	22
	51%-60%	16	6	22
	61%-80%	28	10	38
	81%-100%	24	9	33
2-PERSON HH	0%-30%	17	21	38
	31%-40%	5	7	12
	41%-50%	5	7	12
	51%-60%	5	6	11
	61%-80%	4	5	9
	81%-100%	2	2	4
TOTAL (%)	0%-30%	129 (68%)	60 (32%)	189
	31%-40%	27 (64%)	15 (36%)	42
	41%-50%	21 (62%)	13 (38%)	34
	51%-60%	21 (64%)	12 (36%)	33
	61%-80%	32 (68%)	15 (32%)	47
	81%-100%	26 (70%)	11 (30%)	37
OVERALL TOTALS		256	126	

Due to rounding, some of the above percentages may not total 100%. Also note that because we only considered demand for one- and two-bedroom units, the totals on this table will be less than the senior demand estimates reported earlier in this section, which included demand for all bedroom types.

CASTRO COUNTY
SENIOR DEMAND BY BEDROOM TYPE, HOUSEHOLD SIZE & AMHI
2008 ESTIMATES

DEMAND BY BEDROOM TYPE AND HOUSEHOLD SIZE				
	AMHI	**STUDIO / 1-BR.**	**2-BR.**	**TOTAL**
1-PERSON HH	0%-30%	31	11	42
	31%-40%	5	2	7
	41%-50%	3	1	4
	51%-60%	3	1	4
	61%-80%	3	1	4
	81%-100%	2	1	3
2-PERSON HH	0%-30%	6	7	13
	31%-40%	3	3	6
	41%-50%	3	3	6
	51%-60%	2	3	5
	61%-80%	2	2	4
	81%-100%	3	4	7
TOTAL (%)	0%-30%	37 (67%)	18 (33%)	55
	31%-40%	8 (62%)	5 (38%)	13
	41%-50%	6 (60%)	4 (40%)	10
	51%-60%	5 (56%)	4 (44%)	9
	61%-80%	5 (63%)	3 (38%)	8
	81%-100%	5 (50%)	5 (50%)	10
OVERALL TOTALS		66	39	

Due to rounding, some of the above percentages may not total 100%. Also note that because we only considered demand for one- and two-bedroom units, the totals on this table will be less than the senior demand estimates reported earlier in this section, which included demand for all bedroom types.

PARMER COUNTY
SENIOR DEMAND BY BEDROOM TYPE, HOUSEHOLD SIZE & AMHI
2008 ESTIMATES

DEMAND BY BEDROOM TYPE AND HOUSEHOLD SIZE				
	AMHI	**STUDIO / 1-BR.**	**2-BR.**	**TOTAL**
1-PERSON HH	0%-30%	34	12	46
	31%-40%	6	2	8
	41%-50%	3	1	4
	51%-60%	3	1	4
	61%-80%	3	1	4
	81%-100%	2	1	3
2-PERSON HH	0%-30%	2	3	5
	31%-40%	1	2	3
	41%-50%	1	2	3
	51%-60%	2	2	4
	61%-80%	6	7	13
	81%-100%	2	3	5
TOTAL (%)	0%-30%	36 (71%)	15 (29%)	51
	31%-40%	7 (64%)	4 (36%)	11
	41%-50%	4 (57%)	3 (43%)	7
	51%-60%	5 (63%)	3 (38%)	8
	61%-80%	9 (53%)	8 (47%)	17
	81%-100%	4 (50%)	4 (50%)	8
OVERALL TOTALS		65	37	

Due to rounding, some of the above percentages may not total 100%. Also note that because we only considered demand for one- and two-bedroom units, the totals on this table will be less than the senior demand estimates reported earlier in this section, which included demand for all bedroom types.

DEAF SMITH COUNTY
2008 SENIOR DEMAND ESTIMATES

DEMAND - STRICT NEED DEMAND

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$10,470)**	**31% - 40% ($9,150-$13,960)**	**41% - 50% ($12,200-$17,450)**	**51% - 60% ($15,250-$20,940)**	**61% - 80% ($18,300-$27,920)**	**81% - 100% ($24,400-$34,900)**
2000 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	174	55	27	25	47	39
2008 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	211	47	39	37	53	41
NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH (2000 TO 2008)	37	-8	12	12	6	2
II. COST OVERBURDENED HOUSEHOLDS						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	211	47	39	37	53	41
(X) SHARE OF RENT 0VERBURDENED HOUSEHOLDS IN 2000	51.2%	39.6%	26.3%	24.1%	17.6%	10.9%
(=) ESTIMATED NUMBER OF RENT OVERBURDENED HOUSEHOLDS IN 2008	108	19	10	9	9	4
III. OVERCROWDED HOUSEHOLDS						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	211	47	39	37	53	41
(X) SHARE OF OVERCROWDED HOUSEHOLDS IN 2000	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%
(=) ESTIMATED NUMBER OF OVERCROWDED HOUSEHOLDS IN 2008	34	8	6	6	9	7
IV. SUBSTANDARD HOUSING						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	211	47	39	37	53	41
(X) SHARE OF SUBSTANDARD HOUSING UNITS IN 2000	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
(=) ESTIMATED NUMBER OF SUBSTANDARD HOUSEHOLDS IN 2008	1	0	0	0	0	0
V. SENIOR HOMEOWNER CONVERSION						
2008 INCOME-QUALIFIED OWNER HOUSEHOLDS (OCCUPIED UNITS)	200	107	107	103	153	161
(X) SHARE OF SENIORS OWNERS CONVERTING TO RENTERS	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
(=) TOTAL SENIORS OWNERS CONVERTING TO RENTERS	3	1	1	1	2	2
VI. EXISTING COMPARABLE SUPPLY						
(-) NUMBER OF COMPARABLE UNITS BUILT SINCE 2000	0	0	0	0	0	0
VII. TOTAL *NET* DEMAND	**183**	**20**	**30**	**29**	**26**	**16**

DEMAND - TRADITIONAL TRANSITORY PATTERNS

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$10,470)**	**31% - 40% ($9,150-$13,960)**	**41% - 50% ($12,200-$17,450)**	**51% - 60% ($15,250-$20,940)**	**61% - 80% ($18,300-$27,920)**	**81% - 100% ($24,400-$34,900)**
NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH (2000 TO 2008)	37	-8	12	12	6	2
II. HOUSEHOLD TURNOVER						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	211	47	39	37	53	41
(X) SHARE OF ANNUAL TURNOVER	62.9%	62.9%	62.9%	62.9%	62.9%	62.9%
(=) ESTIMATED NUMBER OF RENTER HOUSEHOLDS FROM TURNOVER 2008	133	30	25	23	33	26
III. SENIOR HOMEOWNER CONVERSION						
2008 INCOME-QUALIFIED OWNER HOUSEHOLDS (OCCUPIED UNITS)	200	107	107	103	153	161
(X) SHARE OF SENIORS OWNERS CONVERTING TO RENTERS	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
(=) TOTAL SENIORS OWNERS CONVERTING TO RENTERS	3	1	1	1	2	2
IV. EXISTING COMPARABLE SUPPLY						
(-) NUMBER OF COMPARABLE UNITS BUILT SINCE 2000	0	0	0	0	0	0
V. TOTAL *NET* DEMAND	**173**	**23**	**38**	**37**	**41**	**30**

DEAF SMITH COUNTY
2013 SENIOR DEMAND ESTIMATES

DEMAND - STRICT NEED DEMAND	I. GROWTH DEMAND HOUSEHOLD-BASED:	0%-30% ($0-$10,470)	31% - 40% ($9,150-$13,960)	41% - 50% ($12,200-$17,450)	51% - 60% ($15,250-$20,940)	61% - 80% ($18,300-$27,920)	81% - 100% ($24,400-$34,900)
	2008 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	211	47	39	37	53	41
	2013 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	214	53	45	42	58	46
	NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH (2008 TO 2013)	3	6	6	5	5	5
	II. COST OVERBURDENED HOUSEHOLDS						
	2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	214	53	45	42	58	46
	(X) SHARE OF RENT 0VERBURDENED HOUSEHOLDS IN 2000	51.2%	39.6%	26.3%	24.1%	17.6%	10.9%
	(=) ESTIMATED NUMBER OF RENT OVERBURDENED HOUSEHOLDS IN 2013	110	21	12	10	10	5
	III. OVERCROWDED HOUSEHOLDS						
	2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	214	53	45	42	58	46
	(X) SHARE OF OVERCROWDED HOUSEHOLDS IN 2000	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%
	(=) ESTIMATED NUMBER OF OVERCROWDED HOUSEHOLDS IN 2013	34	9	7	7	9	7
	IV. SUBSTANDARD HOUSING						
	2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	214	53	45	42	58	46
	(X) SHARE OF SUBSTANDARD HOUSING UNITS IN 2000	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
	(=) ESTIMATED NUMBER OF SUBSTANDARD HOUSEHOLDS IN 2013	1	0	0	0	0	0
	V. SENIOR HOMEOWNER CONVERSION						
	2013 INCOME-QUALIFIED OWNER HOUSEHOLDS (OCCUPIED UNITS)	192	109	111	106	160	168
	(X) SHARE OF SENIORS OWNERS CONVERTING TO RENTERS	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
	(=) TOTAL SENIORS OWNERS CONVERTING TO RENTERS IN 2013	3	2	2	1	2	2
	VI. PLANNED DEVELOPMENT						
	(-) NUMBER OF COMPARABLE UNITS PLANNED FOR THE MARKET	0	0	0	0	0	0
	VII. TOTAL *NET* DEMAND	**151**	**37**	**27**	**24**	**27**	**20**

DEMAND - TRADITIONAL TRANSITORY PATTERNS	I. GROWTH DEMAND HOUSEHOLD-BASED:	0%-30% ($0-$10,470)	31% - 40% ($9,150-$13,960)	41% - 50% ($12,200-$17,450)	51% - 60% ($15,250-$20,940)	61% - 80% ($18,300-$27,920)	81% - 100% ($24,400-$34,900)
	NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH (2008 TO 2013)	3	6	6	5	5	5
	II. HOUSEHOLD TURNOVER						
	2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	214	53	45	42	58	46
	(X) SHARE OF ANNUAL TURNOVER	62.9%	62.9%	62.9%	62.9%	62.9%	62.9%
	(=) ESTIMATED NUMBER OF RENTER HOUSEHOLDS FROM TURNOVER 2013	135	33	28	26	36	29
	III. SENIOR HOMEOWNER CONVERSION						
	2013 INCOME-QUALIFIED OWNER HOUSEHOLDS (OCCUPIED UNITS)	192	109	111	106	160	168
	(X) SHARE OF SENIORS OWNERS CONVERTING TO RENTERS	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
	(=) TOTAL SENIORS OWNERS CONVERTING TO RENTERS IN 2013	3	2	2	1	2	2
	IV. PLANNED DEVELOPMENT						
	(-) NUMBER OF COMPARABLE UNITS PLANNED FOR THE MARKET	0	0	0	0	0	0
	V. TOTAL *NET* DEMAND	**140**	**41**	**36**	**33**	**44**	**36**

CASTRO COUNTY
2008 SENIOR DEMAND ESTIMATES

DEMAND - STRICT NEED DEMAND	0%-30% ($0-$10,470)	31% - 40% ($9,150-$13,960)	41% - 50% ($12,200-$17,450)	51% - 60% ($15,250-$20,940)	61% - 80% ($18,300-$27,920)	81% - 100% ($24,400-$34,900)
I. GROWTH DEMAND HOUSEHOLD-BASED:						
2000 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	58	38	13	11	18	6
2008 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	61	14	11	10	9	11
NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH (2000 TO 2008)	3	-24	-2	-1	-9	5
II. COST OVERBURDENED HOUSEHOLDS						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	61	14	11	10	9	11
(X) SHARE OF RENT 0VERBURDENED HOUSEHOLDS IN 2000	48.1%	36.4%	22.3%	17.4%	9.5%	0.6%
(=) ESTIMATED NUMBER OF RENT OVERBURDENED HOUSEHOLDS IN 2008	29	5	2	2	1	0
III. OVERCROWDED HOUSEHOLDS						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	61	14	11	10	9	11
(X) SHARE OF OVERCROWDED HOUSEHOLDS IN 2000	16.9%	16.9%	16.9%	16.9%	16.9%	16.9%
(=) ESTIMATED NUMBER OF OVERCROWDED HOUSEHOLDS IN 2008	10	2	2	2	2	2
IV. SUBSTANDARD HOUSING						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	61	14	11	10	9	11
(X) SHARE OF SUBSTANDARD HOUSING UNITS IN 2000	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
(=) ESTIMATED NUMBER OF SUBSTANDARD HOUSEHOLDS IN 2008	1	0	0	0	0	0
V. SENIOR HOMEOWNER CONVERSION						
2008 INCOME-QUALIFIED OWNER HOUSEHOLDS (OCCUPIED UNITS)	77	27	27	28	70	67
(X) SHARE OF SENIORS OWNERS CONVERTING TO RENTERS	1.40%	1.40%	1.40%	1.40%	1.40%	1.40%
(=) TOTAL SENIORS OWNERS CONVERTING TO RENTERS	1	0	0	0	1	1
VI. EXISTING COMPARABLE SUPPLY						
(-) NUMBER OF COMPARABLE UNITS BUILT SINCE 2000	0	0	0	0	0	0
VII. TOTAL *NET* DEMAND	45	-16	3	3	-5	8

DEMAND - TRADITIONAL TRANSITORY PATTERNS	0%-30% ($0-$10,470)	31% - 40% ($9,150-$13,960)	41% - 50% ($12,200-$17,450)	51% - 60% ($15,250-$20,940)	61% - 80% ($18,300-$27,920)	81% - 100% ($24,400-$34,900)
I. GROWTH DEMAND HOUSEHOLD-BASED:						
NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH (2000 TO 2008)	3	-24	-2	-1	-9	5
II. HOUSEHOLD TURNOVER						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	61	14	11	10	9	11
(X) SHARE OF ANNUAL TURNOVER	62.9%	62.9%	62.9%	62.9%	62.9%	62.9%
(=) ESTIMATED NUMBER OF RENTER HOUSEHOLDS FROM TURNOVER 2008	38	9	7	6	6	7
III. SENIOR HOMEOWNER CONVERSION						
2008 INCOME-QUALIFIED OWNER HOUSEHOLDS (OCCUPIED UNITS)	77	27	27	28	70	67
(X) SHARE OF SENIORS OWNERS CONVERTING TO RENTERS	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
(=) TOTAL SENIORS OWNERS CONVERTING TO RENTERS	1	0	0	0	1	1
IV. EXISTING COMPARABLE SUPPLY						
(-) NUMBER OF COMPARABLE UNITS BUILT SINCE 2000	0	0	0	0	0	0
V. TOTAL *NET* DEMAND	42	-15	5	6	-2	13

CASTRO COUNTY
2013 SENIOR DEMAND ESTIMATES

DEMAND - STRICT NEED DEMAND

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$10,470)**	**31% - 40% ($9,150-$13,960)**	**41% - 50% ($12,200-$17,450)**	**51% - 60% ($15,250-$20,940)**	**61% - 80% ($18,300-$27,920)**	**81% - 100% ($24,400-$34,900)**
2008 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	61	14	11	10	9	11
2013 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	56	12	10	10	11	13
NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH (2008 TO 2013)	-5	-2	-1	0	2	2
II. COST OVERBURDENED HOUSEHOLDS						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	56	12	10	10	11	13
(X) SHARE OF RENT 0VERBURDENED HOUSEHOLDS IN 2000	48.1%	36.4%	22.3%	17.4%	9.5%	0.6%
(=) ESTIMATED NUMBER OF RENT OVERBURDENED HOUSEHOLDS IN 2013	27	4	2	2	1	0
III. OVERCROWDED HOUSEHOLDS						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	56	12	10	10	11	13
(X) SHARE OF OVERCROWDED HOUSEHOLDS IN 2000	16.9%	16.9%	16.9%	16.9%	16.9%	16.9%
(=) ESTIMATED NUMBER OF OVERCROWDED HOUSEHOLDS IN 2013	9	2	2	2	2	2
IV. SUBSTANDARD HOUSING						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	56	12	10	10	11	13
(X) SHARE OF SUBSTANDARD HOUSING UNITS IN 2000	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
(=) ESTIMATED NUMBER OF SUBSTANDARD HOUSEHOLDS IN 2013	1	0	0	0	0	0
V. SENIOR HOMEOWNER CONVERSION						
2013 INCOME-QUALIFIED OWNER HOUSEHOLDS (OCCUPIED UNITS)	62	23	22	23	56	61
(X) SHARE OF SENIORS OWNERS CONVERTING TO RENTERS	1.40%	1.40%	1.40%	1.40%	1.40%	1.40%
(=) TOTAL SENIORS OWNERS CONVERTING TO RENTERS IN 2013	1	0	0	0	1	1
VI. PLANNED DEVELOPMENT						
(-) NUMBER OF COMPARABLE UNITS PLANNED FOR THE MARKET	0	0	0	0	0	0
VII. TOTAL *NET* DEMAND	33	5	3	4	6	5

DEMAND - TRADITIONAL TRANSITORY PATTERNS

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$10,470)**	**31% - 40% ($9,150-$13,960)**	**41% - 50% ($12,200-$17,450)**	**51% - 60% ($15,250-$20,940)**	**61% - 80% ($18,300-$27,920)**	**81% - 100% ($24,400-$34,900)**
NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH (2008 TO 2013)	-5	-2	-1	0	2	2
II. HOUSEHOLD TURNOVER						
2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	56	12	10	10	11	13
(X) SHARE OF ANNUAL TURNOVER	62.9%	62.9%	62.9%	62.9%	62.9%	62.9%
(=) ESTIMATED NUMBER OF RENTER HOUSEHOLDS FROM TURNOVER 2013	35	8	6	6	7	8
III. SENIOR HOMEOWNER CONVERSION						
2013 INCOME-QUALIFIED OWNER HOUSEHOLDS (OCCUPIED UNITS)	62	23	22	23	56	61
(X) SHARE OF SENIORS OWNERS CONVERTING TO RENTERS	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
(=) TOTAL SENIORS OWNERS CONVERTING TO RENTERS IN 2013	1	0	0	0	1	1
IV. PLANNED DEVELOPMENT						
(-) NUMBER OF COMPARABLE UNITS PLANNED FOR THE MARKET	0	0	0	0	0	0
V. TOTAL *NET* DEMAND	31	6	6	7	10	11

PARMER COUNTY
2008 SENIOR DEMAND ESTIMATES

DEMAND - STRICT NEED DEMAND

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$10,470)**	**31% - 40% ($9,150-$13,960)**	**41% - 50% ($12,200-$17,450)**	**51% - 60% ($15,250-$20,940)**	**61% - 80% ($18,300-$27,920)**	**81% - 100% ($24,400-$34,900)**
2000 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	47	16	7	6	17	15
2008 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	56	13	9	10	22	9
NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH (2000 TO 2008)	9	-3	2	4	5	-6
II. COST OVERBURDENED HOUSEHOLDS						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	56	13	9	10	22	9
(X) SHARE OF RENT 0VERBURDENED HOUSEHOLDS IN 2000	69.2%	52.6%	29.0%	26.7%	12.3%	5.8%
(=) ESTIMATED NUMBER OF RENT OVERBURDENED HOUSEHOLDS IN 2008	39	7	3	3	3	1
III. OVERCROWDED HOUSEHOLDS						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	56	13	9	10	22	9
(X) SHARE OF OVERCROWDED HOUSEHOLDS IN 2000	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%
(=) ESTIMATED NUMBER OF OVERCROWDED HOUSEHOLDS IN 2008	8	2	1	1	3	1
IV. SUBSTANDARD HOUSING						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	56	13	9	10	22	9
(X) SHARE OF SUBSTANDARD HOUSING UNITS IN 2000	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%
(=) ESTIMATED NUMBER OF SUBSTANDARD HOUSEHOLDS IN 2008	8	2	1	1	3	1
V. SENIOR HOMEOWNER CONVERSION						
2008 INCOME-QUALIFIED OWNER HOUSEHOLDS (OCCUPIED UNITS)	121	59	62	68	115	95
(X) SHARE OF SENIORS OWNERS CONVERTING TO RENTERS	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
(=) TOTAL SENIORS OWNERS CONVERTING TO RENTERS	2	1	1	1	2	1
VI. EXISTING COMPARABLE SUPPLY						
(-) NUMBER OF COMPARABLE UNITS BUILT SINCE 2000	0	0	0	0	0	0
VII. TOTAL *NET* DEMAND	59	7	7	9	13	-3

DEMAND - TRADITIONAL TRANSITORY PATTERNS

I. GROWTH DEMAND HOUSEHOLD-BASED:	**0%-30% ($0-$10,470)**	**31% - 40% ($9,150-$13,960)**	**41% - 50% ($12,200-$17,450)**	**51% - 60% ($15,250-$20,940)**	**61% - 80% ($18,300-$27,920)**	**81% - 100% ($24,400-$34,900)**
NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH (2000 TO 2008)	9	-3	2	4	5	-6
II. HOUSEHOLD TURNOVER						
2008 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	56	13	9	10	22	9
(X) SHARE OF ANNUAL TURNOVER	62.9%	62.9%	62.9%	62.9%	62.9%	62.9%
(=) ESTIMATED NUMBER OF RENTER HOUSEHOLDS FROM TURNOVER 2008	35	8	6	6	14	6
III. SENIOR HOMEOWNER CONVERSION						
2008 INCOME-QUALIFIED OWNER HOUSEHOLDS (OCCUPIED UNITS)	121	59	62	68	115	95
(X) SHARE OF SENIORS OWNERS CONVERTING TO RENTERS	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
(=) TOTAL SENIORS OWNERS CONVERTING TO RENTERS	2	1	1	1	2	1
IV. EXISTING COMPARABLE SUPPLY						
(-) NUMBER OF COMPARABLE UNITS BUILT SINCE 2000	0	0	0	0	0	0
V. TOTAL *NET* DEMAND	46	6	9	11	20	1

PARMER COUNTY
2013 SENIOR DEMAND ESTIMATES

DEMAND - STRICT NEED DEMAND	I. GROWTH DEMAND HOUSEHOLD-BASED:	0%-30% ($0-$10,470)	31% - 40% ($9,150-$13,960)	41% - 50% ($12,200-$17,450)	51% - 60% ($15,250-$20,940)	61% - 80% ($18,300-$27,920)	81% - 100% ($24,400-$34,900)
	2008 TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS	56	13	9	10	22	9
	2013 TOTAL ESTIMATED INCOME-QUALIFIED RENTER HOUSEHOLDS	59	13	10	12	25	13
	NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH (2008 TO 2013)	3	0	1	2	3	4
	II. COST OVERBURDENED HOUSEHOLDS						
	2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	59	13	10	12	25	13
	(X) SHARE OF RENT 0VERBURDENED HOUSEHOLDS IN 2000	69.2%	52.6%	29.0%	26.7%	12.3%	5.8%
	(=) ESTIMATED NUMBER OF RENT OVERBURDENED HOUSEHOLDS IN 2013	41	7	3	3	3	1
	III. OVERCROWDED HOUSEHOLDS						
	2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	59	13	10	12	25	13
	(X) SHARE OF OVERCROWDED HOUSEHOLDS IN 2000	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%
	(=) ESTIMATED NUMBER OF OVERCROWDED HOUSEHOLDS IN 2013	8	2	1	2	4	2
	IV. SUBSTANDARD HOUSING						
	2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	59	13	10	12	25	13
	(X) SHARE OF SUBSTANDARD HOUSING UNITS IN 2000	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
	(=) ESTIMATED NUMBER OF SUBSTANDARD HOUSEHOLDS IN 2013	1	0	0	0	1	0
	V. SENIOR HOMEOWNER CONVERSION						
	2013 INCOME-QUALIFIED OWNER HOUSEHOLDS (OCCUPIED UNITS)	111	55	57	65	118	94
	(X) SHARE OF SENIORS OWNERS CONVERTING TO RENTERS	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
	(=) TOTAL SENIORS OWNERS CONVERTING TO RENTERS IN 2013	2	1	1	1	2	1
	VI. PLANNED DEVELOPMENT						
	(-) NUMBER OF COMPARABLE UNITS PLANNED FOR THE MARKET	0	0	0	0	0	0
	VII. TOTAL *NET* DEMAND	55	10	6	8	12	8

DEMAND - TRADITIONAL TRANSITORY PATTERNS	I. GROWTH DEMAND HOUSEHOLD-BASED:	0%-30% ($0-$10,470)	31% - 40% ($9,150-$13,960)	41% - 50% ($12,200-$17,450)	51% - 60% ($15,250-$20,940)	61% - 80% ($18,300-$27,920)	81% - 100% ($24,400-$34,900)
	NEW INCOME-QUALIFIED RENTER HOUSEHOLD GROWTH (2008 TO 2013)	3	0	1	2	3	4
	II. HOUSEHOLD TURNOVER						
	2013 INCOME-QUALIFIED RENTER HOUSEHOLDS (OCCUPIED UNITS)	59	13	10	12	25	13
	(X) SHARE OF ANNUAL TURNOVER	62.9%	62.9%	62.9%	62.9%	62.9%	62.9%
	(=) ESTIMATED NUMBER OF RENTER HOUSEHOLDS FROM TURNOVER 2013	37	8	6	8	16	8
	III. SENIOR HOMEOWNER CONVERSION						
	2013 INCOME-QUALIFIED OWNER HOUSEHOLDS (OCCUPIED UNITS)	111	55	57	65	118	94
	(X) SHARE OF SENIORS OWNERS CONVERTING TO RENTERS	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
	(=) TOTAL SENIORS OWNERS CONVERTING TO RENTERS IN 2013	2	1	1	1	2	1
	IV. PLANNED DEVELOPMENT						
	(-) NUMBER OF COMPARABLE UNITS PLANNED FOR THE MARKET	0	0	0	0	0	0
	V. TOTAL *NET* DEMAND	42	9	8	10	20	13

C. DEMAND SUMMARY

The table below summarizes the preceding demand calculations. We have summarized demand into three categories: below 40% of AMHI; between 41% and 60% of AMHI; and between 61% and 100% of AMHI. Note that although most government-subsidized units actually target households with incomes up to 50% of AMHI and Tax Credit units often target households with incomes as low as 30% of AMHI, we used the income levels that are typical for specific program occupants. Typically, households with incomes below 40% of AMHI reside in government-subsidized units, while those with incomes between 41% and 60% typically reside in Tax Credit units, and households with incomes between 61% and 100% of AMHI often reside in non-income-restricted market-rate units. Although exceptions can certainly occur, this summary is considered the most likely illustration of potential demand for each of the three subject counties (both the *Strict Need Demand* and *Traditional* T*ransitory Demand* model estimates are shown).

DEAF SMITH COUNTY OVERALL DEMAND SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)				
	2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND FOR UNITS 0%-40% AMHI	457	411	389	402
TOTAL NET DEMAND FOR UNITS 41%-60% AMHI	92	92	118	185
TOTAL NET DEMAND FOR UNITS 61%-100% AMHI	107	301	147	301
SENIOR HOUSING				
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (0%-40% AMHI)	203	196	188	181
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (41%-60% AMHI)	59	75	51	69
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (61%-100% AMHI)	42	71	47	80

CASTRO COUNTY OVERALL DEMAND SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)				
	2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND FOR UNITS 0%-40% AMHI	85	97	82	106
TOTAL NET DEMAND FOR UNITS 41%-60% AMHI	-12	51	13	49
TOTAL NET DEMAND FOR UNITS 61%-100% AMHI	12	96	16	86
SENIOR HOUSING				
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (0%-40% AMHI)	26	27	38	37
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (41%-60% AMHI)	6	11	7	13
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (61%-100% AMHI)	3	11	11	21

PARMER COUNTY DEMAND OVERALL SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)				
	2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND FOR UNITS 0%-40% AMHI	216	160	188	153
TOTAL NET DEMAND FOR UNITS 41%-60% AMHI	89	91	39	81
TOTAL NET DEMAND FOR UNITS 61%-100% AMHI	3	137	40	129
SENIOR HOUSING				
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (0%-40% AMHI)	66	52	65	51
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (41%-60% AMHI)	16	20	14	18
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (61%-100% AMHI)	10	21	20	33

The preceding tables illustrate the overall potential demand for each of the subject counties. It is important to be aware that the Strict Need Demand focuses on support from renter household growth, rent overburdened households, overcrowded households and substandard households (note: senior demand also include homeowner conversions). Based on this methodology in the subject counties, most of the demand will originate from rent overburdened households and those living in overcrowded housing. Minimal support is expected to originate from new renter household growth (some segments may actually decline) and households living in substandard housing units. These factors primarily indicate that these markets require more affordable housing units (responding to the need of rent overburdened households) and larger units or units with more bedrooms (responding to the need of overcrowded housing).

Demand based on the Traditional Transitory Demand model focuses on renter household growth and turnover from existing renters. As stated in the preceding paragraph, minimal support is expected to originate in any of the subject counties from new renter household growth. However, there is potential support for new renter housing that may originate from renter turnover. It is critical to understand, however, turnover is not necessarily a good measure of demand, as it only indicates movership within a market. Simply put, it evaluates households that will potentially be looking for new housing in the market, but may not be seeking or represent support for new rental development. Therefore, demand using turnover may overstate support.

Regardless of the total demand shown in either of these demand models, we anticipate that any new product will only be able to capture only a portion of the overall potential demand. Based on our experience in using and evaluating these demand models in various markets and states around the United States, it is anticipated that any new project can capture no more than 25% of very low-income units (typically government-subsidized) in any given county. For all other types of housing, we have estimated a 10% capture rate of the total demand in a given county. In fact, the ability of a project to draw support from an entire county may be limited, and at the very least will be determined by numerous factors such as design type (garden vs. townhouse), unit mix and bedroom types, amenities, rents, targeted AMHI, targeted household type (senior vs. family) and location (proximity to community services, employment opportunities, visibility, access, and surrounding land uses). Other factors that will also contribute to a project’s ability to draw support from a market will be the existing supply as well as any planned rental projects in the market, and the economic and demographic trends and characteristics of the market. As such, our demand projections assume that any new project will be well-designed, offer competitive rents and features, be within a good location and will ultimately have the ability to draw from the entire county in which it is located.

The following table summarizes the potential number of units that can be supported within a single project in each of the subject markets, assuming a project can capture 25% or 10% of the anticipated demand.

DEAF SMITH COUNTY PROJECT SPECIFIC DEMAND SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)				
	2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND FOR UNITS 0%-40% AMHI	114	103	97	101
TOTAL NET DEMAND FOR UNITS 41%-60% AMHI	9	9	12	19
TOTAL NET DEMAND FOR UNITS 61%-100% AMHI	11	30	15	30
SENIOR HOUSING				
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (0%-40% AMHI)	51	49	47	75
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (41%-60% AMHI)	6	8	5	7
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (61%-100% AMHI)	4	7	5	8

CASTRO COUNTY PROJECT SPECIFIC DEMAND SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)				
	2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND FOR UNITS 0%-40% AMHI	21	24	21	27
TOTAL NET DEMAND FOR UNITS 41%-60% AMHI	0	5	1	5
TOTAL NET DEMAND FOR UNITS 61%-100% AMHI	1	10	2	9
SENIOR HOUSING				
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (0%-40% AMHI)	7	7	10	9
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (41%-60% AMHI)	1	1	1	1
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (61%-100% AMHI)	1	1	1	2

PARMER COUNTY PROJECT SPECIFIC DEMAND SUMMARY (STRICT AND TRANSITORY DEMAND MODELS)				
	2008		2013	
GENERAL OCCUPANCY	STRICT	TRANSITORY	STRICT	TRANSITORY
TOTAL NET DEMAND FOR UNITS 0%-40% AMHI	54	40	47	38
TOTAL NET DEMAND FOR UNITS 41%-60% AMHI	9	10	4	8
TOTAL NET DEMAND FOR UNITS 61%-100% AMHI	1	14	4	13
SENIOR HOUSING				
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (0%-40% AMHI)	17	13	16	13
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (41%-60% AMHI)	2	2	1	2
TOTAL NET DEMAND FOR AGE-RESTRICTED (55+) UNITS (61%-100% AMHI)	1	2	2	3

Regardless of the demand model used, most of the potential support for new product is in Deaf Smith County, where as many as 114 general occupancy units targeted to households with incomes under 40% of AMHI may be currently supported. Up to 51 age-restricted units could potentially be supported in Deaf Smith County. It is important to reiterate that many factors contribute to a project's ability to capture market support. Well-designed projects with marketable features, location, and rents could potentially capture a greater share than the 25% of 10% we used in this analysis. Conversely, while our estimates show that as many as 114 general occupancy units targeted to households with incomes of up to 40% of AMHI could be supported in Deaf Smith County, a poorly designed project, with inferior amenities and low quality, and disproportionately high rents may have difficulty capturing 25% or 10% of the market. Therefore, great planning and additional research should be conducted for each project being considered for development in each subject market.

The demand estimates on the preceding page also indicate that there is minimal support for additional low-income units in Castro and Parmer Counties, particularly senior units. While there are many rent overburdened and overcrowded households in these counties, any new product developed in this market may have difficulty attracting enough support. In the event that a well-designed and affordable project was built in either of these counties, it is anticipated that since most of its support would have to originate from existing rentals in the market, some existing projects may be adversely impacted and lease-up for the subject project(s) may be slower than typical. At this time, it appears that only a mixed income range project (0% to 60% of AMHI) targeting both seniors and families would be most beneficial.

It is recommended that a full site-specific market feasibility study be conducted for any rental project that is being considered for development in any of the three subject counties.

D. SPECIAL NEEDS HOUSEHOLDS

Persons with special needs, as defined by HUD, include persons with disabilities, persons with HIV/AIDS, elderly persons, frail elderly persons, persons with alcohol and/or drug addictions, victims of domestic violence, and public housing residents.

Demand from elderly households was described in the previous section. Information on persons with HIV/AIDS, alcohol and/or drug addictions, and victims of domestic violence is typically difficult to obtain and persons with such afflictions are often served and temporarily housed by or through a supportive service organization. Census data is available to estimate the number of persons with other types of disabilities. Based on 2000 Census data, it is estimated those (non-institutionalized) persons age 16+ with a sensory or physical disability within the Deaf Smith County, Castro County and Parmer County are as follows:

	PERSONS WITH DISABILITIES					
	DEAF SMITH COUNTY		CASTRO COUNTY		PARMER COUNTY	
	NUMBER	SHARE	NUMBER	SHARE	NUMBER	SHARE
SENSORY DISABILITY (BLINDNESS, DEAFNESS, VISION OR HEARING)	691	32.0%	223	30.1%	369	37.0%
PHYSICAL DISABILITY	1,466	68.0%	518	69.9%	628	63.0%
TOTAL PERSONS WITH DISABILITIES	**2,157**	**100.0%**	**741**	**100.0%**	**997**	**100.0%**

Source: 2000 Census; ESRI; VWB Research

Note there may be some overlap in the above categories of disability, causing the total number to appear higher. We have not included mentally disabled residents since this group does not require a specific housing product.

According to the 2000 Census, there are 2,157 persons in Deaf Smith County, 741 persons in Castro County, and 997 persons in Parmer County aged 16 and older with either a sensory or physical disability. It is reasonable to assume caregivers and/or family members are providing services to many of these people and are therefore not in one-person households. According to ESRI, approximately 30.8% of all occupied housing units in Deaf Smith County are renter-occupied, while 27.4% in Castro County and 26.2% in Parmer County are renter occupied. Applying these shares of renter households to the number of persons with disabilities results in approximately 664 persons with disabilities living in renter-occupied households in Deaf Smith County, 203 persons with disabilities living in renter-occupied households in Castro County, and 261 persons living with disabilities in renter-occupied households in Parmer County.

Based on the preceding analysis, in 2008, approximately 82.4% of all renter households in Deaf Smith County, 71.2% of all renter households in Castro County, and 80.0% of all renter households in Parmer County are income-qualified (incomes between 0% and 100% AMHI) renter households. Applying these shares to the number of persons with disabilities living in renter households results in 547 income-qualified persons with a disability living in a renter-occupied household in Deaf Smith County, 145 in Castro County, and 209 in Parmer County. This analysis is summarized below:

	DEAF SMITH COUNTY	CASTRO COUNTY	PARMER COUNTY
TOTAL PERSONS WITH DISABILITIES	2,157	741	997
(X) RENTER PERCENTAGE	30.8%	27.4%	26.2%
(=) RENTER HOUSEHOLDS WITH DISABLED RESIDENT	664	203	261
(X) BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS (%)	82.4%	71.2%	80.0%
(=) TOTAL INCOME-QUALIFIED RENTERS WITH DISABILITIES	**547**	**145**	**209**

DEAF SMITH COUNTY						
APPROPRIATE INCOME RANGE BY TARGETED AMHI	**0% - 30%**	**31% - 40%**	**41% - 50%**	**51% - 60%**	**61% - 80%**	**81% - 100%**
% BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	36.7%	9.4%	10.1%	10.5%	19.1%	14.3%
X DISABLED RENTER HOUSEHOLDS	547	547	547	547	547	547
TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS WITH DISABLED RESIDENT	201	51	55	57	104	78

CASTRO COUNTY						
APPROPRIATE INCOME RANGE BY TARGETED AMHI	**0% - 30%**	**31% - 40%**	**41% - 50%**	**51% - 60%**	**61% - 80%**	**81% - 100%**
% BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	31.1%	12.7%	11.4%	10.2%	16.8%	17.7%
X DISABLED RENTER HOUSEHOLDS	145	145	145	145	145	145
TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS WITH DISABLED RESIDENT	45	18	16	15	24	26

PARMER COUNTY						
APPROPRIATE INCOME RANGE BY TARGETED AMHI	**0% - 30%**	**31% - 40%**	**41% - 50%**	**51% - 60%**	**61% - 80%**	**81% - 100%**
% BASELINE TARGETED INCOME-QUALIFIED RENTER HOUSEHOLDS	31.6%	9.6%	10.9%	12.6%	21.7%	13.6%
X DISABLED RENTER HOUSEHOLDS	209	209	209	209	209	209
TOTAL INCOME-QUALIFIED RENTER HOUSEHOLDS WITH DISABLED RESIDENT	66	20	23	26	45	28

The above analysis assumes persons with disabilities have incomes reflective of the general population. In reality, it is more likely persons with disabilities will have lower incomes than the general population; therefore, the above analysis understates the housing required to serve this component at lower incomes. If units were developed to 100% of the above level, a large number of vacancies would occur in the market since so many people are cared for in conventional units.

We recommend a site-specific development target no more than 2% to 5% of total demand for special needs households. Due to the limitations of accurate information available pertaining to special needs households, we strongly recommend any planned project involve extensive interviews with appropriate local service providers, caregivers, medical facilities, etc., to help determine the demand of special needs households within that market and the type or characteristics of the housing required.

E. FARMWORKER HOUSING DEMAND

Rural Development defines a farm worker household as a "household of one or more persons wherein at least one member of the household is a farm worker." "Farm worker" is defined by Rural Development as any laborer who is employed on a seasonal, temporary, or permanent basis in the planting, cultivating, harvesting or processing of agricultural or aquacultural products and who has derived at least 50% of his or her income in the immediately preceding 12 calendar months from such employment.

The methodology used by VWB Research to estimate support for rental housing units specified for farm workers is based on analyses of data provided by the 2002 Census of Agriculture and the 2001-2002 National Agriculture Workers Survey (NAWS) conducted by the U.S. Bureau of Labor Statistics.

According to the 2002 (most recent) Agriculture Census, the number of farms in Deaf Smith County, Castro County and Parmer County decreased between 1997 and 2002. However, given the lack of housing for farmworkers, local representatives stated that there has historically been a lack of affordable housing prior to 2000.

The following table illustrates the number of hired farm labor farms and workers for each county.

COUNTY	HIRED FARM LABOR FARMS	HIRED FARMWORKERS (FARMS WITH $1,000+ PAYROLL)		
		TOTAL	150 DAYS OR MORE	LESS THAN 150 DAYS
DEAF SMITH	226	1,072	619	453
CASTRO	251	1,393	520	873
PARMER	261	1,662	635	1,027

Source: USDA National Agriculture Statistics Service (NASS) 2002 Census of Agriculture

Although Deaf Smith County has the largest population, it has the fewest number of hired farm labor farms and farmworkers among the three subject counties. In addition, the hired farmworkers in Deaf Smith County are predominately those working 150 days or more per year. Conversely, the majority of hired farmworkers in Castro County and Parmer County work less than 150 days per year, indicating more migrant workers. This indicates potential need for migrant farmworker housing.

Based on the National Agricultural Workers Study (NAWS) completed in 1998 by the U.S. Department of Labor, nearly three-quarters of U.S. farmworkers earned less than $10,000 per year; three out of five farmworker families had incomes below the poverty level. Therefore, farmworkers often live in overcrowded homes in order to reduce their housing costs. More than half of all farmworkers live in overcrowded housing.

As previously stated in this analysis, there is one rental project (Amistad) in Hereford (Deaf Smith County) targeting farmworkers and two projects (Azteca Apartments I and II) in Dimmitt (Castro County) targeting farmworkers. In addition, in Friona (Parmer County), there is one conventional rental community (Cottonwood Townhomes) that is approximately 50% occupied by farmworkers. Based on national statistics as well as our interviews with local housing and farmworker representatives, it is typical for farmworkers to reside two persons per bedroom. In fact, many of the migrant farmworkers often overcrowd units with more than two persons per bedroom. For the purpose of this analysis, we have assumed two persons per bedroom for each of the aforementioned farmworker apartment complexes.

	AMISTAD 301 S. TEXAS AVE. HEREFORD, TX		AZTECA APARTMENTS I & II 3910 E. JONES ST. DIMMITT, TX		COTTONWOOD TOWNHOMES 1300 WALNUT AVE. FRIONA, TX	
BEDROOMS	UNITS	POTENTIAL FARMWORKERS *	UNITS	POTENTIAL FARMWORKERS *	UNITS	POTENTIAL FARMWORKERS *
ONE-BR.	-	-	-	-	4	8
TWO-BR.	24	96	16	24	10	40
THREE-BR.	20	120	16	96	16	96
FOUR-BR.	6	48	28	224	-	-
TOTAL	50	264	60	344	30	144

*Based on two-persons per bedroom

In Deaf Smith County (Hereford), Amistad has the potential to house approximately 264 farmworkers, while Azteca in Castro County (Dimmitt) has the potential to house approximately 344 farmworkers, and Cottonwood Townhomes in Parmer County (Friona) has the potential to house approximately 144 farmworkers (considering about half of the 60 total units are occupied by farmworkers).

Assuming that the hired farmworkers in each county that work less than 150 days per year reside at the aforementioned conventional apartment projects targeting farmworkers, we estimate a farmworker housing deficit for each county in the following table. It is estimated that farmworkers that work more than 150 days per year, and are not migrant, typically reside in other conventional low-income apartments.

COUNTY	HIRED FARMWORKERS THAT WORK LESS THAN 150 DAYS	MINUS	TOTAL POTENTIAL BEDS OF EXISTING FARMWORKER HOUSING	EQUALS	FARMWORKER BEDS DEFICIT
DEAF SMITH	453	-	264	=	189
CASTRO	873	-	344	=	529
PARMER	1,027	-	144	=	883

As indicated in the preceding table, the largest farmworker housing deficit (based on the number of hired migrant farmworkers and the existing conventional farmworker housing opportunities in each county) is in Parmer County. As illustrated in the table above, Parmer County has the largest migrant farmworker base and the fewest existing beds available in conventional farmworker housing. It is important to note that the farmworker beds deficit is based on the number of beds for each farmworker, rather than the number of potential units of farmworker housing, considering farmworkers often reside in overcrowded housing units, with an average of two persons per bedroom. The number of achievable units would be dependent upon the bedroom-types offered.

Based on our analysis of each of the three subject counties and the farmworker housing characteristics, it appears that due to the increasing dairy industry in the Texas Panhandle, farmworker housing is in increasing demand. Additional farmworker housing can likely be supported in each county. Numerous factors go into the specific achievability of a specific farmworker housing project. For instance, although Deaf Smith County has the fewest number of hired farmworkers (compared to Castro and Parmer Counties), this area may potentially be able to support a large project due to available community services and the fact that farmworkers are accustomed to commuting between counties for employment. The ability of a project to draw support from an entire county or three-county area will be dependent upon design type (garden, townhouse, single-family), unit mix and bedroom types, amenities, rents, targeted AMHI and housing assistance, and location (proximity to community services, visibility, access, and surrounding land uses).

Similar to the achievability of non-farmworker rental housing, it is anticipated that any new farmworker rental project can capture no more than a small share of the total demand (based on deficit) in a given county. While this preceding analysis illustrates the gap between the number of hired migrant farmworkers in each of the three subject counties and the existing conventional rental farmworker housing supply, it does not take into account additional farmworker housing opportunities, such as private single-family rentals, mobile home rentals or motels. Thus, caution must be exercised when determining the market potential of a specific farmworker housing project.

VI. FIELD SURVEY OF CONVENTIONAL RENTALS

DEAF SMITH COUNTY, TEXAS

The following section is a field survey of conventional rental properties. These properties were identified through a variety of sources including area apartment guides, yellow page listings, government agencies, the Chamber of Commerce, and our own field inspection. The intent of this field survey is to evaluate the overall strength of the existing rental market, identify trends that impact future development, and identify those properties that would be considered most comparable to the subject site.

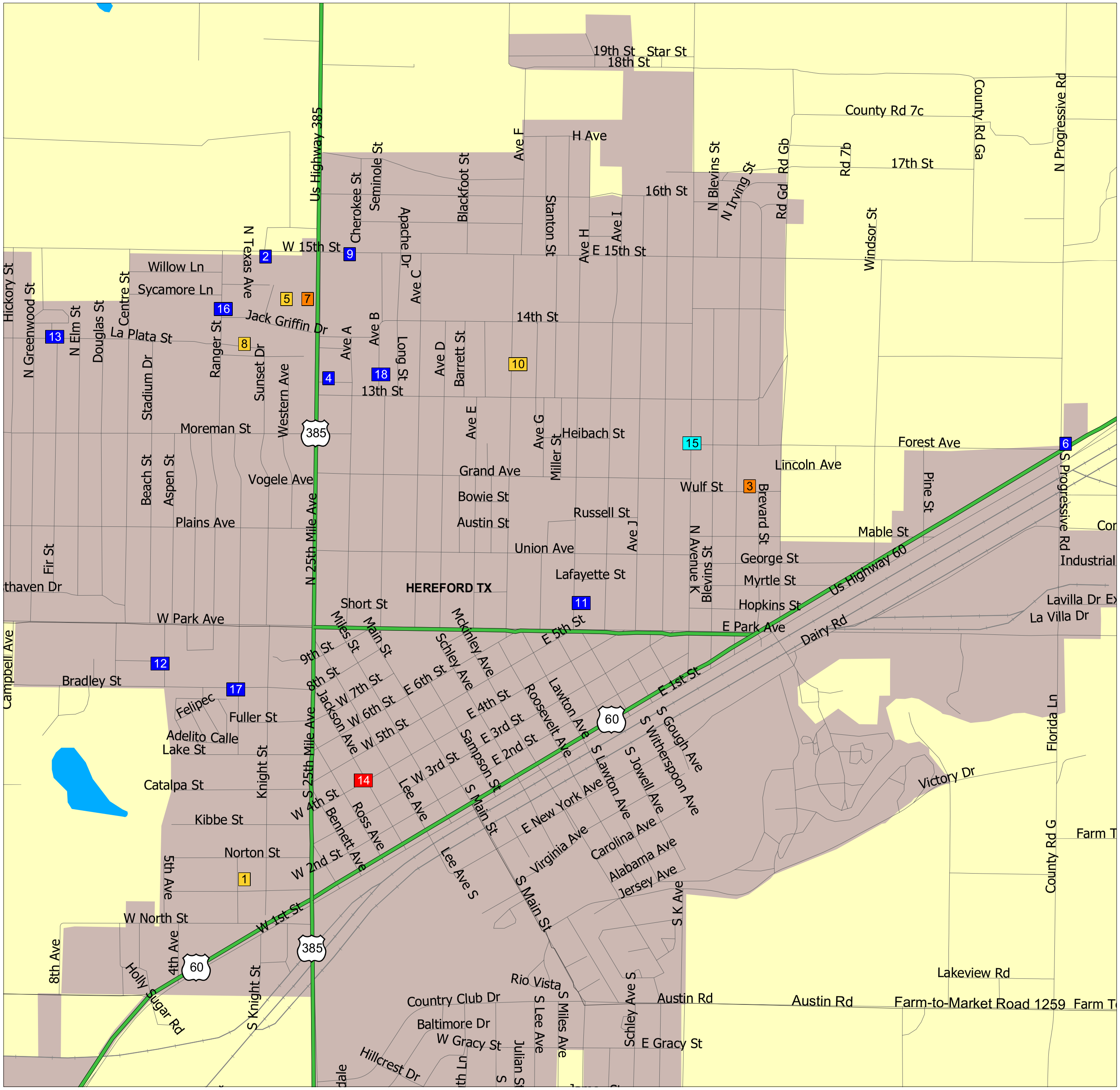
The field survey has been organized by the type of project surveyed. Properties have been color coded to reflect the project type. Projects have been designated as market-rate, Tax Credit, government-subsidized, or a combination of the three project types. The field survey is organized as follows:

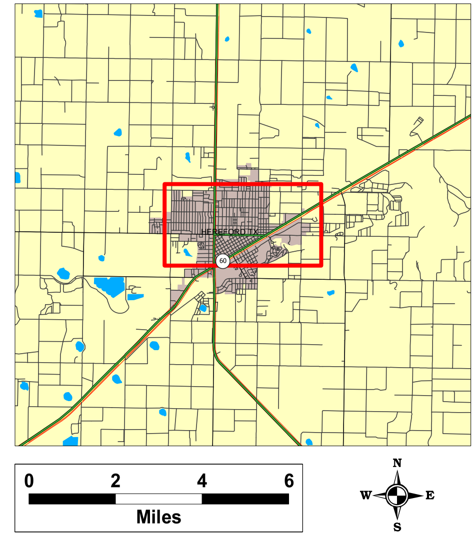
- A color-coded map indicating each property surveyed and the project type followed by a list of properties surveyed.
- Properties surveyed by name, address, telephone number, project type, year built or renovated (if applicable), number of floors, total units, occupancy rate, quality rating, rent incentives, and Tax Credit designation. Housing Choice Vouchers and Rental Assistance are also noted here. Note that projects are organized by project type.
- Distribution of non-subsidized and subsidized units and vacancies in properties surveyed.
- Listings for unit and project amenities, parking options, optional charges, utilities (including responsibility), and appliances.
- Collected rent by unit type and bedrooms.
- Unit size by unit type and bedrooms.
- Calculations of rent per square foot (all utilities are adjusted to reflect similar utility responsibility). Data is summarized by unit type.
- An analysis of units, vacancies, and median rent. Where applicable, non-subsidized units are distributed separately.
- An analysis of units added to the area by project construction date and, when applicable, by year of renovation.
- Aggregate data and distributions for all non-subsidized properties are provided for appliances, unit amenities and project amenities.

- A rent distribution is provided for all market-rate and non-subsidized Tax Credit units by unit type. Note that rents are adjusted to reflect common utility responsibility.
- Aggregation of projects by utility responsibility (market-rate and non-subsidized Tax Credit only).
- A utility allowance worksheet.

Note that other than the property listing following the map, data is organized by project types. Market-rate properties (blue designation) are first followed by variations of market-rate and Tax Credit properties. Non-government subsidized Tax Credit properties are red and government-subsidized properties are yellow. See the color codes at the bottom of each page for specific project types.

Deaf Smith County, TX: Apartment Locations





- Interstate Hwys
- US Hwys
- State Hwys
- Govt. Sub.
- Market Rate
- Market Rate/Tax Credit
- Tax Credit
- Tax Credit/Govt. Sub.

0 .2 .4 .6
Miles
1:22,920

vogt williams bowen RESEARCH

MAP IDENTIFICATION LIST - DEAF SMITH COUNTY, TEXAS

MAP ID	PROJECT NAME	PROJECT TYPE	YEAR BUILT	TOTAL UNITS	VACANT	OCCUPANCY RATE
1	Amistad	GSS	1991	50	0	100%
2	Arbor Glen	MRR	1986	24	1	96%
3	Bluewater Garden	TGS	1972	131	0	100%
4	Boardwalk	MRR	1962	30	12	60%
5	Countryside Village	GSS	1990	28	4	86%
6	Forrest Apts.	MRR	1955	16	0	100%
7	Hereford Senior Community	TGS	1995	28	0	100%
8	La Plata Manor	GSS	1985	28	1	96%
9	Masters Apts.	MRR	1978	20	0	100%
10	Paloma Lane	GSS	1972	44	0	100%
11	California Apts.	MRR	1960	37	0	100%
12	Thunderbird	MRR	1958	16	0	100%
13	Town Square	MRR	1974	17	0	100%
14	Hereford Central Place	TAX	2007	32	1	97%
15	Tierra Blanca	MRT	2007	76	4	95%
16	Royal Copper House	MRR	1980	0	0	U/C
17	Buena Vista Apts.	MRR	1960	41	0	100%
18	Sugarland Quads	MRR	1965	16	0	100%

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE
MRR	10	217	13	94.0%
MRT	1	76	4	94.7%
TAX	1	32	1	96.9%
TGS	2	159	0	100.0%
GSS	4	150	5	96.7%

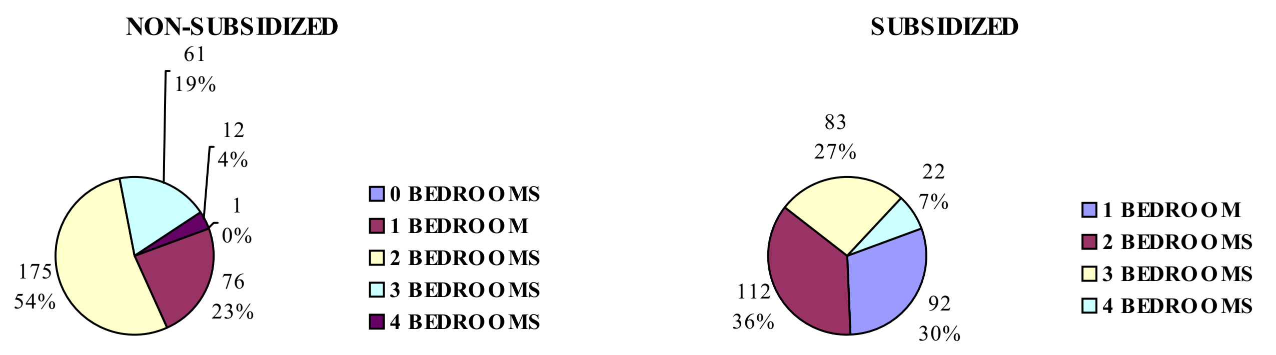
- Market-rate
- Market-rate/Tax Credit
- Market-rate/Government-subsidized
- Market-rate/Tax Credit/Government-subsidized
- Tax Credit
- Tax Credit/Goverment-subsidized
- Government-subsidized

Surveyed - July 2008

DISTRIBUTION OF UNITS - DEAF SMITH COUNTY, TEXAS

MARKET-RATE						
BEDROOMS	**BATHS**	**UNITS**	**DISTRIBUTION**	**VACANT**	**%VACANT**	**MEDIAN GROSS RENT**
0	1	1	0.5%	0	0.0%	$411
1	1	57	25.9%	7	12.3%	$530
2	1	109	49.5%	6	5.5%	$630
2	1.5	16	7.3%	0	0.0%	$555
2	2	3	1.4%	0	0.0%	$610
3	1	6	2.7%	0	0.0%	$460
3	2	16	7.3%	0	0.0%	$828
4	2	12	5.5%	0	0.0%	$914
TOTAL		**220**	**100.0%**	**13**	**5.9%**	
24 UNITS UNDER CONSTRUCTION						
TAX CREDIT, NON-SUBSIDIZED						
BEDROOMS	**BATHS**	**UNITS**	**DISTRIBUTION**	**VACANT**	**%VACANT**	**MEDIAN GROSS RENT**
1	1	19	18.1%	0	0.0%	$482
2	2	47	44.8%	0	0.0%	$578
3	2	39	37.1%	5	12.8%	$668
TOTAL		**105**	**100.0%**	**5**	**4.8%**	
GOVERNMENT-SUBSIDIZED						
BEDROOMS	**BATHS**	**UNITS**	**DISTRIBUTION**	**VACANT**	**%VACANT**	
1	1	92	29.8%	5	5.4%	N.A.
2	1	112	36.2%	0	0.0%	N.A.
3	1	20	6.5%	0	0.0%	N.A.
3	1.5	63	20.4%	0	0.0%	N.A.
4	1.5	16	5.2%	0	0.0%	N.A.
4	2	6	1.9%	0	0.0%	N.A.
TOTAL		**309**	**100.0%**	**5**	**1.6%**	
GRAND TOTAL		**634**	**-**	**23**	**3.6%**	

DISTRIBUTION OF UNITS BY BEDROOM



Surveyed - July 2008

SURVEY OF PROPERTIES - DEAF SMITH COUNTY, TEXAS

1 Amistad

Address 301 S. Texas Ave.
Hereford, TX 79045
Contact Angie
Phone (806) 364-5082
(Contact in person)
Year Built 1991
Project Type Government-subsidized
Comments Government-subsidized, RD 514 & 516; Phase I built 1991; Phase II built 2000; Phase II units are higher rent

Total Units 50
Vacancies 0
Occupied 100.0%
Floors 1,2
Quality Rating B-
Waiting List
4-5 households

2 Arbor Glen

Address 301 W. 15th Ave.
Hereford, TX 79045
Contact Jackie
Phone (806) 364-1255
(Contact in person)
Year Built 1986
Project Type Market-rate
Comments

Total Units 24
Vacancies 1
Occupied 95.8%
Floors 1,2
Quality Rating B-
Waiting List
None

3 Bluewater Garden

Address 612 Irving St.
Hereford, TX 79045
Contact Debra
Phone (806) 364-6661
(Contact in person)
Year Built 1972 **Renovated** 2004
Project Type Tax Credit & Government-subsidized
Comments Government-subsidized, HUD Section 8 & Tax Credit @ 60% AMHI; One 3-br unit for manager not included in unit total

Total Units 131
Vacancies 0
Occupied 100.0%
Floors 2
Quality Rating B-
Waiting List
37 households

4 Boardwalk

Address 423 25 Mile Ave.
Hereford, TX 79045
Contact Rebecca
Phone (806) 570-9612
(Contact in person)
Year Built 1962 **Renovated** 2007
Project Type Market-rate
Comments Reopened Fall 2007, still in lease-up following renovations

Total Units 30
Vacancies 12
Occupied 60.0%
Floors 2
Quality Rating D+
Waiting List
None

5 Countryside Village

Address 400 Jack Griffin Dr.
Hereford, TX 79045
Contact Jackie
Phone (806) 364-1255
(Contact in person)
Year Built 1990
Project Type Government-subsidized
Comments Government-subisdized, RD 515; 100% senior (62+) & disabled; Accepts HCV

Total Units 28
Vacancies 4
Occupied 85.7%
Floors 1
Quality Rating B
Waiting List
None

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Goverment-subsidized
Government-subsidized

Surveyed - July 2008

vogt williams bowen RESEARCH

SURVEY OF PROPERTIES - DEAF SMITH COUNTY, TEXAS

6 Forrest Apts.

Address 1400 Forrest Ave.
Hereford, TX 79045
Contact Oralia
Phone (806) 346-0363
(Contact in person)
Year Built 1955
Project Type Market-rate
Comments No HCV; Rents are on a per week basis; Migrant worker rents per week: 1-br/$100, 2-br/$110, & 3-br/$130

Total Units 16
Vacancies 0
Occupied 100.0%
Floors 1
Quality Rating D
Waiting List
None

7 Hereford Senior Community

Address 401 Jack Griffin Ave.
Hereford, TX 79045
Contact Emma
Phone (903) 756-5554
(Contact in person)
Year Built 1995
Project Type Tax Credit & Government-subsidized
Comments Government-subsidized, RD 515 & Tax Credit @ 60% AMHI; Has RA (22 units); 100% senior (62+) & disabled

Total Units 28
Vacancies 0
Occupied 100.0%
Floors 1
Quality Rating B
Waiting List
2 households

8 La Plata Manor

Address 425 Ranger Dr.
Hereford, TX 79045
Contact Marie
Phone (806) 364-2222
(Contact in person)
Year Built 1985
Project Type Government-subsidized
Comments Government-subsidized, RD 515; Has RA (28 units); 100% senior (62+) & disabled

Total Units 28
Vacancies 1
Occupied 96.4%
Floors 1,2
Quality Rating B-
Waiting List
None

9 Masters Apts.

Address 122 E. 15th St.
Hereford, TX 79045
Contact Beverly
Phone (806) 364-0739
(Contact in person)
Year Built 1978
Project Type Market-rate
Comments No HCV

Total Units 20
Vacancies 0
Occupied 100.0%
Floors 2
Quality Rating B-
Waiting List
None

10 Paloma Lane

Address 446 Ave. F
Hereford, TX 79045
Contact Marie
Phone (806) 364-2222
(Contact in person)
Year Built 1972
Project Type Government-subsidized
Comments Government-subsidized, RD 515; Has RA (20 units); Phase I built 1978, Phase II built 1982

Total Units 44
Vacancies 0
Occupied 100.0%
Floors 1
Quality Rating B-
Waiting List
2 households

- Market-rate
- Market-rate/Tax Credit
- Market-rate/Government-subsidized
- Market-rate/Tax Credit/Government-subsidized
- Tax Credit
- Tax Credit/Goverment-subsidized
- Government-subsidized

Surveyed - July 2008

vogtwilliamsbowen RESEARCH

11 California Apts.

Address 112 Ave. H
Hereford, TX 79045
Year Built 1960
Project Type Market-rate
Comments

Contact Orlando
Phone (806) 433-4889
(Contact in person)

Total Units 37
Vacancies 0
Occupied 100.0%
Floors 1,2
Quality Rating C-
Waiting List
5 weeks

12 Thunderbird

Address 722 Thunderbird St.
Hereford, TX 79045
Year Built 1958
Project Type Market-rate
Comments

Contact Name not given
Phone (806) 364-8421
(Contact in person)

Total Units 16
Vacancies 0
Occupied 100.0%
Floors 2
Quality Rating C
Waiting List
None

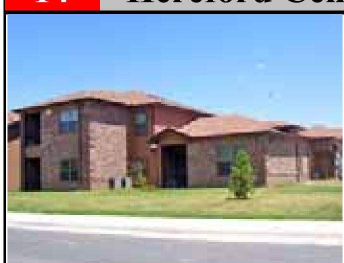
13 Town Square

Address 424 Fir St.
Hereford, TX 79045
Year Built 1974
Project Type Market-rate
Comments

Contact Beverly
Phone (806) 364-0739
(Contact in person)

Total Units 17
Vacancies 0
Occupied 100.0%
Floors 2
Quality Rating B
Waiting List
None

14 Hereford Central Place



Address 402 W. 4th St.
Hereford, TX 79045
Year Built 2007
Project Type Tax Credit
Comments Tax Credit @ 60% AMHI; Has RA (21 units); Square footage estimated

Contact Jackie
Phone (806) 364-1415
(Contact in person)

Total Units 32
Vacancies 1
Occupied 96.9%
Floors 2
Quality Rating B+
Waiting List
None

15 Tierra Blanca

Address 700 Ave. K
Hereford, TX 79045
Year Built 2007
Project Type Market-rate & Tax Credit
Comments Tax Credit @ 30% & 60% AMHI (73 units); Market-rate (3 units); Has RA (50 units)

Contact Liza
Phone (806) 363-2775
(Contact in person)

Total Units 76
Vacancies 4
Occupied 94.7%
Floors 2
Quality Rating B+
Waiting List
2-br: 6 H.H.

- Market-rate
- Market-rate/Tax Credit
- Market-rate/Government-subsidized
- Market-rate/Tax Credit/Government-subsidized
- Tax Credit
- Tax Credit/Goverment-subsidized
- Government-subsidized

Surveyed - July 2008

vogt williams bowen RESEARCH

SURVEY OF PROPERTIES - DEAF SMITH COUNTY, TEXAS

16 Royal Copper House

Address 430 Ranger Dr.
Hereford, TX 79045
Contact Eddie
Phone (806) 364-8386
(Contact in person)
Year Built 1980 **Renovated** 2008
Project Type Market-rate
Comments All 22 units under construction, expected completion 11/2008; Year built estimated; 100% senior (55+); Have not started pre-leasing, but building a wait list

Total Units 0
Vacancies 0
Occupied 0
Floors 1
Quality Rating B
Waiting List
7 households

17 Buena Vista Apts.

Address 303 Bradley St.
Hereford, TX 79045
Contact Amanda
Phone (806) 364-8500
(Contact in person)
Year Built 1960
Project Type Market-rate
Comments Accepts HCV (4); Square footage & unit mix estimated; Two units under construction due to renovations; Floor coverings are tile

Total Units 41
Vacancies 0
Occupied 100.0%
Floors 1
Quality Rating D
Waiting List
None

18 Sugarland Quads

Address 428-440 Ave. B
Hereford, TX 79045
Contact Mel
Phone (806) 364-4370
(Contact in person)
Year Built 1965
Project Type Market-rate
Comments Higher rent units have new carpet; Year built & square footage estimated

Total Units 16
Vacancies 0
Occupied 100.0%
Floors 1
Quality Rating C
Waiting List
None

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Goverment-subsidized
Government-subsidized

Surveyed - July 2008

vogtwilliamsbowen RESEARCH

COLLECTED RENTS - DEAF SMITH COUNTY, TEXAS

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
2		$475	$525				$550		
4		$495	$650						
6		$433	$477	$563					
9			$625					$750	
11		$550	$650	$800					
12			$495						
13	$350		$550						$750
16									
17		$230	$300	$325	$375				
18			$475 to $490						
15		$175 to $550	$205 to $600	$232 to $650					
14		$415	$492	$564					

- Market-rate
- Market-rate/Tax Credit
- Market-rate/Government-subsidized
- Market-rate/Tax Credit/Government-subsidized
- Tax Credit
- Tax Credit/Goverment-subsidized
- Government-subsidized

Surveyed - July 2008

PRICE PER SQUARE FOOT - DEAF SMITH COUNTY, TEXAS

STUDIO UNITS					
MAP ID	**PROJECT NAME**	**BATHS**	**UNIT SIZE**	**GROSS RENT**	**$ / SQ. FT.**
13	Town Square	1	432	$411	$0.95
ONE-BEDROOM UNITS					
MAP ID	**PROJECT NAME**	**BATHS**	**UNIT SIZE**	**GROSS RENT**	**$ / SQ. FT.**
2	Arbor Glen	1	700	$517	$0.74
4	Boardwalk	1	525	$537	$1.02
6	Forrest Apts.	1	550	$439	$0.80
11	California Apts.	1	550	$530	$0.96
17	Buena Vista Apts.	1	550	$318	$0.58
15	Tierra Blanca	1	748	$237 to $612	$0.32 to $0.82
14	Hereford Central Place	1	600	$477	$0.80
TWO-BEDROOM UNITS					
MAP ID	**PROJECT NAME**	**BATHS**	**UNIT SIZE**	**GROSS RENT**	**$ / SQ. FT.**
2	Arbor Glen	1	900	$585	$0.65
		2	1000	$610	$0.61
4	Boardwalk	1	650	$710	$1.09
6	Forrest Apts.	1	725	$493	$0.68
9	Masters Apts.	1	750	$686	$0.91
11	California Apts.	1	700	$630	$0.90
12	Thunderbird	1.5	1100	$555	$0.50
13	Town Square	1	950	$667	$0.70
16	Royal Copper House	1	850	$730	$0.86
17	Buena Vista Apts.	1	700	$416	$0.59
18	Sugarland Quads	1	800	$556 to $571	$0.70 to $0.71
15	Tierra Blanca	2	949	$285 to $680	$0.30 to $0.72
14	Hereford Central Place	2	850	$572	$0.67
THREE-BEDROOM UNITS					
MAP ID	**PROJECT NAME**	**BATHS**	**UNIT SIZE**	**GROSS RENT**	**$ / SQ. FT.**
6	Forrest Apts.	2	900	$582	$0.65
9	Masters Apts.	2	852	$828	$0.97
11	California Apts.	2	850	$780	$0.92
17	Buena Vista Apts.	1	900	$460	$0.51
15	Tierra Blanca	2	1182	$328 to $746	$0.28 to $0.63
14	Hereford Central Place	2	975	$660	$0.68
FOUR+ BEDROOM UNITS					
MAP ID	**PROJECT NAME**	**BATHS**	**UNIT SIZE**	**GROSS RENT**	**$ / SQ. FT.**
13	Town Square	2	2200	$914	$0.42

- Market-rate
- Market-rate/Tax Credit
- Market-rate/Government-subsidized
- Market-rate/Tax Credit/Government-subsidized
- Tax Credit
- Tax Credit/Goverment-subsidized
- Government-subsidized

Surveyed - July 2008

vogt williams bowen RESEARCH

PRICE PER SQUARE FOOT - DEAF SMITH COUNTY, TEXAS

FOUR+ BEDROOM UNITS					
MAP ID	**PROJECT NAME**	**BATHS**	**UNIT SIZE**	**GROSS RENT**	**$ / SQ. FT.**
17	Buena Vista Apts.	2	1100	$547	$0.50

- Market-rate
- Market-rate/Tax Credit
- Market-rate/Government-subsidized
- Market-rate/Tax Credit/Government-subsidized
- Tax Credit
- Tax Credit/Goverment-subsidized
- Government-subsidized

Surveyed - July 2008

AVERAGE GROSS RENT PER SQUARE FOOT - DEAF SMITH COUNTY, TEXAS

MARKET-RATE			
UNIT TYPE	**ONE-BR**	**TWO-BR**	**THREE-BR**
GARDEN	$0.83	$0.76	$0.62
TOWNHOUSE	$0.00	$0.61	$0.97

TAX CREDIT (NON-SUBSIDIZED)			
UNIT TYPE	**ONE-BR**	**TWO-BR**	**THREE-BR**
GARDEN	$0.62	$0.61	$0.58
TOWNHOUSE	$0.00	$0.00	$0.00

COMBINED			
UNIT TYPE	**ONE-BR**	**TWO-BR**	**THREE-BR**
GARDEN	$0.78	$0.72	$0.59
TOWNHOUSE	$0.00	$0.61	$0.97

Surveyed - July 2008

TAX CREDIT UNITS - DEAF SMITH COUNTY, TEXAS

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
15	Tierra Blanca	3	748	1	30%	$175
7	Hereford Senior Community	28	680	1	60%	$362 - $467
14	Hereford Central Place	4	600	1	60%	$415
15	Tierra Blanca	12	748	1	60%	$420
3	Bluewater Garden	12	640	1	60%	$475
TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
15	Tierra Blanca	3	949	2	30%	$205
14	Hereford Central Place	16	850	2	60%	$492
15	Tierra Blanca	28	949	2	60%	$498
3	Bluewater Garden	40	800	1	60%	$634
THREE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
15	Tierra Blanca	3	1182	2	30%	$232
14	Hereford Central Place	12	975	2	60%	$564
15	Tierra Blanca	24	1182	2	60%	$572
3	Bluewater Garden	63	965	1.5	60%	$701
FOUR-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
3	Bluewater Garden	16	1065	1.5	60%	$762

Surveyed - July 2008

QUALITY RATING - DEAF SMITH COUNTY, TEXAS

MARKET-RATE PROJECTS AND UNITS

QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
B+	1	3	0.0%		$612	$680	$746	
B	1	17	0.0%	$411		$667		$914
B-	2	44	2.3%		$517	$610	$828	
C	2	32	0.0%			$555		
C-	1	37	0.0%		$530	$630	$780	
D+	1	30	40.0%		$537	$710		
D	2	57	0.0%		$318	$416	$460	$547

TAX CREDIT (NON-SUBSIDIZED) PROJECTS AND UNITS

QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
B+	2	105	4.8%		$482	$578	$668	

DISTRIBUTION OF UNITS BY QUALITY RATING

Surveyed - July 2008

YEAR BUILT - DEAF SMITH COUNTY, TEXAS *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1960	2	32	0	0.0%	32	9.8%
1960 to 1969	4	124	12	9.7%	156	38.2%
1970 to 1979	2	37	0	0.0%	193	11.4%
1980 to 1989	2	24	1	4.2%	217	7.4%
1990 to 1994	0	0	0	0.0%	217	0.0%
1995 to 1999	0	0	0	0.0%	217	0.0%
2000 to 2001	0	0	0	0.0%	217	0.0%
2002	0	0	0	0.0%	217	0.0%
2003	0	0	0	0.0%	217	0.0%
2004	0	0	0	0.0%	217	0.0%
2005	0	0	0	0.0%	217	0.0%
2006	0	0	0	0.0%	217	0.0%
2007	2	108	5	4.6%	325	33.2%
2008**	0	0	0	0.0%	325	0.0%
TOTAL	**12**	**325**	**18**	**5.5%**	**325**	**100.0 %**

YEAR RENOVATED - DEAF SMITH COUNTY, TEXAS *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1960	0	0	0	0.0%	0	0.0%
1960 to 1969	0	0	0	0.0%	0	0.0%
1970 to 1979	0	0	0	0.0%	0	0.0%
1980 to 1989	0	0	0	0.0%	0	0.0%
1990 to 1994	0	0	0	0.0%	0	0.0%
1995 to 1999	0	0	0	0.0%	0	0.0%
2000 to 2001	0	0	0	0.0%	0	0.0%
2002	0	0	0	0.0%	0	0.0%
2003	0	0	0	0.0%	0	0.0%
2004	0	0	0	0.0%	0	0.0%
2005	0	0	0	0.0%	0	0.0%
2006	0	0	0	0.0%	0	0.0%
2007	1	30	12	40.0%	30	100.0%
2008**	0	0	0	0.0%	30	0.0%
TOTAL	**1**	**30**	**12**	**40.0%**	**30**	**100.0 %**

* Only Market-Rate and Tax Credit projects. Does not include government-subsidized projects. Surveyed - July 2008

** As of July 2008

Note: The upper table (Year Built) includes all of the units included in the lower table.

APPLIANCES AND UNIT AMENITIES -
DEAF SMITH COUNTY, TEXAS

APPLIANCES			
APPLIANCE	PROJECTS	PERCENT	UNITS*
RANGE	12	100.0%	325
REFRIGERATOR	11	91.7%	305
ICEMAKER	0	0.0%	
DISHWASHER	6	50.0%	185
DISPOSAL	6	50.0%	185
MICROWAVE	1	8.3%	76
UNIT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS*
AC - CENTRAL	9	75.0%	231
AC - WINDOW	2	16.7%	53
FLOOR COVERING	12	100.0%	325
WASHER/DRYER	1	8.3%	0
WASHER/DRYER HOOK-UP	6	50.0%	169
PATIO/DECK/BALCONY	5	41.7%	145
CEILING FAN	4	33.3%	132
FIREPLACE	2	16.7%	37
BASEMENT	0	0.0%	
INTERCOM SYSTEM	0	0.0%	
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	10	83.3%	254
FURNISHED UNITS	0	0.0%	
E-CALL BUTTON	0	0.0%	

* - Does not include units where appliances/amenities are optional; Only includes market-rate or non-government subsidized Tax Credit.

Surveyed - July 2008

PROJECT AMENITIES - DEAF SMITH COUNTY, TEXAS

PROJECT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS
POOL	0	0.0%	
ON-SITE MANAGEMENT	5	41.7%	216
LAUNDRY	4	33.3%	165
CLUB HOUSE	2	16.7%	108
MEETING ROOM	0	0.0%	
FITNESS CENTER	1	8.3%	76
JACUZZI/SAUNA	0	0.0%	
PLAYGROUND	2	16.7%	108
TENNIS COURT	0	0.0%	
SPORTS COURT	0	0.0%	
STORAGE	0	0.0%	
LAKE	0	0.0%	
ELEVATOR	0	0.0%	
SECURITY GATE	0	0.0%	
BUSINESS CENTER	1	8.3%	76
CAR WASH AREA	0	0.0%	
PICNIC AREA	0	0.0%	
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	0	0.0%	

Surveyed - July 2008

DISTRIBUTION OF UTILITIES - DEAF SMITH COUNTY, TEXAS

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
HEAT			
LANDLORD			
GAS	4	234	36.9%
TENANT			
ELECTRIC	9	275	43.4%
GAS	5	125	19.7%
			100.0%
COOKING FUEL			
LANDLORD			
GAS	4	234	36.9%
TENANT			
ELECTRIC	9	275	43.4%
GAS	5	125	19.7%
			100.0%
HOT WATER			
LANDLORD			
GAS	4	234	36.9%
TENANT			
ELECTRIC	9	275	43.4%
GAS	5	125	19.7%
			100.0%
ELECTRIC			
LANDLORD	4	234	36.9%
TENANT	14	400	63.1%
			100.0%
WATER			
LANDLORD	15	560	88.3%
TENANT	3	74	11.7%
			100.0%
SEWER			
LANDLORD	15	560	88.3%
TENANT	3	74	11.7%
TRASH PICK-UP			
LANDLORD	15	560	88.3%
TENANT	3	74	11.7%
			100.0%

Surveyed - July 2008

UTILITY ALLOWANCE - DEAF SMITH COUNTY, TX

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	$20	$22		$0	$7	$10	$3	$2	$12	$6	$6	$7	$20
1	GARDEN	$33	$29		$0	$13	$13	$5	$2	$18	$8	$8	$10	$20
1	TOWNHOUSE	$33	$29		$0	$13	$13	$5	$2	$18	$8	$8	$10	$20
2	GARDEN	$38	$38		$0	$15	$17	$6	$3	$22	$11	$11	$14	$20
2	TOWNHOUSE	$38	$38		$0	$15	$17	$6	$3	$22	$11	$11	$14	$20
3	GARDEN	$46	$45		$0	$18	$21	$7	$3	$27	$12	$12	$15	$20
3	TOWNHOUSE	$46	$45		$0	$18	$21	$7	$3	$27	$12	$12	$15	$20
4	GARDEN	$52	$58		$0	$20	$26	$8	$4	$34	$15	$15	$20	$20
4	TOWNHOUSE	$52	$58		$0	$20	$26	$8	$4	$34	$15	$15	$20	$20

Surveyed - July 2008

VII. FIELD SURVEY OF CONVENTIONAL RENTALS

CASTRO, TEXAS

The following section is a field survey of conventional rental properties. These properties were identified through a variety of sources including area apartment guides, yellow page listings, government agencies, the Chamber of Commerce, and our own field inspection. The intent of this field survey is to evaluate the overall strength of the existing rental market, identify trends that impact future development, and identify those properties that would be considered most comparable to the subject site.

The field survey has been organized by the type of project surveyed. Properties have been color coded to reflect the project type. Projects have been designated as market-rate, Tax Credit, government-subsidized, or a combination of the three project types. The field survey is organized as follows:

- A color-coded map indicating each property surveyed and the project type followed by a list of properties surveyed.
- Properties surveyed by name, address, telephone number, project type, year built or renovated (if applicable), number of floors, total units, occupancy rate, quality rating, rent incentives, and Tax Credit designation. Housing Choice Vouchers and Rental Assistance are also noted here. Note that projects are organized by project type.
- Distribution of non-subsidized and subsidized units and vacancies in properties surveyed.
- Listings for unit and project amenities, parking options, optional charges, utilities (including responsibility), and appliances.
- Collected rent by unit type and bedrooms.
- Unit size by unit type and bedrooms.
- Calculations of rent per square foot (all utilities are adjusted to reflect similar utility responsibility). Data is summarized by unit type.
- An analysis of units, vacancies, and median rent. Where applicable, non-subsidized units are distributed separately.
- An analysis of units added to the area by project construction date and, when applicable, by year of renovation.
- Aggregate data and distributions for all non-subsidized properties are provided for appliances, unit amenities and project amenities.

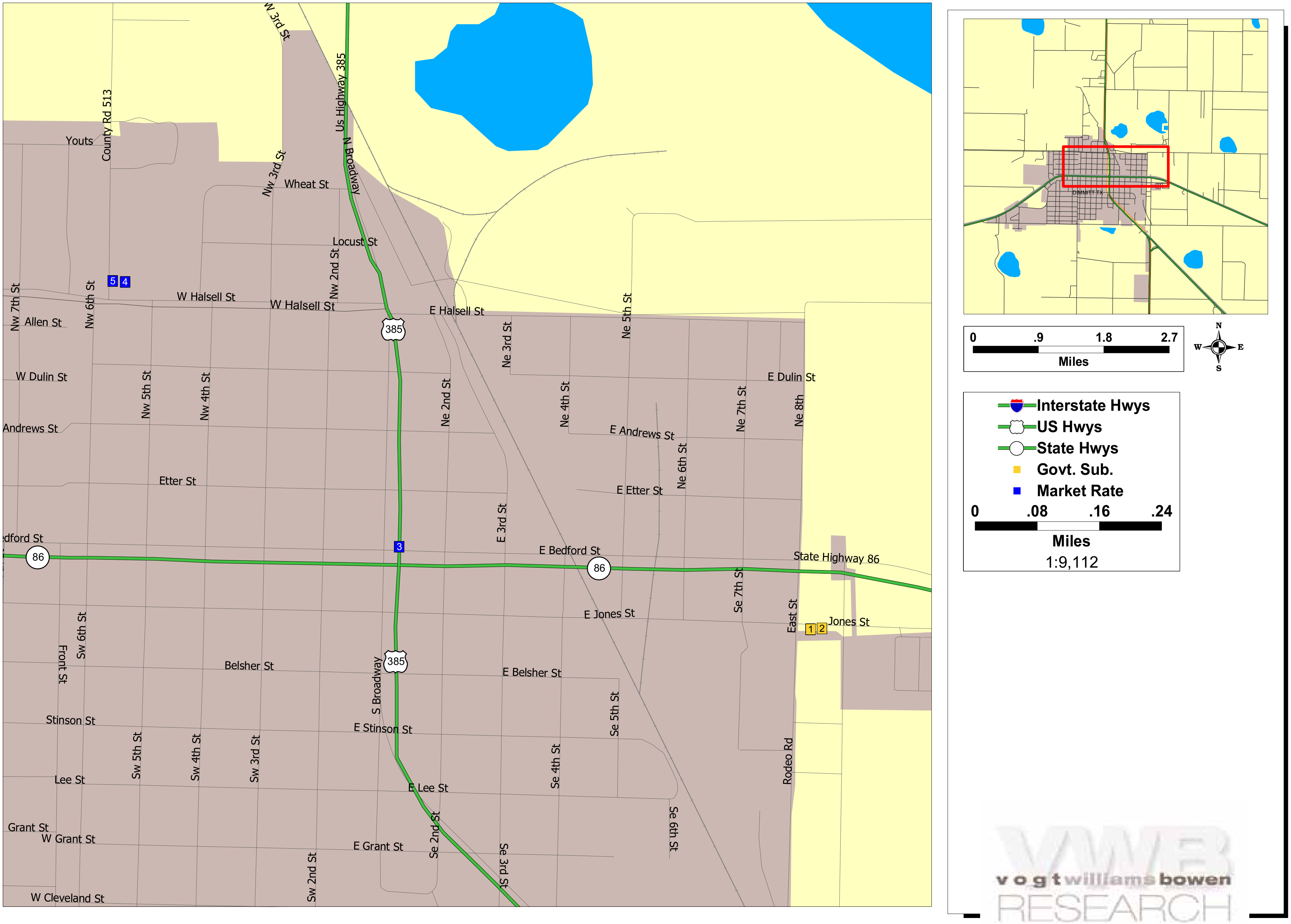
- A rent distribution is provided for all market-rate and non-subsidized Tax Credit units by unit type. Note that rents are adjusted to reflect common utility responsibility.

- Aggregation of projects by utility responsibility (market-rate and non-subsidized Tax Credit only).

- A utility allowance worksheet.

Note that other than the property listing following the map, data is organized by project types. Market-rate properties (blue designation) are first followed by variations of market-rate and Tax Credit properties. Non-government subsidized Tax Credit properties are red and government-subsidized properties are yellow. See the color codes at the bottom of each page for specific project types.

Castro County, TX: Apartment Locations



vogt williams bowen RESEARCH

MAP IDENTIFICATION LIST - CASTRO, TEXAS

MAP ID	PROJECT NAME	PROJECT TYPE	YEAR BUILT	TOTAL UNITS	VACANT	OCCUPANCY RATE
1	Azteca Apts. Phase I	GSS	1962	28	0	100%
2	Azteca Apts. Phase II	GSS	2007	32	0	100%
3	121 E. Bedford St.	MRR	1929	6	0	100%
4	Northside Apts.	MRR	1992	24	0	100%
5	Dimmitt Gardens	MRR	1988	25	0	100%

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE
MRR	3	55	0	100.0%
GSS	2	60	0	100.0%

- Market-rate
- Market-rate/Tax Credit
- Market-rate/Government-subsidized
- Market-rate/Tax Credit/Government-subsidized
- Tax Credit
- Tax Credit/Goverment-subsidized
- Government-subsidized

Surveyed - July 2008

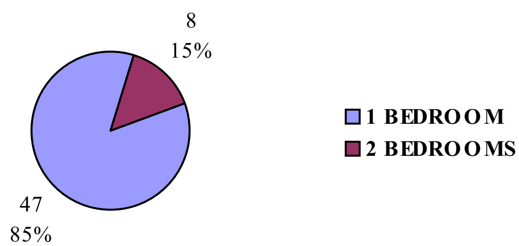
vogtwilliamsbowen RESEARCH

DISTRIBUTION OF UNITS - CASTRO, TEXAS

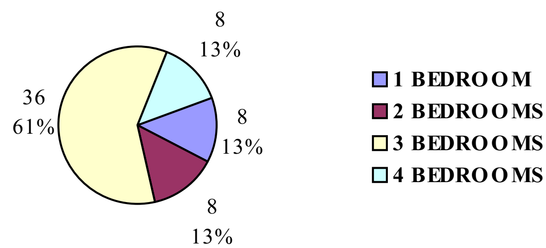
MARKET-RATE						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	47	85.5%	0	0.0%	$487
2	1	8	14.5%	0	0.0%	$555
TOTAL		**55**	**100.0%**	**0**	**0.0%**	
GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	
1	1	8	13.3%	0	0.0%	N.A.
2	1	8	13.3%	0	0.0%	N.A.
3	2	36	60.0%	0	0.0%	N.A.
4	2	8	13.3%	0	0.0%	N.A.
TOTAL		**60**	**100.0%**	**0**	**0.0%**	
GRAND TOTAL		**115**	**-**	**0**	**0.0%**	

DISTRIBUTION OF UNITS BY BEDROOM

NON-SUBSIDIZED



SUBSIDIZED



Surveyed - July 2008

SURVEY OF PROPERTIES - CASTRO, TEXAS

1 Azteca Apts. Phase I

Address	910 E. Jones St. Dimmitt, TX 79027	**Contact**	Joe
		Phone	(806) 647-3406 (Contact in person)
Year Built	1962	**Renovated**	2006
Project Type	Government-subsidized		
Comments	Government-subsidized, RD 514 & 516		

Total Units	28
Vacancies	0
Occupied	100.0%
Floors	1
Quality Rating	C-
Waiting List	4-8 households

2 Azteca Apts. Phase II

Address	910 E. Jones St. Dimmitt, TX 79027	**Contact**	Joe
		Phone	(806) 647-3406 (Contact in person)
Year Built	2007		
Project Type	Government-subsidized		
Comments	Government-subsidized, RD 514 & 516		

Total Units	32
Vacancies	0
Occupied	100.0%
Floors	1
Quality Rating	B+
Waiting List	4-8 households

3 121 E. Bedford St.

Address	121 E. Bedford St. Dimmitt, TX 79027	**Contact**	Patti
		Phone	(806) 647-1818 (Contact in person)
Year Built	1929	**Renovated**	1980
Project Type	Market-rate		
Comments	First floor retail		

Total Units	6
Vacancies	0
Occupied	100.0%
Floors	2
Quality Rating	B
Waiting List	None

4 Northside Apts.

Address	622 NW 5th St. #48 Dimmitt, TX 79027	**Contact**	Patti
		Phone	(806) 647-1818 (Contact in person)
Year Built	1992		
Project Type	Market-rate		
Comments			

Total Units	24
Vacancies	0
Occupied	100.0%
Floors	1
Quality Rating	B
Waiting List	None

5 Dimmitt Gardens

Address	622 NW 5th St. Dimmitt, TX 79027	**Contact**	Stella
		Phone	(806) 647-1963 (Contact in person)
Year Built	1988		
Project Type	Market-rate		
Comments	Accepts HCV (~19 units)		

Total Units	25
Vacancies	0
Occupied	100.0%
Floors	1
Quality Rating	B-
Waiting List	40 households

- Market-rate
- Market-rate/Tax Credit
- Market-rate/Government-subsidized
- Market-rate/Tax Credit/Government-subsidized
- Tax Credit
- Tax Credit/Goverment-subsidized
- Government-subsidized

Surveyed - July 2008

vogt williams bowen RESEARCH

COLLECTED RENTS - CASTRO, TEXAS

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
3		$550							
4		$425	$475						
5		$425	$475						

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Goverment-subsidized
Government-subsidized

Surveyed - July 2008

PRICE PER SQUARE FOOT - CASTRO, TEXAS

ONE-BEDROOM UNITS					
MAP ID	**PROJECT NAME**	**BATHS**	**UNIT SIZE**	**GROSS RENT**	**$ / SQ. FT.**
3	121 E. Bedford St.	1	900	$530	$0.59
4	Northside Apts.	1	925	$487	$0.53
5	Dimmitt Gardens	1	600	$487	$0.81
TWO-BEDROOM UNITS					
MAP ID	**PROJECT NAME**	**BATHS**	**UNIT SIZE**	**GROSS RENT**	**$ / SQ. FT.**
4	Northside Apts.	1	925	$555	$0.60
5	Dimmitt Gardens	1	800	$555	$0.69

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Goverment-subsidized
Government-subsidized

Surveyed - July 2008

AVERAGE GROSS RENT PER SQUARE FOOT - CASTRO, TEXAS

MARKET-RATE			
UNIT TYPE	**ONE-BR**	**TWO-BR**	**THREE-BR**
GARDEN	$0.66	$0.65	$0.00
TOWNHOUSE	$0.00	$0.00	$0.00

Surveyed - July 2008

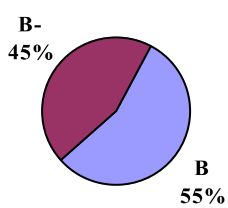
QUALITY RATING - CASTRO, TEXAS

MARKET-RATE PROJECTS AND UNITS

QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
B	2	30	0.0%		$487	$555		
B-	1	25	0.0%		$487	$555		

DISTRIBUTION OF UNITS BY QUALITY RATING

MARKET-RATE UNITS



TAX CREDIT UNITS

Surveyed - July 2008

YEAR BUILT - CASTRO, TEXAS *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1960	1	6	0	0.0%	6	10.9%
1960 to 1969	0	0	0	0.0%	6	0.0%
1970 to 1979	0	0	0	0.0%	6	0.0%
1980 to 1989	1	25	0	0.0%	31	45.5%
1990 to 1994	1	24	0	0.0%	55	43.6%
1995 to 1999	0	0	0	0.0%	55	0.0%
2000 to 2001	0	0	0	0.0%	55	0.0%
2002	0	0	0	0.0%	55	0.0%
2003	0	0	0	0.0%	55	0.0%
2004	0	0	0	0.0%	55	0.0%
2005	0	0	0	0.0%	55	0.0%
2006	0	0	0	0.0%	55	0.0%
2007	0	0	0	0.0%	55	0.0%
2008**	0	0	0	0.0%	55	0.0%
TOTAL	**3**	**55**	**0**	**0.0%**	**55**	**100.0 %**

YEAR RENOVATED - CASTRO, TEXAS *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1960	0	0	0	0.0%	0	0.0%
1960 to 1969	0	0	0	0.0%	0	0.0%
1970 to 1979	0	0	0	0.0%	0	0.0%
1980 to 1989	1	6	0	0.0%	6	100.0%
1990 to 1994	0	0	0	0.0%	6	0.0%
1995 to 1999	0	0	0	0.0%	6	0.0%
2000 to 2001	0	0	0	0.0%	6	0.0%
2002	0	0	0	0.0%	6	0.0%
2003	0	0	0	0.0%	6	0.0%
2004	0	0	0	0.0%	6	0.0%
2005	0	0	0	0.0%	6	0.0%
2006	0	0	0	0.0%	6	0.0%
2007	0	0	0	0.0%	6	0.0%
2008**	0	0	0	0.0%	6	0.0%
TOTAL	**1**	**6**	**0**	**0.0%**	**6**	**100.0 %**

* Only Market-Rate and Tax Credit projects. Does not include government-subsidized projects. Surveyed - July 2008

** As of July 2008

Note: The upper table (Year Built) includes all of the units included in the lower table.

APPLIANCES AND UNIT AMENITIES - CASTRO, TEXAS

APPLIANCES			
APPLIANCE	PROJECTS	PERCENT	UNITS*
RANGE	3	100.0%	55
REFRIGERATOR	3	100.0%	55
ICEMAKER	0	0.0%	
DISHWASHER	1	33.3%	6
DISPOSAL	1	33.3%	6
MICROWAVE	0	0.0%	
UNIT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS*
AC - CENTRAL	3	100.0%	55
AC - WINDOW	0	0.0%	
FLOOR COVERING	3	100.0%	55
WASHER/DRYER	1	33.3%	6
WASHER/DRYER HOOK-UP	1	33.3%	24
PATIO/DECK/BALCONY	0	0.0%	
CEILING FAN	0	0.0%	
FIREPLACE	0	0.0%	
BASEMENT	0	0.0%	
INTERCOM SYSTEM	0	0.0%	
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	1	33.3%	25
FURNISHED UNITS	0	0.0%	
E-CALL BUTTON	0	0.0%	

* - Does not include units where appliances/amenities are optional; Only includes market-rate or non-government subsidized Tax Credit.

Surveyed - July 2008

PROJECT AMENITIES - CASTRO, TEXAS

PROJECT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS
POOL	0	0.0%	
ON-SITE MANAGEMENT	2	66.7%	31
LAUNDRY	0	0.0%	
CLUB HOUSE	0	0.0%	
MEETING ROOM	0	0.0%	
FITNESS CENTER	0	0.0%	
JACUZZI/SAUNA	0	0.0%	
PLAYGROUND	0	0.0%	
TENNIS COURT	0	0.0%	
SPORTS COURT	0	0.0%	
STORAGE	0	0.0%	
LAKE	0	0.0%	
ELEVATOR	0	0.0%	
SECURITY GATE	0	0.0%	
BUSINESS CENTER	0	0.0%	
CAR WASH AREA	0	0.0%	
PICNIC AREA	0	0.0%	
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	0	0.0%	

Surveyed - July 2008

DISTRIBUTION OF UTILITIES - CASTRO, TEXAS

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
HEAT			
LANDLORD			
ELECTRIC	1	32	27.8%
GAS	2	34	29.6%
TENANT			
ELECTRIC	2	49	42.6%
			100.0%
COOKING FUEL			
LANDLORD			
ELECTRIC	1	32	27.8%
GAS	2	34	29.6%
TENANT			
ELECTRIC	2	49	42.6%
			100.0%
HOT WATER			
LANDLORD			
ELECTRIC	1	32	27.8%
GAS	2	34	29.6%
TENANT			
ELECTRIC	2	49	42.6%
			100.0%
ELECTRIC			
LANDLORD	3	66	57.4%
TENANT	2	49	42.6%
			100.0%
WATER			
LANDLORD	5	115	100.0%
			100.0%
SEWER			
LANDLORD	5	115	100.0%
			100.0%
TRASH PICK-UP			
LANDLORD	5	115	100.0%
			100.0%

Surveyed - July 2008

UTILITY ALLOWANCE - CASTRO COUNTY, TX

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	$20	$22		$0	$7	$10	$3	$2	$12	$6	$6	$7	$20
1	GARDEN	$33	$29		$0	$13	$13	$5	$2	$18	$8	$8	$10	$20
1	TOWNHOUSE	$33	$29		$0	$13	$13	$5	$2	$18	$8	$8	$10	$20
2	GARDEN	$38	$38		$0	$15	$17	$6	$3	$22	$11	$11	$14	$20
2	TOWNHOUSE	$38	$38		$0	$15	$17	$6	$3	$22	$11	$11	$14	$20
3	GARDEN	$46	$45		$0	$18	$21	$7	$3	$27	$12	$12	$15	$20
3	TOWNHOUSE	$46	$45		$0	$18	$21	$7	$3	$27	$12	$12	$15	$20
4	GARDEN	$52	$58		$0	$20	$26	$8	$4	$34	$15	$15	$20	$20
4	TOWNHOUSE	$52	$58		$0	$20	$26	$8	$4	$34	$15	$15	$20	$20

Surveyed - July 2008

VIII. FIELD SURVEY OF CONVENTIONAL RENTALS

PARMER, TEXAS

The following section is a field survey of conventional rental properties. These properties were identified through a variety of sources including area apartment guides, yellow page listings, government agencies, the Chamber of Commerce, and our own field inspection. The intent of this field survey is to evaluate the overall strength of the existing rental market, identify trends that impact future development, and identify those properties that would be considered most comparable to the subject site.

The field survey has been organized by the type of project surveyed. Properties have been color coded to reflect the project type. Projects have been designated as market-rate, Tax Credit, government-subsidized, or a combination of the three project types. The field survey is organized as follows:

- A color-coded map indicating each property surveyed and the project type followed by a list of properties surveyed.
- Properties surveyed by name, address, telephone number, project type, year built or renovated (if applicable), number of floors, total units, occupancy rate, quality rating, rent incentives, and Tax Credit designation. Housing Choice Vouchers and Rental Assistance are also noted here. Note that projects are organized by project type.
- Distribution of non-subsidized and subsidized units and vacancies in properties surveyed.
- Listings for unit and project amenities, parking options, optional charges, utilities (including responsibility), and appliances.
- Collected rent by unit type and bedrooms.
- Unit size by unit type and bedrooms.
- Calculations of rent per square foot (all utilities are adjusted to reflect similar utility responsibility). Data is summarized by unit type.
- An analysis of units, vacancies, and median rent. Where applicable, non-subsidized units are distributed separately.
- An analysis of units added to the area by project construction date and, when applicable, by year of renovation.
- Aggregate data and distributions for all non-subsidized properties are provided for appliances, unit amenities and project amenities.

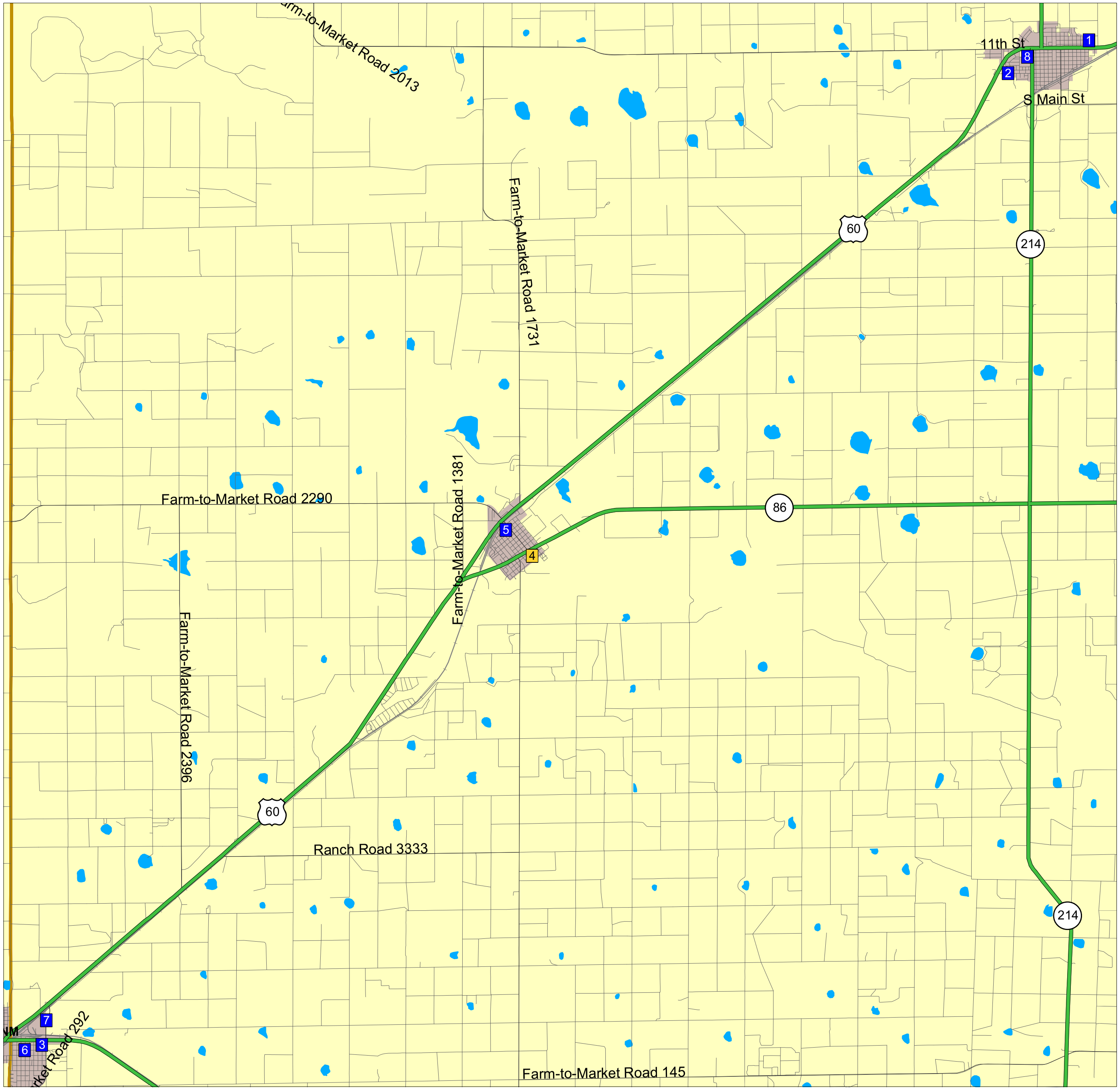
- A rent distribution is provided for all market-rate and non-subsidized Tax Credit units by unit type. Note that rents are adjusted to reflect common utility responsibility.

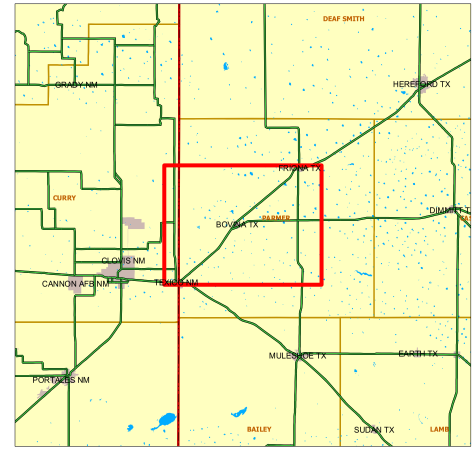
- Aggregation of projects by utility responsibility (market-rate and non-subsidized Tax Credit only).

- A utility allowance worksheet.

Note that other than the property listing following the map, data is organized by project types. Market-rate properties (blue designation) are first followed by variations of market-rate and Tax Credit properties. Non-government subsidized Tax Credit properties are red and government-subsidized properties are yellow. See the color codes at the bottom of each page for specific project types.

Parmer County, TX: Apartment Locations





Interstate Hwys
US Hwys
State Hwys
Govt. Sub.
Market Rate

0 1 2 3
Miles
1:150,038

vogt williams bowen RESEARCH

MAP IDENTIFICATION LIST - PARMER, TEXAS

MAP ID	PROJECT NAME	PROJECT TYPE	YEAR BUILT	TOTAL UNITS	VACANT	OCCUPANCY RATE
1	Cottonwood Twnhms.	MRR	1960	60	5	92%
2	1502 W. 5th St.	MRR	1970	10	0	100%
3	6th St./Ave. B S	MRR	1980	6	3	50%
4	Eastridge Manor	GSS	1978	11	0	100%
5	4th St. /Ave. A	MRR	1950	10	0	100%
6	Heritage Square Garden Homes	MRR	1990	8	0	100%
7	Farwell Gardens	MRR	1965	8	0	100%
8	902-912 W. 9th St.	MRR	1960	24	0	100%

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE
MRR	7	126	8	93.7%
GSS	1	11	0	100.0%

- Market-rate
- Market-rate/Tax Credit
- Market-rate/Government-subsidized
- Market-rate/Tax Credit/Government-subsidized
- Tax Credit
- Tax Credit/Goverment-subsidized
- Government-subsidized

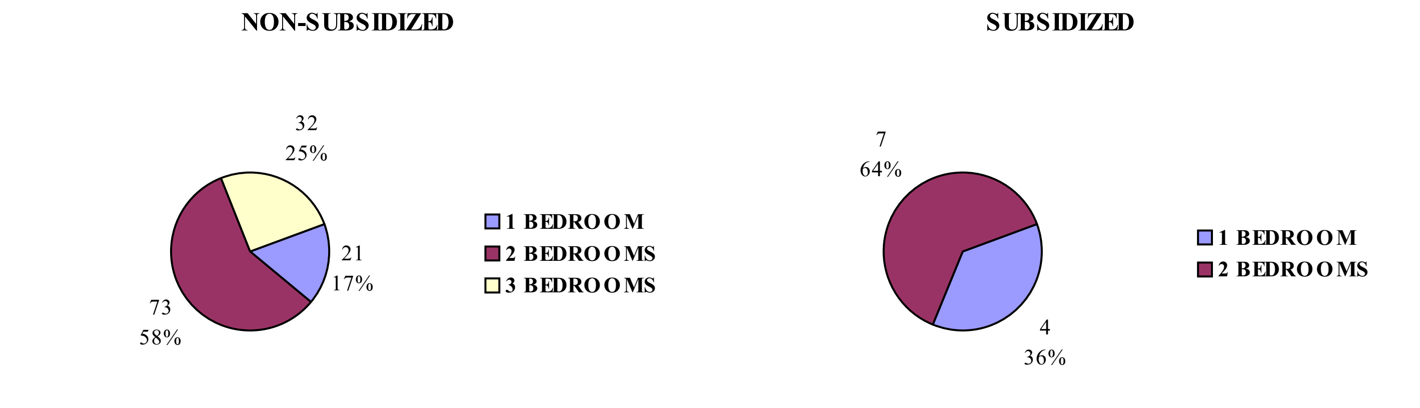
Surveyed - July 2008

vogtwilliamsbowen RESEARCH

DISTRIBUTION OF UNITS - PARMER, TEXAS

MARKET-RATE						
BEDROOMS	**BATHS**	**UNITS**	**DISTRIBUTION**	**VACANT**	**%VACANT**	**MEDIAN GROSS RENT**
1	1	21	16.7%	4	19.0%	$449
2	1	73	57.9%	1	1.4%	$481
3	1.5	32	25.4%	3	9.4%	$538
TOTAL		**126**	**100.0%**	**8**	**6.3%**	
6 UNITS UNDER CONSTRUCTION						
GOVERNMENT-SUBSIDIZED						
BEDROOMS	**BATHS**	**UNITS**	**DISTRIBUTION**	**VACANT**	**%VACANT**	
1	1	4	36.4%	0	0.0%	N.A.
2	1	7	63.6%	0	0.0%	N.A.
TOTAL		**11**	**100.0%**	**0**	**0.0%**	
GRAND TOTAL		**137**	**-**	**8**	**5.8%**	

DISTRIBUTION OF UNITS BY BEDROOM



Surveyed - July 2008

1 Cottonwood Twnhms.

Address 1300 Walnut Ave.
Friona, TX 79035
Contact Betty
Phone (806) 250-5288
(Contact in person)
Year Built 1960 **Renovated** 1998
Project Type Market-rate
Comments Has RA (12 units); Landlord pays gas in 1-br units; ~50% farmworkers, not designated; Property for-sale; Playground planned

Total Units 60
Vacancies 5
Occupied 91.7%
Floors 2
Quality Rating B-
Waiting List
None

2 1502 W. 5th St.

Address 1502 W. 5th St.
Friona, TX 79035
Contact Holly
Phone (806) 250-2745
(Contact in person)
Year Built 1970
Project Type Market-rate
Comments Year built estimated

Total Units 10
Vacancies 0
Occupied 100.0%
Floors 1,2
Quality Rating C+
Waiting List
None

3 6th St./Ave. B S

Address 6th St./Ave. B S
Farwell, TX 79325
Contact Virgil
Phone (575) 714-2199
(Contact in person)
Year Built 1980 **Renovated** 2008
Project Type Market-rate
Comments Six units under construction; Year built estimated

Total Units 6
Vacancies 3
Occupied 50.0%
Floors 1
Quality Rating B
Waiting List
None

4 Eastridge Manor

Address Ave. K/S. 3rd St.
Bovina, TX 79009
Contact Lorraine
Phone (806) 251-1116
(Contact in person)
Year Built 1978
Project Type Government-subsidized
Comments Government-subsidized, RD 515; 1 unit under construction; Has RA (6 units); 1-br square footage estimated; 1-br units all electric

Total Units 11
Vacancies 0
Occupied 100.0%
Floors 1
Quality Rating B-
Waiting List
2-br: 5 H.H.

5 4th St. /Ave. A

Address 4th St. /Ave. A
Bovina, TX 79009
Contact Nancy
Phone (806) 251-1442
(Contact in person)
Year Built 1950
Project Type Market-rate
Comments Year built & square footage estimated

Total Units 10
Vacancies 0
Occupied 100.0%
Floors 1
Quality Rating D
Waiting List
None

- Market-rate
- Market-rate/Tax Credit
- Market-rate/Government-subsidized
- Market-rate/Tax Credit/Government-subsidized
- Tax Credit
- Tax Credit/Goverment-subsidized
- Government-subsidized

Surveyed - July 2008

6 Heritage Square Garden Homes

Address	305 5th St. Farwell, TX 19325	**Contact**	Lavonn
		Phone	(806) 481-9027 (Contact in person)
Year Built	1990	**Total Units**	8
Project Type	Market-rate	**Vacancies**	0
Comments	Year built estimated; 100% senior (62+)	**Occupied**	100.0%
		Floors	1
		Quality Rating	B+
		Waiting List	None

7 Farwell Gardens

Address	635 FM 292 Farwell, TX 79325	**Contact**	Laverna
		Phone	(806) 481-5251 (Contact in person)
Year Built	1965	**Total Units**	8
Project Type	Market-rate	**Vacancies**	0
Comments	Year built & square footage estimated	**Occupied**	100.0%
		Floors	1
		Quality Rating	C+
		Waiting List	None

8 902-912 W. 9th St.

Address	902-912 W. 9th St. Friona, TX 79035	**Contact**	Holly
		Phone	(806) 250-2745 (Contact in person)
Year Built	1960	**Total Units**	24
Project Type	Market-rate	**Vacancies**	0
Comments	Year built & square footage estimated	**Occupied**	100.0%
		Floors	1
		Quality Rating	C-
		Waiting List	None

- Market-rate
- Market-rate/Tax Credit
- Market-rate/Government-subsidized
- Market-rate/Tax Credit/Government-subsidized
- Tax Credit
- Tax Credit/Goverment-subsidized
- Government-subsidized

Surveyed - July 2008

vogt williams bowen RESEARCH

COLLECTED RENTS - PARMER, TEXAS

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
1		$380					$400	$440	
2			$500						
3		$475							
5		$200	$250						
6			$575						
7		$375	$425						
8			$400						

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Goverment-subsidized
Government-subsidized

Surveyed - July 2008

vogtwilliamsbowen RESEARCH

PRICE PER SQUARE FOOT - PARMER, TEXAS

ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	$ / SQ. FT.
1	Cottonwood Twnhms.	1	549	$449	$0.82
3	6th St./Ave. B S	1	448	$537	$1.20
5	4th St. /Ave. A	1	500	$295	$0.59
7	Farwell Gardens	1	650	$444	$0.68
TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	$ / SQ. FT.
1	Cottonwood Twnhms.	1	944	$481	$0.51
2	1502 W. 5th St.	1	550	$580	$1.05
3	6th St./Ave. B S	1	670	$605	$0.90
5	4th St. /Ave. A	1	700	$367	$0.52
6	Heritage Square Garden Homes	1	800	$655	$0.82
7	Farwell Gardens	1	800	$506	$0.63
8	902-912 W. 9th St.	1	650	$480	$0.74
THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	$ / SQ. FT.
1	Cottonwood Twnhms.	1.5	1121	$538	$0.48

- Market-rate
- Market-rate/Tax Credit
- Market-rate/Government-subsidized
- Market-rate/Tax Credit/Government-subsidized
- Tax Credit
- Tax Credit/Goverment-subsidized
- Government-subsidized

Surveyed - July 2008

vogt williams bowen RESEARCH

AVERAGE GROSS RENT PER SQUARE FOOT - PARMER, TEXAS

MARKET-RATE			
UNIT TYPE	**ONE-BR**	**TWO-BR**	**THREE-BR**
GARDEN	$0.87	$0.77	$0.00
TOWNHOUSE	$0.00	$0.51	$0.48

Surveyed - July 2008

vogtwilliamsbowen RESEARCH

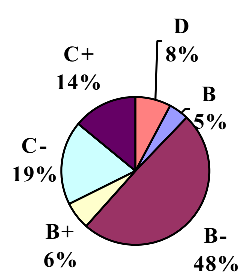
QUALITY RATING - PARMER, TEXAS

MARKET-RATE PROJECTS AND UNITS

QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
B+	1	8	0.0%			$655		
B	1	6	50.0%		$537			
B-	1	60	8.3%		$449	$481	$538	
C+	2	18	0.0%		$444	$580		
C-	1	24	0.0%			$480		
D	1	10	0.0%		$295	$367		

DISTRIBUTION OF UNITS BY QUALITY RATING

MARKET-RATE UNITS



TAX CREDIT UNITS

Surveyed - July 2008

YEAR BUILT - PARMER, TEXAS *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1960	1	10	0	0.0%	10	7.9%
1960 to 1969	3	92	5	5.4%	102	73.0%
1970 to 1979	1	10	0	0.0%	112	7.9%
1980 to 1989	1	6	3	50.0%	118	4.8%
1990 to 1994	1	8	0	0.0%	126	6.3%
1995 to 1999	0	0	0	0.0%	126	0.0%
2000 to 2001	0	0	0	0.0%	126	0.0%
2002	0	0	0	0.0%	126	0.0%
2003	0	0	0	0.0%	126	0.0%
2004	0	0	0	0.0%	126	0.0%
2005	0	0	0	0.0%	126	0.0%
2006	0	0	0	0.0%	126	0.0%
2007	0	0	0	0.0%	126	0.0%
2008**	0	0	0	0.0%	126	0.0%
TOTAL	**7**	**126**	**8**	**6.3%**	**126**	**100.0 %**

YEAR RENOVATED - PARMER, TEXAS *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1960	0	0	0	0.0%	0	0.0%
1960 to 1969	0	0	0	0.0%	0	0.0%
1970 to 1979	0	0	0	0.0%	0	0.0%
1980 to 1989	0	0	0	0.0%	0	0.0%
1990 to 1994	0	0	0	0.0%	0	0.0%
1995 to 1999	1	60	5	8.3%	60	90.9%
2000 to 2001	0	0	0	0.0%	60	0.0%
2002	0	0	0	0.0%	60	0.0%
2003	0	0	0	0.0%	60	0.0%
2004	0	0	0	0.0%	60	0.0%
2005	0	0	0	0.0%	60	0.0%
2006	0	0	0	0.0%	60	0.0%
2007	0	0	0	0.0%	60	0.0%
2008**	1	6	3	50.0%	66	9.1%
TOTAL	**2**	**66**	**8**	**12.1%**	**66**	**100.0 %**

* Only Market-Rate and Tax Credit projects. Does not include government-subsidized projects. Surveyed - July 2008

** As of July 2008

Note: The upper table (Year Built) includes all of the units included in the lower table.

APPLIANCES AND UNIT AMENITIES - PARMER, TEXAS

APPLIANCES			
APPLIANCE	PROJECTS	PERCENT	UNITS*
RANGE	6	85.7%	116
REFRIGERATOR	6	85.7%	116
ICEMAKER	0	0.0%	
DISHWASHER	1	14.3%	24
DISPOSAL	0	0.0%	
MICROWAVE	0	0.0%	
UNIT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS*
AC - CENTRAL	4	57.1%	98
AC - WINDOW	0	0.0%	
FLOOR COVERING	7	100.0%	126
WASHER/DRYER	0	0.0%	
WASHER/DRYER HOOK-UP	3	42.9%	40
PATIO/DECK/BALCONY	1	14.3%	8
CEILING FAN	0	0.0%	
FIREPLACE	0	0.0%	
BASEMENT	0	0.0%	
INTERCOM SYSTEM	0	0.0%	
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	4	57.1%	98
FURNISHED UNITS	0	0.0%	
E-CALL BUTTON	0	0.0%	

* - Does not include units where appliances/amenities are optional; Only includes market-rate or non-government subsidized Tax Credit.

Surveyed - July 2008

PROJECT AMENITIES - PARMER, TEXAS

PROJECT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS
POOL	0	0.0%	
ON-SITE MANAGEMENT	2	28.6%	66
LAUNDRY	1	14.3%	60
CLUB HOUSE	0	0.0%	
MEETING ROOM	0	0.0%	
FITNESS CENTER	0	0.0%	
JACUZZI/SAUNA	0	0.0%	
PLAYGROUND	0	0.0%	
TENNIS COURT	0	0.0%	
SPORTS COURT	1	14.3%	60
STORAGE	0	0.0%	
LAKE	0	0.0%	
ELEVATOR	0	0.0%	
SECURITY GATE	0	0.0%	
BUSINESS CENTER	0	0.0%	
CAR WASH AREA	0	0.0%	
PICNIC AREA	0	0.0%	
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	0	0.0%	

Surveyed - July 2008

DISTRIBUTION OF UTILITIES - PARMER, TEXAS

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
HEAT			
TENANT			
ELECTRIC	4	48	35.0%
GAS	4	89	65.0%
			100.0%
COOKING FUEL			
TENANT			
ELECTRIC	5	59	43.1%
GAS	3	78	56.9%
			100.0%
HOT WATER			
TENANT			
ELECTRIC	4	48	35.0%
GAS	4	89	65.0%
			100.0%
ELECTRIC			
TENANT	8	137	100.0%
			100.0%
WATER			
LANDLORD	6	116	84.7%
TENANT	2	21	15.3%
			100.0%
SEWER			
LANDLORD	6	116	84.7%
TENANT	2	21	15.3%
TRASH PICK-UP			
LANDLORD	7	127	92.7%
TENANT	1	10	7.3%
			100.0%

Surveyed - July 2008

UTILITY ALLOWANCE - PARMER COUNTY, TX

		HEATING				HOT WATER		COOKING						
BR	UNIT TYPE	GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC	ELEC	WATER	SEWER	TRASH	CABLE
0	GARDEN	$20	$22		$0	$7	$10	$3	$2	$12	$6	$6	$7	$20
1	GARDEN	$33	$29		$0	$13	$13	$5	$2	$18	$8	$8	$10	$20
1	TOWNHOUSE	$33	$29		$0	$13	$13	$5	$2	$18	$8	$8	$10	$20
2	GARDEN	$38	$38		$0	$15	$17	$6	$3	$22	$11	$11	$14	$20
2	TOWNHOUSE	$38	$38		$0	$15	$17	$6	$3	$22	$11	$11	$14	$20
3	GARDEN	$46	$45		$0	$18	$21	$7	$3	$27	$12	$12	$15	$20
3	TOWNHOUSE	$46	$45		$0	$18	$21	$7	$3	$27	$12	$12	$15	$20
4	GARDEN	$52	$58		$0	$20	$26	$8	$4	$34	$15	$15	$20	$20
4	TOWNHOUSE	$52	$58		$0	$20	$26	$8	$4	$34	$15	$15	$20	$20

Surveyed - July 2008

IX. QUALIFICATIONS

A. THE COMPANY

VWB Research is a real estate research firm established to provide accurate and insightful market forecasts for a broad range client base. The three principals of the firm, Robert Vogt, Tim Williams, and Patrick Bowen, have a combined 45 years of real estate market feasibility experience throughout the United States.

Serving real estate developers, syndicators, lenders, state housing finance agencies, and the U.S. Department of Housing and Urban Development (HUD), the firm provides market feasibility studies for affordable housing, market-rate apartments, condominiums, senior housing, student housing, and single-family developments.

B. THE STAFF

Robert Vogt has conducted and reviewed over 5,000 market analyses over the past 26 years for market-rate and Low-Income Housing Tax Credit apartments, as well as studies for single-family, golf course/residential, office, retail and elderly housing throughout the United States. Mr. Vogt is a founding member and the immediate past chairman of the National Council of Affordable Housing Market Analysts, a group formed to bring standards and professional practices to market feasibility. He is a frequent speaker at many real estate and state housing conferences. Mr. Vogt has a bachelor's degree in Finance, Real Estate, and Urban Land Economics from The Ohio State University.

Tim Williams has over 20 years of sales and marketing experience and over 10 years in the real estate market feasibility industry. He is a frequent speaker at state housing conferences and an active member of the National Council of State Housing Agencies and the National Housing and Rehabilitation Association. Mr. Williams has a bachelor's degree in English from Hobart and William Smith College.

Patrick Bowen has prepared and supervised market feasibility studies for all types of real estate products, including affordable family and senior housing, multifamily market-rate housing, and student housing, for more than 10 years. He has also prepared various studies for submittal as part of HUD 221(d) 3 & 4, HUD 202 developments, and applications for housing for Native Americans. Mr. Bowen has worked closely with many state and federal housing agencies to assist them with their market study guidelines. Mr. Bowen has his bachelor's degree in Legal Administration (with emphasis on business and law) from the University of West Florida.

Brian Gault has conducted fieldwork and analyzed real estate markets for eight years in more than 40 states. In this time, Mr. Gault has conducted a broad range of studies, including Low-Income Housing Tax Credit, luxury market-rate apartments, comprehensive community housing assessment, HOPE VI redevelopment, student housing analysis, condominium communities, and mixed-use developments. Mr. Gault has his bachelor's degree in Public Relations from the E.W. Scripps School of Journalism, Ohio University.

Nancy Patzer has over a decade of experience as a writer and researcher. Ms. Patzer's experience includes securing grant financing for a variety of communities and organizations and providing planning direction and motivation through research for organizations such as Community Research Partners/United Way of Central Ohio and the City of Columbus. As a project director for VWB Research, Ms. Patzer has conducted field research and provided insightful analysis in over 200 U.S. markets in the areas of housing, community and economic development, and senior residential care, among others. She holds a bachelor's degree in Journalism from the E.W. Scripps School of Journalism, Ohio University.

Andrew W. Mazak has over five years of experience in the real estate market research field. He has personally written more than 400 market feasibility studies in numerous markets throughout the United States, Canada, and Puerto Rico. These studies include the analysis of Low-Income Housing Tax Credit apartments, market-rate apartments, government-subsidized apartments, as well as student housing developments, condominium communities, and senior-restricted developments. Mr. Mazak attended Capital University in Columbus, Ohio, where he graduated with a bachelor's degree in Business Management and Marketing.

Nathan Young has four years of experience in the real estate profession. He has conducted field research and written market studies in more than 100 rural and urban markets throughout the United States. Mr. Young's real estate experience includes analysis of apartment (subsidized, Tax Credit, and market-rate), senior housing (i.e. nursing homes, assisted-living, etc.), student housing, condominium, retail, office, and self-storage facilities. Mr. Young has a bachelor's degree in Engineering (Civil) from The Ohio State University.

Jim Beery has more than 20 years experience in the real estate market feasibility profession. He has written market studies for a variety of development projects, including multifamily apartments (market-rate, affordable housing, and government-subsidized), residential condominiums, hotels, office developments, retail centers, recreational facilities, commercial developments, single-family developments, and assisted-living properties for older adults. Other consulting assignments include numerous community redevelopment and commercial revitalization projects. Mr. Beery has a bachelor's degree in Business Administration (Finance major) from The Ohio State University.

David S. Currier has conducted on-site market evaluations in more than 90 markets in 25 states, Canada, and the U.S. Virgin Islands. Mr. Currier has analyzed apartments (subsidized, Tax Credit, and upscale market-rate), senior housing (i.e. nursing homes, assisted-living, etc.), student housing, condominium, retail, office, and marinas. Mr. Currier has a bachelor's degree in Economics from the University of Colorado.

Walt Whitmyre has directed 165 real estate development projects in 15 different states. During his 30 years as a real estate professional, Mr. Whitmyre has been heavily involved in nearly every aspect of the industry. From concept design to construction, Mr. Whitmyre has been responsible for real estate developments totaling $400,000,000 and has acquired valuable insights from the perspectives of both developer and development team member. Mr. Whitmyre's expertise includes development team management, market feasibility studies, site due diligence, design evaluation, project budgeting, and jurisdictional entitlements. Mr. Whitmyre holds a bachelor's degree in Environmental Design/Architecture from the University of Colorado.

Rick Stein has over 15 years experience as a software developer and systems analyst. He has served as a consultant on a wide variety of information technology and urban planning projects throughout the region. He manages the Geographic Information Systems department at VWB, which is responsible for all mapping, demographic evaluation, and application development. Mr. Stein has earned a Bachelor of Science in Business Administration (specializing in Management Information Systems) from Bowling Green State University and a Master of City and Regional Planning from The Ohio State University. He is an active member of the American Planning Association and the Ohio Planning Conference.

Christi Kramer is the Marketing Coordinator at VWB Research. She has conducted qualitative and quantitative research in markets nationwide for apartments, student housing, condominiums, single-family, self-storage, and retail developments. In addition, Ms. Kramer has been involved in the production of over 1,000 studies and is familiar with the guidelines and requirements of state housing agencies. She has a bachelor's degree in Marketing from the University of Dayton School of Business Administration where she was also the Marketing Assistant.

June Davis is an administrative assistant with 19 years experience in market feasibility. Ms. Davis has overseen production on over 1,000 market studies for projects throughout the United States.

Field Staff – VWB Research maintains a field staff of professionals experienced at collecting critical on-site real estate data. Each member has been fully trained to evaluate site attributes, area competitors, market trends, economic characteristics, and a wide range of issues impacting the viability of real estate development.

MARKET ANALYSIS OF THE MCALLEN-EDINBURG-MISSION AND THE BROWNSVILLE-HARLINGEN METROPOLITAN STATISTICAL AREAS

Date: September 5, 2008

Prepared For

Texas Department of Housing and Community Affairs
Attn: Brenda Hull, Housing Resource Center
221 East 11th Street
PO Box 13941
Austin, TX 78711-3941

Prepared By

Novogradac & Company LLP
11044 Research Blvd., Bldg. C, Suite 400
Austin, TX 78759
512.340.0420 Phone
512.340.0421 Fax

NOVOGRADAC & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 5, 2008

Ms. Brenda Hull
Texas Department of Housing and Community Affairs
Attn: Brenda Hull, Housing Resource Center
221 East 11th Street
PO Box 13941
Austin, TX 78711-3941

Re: Market Analysis of the McAllen-Edinburg-Mission and the Brownsville-Harlingen Metropolitan Statistical Areas

Ms. Brenda Hull:

We are pleased to present our findings pursuant to your request. Thank you for the opportunity to be of service.

At your request, we prepared a Market Analysis of the McAllen-Edinburg-Pharr and Brownsville-Harlingen Metropolitan Statistical Areas (the McAllen and Brownsville MSAs) pursuant to the Request for Proposals submitted by the Texas Department of Housing and Community Affairs (TDHCA), including, but not limited to, the following:

- Characteristics, Current Demographic Data and Local Economy of the McAllen and Brownsville MSAs
- Analysis of Housing Survey Data in the McAllen and Brownsville MSAs - Existing, Under Construction, and Proposed
- Correlation of Supply and Demand in the McAllen and Brownsville MSAs, Summary and Conclusions

Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,
Novogradac & Company LLP

Brad Weinberg, CCIM, MAI
Partner

Davonne Lewis
Manager

Andrea Shaw
Researcher

Michelle Phares
Researcher

Charlotte Bergdorf
Analyst

Table of Contents

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY
MCALLEN-EDINBURG-MISSION, TX MSA
AND
BROWNSVILLE-HARLINGEN, TX MSA
Housing Market Analysis

PROJECT SUMMARY

Introduction
Novogradac & Company, LLP has prepared a Housing Market Study of the McAllen-Edinburg-Mission and Brownsville-Harlingen MSAs for the Texas Department of Housing and Community Affairs (TDHCA).

Methodology

Submarket Delineation
The McAllen-Edinburg-Mission Metropolitan Statistical Area consists of Hidalgo County in its entirety. The principal cities of the McAllen-Edinburg-Mission MSA are Edinburg, McAllen, Mission, Pharr, San Juan and Weslaco. The Brownsville-Harlingen Metropolitan Statistical Area consists of Cameron County in its entirety. The principal cities of the Brownsville-Harlingen MSA are Harlingen, Brownsville, and San Benito. We have consulted several research data sources to aid in determining the number of submarkets and their boundaries for each MSA. We have delineated seven submarkets in the McAllen-Edinburg-Mission MSA and four submarkets in the Brownsville-Harlingen MSA. The submarket boundaries were drawn taking into account competition among developments for residents, natural and man-made boundaries—such as bodies of water, freeways, etc.—and interviews with developers and other stakeholders in the area.

Community Characteristics, Current Demographic Data and Local Economy
We have provided an analysis of the changes and trends in the demographics and local economy for the McAllen and Brownsville MSAs and each individual submarket. This analysis examines the past ten years of demographic data, which will include population, household composition, age, ethnicity and gender, income, housing tenure, housing, affordability, industry, labor force and employment trends, and building permit data. The analysis also includes current and five-year projections of the demographic data.

Housing Supply
We attempted to identify all existing, proposed, and under construction LIHTC, subsidized and market rate developments in each Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, and property managers. Our survey collected data in each submarket to determine typical pricing, occupancy, sales or absorption pace, amenities offered, turnover, unit types and sizes, and assess the at-large community and the elements that prohibit or enhance housing availability and affordability. In addition, we have provided an inventory of all existing affordable housing, including Public Housing, Housing Choice Vouchers currently in use, waiting list information for affordable housing and a review of projects that are planned or under construction to assess each

submarket's and the MSA's ability to meet the need for housing and to estimate future housing trends.

Demand Analysis
As outlined in the study requirements, our estimate of demand for affordable rental housing in each submarket is based on current households and is presented by household size, income level and targeted population. Existing income-qualified renter households are further refined to account for household growth over a five-year projection period, percentage of rent-overburdened households, percentage of households residing in substandard housing, percentage of households in overcrowded housing, and the submarket's turnover rate. Additionally, we have adjusted our demand estimates to account for accommodation of affordable housing demand through any planned, proposed or unstabilized LIHTC units in the submarket.

The number of income-qualified renter households is calculated for each of six income cohorts: less than 30 percent of AMI, 31 to 40 percent of AMI, 41 to 50 percent of AMI, 51 to 60 percent of AMI, 61 to 80 percent of AMI and 81 to 100 percent of AMI. With the use of demographics provided by HISTA, we are able to examine each of these six income groups by household size to include one-, two-, three- and four-person households and households with five or more persons. This insures that income-qualified households will not be double counted. Separate analyses are presented for all renter households and senior renter households, defined as age 55 and older.

The following summarizes the demand analysis conclusions for each Submarket.

North Hidalgo County
All Households
The North Hidalgo County Submarket reports only 97 renter households, of which 73 earn below 100 percent of AMI. Over half of these renter households are earning below 40 percent of AMI. The analysis of income-qualified renter households in the Submarket indicates that, when turnover is factored in, there may be a need for 20 units of affordable housing targeting households earning less than 40 percent of AMI. With no identifiable rental developments in the Submarket, many of these households may be living in single-family rental houses, mobile homes, or in units that are older and possibly functionally obsolete. In addition, there may be some pent-up demand from owner households looking to improve their current housing situation.

Senior Households
According to the analysis of income-qualified renter households presented here, there is no quantifiable demand for affordable units targeting seniors in the North Hidalgo County Submarket. However, as with the analysis of all households, there may be some pent-up demand from senior homeowners looking transition from homeownership to lower maintenance rental housing.

West Hidalgo County
All Households
The analysis of income-qualified renter households in the West Hidalgo County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that over 25 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households. The proposed reconstruction of 50 units to provide affordable units to households earning less than 30 percent of AMI should help to meet some of the continuing need for housing at the lowest income levels in the West Hidalgo County Submarket.

Senior Households
Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Currently, there are only 24 subsidized units serving low-income senior households in the West Hidalgo County Submarket and an increase in income-qualified senior renter households projected through 2012. With no additional subsidized or LIHTC units planned, there is likely an unmet need for additional affordable senior housing units in this Submarket.

West Central Hidalgo County
All Households
The analysis of income-qualified renter households in the West Central Hidalgo County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that over 25 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less. This may explain the 6.0 percent average vacancy rate among family LIHTC properties in the Submarket, while market rate properties in the Submarket have an average vacancy rate of 2.9 percent. The number of income-qualified renter households at the 61 to 80 percent AMI level is the second largest in the Submarket. This suggests that the higher than average vacancy rate among 60 percent AMI units could be due to households that are both over and under income-qualified. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households.

Senior Households
Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Currently, there are only 120 subsidized units serving low-income senior households in the West Central Hidalgo County Submarket and an increase in income-qualified senior renter households projected through 2012. With no additional LIHTC units planned, there is likely an unmet need for additional affordable senior housing units in this Submarket.

South Central Hidalgo County
All Households

As with the other Submarkets in the McAllen-Edinburg-Mission, TX MSA, the analysis of income-qualified renter households in the South Central Hidalgo County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that over 23 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less; however, occupancy rates a the surveyed family LIHTC and subsidized properties in the Submarket are very low, indicating that there is a sufficient number of income-qualified renter households to support existing affordable housing units. Even with an estimated 486 new family units and 142 new senior units targeting households at 30 to 60 percent of AMI in planning stages or under construction, the number of income-qualified households projected through 2012 shows a strong increase. Although the planned and under construction units will meet some of the affordable housing needs of the Submarket, a growing number of income qualified households indicates that the need for additional affordable housing units will persist in the Submarket.

Senior Households

Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Currently, there are approximately 56 subsidized units serving low-income senior households in the South Central Hidalgo County Submarket and an increase in income-qualified senior renter households projected through 2012. The Submarket currently has 142 new subsidized and LIHTC units for seniors in the planning stages. While this will help to address the need for affordable housing targeting seniors in the Submarket, additional housing will likely still be needed for senior households at the very lowest income levels.

Southeast Hidalgo County
All Households

The analysis of income-qualified renter households in the Southeast Hidalgo County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that 28 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less, with the smallest number of income-qualified households falling in the 51 to 60 percent of AMI income group. This may explain the 3.8 percent average vacancy rate among family LIHTC properties in the Submarket, while market rate properties in the Submarket have an average vacancy rate of 2.3 percent. Additionally, it is of note that all of the vacant LIHTC units in the Submarket are at the 60 percent of AMI level. The income-qualified renter households at the 61 to 80 percent AMI level comprise the second largest income group in the Submarket. This suggests that the vacancy rate among 60 percent AMI units could be due to households that are both over and under income-qualified. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households.

Senior Households

Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Currently, a 100-unit senior public housing development in the Submarket is undergoing renovations with tax credit funds allocated in 2006. Although the goal of the development is to replace existing housing, tenants have been displaced and some lease-up of the property may be needed. It is for this reason that we have deducted the units from the demand analysis. The only LIHTC/USDA senior property we were able to interview has a waiting list of one year and a very low 2.0 percent turnover rate. Despite the possibility of serving some additional households with the renovated units, the analysis above indicates that there is likely still an unmet need for additional affordable senior housing units in this Submarket.

East Hidalgo County
All Households
The analysis of income-qualified renter households in the East Hidalgo County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that almost one-third of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households.

Although the effective vacancy rate for family LIHTC units in the Submarket is zero percent, there are 183 new LIHTC units expected to enter the market in the next six to 18 months. With a limited number of income-qualified renter households at the 51 to 60 percent AMI level, new units at 60 percent of AMI may have difficulty attracting appropriately qualified tenants. Already, one of the family LIHTC properties in the Submarket is offering a concession of one month free rent. This indicates that the new units in the market may experience a somewhat slower than average absorption period, and concessions may be needed to attract and maintain tenants in units at the 60 percent set-aside. However, it should be noted that with a high incidence of overcrowding in the Submarket, additional demand may be generated from owner households looking to improve their current housing situation.

Senior Households
Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Currently, there are only 138 subsidized units serving low-income senior households in the East Hidalgo County Submarket and an increase in income-qualified senior renter households projected through 2012. The 30 units under construction at El Paraiso will help to meet this continuing need, without significant impact to existing affordable housing developments for seniors in the Submarket.

Central Hidalgo County

All Households

The analysis of income-qualified renter households in the Central Hidalgo County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that almost 23 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less. This may explain the 13.2 percent average vacancy rate among family LIHTC properties in the Submarket, while market rate properties in the Submarket have an average vacancy rate of 6.5 percent. The number of income-qualified renter households at the 61 to 80 percent AMI level is the second largest in the Submarket. This suggests that the higher than average vacancy rate among 60 percent AMI units could be due to households that are both over and under income-qualified. Interviews with property managers at the Submarket's LIHTC properties provide further anecdotal evidence that this is indeed the case. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households.

Although there are no new family LIHTC units proposed for the market, and new units at the 60 percent of AMI level in the market may experience a somewhat slower than average absorption period, and concessions may be needed to attract and maintain tenants in units at the 60 percent set-aside. However, it should be noted that with a high incidence of overcrowding in the Submarket, additional demand may be generated from owner households looking to improve their current housing situation.

Senior Households

Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Villa Estrella Trevino is a proposed senior LIHTC development to be located in Edinburg. This development was allocated tax credit funding in 2007; it will offer 17 units at 30 percent of AMI, 144 units at 60 percent of AMI and seven market rate units. As shown in the demand analysis above, it appears that there is an insufficient number of income-qualified senior households at the 60 percent of AMI level to support the proposed number of units.

It should be noted that Villa Estrella Trevino is being developed in conjunction with the Edinburg Housing Authority. The housing authority currently reports a waiting list of over 1,000 households, one-third of which are senior households. Additionally, Edinburg's last affordable units for seniors were constructed in 1975. It is anticipated that many of the units at 60 percent of AMI may be occupied by Housing Choice Voucher Holders from the Edinburg Housing Authority waiting list. Based on the demand analysis of senior renter households, there appears to be adequate demand for additional affordable housing for seniors at the lowest income levels.

West Cameron County
All Households
The analysis of income-qualified renter households in the West Cameron County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that nearly 23 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less. This may explain why the only vacant LIHTC units in the market are at the 60 percent AMI level. The number of income-qualified renter households at the 61 to 80 percent AMI level is the second largest in the Submarket. This suggests that the higher than vacancy rate among 60 percent AMI units could be due to households that are both over and under income-qualified. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households. With no additional LIHTC or subsidized units planned, there is likely an unmet need for additional affordable housing units at the lowest income levels in this Submarket.

Senior Households
Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Currently, there are only 221 subsidized units serving low-income senior households in the West Cameron County Submarket and an increase in income-qualified senior renter households projected through 2012. With no additional LIHTC or subsidized units planned, there is likely an unmet need for additional affordable senior housing units in this Submarket.

South Cameron County
All Households
The analysis of income-qualified renter households in the South Cameron County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households. It is estimated that by 2012, there will be an additional 828 renter households earning below 30 percent of the AMI. When this number is refined to account for households paying more than 35 percent of income as rent, households living in substandard units, households living in overcrowded conditions and turnover, there is potential demand from 653 of these households. With no additional planned subsidized or LIHTC units, and near 100 percent occupancy of existing affordable units, it is highly likely that there will be a continuing need for affordable housing in the Submarket.

Senior Households
Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. In fact, senior households account for nearly 30 percent of the potential demand in the Submarket for units at less than 30 percent of the AMI. With no additional LIHTC or subsidized units for seniors planned, there is likely a continuing need for additional affordable senior housing units in this Submarket.

Central Cameron County
All Households
As will the other Submarkets, the analysis of income-qualified renter households in the Central Cameron County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that over 26 percent of households in the Submarket earn less than $15,000 annually. Currently, there are no LIHTC units serving the affordable housing needs of residents in the Submarket. The 81 units of subsidized housing for families in the Submarket are 100 percent occupied, with waiting lists reported. This evidence, along with the analysis of income-qualified renter households, indicates that there is a persistent need in the Submarket for additional affordable housing units targeting families. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households.

Senior Households
Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Similarly, there are no LIHTC units and only 38 subsidized units serving low-income senior households in the Central Cameron County Submarket and an increase in income-qualified senior renter households projected through 2012. With no additional LIHTC units planned, and waiting lists reported at the two existing subsidized senior developments, there is likely an unmet need for additional affordable senior housing units in this Submarket.

East Cameron County
All Households
The analysis of income-qualified renter households in the East Cameron County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that nearly 20 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less. The number of income-qualified renter households at the 61 to 80 percent AMI level is the second largest in the Submarket. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households. With no planned or proposed affordable housing units in the submarket, there may be moderate demand for additional affordable housing serving the very lowest income households.

Senior Households
Demand from income-qualified senior renter households is similar to that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI, with senior households accounting for nearly 33 percent of the demand at the lowest income levels in the Submarket. With no identified subsidized units for seniors in the submarket and none planned, there is likely an unmet need for a small number of affordable senior housing units in this Submarket.

Summary and Conclusions

Housing Choice Voucher Information

Data on the percentage of tenants using Housing Choice Vouchers was available from 24 of the surveyed LIHTC properties in the McAllen-Edinburg-Mission MSA. The survey indicates that approximately 40.8 percent of tenants in LIHTC properties are using Housing Choice Vouchers. In the Brownsville-Harlingen MSA, managers at 24 of the surveyed LIHTC properties report that approximately 33.9 percent of tenants are using Housing Choice Vouchers.

McAllen-Edinburg-Mission, TX MSA

We surveyed 96 properties in the McAllen-Edinburg-Mission, TX MSA. The table below summarizes the overall vacancy rates at the surveyed LIHTC, market rate and subsidized properties in each Submarket for the MSA.

Overall Vacancy Rates in McAllen-Edinburg-Mission, TX MSA				
Submarket Number	**Submarket Name**	**LIHTC/ Subsidized Vacancy Rate**	**Market Vacancy Rate**	**Overall Vacancy Rate**
1	North Hidalgo County	N/A	N/A	N/A
2	West Hidalgo County	0.0%	12.2%	12.2%
3	West Central Hidalgo County	3.1%	4.0%	3.5%
4	South Central Hidalgo County	2.3%	3.5%	3.0%
5	Southeast Hidalgo County	3.1%	3.7%	3.2%
6	East Hidalgo County	1.0%	N/A	1.0%
7	Central Hidalgo County	10.8%	6.5%	8.9%
	Averages	**5.5%**	**6.0%**	**5.7%**

LIHTC Housing Market

The following tables summarize the LIHTC housing market in all Submarkets of the McAllen-Edinburg-Mission, TX MSA.

Age of LIHTC Housing in McAllen-Edinburg-Mission, TX MSA		
Years	**Number of Units**	**Percent of Housing Stock**
2000-Present	2,664	84.1%
1990-1999	505	15.9%
1980-1989	0	0.0%
1970-1979	0	0.0%
1960-1969	0	0.0%
Total	**3,169**	**100%**

As the table above shows, the majority of the LIHTC rental housing in the MSA was built after 2000. There are no LIHTC units in the market that were built before 1990.

McAllen-Edinburg-Mission, TX MSA ALL LIHTC Unit Mix		
Unit Type	Total Units (Comps)	Percent (Comps)
Studio	0	0%
1 BR	291	10%
2 BR	1,277	46%
3 BR	1,149	41%
4 BR	57	2%
Total	**2,774**	**100%**

As the table above shows, two- and three-bedroom units dominate the LIHTC housing market in the McAllen-Edinburg-Mission, TX MSA. Of the 2,774 LIHTC units surveyed, 46 percent of the units are two-bedrooms and 41 percent of the units are three-bedrooms. The 2,774 surveyed LIHTC units represent 87.2 percent of the total 3,180 LIHTC units in the MSA.

McAllen-Edinburg-Mission, TX MSA All LIHTC Unit Size Comparison			
Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
1 BR	500	750	652
2 BR	750	1,119	901
3 BR	1,000	1,250	1,132
4 BR	1,360	1,360	1,360

The table above summarizes the square footages of the LIHTC units in the McAllen-Edinburg-Mission, TX MSA. One-bedroom LIHTC units average 652 square feet, two-bedroom LIHTC units average 901 square feet, three-bedroom LIHTC units average 1,132 square feet and four-bedroom LIHTC units average 1,360 square feet.

McAllen-Edinburg-Mission, TX MSA All LIHTC Rents			
Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
1 BR	$182	$499	$381
2 BR	$210	$600	$461
3 BR	$258	$700	$539
4 BR	$374	$627	$573

The table above summarizes the LIHTC rents at the surveyed LIHTC properties in the McAllen-Edinburg-Mission, TX MSA. One-bedroom LIHTC units in the MSA are charging an average rent of $381. Two-bedroom LIHTC units are charging an average rent of $461. Three-bedroom units are charging an average of $539 and four-bedroom units are charging an average of $573. On average, the LIHTC rents are significantly lower than the market rate rents in the MSA, giving the LIHTC units a significant rent advantage.

Market Rate Housing Market

The following tables summarize the market rate housing market in all Submarkets of the McAllen-Edinburg-Mission, TX MSA.

Age of Market Rate Housing in McAllen-Edinburg-Mission, TX MSA		
Years	**Number of Units**	**Percent of Housing Stock**
2000-Present	1,361	36.1%
1990-1999	824	21.8%
1980-1989	1,018	27.0%
1970-1979	572	15.2%
Total	**3,775**	**100%**

As the table above shows, the majority of the market rate rental housing in the MSA was built after 2000 and during the 1980s.

McAllen-Edinburg-Mission, TX MSA All Market Rate Unit Mix		
Unit Type	**Total Units (Comps)**	**Percent (Comps)**
Studio	4	0%
1 BR	1,451	43%
2 BR	1,713	51%
3 BR	175	5%
4 BR	0	0%
Total	**3,343**	**100%**

As the table above shows, one- and two-bedroom units dominate the market rate housing market in the McAllen-Edinburg-Mission, TX MSA. Of the 3,343 market rate units surveyed, 43 percent of the units are one-bedrooms and 51 percent of the units are two-bedrooms.

McAllen-Edinburg-Mission, TX MSA All Market Rate Unit Size Comparison			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
Studio	450	450	450
1 BR	500	1,072	731
2 BR	750	1,702	991
3 BR	995	1,687	1,220

The table above summarizes the square footages of the market rate units in the McAllen-Edinburg-Mission, TX MSA. Studio market rate units average 450 square feet, one-bedroom market rate units average 731 square feet, two-bedroom market rate units average 991 square feet and three-bedroom market rate units average 1,220 square feet. On average, the LIHTC units in the MSA are larger than the market rate units.

McAllen-Edinburg-Mission, TX MSA All Market Rate Rents			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
Studio	$565	$565	$565
1 BR	$350	$1,000	$575
2 BR	$425	$940	$645
3 BR	$525	$1,350	$863

Studio market rate units in the MSA are charging an average rent of $565 and one-bedroom market rate units in the MSA are charging an average rent of $575. Two-bedroom market rate units are charging an average rent of $645 and three-bedroom market rate units in the MSA are charging an average rent of $863. On average, the market rents in the MSA are significantly higher than the LIHTC rents.

Brownsville-Harlingen, TX MSA

We surveyed 68 properties in the Brownsville-Harlingen, TX MSA. The tables below summarize the overall vacancy rates at the surveyed LIHTC, market rate and subsidized properties in each Submarket for the MSA. As some of the LIHTC properties surveyed also operated with rental subsidies, we have combined the LIHTC and subsidized properties into the same analysis.

Overall Vacancy Rates in Brownsville-Harlingen, TX MSA				
Submarket Number	Submarket Name	LIHTC/ Subsidized Vacancy Rate	Market Vacancy Rate	Overall Vacancy Rate
1	West Cameron County	4.4%	5.9%	5.0%
2	South Cameron County	3.7%	2.3%	2.9%
3	Central Cameron County	0.0%	N/A	0.0%
4	East Cameron County	29.7%	N/A	29.7%
	Averages	**3.8%**	**3.9%**	**3.8%**

LIHTC Housing Market

The following tables summarize the LIHTC housing market in all Submarkets of the Brownsville-Harlingen, TX MSA.

Age of LIHTC Housing in Brownsville-Harlingen, TX MSA		
Years	Number of Units	Percent of Housing Stock
2000-Present	1,056	64.9%
1990-1999	466	28.7%
1980-1989	0	0.0%
1970-1979	0	0.0%
1960-1969	104	6.4%
Total	**1,626**	**100%**

As the table above shows, the majority of LIHTC housing in the MSA was built after 2000.

Brownsville-Harlingen, TX MSA All LIHTC Unit Mix		
Unit Type	Total Units (Comps)	Percent (Comps)
Studio	0	0%
1 BR	186	14%
2 BR	536	39%
3 BR	484	35%
4 BR	168	12%
Total	**1,374**	**100%**

As the table above shows, two- and three-bedroom units dominate the LIHTC housing market in the Brownsville-Harlingen, TX MSA. Of the 1,374 LIHTC units we surveyed, 39 percent of the units are two-bedrooms and 35 percent of the units are three-bedrooms.

Brownsville-Harlingen, TX MSA All LIHTC Unit Size Comparison			
Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
1 BR	575	750	644
2 BR	713	1,044	896
3 BR	960	1,211	1,091
4 BR	1,219	1,324	1,270

The table above summarizes the square footages of the LIHTC units in the Brownsville-Harlingen, TX MSA. One-bedroom LIHTC units average 644 square feet, two-bedroom LIHTC units average 896 square feet, three-bedroom LIHTC units average 1,091 square feet and four-bedroom LIHTC units average 1,270 square feet.

Brownsville-Harlingen, TX MSA All LIHTC Rents			
Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
1 BR	$460	$557	$504
2 BR	$585	$650	$611
3 BR	$695	$790	$728
4 BR	$750	$750	$750

One-bedroom LIHTC units in the MSA are charging an average rent of $504. Two-bedroom LIHTC units are charging an average rent of $611. Three-bedroom units are charging an average of $728 and four-bedroom units are charging an average of $750. On average, LIHTC rents in the MSA are significantly above the market rate rents.

Market Rate Housing Market

The following tables summarize the market rate housing market in all Submarkets of the Brownsville-Harlingen, TX MSA.

Age of Market Rate Housing in Brownsville-Harlingen, TX MSA		
Years	Number of Units	Percent of Housing Stock
2000-Present	606	17.0%
1990-1999	308	8.7%
1980-1989	848	23.8%
1970-1979	1,364	38.3%
1960-1969	435	12.2%
Total	**3,561**	**100%**

As the table above shows, the majority of market rate units in the MSA were built during the 1970s and 1980s.

Brownsville-Harlingen, TX MSA All Market Rate Unit Mix		
Unit Type	**Total Units (Comps)**	**Percent (Comps)**
Studio	48	2%
1 BR	1,250	42%
2 BR	1,436	49%
3 BR	209	7%
4 BR	4	0%
Total	2,947	**100%**

As the table above shows, one- and two-bedroom units dominate the market rate housing market in the Brownsville-Harlingen, TX MSA. Of the 2,947 market rate units we surveyed, 42 percent of the units are one-bedrooms and 49 percent of the units are two-bedrooms.

Brownsville-Harlingen, TX MSA All Market Rate Unit Size Comparasion			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
Studio	498	545	522
1 BR	500	1,015	695
2 BR	655	1,300	999
3 BR	1,000	1,600	1,266
4 BR	1,989	1,989	1,989

The table above summarizes the square footages of the market rate units in the Brownsville-Harlingen, TX MSA. Studio market rate units average 522 square feet, one-bedroom market rate units average 695 square feet, two-bedroom market rate units average 999 square feet, three-bedroom market rate units average 1,266 square feet and four-bedroom market rate units average 1,989 square feet.

Brownsville-Harlingen, TX MSA All Market Rents			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
Studio	$360	$409	$385
1 BR	$300	$881	$500
2 BR	$411	$964	$607
3 BR	$502	$1,010	$678
4 BR	$650	$650	$650

Studio market rate units in the MSA are charging an average rent of $385 and one-bedroom market rate units in the MSA are charging an average rent of $500. Two-bedroom market rate units are charging an average rent of $607 and three-bedroom market rate units in the MSA are charging an average rent of $678. Four-bedroom market rate units in the MSA are charging an average rent of $650. It should be noted one surveyed property offers four-bedroom units. According to property managers in the MSA, and based on the lack of rental rate increases in the market, rents are kept artificially low to maintain higher occupancy levels.

MCALLEN-EDINBURG-MISSION, TX MSA
REGIONAL AND COMMUNUNITY CHARACTERISTICS,
CURRENT DEMOGRAPHIC DATA AND REGIONAL ECONOMY

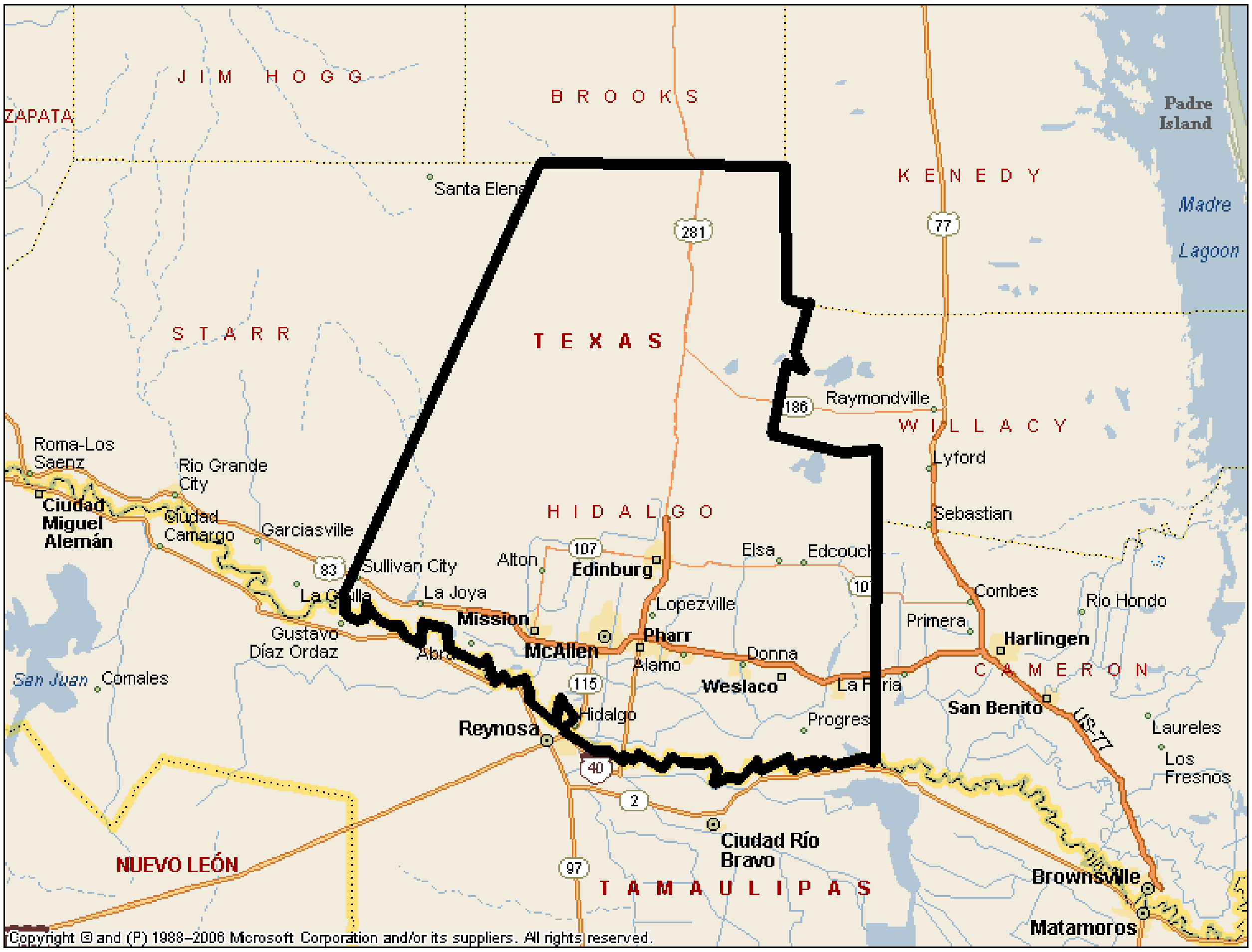
MCALLEN-EDINBURG-MISSION, TX MSA REGIONAL AND LOCAL AREA CHARACTERISTICS

INTRODUCTION

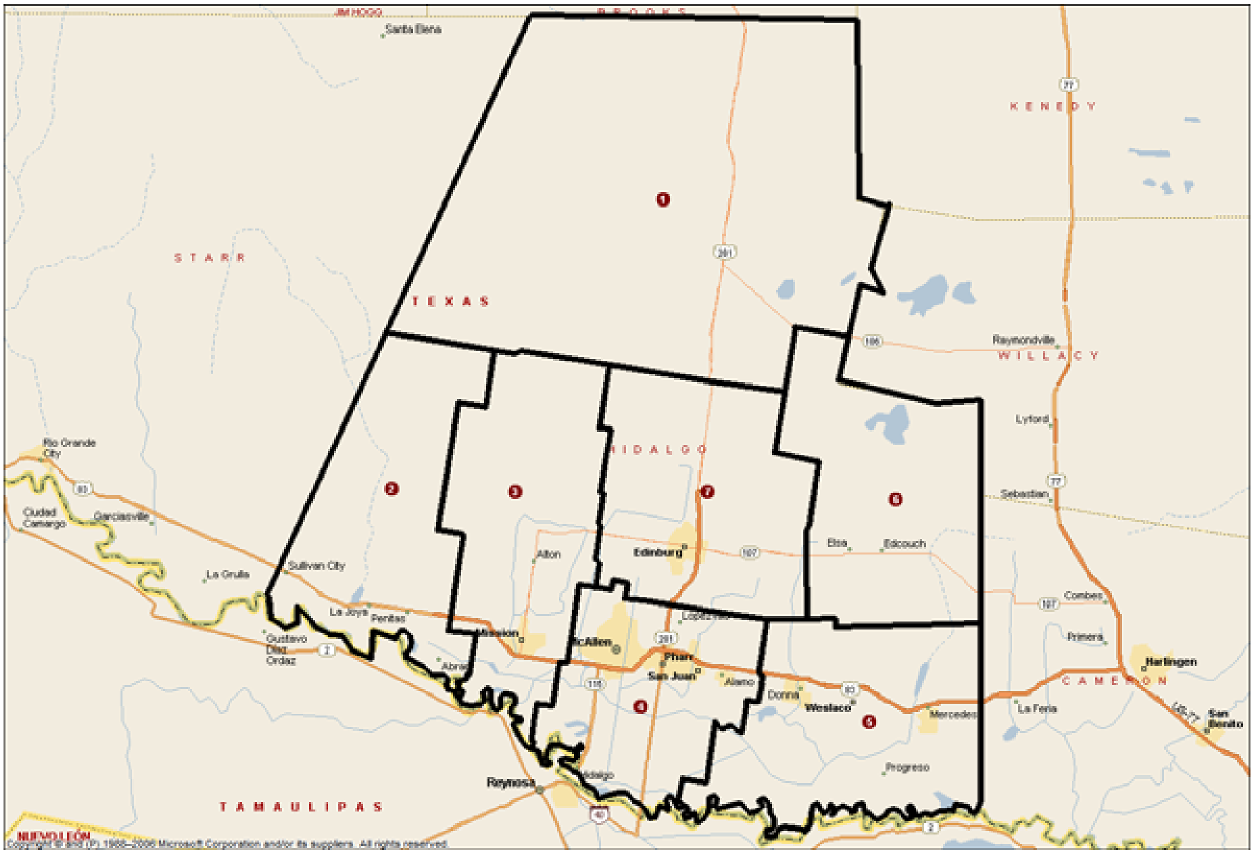
The following sections will project the estimated housing needs for the ensuing five-year period (2007-2012). The data is based on Novogradac and Company LLP research and analysis of ESRI Business Information Solutions and Census data as well as in-depth interviews with local market participants.

McAllen-Edinburg-Mission MSA

The primary market area is defined as the McAllen-Edinburg-Mission MSA, which is comprised entirely of Hidalgo County. This area was defined based on the client's specifications. The following map illustrates the boundaries of the PMA as defined above.



The following map shows the seven submarkets of the McAllen-Edinburg-Mission, TX MSA.



Submarket Number	Submarket Name
1	North Hidalgo County
2	West Hidalgo County
3	West Central Hidalgo County
4	South Central Hidalgo County
5	Southeast Hidalgo County
6	East Hidalgo County
7	Central Hidalgo County

Overview

The McAllen-Edinburg-Mission MSA is located in the Rio Grande Valley of south Texas, which is comprised of Hidalgo County and covers a land area of 1,570 square miles. Principal cities and towns in Hidalgo County include La Joya (estimated population 4,625), Sullivan City (4,407), Penitas (1,185), Mission (63,272), Alton (4,384), McAllen (126,411), Hidalgo (11,357), San Juan (32,319), Pharr (61,360), Lopezville (4,476), Edinburg (66,672), Alamo (16,287), Donna (16,449), Weslaco (32,092), Progreso (5,309), Mercedes (14,734), Elsa (6,608), and Edcouch (4,414) Hidalgo, Starr, and Willacy. The City of McAllen is in the geographic center the region.

ECONOMIC ANALYSIS

Previously an agriculture-based economy characterized by sporadic growth, the McAllen-Edinburg-Mission MSA's economy is currently experiencing a surge in development due primarily to growth in the international trade, retail trade, tourism, and manufacturing industries. A major international and domestic retail center, 40 of America's top 100 retailers reside in McAllen and approximately 80 of Fortune 500's global manufacturers have operations in the McAllen/Reynosa region, including AT&T, Bissel, Black & Decker, BMW, Delco, Drexel Meyer, Eaton, Emerson, GE, Johnson Controls, Nokia, R. R. Donnelley & Sons, Panasonic, Siemens, Sony, Symbol, TRW, West Bend and Whirlpool. Access to the U.S.-Mexico Border is a critical component to the stability of the McAllen-Edinburg-Mission MSA economy.

The City of McAllen has owned and operated the Hidalgo/Reynosa International Bridge, linking the Unites States and Mexico, since 1960. Typical two-way traffic volume consists of 26,000 vehicles (non-commercial transits) per day and over 10,000 pedestrians per day. The Pharr-Reynosa International Bridge, located four miles east of the Hidalgo/Reynosa crossing, has been open since January 1995 and two-way traffic is currently 13,694 cars and trucks per day. A third international bridge broke ground in June 2007 and is currently under construction. The Anzalduas International Crossing is the nation's newest crossing into northern Mexico and will be located just south of the City of McAllen in Hidalgo County. With the final federal approval processes completed by both the United States and Mexico, completion of the project is scheduled for June 2009. The Anzalduas International Crossing will connect the most efficient and modern distribution route between the United States, Mexico, and Canada, and has an estimated construction cost of $28,500,000.

Current economic indicators suggest that the MSA is experiencing the effects of the national economic downturn, despite recent years characterized by high growth in employment, wages, and population. According to the April 2008 Economic Pulse Report published by the McAllen Chamber of Commerce, The McAllen Economic Index (MEI) posted slight year-over-year negatives in March and April of 2008; March marks the first time a monthly index value has fallen below the same month the prior year in the history of the McAllen Economic Pulse. The McAllen metro area economy has slowed noticeably in recent months after peaking mid-year 2007. A number of year-over-year negatives conspired to push the April McAllen Economic Index down to 185.1, down from 185.2 in March, and 186.1 in February. The April 2008 index is 0.7 percent below the April 2007 MEI of 186.4.

General consumer activity in the metro area has slowed thus far in 2008 with inflation-adjusted retail sales down 3.7 percent in April 2008 compared to April of a year ago. The year-to-date retail total is about 2.5 percent lower as compared to the first four months of 2007. Metro area job growth continues at a moderate rate of approximately 2.5 percent, representing an estimated 5,300 jobs added over the last 12 months. The unemployment rate continues to decline, as well, and was 5.7 percent as of April 2008.

Auto sales have flattened, but are basically level for the year-to-date 2008; These numbers were very high in 2007 (the April '07 YTD total was over 20 percent higher than the YTD 2006 sales total). McAllen hotel/motel tax receipts are currently flat as well, but as previously mentioned, last year's numbers were high, so the economic contribution from travel and tourism remains high, but has leveled in recent months. Enplanements at McAllen International Airport indicate the same trends.

Construction activity has fallen off slightly in 2008; the value of all building permits issued was down about 25 percent in April (year-over-year), and down about 13 percent for the year-to-date. Homebuilding continues to sharply lower across the metro area with the number of new single-family residence permits down about 40 percent for the month and year-to-date. Sales of existing homes are up strongly; however; the number of closed sales in April was up nearly 34 percent compared to April of last year, and some 23 percent for the year-to-date. Prices have corrected slightly; however, the average sales prices is down about 10 percent.

RealtyTrac published a report dated July 25, 2008 in which it indicated that foreclosures nationwide increased 14 percent between first quarter 2008 and the second quarter of 2008. The report also shows that one in every 171 U.S. households received a foreclosure filing during this quarter. Overall, foreclosure activity in Texas was down six percent in July. According to the report, there were 182 properties in the McAllen-Edinburg-Mission MSA with foreclosure filings during second quarter 2008, which equates to one in every 1,318 homes in the MSA. This is well below the national average and indicates that the MSA may be less impacted than the nation as a whole by the ongoing mortgage crisis.

Major Employers

The following list is a list of the major employers in the McAllen-Edinburg-Mission MSA.

Rank	Company	Industry	Employees
1	Edinburg Consolidated I.S.D.	Education	3,600
2	McAllen I.S.D.	Education	3,595
3	Edinburg Regional Medical Center	Healthcare	3,000
4	University of Texas Pan American	Education	2,850
5	McAllen Medical Center	Healthcare	2,800
6	Hidalgo County	Government	2,211
7	Mission Consolidated I.S.D.	Education	2,140
8	City of McAllen	Government	1,801
9	Columbia Rio Grande Regional Hospital	Healthcare	975
10	South Texas Community College	Education	811

Source: McAllen Economic Development Corporation, Real Estate Center Market Overview 2007: July, 2008

Employment in the McAllen-Edinburg-Mission MSA is dominated by relatively stable industries and all ten of the major employers are in the education, healthcare, and government sectors. However, according to 2007 Employment by Industry demographics, retail trade and construction comprise approximately 24 percent of overall employment and are two of the top four industry sectors in the McAllen-Edinburg-Mission MSA. Retail trade and construction are typically more volatile sectors of the economy as compared to historically stable industries such as education, healthcare and government. Therefore, despite the lack of representation of these two principal industries in the major employers list, it is possible that the MSA will experience slowing growth due to the predominance of these two industries, despite other mitigating factors.

Employment Expansion/Contractions

According to the McAllen Chamber of Commerce, between January 1988 and March 2008, 250 new companies set up operations in McAllen and 326 in Reynosa for a total of 576 new facilities, resulting in the creation of over 120,000 new jobs in the region.

According to the McAllen Economic Development Corporation (MEDC), the construction of an automotive assembly plant is currently being proposed in McAllen in order to compete with the recent ground-breaking of a Chinese North American automotive assembly plant in Mexico. Further details were unavailable at this time.

According to the Reynosa Maquiladora and Manufacturers Association (RAMMAC), 28 new foreign firms are expected to begin operations in 2008 in the Northern Tamaulipas border, creating over 3,000 new jobs. Seventeen of these companies will build facilities and begin operations in the Reynosa area, while the other 11 firms will open plants in Rio Grande Valley communities like Mission, McAllen, Pharr and Edinburg, which are part of the McAllen-Edinburg-Mission MSA.

There are several new developments coming to the area. According to the 2008 Mission Border Business Guide, Vantage Luxury Hotel Condominiums will be a mid-rise, luxury hotel/condominium that will offer four- or five-star guest services. The project will be located in Mission. Ridge Commerce Center North at Sharyland is a 250,312 square foot Class A, industrial facility located in the 1,200 acre master-planned Sharyland Business Park. The proposed community will offer advantages to tenants such as its location and amenities. Sharyland Business Park is also directly adjacent to the Anzalduas International Crossing.

Employment Growth

The following table details historical employment and unemployment figures for the McAllen-Edinburg-Mission MSA from 1990 to May 2008.

EMPLOYMENT & UNEMPLOYMENT TRENDS

	McAllen-Edinburg-Mission MSA		McAllen-Edinburg-Mission MSA		USA
Year	Total Employment	% Change	Unemployment Rate	% Change	Unemployment Rate
1990	128,092	-	22.7%	-	5.7%
1991	129,524	1.1%	22.0%	-0.7%	6.9%
1992	133,803	3.3%	22.3%	0.3%	7.6%
1993	140,519	5.0%	20.6%	-1.7%	7.0%
1994	146,787	4.5%	19.9%	-0.7%	6.2%
1995	150,234	2.3%	20.1%	0.2%	5.7%
1996	152,941	1.8%	19.4%	-0.7%	5.5%
1997	157,782	3.2%	18.2%	-1.2%	5.0%
1998	159,739	1.2%	18.1%	-0.1%	4.6%
1999	166,717	4.4%	14.8%	-3.3%	4.3%
2000	191,542	14.9%	9.2%	-5.6%	4.0%
2001	197,879	3.3%	9.7%	0.5%	4.8%
2002	207,951	5.1%	10.5%	0.8%	5.8%
2003	221,064	6.3%	10.4%	-0.1%	6.0%
2004	232,872	5.3%	9.1%	-1.3%	5.6%
2005	241,547	3.7%	7.9%	-1.2%	5.2%
2006	247,170	2.3%	7.4%	-0.5%	4.7%
2007	253,295	2.5%	6.6%	-0.8%	4.7%
2008 YTD	258,061	1.4%	6.4%	-1.0%	5.5%

Source: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University.

* 2008 data is through May

Since 1990, total employment in the McAllen-Edinburg-Mission MSA has increased by almost 130,000 jobs. Additionally, over the past 18 years, La Joya has exhibited consistent positive growth. The unemployment rate has decreased 14 out of the last 18 years in Hidalgo County. This consistent growth is a strong indication of a sound economic base. However, 2006 exhibited the lowest employment growth in the past nine years, and this is likely a result of the national economic downturn. Though employment growth rebounded slightly in 2007, overall employment growth is currently in a period of moderation. As shown in the previous table, the unemployment rate in the MSA has decreased significantly since the 1990s and is currently at its lowest point on record. However, the unemployment rate remains higher in the MSA than the nation.

Employment by Industry

The table on the following table illustrates employment by industry for Hidalgo County in 2007.

2007 EMPLOYMENT BY INDUSTRY		
	Hidalgo County	
Occupation	Employed	Percent Employed
Agric/Forestry/Fishing/Hunting	5,955	2.54%
Mining	2,143	0.91%
Construction	25,549	10.90%
Manufacturing	13,071	5.58%
Wholesale Trade	9,652	4.12%
Retail Trade	30,163	12.87%
Transportation/Warehousing	9,335	3.98%
Utilities	1,438	0.61%
Information	2,704	1.15%
Finance/Insurance	5,917	2.53%
Real Estate/Rental/Leasing	3,399	1.45%
Prof/Scientific/Tech Services	6,868	2.93%
Mgmt of Companies/Enterprises	82	0.03%
Admin/Support/Waste Mgmt Srvcs	8,174	3.49%
Educational Services	36,869	15.73%
Health Care/Social Assistance	29,322	12.51%
Arts/Entertainment/Recreation	2,302	0.98%
Accommodation/Food Services	16,906	7.21%
Other Services (excl Publ Adm)	13,767	5.88%
Public Administration	10,715	4.57%
Total Employment	**234,331**	**100.0%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The top four employment sectors in the MSA are the educational services, retail trade, healthcare/social assistance, and construction sectors. Approximately 52.0 percent of people in Hidalgo County work in these four industries. The health care/social assistance, construction, retail trade and educational services sectors all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create an abundance of demand for affordable rental housing in the MSA.

As previously mentioned, the large number of people employed in the retail trade and construction industries could negatively impact employment in the MSA due to the current national economic downturn, which is affecting both of these sectors nationwide. However, as educational services and healthcare/social assistance are two historically stable sectors of the economy, the strong presence of these two industries should help mitigate losses in employment in other more volatile industries.

Colonias

One important component of the housing landscape in south Texas is the presence of the colonias. The Texas legislature has defined colonias as subdivisions lacking essential elements of infrastructure near the Mexico border. The United States Department of Housing and Urban Development (HUD) defines a colonia as an "unincorporated community located within 150 miles of the U.S.-Mexico border, with a population of less than 10,000 that is low and very low income, and which lacks safe, sanitary and sound housing, as well as services such as potable water, adequate sewage systems, drainage, streets and utilities." Data from the Federal Reserve Bank of Dallas Community Affairs Division indicates that Texas has the largest colonia population of any border states, with a 2007 estimated population of over 400,000 in nearly 2,300 colonias. According to data collected in 2006 by the Texas Legislature, Hidalgo County has the highest colonia population in the state, with 156,132 people in 934 colonias. Cameron County reports 178 colonias, with a population of 47,606. In an effort to improve the living situation of people in colonias, the Texas Legislature has authorized $175 million to fund roadway projects in the state's 23 border counties, which includes Hidalgo County and Cameron County. In addition, several state agencies, including TDHCA, have multiple initiatives in place to assist the residents of colonias.

Attempts by the government to collect demographic and socioeconomic data on colonias have been hampered by several issues, including language barriers and lack of resources to identify colonias. In the wake of the 2000 census, the Census Bureau completed ethnographic studies in four colonias in Texas, New Mexico and California to better identify the challenges in collecting data for this population. As a result, new guidelines defining Census Designated Places (CDPs) were issued in 2007 for use in the 2010 Census. New CDPs will be established for the 25 border counties in Texas, with much of the data regarding the location of colonias provided by the Texas State Attorney General's Office. It is anticipated that these efforts will allow the Census Bureau to survey colonias more accurately and, for the first time, provide detailed, searchable information regarding colonias populations.

Due to the limitations as discussed above, demographic data provided in this study may not fully reflect the estimated 203,000 people living in colonias in Hidalgo and Cameron Counties. Further, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand already accounted for through the analysis of Census data.

POPULATION, HOUSEHOLD, AND INCOME TRENDS – MCALLEN-EDINBURG-MISSION MSA AND THE NATION

The following section provides an analysis of the demographic characteristics within the MSA. Data such as population, households and growth patterns are studied, to determine if the McAllen-Edinburg-Mission MSA is an area of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population in the MSA from 1990 through 2012.

Total Population		
Year	McAllen-Edinburg-Mission MSA	
	Number	Annual Change
1990	383,545	-
2000	569,463	4.85%
2007	732,166	3.94%
2012	865,301	3.64%
Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008		

The MSA is expected to grow at a slower rate from 2007 to 2012 compared to 2000 to 2007. However, the growth rate of the MSA from 2007 to 2012 is still very strong at 3.64 percent. The increase in the MSA growth rate is a positive indicator of the need for the affordable housing and is likely why so many individuals are employed in the construction sector in the PMA.

Households

The following table is a summary of the total households in the MSA from 1990 to 2012.

Total Number of Households		
Year	McAllen-Edinburg-Mission MSA	
	Number	Annual Change
1990	103,479	-
2000	156,824	5.16%
2007	205,804	4.31%
2012	244,775	3.79%
Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008		

Similar to the rate of population growth, the household growth rate in the MSA in 2007 was exceptionally strong, at 4.31 percent or larger. Although the growth rate is projected to decrease from 2007 through 2012, the rate of growth is still significant. As the number of households increases, there will be a larger pool of potential tenants, some of which will need affordable housing.

Average Household Size

The following table illustrates the average household size for the MSA from 2000 to 2012.

Average Household Size		
Year	McAllen-Edinburg-Mission MSA	
	Number	Annual Change
2000	3.60	-
2007	3.53	-0.27%
2012	3.51	-0.11%
Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008		

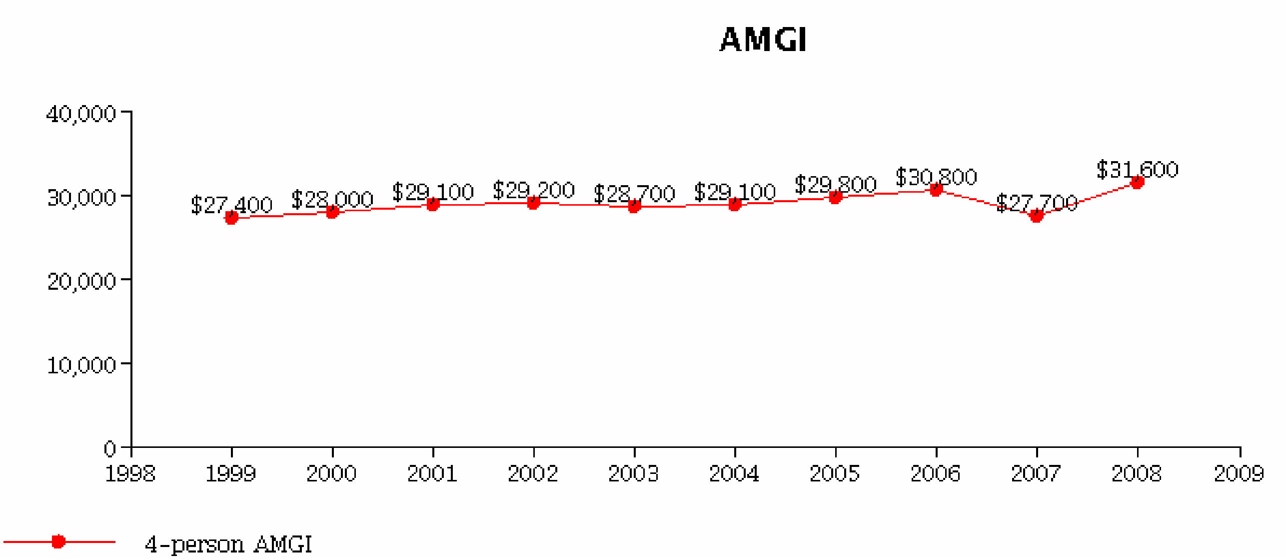
The average household size in the MSA is significantly larger than the national average size of 2.59 (not shown). The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the MSA.

Median Household Income Levels

The table below illustrates Median Household Income in the MSA.

Median Household Income		
Year	McAllen-Edinburg-Mission MSA	
	Number	Annual Change
2000	$24,843	-
2007	$30,519	3.15%
2012	$35,078	2.99%
Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008		

The median household income in the MSA is projected to grow at a slower rate from 2007 through 2012 than the previous seven years. The slower growth rate indicates an increasing need for affordable housing. It should be noted that for Section 42 LIHTC rent determination purposes, the area median income is used. The following chart illustrates the AMI level for a four-person household in the McAllen-Edinburg-Mission MSA.



The AMI has increased from 1999 to 2008 by approximately 13.3 percent, or an average of 1.6 percent annually. The AMI had one slight decrease in the AMGI from 1999 to 2006, followed by a large decrease from 2006 to 2007 and an increase again in 2008. The system and underlying data sources that HUD uses to establish income limits have changed, by shifting to data from the American Community Survey (ACS), which has replaced previous census reports. In 2007, two-thirds of the nation experienced flat or decreased AMI levels based largely on this methodology change. The overall rise in AMI levels indicates a healthy market where low-income households may be priced out by more affluent households.

Household Income

The following tables illustrate median household income in the MSA.

Household Income Distribution - McAllen-Edinburg-Mission MSA

Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	35,778	17.4%	35,096	14.3%
$10,000-$14,999	16,023	7.8%	18,980	7.8%
$15,000-$19,999	18,277	8.9%	17,960	7.3%
$20,000-$24,999	16,249	7.9%	17,138	7.0%
$25,000-$29,999	14,856	7.2%	18,258	7.5%
$30,000-$34,999	14,483	7.0%	14,667	6.0%
$35,000-$39,999	11,537	5.6%	16,180	6.6%
$40,000-$44,999	11,210	5.4%	11,607	4.7%
$45,000-$49,999	7,584	3.7%	11,317	4.6%
$50,000-$59,999	15,755	7.7%	17,690	7.2%
$60,000-$74,999	15,188	7.4%	21,074	8.6%
$75,000-$99,999	12,488	6.1%	19,177	7.8%
$100,000-$124,999	7,409	3.6%	10,073	4.1%
$125,000-$149,999	3,767	1.8%	6,223	2.5%
$150,000-$199,999	2,290	1.1%	4,504	1.8%
$200,000-$249,999	1,246	0.6%	2,018	0.8%
$250,000-$499,999	1,370	0.7%	2,128	0.9%
$500,000+	294	0.1%	685	0.3%
Total	**205,804**	**100%**	**244,775**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As illustrated, approximately 34.1 percent of the population in the MSA earned below $20,000 in 2007 and approximately 29.4 percent of the population in the MSA is projected to earn below $20,000 in 2012. In both instances, a significant portion of the population is projected to earn less than $20,000. This data provides strong support for affordable rental housing of all kinds in the MSA.

Tenure

The following table is a summary of the housing stock in the MSA.

TENURE PATTERNS MSA

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	114,580	73.06%	42,244	26.94%
2007	152,058	73.88%	53,746	26.12%
2012	180,420	73.71%	64,355	26.29%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Renter-occupied units made up approximately 26 percent of the total occupied units in the PMA in 2007. The percentage of renters is lower than the national average of approximately 33 percent (not shown). The low percentage of renters is likely due to the relatively undeveloped nature of large parts of the PMA.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2008 for Hidalgo County, Texas.

BUILDING PERMITS: Hidalgo County, TX - 1997 to May 2008

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
1997	1,373	140	41	1,554
1998	2,539	305	138	2,982
1999	4,397	152	109	4,658
2000	3,665	83	106	3,854
2001	3,500	130	764	4,394
2002	6,069	487	335	6,891
2003	6,691	419	950	8,060
2004	5,180	760	590	6,530
2005	7,125	662	953	8,740
2006	6,501	517	532	7,550
2007	5,125	364	707	6,196
2008*	1,340	124	105	1,569
Total	**53,505**	**4,143**	**5,330**	**62,978**
Average**	**4,742**	**365**	**475**	**5,583**

*Only includes through May 2008 ** Does not include 2008 permits

There were 5,330 "5+ units" building permits issued in Hidalgo County from 1997 to May 2008. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2008, at 85 percent, while "5+ units" building permits constitute approximately 8.5 percent of all permits issued from 1997 through May 2008. The small percentage of multifamily permits issued indicates demand for multifamily housing of all kinds.

Conclusion

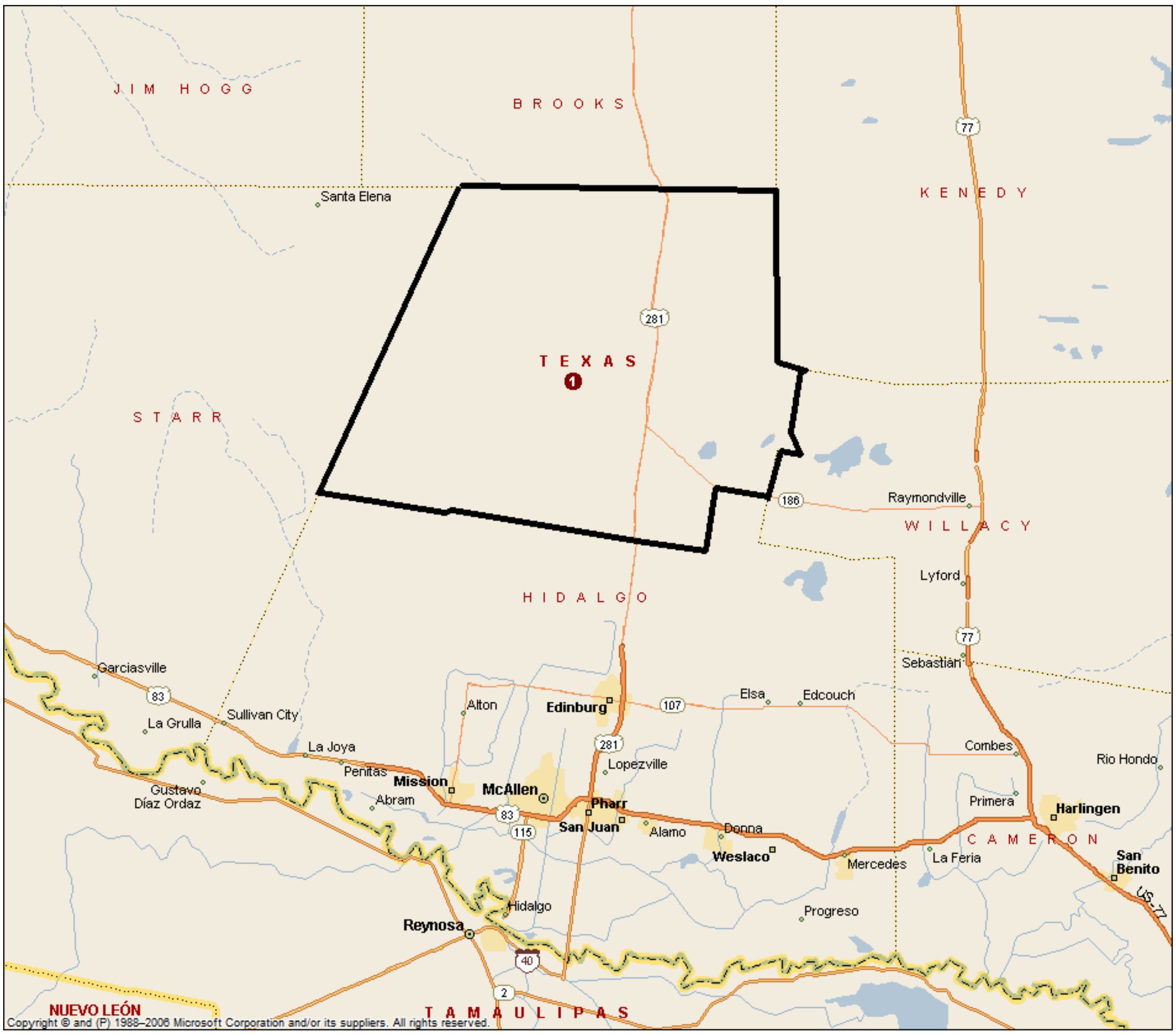
The MSA has demonstrated that it is an area of growth in terms of population, households, and income levels. The population and the number of households are both expected to increase from 2007 to 2012 at rates near or above 3.5 percent annually. The PMA has a larger average household size relative to the national average of 2.59, and a significant portion of its households earning below the AMI; furthermore, approximately 34.1 percent of the population in the MSA earned below $20,000 in 2007 and approximately 29.4 percent of the population in the MSA is projected to earn below $20,000 in 2012. These factors demonstrate a need for affordable housing of all kinds in the MSA.

1. NORTH HIDALGO COUNTY SUBMARKET ANALYSIS

NORTH HIDALGO COUNTY SUBMARKET DEMOGRAPHIC CHARACTERISTICS AND TRENDS

The market area is defined as the North Hidalgo County Submarket, which is bounded to the north by the northern Hidalgo County line, to the east by the eastern Hidalgo County line, to the south by FM-490, and to the west by the western Hidalgo County line. This area was defined based on the client's specifications. The following map illustrates the boundaries of the Submarket as defined above.

North Hidalgo County Submarket Map



The North Hidalgo County Submarket is located in the undeveloped northernmost portion of Hidalgo County and includes the community of Linn/San Manuel. This Submarket is characterized primarily by rural and agricultural land and small sporadic ranching communities located a significant distance from locational amenities and essential services. The predominant form of housing in this Submarket is owner-occupied single-family homes in poor to good condition and 15 to 40 years in age.

Local Government

The North Hidalgo County Submarket includes the community of Linn/San Manuel. Linn/San Manuel, Texas is a Class U6 community or census designated place outside the boundaries of any neighboring incorporated cities in Hidalgo County. According to the U.S. Census, Linn is comprised of a land area of 48.6 square miles and had a population of 958 in 2000.

Employment by Industry

The following table illustrates employment by industry for the North Hidalgo County Submarket and McAllen-Edinburg-Mission MSA in 2007.

2007 EMPLOYMENT BY INDUSTRY				
	North Hidaldgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
Occupation	Number Employed	Percent Employed	Number Employed	Percent Employed
Agric/Forestry/Fishing/Hunting	43	7.41%	5,955	2.54%
Mining	12	2.07%	2,143	0.91%
Construction	70	12.07%	25,549	10.90%
Manufacturing	49	8.45%	13,071	5.58%
Wholesale Trade	43	7.41%	9,652	4.12%
Retail Trade	85	14.66%	30,163	12.87%
Transportation/Warehousing	0	0.00%	9,335	3.98%
Utilities	0	0.00%	1,438	0.61%
Information	0	0.00%	2,704	1.15%
Finance/Insurance	7	1.21%	5,917	2.53%
Real Estate/Rental/Leasing	13	2.24%	3,399	1.45%
Prof/Scientific/Tech Services	27	4.66%	6,868	2.93%
Mgmt of Companies/Enterprises	0	0.00%	82	0.03%
Admin/Support/Waste Mgmt Srvcs	28	4.83%	8,174	3.49%
Educational Services	108	18.62%	36,869	15.73%
Health Care/Social Assistance	39	6.72%	29,322	12.51%
Arts/Entertainment/Recreation	0	0.00%	2,302	0.98%
Accommodation/Food Services	9	1.55%	16,906	7.21%
Other Services (excl Publ Adm)	25	4.31%	13,767	5.88%
Public Administration	22	3.79%	10,715	4.57%
Total Employment	**580**	**100.0%**	**234,331**	**100.0%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The top four employment sectors in the North Hidalgo County Submarket are the educational services, retail trade, construction and manufacturing sectors. Approximately 53.8 percent of people in Hidalgo County work in these four industries. The North Hidalgo County Submarket has a larger percentage of the workforce employed in the construction and manufacturing sectors and a smaller percentage of the workforce employed in the healthcare/social assistance sector, relative to the MSA. Although, educational services is typically a stable sector of the economy, industries such as retail trade, manufacturing, and construction, are particularly susceptible to fluctuations in the economy. Unlike the North Hidalgo County Submarket, the MSA benefits from the presence of another historically stable industry, healthcare/social assistance, in the top four employment sectors. The large number of people employed in the retail trade, construction, and manufacturing industries could negatively affect employment in the Submarket, due to the current national economic downturn. However, the presence of the educational services industry should help promote economic stability.

It should be noted, that the health care/social assistance, construction, retail trade and educational services sectors all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create demand for affordable rental housing.

Commute Patterns in the North Hidalgo County Submarket

TRAVEL TIME TO WORK

Travel Time	Workers age 16+
< 5 min	47
5-9 min	76
10-14 min	20
15-19 min	53
20-24 min	35
25-29 min	16
30-34 min	62
35-39 min	7
40-44 min	6
45-59 min	77
60-89 min	18
90+ min	6
Average Travel Time	24.5 minutes

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

The average travel time to work in the Submarket is the second-longest of the seven MSA submarkets. This is primarily due to the rural nature of most of the Submarket. There are very few employment centers and many workers are likely commuting to jobs in Edinburg, the closest large employment center proximate to the Submarket.

POPULATION, HOUSEHOLD, AND INCOME TRENDS – SUBMARKET AND MSA

The following section provides an analysis of the demographic characteristics within the North Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA. Data such as population, households and growth patterns are studied, to determine if the McAllen-Edinburg-Mission MSA and the North Hidalgo County Submarket are areas of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population in the North Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA from 1990 through 2012.

Total Population

Year	North Hidaldgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	1,235	-	383,545	-
2000	1,606	3.00%	569,463	4.85%
2007	2,020	3.56%	732,166	3.94%
2012	2,361	3.38%	865,301	3.64%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Growth in the Submarket has been slightly slower than growth in the MSA in all years of analysis. This is likely due to the rural nature of the North Hidalgo County Submarket. The majority of population growth in the MSA is located near the U.S. – Mexico border. However, both the Submarket and the MSA are showing strong growth from 2007 through 2012, although at a slower rate than from 2000 through 2007. The strong growth in the Submarket and the MSA is a positive indicator of the need for all forms of housing.

Population by Age

The following graph illustrates population by age in the Submarket and MSA for 1990, 2000, 2007 and 2012. It should be noted that the current population by age distribution in the MSA is similar to national averages not shown).

Population by Age Group				
North Hidaldgo County Submarket				
Age Cohort	1990	2000	2007	2012
0-4	93	118	167	204
5-9	120	142	142	181
10-14	126	114	182	170
15-19	121	103	115	206
20-24	75	91	104	119
25-29	75	96	114	105
30-34	82	97	124	122
35-39	82	110	123	141
40-44	65	70	160	147
45-49	75	82	88	198
50-54	53	82	105	100
55-59	46	105	97	134
60-64	63	80	140	107
65-69	57	95	85	136
70-74	46	87	100	77
75-79	34	71	75	90
80-84	10	35	60	62
85+	12	28	39	62
Total	**1,235**	**1,606**	**2,020**	**2,361**
McAllen-Edinburg-Mission, TX MSA				
Age Cohort	1990	2000	2007	2012
0-4	35,765	58,138	79,315	92,930
5-9	38,973	58,293	70,248	82,804
10-14	40,708	53,301	66,339	77,547
15-19	40,049	51,490	59,763	73,357
20-24	29,843	44,309	55,501	64,141
25-29	28,292	44,013	58,500	61,645
30-34	27,653	40,612	54,559	61,137
35-39	26,244	38,068	49,781	56,246
40-44	22,397	34,630	43,581	53,384
45-49	16,430	30,233	41,509	48,372
50-54	13,335	25,613	36,239	44,436
55-59	12,403	18,854	29,739	40,978
60-64	13,015	16,635	21,369	31,769
65-69	13,357	16,092	18,047	21,924
70-74	9,905	15,122	16,061	17,557
75-79	7,693	12,139	14,324	14,992
80-84	4,521	6,701	9,982	11,805
85+	2,962	5,220	7,309	10,277
Total	**383,545**	**569,463**	**732,166**	**865,301**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Households

The following table is a summary of the total households in the Submarket and MSA from 1990 to 2012.

Total Number of Households				
Year	North Hidaldgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	354	-	103,479	-
2000	546	5.42%	156,824	5.15%
2007	714	4.24%	205,804	4.31%
2012	846	3.70%	244,775	3.79%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Similar to the rate of population growth, the household growth rates of the Submarket and MSA have both been exceptionally strong, at 4.24 percent or larger through 2007. Overall household growth in both the Submarket and MSA is expected to slow slightly from 2007 through 2012, though remain strong at 3.70 percent or higher. As the number of households increases, there will be a larger pool of potential tenants, some of which will need affordable housing.

Average Household Size

The following table illustrates the average household size for the Submarket and MSA from 2000 to 2012.

Average Household Size				
Year	North Hidaldgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	2.88	-	3.60	-
2007	2.77	-0.53%	3.53	-0.27%
2012	2.74	-0.22%	3.51	-0.11%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The average household size in the Submarket is slightly smaller than the MSA, but both are larger than the national average size of 2.59. The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the Submarket, and the MSA as a whole.

Median Household Income Levels

The table below illustrates Median Household Income in the Submarket and MSA.

Median Household Income				
Year	North Hidaldgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	$23,683	-	$24,843	-
2007	$28,945	3.06%	$30,519	3.15%
2012	$32,754	2.63%	$35,078	2.99%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The median household income in the Submarket was approximately 5.2 percent lower than the median household income in the MSA in 2007. The median household income in the Submarket is projected to grow at a slower rate from 2007 through 2012 than the previous seven years, as in the MSA. The Submarket's and MSA's median household incomes are 54.5 and 57.4 percent of the national average (not shown). The lower median income level indicates increasing need for affordable housing. It should be noted that for Section 42 LIHTC rent determination purposes, the area median income is used.

Household Income

The following tables illustrate household income distribution in both the Submarket and MSA.

Household Income Distribution - North Hidalgo County Submarket				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	74	10.4%	73	8.6%
$10,000-$14,999	72	10.1%	74	8.7%
$15,000-$19,999	94	13.2%	92	10.9%
$20,000-$24,999	73	10.2%	75	8.9%
$25,000-$29,999	54	7.6%	78	9.2%
$30,000-$34,999	50	7.0%	53	6.3%
$35,000-$39,999	65	9.1%	60	7.1%
$40,000-$44,999	51	7.1%	64	7.6%
$45,000-$49,999	17	2.4%	53	6.3%
$50,000-$59,999	39	5.5%	42	5.0%
$60,000-$74,999	30	4.2%	48	5.7%
$75,000-$99,999	43	6.0%	55	6.5%
$100,000-$124,999	40	5.6%	38	4.5%
$125,000-$149,999	12	1.7%	32	3.8%
$150,000-$199,999	0	0.0%	9	1.1%
$200,000-$249,999	0	0.0%	0	0.0%
$250,000-$499,999	0	0.0%	0	0.0%
$500,000+	0	0.0%	0	0.0%
Total	**714**	**100%**	**846**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	35,778	17.4%	35,096	14.3%
$10,000-$14,999	16,023	7.8%	18,980	7.8%
$15,000-$19,999	18,277	8.9%	17,960	7.3%
$20,000-$24,999	16,249	7.9%	17,138	7.0%
$25,000-$29,999	14,856	7.2%	18,258	7.5%
$30,000-$34,999	14,483	7.0%	14,667	6.0%
$35,000-$39,999	11,537	5.6%	16,180	6.6%
$40,000-$44,999	11,210	5.4%	11,607	4.7%
$45,000-$49,999	7,584	3.7%	11,317	4.6%
$50,000-$59,999	15,755	7.7%	17,690	7.2%
$60,000-$74,999	15,188	7.4%	21,074	8.6%
$75,000-$99,999	12,488	6.1%	19,177	7.8%
$100,000-$124,999	7,409	3.6%	10,073	4.1%
$125,000-$149,999	3,767	1.8%	6,223	2.5%
$150,000-$199,999	2,290	1.1%	4,504	1.8%
$200,000-$249,999	1,246	0.6%	2,018	0.8%
$250,000-$499,999	1,370	0.7%	2,128	0.9%
$500,000+	294	0.1%	685	0.3%
Total	**205,804**	**100%**	**244,775**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As illustrated, approximately 33.7 percent of the population in the Submarket and 34.1 percent of the population in the MSA earned below $20,000 in 2007, with the largest percentage earning between zero dollars and $10,000. By 2012, the population earning below $20,000 in the Submarket and MSA is expected to decrease slightly to approximately 28.2 percent and 29.47 percent, respectively. This data provides strong support for affordable rental housing of all kinds in the Submarket and MSA.

Tenure

The following table is a summary of the tenure patterns of the housing stock in the Submarket and MSA for 2000 through 2012.

Tenure Patterns - Total Population						
	North Hidaldgo County Submarket		McAllen-Edinburg-Mission, TX MSA			
	Owner-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage
2000	470	86.1%	114,580	73.1%	42,244	26.9%
2007	617	86.4%	152,058	73.9%	53,746	26.1%
2012	729	86.2%	180,420	73.7%	64,355	26.3%

As the above tables illustrate, the housing market in the North Hidalgo County Submarket is dominated by owner-occupied units. The Submarket has a significantly smaller percentage of renter-occupied units when compared to the MSA. The small percentage of renter-occupied households is not unusual in rural markets, where owner-occupied housing is predominant among a small population. Additionally, no multifamily rental housing options were identified in the Submarket. It is likely that the renter-occupied units are comprised primarily of for-rent single-family homes and trailers.

Senior Demographic Trends

Among those demographics discussed are trends in population, number of households, age, and income. In addition to analyzing overall demographic trends, we have also separately analyzed and discussed trends specific to the senior subpopulation, which includes those 55 years of age and older. The majority of age-restricted properties offer units to seniors ages 55, 62, or 65 and older. For the purposes of this analysis, we have included demographic characteristics of the senior population ages 55 and over.

Senior Population

The table below illustrates senior population trends in the Submarket and MSA from 2000 through 2012.

Total Senior Population (55+)				
	North Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
Year	Number	Annual Change	Number	Annual Change
1990	268	-	63,856	-
2000	501	8.7%	90,763	4.2%
2007	596	3.6%	116,831	4.0%
2012	668	2.4%	149,302	5.6%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Senior population growth in the North Hidalgo County Submarket increased significantly between 1990 and 2000, whereas senior population growth in the MSA grew at approximately half the rate exhibited by the Submarket, for the same time period. The senior population in both the Submarket and the MSA is expected to grow substantially from 2007 through 2012. The senior population growth rate in the MSA in 2012 is projected to be nearly double the growth rate in the North Hidalgo County Submarket.

The strong projected growth in the senior population in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years. Additionally, the increasing senior populations, (typically one- and two-person households) may be a contributing factor to the projected decline in the average household size within the PMA from 2007 to 2012.

Senior Households

The table below illustrates senior household trends in the Submarket and MSA from 2000 through 2012.

Total Number of Senior Households (55 +)				
Year	North Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	288	-	52,073	-
2007	357	3.3%	67,113	4.0%
2012	421	3.6%	85,658	5.5%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Similar to senior population estimates and projections, senior household growth is projected to increase through 2012. However, total household growth rates are expected to decrease, whereas senior household growth rates are expected to increase. The strong projected growth in senior households in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years.

Senior Median Household Income

The following table illustrates the median household incomes in the Submarket, MSA, and nation from 2007 to 2012 for both all households and specifically for senior households.

MEDIAN HOUSEHOLD INCOME						
Year	McAllen-Edinburg-Mission, TX MSA		North Hidalgo County Submarket		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
		All Ages				
2007	$30,519	-	$28,945	-	$53,154	-
2012	$35,078	2.59%	$32,754	2.32%	$62,503	3.52%
		Age 55+				
2007	$27,687	-	$23,659	-	$32,710	-
2012	$32,712	3.07%	$26,508	2.14%	$41,086	5.12%

Source: ESRI Business Demographics 2007; Novogradac and Company LLP; July, 2008

As the previous table illustrates, the median senior household incomes in all three areas of analysis are well below those of all households. Of the three areas of analysis, the median senior household income is lowest in the Submarket and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally. The Submarket will experience slightly weaker median household income growth for all households and senior households when compared to the MSA, and the nation.

Senior Household Income

The tables below illustrate senior household income in the Submarket and MSA for 2007 and 2012.

Household Income Distribution - North Hidalgo County Submarket (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	101	28.3%	104	24.7%
$15,000-$24,999	90	25.2%	94	22.3%
$25,000-$34,999	59	16.5%	73	17.3%
$35,000-$49,999	58	16.2%	73	17.3%
$50,000-$74,999	36	10.1%	54	12.8%
$75,000-$99,999	8	2.2%	11	2.6%
100,000-$149,999	5	1.4%	7	1.7%
150,000-$199,999	0	0.0%	5	1.2%
200,000-$249,999	0	0.0%	0	0.0%
250,000-$499,999	0	0.0%	0	0.0%
$500,000+	0	0.0%	0	0.0%
Total	**357**	**100%**	**421**	**100%**

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	18,952	28.2%	20,972	24.5%
$15,000-$24,999	10,918	16.3%	11,816	13.8%
$25,000-$34,999	8,645	12.9%	10,306	12.0%
$35,000-$49,999	9,485	14.1%	12,964	15.1%
$50,000-$74,999	9,921	14.8%	13,604	15.9%
$75,000-$99,999	3,485	5.2%	6,161	7.2%
100,000-$149,999	3,783	5.6%	6,157	7.2%
150,000-$199,999	728	1.1%	1,622	1.9%
200,000-$249,999	543	0.8%	933	1.1%
250,000-$499,999	556	0.8%	884	1.0%
$500,000+	97	0.1%	239	0.3%
Total	**67,113**	**100%**	**85,658**	**100%**

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Both the Submarket and MSA have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $36,100. The Submarket has the largest percentage of seniors earning less than $35,000 annually. Approximately 70 percent of those 55 and older in the Submarket are earning under $35,000 per year. This is attributed primarily to the Submarket's high percentage of senior households earning below $15,000 annually and the rural nature of the Submarket. The Submarket features significantly more senior households in these income brackets when compared to the MSA. By 2012, all areas of analysis will have seen decreases in the number of seniors earning less than $35,000 annually. However, within the Submarket and MSA, it is estimated that 64.3 and 50.3 percent of seniors will still be earning less than $35,000 annually for these two areas, respectively. It should be noted that these estimates are most likely a function of inflation rather than a demographic trend. These factors indicate that affordable housing for the senior population will remain in demand.

Tenure

The following table is a summary of the senior tenure patterns of the housing stock in the Submarket and MSA for 2000 through 2012.

Tenure Patterns - Elderly Population (Age 55+)								
	North Hidalgo County Submarket				McAllen-Edinburg-Mission, TX MSA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	266	92.4%	22	7.6%	43,784	84.1%	8,289	15.9%
2007	330	92.4%	27	7.6%	56,430	84.1%	10,683	15.9%
2012	389	92.4%	32	7.6%	72,023	84.1%	13,635	15.9%

Source: ESRI Demographics 2007; Novogradac & Company LLP, August 2008

As the above table illustrates, the senior housing market is dominated by owner-occupied units. The Submarket and MSA have a significantly smaller percentage of senior renter-occupied units when compared to the national average (28 percent, not shown above). The small percentage of renter-occupied senior households is not unusual in rural submarkets, where owner-occupied housing is predominant among a small population.

Senior Demographic Conclusion

Although the median senior household income for the Submarket is projected to increase from 2007 to 2012, growth in the national and MSA's median senior household income is projected to outpace growth in the Submarket. Both the MSA and PMA have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $36,100. Approximately 70 percent of those 65 and older in the Submarket are earning under $35,000 per year. This is attributable primarily to the PMA's high percentage of senior households earning below $15,000 annually and the rural nature of the Submarket. The Submarket features significantly more senior households in these income brackets when compared to the MSA and national averages. The national average of senior households earning below $50,000 annually is 64 percent.

LOCAL MARKET INFORMATION

North Hidalgo County Submarket
The following sections will provide an analysis of the local market characteristics within the Submarket.

Healthcare
There are no general practitioners, hospitals or urgent care clinics located in the North Hidalgo County Submarket. The primary major medical provider within proximity to the North Hidalgo County Submarket is the South Texas Health System, with seven facilities including Cornerstone Regional Hospital, Edinburg Children's Hospital, Edinburg Regional Medical Center, Edinburg Regional Rehabilitation Center, McAllen Heart Hospital, McAllen Medical Center, and South Texas Behavioral Health Center. The Edinburg Regional Medical Center is the nearest hospital to the Submarket, located approximately 30 to 40 miles south of the Submarket in Edinburg, Texas.

Transportation
The South Texas International Airport at Edinburg and McAllen Miller International Airport are located approximately 30 and 40 miles south of the North Hidalgo County Submarket, respectively. The South Texas International Airport at Edinburg is a public-use airport located approximately nine miles north of the Central Business District of Edinburg. The airport is owned and operated by the City of Edinburg and averaged 13 general aviation aircraft operations per day in 2005. The McAllen Miller International Airport (MFE) is the primary business airport of the Rio Grande Valley and provides non-stop flights to Dallas-Fort Worth, Houston, and Las Vegas via American Airlines, Continental Airlines, and Allegiant Air.

Highway access to Northern Hidalgo County Submarket can be accomplished via U.S. Highway 281. U.S. Highway 281 runs north/south from McAllen, Texas to Wichita Falls, Texas.

Education
There are no identifiable education service providers in the majority of the North Hidalgo County Submarket. The nearest Independent School Districts are the Edinburg Independent School District and McAllen Independent School District. The Edinburg Independent School District includes three high schools, four middle schools, and 27 elementary schools. The McAllen Independent School District includes three high schools, seven middle schools, and twenty elementary schools. The nearest universities are also located Edinburg and McAllen, approximately 30 to 40 miles south of the North Hidalgo County Submarket. The University of Texas Pan American in Edinburg, Texas, with 17,337 students, including 2,261 graduate students, is the tenth largest university in the state and the fifth largest in the UT system and offers 54 bachelor's degree programs, 50 master's, and two doctoral programs. McAllen offers five major colleges/universities including the San Antonio College of Medical and Dental Assistants, South Texas Community College, South Texas Vocational Technical Institute, and the University of Cosmetology Arts and Sciences.

Public Transportation
The North Hidalgo County Submarket does not offer public transportation.

Employment Centers

There are a limited number of employment centers in the North Hidalgo County Submarket. The majority of employment centers are located in Edinburg and McAllen, approximately 30 to 40 miles south of the Submarket. The largest Employer's in the McAllen-Mission-Edinburg MSA include the following:

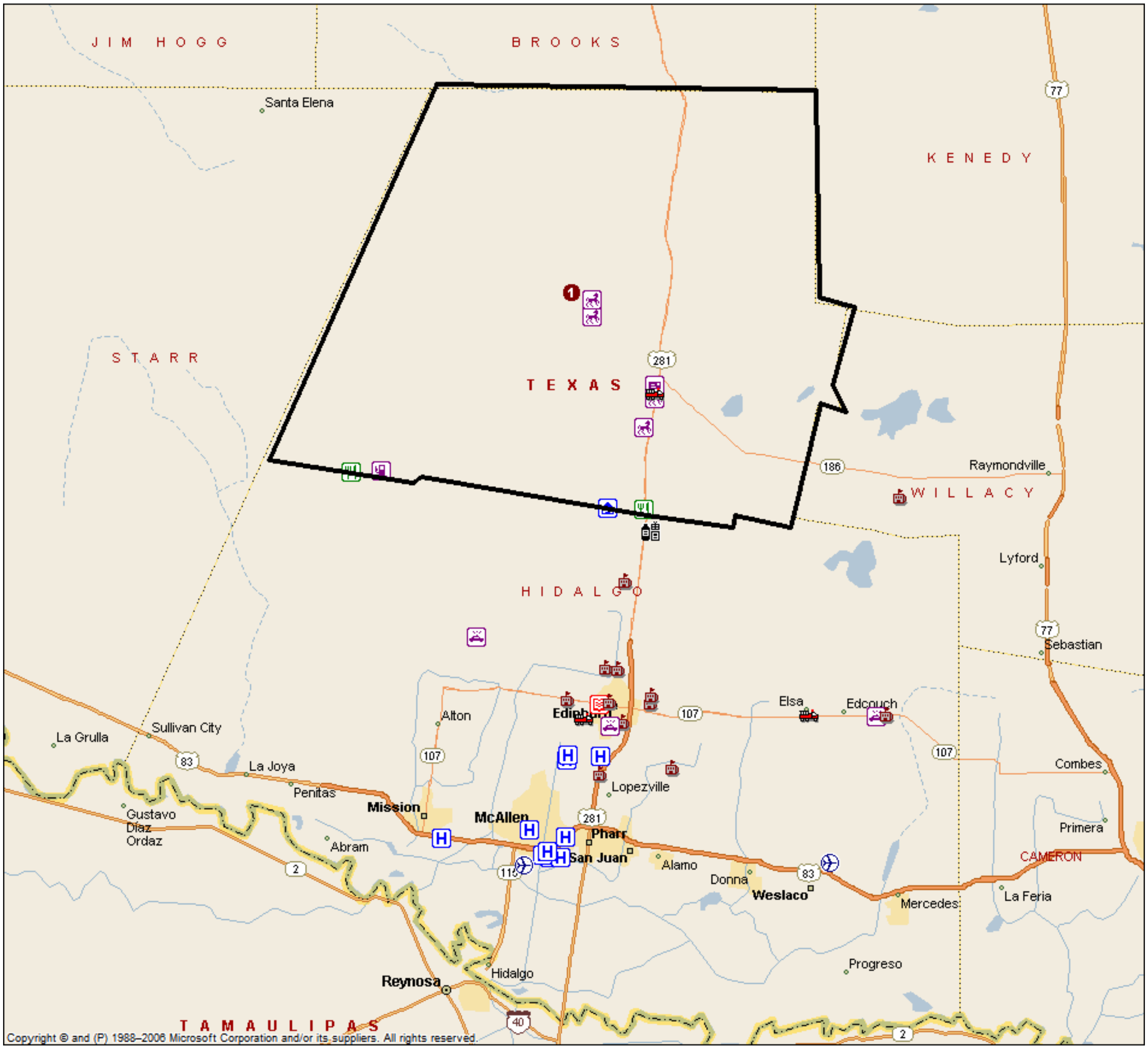
Rank	Company	Industry	Employees
1	Edinburg Consolidated I.S.D.	Education	3,600
2	McAllen I.S.D.	Education	3,595
3	Edinburg Regional Medical Center	Healthcare	3,000
4	University of Texas Pan American	Education	2,850
5	McAllen Medical Center	Healthcare	2,800
6	Hidalgo County	Government	2,211
7	Mission Consolidated I.S.D.	Education	2,140
8	City of McAllen	Government	1,801
9	Columbia Rio Grande Regional Hospital	Healthcare	975
10	South Texas Community College	Education	811

Employment in the McAllen-Edinburg-Mission MSA is dominated by relatively stable industries, and all ten of the major employers are in the education, healthcare, and government sectors. However, according to 2007 employment by industry demographics, retail trade, construction, and manufacturing comprise approximately 35.8 percent of overall employment and are three of the top four industry sectors in the Submarket. Retail trade, construction, and manufacturing are typically more volatile sectors of the economy as compared to historically stable industries such as education and healthcare, which make up approximately 25.3 percent of employment in the Submarket. Therefore, due to the high concentration of retail trade, construction, and manufacturing industries in the Submarket, it is possible that the Submarket will experience slowing growth due to the predominance of these three industries, in conjunction with current economic conditions.

Identifiable employers within the Submarket and north of Edinburg include La Haciendas Ranch, San Vicente Ranch, Mundos Ranch, Stag Holding Limited, a United States Post Office, Donna's Place Restaurant, McCook Trading Post and Gas Station, Tropical Texas Behavioral Health Center, 4 E Hotel, Papouli's Greek Restaurant, and Homer's Food Store.

Proximity to Local Services

There are a limited number of locational amenities in the North Hidalgo County Submarket. The majority of locational amenities are located outside of the Submarket in Edinburg and McAllen, Texas south of the North Hidalgo County Submarket.



Source: Novogradac and Company LLP, July 2008.

Ranch	School	Bank
United States Post Office	Hospital	Hotel/Motel
Fire Station	Airport	Grocery/Supermarket
Restaurant	Police Station	College/University

HOUSING SUPPLY ANALYSIS

NORTH HIDALGO COUNTY SUBMARKET HOUSING SUPPLY ANALYSIS

Age of the Housing Stock

The following table presents the age of the housing stock in the North Hidalgo County Submarket.

AGE OF HOUSING STOCK IN THE NORTH HIDALGO COUNTY SUBMARKET

Years	Number of Units	Percent of Housing Stock
1999-3/2000	12	1.21%
1995-1998	204	20.56%
1990-1994	200	20.16%
1980-1989	297	29.94%
1970-1979	102	10.28%
1960-1969	79	7.96%
1950-1959	37	3.73%
1940-1949	30	3.02%
1939 and Before	31	3.13%
Total	**992**	**100.00%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The majority of the housing stock (71.44 percent) in the North Hidalgo County Submarket was constructed from 1980 through 1998. The Submarket consists primarily of rural, undeveloped land with sporadic single-family housing. There were no identifiable multifamily developments in the Submarket. Based upon observations in the field, single-family housing in the Submarket typically ranges from poor to good condition and is 15 to 40 years in age.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2008 for Hidalgo County, Texas. Building Permit Activity was not available by Submarket.

BUILDING PERMITS: Hidalgo County, TX - 1997 to May 2008

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
1997	1,373	140	41	1,554
1998	2,539	305	138	2,982
1999	4,397	152	109	4,658
2000	3,665	83	106	3,854
2001	3,500	130	764	4,394
2002	6,069	487	335	6,891
2003	6,691	419	950	8,060
2004	5,180	760	590	6,530
2005	7,125	662	953	8,740
2006	6,501	517	532	7,550
2007	5,125	364	707	6,196
2008*	1,340	124	105	1,569
Total	**53,505**	**4,143**	**5,330**	**62,978**
Average**	**4,742**	**365**	**475**	**5,583**

*Only includes through May 2008 ** Does not include 2008 permits

There were 5,330 "5+ units" building permits issued in Hidalgo County from 1997 to May 2008. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2008, at 85 percent, while "5+ units" building permits constitute approximately 8.5 percent of all permits issued from 1997 through May 2008.

Interviews

The Housing Authority of the County of Hidalgo currently has jurisdiction over all un-incorporated areas of Hidalgo County, such as the North Hidalgo County Submarket.

Housing Authority of County of Hidalgo

The Housing Authority of the County of Hidalgo was established in 1948 in order to serve the local farmworking families and migrant farmworkers in the region. The Housing Authority of the County of Hidalgo currently administers Farm Labor Housing units and Public Housing units in Hidalgo County, as well as Section 8 Vouchers. According to Adela Montes, Deputy Director for the Housing Authority of the County of Hidalgo, there are currently 535 Farm Labor Housing units in two developments and 55 Public Housing units in two developments in Hidalgo County, excluding the City of McAllen. None of these developments is located in the North Hidalgo County Submarket. There are approximately 8,592 Housing Choice Vouchers budgeted for Hidalgo County and all are currently in use. Waiting Lists for Public Housing and Farm Labor Housing are currently open while the waiting list for Housing Choice Vouchers is closed. There are approximately 896 households on the waiting list for Housing Choice Vouchers. Of the 896 households, 162 are elderly households. There is no separate waiting list for special needs households in the Housing Choice Voucher Program. Currently, there are 104 elderly households participating in the Housing Choice Voucher Program in Hidalgo County. The number of households on the waiting list for Public Housing and Farm Labor Housing can be found below:

FARM LABOR HOUSING WAITING LIST – HIDALGO COUNTY

Name	1BR	2BR	3BR	4BR	Total
Northside Apartments	14HH	11HH	2HH	0HH	27HH
Memorial Apartments	N/A	N/A	N/A	N/A	46HH

PUBLIC HOUSING WAITING LIST – HIDALGO COUNTY

Name	1BR	2BR	3BR	4BR	Total
Villa Sandoval-Longoria	N/A	54HH	23HH	23HH	100HH
Villa San Juanita Rutledge	N/A	N/A	15HH	24HH	39HH

The current payment standards for one-, two-, three-, and four-bedroom units are listed below. According to Adela Montes, the payment standards are 100 percent of the Fair Market Rents.

PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

Planning/Development
There are currently no planning or development departments/agencies in operation in the North Hidalgo County Submarket. To our knowledge, there are no commercial or residential projects in the planning stages or under construction in the North Hidalgo County Submarket. The only census designated place/community in the North Hidalgo County Submarket is Linn/San Manuel, which does not currently maintain an economic development department or chamber of commerce.

LIHTC Family Supply
We attempted to identify all existing, proposed, and under construction family LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, and property managers. There were no identifiable family LIHTC properties in the North Hidalgo County Submarket. Based on the lack of available data, we did not complete a LIHTC family market analysis. There are no proposed or under construction family LIHTC properties in the North Hidalgo County Submarket.

LIHTC Senior Supply
We attempted to identify all existing, proposed, and under construction senior LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, and property managers. There were no identifiable senior LIHTC properties in the North Hidalgo County Submarket. Based on the lack of available data, we did not complete a LIHTC senior market analysis. There are no proposed or under construction senior LIHTC properties in the North Hidalgo County Submarket.

Market Rate Family Supply
We attempted to identify all existing, proposed, and under construction family-oriented market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials. There were no identifiable family oriented market rate properties in the North Hidalgo County Submarket. Based on the lack of available data, we did not complete a market rate family market analysis. There are no proposed or under construction family-targeted market rate properties in the North Hidalgo County Submarket.

Market Rate Senior Supply
We attempted to identify all existing, proposed, and under construction senior-oriented market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials. There were no identifiable senior market rate properties in the North Hidalgo County Submarket. Based on the lack of available data, we did not complete a market rate senior market analysis. There are no proposed or under construction market rate properties in the North Hidalgo County Submarket.

Subsidized Family Supply

We attempted to identify all existing, proposed, and under construction family-oriented subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials. There were no identifiable family subsidized properties in the North Hidalgo County Submarket. Based on the lack of available data, we did not complete a subsidized family market analysis. There are no proposed or under construction subsidized family properties in the North Hidalgo County Submarket.

Subsidized Family Senior

We attempted to identify all existing, proposed, and under construction senior-oriented subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials. There were no identifiable senior subsidized properties in the North Hidalgo County Submarket. Based on the lack of available data, we did not complete a subsidized senior market analysis. There are no proposed or under construction subsidized senior properties in the North Hidalgo County Submarket.

It should be noted that while we were unable to identify any multifamily rental housing in the submarket, demographic data shows that there are 97 renter households in the submarket. These households may be living in single-family homes, mobile homes, etc.

DEMAND ANALYSIS

AFFORDABLE HOUSING DEMAND ANALYSIS

As outlined in the study requirements, our estimate of demand for affordable rental housing in the North Hidalgo County Submarket is based on current households and is presented by household size, income level and targeted population. Existing income-qualified renter households are further refined to account for household growth over a five-year projection period, percentage of rent-overburdened households, percentage of households residing in substandard housing, percentage of households in overcrowded housing, and the Submarket's turnover rate. Additionally, we have adjusted our demand estimates to account for accommodation of affordable housing demand through any planned, proposed or unstabilized LIHTC units in the Submarket.

The number of income-qualified renter households is calculated for each of six income cohorts: less than 30 percent of AMI, 31 to 40 percent of AMI, 41 to 50 percent of AMI, 51 to 60 percent of AMI, 61 to 80 percent of AMI and 81 to 100 percent of AMI. With the use of demographics provided by HISTA, we are able to examine each of these six income groups by household size to include one-, two-, three- and four-person households and households with five or more persons. This insures that income-qualified households will not be double counted. Separate analyses are presented for all renter households and senior renter households, defined as age 55 and older.

There is very limited demographic and income data for colonias households available through the census and other government agencies. For this reason, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand accounted for through the analysis of Census data.

DEMAND FROM EXISTING HOUSEHOLDS

Number of Existing Households for the Current Year

The total number of households in the North Hidalgo County Submarket in 2007 is 714 and the total number of households in 2012 is projected to be 846. The total number of households age 55 and older in the Submarket for 2007 is 357, with a 2012 projection of 421 households. This is a beginning point for our analysis.

Number of Renters

Information provided to us by ESRI indicates that of the occupied housing units, renter households make up approximately 13.6 percent of the occupied housing unit households in the North Hidalgo County Submarket in 2007. For seniors age 55 and older, the percentage of renters is 7.6 percent.

Maximum Income Guidelines

Maximum income guidelines for tax credit properties are determined by HUD and are based on the area's Average Income. Typically, minimum income levels are calculated based on the assumption that lower income families should pay no more than 35 percent of their income to gross rent. Often times, lower income families pay a higher percentage of income as rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high income households. In order to avoid overstating potential demand this analysis assumes that none of the income bands will overlap. For example, the maximum income for a one-person household at 30 percent of AMI is considered the minimum income for a

one-person household in the income range between 31 percent and 40 percent of AMI. A minimum income of zero dollars is used in calculating demand from households earning 30 percent of AMI or less.

The minimum and maximum household eligible income ranges for the North Hidalgo County Submarket (McAllen-Edinburg-Mission, TX MSA) are detailed in the table on the following page.

INCOME LIMITS

Household Size	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	< 30% AMI		*31% - 40% AMI*		*41% - 50% AMI*		*51% - 60% AMI*		*61% - 80% AMI*		*81% - 100% AMI*	
1 Person	$0	$9,150	$9,150	$12,200	$12,200	$15,250	$15,250	$18,300	$18,300	$24,400	$24,400	$30,500
2 Person	$0	$10,500	$10,500	$13,960	$13,960	$17,450	$17,450	$20,940	$20,940	$27,920	$27,920	$34,900
3 Person	$0	$11,800	$11,800	$15,680	$15,680	$19,600	$19,600	$23,520	$23,520	$31,360	$31,360	$39,200
4 Person	$0	$13,100	$13,100	$17,440	$17,440	$21,800	$21,800	$26,160	$26,160	$34,880	$34,880	$43,600
5+ Person	$0	$14,150	$14,150	$18,840	$18,840	$23,550	$23,550	$28,260	$28,260	$37,680	$37,680	$47,100

Rent-Overburdened Households
Households are determined to be rent-overburdened if they are paying more than 35 percent of household income as rent. In the North Hidalgo County Submarket, Census 2000 data indicates that statistically there are no rent-overburdened households. Therefore, we have used zero percent for this calculation.

Substandard Housing
Substandard housing is generally defined as housing units identified in the Census that lack complete plumbing facilities. According to Census 2000 estimates, approximately 6.0 percent of units in the Submarket are determined to be substandard.

Overcrowded Housing
A housing unit is considered overcrowded if there are more than 1.00 persons per room. According to a report issued in 2002 by the Fannie Mae Foundation, Census 2000 data indicates that the southwestern United States, which includes Texas, has a higher than average incidence of households living in overcrowded housing units. The report further concludes that while Texas and California contain less than one-fifth of the nation's households, these two states account for two-fifths of overcrowded households. In the North Hidalgo County Submarket, it is estimated that 9.4 percent of households are living in overcrowded units.

Movership or Turnover Rate
There are numerous sources of information regarding turnover rate, or the percent of renter households who move in a year. The most reliable source is that of the market participants in the Submarket. As discussed in the *Housing Supply Analysis* section, we attempted to interview comparable properties regarding information the turnover rate experienced on an annual basis. There were no identifiable rental properties located in the North Hidalgo Submarket. Therefore, for the purpose of this analysis, we have used the Hidalgo County average family LIHTC turnover rate of 27.8 percent. With so few senior LIHTC properties able to provide turnover data in the MSA, we have used the average senior subsidized turnover rate of 6.5 percent.

Unstabilized Rental Units - Existing and Proposed
To our knowledge, there are no proposed or under construction properties of any type in the North Hidalgo County Submarket. With no identified proposed developments in the North Hidalgo County Submarket, no units were deducted from the either the family or senior demand analysis.

Annual Income-Qualified Renter Demand
Provided below are calculations of the total number of existing income-qualified renter households in the North Hidalgo County Submarket in 2007 and 2012. Two analyses have been presented. The first calculates total demand, both currently present and moving into the market, adjusted for income eligibility and renter status, as well as the percentage of rent-overburdened households and substandard and overcrowded housing units. An additional calculation, which accounts for all of the previous variables and incorporates the turnover rate, is also provided.

Note that in the subsequent tables, the total number of income-qualified renter households is not equal to the total number of renter households. This is due to the fact that we have only analyzed households earning between zero and 100 percent of the AMI. There are additional renter households in the Submarket with annual incomes greater than 100 percent of the AMI.

Again, this analysis avoids overstating demand by avoiding overlapping income bands. It should be noted that the percentage of rent overburdened households may also include some of the households that are living in substandard and/or overcrowded housing units. This would result in some potential overlap. This analysis assumes that rent overburdened households, households living in substandard housing and households in overcrowded units each represent a separate component of demand. As these are quantifiable sources of demand, the sum of these calculations results in a maximum number of income-qualified renter households.

The calculations of potential household demand by income cohort and household size for all households and senior households are shown in the following tables:

2007 All Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	18	0	0	2	2	2	1
2 person	10	0	2	2	2	1	0
3 person	22	3	6	6	1	1	0
4 person	17	5	7	4	0	0	0
5+person	31	13	7	2	0	0	1
Total	97	21	23	17	6	5	2
Number of Income-Qualified Renter Households		**21**	**23**	**17**	**6**	**5**	**2**
X Percentage of Rent-Overburdened (0%)		0	0	0	0	0	0
X Percentage of Substandard Housing (6%)		1	1	1	0	0	0
X Percentage of Overcrowded Housing (9.4%)		2	2	2	1	0	0
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**3**	**3**	**3**	**1**	**0**	**0**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**3**	**3**	**3**	**1**	**0**	**0**

2012 All Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	27	0	0	3	3	3	2
2 person	8	0	2	2	1	1	0
3 person	27	4	8	8	1	1	0
4 person	20	6	8	5	1	0	0
5+person	36	15	8	2	1	0	1
Total	117	25	26	20	7	5	3
Number of Income-Qualified Renter Households		**25**	**26**	**20**	**7**	**5**	**3**
X Percentage of Rent-Overburdened (0%)		0	0	0	0	0	0
X Percentage of Substandard Housing (6%)		2	2	1	0	0	0
X Percentage of Overcrowded Housing (9.4%)		2	2	2	1	0	0
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**4**	**4**	**3**	**1**	**0**	**0**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Number of Existing Income-Qualified Renter Households - Five Year Projection		**4**	**4**	**3**	**1**	**0**	**0**

2007 All Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	18	0	0	2	2	2	1
2 person	10	0	2	2	2	1	0
3 person	22	3	6	6	1	1	0
4 person	17	5	7	4	0	0	0
5+person	31	13	7	2	0	0	1
Total	97	21	23	17	6	5	2
Number of Income-Qualified Renter Households		**21**	**23**	**17**	**6**	**5**	**2**
X Percentage of Rent-Overburdened (0%)		0	0	0	0	0	0
X Percentage of Substandard Housing (6%)		1	1	1	0	0	0
X Percentage of Overcrowded Housing (9.4%)		2	2	2	1	0	0
X Percentage of Estimated Turnover (27.8%)		6	6	5	2	1	1
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**9**	**10**	**7**	**3**	**1**	**1**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**9**	**10**	**7**	**3**	**1**	**1**

2012 All Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	27	0	0	3	3	3	2
2 person	8	0	2	2	1	1	0
3 person	27	4	8	8	1	1	0
4 person	20	6	8	5	1	0	0
5+person	36	15	8	2	1	0	1
Total	117	25	26	20	7	5	3
Number of Income-Qualified Renter Households		**25**	**26**	**20**	**7**	**5**	**3**
X Percentage of Rent-Overburdened (0%)		0	0	0	0	0	0
X Percentage of Substandard Housing (6%)		2	2	1	0	0	0
X Percentage of Overcrowded Housing (9.4%)		2	2	2	1	0	0
X Percentage of Estimated Turnover (27.8%)		7	7	6	2	1	1
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**11**	**11**	**9**	**3**	**2**	**1**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Number of Existing Income-Qualified Renter Households - Five Year Projection		**11**	**11**	**9**	**3**	**2**	**1**

2007 Senior Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	9	0	0	2	2	2	1
2 person	4	0	0	0	0	1	0
3 person	5	0	0	0	0	1	0
4 person	1	0	0	0	0	0	0
5+person	3	0	0	0	0	0	1
Total	23	0	0	3	4	5	2
Number of Income-Qualified Renter Households		**0**	**0**	**3**	**4**	**5**	**2**
X Percentage of Rent-Overburdened (0%)		0	0	0	0	0	0
X Percentage of Substandard Housing (6%)		0	0	0	0	0	0
X Percentage of Overcrowded Housing (9.4%)		0	0	0	0	0	0
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**0**	**0**	**0**	**0**	**0**	**0**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**0**	**0**	**0**	**0**	**0**	**0**

2012 Senior Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	12	0	0	3	3	3	1
2 person	2	0	0	0	0	1	0
3 person	10	0	0	0	1	1	0
4 person	3	0	0	1	1	1	0
5+person	3	0	0	0	0	0	1
Total	30	0	0	4	5	6	2
Number of Income-Qualified Renter Households		**0**	**0**	**4**	**5**	**6**	**2**
X Percentage of Rent-Overburdened (0%)		0	0	0	0	0	0
X Percentage of Substandard Housing (6%)		0	0	0	0	0	0
X Percentage of Overcrowded Housing (9.4%)		0	0	0	0	1	0
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**0**	**0**	**0**	**0**	**1**	**0**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Number of Existing Income-Qualified Renter Households - Five Year Projection		**0**	**0**	**0**	**0**	**1**	**0**

2007 Senior Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	9	0	0	2	2	2	1
2 person	4	0	0	0	0	1	0
3 person	5	0	0	0	0	1	0
4 person	1	0	0	0	0	0	0
5+person	3	0	0	0	0	0	1
Total	23	0	0	3	4	5	2
Number of Income-Qualified Renter Households		**0**	**0**	**3**	**4**	**5**	**2**
X Percentage of Rent-Overburdened (0%)		0	0	0	0	0	0
X Percentage of Substandard Housing (6%)		0	0	0	0	0	0
X Percentage of Overcrowded Housing (9.4%)		0	0	0	0	0	0
X Percentage of Estimated Turnover (6.5%)		0	0	0	0	0	0
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**0**	**0**	**0**	**0**	**0**	**0**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**0**	**0**	**0**	**0**	**0**	**0**

2012 Senior Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	12	0	0	3	3	3	1
2 person	2	0	0	0	0	1	0
3 person	10	0	0	0	1	1	0
4 person	3	0	0	1	1	1	0
5+person	3	0	0	0	0	0	1
Total	30	0	0	4	5	6	2
Number of Income-Qualified Renter Households		**0**	**0**	**4**	**5**	**6**	**2**
X Percentage of Rent-Overburdened (0%)		0	0	0	0	0	0
X Percentage of Substandard Housing (6%)		0	0	0	0	0	0
X Percentage of Overcrowded Housing (9.4%)		0	0	0	0	1	0
X Percentage of Estimated Turnover (6.5%)		0	0	0	0	0	0
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**0**	**0**	**0**	**0**	**1**	**0**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Number of Existing Income-Qualified Renter Households - Five Year Projection		**0**	**0**	**0**	**0**	**1**	**0**

Demand Analysis Conclusions

All Households

The North Hidalgo County Submarket reports only 97 renter households, of which 73 earn below 100 percent of AMI. Over half of these renter households are earning below 40 percent of AMI. The analysis of income-qualified renter households in the Submarket indicates that, when turnover is factored in, there may be a need for 20 units of affordable housing targeting households earning less than 40 percent of AMI. With no identifiable rental developments in the Submarket, many of these households may be living in single-family rental houses, mobile homes, or in units that are older and possibly functionally obsolete. In addition, there may be some pent-up demand from owner households looking to improve their current housing situation.

Senior Households

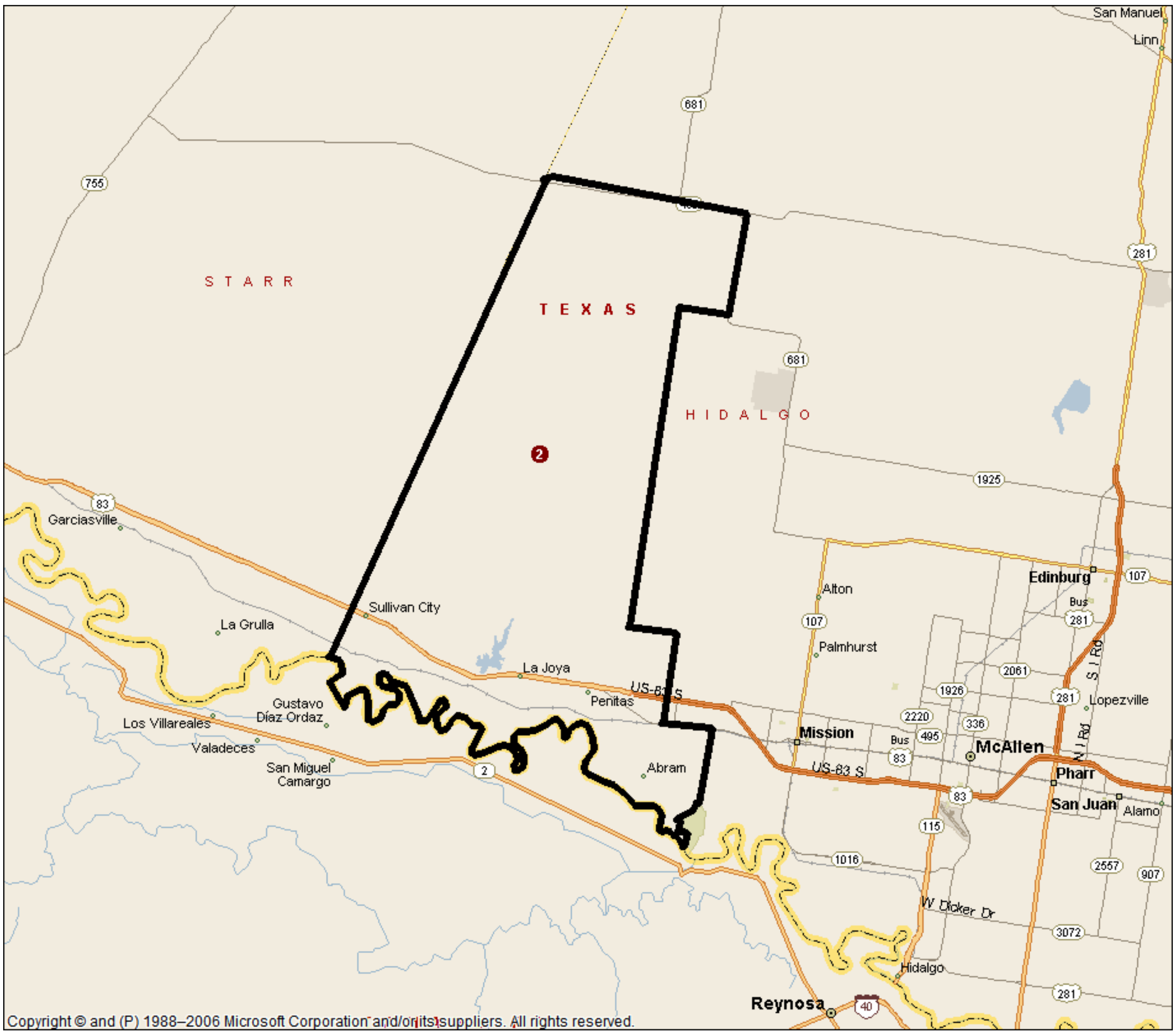
According to the analysis of income-qualified renter households presented here, there is no quantifiable demand for affordable units targeting seniors in the North Hidalgo County Submarket. However, as with the analysis of all households, there may be some pent-up demand from senior homeowners looking transition from homeownership to lower maintenance rental housing.

2. WEST HIDALGO COUNTY SUBMARKET ANALYSIS

WEST HIDALGO COUNTY SUBMARKET DEMOGRAPHIC CHARACTERISTICS AND TRENDS

The market area is defined as the West Hidalgo County Submarket, which is bounded to the north by State Highway 490; to the east by State Highway 681 Mile 14 Road/State Highway 2058, Iowa Avenue, Buddy Owens Avenue, North Abram Road, U.S. Highway 83 (Business) and Bentsen State Park Road 43; to the south by the Texas-Mexico border; and to the west by the western Hidalgo County line. The following map illustrates the boundaries of the Submarket as defined above.

West Hidalgo County Submarket Map



The West Hidalgo County Submarket includes the communities/cities of Sullivan City, La Joya, Penitas and Abram. This Submarket is characterized primarily by vacant rural and agricultural land and small communities proximate to limited locational amenities and essential services. The land area in this Submarket is approximately 25 percent developed. The predominant form of housing in this Submarket is owner-occupied single-family homes in poor to excellent condition and 30 to less than five years in age. There is limited multifamily development in fair to good condition and 20 to five years in age. Development is located along U.S. Highway 83, which is the area's primary thoroughfare, in the City of La Joya and dissipates slowly in each direction.

Local Government

As previously mentioned, the West Hidalgo County Submarket includes the communities/cities of Sullivan City, La Joya, Penitas and Abram.

La Joya, Texas is a city in Hidalgo County and was formally incorporated under Type C-General Law Government, with an elected Mayor and two Commissioners. According to the U.S. Census, La Joya is comprised of a land area of 2.78 square miles and had a 2000 population of 3,303 and an estimated 2006 population of 4,625.

Sullivan City, Texas is a city in Hidalgo County and was formally incorporated in 1997. Sullivan City operates under a Mayor-Commissioner form of government with two elected Commissioners. According to the U.S. Census, Sullivan City is comprised of a land area of 3.58 square miles and had a 2000 population of 3,998 and an estimated 2006 population of 4,407.

Penitas, Texas is a city in Hidalgo County and is a Type A General Law City Type of Government, with a Mayor & 5 Aldermen. Penitas was formally incorporated in 1992. According to the U.S. Census, Penitas is comprised of a land area of 2.78 square miles and had a 2000 population of 1,167 and an estimated 2006 population of 1,185.

Abram, Texas is a community in un-incorporated Hidalgo County. According to the U.S. Census, Abram is comprised of a land area of 2.78 square miles and had a 2000 population of 5,444.

Employment by Industry

The following table illustrates employment by industry for the West Hidalgo County Submarket and McAllen-Edinburg-Mission MSA in 2007.

2007 EMPLOYMENT BY INDUSTRY				
	West Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
Occupation	Number	Percent Employed	Number Employed	Percent Employed
Agric/Forestry/Fishing/Hunting	198	2.88%	5,955	2.54%
Mining	106	1.54%	2,143	0.91%
Construction	1,197	17.39%	25,549	10.90%
Manufacturing	256	3.72%	13,071	5.58%
Wholesale Trade	371	5.39%	9,652	4.12%
Retail Trade	666	9.67%	30,163	12.87%
Transportation/Warehousing	338	4.91%	9,335	3.98%
Utilities	61	0.89%	1,438	0.61%
Information	51	0.74%	2,704	1.15%
Finance/Insurance	93	1.35%	5,917	2.53%
Real Estate/Rental/Leasing	56	0.81%	3,399	1.45%
Prof/Scientific/Tech Services	113	1.64%	6,868	2.93%
Mgmt of Companies/Enterprises	0	0.00%	82	0.03%
Admin/Support/Waste Mgmt Srvcs	267	3.88%	8,174	3.49%
Educational Services	1,155	16.78%	36,869	15.73%
Health Care/Social Assistance	825	11.98%	29,322	12.51%
Arts/Entertainment/Recreation	48	0.70%	2,302	0.98%
Accommodation/Food Services	351	5.10%	16,906	7.21%
Other Services (excl Publ Adm)	524	7.61%	13,767	5.88%
Public Administration	208	3.02%	10,715	4.57%
Total Employment	**6,884**	**100.0%**	**234,331**	**100.0%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The top four employment sectors in the West Hidalgo County Submarket are the construction, educational services, health care/social assistance and retail trade sectors. Approximately 55.8 percent of people in West Hidalgo County work in these four industries. The West Hidalgo County Submarket has a larger number of persons employed in the construction and educational services sectors and a smaller number of people employed in the healthcare/social assistance and retail trade sectors, relative to the MSA. Although, educational services and health care/social services are typically stable sectors of the economy, industries such as retail trade and construction are particularly susceptible to fluctuations in the health of the economy. The large number of people employed in the retail trade and construction industries could negatively impact employment in the Submarket due to the current national economic downturn. However, the strong presence of the educational services and health care/social assistance industries should help promote economic stability.

It should be noted, that the health care/social assistance, construction, retail trade and educational services sectors all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create an abundance of demand for affordable rental housing.

Commute Patterns in the West Hidalgo County Submarket
The table below summarizes commute times for the West Hidalgo County Submarket.

TRAVEL TIME TO WORK

Travel Time	Workers age 16+
< 5 min	235
5-9 min	893
10-14 min	611
15-19 min	694
20-24 min	800
25-29 min	337
30-34 min	1,114
35-39 min	92
40-44 min	184
45-59 min	271
60-89 min	131
90+ min	173
Average Travel Time	25.8 minutes

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

The West Hidalgo County Submarket has the longest average commute time of the seven Submarkets, with the largest share of workers reporting a daily commute of 30 to 34 minutes. This Submarket is mostly characterized as a rural area. The nearest major employment centers are in Mission and McAllen.

POPULATION, HOUSEHOLD, AND INCOME TRENDS – SUBMARKET AND MSA

The following section provides an analysis of the demographic characteristics within the West Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA. Data such as population, households and growth patterns are studied, to determine if the McAllen-Edinburg-Mission MSA and the West Hidalgo County Submarket are areas of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population in the West Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA from 1990 through 2012.

Total Population				
Year	West Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	12,352	-	383,545	-
2000	22,054	7.85%	569,463	4.85%
2007	26,404	2.72%	732,166	3.94%
2012	30,413	3.04%	865,301	3.64%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The Submarket showed exceptional growth from 1990 through 2000; however, growth rates in both areas of analysis are expected to slow through 2012. Growth in the Submarket is projected to be slightly slower than growth in the MSA from 2007 through 2012. However, growth rates will be over three percent, which is considered strong growth. The strong growth in the Submarket and the MSA is a positive indicator of the need for all forms of housing and likely why so many individuals are employed in the construction sector in the Submarket.

Population by Age

The following graph illustrates population by age in the Submarket and MSA for 1990 through 2012. It should be noted that the current population by age distribution in the MSA is similar to national averages.

Population by Age Group				
West Hidalgo County Submarket				
Age Cohort	1990	2000	2007	2012
0-4	1,202	2,420	3,126	3,528
5-9	1,330	2,348	2,636	3,052
10-14	1,393	2,035	2,391	2,699
15-19	1,352	1,971	2,054	2,533
20-24	990	1,699	1,928	2,159
25-29	915	1,713	2,085	2,114
30-34	801	1,609	1,829	1,958
35-39	682	1,414	1,733	1,683
40-44	655	1,177	1,599	1,826
45-49	497	927	1,302	1,646
50-54	462	872	1,032	1,411
55-59	421	729	985	1,237
60-64	463	759	892	1,209
65-69	466	767	917	1,086
70-74	362	732	735	915
75-79	213	496	634	648
80-84	100	243	357	468
85+	48	143	169	241
Total	**12,352**	**22,054**	**26,404**	**30,413**
McAllen-Edinburg-Mission, TX MSA				
Age Cohort	1990	2000	2007	2012
0-4	35,765	58,138	79,315	92,930
5-9	38,973	58,293	70,248	82,804
10-14	40,708	53,301	66,339	77,547
15-19	40,049	51,490	59,763	73,357
20-24	29,843	44,309	55,501	64,141
25-29	28,292	44,013	58,500	61,645
30-34	27,653	40,612	54,559	61,137
35-39	26,244	38,068	49,781	56,246
40-44	22,397	34,630	43,581	53,384
45-49	16,430	30,233	41,509	48,372
50-54	13,335	25,613	36,239	44,436
55-59	12,403	18,854	29,739	40,978
60-64	13,015	16,635	21,369	31,769
65-69	13,357	16,092	18,047	21,924
70-74	9,905	15,122	16,061	17,557
75-79	7,693	12,139	14,324	14,992
80-84	4,521	6,701	9,982	11,805
85+	2,962	5,220	7,309	10,277
Total	**383,545**	**569,463**	**732,166**	**865,301**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Households

The following table is a summary of the total households in the Submarket and MSA from 1990 to 2012.

Total Number of Households				
Year	West Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	3,147	-	103,479	-
2000	5,947	8.90%	156,824	-
2007	7,304	3.15%	205,804	4.31%
2012	8,471	3.20%	244,775	3.79%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Similar to the rate of population growth, the household growth rates of the Submarket and MSA have both been strong through 2007; however, household growth in the Submarket slowed significantly from 2000 to 2007. Household growth in the MSA is expected to slow slightly from 2007 through 2012, while household growth in the Submarket is expected to increase slightly over the same period. As the number of households increases, there will be a larger pool of potential tenants, some of which will need affordable housing.

Average Household Size

The following table illustrates the average household size for the Submarket and MSA from 2000 to 2012.

Average Household Size				
Year	West Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	3.71	-	3.60	-
2007	3.61	-0.37%	3.53	-0.27%
2012	3.59	-0.11%	3.51	-0.11%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The average household size in the Submarket is slightly larger than the MSA, and both are significantly larger than the national average size of 2.59. The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the Submarket, and the MSA as a whole.

Median Household Income Levels

The table below illustrates Median Household Income in the Submarket and MSA.

Median Household Income				
Year	West Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	20,230	-	24,843	-
2007	24,536	2.94%	30,519	3.15%
2012	27,828	2.68%	35,078	2.99%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The median household income in the Submarket was approximately 19.6 percent lower than the median household income in the MSA in 2007. The median household income in the Submarket is projected to grow at a slower rate from 2007 through 2012 than the previous seven years, as in the MSA. The area median income's for the Submarket and MSA are approximately 46.2 and 57.4 percent of the national average. The lower median income level indicates increasing need for affordable housing.

Household Income

The following tables illustrate household income distribution in both the Submarket and MSA.

Household Income Distribution - West Hidalgo County Submarket				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	1,646	22.5%	1,597	18.9%
$10,000-$14,999	666	9.1%	802	9.5%
$15,000-$19,999	773	10.6%	708	8.4%
$20,000-$24,999	615	8.4%	692	8.2%
$25,000-$29,999	643	8.8%	718	8.5%
$30,000-$34,999	633	8.7%	581	6.9%
$35,000-$39,999	380	5.2%	704	8.3%
$40,000-$44,999	406	5.6%	369	4.4%
$45,000-$49,999	223	3.1%	403	4.8%
$50,000-$59,999	506	6.9%	544	6.4%
$60,000-$74,999	364	5.0%	620	7.3%
$75,000-$99,999	282	3.9%	426	5.0%
$100,000-$124,999	98	1.3%	175	2.1%
$125,000-$149,999	28	0.4%	63	0.7%
$150,000-$199,999	21	0.3%	35	0.4%
$200,000-$249,999	15	0.2%	19	0.2%
$250,000-$499,999	4	0.1%	13	0.2%
$500,000+	1	0.0%	2	0.0%
Total	**7,304**	**100%**	**8,471**	**100%**

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	35,778	17.4%	35,096	14.3%
$10,000-$14,999	16,023	7.8%	18,980	7.8%
$15,000-$19,999	18,277	8.9%	17,960	7.3%
$20,000-$24,999	16,249	7.9%	17,138	7.0%
$25,000-$29,999	14,856	7.2%	18,258	7.5%
$30,000-$34,999	14,483	7.0%	14,667	6.0%
$35,000-$39,999	11,537	5.6%	16,180	6.6%
$40,000-$44,999	11,210	5.4%	11,607	4.7%
$45,000-$49,999	7,584	3.7%	11,317	4.6%
$50,000-$59,999	15,755	7.7%	17,690	7.2%
$60,000-$74,999	15,188	7.4%	21,074	8.6%
$75,000-$99,999	12,488	6.1%	19,177	7.8%
$100,000-$124,999	7,409	3.6%	10,073	4.1%
$125,000-$149,999	3,767	1.8%	6,223	2.5%
$150,000-$199,999	2,290	1.1%	4,504	1.8%
$200,000-$249,999	1,246	0.6%	2,018	0.8%
$250,000-$499,999	1,370	0.7%	2,128	0.9%
$500,000+	294	0.1%	685	0.3%
Total	**205,804**	**100%**	**244,775**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As illustrated, approximately 42.2 percent of the population in the Submarket and 34.1 percent of the population in the MSA earned below $20,000 in 2007, with the largest percentage earning between zero dollars and $10,000. By 2012, the population earning below $20,000 in the Submarket and MSA is expected to decrease slightly to approximately 36.8 percent and 29.4 percent, respectively, but in both instances, a significant portion of the population are projected to earn less than $20,000. This data provides strong support for affordable rental housing of all kinds in the Submarket and MSA.

Senior Demographic Trends

Among those demographics discussed are trends in population, number of households, age, and income. In addition to analyzing overall demographic trends, we have also separately analyzed and discussed trends specific to the senior subpopulation, which includes those 55 years of age and older. The majority of age-restricted properties offer units to seniors ages 55, 62, or 65 and older. Despite the varying age restrictions at senior properties, property managers typically report that the average age of residents to be over 55 years of age. Therefore, for the purposes of this analysis, we have included demographic characteristics of the senior population ages 55 and over.

Senior Population

The table below illustrates senior population trends in the Submarket and MSA from 2000 through 2012.

Total Senior Population (55+)				
	West Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
Year	Number	Annual Change	Number	Annual Change
1990	2,073	-	63,856	-
2000	3,869	8.7%	90,763	4.2%
2007	4,689	2.9%	116,831	4.0%
2012	5,804	4.8%	149,302	5.6%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

The senior population in the Submarket showed exceptional growth from 1990 to 2000, with population growth rates in the MSA being approximately half that percentage within the same time period. Senior population growth in the Submarket increased at a slower rate than in the MSA from 2000 to 2007. Senior population growth in the MSA is expected to grow at a faster rate than the Submarket from 2007 through 2012.

The strong projected growth in the senior population in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years. Additionally, the increasing senior populations, (typically one- and two-person households) may be a contributing factor to the projected decline in the average household size within the Submarket from 2007 to 2012.

Senior Households

The table below illustrates senior household trends in the Submarket and MSA from 2000 through 2012.

Total Number of Senior Households (55 +)				
Year	West Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	2,200	-	52,073	-
2007	2,660	2.9%	67,113	4.0%
2012	3,271	4.6%	85,658	5.5%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Similar to senior population estimates and projections, senior household growth is expected to be positive through 2012. However in contrast to senior population estimates, the household growth rate is expected to increase significantly through 2012. The strong projected growth in the senior households in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years.

Senior Median Household Income

The following table illustrates the median household incomes in the Submarket, MSA, and nation from 2007 to 2012 for both all households and specifically for senior households.

MEDIAN HOUSEHOLD INCOME						
Year	McAllen-Edinburg-Mission, TX MSA		West Hidalgo County Submarket		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
			All Ages			
2007	$30,519	-	$24,536	-	$53,154	-
2012	$35,078	2.59%	$27,828	2.40%	$62,503	3.52%
			Age 55+			
2007	$27,687	-	$25,685	-	$32,710	-
2012	$32,712	3.07	$31,573	3.73%	$41,086	5.12%

Source: ESRI Business Demographics 2007; Novogradac and Company LLP, July, 2008

As the above table illustrates, the median senior household incomes in the MSA and USA are below those of all households. However, in the West Hidalgo County Submarket, the median senior household income is above that of all households in both 2007 and 2012. Of the three areas of analysis, the median senior household income is lowest in the Submarket and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally.

Senior Household Income

The tables below illustrate senior household income in the Submarket and MSA for 2007 and 2012.

Household Income Distribution - West Hidalgo County Submarket (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	839	31.5%	909	27.8%
$15,000-$24,999	442	16.6%	468	14.3%
$25,000-$34,999	401	15.1%	408	12.5%
$35,000-$49,999	416	15.6%	619	18.9%
$50,000-$74,999	401	15.1%	564	17.2%
$75,000-$99,999	100	3.8%	182	5.6%
100,000-$149,999	42	1.6%	90	2.8%
150,000-$199,999	9	0.3%	13	0.4%
200,000-$249,999	8	0.3%	12	0.4%
250,000-$499,999	2	0.1%	6	0.2%
$500,000+	0	0.0%	0	0.0%
Total	**2,660**	**100%**	**3,271**	**100%**

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	18,952	28.2%	20,972	24.5%
$15,000-$24,999	10,918	16.3%	11,816	13.8%
$25,000-$34,999	8,645	12.9%	10,306	12.0%
$35,000-$49,999	9,485	14.1%	12,964	15.1%
$50,000-$74,999	9,921	14.8%	13,604	15.9%
$75,000-$99,999	3,485	5.2%	6,161	7.2%
100,000-$149,999	3,783	5.6%	6,157	7.2%
150,000-$199,999	728	1.1%	1,622	1.9%
200,000-$249,999	543	0.8%	933	1.1%
250,000-$499,999	556	0.8%	884	1.0%
$500,000+	97	0.1%	239	0.3%
Total	**67,113**	**100%**	**85,658**	**100%**

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Both the Submarket and MSA have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,600. Among these locations, the Submarket has the largest percentage of seniors earning less than $35,000 annually. Approximately 63.2 percent of those 55 and older in the Submarket are earning under $35,000 per year in 2007. This is attributable primarily to the Submarket’s high percentage of senior households earning below $15,000 annually and the relatively undeveloped nature of the Submarket. The Submarket features slightly more senior households in these income brackets when compared to the MSA. By 2012, all areas of analysis will have seen decreases in the number of seniors earning less than $35,000 annually. However, within the Submarket and MSA, it is estimated that 54.6 and 50.3 percent of seniors will still be earning less than $35,000 annually for these two areas, respectively. It should be noted that these estimates are most likely a function of inflation rather than a demographic trend. Furthermore, the majority of senior households within the PMA will be earning less than $35,000, which is below the current AMI. This indicates that affordable housing for the senior population will remain in demand.

Tenure

The following table is a summary of the senior tenure patterns of the housing stock in the Submarket and MSA for 2000 through 2012.

Tenure Patterns - Elderly Population (Age 55+)								
	West Hidalgo County Submarket				McAllen-Edinburg-Mission, TX MSA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	2,006	91.2%	194	8.8%	43,784	84.1%	8,289	15.9%
2007	2,425	91.2%	235	8.8%	56,430	84.1%	10,683	15.9%
2012	2,983	91.2%	288	8.8%	72,023	84.1%	13,635	15.9%
Source: ESRI Demographics 2007; Novogradac & Company LLP, August 2008								

As the above table illustrates, the senior housing market is dominated by owner-occupied units. The Submarket and MSA have a significantly smaller percentage of senior renter-occupied units when compared to the national average (28 percent, not shown above). The small percentage of renter-occupied senior households is not unusual in relatively undeveloped submarkets, where owner-occupied housing is predominant among a relatively small population

Senior Demographic Conclusion

Of the three areas of analysis, the median senior household income is lowest in the Submarket and highest nationally. Although the median senior household income for the Submarket is projected to increase from 2007 to 2012, growth in the national and MSA's median senior household income is projected to outpace growth in the Submarket. Both the MSA and Submarket feature significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $36,100. Approximately 63 percent of those 55 and older in the Submarket were earning under $35,000 per year in 2007. This is attributable primarily to the Submarket's high percentage of senior households earning below $15,000 annually and the relatively undeveloped nature of the Submarket. The Submarket features significantly more senior households in these income brackets when compared to the MSA and national averages.

LOCAL MARKET INFORMATION

West Hidalgo County Submarket

The following sections will provide an analysis of the local market characteristics within the Submarket.

Healthcare

There are no hospitals or urgent care clinics located in the City of La Joya or in the West Hidalgo County Submarket. The primary major medical providers within proximity to the West Hidalgo County Submarket are the Mission Regional Medical Center in Misison, A&M Medical Center in McAllen, and McAllen Medical Center. The closest hospital to the West Hidalgo County Submarket is the Mission Regional Medical Center, located approximately 11.7 miles east of La Joya, Texas. The Mission Regional Medical Center is a non-profit 289-bed medical center which provides general hospital care to the Rio Grande Valley Region.

Transportation

The West Hidalgo County Submarket is served by the McAllen Miller International Airport, which is located approximately 16.5 miles east of the City of La Joya, in McAllen, Texas. The McAllen Miller International Airport (MFE) is the primary business airport of the Rio Grande Valley and provides non-stop flights to Dallas-Fort Worth, Houston, and Las Vegas via American Airlines, Continental Airlines, and Allegiant Air.

Highway access to the West Hidalgo County Submarket can be accomplished via U.S. Highway 83. U.S. Highway 83 runs east/west from Harlingen, Texas to Manitoba, Canada.

Education

The West Hidalgo County Submarket is served by the La Joya Independent School District. The La Joya Independent School District has nineteen elementary schools, six middle schools, four high schools, and one alternative center for education. The nearest universities are located in Edinburg and McAllen, approximately 15 to 20 miles east of La Joya along U.S. Highway 83 . The University of Texas Pan American in Edinburg, Texas, with 17,337 students, including 2,261 graduate students, is the 10th largest university in the state and the fifth largest in the UT system and offers 54 bachelor’s degree programs, 50 master’s, and two doctoral programs. McAllen offers five major colleges/universities including the San Antonio College of Medical and Dental Assistants, South Texas Community College, South Texas Vocational Technical Institute, and the University of Cosmetology Arts and Sciences.

Public Transportation

The West Hidalgo County Submarket does not offer public transportation.

Employment Centers

There are a limited number of employment centers in the West Hidalgo County Submarket. The majority of employment centers are located in Edinburg and McAllen, approximately 15 to 20 miles east of the Submarket. The largest employer's in the McAllen-Edinburg-Mission MSA include the following:

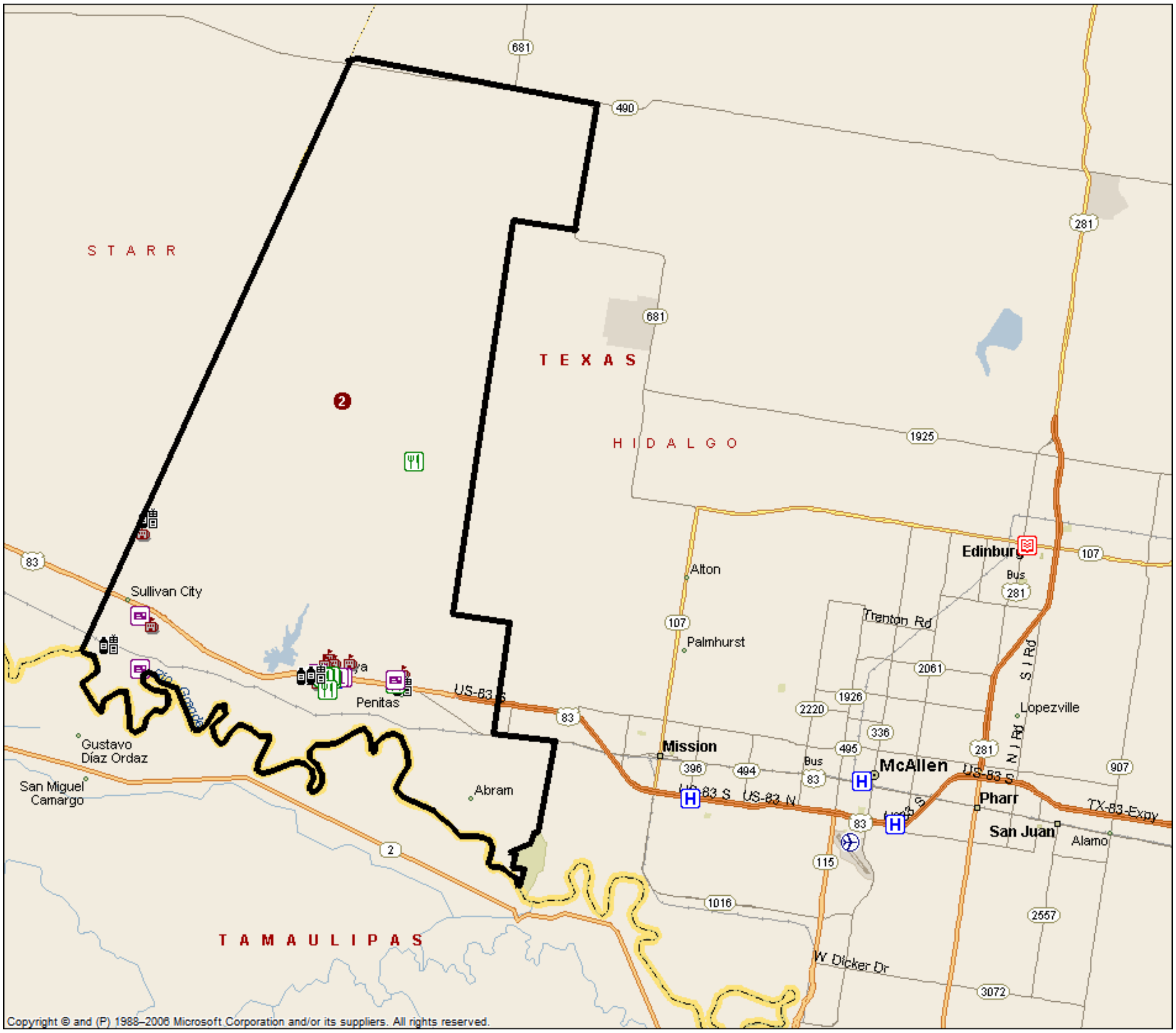
Rank	Company	Industry	Employees
1	Edinburg Consolidated I.S.D.	Education	3,600
2	McAllen I.S.D.	Education	3,595
3	Edinburg Regional Medical Center	Healthcare	3,000
4	University of Texas Pan American	Education	2,850
5	McAllen Medical Center	Healthcare	2,800
6	Hidalgo County	Government	2,211
7	Mission Consolidated I.S.D.	Education	2,140
8	City of McAllen	Government	1,801
9	Columbia Rio Grande Regional Hospital	Healthcare	975
10	South Texas Community College	Education	811

Employment in the McAllen-Edinburg-Mission MSA is dominated by relatively stable industries and all ten of the major employers are in the education, healthcare, and government sectors. However, according to 2007 employment by industry demographics, retail trade and construction comprise approximately 27.1 percent of overall employment and are two of the top four industry sectors in the Submarket, along with healthcare and education. Retail trade and construction are typically more volatile sectors of the economy as compared to historically stable industries such as education and healthcare. Therefore, due to the high concentration of retail trade and construction industries in the Submarket, it is possible that the Submarket will experience slowing growth due to the predominance of these two industries.

Identifiable employers within the Submarket include the La Joya ISD, City of La Joya, First National Bank, Dollar General, Thera-Care Rehabilitation Services, Tip Top Video, Fred Loya Insurance, Atlas Credit Loans, Citgo, Felix Meat Market, Starlite Burger, La Joya Police Department, United States Post Office, Auto Zone, Aziz Quick Stop, McDonalds, Whataburger, Advanced Auto Parts, O'Reilly Auto Parts, La Vista Hotel, Burger King.

Proximity to Local Services

There are a moderate number of locational amenities in the West Hidalgo County Submarket. The majority of locational amenities are located in and surrounding the City of La Joya, Texas.



Source: Novogradac and Company LLP, July 2008.

Ranch	School	Bank
United States Post Office	Hospital	Grocery/Supermarket
Fire Station	Airport	Gas Station
Restaurant	Police Station	
Hotel/Motel	College/University	

HOUSING SUPPLY ANALYSIS

WEST HIDALGO COUNTY SUBMARKET HOUSING SUPPLY ANALYSIS

Age of the Housing Stock

The following table presents the age of the housing stock in the West Hidalgo County Submarket.

AGE OF HOUSING STOCK IN THE WEST HIDALGO COUNTY SUBMARKET

Years	Number of Units	Percent of Housing Stock
1999-3/2000	683	8.12%
1995-1998	1,572	18.69%
1990-1994	1,938	23.04%
1980-1989	2,666	31.70%
1970-1979	866	10.30%
1960-1969	284	3.38%
1950-1959	217	2.58%
1940-1949	113	1.34%
1939 and Before	71	0.84%
Total	**8,410**	**100.00%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The majority of the housing stock (73.43 percent) in the West Hidalgo County Submarket was constructed from 1980 through 1998. The West Hidalgo County Submarket consists primarily of rural undeveloped land with limited single-family housing and limited multifamily housing. Based upon observations in the field, the predominant form of housing in this Submarket is owner-occupied single-family homes in poor to excellent condition and 30 to less than five years in age. There is limited multifamily development in fair to good condition and 20 to five years in age. The West Hidalgo County Submarket contains small pockets of newly constructed single-family housing, such as Las Tranquitas, an under-construction single-family home subdivision along U.S. Highway 83 on the westernmost border of La Joya's city limits. Las Tranquitas consists of 24 one-acre plus home-sites. The majority of these home-sites are for sale and undeveloped. The existing homes in this community are large upscale single-family homes. Commercial and residential development in this Submarket is currently expanding westward from La Joya along U.S. Highway 83 towards Sullivan City and the westernmost border of Hidalgo County.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2008 for Hidalgo County, Texas. Building Permit Activity was not available by Submarket.

BUILDING PERMITS: Hidalgo County, TX - 1997 to May 2008

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
1997	1,373	140	41	1,554
1998	2,539	305	138	2,982
1999	4,397	152	109	4,658
2000	3,665	83	106	3,854
2001	3,500	130	764	4,394
2002	6,069	487	335	6,891
2003	6,691	419	950	8,060
2004	5,180	760	590	6,530
2005	7,125	662	953	8,740
2006	6,501	517	532	7,550
2007	5,125	364	707	6,196
2008*	1,340	124	105	1,569
Total	**53,505**	**4,143**	**5,330**	**62,978**
Average**	**4,742**	**365**	**475**	**5,583**

*Only includes through May 2008 ** Does not include 2008 permits

There were 5,330 “5+ units” building permits issued in Hidalgo County from 1997 to May 2008. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2008, at 85 percent, while “5+ units” building permits constitute approximately 8.5 percent of all permits issued from 1997 through May 2008. The small percentage of multifamily permits issued indicates demand for multifamily housing of all kinds.

Interviews

The Housing Authority of the County of Hidalgo

The Housing Authority of the County of Hidalgo was established in 1948 in order to serve the local farmworking families and migrant farmworkers in the region. The Housing Authority of the County of Hidalgo currently administers Farm Labor Housing units and Public Housing units in Hidalgo County, as well as, Section 8 Vouchers. According to Adela Montes, Deputy Director for the Housing Authority of the County of Hidalgo, there are currently 535 Farm Labor Housing units in two developments and 55 Public Housing units in two developments in Hidalgo County, excluding the City of McAllen. None of these developments is located in the North Hidalgo County Submarket. There are approximately 8,592 Housing Choice Vouchers budgeted for Hidalgo County and all are currently in use. Waiting Lists for Public Housing and Farm Labor Housing are currently open while the waiting list for Housing Choice Vouchers is closed. There are approximately 896 households on the waiting list for Housing Choice Vouchers. Of the 896 households, 162 are elderly households. There is no separate waiting list for special needs households in the Housing Choice Voucher Program. Currently, there are 104 elderly households participating in the Housing Choice Voucher Program in Hidalgo County. The number of households on the waiting list for Public Housing and Farm Labor Housing can be found below:

FARM LABOR HOUSING WAITING LIST – HIDALGO COUNTY					
Name	**1BR**	**2BR**	**3BR**	**4BR**	**Total**
Northside Apartments	14HH	11HH	2HH	0HH	27HH
Memorial Apartments	N/A	N/A	N/A	N/A	46HH

PUBLIC HOUSING WAITING LIST – HIDALGO COUNTY					
Name	**1BR**	**2BR**	**3BR**	**4BR**	**Total**
Villa Sandoval-Longoria	N/A	54HH	23HH	23HH	100HH
Villa San Juanita Rutledge	N/A	N/A	15HH	24HH	39HH

The current payment standards for one-, two-, three-, and four-bedroom units are listed below. According to Adela Montes, the payment standards are 100 percent of the Fair Market Rents.

PAYMENT STANDARDS	
Units	**Payment Standards**
Studio	$470
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

La Joya Housing Authority

According to J. J. Garza, Director of the La Joya Housing Authority there is funding for 128 Housing Choice Vouchers in the City of La Joya and all are currently in use. The waiting list for Housing Choice Vouchers is comprised of 300 households and the waiting list is currently open. The waiting list includes elderly, disabled, and family households. Information regarding the number of households by target population on the waiting list was unavailable. There are currently 50 Public Housing units in two developments in La Joya, Tabasco I and Tabasco II. Mr. Garza noted that there is a particular need for large bedroom types and that there is a significant overall need for affordable housing in La Joya. According to Mr. Garza, there are plans to demolish Tabasco I and build a new 50-unit multifamily development, funded with tax credits. As part of this project, Tabasco II will also undergo major renovations and 20 more units will also be added, at some point in the future. The La Joya Housing Authority is in the process of acquiring funding from HUD for 50 additional Housing Choice Vouchers in order to relocate the current tenants of Tabasco I and II, once construction/rehabilitation begins. This project is currently in the planning stages and construction/rehabilitation is projected to begin in the latter portion of 2009. Though Mr. Garza was unable to confirm, the plans for Tabasco I and Tabasco II are consistent with plans for a proposed LIHTC rehabilitation project, which was allocated funding in July 2007, according to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs. The current payment standards for the City of La Joya are the same as the payment standards for Hidalgo County.

La Joya City Hall – Economic Development

We contacted the City Hall of La Joya in order to acquire information on economic development in the region. According to Mike Analiz with the city hall of La Joya, the cities of La Joya, Palmview, Sullivan City, and Penitas are in the process of becoming a consortium in order to designate the area encompassed by these four cities as a distinct Metropolitan Statistical Area. Mr. Alaniz noted that physical expansion of the City of La Joya is currently inhibited by the availability of land. The city recently acquired 800 acres to the north of La Joya. Approximately 2,000 additional acres surrounding La Joya is owned by a private entrepreneur named Milton West. City officials are currently working with Mr. West as part of an annexation process. With regards to commercial expansion, Mr. Alaniz noted that there is currently a Wal-mart store under construction along U.S. Highway 83, adjacent to Penitas. The Wal-mart store is expected to open by January 1, 2009, at the latest. Mr. Alaniz also noted that the La Joya ISD is the largest employer in the region and serves approximately 30,000 students from the surrounding cities.

LIHTC Family Supply

We attempted to identify all existing, proposed, and under construction family LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, and property managers. There were no identifiable family LIHTC properties in the West Hidalgo County Submarket. Based on the lack of available data, we did not complete a LIHTC family market analysis.

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there is one proposed family targeted reconstruction/rehabilitation project that has been allocated in the in the West Hidalgo County Submarket since 2005, Champion Home at La Joya. Champion Home at La Joya was allocated in July of 2007 and will consist of the rehabilitation of an existing development located at 945 South Leo Street in La Joya, Texas. This development will have 50 three- and four-bedroom units set at 30 and 60 percent of the AMI, with 16 of the units set at 30 percent of the AMI and 34 of the units set at 60 percent of AMI. The units set at 30 percent of AMI will also be designated public housing units. Additionally, 100 percent of the units at 60 percent of AMI will be Subject to a project based Section 8 subsidy. Based upon observations in the field, construction of this project has not yet commenced. It should be noted that there are currently 50 Public Housing units in two developments in La Joya, Tabasco I and Tabasco II. According to Mr. Garza with La Joya Housing Authority, there are plans to demolish Tabasco I and build a new 50-unit multifamily development, funded with tax credits. As part of this project, Tabasco II will also undergo major renovations and 20 more units will also be added, at some point in the future. The La Joya Housing Authority is in the process of acquiring funding from HUD for 50 additional Housing Choice Vouchers in order to relocate the current tenants of Tabasco I and II, once construction/rehabilitation begins. This project is currently in the planning stages and construction/rehabilitation is projected to begin in the latter portion of 2009. Though Mr. Garza was unable to confirm, the plans for Tabasco I and Tabasco II are consistent with plans for a proposed LIHTC rehabilitation project, which was allocated funding in July 2007, according to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs.

LIHTC Senior Supply

We attempted to identify all existing, proposed, and under construction senior LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, providers, and property managers. There is one existing senior LIHTC development located in the West Hidalgo Submarket, La Mansion de La Joya. La Mansion De La Joya is a senior targeted affordable development located in La Joya, Texas. This development consists of 24 single-story one- and two bedroom units, rehabilitated with tax credit funding in 1991. As this development also operates under a USDA Rural Rental Assistance subsidy, 100 percent of the tenants are paying no more than 30 percent of their gross income towards rent. This being the case, we feel an in depth analysis of this property is more appropriately addressed in the Subsidized Supply section that follows. There are no other existing LIHTC developments in this Submarket. Based on the lack of available data, we did not complete a LIHTC senior market analysis.

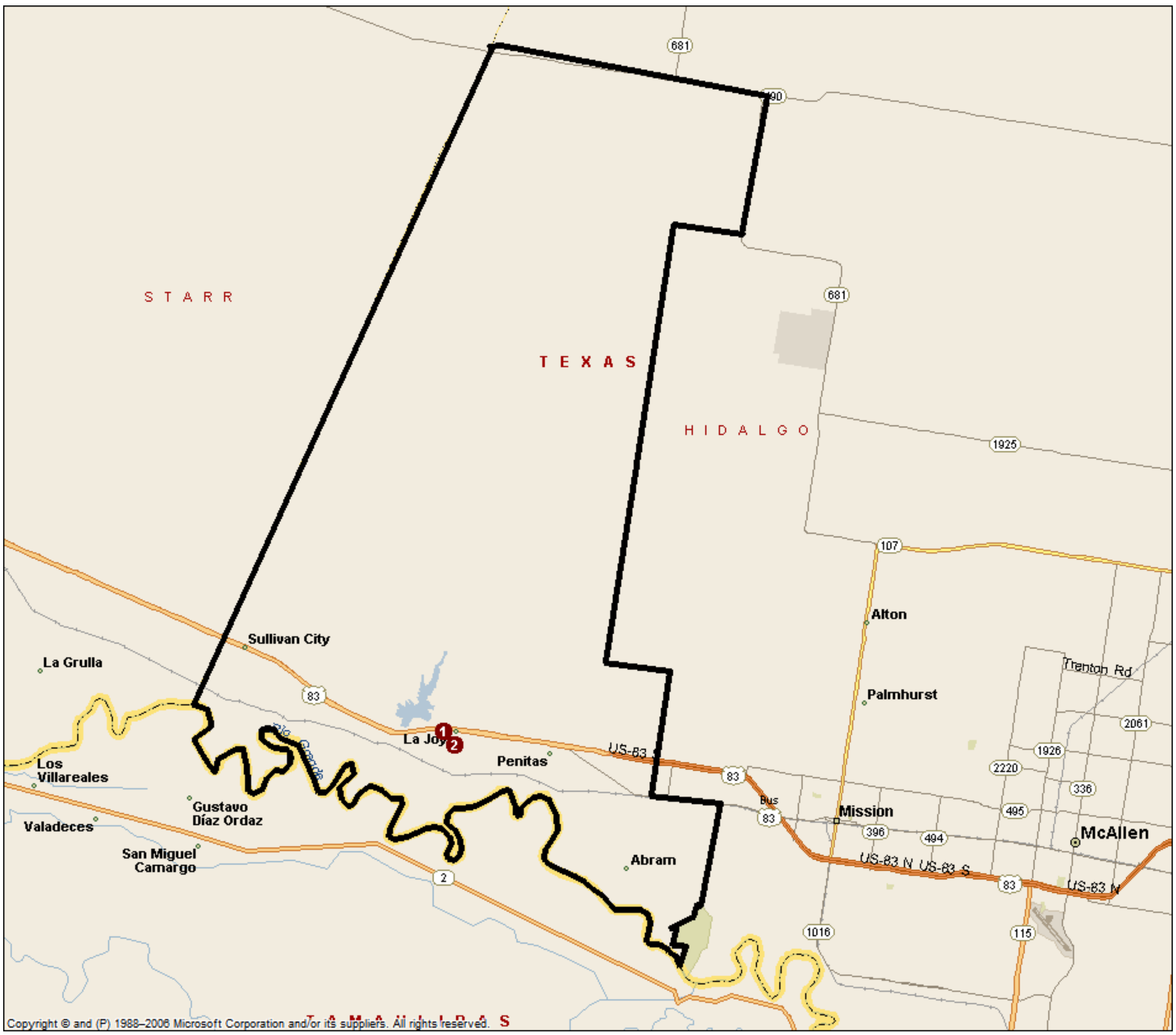
Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there are no proposed or under construction senior LIHTC properties in the West Hidalgo County Submarket.

Market Rate Family Supply
We attempted to identify all existing, proposed, and under construction family oriented market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials.

Novogradac was able to identify and survey two market rate family targeted multifamily developments in the West Hidalgo County Submarket, Lakeview Apartments and Duberne Apartments. Due to the limited amount of available market rate family data, we completed a limited market rate family market analysis.

The following map illustrates the location of the surveyed market rate family properties in the Submarket.



SURVEYED PROPERTIES			
Number	Name	Location	Type
1	Duberne Apartments	La Joya	Market – Family
2	Lakeview Apartments	La Joya	Market – Family

Market Rate Multifamily Market

The following pictures identify the market rate family properties in the Submarket.

Duberne Apartments

Lakeview Apartments

Excluded Properties

All identifiable market rate multifamily developments were surveyed. No properties were excluded from this analysis.

Proposed Construction

We contacted Mike Analiz with the City Hall of La Joya in order to determine if there is any proposed/under construction market rate multifamily development in the area. According to Mr. Mike Analiz, there are no market rate developments currently in the planning stages in the West Hidalgo County Submarket.

Unit Mix

The following table illustrates the unit mix in the family market rate rental property market.

Unit Mix - Market Family		
Unit Type	Total Units	Percent
1 BR	2	8%
2 BR	23	92%
3 BR	N/A	N/A
4 BR	N/A	N/A
Total	**25**	**100%**

We were unable to identify any properties with three- and four bedroom market rate units. Small unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.61 and is projected to decrease slightly by 2012 to 3.59. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, there are a large number of schools in the Submarket, suggesting that there is a high concentration of families in the area. Demographic estimates show that approximately 39 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Though there is a lack of sufficient market rate multifamily developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

Unit Size

There is an insufficient amount of market rate multifamily development in the Submarket, on which to base an effective analysis of unit size. However, the following table illustrates the existing unit sizes in the family market rate rental property market.

Unit Size - Market Family			
Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
1 BR	500	500	500
2 BR	800	950	875

Common and In-Unit Amenities

	Dubern Apartments	Lakeview Apartments
Comp #	1	2
Property Information		
Property Type	Garden	Townhouse
Year Built / Renovated	2003	1995
Market (Conv.)/ Subsidy Type	Market	Market
In-Unit Amenities		
Blinds	yes	yes
Carpeting	no	yes
Central A/C	yes	yes
Oven	yes	yes
Refrigerator	yes	yes
Washer/Dryer hookup	no	yes
Property Amenities		
Central Laundry	yes	no
Off-Street Parking	yes	yes
Services	no	no
Security	no	no
Premium Amenities	no	no
Other Amenities	no	no

The existing market rate multifamily properties in the West Hidalgo County Submarket offer limited in-unit and community amenities. The surveyed market rate properties offer no services, no security features, off-street-parking only, and no premium amenities. A basic appliance package is provided with only one comparable offering washer/dryer connections.

By-Unit Weighted Vacancy

There is an insufficient amount of market rate multifamily development in the Submarket, on which to base an effective analysis of weighted vacancy. However, the following table illustrates vacancy by unit type, for the surveyed properties.

Weighted Vacancy – Market Rate Family

Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	2	0	0.00%
2 BR	23	3	13.40%
3 BR	N/A	N/A	N/A
4 BR	N/A	N/A	N/A
Total	**25**	**3**	12.00%

Absorption
None of the surveyed market rate properties was able to provide absorption information.

Waiting List
None of the market rate family properties in the market maintain a waiting list.

Vacancy Levels
There is an insufficient amount of market rate multifamily development in the Submarket, on which to base an effective analysis of market vacancy. The following table summarizes overall vacancy levels at the surveyed properties.

Vacancy		
Property Name	**Number of Units**	**Vacancy Rate**
Duberne Apartments	11	0.00%
Lakeview Apartments	14	21.40%
TOTAL SURVEYED	**25**	**12.20%**

Concessions
None of the market rate family properties in the market are offering concessions.

Turnover
There is an insufficient amount of market rate multifamily development in the Submarket, on which to base an effective analysis of market turnover. The two properties in our survey reported turnover rates of 42 and 50 percent annually.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Dubern Apartments	Garden	Market	1BR / 1BA	2	18.20%	Market	$300	500	n/a	No	0	0.00%
	232 2nd Street	2003		2BR / 1BA	9	81.80%	Market	$400	800	n/a	No	0	0.00%
	La Joya, TX 78560												
	Hidalgo County												
					11	100%						0	0.00%
2	Lakeview Apartments	Townhouse	Market	2BR / 1.5BA	14	100.00%	Market	$425	950	n/a	No	3	21.40%
	100 West 4th Street	1995											
	La Joya, TX 78560												
	Hidalgo County				14	100%						3	21.40%

2008 LIHTC Maximum Allowable Gross Rent Limits

Bedrooms	30%	40%	50%	60%	80%	100%	FMR
Efficiency	**$228**	**$305**	**$381**	**$457**	**$610**	**$762**	**$470**
1 Bedroom	**$245**	**$327**	**$408**	**$490**	**$698**	**$872**	**$516**
2 Bedroom	**$294**	**$392**	**$490**	**$588**	**$784**	**$980**	**$609**
3 Bedroom	**$340**	**$453**	**$566**	**$680**	**$872**	**$1,090**	**$730**
4 Bedroom	**$379**	**$506**	**$632**	**$759**	**$942**	**$1,177**	**$839**
5 Bedroom	**$418**	**$558**	**$698**	**$837**	**$1,012**	**$1,265**	**-**

The one-bedroom market rate rents for the surveyed properties are below the maximum allowable rent limits at 40, 50, 60, 80 and 100 percent of AMI, as well, as the fair market rents. The two-bedroom market rate rents for the surveyed properties are below the maximum allowable gross rents limits at the 50, 60, 80, and 100 percent of AMI levels. Additionally, the one and two-bedroom rents for the surveyed properties are below the current payment standards for Hidalgo County.

Rent and Square Footage Ranking

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

Date:	Aug-08	Units Surveyed:	25	Weighted Occupancy:	88.00%
		Market Rate	25	Market Rate	88.00%
		Tax Credit	0	Tax Credit	N/A

	Studio One Bath		One Bedroom One Bath		Two Bedrooms Two Bath		Three Bedrooms Two Bath		Four Bedrooms Two Bath	
	Property	Average	Property	Average	Property	Average	Property	Average	Property	Average
RENT			Dubern Apartments	$300	Lakeview Apartments (1.5BA)	$425				
					Dubern Apartments (1BA)	$400				
SQUARE FOOTAGE			Dubern Apartments	500	Lakeview Apartments (1.5BA)	950				
					Dubern Apartments (1BA)	800				
RENT PER SQUARE FOOT			Dubern Apartments	$0.60	Dubern Apartments (1BA)	$0.50				
					Lakeview Apartments (1.5BA)	$0.45				

Market Rate Family Supply Conclusion

Small unit types are currently prevalent in the Submarket. However, the Submarket's household size is significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, there are a large number of schools in the Submarket, suggesting that there is a high concentration of families in the area. Demographic estimates show that approximately 39 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Though there is a lack of sufficient market rate multifamily developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

The existing market rate multifamily properties in the West Hidalgo County Submarket offer limited in-unit and community amenities. The surveyed market rate properties offer no services, no security features, off-street-parking only, and no premium amenities. A basic appliance package is provided with only one comparable offering washer/dryer connections only.

None of surveyed properties is offering concessions and none of the properties currently maintains a waiting list. None of the surveyed properties was able to provide absorption information. The two properties in our survey reported turnover rates of 42 and 50 percent annually. Overall average vacancy is 12.2 percent; however, this percentage only reflects three vacant units.

Due to the lack of available data, we were able to perform only a limited market rate family market analysis, based primarily on demographic projections and anecdotal evidence of demand. The Submarket's 2007 population of 26,404 is expected to increase by approximately three percent to 30,413, by 2012. Similarly, the number of households in the Submarket is expected to increase at the same rate of growth as the population, from 2007 through 2012, resulting in a total of 8,471 households by 2012. As population and households increase and as commercial and residential expansion spread westward, the demand for multifamily rental housing of all kinds will likely increase. However, it should be noted that based on the current rental rates of existing market rate properties and the percentage of households in 2007 (42.2 percent) and 2012 (36.8 percent) earning less than $20,000 a year, the demand for affordable housing of all kinds will supersede the demand for market rate housing.

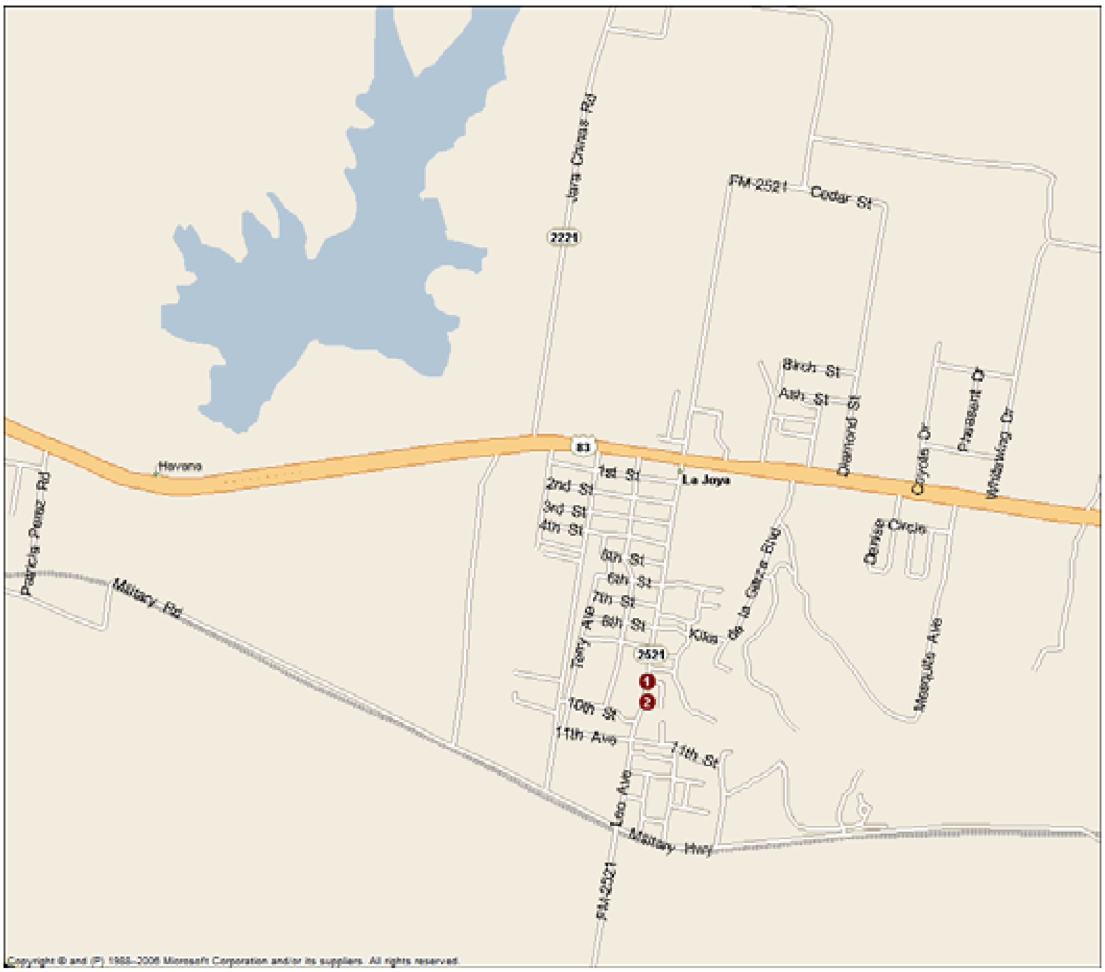
Market Rate Senior Supply

We attempted to identify all existing, proposed, and under construction senior-oriented market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials. There were no identifiable senior market rate properties in the West Hidalgo County Submarket. Based on the lack of available data, we did not complete a market rate senior market analysis. There are no proposed or under construction market rate properties in the West Hidalgo County Submarket.

Subsidized Family Supply

We attempted to identify all existing, proposed, and under construction family-oriented subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials. According to J. J. Garza, Director of the La Joya Housing Authority, there are currently 50 Public Housing units in two family targeted developments in La Joya, Tabasco I and Tabasco II. Both Tabasco I and Tabasco II are included in the analysis that follows. Based on the limited data regarding family-oriented subsidized properties, we performed only a limited subsidized family market analysis.

The following map illustrates the location of the surveyed subsidized properties in the Submarket.



SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Tabasco I	La Joya	Public Housing – Family
2	Tabasco II	La Joya	Public Housing - Family

Subsidized Multifamily Market

The following pictures identify the subsidized family properties in the Submarket.

Tabasco I

Tabasco II

Excluded Properties

All of the identifiable family-targeted subsidized properties were surveyed and included in the analysis that follows. No properties were excluded from this analysis.

Proposed/Under Construction

According to Mr. Garza, there are plans to demolish Tabasco I and build a new 50-unit multifamily development, funded with tax credits. As part of this project, Tabasco II will also undergo major renovations and 20 more units will also be added, at some point in the future. The La Joya Housing Authority is in the process of acquiring funding from HUD for 50 additional Housing Choice Vouchers in order to relocate the current tenants of Tabasco I and II, once construction/rehabilitation begins. This project is currently in the planning stages and construction/rehabilitation is projected to begin in the latter portion of 2009. Though Mr. Garza was unable to confirm, the plans for Tabasco I and Tabasco II are consistent with plans for a proposed family LIHTC rehabilitation project, Champion Home at La Joya, which was allocated funding in July 2007, according to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs.

Unit Mix

The following table illustrates the unit mix in the family subsidized rental property market.

Unit Mix - Subsidized Family

Unit Type	Total Units	Percent
1 BR	N/A	N/A
2 BR	N/A	N/A
3 BR	41	82%
4 BR	9	18%
Total	**50**	**100%**

We were unable to identify any subsidized properties with one- and two bedroom units. Large unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.61 and is projected to decrease slightly by 2012 to 3.59. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, there are a large number of schools in the Submarket, suggesting that there is a high concentration of families in the area. Demographic estimates show that approximately 39 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Though there is a lack of sufficient market rate multifamily developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

Unit Size

There is an insufficient amount of subsidized multifamily development in the Submarket, on which to base an effective analysis of unit size. However, the following table illustrates the existing unit sizes in the subsidized rental property market. According to management at both surveyed properties, unit sizes are estimates.

Unit Size - Subsidized Family

Unit Type	Tabasco I	Tabasco II
3 BR	1,100	1,100
4 BR	1,200	1,200

Common and In-Unit Amenities

	Tabasco I	Tabasco II
Comp #	1	2
Property Information		
Property Type	Garden	Single Family
Year Built / Renovated	1990	1993
Market (Conv.)/Subsidy Type	0-30% (Public Housing)	0-30% (Public Housing)
In-Unit Amenities		
Balcony/Patio	yes	yes
Blinds	yes	yes
Central A/C	yes	yes
Exterior Storage	yes	yes
Ceiling Fan	yes	yes
Oven	yes	yes
Refrigerator	yes	yes
Walk-In Closet	yes	yes
Washer/Dryer hookup	yes	yes
Property Amenities		
Carport	yes	yes
Clubhouse/Meeting Room/Community Room	yes	yes
Off-Street Parking	yes	yes
On-Site Management	yes	yes
Playground	yes	yes
Services		
Security		
Premium Amenities		
Other Amenities		
Other	n/a	n/a

The existing subsidized multifamily properties in the West Hidalgo County Submarket offer limited in-unit and community amenities. The surveyed subsidized properties offer no services, no security features, car port parking at no additional cost, and no premium amenities. A basic appliance package is provided with washer/dryer connections only.

By-Unit Weighted Vacancy
There is an insufficient amount of subsidized multifamily development in the Submarket, on which to base an effective analysis of weighted vacancy. Additionally, none of the surveyed properties is currently exhibiting vacancies.

Absorption
None of the surveyed market rate properties was able to provide absorption information.

Waiting List
Both of the surveyed developments draw tenants from the La Joya Housing Authority's Public Housing waiting list, which currently has 1,049 households. Based on the extensive waiting list for Public Housing, we anticipate significant future demand for very low income affordable housing.

Vacancy Levels
There is an insufficient amount of subsidized multifamily development in the Submarket, on which to base an effective analysis of vacancy. Additionally, none of the surveyed properties is currently exhibiting vacancies and historical occupancy is typically 100 percent.

Concessions
None of the subsidized family properties in the market are offering concessions.

Turnover
There is an insufficient amount of subsidized multifamily development in the Submarket, on which to base an effective analysis of market turnover. The two properties in our survey reported turnover rates of 48 and 60 percent annually equating to approximately one unit per month in each development.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Tabasco I	Garden	0-30% (Public Housing)	3BR / 2BA	16	80.00%	0-30%	$422	1,100	n/a	Yes	0	0.00%
	945 South Leo Avenue	1990		4BR / 2BA	4	20.00%	0-30%	$492	1,200	n/a	Yes	0	0.00%
	La Joya, TX 78572												
	Hidalgo County												
					20	100%						0	0.00%
2	Tabasco II	Single Family	0-30% (Public Housing)	3BR / 1BA	25	83.30%	0-30%	$422	1,100	n/a	Yes	0	0.00%
	945 South Leo Avenue	1993		4BR / 1BA	5	16.70%	0-30%	$492	1,200	n/a	Yes	0	0.00%
	La Joya, TX 78572												
	Hidalgo County												
					30	100%						0	0.00%

PAYMENT STANDARDS	
Units	**Payment Standards**
Studio	$470
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

There is an insufficient amount of subsidized multifamily development in the Submarket, on which to base an effective rental rate analysis. As both surveyed subsidized properties are Public Housing developments, tenants can pay from zero up to 30 percent of their gross annual income towards rent. The rental rates quoted above are “flat rents”. The flat rents at both surveyed subsidized properties are well below the payment standards for Hidalgo County. Additionally, there are plans to demolish/reconstruct and renovate Tabasco I and Tabasco II, respectively, and provide an additional 20 public housing units at some point in the future. According to the Housing Authority of La Joya, the Public Housing waiting list is 1,049 households long, indicating significant demand for very low income affordable housing.

Rent and Square Footage Ranking

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

Effective Rent Date:	Aug-08	Units Surveyed:	50	Weighted Occupancy:	100.00%
		Market Rate	50	Market Rate	100.00%
		Tax Credit	0	Tax Credit	N/A

	Studio One Bath		One Bedroom One Bath		Two Bedrooms Two Bath		Three Bedrooms Two Bath		Four Bedrooms Two Bath	
	Property	Average	Property	Average	Property	Average	Property	Average	Property	Average
RENT							Tabasco II (1BA)	$422	Tabasco I	$492
									Tabasco II (1BA)	$492
SQUARE FOOTAGE							Tabasco II (1BA)	1,100	Tabasco I	1,200
									Tabasco II (1BA)	1,200
RENT PER SQUARE FOOT							Tabasco II (1BA)	$0.38	Tabasco I	$0.41
									Tabasco II (1BA)	$0.41

Subsidized Family Supply Conclusion

Large unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.61 and is projected to decrease slightly by 2012 to 3.59. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, there are a large number of schools in the Submarket, suggesting that there is a high concentration of families in the area. Demographic estimates show that approximately 39 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Though there is a lack of sufficient market rate multifamily developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

The existing subsidized multifamily properties in the West Hidalgo County Submarket offer limited in-unit and community amenities. The surveyed subsidized properties offer no services, no security features, car port parking at no additional cost, and no premium amenities. A basic appliance package is provided with washer/dryer connections only.

None of surveyed properties is offering concessions and none of the properties was able to provide absorption information. Both of the surveyed developments draw tenants from the La Joya Housing Authority's Public Housing waiting list. The two properties in our survey reported turnover rates of 48 and 60 percent annually. Both surveyed developments have 100 percent occupancy rates.

There is an insufficient amount of subsidized multifamily development in the Submarket, on which to base an effective rental rate analysis. As both surveyed subsidized properties are Public Housing developments, tenants can pay from zero up to 30 percent of their gross annual income towards rent. The rental rates quoted above are "flat rents". The flat rents at both surveyed subsidized properties are well below the payment standards for Hidalgo County. Additionally, there are plans to demolish/reconstruct and renovate Tabasco I and Tabasco II, respectively, and provide an additional 20 public housing units at some point in the future. According to the Housing Authority of La Joya, the Public Housing waiting list is 1,049 households long, indicating significant demand for very low income affordable housing.

Subsidized Senior Supply

We attempted to identify all existing, proposed, and under construction senior subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

There is one existing senior LIHTC/USDA subsidized development located in the West Hidalgo Submarket, La Mansion de La Joya. La Mansion De La Joya is a senior targeted affordable development which consists of 24 single-story one- and two bedroom units, rehabilitated with tax credit funding in 1991. This development operates under the LIHTC and USDA Rural Rental Assistance programs. However, 100 percent of the tenants are paying no more than 30 percent of their gross income towards rent. We were unable to contact this development by phone and in person, and therefore it has been excluded from the following limited supply analysis. There are no other existing senior targeted subsidized developments in this Submarket. Based on the lack of available data, no analysis was made of the senior subsidized market as the single subsidized senior development was unavailable.

There are no proposed or under construction subsidized senior properties in the North Hidalgo County Submarket. Pictures of La Mansion de La Joya are provided below:

DEMAND ANALYSIS

AFFORDABLE HOUSING DEMAND ANALYSIS

As outlined in the study requirements, our estimate of demand for affordable rental housing in the West Hidalgo County Submarket is based on current households and is presented by household size, income level and targeted population. Existing income-qualified renter households are further refined to account for household growth over a five-year projection period, percentage of rent-overburdened households, percentage of households residing in substandard housing, percentage of households in overcrowded housing, and the Submarket's turnover rate. Additionally, we have adjusted our demand estimates to account for accommodation of affordable housing demand through any planned, proposed or unstabilized LIHTC units in the Submarket.

The number of income-qualified renter households is calculated for each of six income cohorts: less than 30 percent of AMI, 31 to 40 percent of AMI, 41 to 50 percent of AMI, 51 to 60 percent of AMI, 61 to 80 percent of AMI and 81 to 100 percent of AMI. With the use of demographics provided by HISTA, we are able to examine each of these six income groups by household size to include one-, two-, three- and four-person households and households with five or more persons. This insures that income-qualified households will not be double counted. Separate analyses are presented for all renter households and senior renter households, defined as age 55 and older.

There is very limited demographic and income data for colonias households available through the census and other government agencies. For this reason, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand accounted for through the analysis of Census data.

DEMAND FROM EXISTING HOUSEHOLDS

Number of Existing Households for the Current Year

The total number of households in the West Hidalgo County Submarket in 2007 is 7,304 and the total number of households in 2012 is projected to be 8,471. The total number of households age 55 and older in the Submarket for 2007 is 2,660, with a 2012 projection of 3,271 households. This is a beginning point for our analysis.

Number of Renters

Information provided to us by ESRI indicates that of the occupied housing units, renter households make up approximately 16.0 percent of the occupied housing unit households in the West Hidalgo County Submarket in 2007. For seniors age 55 and older, the percentage of renters is 8.8 percent.

Maximum Income Guidelines

Maximum income guidelines for tax credit properties are determined by HUD and are based on the area's Average Income. Typically, minimum income levels are calculated based on the assumption that lower income families should pay no more than 35 percent of their income to gross rent. Often times, lower income families pay a higher percentage of income as rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high income households. In order to avoid overstating potential demand this analysis assumes that none of the income bands will overlap. For example, the maximum income for a one-person household at 30 percent of AMI is considered the minimum income for a one-person household in the income range between 31 percent and 40 percent of AMI. A minimum

income of zero dollars is used in calculating demand from households earning 30 percent of AMI or less.

The minimum and maximum household eligible income ranges for the West Hidalgo County Submarket (McAllen-Edinburg-Mission, TX MSA) are detailed in the table on the following page.

INCOME LIMITS

Household Size	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	< 30% AMI		*31% - 40% AMI*		*41% - 50% AMI*		*51% - 60% AMI*		*61% - 80% AMI*		*81% - 100% AMI*	
1 Person	$0	$9,150	$9,150	$12,200	$12,200	$15,250	$15,250	$18,300	$18,300	$24,400	$24,400	$30,500
2 Person	$0	$10,500	$10,500	$13,960	$13,960	$17,450	$17,450	$20,940	$20,940	$27,920	$27,920	$34,900
3 Person	$0	$11,800	$11,800	$15,680	$15,680	$19,600	$19,600	$23,520	$23,520	$31,360	$31,360	$39,200
4 Person	$0	$13,100	$13,100	$17,440	$17,440	$21,800	$21,800	$26,160	$26,160	$34,880	$34,880	$43,600
5+ Person	$0	$14,150	$14,150	$18,840	$18,840	$23,550	$23,550	$28,260	$28,260	$37,680	$37,680	$47,100

Rent-Overburdened Households

Households are determined to be rent-overburdened if they are paying more than 35 percent of household income as rent. In the West Hidalgo County Submarket, approximately 28.4 percent of households, including senior households, are considered rent-overburdened.

Substandard Housing

Substandard housing is generally defined as housing units identified in the Census that lack complete plumbing facilities. According to Census 2000 estimates, approximately 5.4 percent of units in the Submarket are determined to be substandard.

Overcrowded Housing

A housing unit is considered overcrowded if there are more than 1.00 persons per room. According to a report issued in 2002 by the Fannie Mae Foundation, Census 2000 data indicates that the southwestern United States, which includes Texas, has a higher than average incidence of households living in overcrowded housing units. The report further concludes that while Texas and California contain less than one-fifth of the nation's households, these two states account for two-fifths of overcrowded households. In the West Hidalgo County Submarket, it is estimated that 26.3 percent of households are living in overcrowded units.

Movership or Turnover Rate

There are numerous sources of information regarding turnover rate, or the percent of renter households who move in a year. The most reliable source is that of the market participants in the Submarket. As discussed in the *Housing Supply Analysis* section, we attempted to interview comparable properties regarding information the turnover rate experienced on an annual basis. We were unable to identify any senior LIHTC properties in this Submarket. The two subsidized family developments in the Submarket are reporting turnover rates of 48 and 60 percent annually. The two market rate properties in the Submarket report turnover rates of 42 and 50 percent annually. Due to a lack of family LIHTC turnover data in this Submarket, we have use the average turnover rate for the four properties targeting family households in the Submarket. Therefore, a turnover rate of 50 percent applied to the following analysis.

We were unable to identify any senior LIHTC properties in this Submarket. With so few senior LIHTC properties able to provide turnover data in the MSA, we have used the average senior subsidized turnover rate of 6.5 percent.

Unstabilized Rental Units - Existing and Proposed

There is one proposed family targeted reconstruction/rehabilitation LIHTC project that has been allocated and not yet built in the in the West Hidalgo County Submarket. Champion Home at La Joya was allocated in July of 2007 and will consist of the rehabilitation of an existing development located at 945 South Leo Street in La Joya, Texas. This development will have 50 three- and four-bedroom units set at 30 and 60 percent of the AMI, with 16 of the units set at 30 percent of the AMI and 34 of the units set at 60 percent of AMI. Despite the difference in set-asides, the application submitted by the project developer indicates that all 50 units will operate either as Public Housing or Section 8. Based on this information, all 50 units have been deducted from the following analysis at the 30 percent of AMI level.

To our knowledge, there are no proposed or under construction senior LIHTC properties in the West Hidalgo County Submarket. With no identified proposed senior LIHTC properties in the West Hidalgo County Submarket, no units were deducted from the senior demand analysis.

Annual Income-Qualified Renter Demand

Provided below are calculations of the total number of existing income-qualified renter households in the West Hidalgo County Submarket in 2007 and 2012. Two analyses have been presented. The first calculates total demand, both currently present and moving into the market, adjusted for income eligibility and renter status, as well as the percentage of rent-overburdened households and substandard and overcrowded housing units. An additional calculation, which accounts for all of the previous variables and incorporates the turnover rate, is also provided.

Note that in the subsequent tables, the total number of income-qualified renter households is not equal to the total number of renter households. This is due to the fact that we have only analyzed households earning between zero and 100 percent of the AMI. There are additional renter households in the Submarket with annual incomes greater than 100 percent of the AMI.

Again, this analysis avoids overstating demand by avoiding overlapping income bands. It should be noted that the percentage of rent overburdened households may also include some of the households that are living in substandard and/or overcrowded housing units. This would result in some potential overlap. This analysis assumes that rent overburdened households, households living in substandard housing and households in overcrowded units each represent a separate component of demand. As these are quantifiable sources of demand, the sum of these calculations results in a maximum number of income-qualified renter households.

The calculations of potential household demand by income cohort and household size for all households and senior households are shown in the following tables:

2007 All Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	163	100	9	3	3	2	0
2 person	151	57	16	16	14	16	14
3 person	145	77	14	14	7	12	8
4 person	288	141	36	30	21	21	5
5+person	424	200	59	45	42	40	12
Total	1,171	576	135	109	88	91	38
Number of Income-Qualified Renter Households		**576**	**135**	**109**	**88**	**91**	**38**
X Percentage of Rent-Overburdened (28.4%)		163	38	31	25	26	11
X Percentage of Substandard Housing (5.4%)		31	7	6	5	5	2
X Percentage of Overcrowded Housing (26.3%)		151	36	29	23	24	10
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**346**	**81**	**65**	**53**	**55**	**23**
Less Existing and Planned Unstablized Competing Units		*50*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**296**	**81**	**65**	**53**	**55**	**23**

2012 All Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	195	120	11	4	4	2	0
2 person	175	67	19	19	16	18	16
3 person	168	89	16	16	9	14	9
4 person	350	172	44	37	25	26	6
5+person	501	237	70	53	50	47	14
Total	1,389	685	160	129	104	107	45
Number of Income-Qualified Renter Households		**685**	**160**	**129**	**104**	**107**	**45**
X Percentage of Rent-Overburdened (28.4%)		194	45	37	30	30	13
X Percentage of Substandard Housing (5.4%)		37	9	7	6	6	2
X Percentage of Overcrowded Housing (26.3%)		180	42	34	27	28	12
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**412**	**96**	**78**	**62**	**64**	**27**
Less Existing and Planned Unstablized Competing Units		*50*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**362**	**96**	**78**	**62**	**64**	**27**

2007 All Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007) ≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	163	100	9	3	3	2	0
2 person	151	57	16	16	14	16	14
3 person	145	77	14	14	7	12	8
4 person	288	141	36	30	21	21	5
5+person	424	200	59	45	42	40	12
Total	1,171	576	135	109	88	91	38
Number of Income-Qualified Renter Households		**576**	**135**	**109**	**88**	**91**	**38**
X Percentage of Rent-Overburdened (28.4%)		163	38	31	25	26	11
X Percentage of Substandard Housing (5.4%)		31	7	6	5	5	2
X Percentage of Overcrowded Housing (26.3%)		151	36	29	23	24	10
X Percentage of Estimated Turnover (50%)		288	68	54	44	46	19
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**634**	**149**	**120**	**97**	**101**	**42**
Less Existing and Planned Unstablized Competing Units		*50*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**584**	**149**	**120**	**97**	**101**	**42**

2012 All Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	195	120	11	4	4	2	0
2 person	175	67	19	19	16	18	16
3 person	168	89	16	16	9	14	9
4 person	350	172	44	37	25	26	6
5+person	501	237	70	53	50	47	14
Total	1,389	685	160	129	104	107	45
	Number of Income-Qualified Renter Households	**685**	**160**	**129**	**104**	**107**	**45**
X	Percentage of Rent-Overburdened (28.4%)	194	45	37	30	30	13
X	Percentage of Substandard Housing (5.4%)	37	9	7	6	6	2
X	Percentage of Overcrowded Housing (26.3%)	180	42	34	27	28	12
X	Percentage of Estimated Turnover (50%)	343	80	65	52	54	23
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**754**	**176**	**142**	**114**	**118**	**50**
Less Existing and Planned Unstablized Competing Units		*50*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**704**	**176**	**142**	**114**	**118**	**50**

2007 Senior Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	95	49	5	2	2	1	0
2 person	51	18	11	11	8	3	1
3 person	22	15	2	2	0	0	2
4 person	31	4	2	4	8	10	3
5+person	10	4	0	0	0	4	1
Total	208	89	18	18	18	19	8
Number of Income-Qualified Renter Households		**89**	**18**	**18**	**18**	**19**	**8**
X Percentage of Rent-Overburdened (28.4%)		25	5	5	5	5	2
X Percentage of Substandard Housing (5.4%)		5	1	1	1	1	0
X Percentage of Overcrowded Housing (26.3%)		23	5	5	5	5	2
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**54**	**11**	**11**	**11**	**11**	**5**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**54**	**11**	**11**	**11**	**11**	**5**

2012 Senior Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	107	55	5	2	2	1	0
2 person	55	19	11	11	9	3	1
3 person	25	18	2	2	0	0	2
4 person	42	5	2	6	11	14	4
5+person	13	5	0	0	0	6	2
Total	242	102	20	21	22	24	9
Number of Income-Qualified Renter Households		**102**	**20**	**21**	**22**	**24**	**9**
X Percentage of Rent-Overburdened (28.4%)		29	6	6	6	7	3
X Percentage of Substandard Housing (5.4%)		6	1	1	1	1	0
X Percentage of Overcrowded Housing (26.3%)		27	5	6	6	6	2
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**61**	**12**	**13**	**13**	**14**	**5**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**61**	**12**	**13**	**13**	**14**	**5**

2007 Senior Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	95	49	5	2	2	1	0
2 person	51	18	11	11	8	3	1
3 person	22	15	2	2	0	0	2
4 person	31	4	2	4	8	10	3
5+person	10	4	0	0	0	4	1
Total	208	89	18	18	18	19	8
Number of Income-Qualified Renter Households		**89**	**18**	**18**	**18**	**19**	**8**
X Percentage of Rent-Overburdened (28.4%)		25	5	5	5	5	2
X Percentage of Substandard Housing (5.4%)		5	1	1	1	1	0
X Percentage of Overcrowded Housing (26.3%)		23	5	5	5	5	2
X Percentage of Estimated Turnover (6.5%)		6	1	1	1	1	0
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**59**	**12**	**12**	**12**	**12**	**5**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**59**	**12**	**12**	**12**	**12**	**5**

2012 Senior Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	107	55	5	2	2	1	0
2 person	55	19	11	11	9	3	1
3 person	25	18	2	2	0	0	2
4 person	42	5	2	6	11	14	4
5+person	13	5	0	0	0	6	2
Total	242	102	20	21	22	24	9
Number of Income-Qualified Renter Households		**102**	**20**	**21**	**22**	**24**	**9**
X Percentage of Rent-Overburdened (28.4%)		29	6	6	6	7	3
X Percentage of Substandard Housing (5.4%)		6	1	1	1	1	0
X Percentage of Overcrowded Housing (26.3%)		27	5	6	6	6	2
X Percentage of Estimated Turnover (6.5%)		7	1	1	1	2	1
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**68**	**13**	**14**	**15**	**16**	**6**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**68**	**13**	**14**	**15**	**16**	**6**

Demand Analysis Conclusions

All Households

The analysis of income-qualified renter households in the West Hidalgo County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that over 25 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households. The proposed reconstruction of 50 units to provide affordable units to households earning less than 30 percent of AMI should help to meet some of the continuing need for housing at the lowest income levels in the West Hidalgo County Submarket.

Senior Households

Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Currently, there are only 24 subsidized units serving low-income senior households in the West Hidalgo County Submarket and an increase in income-qualified senior renter households projected through 2012. With no additional subsidized or LIHTC units planned, there is likely an unmet need for additional affordable senior housing units in this Submarket.

3. WEST CENTRAL HIDALGO COUNTY SUBMARKET ANALYSIS

WEST CENTRAL HIDALGO COUNTY SUBMARKET DEMOGRAPHIC CHARACTERISTICS AND TRENDS

The primary market area is defined as the West Hidalgo County Submarket, which is bounded to the north by State Highway 490; to the east by Wallace Road, Mile 14 North Road, North Ware Road, Monte Christo Road, Ware Road, Lark Avenue, and Taylor Road; to the south by the Texas-Mexico border; and to the west by Bentsen State Park Road 43, U.S. Highway 83 Business, Abram Road, 6 Mile Line Road, and Iowa Avenue. The following map illustrates the boundaries of the Submarket as defined above.

West Central Hidalgo County Submarket Map

The West Central Hidalgo County Submarket includes the communities/cities of Mission, Alton, La Homa, Doffing, Palmview and Palmhurst. Approximately 40 to 50 percent of the area in this Submarket can be characterized as developed and within close proximity to most locational amenities and essential services. The remaining 50 to 60 percent of the area in this Submarket contains very little development and offers limited access to locational amenities and essential services. Development is located along U.S. Highway 83, which is the area's primary thoroughfare, and dissipates slowly in each direction with limited development occurring along the U.S. Mexico border region and north of the community of Alton. The predominant form of housing in this Submarket is owner-occupied single-family homes in fair to excellent condition and less than five to 40 years in age. There is a moderate amount of multifamily development in poor to excellent condition and less than five to 40 years in age.

Local Government

As previously mentioned, the West Central Hidalgo County Submarket includes the communities/cities of Mission, Alton, La Homa, Doffing, Palmview and Palmhurst.

Mission, Texas is a city in Hidalgo County operating under a Mayor-Council form of government with three elected Council members. According to the U.S. Census, Mission is comprised of a land area of 24.1 square miles and had a 2000 population of 45,408.

Alton, Texas is a city in Hidalgo County operating under a Mayor-city Commission form of government with one elected city Commissioner. According to the U.S. Census, Alton is comprised of a land area of 2.1 square miles and had a 2000 population of 4,384.

La Homa, Texas is a census-designated place in Hidalgo County. According to the U.S. Census, La Homa is comprised of a land area of 6.9 square miles and had a 2000 population of 10,433.

Doffing, Texas is a census-designated place in Hidalgo County. According to the U.S. Census, Doffing is comprised of a land area of 4.3 square miles and had a 2000 population of 4,256.

Palmview, Texas is a city in Hidalgo County operating under a Mayor-Council form of government with an elected Mayor and five aldermen. According to the U.S. Census, Palmview is comprised of a land area of 2.4 square miles and had a 2000 population of 4,107.

Palmhurst, Texas is a community in Hidalgo County operating under a Mayor-Council form of government with a Mayor and unspecified number of aldermen. According to the U.S. Census, Palmhurst is comprised of a land area of 6.1 square miles and had a 2000 population of 4,872.

Employment by Industry

The following table illustrates employment by industry for the West Central Hidalgo County Submarket and McAllen-Edinburg-Mission MSA in 2007.

2007 EMPLOYMENT BY INDUSTRY				
	West Central Hidalgo Submarket		McAllen-Edinburg-Mission, TX MSA	
Occupation	Number	Percent Employed	Number Employed	Percent Employed
Agric/Forestry/Fishing/Hunting	1,385	2.79%	5,955	2.54%
Mining	531	1.07%	2,143	0.91%
Construction	7,419	14.95%	25,549	10.90%
Manufacturing	2,687	5.42%	13,071	5.58%
Wholesale Trade	1,972	3.97%	9,652	4.12%
Retail Trade	6,559	13.22%	30,163	12.87%
Transportation/Warehousing	2,126	4.29%	9,335	3.98%
Utilities	310	0.62%	1,438	0.61%
Information	355	0.72%	2,704	1.15%
Finance/Insurance	1,160	2.34%	5,917	2.53%
Real Estate/Rental/Leasing	739	1.49%	3,399	1.45%
Prof/Scientific/Tech Services	1,166	2.35%	6,868	2.93%
Mgmt of Companies/Enterprises	20	0.04%	82	0.03%
Admin/Support/Waste Mgmt Srvcs	1,750	3.53%	8,174	3.49%
Educational Services	6,575	13.25%	36,869	15.73%
Health Care/Social Assistance	5,540	11.17%	29,322	12.51%
Arts/Entertainment/Recreation	646	1.30%	2,302	0.98%
Accommodation/Food Services	3,559	7.17%	16,906	7.21%
Other Services (excl Publ Adm)	3,207	6.46%	13,767	5.88%
Public Administration	1,907	3.84%	10,715	4.57%
Total Employment	**49,613**	**100.0%**	**234,331**	**100.0%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The top four employment sectors in the West Central Hidalgo County Submarket are the construction, educational services, retail trade, and health care/social assistance sectors. Approximately 52.6 percent of people in West Central Hidalgo County work in these four industries. The West Central Hidalgo County Submarket has a larger number of persons employed in the construction and retail trade sectors and a smaller number of people employed in the healthcare/social assistance and educational services sectors, relative to the MSA. Although educational services and health care/social services are typically stable sectors of the economy, industries such as retail trade and construction are particularly susceptible to fluctuations in the economy. The large number of people employed in the retail trade and construction industries could negatively impact employment in the Submarket due to the current national economic downturn. However, the strong presence of the educational services and health care/social assistance industries should promote economic stability.

It should be noted, that the health care/social assistance, construction, retail trade and educational services sectors all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create an abundance of demand for affordable rental housing.

Commute Patterns in the West Central Hidalgo County Submarket

The table below summarizes commute times for the West Central Hidalgo County Submarket.

TRAVEL TIME TO WORK

Travel Time	Workers age 16+
< 5 min	834
5-9 min	2,671
10-14 min	4,486
15-19 min	6,633
20-24 min	6,266
25-29 min	1,701
30-34 min	6,635
35-39 min	295
40-44 min	458
45-59 min	1,115
60-89 min	696
90+ min	797
Average Travel Time	23.5 minutes

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

By far, most workers in the Submarket have a commute time under 35 minutes. Given that the Submarket includes the more densely populated areas in and around Mission, this is not unexpected. It should be noted that 10.3 percent of workers report a travel time to work in excess of 35 minutes. Portions of the Submarket extend far enough to the north that workers living in rural areas will have extended commute times to places of employment.

POPULATION, HOUSEHOLD, AND INCOME TRENDS – SUBMARKET AND MSA

The following section provides an analysis of the demographic characteristics within the West Central Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA. Data such as population, households and growth patterns are studied, to determine if the McAllen-Edinburg-Mission MSA and the West Central Hidalgo County Submarket are areas of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population in the West Central Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA from 1990 through 2012.

Total Population				
Year	West Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	58,357	-	383,545	-
2000	109,538	8.77%	569,463	4.85%
2007	157,348	6.02%	732,166	3.94%
2012	193,796	4.63%	865,301	3.64%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Population growth rates in the Submarket have been significantly higher than growth rates in the MSA in all years of analysis. Both the Submarket and the MSA show strong growth from 2007 through 2012, although the Submarket will grow at a faster rate than the MSA from 2007 through 2012. Overall, the rate of population growth in the Submarket and MSA will decrease slightly from 2007 through 2012. However, growth rates in the Submarket and MSA from 2007 to 2012 are considered very strong and are a positive indicator of the need for all forms of housing and likely why so many individuals are employed in the construction sector in the Submarket.

Population by Age

The following graph illustrates population by age in the Submarket and MSA for 1990 through 2012. It should be noted that the current population by age distribution in the MSA is similar to national averages.

Population by Age Group				
West Central Hidalgo County Submarket				
Age Cohort	**1990**	**2000**	**2007**	**2012**
0-4	5,727	11,878	17,884	21,677
5-9	6,161	12,017	15,764	19,311
10-14	6,342	10,781	15,222	18,129
15-19	6,096	9,830	13,037	16,934
20-24	4,275	8,156	11,488	14,027
25-29	4,316	8,597	11,633	13,420
30-34	4,312	7,921	12,018	12,827
35-39	4,040	7,466	10,909	12,934
40-44	3,348	6,766	9,666	12,300
45-49	2,399	5,581	9,058	10,863
50-54	1,934	4,515	7,594	10,060
55-59	1,689	3,253	5,908	8,978
60-64	1,913	2,972	4,081	6,613
65-69	2,130	2,776	3,522	4,306
70-74	1,471	2,709	3,160	3,685
75-79	1,185	2,334	2,955	3,166
80-84	645	1,158	2,163	2,469
85+	374	828	1,286	2,097
Total	**58,357**	**109,538**	**157,348**	**193,796**
McAllen-Edinburg-Mission, TX MSA				
Age Cohort	**1990**	**2000**	**2007**	**2012**
0-4	35,765	58,138	79,315	92,930
5-9	38,973	58,293	70,248	82,804
10-14	40,708	53,301	66,339	77,547
15-19	40,049	51,490	59,763	73,357
20-24	29,843	44,309	55,501	64,141
25-29	28,292	44,013	58,500	61,645
30-34	27,653	40,612	54,559	61,137
35-39	26,244	38,068	49,781	56,246
40-44	22,397	34,630	43,581	53,384
45-49	16,430	30,233	41,509	48,372
50-54	13,335	25,613	36,239	44,436
55-59	12,403	18,854	29,739	40,978
60-64	13,015	16,635	21,369	31,769
65-69	13,357	16,092	18,047	21,924
70-74	9,905	15,122	16,061	17,557
75-79	7,693	12,139	14,324	14,992
80-84	4,521	6,701	9,982	11,805
85+	2,962	5,220	7,309	10,277
Total	**383,545**	**569,463**	**732,166**	**865,301**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Households

The following table is a summary of the total households in the Submarket and MSA from 1990 to 2012.

Total Number of Households				
Year	West Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	15,461	-	103,479	-
2000	29,239	8.91%	156,824	5.15%
2007	42,868	6.43%	205,804	4.31%
2012	53,077	4.76%	244,775	3.79%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Similar to the rate of population growth, household growth rates in the Submarket and MSA show positive gains through 2012, although the Submarket will grow at a faster rate than the MSA from 2007 through 2012. Household growth in the Submarket slowed from 2000 to 2007 and is expected to slow even further from 2007 through 2012; however, the growth rate in the Submarket from 2007 through 2012 is still very strong. Similarly, household growth in the MSA is expected to slow from 2007 through 2012.

Average Household Size

The following table illustrates the average household size for the Submarket and MSA from 2000 to 2012.

Average Household Size				
Year	West Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	3.74	-	3.60	-
2007	3.67	-0.26%	3.53	-0.27%
2012	3.65	-0.11%	3.51	-0.11%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The average household size in the Submarket is slightly larger than the MSA, and both are significantly larger than the national average size of 2.59 (not shown). The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the Submarket and the MSA as a whole.

Median Household Income Levels

The table below illustrates Median Household Income in the Submarket and MSA.

Median Household Income				
Year	West Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	$24,388	-	$24,843	-
2007	$30,428	3.42%	$30,519	3.15%
2012	$35,054	3.04%	$35,078	2.99%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The median household income in the Submarket was approximately 0.3 percent lower than the median household income in the MSA in 2007. The median household income in the Submarket and in the MSA is projected to grow at a slower rate from 2007 through 2012 than the previous seven years. It should be noted that the median household income in the Submarket and MSA are approximately 57.2 and 57.4 percent of the national average in 2007. The lower median income levels in the Submarket and MSA indicate an increasing need for affordable housing.

Household Income

The following tables illustrate household income distribution in both the Submarket and MSA.

Household Income Distribution - West Central Hidalgo County Submarket				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	7,480	17.4%	7,635	14.4%
$10,000-$14,999	3,593	8.4%	4,407	8.3%
$15,000-$19,999	3,917	9.1%	3,961	7.5%
$20,000-$24,999	3,303	7.7%	3,750	7.1%
$25,000-$29,999	2,850	6.6%	3,747	7.1%
$30,000-$34,999	2,964	6.9%	2,996	5.6%
$35,000-$39,999	2,361	5.5%	3,458	6.5%
$40,000-$44,999	2,175	5.1%	2,433	4.6%
$45,000-$49,999	1,409	3.3%	2,217	4.2%
$50,000-$59,999	3,332	7.8%	3,654	6.9%
$60,000-$74,999	3,114	7.3%	4,592	8.7%
$75,000-$99,999	2,653	6.2%	4,184	7.9%
$100,000-$124,999	1,612	3.8%	2,321	4.4%
$125,000-$149,999	961	2.2%	1,423	2.7%
$150,000-$199,999	510	1.2%	1,160	2.2%
$200,000-$249,999	274	0.6%	491	0.9%
$250,000-$499,999	294	0.7%	487	0.9%
$500,000+	66	0.2%	161	0.3%
Total	**42,868**	**100%**	**53,077**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA

Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	35,778	17.4%	35,096	14.3%
$10,000-$14,999	16,023	7.8%	18,980	7.8%
$15,000-$19,999	18,277	8.9%	17,960	7.3%
$20,000-$24,999	16,249	7.9%	17,138	7.0%
$25,000-$29,999	14,856	7.2%	18,258	7.5%
$30,000-$34,999	14,483	7.0%	14,667	6.0%
$35,000-$39,999	11,537	5.6%	16,180	6.6%
$40,000-$44,999	11,210	5.4%	11,607	4.7%
$45,000-$49,999	7,584	3.7%	11,317	4.6%
$50,000-$59,999	15,755	7.7%	17,690	7.2%
$60,000-$74,999	15,188	7.4%	21,074	8.6%
$75,000-$99,999	12,488	6.1%	19,177	7.8%
$100,000-$124,999	7,409	3.6%	10,073	4.1%
$125,000-$149,999	3,767	1.8%	6,223	2.5%
$150,000-$199,999	2,290	1.1%	4,504	1.8%
$200,000-$249,999	1,246	0.6%	2,018	0.8%
$250,000-$499,999	1,370	0.7%	2,128	0.9%
$500,000+	294	0.1%	685	0.3%
Total	**205,804**	**100%**	**244,775**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As illustrated, approximately 34.9 percent of the population in the Submarket and 34.1 percent of the population in the MSA earned below $20,000 in 2007 with the lowest percentage earning between zero dollars and $10,000. By 2012, the population earning below $20,000 in the Submarket and MSA is expected to decrease slightly to approximately 30.2 percent and 29.4 percent, respectively, but in both instances, a significant portion of the population are projected to earn less than $20,000. This data provides strong support for affordable rental housing of all kinds in the Submarket and MSA.

Senior Demographic Trends

Among those demographics discussed are trends in population, number of households, age, and income. In addition to analyzing overall demographic trends, we have also separately analyzed and discussed trends specific to the senior subpopulation, which includes those 55 years of age and older. The majority of age-restricted properties offer units to seniors ages 55, 62, or 65 and older. Despite the varying age restrictions at senior properties, property managers typically report that the average age of residents is 55 years of age. Therefore, for the purposes of this analysis, we have included demographic characteristics of the senior population ages 55 and over.

Senior Population

The table below illustrates senior population trends in the Submarket and MSA from 2000 through 2012.

Total Senior Population (55+)				
	West Central Hidalgo Submarket		McAllen-Edinburg-Mission, TX MSA	
Year	Number	Annual Change	Number	Annual Change
1990	9,407	-	63,856	-
2000	16,030	7.0%	90,763	4.2%
2007	23,075	6.1%	116,831	4.0%
2012	31,314	7.1%	149,302	5.6%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Senior population trends in the MSA grew at a slower rate than in Submarket from 2000 through 2007. Senior population growth in both the West Central Hidalgo County Submarket and the MSA is expected to grow at an exceptional rate from 2007 through 2012, with growth in the Submarket exceeding that of the MSA.

The exceptional projected growth in the senior population in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years. Additionally, the increasing senior populations, (typically one- and two-person households) may be a contributing factor to the projected decline in the average household size within the Submarket from 2007 to 2012.

Senior Households

The table below illustrates senior household trends in the Submarket and MSA from 2000 through 2012.

Total Number of Senior Households (55 +)				
Year	West Central Hidalgo Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	9,089	-	52,073	-
2007	13,063	6.0%	67,113	4.0%
2012	17,592	6.9%	85,658	5.5%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Similar to senior population estimates and projections, senior household growth in the Submarket and MSA is expected to be exceptionally strong through 2012. Similar to senior population estimates, the household growth rate is expected to increase through 2012. The strong projected growth in the senior households in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years.

Senior Median Household Income

The following table illustrates the median household incomes in the Submarket, MSA, and nation from 2007 to 2012 for both all households and specifically for senior households.

MEDIAN HOUSEHOLD INCOME						
Year	**McAllen-Edinburg-Mission, TX MSA**		**West Central Hidalgo County Submarket**		**USA**	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
			All Ages			
2007	$30,519	-	$30,428	-	$53,154	-
2012	$35,078	2.59%	$35,054	2.64%	$62,503	3.52%
			Age 55+			
2007	$27,687	-	$28,416	-	$32,710	-
2012	$32,712	3.07	$33,727	3.15%	$41,086	5.12%

Source: ESRI Business Demographics 2007; Novogradac and Company LLP, July, 2008

As the above table illustrates, the median senior household incomes in all areas of analysis are below those of all households. Of the three areas of analysis, the median senior household income is lowest in the MSA and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally. The median household income in the Submarket and MSA are approximately 42.8 and 42.6 percent of the national average in 2007.

Senior Household Income

The tables below illustrate senior household income in the Submarket and MSA for 2007 and 2012.

Household Income Distribution - West Central Hidalgo Submaket (Age 55+)				
Income Cohort	**2007**		**2012**	
	Number	**Percentage**	**Number**	**Percentage**
<$15,000	3,490	26.7%	4,105	23.3%
$15,000-$24,999	2,321	17.8%	2,661	15.1%
$25,000-$34,999	1,660	12.7%	2,132	12.1%
$35,000-$49,999	1,808	13.8%	2,548	14.5%
$50,000-$74,999	2,031	15.5%	2,869	16.3%
$75,000-$99,999	697	5.3%	1,357	7.7%
100,000-	714	5.5%	1,174	6.7%
150,000-	109	0.8%	313	1.8%
200,000-	81	0.6%	166	0.9%
250,000-	127	1.0%	197	1.1%
$500,000+	25	0.2%	70	0.4%
Total	**13,063**	**100%**	**17,592**	**100%**

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA (Age 55+)				
Income Cohort	**2007**		**2012**	
	Number	**Percentage**	**Number**	**Percentage**
<$15,000	18,952	28.2%	20,972	24.5%
$15,000-$24,999	10,918	16.3%	11,816	13.8%
$25,000-$34,999	8,645	12.9%	10,306	12.0%
$35,000-$49,999	9,485	14.1%	12,964	15.1%
$50,000-$74,999	9,921	14.8%	13,604	15.9%
$75,000-$99,999	3,485	5.2%	6,161	7.2%
100,000-	3,783	5.6%	6,157	7.2%
150,000-	728	1.1%	1,622	1.9%
200,000-	543	0.8%	933	1.1%
250,000-	556	0.8%	884	1.0%
$500,000+	97	0.1%	239	0.3%
Total	**67,113**	**100%**	**85,658**	**100%**

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Both the Submarket and MSA have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,600. Compared to the Submarket, the MSA has the largest percentage of seniors earning less than $35,000 annually, although negligibly so. Approximately 57.2 percent of those 55 and older in the Submarket were earning under $35,000 per year in 2007. This is attributable primarily to the Submarket's high percentage of senior households earning below $15,000 annually. The Submarket features slightly fewer senior households in these income brackets when compared to the MSA. By 2012, both areas of analysis will have seen decreases in the number of seniors earning less than $35,000 annually. However, within the Submarket and MSA, it is estimated that 50.5 and 50.3 percent of seniors will still be earning less than $35,000 annually for these two areas, respectively. It should be noted that these estimates are most likely a function of inflation rather than a demographic trend. These factors indicate that affordable housing for the senior population will remain in demand.

Tenure

The following table is a summary of the senior tenure patterns of the housing stock in the Submarket and MSA for 2000 through 2012.

Tenure Patterns - Elderly Population (Age 55+)								
	West Central Hidalgo County Submarket				McAllen-Edinburg-Mission, TX MSA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	7,949	87.5%	1,140	12.5%	43,784	84.1%	8,289	15.9%
2007	11,425	87.5%	1,638	12.5%	56,430	84.1%	10,683	15.9%
2012	15,385	87.5%	2,207	12.5%	72,023	84.1%	13,635	15.9%
Source: ESRI Demographics 2007; Novogradac & Company LLP, August 2008								

As the above table illustrates, the senior housing market is dominated by owner-occupied units in all areas of analysis. The Submarket and MSA have a significantly smaller percentage of senior renter-occupied units when compared to the national average (28 percent, not shown above). The small percentage of renter-occupied senior households is not unusual in developing submarkets, where owner-occupied housing is predominant.

Senior Demographic Conclusion

Although the median senior household income for the MSA is projected to increase from 2007 to 2012, growth in the national and Submarket's median senior household income is projected to outpace growth in the MSA. Both the MSA and Submarket feature significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $36,100. Approximately 57.2 percent of those 55 and older in the Submarket were earning under $35,000 per year in 2007. This is attributable primarily to the Submarket's high percentage of senior households earning below $15,000 annually. The Submarket features slightly less senior households in these income brackets when compared to the MSA and national averages.

LOCAL MARKET INFORMATION

West Central Hidalgo County Submarket

The following sections will provide an analysis of the local market characteristics within the Submarket.

Healthcare

The majority of the healthcare providers in the West Central Hidalgo County Submarket are located in Mission. The primary major medical providers within proximity to the West Central Hidalgo County Submarket are the Mission Regional Medical Center in Mission, A&M Medical Center in McAllen, and McAllen Medical Center. The Mission Regional Medical Center is the Submarket's primary hospital and is a non-profit 289-bed medical center which provides general hospital care to the Rio Grande Valley Region. The A& M Medical Center and McAllen Medical Center are located east of the Submarket in the City of McAllen.

Transportation

The West Central Hidalgo County Submarket is served by the McAllen Miller International Airport, which is located approximately 5.5 miles east of the City of Mission, in McAllen, Texas. The McAllen Miller International Airport (MFE) is the primary business airport of the Rio Grande Valley and provides non-stop flights to Dallas-Fort Worth, Houston, and Las Vegas via American Airlines, Continental Airlines, and Allegiant Air.

Highway access to the West Central Hidalgo County Submarket can be accomplished via U.S. Highway 83. U.S. Highway-83 runs east/west from Harlingen, Texas to Manitoba, Canada.

Education

The West Central Hidalgo County Submarket is served by the Mission Consolidated Independent School District. The Mission Independent Consolidated School District has thirteen elementary schools, three middle schools, two high schools and an alternative campus for students considered to be at risk. The nearest universities are located outside of the Submarket in Edinburg and McAllen, approximately 5 to 15 miles east of Mission along U.S. Highway 83 . The University of Texas Pan American in Edinburg, Texas, with 17,337 students, including 2,261 graduate students, is the tenth largest university in the state and the fifth largest in the UT system and offers 54 bachelor's degree programs, 50 master's, and two doctoral programs. McAllen offers five major colleges/universities including the San Antonio College of Medical and Dental Assistants, South Texas Community College, South Texas Vocational Technical Institute, and the University of Cosmetology Arts and Sciences.

Public Transportation

Valley Transit Company serves the city of Mission and the West Central Hidalgo County Submarket. Valley Transit is a full-service bus company that serves South Central Texas and Northern Mexico with more than 50 daily schedules, as well as connections to nationwide travel on Greyhound Lines. The Valley Transit Travel Center and Bus Stop is located at 2107 Highway 83 West in Mission and is open 24 hours a day.

Employment Centers

There are a limited number of employment centers in the West Central Hidalgo County Submarket. The majority of employment centers are located in Mission. The largest employers in the city of Mission are:

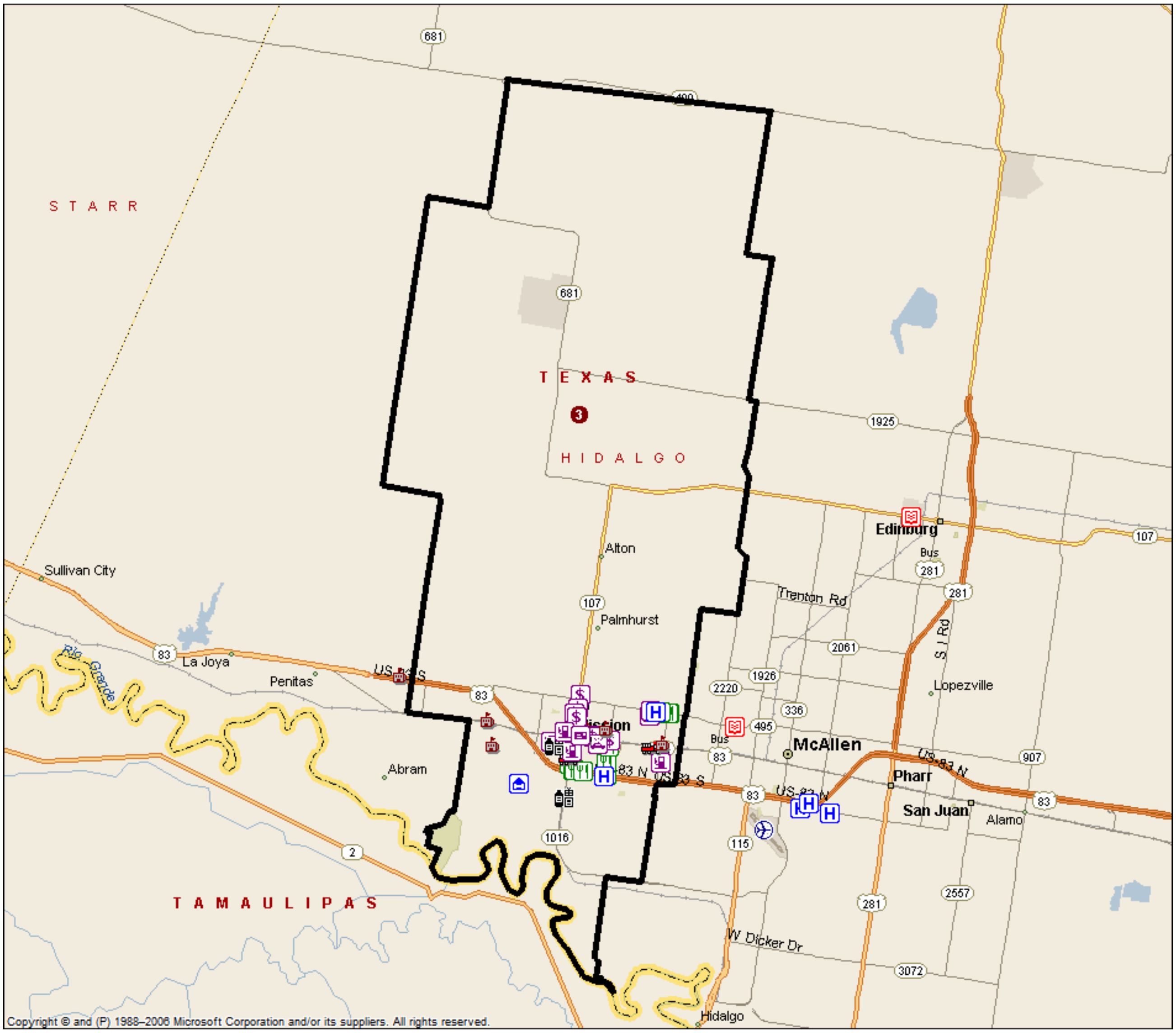
Rank	Company	Industry	Employees
1	Mission CISD	Education	2,140
2	Sharyland ISD	Education	1,045
3	Mission Regional Medical Center	Healthcare	910
4	T-Mobile	Technology	893
5	City of Mission	Government	521
6	Wal-Mart Super Center	Retail	410
7	H.E.B. Grocery	Grocery	334
8	Vanity Fair Intimates	Retail Distribution Center	315
9	Target	Retail	240
10	Frito-Lay, Inc.	Food Distribution	220

Source: Mission Economic Development Authority: August 2008

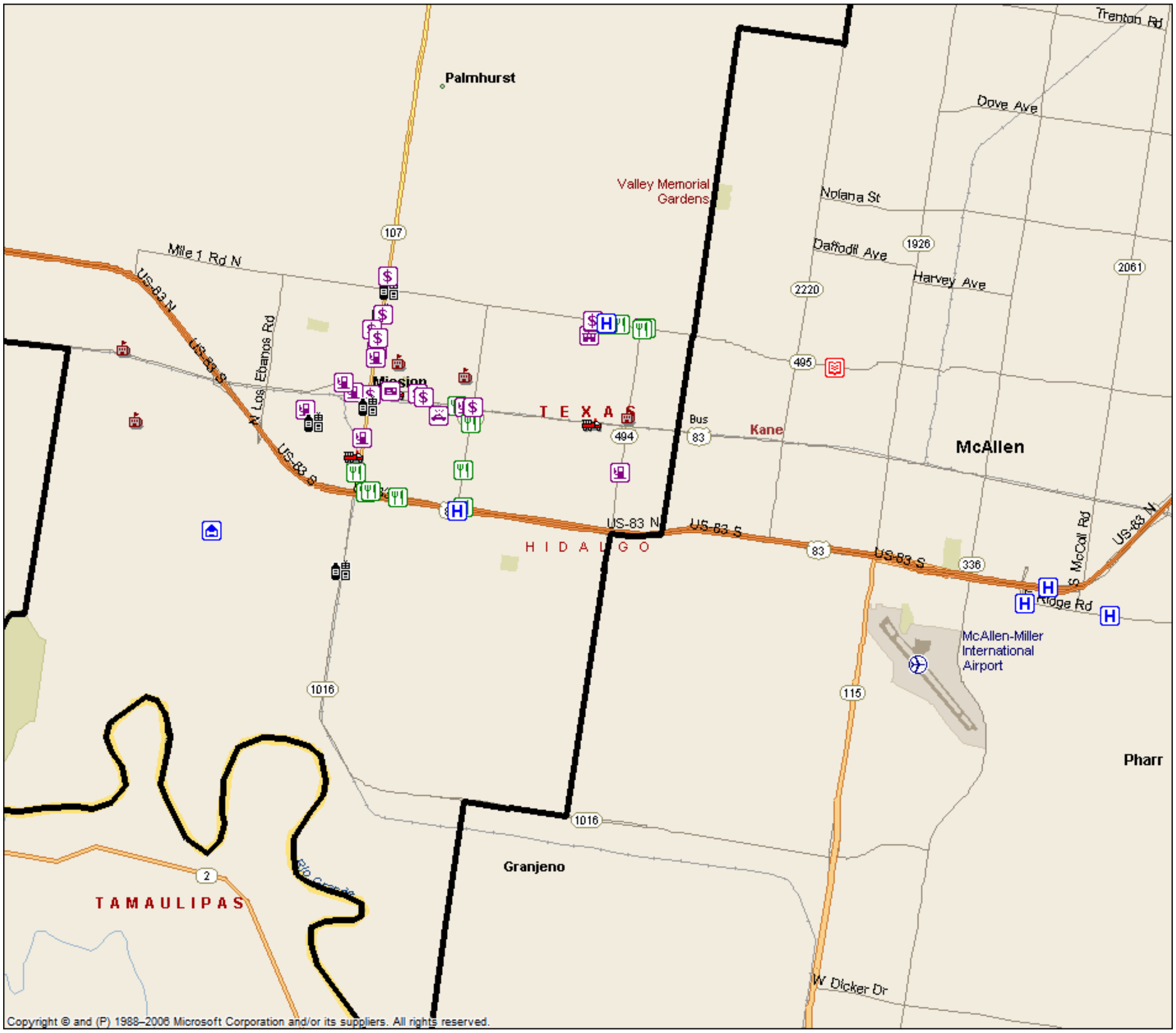
Employment in the Submarket is dominated by relatively stable industries as four of the top five major employers are in the education, healthcare, and government sectors. However, according to 2007 employment by industry demographics, retail trade and construction comprise approximately 28 percent of overall employment and are two of the top four industry sectors in the Submarket. Retail trade and construction are typically more volatile sectors of the economy as compared to historically stable industries such as education and healthcare, and government. Therefore, due to the high concentration of retail trade and construction industries in the Submarket, it is possible that the Submarket will experience slowing growth.

Proximity to Local Services

There are a moderate number of locational amenities in the West Central Hidalgo County Submarket. The majority of locational amenities are located in and surrounding the City of Mission, Texas.



Source: Novogradac and Company LLP, July 2008.



Source: Novogradac and Company LLP, July 2008

Ranch	School	Bank
United States Post Office	Hospital	
Fire Station	Airport	
Restaurant	Police Station	
Hotel/Motel	College/University	
Grocery/Supermarket	Gas Station	

HOUSING SUPPLY ANALYSIS

WEST CENTRAL HIDALGO COUNTY SUBMARKET HOUSING SUPPLY ANALYSIS

Age of the Housing Stock

The following table presents the age of the housing stock in the West Central Hidalgo County Submarket.

AGE OF HOUSING STOCK IN THE WEST CENTRAL HIDALGO COUNTY SUBMARKET

Years	Number of Units	Percent of Housing Stock
1999-3/2000	2,420	6.49%
1995-1998	8,952	23.99%
1990-1994	6,923	18.56%
1980-1989	9,379	25.14%
1970-1979	5,530	14.82%
1960-1969	1,796	4.81%
1950-1959	1,238	3.32%
1940-1949	609	1.63%
1939 and Before	463	1.24%
Total	**37,310**	**100.00%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The majority of the housing stock (82.51 percent) in the West Central Hidalgo County Submarket was constructed from 1970 through 1998. The West Central Hidalgo County Submarket consists of moderate residential development including primarily of single-family homes with some multifamily housing. Based upon observations in the field, the predominant form of housing in this Submarket is owner-occupied single-family homes in fair to excellent condition and less than five to 40 years in age. There is a moderate amount of multifamily development in poor to excellent condition and less than five to 40 years in age.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2008 for Hidalgo County, Texas. Building Permit Activity was not available by Submarket.

BUILDING PERMITS: Hidalgo County, TX - 1997 to May 2008

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
1997	1,373	140	41	1,554
1998	2,539	305	138	2,982
1999	4,397	152	109	4,658
2000	3,665	83	106	3,854
2001	3,500	130	764	4,394
2002	6,069	487	335	6,891
2003	6,691	419	950	8,060
2004	5,180	760	590	6,530
2005	7,125	662	953	8,740
2006	6,501	517	532	7,550
2007	5,125	364	707	6,196
2008*	1,340	124	105	1,569
Total	**53,505**	**4,143**	**5,330**	**62,978**
Average**	**4,742**	**365**	**475**	**5,583**

*Only includes through May 2008 ** Does not include 2008 permits

There were 5,330 "5+ units" building permits issued in Hidalgo County from 1997 to May 2008. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2008, at 85 percent, while "5+ units" building permits constitute approximately 8.5 percent of all permits issued from 1997 through May 2008.

Interviews

Housing Authority of County of Hidalgo

The Housing Authority of the County of Hidalgo was established in 1948 in order to serve the local farmworking families and migrant farmworkers in the region. The Housing Authority of the County of Hidalgo currently administers Farm Labor Housing units and Public Housing units in Hidalgo County, as well as Section 8 Vouchers. According to Adela Montes, Deputy Director for the Housing Authority of the County of Hidalgo, there are currently 535 Farm Labor Housing units in two developments and 55 Public Housing units in two developments in Hidalgo County, excluding the City of McAllen. None of these developments is located in the West Central Hidalgo County Submarket. There are approximately 8,592 Housing Choice Vouchers budgeted for Hidalgo County, and all are currently in use. Waiting Lists for Public Housing and Farm Labor Housing are currently open while the waiting list for Housing Choice Vouchers is closed. There are approximately 896 households on the waiting list for Housing Choice Vouchers. Of the 896 households, 162 are elderly households. There is no separate waiting list for special needs households in the Housing Choice Voucher Program. Currently, there are 104 elderly households participating in the Housing Choice Voucher Program in Hidalgo County. The number of households on the waiting list for Public Housing and Farm Labor Housing can be found below:

FARM LABOR HOUSING WAITING LIST – HIDALGO COUNTY

Name	1BR	2BR	3BR	4BR	Total
Northside Apartments	14HH	11HH	2HH	0HH	27HH
Memorial Apartments	N/A	N/A	N/A	N/A	46HH

PUBLIC HOUSING WAITING LIST – HIDALGO COUNTY					
Name	1BR	2BR	3BR	4BR	Total
Villa Sandoval-Longoria	N/A	54HH	23HH	23HH	100HH
Villa San Juanita Rutledge	N/A	N/A	15HH	24HH	39HH

The current payment standards for one-, two-, three-, and four-bedroom units are listed below. According to Adela Montes, the payment standards are 100 percent of the Fair Market Rents.

PAYMENT STANDARDS	
Units	Payment Standards
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

Housing Authority of the City of Mission

According to Jaime Ayala in the Public Housing Office of the Housing Authority of the City of Mission, there are three multifamily developments and one senior/disabled development, for a total of 270 public housing units owned and operated by the city housing authority. Anacua Apartments was built in 1942 and offers 80 one-, two- and three-bedroom units in 26 duplexes and rowhouses. Aldea Apartments was built in 1983 and offers 48 one-, two- and three-bedroom units in 24 duplexes. The third multifamily public housing development consists of 52 three-, four- and five-bedroom single-family homes on scattered sites. The single-family homes were built between 1994 and 1995. The one senior and disabled development, Palm Plaza I, II and III, was built between 1967 and 1996 and offers 90 studio, one-, and two-bedroom units. According to Mr. Ayala, the public housing office shares a waiting list with the Section 8 office. As of July 2008, the waiting list had 1,422 households and was closed. Mr. Ayala expects the waiting list to re-open in 12 to 15 months. Preferences for the waiting list include veterans, victims of domestic violence and seniors and/or the disabled.

Mission Economic Development Authority

We contacted Daniel Silva with the Mission Economic Development Authority in Mission, Texas. According to Mr. Silva, there are two commercial projects currently under construction and in the planning stages. The first is a 400,000 square foot commercial development in the final phases of construction along Shary Road, south of U.S. Highway 83. Phase I is anchored by a Target and HEB Supermarket with the last four acre commercial pad currently under development. Phase II will consist of approximately 350,000 square feet of commercial development located just north of Phase I.

Though an exact location was unavailable, a Hampton Inn recently broke ground in the same area as the aforementioned Phase I and II commercial developments. Construction of the hotel is projected to be complete by December 2008.

There are currently three large condominium developments either under construction or in the planning stages in Mission. Infinity Global Development is currently in the process of constructing the 85-unit Vantage Luxury Condominium mid-rise tower. This project is approximately 40 percent complete. Unit pricing starts at $175,000 and all of the units were sold within months of breaking ground. An estimated completion date was unavailable. Infinity Global development currently has a site under contract for the second of the three planned condominium developments, which will consist of 135 luxury condominium units. Information on the third development is unavailable at this time.

Adjacent to the under construction Vantage Condominium tower is a luxury gated multifamily apartment development comprised of 60 units, which is currently under construction. Mr. Silva was unable to provide further information regarding this development. However, Mr. Silva did note that this project is also adjacent to a newly constructed apartment complex, developed by JMA Enterprises. Mr. Silva was unable to provide the name of this multifamily development.

There are two single-family home master planned communities currently in the planning stages in the southwest area of Mission. San Patricio Estates, being developed by Domit, will consist of solely single-family home sites, while Benston Palms will be a mixed-use development with single-family uses, commercial uses, multifamily uses and a senior retirement community. Further details on both of these projects were unavailable.

Alton City Hall – Commercial/Residential Planning and Development/Economic Development

We contacted David De Leon with the City of Alton for information regarding residential development. According to Mr. De Leon, Casa Alton, a newly allocated LIHTC property in Alton is currently under construction. An official timeline for completion of construction was not available, however, he expects that construction will be completed within the next two months. Mr. De Leon also noted that a market rate multifamily for sale and rental development consisting of 19 fourplexes is supposed to begin construction immediately. There are no other residential developments either proposed or under construction in Alton at this time.

Alton City Hall – Economic Development

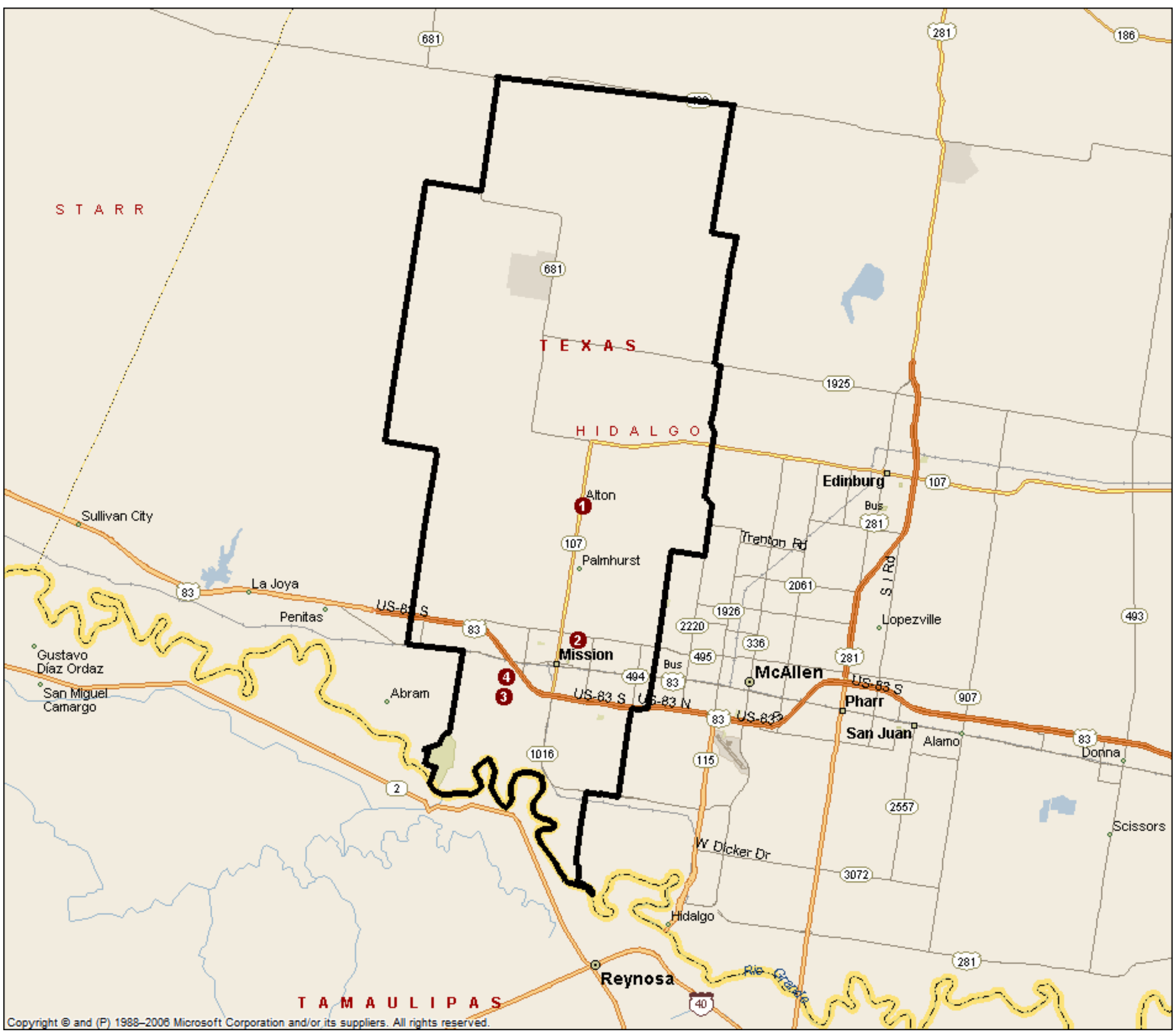
We contacted Steve Pena with the City of Alton for information regarding economic development. According to Mr. Pena, there are no commercial expansions or corporate relocations planned in the City of Alton in the near future.

LIHTC FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction family LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, and property managers.

Novogradac identified 27 family LIHTC developments ranging from one to 208 units each. Of the twenty-seven LIHTC developments, 1209 Keralum currently has 100 percent of tenants paying no more than 30 percent of their annual gross income towards rent. Therefore, this property has been excluded from the family LIHTC analysis and will be addressed in the family subsidized analysis section. Of the twenty-six remaining family LIHTC developments, four properties constructed between 2002 and 2007, with a total of 644 units, were able to provide current property and market data.

A map of the surveyed properties can be found below:



SURVEYED PROPERTIES			
Number	Name	Location	Type
1	La Villa De Alton	Alton	LIHTC – Family
2	Pueblo De Paz Apartments	Mission	LIHTC/Market – Family
3	Rio De Vida Apartments	Mission	LIHTC/Market – Family
4	Vida Que Canta Apartments	Mission	LIHTC – Family

The following pictures identify surveyed LIHTC family properties in the Submarket:


La Villa De Alton


Pueblo De Paz Apartments


Rio De Vida Apartments


Vida Que Canta Apartments

Excluded Properties

Novogradac identified 27 family LIHTC developments ranging from one to 208 units each. Of the 27 family LIHTC developments, Novogradac has excluded 23 LIHTC developments from our analysis. One of the excluded LIHTC properties, 1209 Keralum, currently has 100 percent of tenants paying no more than 30 percent of their annual gross income towards rent. This property has been excluded from the LIHTC analysis and will be addressed in the subsidized family market analysis section. The subsequent table lists the 23 remaining family LIHTC properties in the PMA that were excluded from this analysis and the basis for their exclusion. Multiple attempts were made to contact each of the excluded properties with no success. Of the excluded properties below, only 1209 Keralum, Maryland 1, Chaparral Heights I and II, and 905 West 24th Street are currently listed on the most recent 2008 Property Inventory published by the Texas Department of Housing and Community Affairs. Additionally, all of the excluded properties below, except for Chaparral Heights II (1995) were allocated in 1992 or prior. Therefore, it is likely that the majority of the LIHTC properties listed below are no longer within their compliance period and are operating as market rate properties. It should be noted that the majority of the LIHTC properties listed below have less than 12 units and do not offer on-site management.

EXCLUDED PROPERTIES LIST

Name	Address	Type	No. of Units	Reason For Exclusion
1209 Keralum	1209 Keralum	LIHTC-Family	4	100 percent of tenants paying 30 percent of income
1616 Dougherty	1616 Dougherty	LIHTC-Family	1	Could not Contact
2008 Perkins	2008 Perkins	LIHTC-Family	1	Could not Contact
2828 North Conway	2828 North Conway	LIHTC-Family	2	Could not Contact
801 24th Street	801 24th Street	LIHTC-Family	4	Could not Contact
803 24th Street	803 24th Street	LIHTC-Family	4	Could not Contact
805 24th Street	805 24th Street	LIHTC-Family	4	Could not Contact
807 24th Street	807 24th Street	LIHTC-Family	4	Could not Contact
905 West 24th Street	905 West 24th Street	LIHTC-Family	3	Could not Contact
Chaparral Heights	901 West 24th Street	LIHTC-Family	2	Could not Contact
Chaparral Heights II aka Chaparral West Apts.	1001 West 24th Street	LIHTC-Family	12	Could not Contact
Maryland 1	903 West 24th Street	LIHTC-Family	2	Could not Contact
817 West Griffin Parkway	817 West Griffin Parkway	LIHTC-Family	4	Could not Contact
Regent Apartments	716 E 13th Street	LIHTC-Family	8	Could not Contact
Tierra Dorada Subdivision	No Address Available	LIHTC-Family	20	Could not Contact
Victoria Housing	2817 Yanez Avenue	LIHTC-Family	1	Could not Contact
Victoria Housing	2919 Yanez Avenue	LIHTC-Family	1	Could not Contact
Victoria Housing	3010 Yanez Avenue	LIHTC-Family	1	Could not Contact
Victoria Housing	2812 Yanez Avenue	LIHTC-Family	1	Could not Contact
Victoria Housing	2803 Lissner Avenue	LIHTC-Family	1	Could not Contact
Victoria Housing	2811 Lissner Avenue	LIHTC-Family	1	Could not Contact
Victoria Housing	2716 Lissner Avenue	LIHTC-Family	1	Could not Contact
Victoria Housing	2714 Lissner Avenue	LIHTC-Family	1	Could not Contact

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there are two family properties in the West Central Hidalgo Submarket, which have received an allocation in the last three years, Vida Que Canta and Casa Alton. Vida Que Canta Apartments, located in Mission, received an allocation in 2005 and was constructed in 2006. This property has been stabilized for a year or more and is being used in the supply analysis that follows. Vida Que Canta received a small allocation of funding in early 2008; however, further information regarding this lesser allocation was unavailable.

Casa Alton is a proposed LIHTC development located just north of the City of Mission in Alton, Texas. This development was allocated tax credit funding in the final allocation cycle of 2007; it will offer 76 one-, two-, three-, and four-bedroom units at 30, 40, 50, and 60 percent of AMI, as well as, market rate units. The one-, two-, three-, and four-bedroom units will be 750, 947, 1,068, and 1,251 square feet in size, respectively. The property's 76 units will be located in 19 single-story fourplex style buildings. This property is currently under construction. Calls made to the project manager have not been returned as of the date of this study and, therefore, no timeline for start or end of construction or a projected placed in service date was available.

Unit Mix
The following table illustrates the unit mix in the family LIHTC rental property market.

Unit Mix - LIHTC Family		
Unit Type	**Total Units**	**Percent**
1 BR	52	8.00%
2 BR	307	47.70%
3 BR	285	44.30%
4 BR	N/A	N/A
Total	**644**	**100%**

We were unable to identify any properties with four-bedroom LIHTC units. Larger unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.67 and is projected to decrease slightly by 2012 to 3.65. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 39 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate an unmet demand for larger bedroom types.

Unit Size
The following table illustrates the existing unit sizes in the family LIHTC rental property market.

Unit Size - LIHTC Family			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
1 BR	720	750	735
2 BR	900	977	932
3 BR	1,100	1,250	1,162

The surveyed one-, two, and three-bedroom LIHTC units are 4.7, 8.0, and 6.6 percent smaller than the surveyed average unit sizes for the one-, two-, and three-bedroom market rate units in the Submarket

Common and In-Unit Amenities

	La Villa De Alton	Pueblo De Paz Apartments	Rio De Vida Apartments	Vida Que Canta Apartments
Comp #	1	2	3	4
Property Information				
Property Type	Garden	Garden	Garden	Garden
Year Built / Renovated	2007	2002	2004	2006
Market (Conv.)/Subsidy Type	@30%, @60%	@40%, @50%, @60%, Market	@50%, @60%, Market	@30%, @60%
In-Unit Amenities				
Balcony/Patio	yes	yes	yes	yes
Blinds	yes	yes	yes	yes
Carpeting	no	yes	yes	no
Central A/C	yes	yes	yes	yes
Dishwasher	no	yes	yes	yes
Exterior Storage	no	yes	yes	no
Ceiling Fan	yes	yes	yes	yes
Garbage Disposal	no	yes	yes	yes
Microwave	yes	yes	no	yes
Oven	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes
Walk-In Closet	yes	no	no	no
Washer/Dryer hookup	yes	no	no	no
Property Amenities				
Business Center/Computer Lab	no	no	yes	yes
Carport	yes	yes	yes	yes
Clubhouse/Meeting Room/Community Room	yes	yes	yes	yes
Central Laundry	yes	yes	yes	yes
Off-Street Parking	no	yes	yes	yes
On-Site Management	yes	yes	yes	yes
Picnic Area	yes	no	yes	yes
Playground	yes	yes	yes	yes
Swimming Pool	yes	yes	yes	yes
Services				
Daycare	no	no	yes	no
Security				
Intercom (Phone)	no	yes	no	no
Limited Access	yes	yes	yes	yes
Perimeter Fencing	yes	yes	yes	yes
Video Surveillance	yes	no	no	no
Premium Amenities				
Other Amenities				

The existing LIHTC multifamily properties in the West Central Hidalgo County Submarket offer a moderate amount of in-unit and community amenities. Most of the surveyed LIHTC properties offer unit amenities that include patios/balconies, central air conditioning, ceiling fans, ovens, dishwashers, garbage disposals, microwaves, and refrigerators. Washers/dryers and washer/dryer connections are not prevalent in the family LIHTC market. Most of the surveyed LIHTC properties offer community amenities including carport parking, a clubhouse, a central laundry facility, off-street parking, on-site management, a picnic area, playground, and swimming pool. Security features such as perimeter fencing and limited access are prevalent in the Submarket. Only one of the surveyed properties offered a premium amenity, such as daycare, however it is not considered a LIHTC market standard in the Submarket. Additionally, no non-shelter services are offered by the surveyed LIHTC properties in the Submarket.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit type for the surveyed properties. La Villa de Alton has been excluded from this analysis as it is still in the lease-up stage.

Weighted Vacancy - LIHTC Family			
Unit Type	**Total Units**	**Vacant Units**	**Percent Vacant**
1 BR	32	0	0.00%
2 BR	276	18	6.52%
3 BR	260	16	6.15%
4 BR	N/A	N/A	N/A
Total	**568**	**34**	6.00%

It should be noted that the surveyed market rate properties in the Submarket have an average weighted vacancy rate of 2.90 percent. Affordable properties typically exhibit vacancy rates lower than that of market rate properties. The vacant units found at the surveyed LIHTC family properties are comprised entirely of units at the 60 percent of AMI set-aside and the market rate units. The higher than average weighted vacancy rate for the two- and three-bedroom units in the Submarket could be indicative of a lack of income qualified tenants for the 60 percent of AMI units.

Absorption

The following table lists the absorption rates for the surveyed properties.

Absorption – LIHTC Family		
Property Name	**Number of Units**	**Absorption Rate**
La Villa De Alton	76	9.5 units per month
Vida Que Canta	160	16 units per month
Rio De Vida	208	12 units per month
AVERAGE		**12.5 units per month**

Three of the four surveyed properties were able to provide absorption information, resulting in an overall average absorption rate of 12.5 units per month, as compared to the average absorption rate of the surveyed market rate properties, of 8.5 percent.

Waiting Lists

The following table lists the number of households on the waiting lists for the surveyed properties.

Waiting Lists – LIHTC Family		
Property Name	**Number of Units**	**Households**
La Villa De Alton	76	15
Pueblo De Paz Apartments	200	For 2BR and 3BR at 40% AMI
Rio De Vida Apartments	208	None
Vida Que Canta Apartments	160	15

Three of the four surveyed family LIHTC properties currently maintain small waiting lists. The average length for the waiting lists at LIHTC properties in the Submarket is 15 households, as compared to the majority of the market rate properties in the Submarket which do not maintain a waiting list.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties. La Villa de Alton has been excluded from this analysis, as it is still in the leasing stages.

Vacancy – LIHTC Family		
Property Name	**Number of Units**	**Vacancy Rate**
Pueblo De Paz Apartments	200	5.00%
Rio De Vida Apartments	208	11.10%
Vida Que Canta Apartments	160	0.60%
AVERAGE		**5.57%**

Overall vacancy at the surveyed family LIHTC properties is slightly higher than the surveyed market rate properties in the Submarket, which have an overall average vacancy rate of 3.95 percent. All of the surveyed LIHTC properties were constructed between 2002 and 2007 and all of the surveyed LIHTC properties offer some units at lower set-asides. The overall average vacancy rate appears slightly lower than is typical considering the age, condition, and unit mix of the surveyed LIHTC properties.

Concessions

None of the LIHTC properties in the market are offering concessions.

Turnover

The following table summarizes turnover rates at the surveyed properties. La Villa de Alton has been excluded from this analysis, as it is still in the leasing stages.

Turnover – LIHTC Family		
Property Name	**Number of Units**	**Turnover**
Pueblo De Paz Apartments	200	37%
Rio De Vida Apartments	208	23%
Vida Que Canta Apartments	160	30%
AVERAGE	**568**	**30%**

The range of turnover rates at the surveyed family LIHTC properties in the Submarket is lower than the average turnover rate of the surveyed market rate properties (41 percent).

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions. Adjustments to utilities have not been made.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	La Villa De Alton	Garden	@30%, @60%	1BR / 1BA	2	2.60%	@30%	$187	720	no	Yes	0	0.00%
	308 N Eagle Pass St	2007		1BR / 1BA	18	23.70%	@60%	$426	720	no	Yes	4	22.20%
	Alton, TX 78573			2BR / 2BA	3	3.90%	@30%	$226	977	no	Yes	0	0.00%
	Hidalgo County			2BR / 2BA	28	36.80%	@60%	$513	977	no	Yes	6	21.40%
				3BR / 2BA	3	3.90%	@30%	$258	1,147	no	Yes	0	0.00%
				3BR / 2BA	22	28.90%	@60%	$589	1,147	no	Yes	4	18.20%
					76	100%						14	18.40%
2	Pueblo De Paz Apartments	Garden	@40%, @50%, @60%, Market	2BR / 2BA	4	2.00%	@40%	$346	900	n/a	Yes	0	0.00%
	3401 North Mayberry Street	2002		2BR / 2BA	28	14.00%	@50%	$444	900	n/a	No	0	0.00%
	Mission, TX 78572			2BR / 2BA	48	24.00%	@60%	$542	900	n/a	No	8	16.70%
	Hidalgo County			2BR / 2BA	20	10.00%	Market	$595	900	n/a	No	0	0.00%
				3BR / 2BA	6	3.00%	@40%	$400	1,150	n/a	Yes	0	0.00%
				3BR / 2BA	26	13.00%	@50%	$513	1,150	n/a	No	0	0.00%
				3BR / 2BA	48	24.00%	@60%	$627	1,150	n/a	No	2	4.20%
				3BR / 2BA	20	10.00%	Market	$695	1,150	n/a	No	0	0.00%
					200	100%						10	5.00%
3	Rio De Vida Apartments	Garden	@50%, @60%, Market	2BR / 2BA	24	11.50%	@50%	$444	900	no	No	0	0.00%
	301 South Inspiration Road	2004		2BR / 2BA	64	30.80%	@60%	$542	900	no	No	4	6.20%
	Mission, TX 78572			2BR / 2BA	16	7.70%	Market	$595	900	no	No	6	37.50%
	Hidalgo County			3BR / 2BA	24	11.50%	@50%	$513	1,100	no	No	0	0.00%
				3BR / 2BA	64	30.80%	@60%	$627	1,100	no	No	5	7.80%
				3BR / 2BA	16	7.70%	Market	$695	1,100	no	No	8	50.00%
					208	100%						23	11.10%
4	Vida Que Canta Apartments	Garden	@30%, @60%	1BR / 1BA	32	20.00%	@60%	$450	750	no	Yes	0	0.00%
	507 South Inspiration Road	2006		2BR / 2BA	72	45.00%	@60%	$540	952	no	Yes	0	0.00%
	Mission, TX 78572			3BR / 2BA	16	10.00%	@30%	$293	1,250	no	Yes	0	0.00%
	Hidalgo County			3BR / 2BA	40	25.00%	@60%	$630	1,250	no	Yes	1	2.50%
					160	100%						1	0.60%

Rent and Square Footage Ranking

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

Units Surveyed:	644	Weighted Occupancy:	92.50%
Market Rate	0	Market Rate	N/A
Tax Credit	644	Tax Credit	92.50%

	One Bedroom One Bath		Two Bedrooms Two Bath		Three Bedrooms Two Bath	
	Property	Average	Property	Average	Property	Average
	Vida Que Canta Apartments* (60%)	$450	Pueblo De Paz Apartments* (M)	$595	Pueblo De Paz Apartments* (M)	$695
	La Villa De Alton* (60%)	$426	Rio De Vida Apartments* (M)	$595	Rio De Vida Apartments* (M)	$695
	La Villa De Alton* (30%)	$187	Pueblo De Paz Apartments* (60%)	$542	Vida Que Canta Apartments* (60%)	$630
			Rio De Vida Apartments* (60%)	$542	Pueblo De Paz Apartments* (60%)	$627
			Vida Que Canta Apartments* (60%)	$540	Rio De Vida Apartments* (60%)	$627
RENT			La Villa De Alton* (60%)	$513	La Villa De Alton* (60%)	$589
			Pueblo De Paz Apartments* (50%)	$444	Pueblo De Paz Apartments* (50%)	$513
			Rio De Vida Apartments* (50%)	$444	Rio De Vida Apartments* (50%)	$513
			Pueblo De Paz Apartments* (40%)	$346	Pueblo De Paz Apartments* (40%)	$400
			La Villa De Alton* (30%)	$226	Vida Que Canta Apartments* (30%)	$293
					La Villa De Alton* (30%)	$258
	Vida Que Canta Apartments* (60%)	750	La Villa De Alton* (30%)	977	Vida Que Canta Apartments* (30%)	1,250
	La Villa De Alton* (30%)	720	La Villa De Alton* (60%)	977	Vida Que Canta Apartments* (60%)	1,250
	La Villa De Alton* (60%)	720	Vida Que Canta Apartments* (60%)	952	Pueblo De Paz Apartments* (40%)	1,150
			Pueblo De Paz Apartments* (40%)	900	Pueblo De Paz Apartments* (50%)	1,150
			Pueblo De Paz Apartments* (50%)	900	Pueblo De Paz Apartments* (60%)	1,150
SQUARE FOOTAGE			Pueblo De Paz Apartments* (60%)	900	Pueblo De Paz Apartments* (M)	1,150
			Pueblo De Paz Apartments* (M)	900	La Villa De Alton* (30%)	1,147
			Rio De Vida Apartments* (50%)	900	La Villa De Alton* (60%)	1,147
			Rio De Vida Apartments* (60%)	900	Rio De Vida Apartments* (50%)	1,100
			Rio De Vida Apartments* (M)	900	Rio De Vida Apartments* (60%)	1,100
					Rio De Vida Apartments* (M)	1,100
	Vida Que Canta Apartments* (60%)	$0.60	Pueblo De Paz Apartments* (M)	$0.66	Rio De Vida Apartments* (M)	$0.63
	La Villa De Alton* (60%)	$0.59	Rio De Vida Apartments* (M)	$0.66	Pueblo De Paz Apartments* (M)	$0.60
	La Villa De Alton* (30%)	$0.26	Pueblo De Paz Apartments* (60%)	$0.60	Rio De Vida Apartments* (60%)	$0.57
			Rio De Vida Apartments* (60%)	$0.60	Pueblo De Paz Apartments* (60%)	$0.55
			Vida Que Canta Apartments* (60%)	$0.57	La Villa De Alton* (60%)	$0.51
RENT PER SQUARE FOOT			La Villa De Alton* (60%)	$0.53	Vida Que Canta Apartments* (60%)	$0.50
			Pueblo De Paz Apartments* (50%)	$0.49	Rio De Vida Apartments* (50%)	$0.47
			Rio De Vida Apartments* (50%)	$0.49	Pueblo De Paz Apartments* (50%)	$0.45
			Pueblo De Paz Apartments* (40%)	$0.38	Pueblo De Paz Apartments* (40%)	$0.35
			La Villa De Alton* (30%)	$0.23	Vida Que Canta Apartments* (30%)	$0.23
					La Villa De Alton* (30%)	$0.22

2008 LIHTC Maximum Allowable Gross Rent Limits							
Bedrooms	30%	40%	50%	60%	80%	100%	FMR
Efficiency	$228	$305	$381	$457	$610	$762	$470
1 Bedroom	$245	$327	$408	$490	$698	$872	$516
2 Bedroom	$294	$392	$490	$588	$784	$980	$609
3 Bedroom	$340	$453	$566	$680	$872	$1,090	$730
4 Bedroom	$379	$506	$632	$759	$942	$1,177	$839
5 Bedroom	$418	$558	$698	$837	$1,012	$1,265	-

PAYMENT STANDARDS	
Units	Payment Standards
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

The rents at all of the surveyed LIHTC properties, including those of the market rate units, are below the current payment standards for Hidalgo County. None of the surveyed LIHTC properties have rents set at the maximum allowable levels.

LIHTC Family Supply Conclusion

Larger unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.67 and is projected to decrease slightly by 2012 to 3.65. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 39 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate an unmet demand for larger bedroom types.

The existing LIHTC multifamily properties in the West Central Hidalgo County Submarket offer a moderate amount of in-unit and community amenities. Most of the surveyed LIHTC properties offer unit amenities that include patios/balconies, central air, ceiling fans, ovens, dishwashers, garbage disposals, microwaves, and refrigerators. Washers/dryers and washer/dryer connections are not prevalent in the family LIHTC market. Most of the surveyed LIHTC properties offer community amenities including carport parking, a clubhouse, a central laundry facility, off-street parking, on-site management, a picnic area, playground, and swimming pool. Security features such as perimeter fencing and limited access are prevalent in the Submarket. No premium amenities or services are offered by the surveyed LIHTC properties in the Submarket.

The surveyed one-, two, and three-bedroom LIHTC units are 4.7, 8.0, and 6.6 percent smaller than the surveyed average unit sizes for the one-, two-, and three-bedroom market rate units in the Submarket. Three of the four surveyed properties were able to provide absorption information, resulting in an overall average absorption rate of 12.5 units per month, as compared to the average absorption rate of the surveyed market rate properties, of 8.5 percent. The average length for the waiting lists at LIHTC properties in the Submarket is 15 households, as compared to the majority of the market rate properties in the Submarket which do not maintain a waiting list. Overall vacancy at the surveyed family LIHTC properties is slightly higher than the surveyed market rate properties in the Submarket, which have an overall average vacancy rate of 3.95 percent. The range of turnover rates at the surveyed family LIHTC properties in the Submarket is lower than the average turnover rate of the surveyed market rate properties (41 percent).

The rents at all of the surveyed LIHTC properties, including those of the market rate units, are below the current payment standards for Hidalgo County. None of the surveyed LIHTC properties have rents set at the maximum allowable levels.

LIHTC SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, providers, and property managers.

Novogradac identified two senior LIHTC developments, 624 Keralum aka 4-Plex Apartments and Los Naranjos, with four and 30 units, respectively. Los Naranjos is a combination LIHTC/USDA development with 100 percent of tenants paying no more than 30 percent of their annual gross income towards rent. Therefore, this property has been excluded from the senior LIHTC analysis and will be addressed in the senior subsidized analysis section. We attempted to contact 624 Keralum multiple times in person and over the phone to no success. Therefore, due to the lack of available data, we were unable to perform a senior LIHTC market analysis.

Proposed/Under Construction

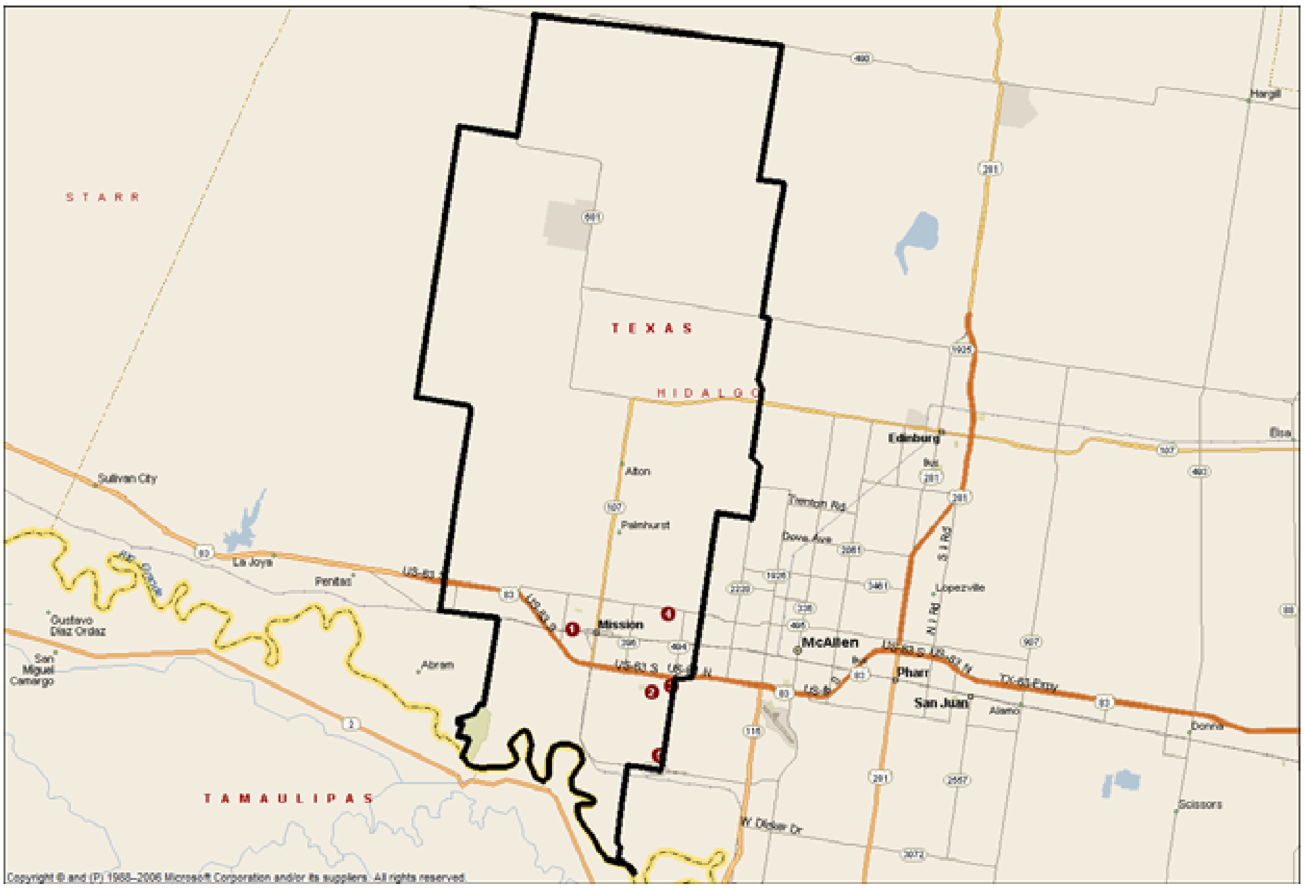
According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there are no proposed or under construction senior LIHTC properties in the West Central Hidalgo County Submarket..

MARKET RATE FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction family market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials.

Novogradac was able to identify and survey five family market rate developments in the West Central Hidalgo County Submarket: San Pedro at Sharyland Apartments, River Oaks Garden Apartments, Reserve at Cimarron, Las Villas De San Augustin and Greenlawn Apartments. Due to the limited amount of available market rate family data, we completed a limited market rate family market analysis.

The following map illustrates the location of the surveyed market rate family properties in the Submarket.



SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Greenlawn Apartments	Mission	Market – Family
2	Las Villas de San Agustin	Mission	Market – Family
3	Reserve at Cimarron	Mission	Market – Family
4	River Oaks Garden Apartments	Mission	Market – Family
5	San Pedro at Sharyland Apartments	Mission	Market - Family

Market Rate Multifamily Market

The following pictures identify the surveyed market rate family properties in the Submarket.


Greenlawn Apartments


Las Villas de San Agustin


Reserve at Cimarron


River Oaks Garden Apartments

San Pedro at Sharyland Apartments

Excluded Properties

The following table illustrates all of the excluded market rate properties in the Submarket. There are no other identifiable market rate properties in the Submarket. We have only excluded properties that we were unable to contact either in person or over the phone or properties that are fully furnished and/or corporate apartments. We attempted to contact the excluded properties multiple times with no success. Therefore, we were unable to confirm the target population for each development; we assume all of the following properties are family-oriented.

Name	Location	Type	Reason for Exclusion
Texan Guest Ranch Apartments	Mission	Market – Family	Fully Furnished
Mission Village	Mission	Market – Family	Could not contact
Shary Creek Apartments	Mission	Market – Family	Could not contact
Ocean Tower	Mission	Market – Family	Could not contact

Proposed Construction

According to the property manager at Las Villas De San Augustin, there is a market rate property currently under construction near the property. The property, Villa Rose, is expected to be completed in approximately two months, but further details were unavailable. We contacted Daniel Silva with the Mission Economic Development Authority in Mission, Texas. According to Mr. Silva, there is a luxury gated multifamily apartment development comprised of 60 units, which is currently under construction, adjacent to the under construction Vantage Condominium tower. Mr. Silva was unable to provide further information regarding this development. However, Mr. Silva did note that this project is also adjacent to a newly constructed apartment complex, developed by JMA Enterprises. Mr. Silva was unable to provide the name of this multifamily development.

Unit Mix

The following table illustrates the unit mix in the family market rate rental property market. It should be noted that market rate properties unable to provide unit mixes and have been excluded from this analysis.

Unit Mix - Market Family		
Unit Type	**Total Units**	**Percent**
1 BR	122	33%
2 BR	210	56%
3 BR	40	11%
Total	**372**	**100%**

We were unable to identify any four-bedroom market rate units. Small unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.67 and is projected to decrease slightly by 2012 to 3.65. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 39 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Though there is a lack of sufficient market rate multifamily developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the family market rate rental property market.

Unit Size – Market Family			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
1 BR	695	830	771
2 BR	954	1,100	1,013
3 BR	1,200	1,278	1,249

The average unit sizes of the market rate family one-, two-, and three-bedroom units in the Submarket are 4.6, 8.0, and 7.0 percent larger, respectively, than the one-, two-, and three-bedroom units at family LIHTC properties.

Common and In-Unit Amenities

	Greenlawn Apts.	Las Villas De San Augustin	Reserve At Cimarron	River Oaks Garden Apts.	San Pedro At Sharyland Apts.
Comp #	1	2	3	4	5
Property Information					
Property Type	Garden	Garden	Garden	One-story	Garden
Year Built / Renovated	1970's	2006	2007	1993	2006
Market (Conv.)/Subsidy Type	Market	Market	Market	Market	Market
In-Unit Amenities					
Balcony/Patio	no	yes	yes	yes	yes
Blinds	yes	yes	yes	yes	yes
Carpet/Hardwood	no	no	yes	no	no
Carpeting	yes	yes	no	yes	yes
Central A/C	yes	yes	yes	yes	yes
Dishwasher	no	yes	yes	yes	yes
Exterior Storage	no	no	yes	no	yes
Ceiling Fan	no	yes	yes	yes	yes
Garbage Disposal	no	no	yes	yes	yes
Microwave	no	no	yes	no	yes
Oven	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes
Walk-In Closet	no	yes	yes	yes	yes
Washer/Dryer	no	yes	yes	no	no
Washer/Dryer hookup	no	no	no	yes	yes
Property Amenities					
Business Center/Computer Lab	no	no	yes	no	yes
Carport	no	yes	yes	yes	yes
Clubhouse/Meeting Room/Community Room	no	no	yes	no	yes
Exercise Facility	no	yes	yes	no	yes
Garage	no	yes	no	no	yes
Off-Street Parking	yes	yes	yes	no	yes
On-Site Management	yes	yes	yes	yes	yes
Picnic Area	no	no	no	no	yes
Playground	no	no	no	no	yes
Swimming Pool	no	no	yes	no	yes
Volleyball Court	no	no	no	no	yes
Carport Fee	--	--	$30.00	--	$15.00
Garage Fee	--	--	--	--	$75.00
Services					
Security					
In-Unit Alarm	no	yes	no	yes	no
Limited Access	no	yes	no	no	yes
Patrol	no	no	no	no	yes
Perimeter Fencing	no	yes	no	no	yes
Video Surveillance	no	yes	no	no	no
Premium Amenities					
Other Amenities					

The surveyed market rate properties in the West Central Hidalgo County Submarket offer a moderate amount of in-unit and community amenities. The majority of the surveyed market rate properties offer washer/dryer hookups and/or appliances in the units. Three of the five surveyed properties offer security features of some kind.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit types for the surveyed properties. It should be noted that any properties unable to provide vacancy by unit type or still in lease-up have been excluded from this analysis.

Weighted Vacancy - Market Family			
Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	26	0	0.0%
2 BR	78	3	3.8%
Total	**104**	**3**	2.9%

The average weighted vacancy rate for the surveyed market rate properties is approximately half that of the surveyed LIHTC properties (6.0 percent).

Absorption

Two of the surveyed market rate properties were able to provide absorption rates of 10 units per month and seven units per month, resulting in an absorption rate of 8.5 units per month, as compared to surveyed LIHTC properties which have an average absorption rate of 12.5 units per month.

Waiting List

Two of the market rate family properties in the market maintain a waiting list short waiting lists less than five households in length for one through three-bedroom units. Waiting lists are not prevalent at the market rate properties in the Submarket.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties. It should be noted any properties currently in leas-up have been excluded from this analysis.

Vacancy – Market Family			
Property Name	Number of Units	Vacant Units	Vacancy Rate
Greenlawn Apartments	24	3	12.50%
Las Villas de San Augustin	80	0	0.00%
Reserve at Cimarron	152	5	3.30%
River Oaks Garden Apartments	67	0	0.00
AVERAGE	**323**	**8**	**2.5%**

The average vacancy rates for the market rate properties in the Submarket is slightly lower than the average vacancy rate of the LIHTC properties in the market (5.57 percent).

Concessions

Only one market rate property is offering concessions. Concessions are not prevalent in the market.

Turnover

Four of the five surveyed market rate properties were able to provide turnover information. The following table illustrates turnover information in the market.

Turnover – Market Family

Property Name	Number of Units	Turnover
Greenlawn Apartments	24	N/A
Las Villas de San Augustin	80	60%
Reserve at Cimarron	152	47%
River Oaks Garden Apartments	67	27%
San Pedro at Sharyland Apartments	268	31%
AVERAGE		**41%**

Annual turnover rates reported range from 27 percent to 60 percent, with an average of 41 percent, which is slightly higher than the average turnover rate of the surveyed LIHTC properties in the Submarket (30 percent).

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Wait List?	Units Vacant	Vacancy Rate
Greenlawn Apartments	Garden	Market	2BR / 2BA	24	100.00%	Market	$400	1,000	No	3	12.50%
1014 Greenlawn	1970's										
Mission, TX 78572											
Hidalgo County				24	100%					3	12.50%
Las Villas De San Augustin	Garden	Market	1BR / 1BA	26	32.50%	Market	$595	830	Yes	0	0.00%
900 Travis Street	2006		2BR / 2BA	54	67.50%	Market	$775	1,100	No	0	0.00%
Mission, TX 78572											
Hidalgo County											
				80	100%					0	0.00%
Reserve At Cimarron	Garden	Market	1BR / 1BA	N/A	N/A	Market	$720	695	No	N/A	N/A
2417 Colorado Street	2007		1BR / 1BA	N/A	N/A	Market	$805	730	No	N/A	N/A
Mission, TX 78572			2BR / 2BA	N/A	N/A	Market	$890	954	Yes	N/A	N/A
Hidalgo County			2BR / 2BA	N/A	N/A	Market	$1,005	1,024	Yes	N/A	N/A
			3BR / 2BA	N/A	N/A	Market	$1,160	1,269	Yes	N/A	N/A
				152	100%					5	3.30%
River Oaks Garden Apartments	One-story	Market	2BR / 2BA	N/A	N/A	Market	$625	1,000	No	0	N/A
1916 Summer Breeze Road	1993		3BR / 2BA	N/A	N/A	Market	$725	1,200	No	0	N/A
Mission, TX 78572											
Hidalgo County											
				67	100%					0	0.00%
San Pedro At Sharyland Apartments	Garden	Market	1BR / 1BA	96	35.80%	Market	$695	830	No	N/A	N/A
4206 San Gabriel	2006		2BR / 1BA	36	13.40%	Market	$855	955	No	N/A	N/A
Mission, TX 78572			2BR / 2BA	96	35.80%	Market	$814	1,058	No	N/A	N/A
Hidalgo County			3BR / 2BA	40	14.90%	Market	$1,125	1,278	No	N/A	N/A
				268	100%					107	39.90%

Rent and Square Footage Ranking

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

Units Surveyed:	591	Weighted Occupancy:	80.50%
Market Rate	591	Market Rate	80.50%
Tax Credit	0	Tax Credit	N/A

	One Bedroom One Bath		Two Bedrooms Two Bath		Three Bedrooms Two Bath	
	Property	Average	Property	Average	Property	Average
RENT	Reserve At Cimarron	$805	Reserve At Cimarron	$1,005	Reserve At Cimarron	$1,160
	Reserve At Cimarron	$720	Reserve At Cimarron	$890	San Pedro At Sharyland Apartments	$1,125
	San Pedro At Sharyland Apartments	$695	San Pedro At Sharyland Apartments	$814	River Oaks Garden Apartments	$725
	Las Villas De San Augustin	$595	Las Villas De San Augustin	$775		
			River Oaks Garden Apartments	$625		
			Greenlawn Apartments	$400		
SQUARE FOOTAGE	Las Villas De San Augustin	830	Las Villas De San Augustin	1,100	San Pedro At Sharyland Apartments	1,278
	San Pedro At Sharyland Apartments	830	San Pedro At Sharyland Apartments	1,058	Reserve At Cimarron	1,269
	Reserve At Cimarron	730	Reserve At Cimarron	1,024	River Oaks Garden Apartments	1,200
	Reserve At Cimarron	695	Greenlawn Apartments	1,000		
			River Oaks Garden Apartments	1,000		
			Reserve At Cimarron	954		
RENT PER SQUARE FOOT	Reserve At Cimarron	$1.10	Reserve At Cimarron	$0.98	Reserve At Cimarron	$0.91
	Reserve At Cimarron	$1.04	Reserve At Cimarron	$0.93	San Pedro At Sharyland Apartments	$0.88
	San Pedro At Sharyland Apartments	$0.84	San Pedro At Sharyland Apartments	$0.77	River Oaks Garden Apartments	$0.60
	Las Villas De San Augustin	$0.72	Las Villas De San Augustin	$0.70		
			River Oaks Garden Apartments	$0.62		
			Greenlawn Apartments	$0.40		

2008 LIHTC Maximum Allowable Gross Rent Limits							
Bedrooms	30%	40%	50%	60%	80%	100%	FMR
Efficiency	$228	$305	$381	$457	$610	$762	$470
1 Bedroom	$245	$327	$408	$490	$698	$872	$516
2 Bedroom	$294	$392	$490	$588	$784	$980	$609
3 Bedroom	$340	$453	$566	$680	$872	$1,090	$730
4 Bedroom	$379	$506	$632	$759	$942	$1,177	$839
5 Bedroom	$418	$558	$698	$837	$1,012	$1,265	-

PAYMENT STANDARDS	
Units	Payment Standards
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

The rental rates for all, but one, of the surveyed market rate properties are above the current payment standards for Hidalgo County. The average market rents for the one, two, and three-bedroom units at the surveyed market rate properties are $704, $827, and $1,003. The market rate rents at all, but one, of the surveyed properties are above the LIHTC 60 percent of AMI maximum allowable level.

Market Supply Conclusion

Small unit types are currently prevalent in the Submarket. However, the Submarket's household size is significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 39 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Though there is a lack of sufficient market rate multifamily developments on which to base an effective analysis, demographic projections, and anecdotal evidence indicate possible unmet demand for larger bedroom types.

The surveyed market rate properties in the West Central Hidalgo County Submarket offer a moderate amount of in-unit and community amenities. The majority of the surveyed market rate properties offer washer/dryer hookups and/or appliances in the units. Three of the five surveyed properties offer security features of some kind.

The average unit sizes of the market rate family one-, two-, and three-bedroom units in the Submarket are 4.6, 8.0, and 7.0 percent larger, respectively, than the one-, two-, and three-bedroom units at family LIHTC properties. The average weighted vacancy rate for the surveyed market rate properties is approximately half that of the surveyed LIHTC properties (6.0 percent).

Two of the surveyed market rate properties were able to provide absorption rates of 10 units per month and seven units per month, resulting in an absorption rate of 8.5 units per month, as compared to surveyed LIHTC properties which have an average absorption rate of 12.5 units per month. Waiting lists are not prevalent at the market rate properties in the Submarket. The average vacancy rates for the market rate properties in the Submarket (2.5 percent) is slightly lower than the average vacancy rate of the LIHTC properties in the market (5.57 percent). Annual turnover rates reported range from 27 percent to 60 percent, with an average of 41 percent, which is slightly higher than the average turnover rate of the surveyed LIHTC properties in the Submarket (30 percent).

The rental rates for all, but one, of the surveyed market rate properties are above the current payment standards for Hidalgo County. The average market rents for the one, two, and three-bedroom units at the surveyed market rate properties are $704, $827, and $1,003. The market rate rents at all, but one, of the surveyed properties are above the LIHTC 60 percent of AMI maximum allowable level.

MARKET RATE SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior-oriented market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials. There were no identifiable existing senior market rate properties in the West Central Hidalgo County Submarket. Based on the lack of available data, we did not complete a market rate senior market analysis.

Proposed Construction

We were unable to identify any proposed or under construction market rate senior developments in the Submarket.

SUBSIDIZED FAMILY SUPPLY

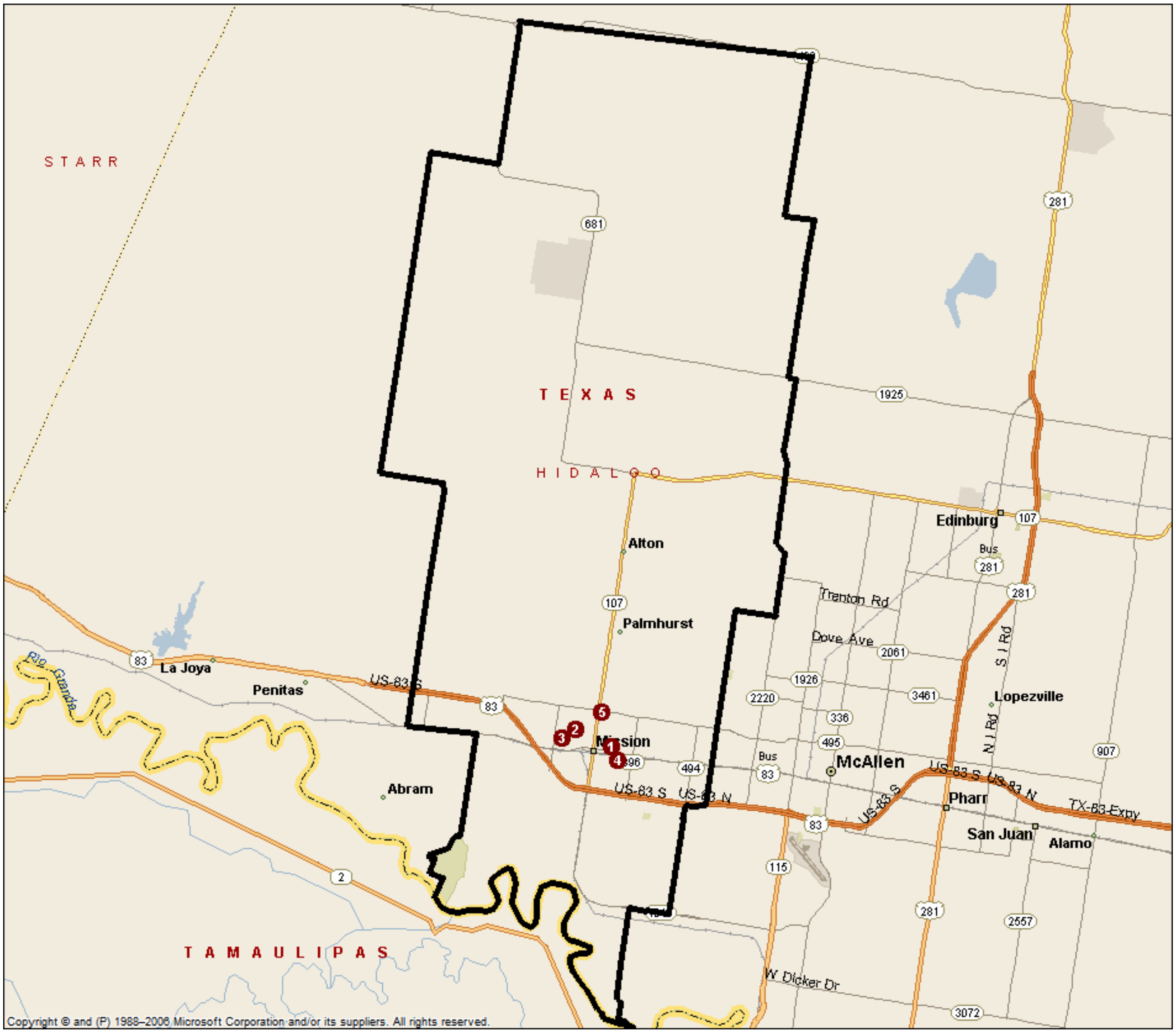
We attempted to identify all existing, proposed, and under construction family oriented subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

There are six existing family-targeted subsidized developments located in the West Central Hidalgo Submarket. We were able to acquire information on five of the six existing family-oriented subsidized developments. Of the five subsidized family properties, 1209 Keralum is a LIHTC property with 100 percent of tenants using housing choice vouchers, enabling them to pay no more than 30 percent of their annual gross income towards rent. Mission Village Apartments is a Section 8 development with 100 percent of tenants paying no more than 30 percent of their annual gross income towards the contract rents. The remaining three developments, Anacua Apartments, Aldea Apartments, 52 scattered-site single-family homes, are public housing developments administered by the Mission Housing Authority.

According to Jamie Ayala, with the Housing Authority of the City of Mission, Anacua Apartments was built in 1942 and offers 80 one-, two- and three-bedroom units in 26 duplexes and rowhouses. Aldea Apartments was built in 1983 and offers 48 one-, two- and three-bedroom units in 24 duplexes. The third multifamily public housing development consists of 52 three-, four- and five-bedroom single-family homes on scattered sites. The single-family homes were built between 1994 and 1995. Addresses for the 52 scattered site single-family homes were unavailable. Although information regarding occupancy, unit mix, and amenities was available for these three developments, Mr. Ayala was unable to provide the majority of the market information and rental rates.

Based on the lack of available data, we completed only a limited subsidized family market analysis.

The following map illustrates the location of the surveyed family-oriented subsidized properties in the Submarket.



SURVEYED FAMILY PROPERTIES

Number	Name	Location	Type
1	1209 Keralum	Mission	LIHTC/Section8 – Family
2	52 Scattered-Site Single-family Homes	Mission	Public Housing – Family
3	Aldea Apartments	Mission	Public Housing – Family
4	Anacua Apartments	Mission	Public Housing – Family
5	Mission Village Apartments	Mission	LIHTC/Section 8– Family

Subsidized Multifamily Market
The following pictures identify the surveyed subsidized family properties in the Submarket.


1209 Keralum


52 scattered-site single-family homes


Aldea Apartments


Anacua Apartments


Mission Village Apartments

Excluded Properties
We were unable to acquire information on El Rosario Homes, a family-targeted Section 8 development located at 1802 Nicholson Avenue in Mission. El Rosario Homes offers three- and four-bedroom units. Additional information regarding El Rosario Homes was unavailable. We attempted to contact this property multiple times, but our calls have not been returned as of the date of this study.

Proposed Construction
We attempted to contact Jamie Ayala, with the Housing Authority of the City of Mission, however our phone calls have not been returned as of the date of this study.

Unit Mix
The following table illustrates the unit mix in the family subsidized rental property market.

Unit Mix - Subsidized Family		
Unit Type	**Total Units**	**Percent**
1 BR	29	12.95%
2 BR	67	29.91%
3 BR	93	41.52%
4 BR	33	14.73%
5 BR	2	0.89%
Total	**224**	**100%**

Large unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.67 and is projected to decrease slightly by 2012 to 3.65. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 39 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate an unmet demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the subsidized rental property market.

Unit Size - Subsidized Family			
Unit Type	**Minimum Surveyed**	**Maximum Surveyed**	**Surveyed Average**
1 BR	500	850	598
2 BR	700	750	726
3 BR	900	1,300	1,030
4 BR	1,134	1,400	1,267
5 BR	1,500	1,500	1,500

It should be noted that there was only one property with five-bedroom units in the Submarket. The subsidized one, two and three-bedroom average unit sizes are 18.6, 22.1, and 11.4 percent smaller, respectively, than the one, two-, and three-bedroom average unit sizes found at the LIHTC properties in the Submarket. There were no four and five bedroom units among the surveyed LIHTC developments.

Common and In-Unit Amenities

	1209 Keralum	52 Single Family Homes	Aldea Apts.	Anacua Apts.	Mission Village Apts.
Comp #	1	2	3	4	5
Property Information					
Property Type	Various	Single Family	Duplex	Duplex	Garden
Year Built / Renovated	1990	1994/1995	1983	1942	1981
Market (Conv.)/Subsidy Type	LIHTC	Market (Public Housing)	Market (Public Housing)	Market (Public Housing)	Section 8
In-Unit Amenities					
Balcony/Patio	no	yes	yes	yes	yes
Blinds	yes	yes	yes	yes	yes
Carpeting	yes	no	no	no	no
Central A/C	yes	yes	no	no	yes
Exterior Storage	no	no	no	no	yes
Ceiling Fan	yes	yes	yes	yes	no
Oven	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes
Walk-In Closet	no	no	no	no	yes
Window A/C	no	no	yes	yes	no
Washer/Dryer	no	no	no	no	no
Washer/Dryer hookup	yes	yes	yes	yes	no
Property Amenities					
Carport	no	yes	yes	yes	no
Central Laundry	no	no	no	no	yes
Off-Street Parking	no	yes	yes	yes	yes
On-Site Management	no	no	no	no	yes
Picnic Area	no	no	no	no	yes
Playground	no	no	no	no	yes
Services					
Security					
Perimeter Fencing	no	no	no	no	yes
Premium Amenities					
Other Amenities					
Other	n/a	n/a	n/a	n/a	n/a

The existing subsidized multifamily properties in the West Central Hidalgo County Submarket offer limited in-unit and community amenities. The majority of the surveyed subsidized properties offer no services, no security features, and no premium amenities. Tile flooring versus carpet flooring is common among the subsidized properties. The majority of the surveyed properties offer car port parking at no additional cost. A basic appliance package is provided with washer connections only in most units, except for Mission Village Apartments, which offers only a central laundry facility.

By-Unit Weighted Vacancy

The following table illustrates the weighted vacancy rates in the subsidized rental property market.

Weighted Vacancy - Subsidized Family			
Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	29	0	0.00%
2 BR	67	1	1.50%
3 BR	93	1	1.10%
4 BR	33	0	0.00%
5 BR	2	0	0.00%
Total	**224**	**2**	**0.90%**

The average weighted vacancy of the subsidized properties in the Submarket (0.90 percent) is significantly lower than the average weighted vacancy of the surveyed LIHTC properties in the Submarket (6.0 percent).

Absorption

None of the surveyed subsidized properties was able to provide absorption information.

Waiting List

The following table illustrates the waiting lists in the subsidized rental property market.

Waiting Lists – Subsidized Family		
Property Name	Number of Units	Households
1209 Keralum	4	From the Waiting List at Mission Housing Authority; 1,422 HH
52 Scattered-Site Single-family Homes	52	From the Waiting List at Mission Housing Authority; 1,422
Aldea Apartments	48	From the Waiting List at Mission Housing Authority; 1,422
Anacua Apartments	80	From the Waiting List at Mission Housing Authority; 1,422
Mission Village Apartments	40	30 HH

All but one, of the surveyed developments draw tenants from the Mission Housing Authority's combined waiting list for Housing Choice Vouchers and Public Housing units. This waiting list currently has 1,422 households and is significantly longer that the average length of the waiting lists of the LIHTC properties (15 households).

Vacancy Levels
The following table illustrates the vacancy rates in the subsidized rental property market.

Vacancy – Subsidized Family			
Property Name	**Number of Units**	**Vacant Units**	**Vacancy Rate**
1209 Keralum	4	0	0.00%
52 Scattered-Site Single-family Homes	52	0	0.00%
Aldea Apartments	48	1	2.10%
Anacua Apartments	80	1	1.30%
Mission Village Apartments	40	0	0.00%
AVERAGE	**224**	**2**	**0.9%**

The overall average vacancy rate of the surveyed subsidized properties in the Submarket (0.9 percent) is significantly lower than the overall average vacancy rate of the surveyed LIHTC properties in the market (5.57 percent).

Concessions
None of the subsidized family properties in the market are offering concessions.

Turnover
Only two properties in our survey were able to provide turnover rates of 1 and 20 percent, respectively, for an average turnover rate of 10.5 percent as compared to the average turnover rate of the surveyed LIHTC properties (30 percent).

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	1209 Keralum	Various	LIHTC/Section 8	1BR / 1.5BA	1	25.00%	@60%	$380	850	no	Yes	0	0.00%
	1209 Keralum	1990		2BR / 1BA	1	25.00%	@60%	$360	700	no	Yes	0	0.00%
	Mission, TX 78572			2BR / 1BA	1	25.00%	@60%	$400	700	no	Yes	0	0.00%
	Hidalgo County			2BR / 1BA	1	25.00%	@60%	$380	700	no	Yes	0	0.00%
					4	100%						0	0.00%
2	52 Single Family Homes	Single Family	Market (Public Housing)	3BR / 2BA	25	48.10%	Market	N/A	1,300	n/a	Yes	0	0.00%
	Scattered Sites	1994/1995		4BR / 2BA	25	48.10%	Market	N/A	1,400	n/a	Yes	0	0.00%
	Mission, TX 78572			5BR / 2BA	2	3.80%	Market	N/A	1,500	n/a	Yes	0	0.00%
	Hidalgo County												
					52	100%						0	0.00%
3	Aldea Apartments	Duplex	Market (Public Housing)	1BR / 1BA	10	20.80%	Market	N/A	500	n/a	Yes	0	0.00%
	1300 Aldea Street	1983		2BR / 1BA	17	35.40%	Market	N/A	750	n/a	Yes	0	0.00%
	Mission, TX 78572			3BR / 1BA	21	43.80%	Market	N/A	900	n/a	Yes	1	4.80%
	Hidalgo County												
					48	100%						1	2.10%
4	Anacua Apartments	Duplex	Market (Public Housing)	1BR / 1BA	10	12.50%	Market	N/A	500	n/a	Yes	0	0.00%
	906 East 8th Street	1942		2BR / 1BA	35	43.80%	Market	N/A	750	n/a	Yes	1	2.90%
	Mission, TX 78572			3BR / 1BA	35	43.80%	Market	N/A	900	n/a	Yes	0	0.00%
	Hidalgo County												
					80	100%						1	1.30%
5	Mission Village Apartments	Garden	Section 8	1BR / 1BA	8	20.00%	Section 8	$458	542	n/a	Yes	0	0.00%
	320 E Griffin Parkway	1981		2BR / 1BA	12	30.00%	Section 8	$541	703	n/a	Yes	0	0.00%
	Mission, TX 78572			3BR / 1.5BA	12	30.00%	Section 8	$630	1,019	n/a	Yes	0	0.00%
	Hidalgo County			4BR / 2BA	8	20.00%	Section 8	$691	1,134	n/a	Yes	0	0.00%
					40	100%						0	0.00%

Rent and Square Footage Ranking

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

Units Surveyed:	224	Weighted Occupancy:	99.10%
Market Rate	220	Market Rate	99.10%
Tax Credit	4	Tax Credit	100.00%

	One Bedroom One Bath		Two Bedrooms Two Bath		Three Bedrooms Two Bath		Four Bedrooms Two Bath	
	Property	Average	Property	Average	Property	Average	Property	Average
RENT	Mission Village Apartments	$458	Mission Village Apartments (1BA)	$541	Mission Village Apartments (1.5BA)	$630	Mission Village Apartments	$691
	1209 Keralum* (1.5BA 60%)	$380	1209 Keralum* (1BA 60%)	$400				
			1209 Keralum* (1BA 60%)	$380				
			1209 Keralum* (1BA 60%)	$360				
SQUARE FOOTAGE	1209 Keralum* (1.5BA 60%)	850	Mission Village Apartments (1BA)	703	Mission Village Apartments (1.5BA)	1,019	Mission Village Apartments	1,134
	Mission Village Apartments	542	1209 Keralum* (1BA 60%)	700				
			1209 Keralum* (1BA 60%)	700				
			1209 Keralum* (1BA 60%)	700				
RENT PER SQUARE FOOT	Mission Village Apartments	$0.85	Mission Village Apartments (1BA)	$0.77	Mission Village Apartments (1.5BA)	$0.62	Mission Village Apartments	$0.61
	1209 Keralum* (1.5BA 60%)	$0.45	1209 Keralum* (1BA 60%)	$0.57				
			1209 Keralum* (1BA 60%)	$0.54				
			1209 Keralum* (1BA 60%)	$0.51				

PAYMENT STANDARDS	
Units	**Payment Standards**
Studio	$470
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

Only two surveyed subsidized properties to provide rental rates. The rents at both surveyed subsidized properties are well below the payment standards for Hidalgo County. According to the Mission Housing Authority, the combined waiting list for Housing Choice Vouchers and Public Housing is 1,422 households long, indicating significant demand for very low income affordable housing.

Subsidized Family Supply Conclusion

Large unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.67 and is projected to decrease slightly by 2012 to 3.65. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 39 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate an unmet demand for larger bedroom types.

The existing subsidized multifamily properties in the West Central Hidalgo County Submarket offer limited in-unit and community amenities. The majority of the surveyed subsidized properties offer no services, no security features, and no premium amenities. Tile flooring versus carpet flooring is common among the subsidized properties. The majority of the surveyed properties offer car port parking at no additional cost. A basic appliance package is provided with washer connections only in most units, except for Mission Village Apartments, which offers only a central laundry facility.

None of surveyed properties is offering concessions and none of the properties was able to provide absorption information. The subsidized one, two and three-bedroom average unit sizes are 18.6, 22.1, and 11.4 percent smaller, respectively, than the one, two-, and three-bedroom average unit sizes found at the LIHTC properties in the Submarket. There were no four and five bedroom units among the surveyed LIHTC developments. The average weighted vacancy of the subsidized properties in the Submarket (0.90 percent) is significantly lower than the average weighted vacancy of the surveyed LIHTC properties in the Submarket (6.0 percent).

All but one, of the surveyed developments draw tenants from the Mission Housing Authority's combined waiting list for Housing Choice Vouchers and Public Housing units. This waiting list currently has 1,422 households and is significantly longer that the average length of the waiting lists of the LIHTC properties (15 households). Only two properties in our survey were able to provide turnover rates of 1 and 20 percent, respectively, for an average turnover rate of 10.5 percent as compared to the average turnover rate of the surveyed LIHTC properties (30 percent). The overall average vacancy rate of the surveyed subsidized properties in the Submarket (0.9 percent) is significantly lower than the overall average vacancy rate of the surveyed LIHTC properties in the market (5.57 percent)

Only two surveyed subsidized properties to provide rental rates. The rents at both surveyed subsidized properties are well below the payment standards for Hidalgo County.

.

SUBSIDIZED SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

There are four existing senior subsidized developments located in the West Central Hidalgo Submarket, Mission Palms Retirement Homes, Villas De Arnaldo Ramirez, Los Naranjos and Palm Plaza I, II, and III, which operate as one property. We were able to acquire information on two of the four subsidized senior properties.

Los Naranjos is a combination LIHTC/USDA senior/disabled property with 100 percent of tenants paying no more than 30 percent of their annual gross income towards rent. Palm Plaza I, II, and III is a three-phase senior/disabled public housing development constructed in 1967, 1969, and 1996. According to Jaime Ayala in the Public Housing Office of the Housing Authority of the City of Mission, Palm Plaza I, II and III offers 90 studio, one-, and two-bedroom units. Although information regarding occupancy, unit mix, and amenities was available for Palm Plaza, Mr. Ayala was unable to provide the majority of the market information and rental rates.

Based on the lack of available data, we completed only a limited subsidized senior supply analysis.

The following map illustrates the location of the surveyed senior subsidized properties in the Submarket.

SURVEYED SENIOR PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Los Naranjos	Alton	LIHTC/USDA – Senior/Disabled
2	Palm Plaza I, II, III	Mission	Public Housing – Senior/Disabled

Subsidized Senior Market
The following pictures identify the surveyed subsidized senior properties in the Submarket.

Los Naranjos

Palm Plaza I

Palm Plaza II and III

Excluded Properties

We were unable to acquire information on Villas De Arnaldo Ramirez and Mission Palms Retirement Housing. We attempted to contact these properties multiple times, but our calls have not been returned as of the date of this study.

EXCLUDED PROPERTIES LIST				
Name	Address	Type	No. of Units	Reason For Exclusion
Villas De Arnaldo Ramirez	1305 Matamoros Street	Section 8	N/A	Could not Contact
Mission Palms Retirement Housing	900 Los Ebanos Road	Section 8	N/A	Could not Contact

Proposed Construction

We attempted to contact Jamie Ayala, with the Housing Authority of the City of Mission, however our phone calls have not been returned as of the date of this study.

Unit Mix

The following table illustrates the unit mix in the senior subsidized rental property market.

Unit Mix - Subsidized Senior		
Unit Type	Total Units	Percent
0 BR	30	25.00%
1 BR	84	70.00%
2 BR	6	5.00%
Total	**120**	**100.00%**

Small unit types are currently prevalent in the senior subsidized Submarket.

Unit Size

Management at Los Naranjos was unable to provide unit size information. The following table illustrates the existing unit sizes for Palm Plaza I, II, and III.

Unit Size - Subsidized Senior			
Unit Type	0 Bedroom	1 Bedroom	2 Bedroom
Palm Plaza I,II, and III	450	500	750

Common and In-Unit Amenities

	Los Naranjos	Palm Plaza I, II, III
Comp #	1	2
Property Information		
Property Type	One-story (age-restricted)	Midrise (age-restricted)
Year Built / Renovated	2005	1967, 1969, 1996
Market (Conv.)/Subsidy Type	Rural Development	Market (Public Housing)
In-Unit Amenities		
Balcony/Patio	yes	no
Blinds	yes	yes
Carpeting	yes	no
Central A/C	yes	no
Exterior Storage	yes	no
Ceiling Fan	no	yes
Hand Rails	no	yes
Oven	yes	yes
Refrigerator	yes	yes
Window A/C	no	yes
Washer/Dryer hookup	yes	no
Property Amenities		
Business Center/Computer Lab	yes	no
Carport	no	yes
Clubhouse/Meeting Room/Community Room	yes	no
Elevators	no	yes
Exercise Facility	no	yes
Central Laundry	yes	yes
Off-Street Parking	yes	yes
On-Site Management	yes	no
Picnic Area	no	yes
Services		
Security		
Premium Amenities		
Other Amenities		
Other	n/a	n/a

The existing senior subsidized multifamily properties in the West Central Hidalgo County Submarket offer moderate in-unit and community amenities. The majority of the surveyed subsidized properties offer no non-shelter services, no security features, and no premium amenities. Tile flooring versus carpet flooring is common among the subsidized properties. The surveyed properties offer only off-street parking. A basic appliance package is provided with in unit washer/dryer connections found at the newer property, Los Naranjos, and a central laundry facility only at Palm Plaza. Overall, as a newly constructed combination USDA/LIHTC property, Los Naranjos offers a superior in unit and community amenities package, relative to the amenities offered by Palm Plaza I, II, and III. For example, Palm Plaza does not offer central air conditioning, onsite-management, or balconies/patios. However, Palm Plaza does offer elevators and hand rails. As a single story property, Los Naranjos does not require elevators.

By-Unit Weighted Vacancy
None of the surveyed subsidized senior properties is currently exhibiting vacancies.

Absorption
None of the surveyed subsidized senior properties was able to provide absorption information.

Waiting List
The following table illustrates the waiting lists in the subsidized rental property market.

Waiting Lists – Subsidized Senior

Property Name	Number of Units	Households
Los Naranjos	30	4HH
Palm Plaza I, II, and III	90	Undetermined

Los Naranjos currently maintains a waiting list of four households. Palm Plaza draws tenants from the Housing Authority of the City of Mission's combined waiting list for Housing Choice Vouchers and Public Housing units. This waiting list currently has 1,422 households; however, the number of senior/disabled households on the waiting list was unavailable.

Vacancy Levels
There are currently no vacancies at the surveyed senior subsidized properties.

Concessions
None of the subsidized family properties in the market are offering concessions.

Turnover
The one property able to provide turnover information currently has a turnover rate of 10 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
Los Naranjos	One-story (age-restricted)	Rural Development	1BR / 1BA	26	86.70%	Rural Development	$395	N/A	n/a	Yes	0	0.00%
212 N Eagle Pass Road	2005		2BR / 1BA	4	13.30%	Rural Development	$520	N/A	n/a	Yes	0	0.00%
Alton, TX 78574												
Hidalgo County				30	100%						0	0.00%
Palm Plaza I, II, II	Midrise (age-restricted)	Market (Public Housing)	Studio / 1BA	30	33.30%	Market	N/A	450	n/a	Yes	0	0.00%
810 North Mayberry Street	1967, 1969, 1996		1BR / 1BA	58	64.40%	Market	N/A	500	n/a	Yes	0	0.00%
Mission, TX 78572			2BR / 1BA	2	2.20%	Market	N/A	750	n/a	Yes	0	0.00%
Hidalgo County												
				90	100%						0	0.00%

Rent and Square Footage Ranking

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions

Units Surveyed:	120	Weighted Occupancy:	100.00%
Market Rate	120	Market Rate	100.00%
Tax Credit	0	Tax Credit	N/A

	One Bedroom One Bath		Two Bedrooms Two Bath	
	Property	**Average**	**Property**	**Average**
RENT	Los Naranjos	$395	Los Naranjos (1BA)	$520
SQUARE FOOTAGE	Los Naranjos	N/A	Los Naranjos (1BA)	N/A
RENT PER SQUARE FOOT	Los Naranjos	$0.00	Los Naranjos (1BA)	$0.00

PAYMENT STANDARDS	
Units	**Payment Standards**
Studio	$470
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

Only Los Naranjos was able to provide information on rental rates. Los Naranjos is a LIHTC/USDA property with 100 percent of the tenants paying no more than 30 percent of their annual gross in income towards rent. The one and two-bedroom rents at Los Naranjos are well below the payment standards for Hidalgo County. According to the Mission Housing Authority, the combined waiting list for Housing Choice Vouchers and Public Housing is 1,422 households long, indicating significant demand for very low income affordable housing.

Subsidized Senior Supply Conclusion

Small unit types are currently prevalent in the senior subsidized Submarket. The existing senior subsidized multifamily properties in the West Central Hidalgo County Submarket offer moderate in-unit and community amenities. The majority of the surveyed subsidized properties offer no non-shelter services, no security features, and no premium amenities. Tile flooring versus carpet flooring is common among the subsidized properties. The surveyed properties offer only off-street parking. A basic appliance package is provided with in unit washer/dryer connections at only one of the properties.

Neither of the senior subsidized properties is offering concessions, was able to provide absorption information, or currently has any vacancies. Only Los Naranjos was able to provide turnover information. Los Naranjos currently has a turnover rate of 10 percent. Los Naranjos currently maintains a waiting list of four households. Palm Plaza draws tenants from the Housing Authority of the City of Mission's combined waiting list for Housing Choice Vouchers and Public Housing units. This waiting list currently has 1,422 households; however, the number of senior/disabled households on the waiting list was unavailable.

Only Los Naranjos was able to provide information on rental rates. Los Naranjos is a LIHTC/USDA property with 100 percent of the tenants paying no more than 30 percent of their annual gross in income towards rent. The one and two-bedroom rents at Los Naranjos are well below the payment standards for Hidalgo County. According to the Mission Housing Authority, the combined waiting list for Housing Choice Vouchers and Public Housing is 1,422 households long, indicating significant demand for very low income affordable housing.

DEMAND ANALYSIS

AFFORDABLE HOUSING DEMAND ANALYSIS

As outlined in the study requirements, our estimate of demand for affordable rental housing in the West Central Hidalgo County Submarket is based on current households and is presented by household size, income level and targeted population. Existing income-qualified renter households are further refined to account for household growth over a five-year projection period, percentage of rent-overburdened households, percentage of households residing in substandard housing, percentage of households in overcrowded housing, and the Submarket's turnover rate. Additionally, we have adjusted our demand estimates to account for accommodation of affordable housing demand through any planned, proposed or unstabilized LIHTC units in the Submarket.

The number of income-qualified renter households is calculated for each of six income cohorts: less than 30 percent of AMI, 31 to 40 percent of AMI, 41 to 50 percent of AMI, 51 to 60 percent of AMI, 61 to 80 percent of AMI and 81 to 100 percent of AMI. With the use of demographics provided by HISTA, we are able to examine each of these six income groups by household size to include one-, two-, three- and four-person households and households with five or more persons. This insures that income-qualified households will not be double counted. Separate analyses are presented for all renter households and senior renter households, defined as age 55 and older.

There is very limited demographic and income data for colonias households available through the census and other government agencies. For this reason, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand accounted for through the analysis of Census data.

DEMAND FROM EXISTING HOUSEHOLDS

Number of Existing Households for the Current Year

The total number of households in the West Central Hidalgo County Submarket in 2007 is 42,868 and the total number of households in 2012 is projected to be 53,077. The total number of households age 55 and older in the Submarket for 2007 is 13,063, with a 2012 projection of 17,592 households. This is a beginning point for our analysis.

Number of Renters

Information provided to us by ESRI indicates that of the occupied housing units, renter households make up approximately 20.1 percent of the occupied housing unit households in the West Central Hidalgo County Submarket in 2007. For seniors age 55 and older, the percentage of renters is 12.5 percent.

Maximum Income Guidelines

Maximum income guidelines for tax credit properties are determined by HUD and are based on the area's Average Income. Typically, minimum income levels are calculated based on the assumption that lower income families should pay no more than 35 percent of their income to gross rent. Often times, lower income families pay a higher percentage of income as rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high income households. In order to avoid overstating potential demand this analysis assumes that none of the income bands will overlap. For example, the maximum income for a one-person household at 30 percent of AMI is considered the minimum income for a one-person household in the income range between 31 percent and 40 percent of AMI. A minimum income of zero dollars is used in calculating demand from households earning 30 percent of AMI or less.

The minimum and maximum household eligible income ranges for the West Central Hidalgo County Submarket (McAllen-Edinburg-Mission, TX MSA) are detailed in the table on the following page.

INCOME LIMITS

Household Size	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	< 30% AMI		*31% - 40% AMI*		*41% - 50% AMI*		*51% - 60% AMI*		*61% - 80% AMI*		*81% - 100% AMI*	
1 Person	$0	$9,150	$9,150	$12,200	$12,200	$15,250	$15,250	$18,300	$18,300	$24,400	$24,400	$30,500
2 Person	$0	$10,500	$10,500	$13,960	$13,960	$17,450	$17,450	$20,940	$20,940	$27,920	$27,920	$34,900
3 Person	$0	$11,800	$11,800	$15,680	$15,680	$19,600	$19,600	$23,520	$23,520	$31,360	$31,360	$39,200
4 Person	$0	$13,100	$13,100	$17,440	$17,440	$21,800	$21,800	$26,160	$26,160	$34,880	$34,880	$43,600
5+ Person	$0	$14,150	$14,150	$18,840	$18,840	$23,550	$23,550	$28,260	$28,260	$37,680	$37,680	$47,100

Rent-Overburdened Households

Households are determined to be rent-overburdened if they are paying more than 35 percent of household income as rent. In the West Central Hidalgo County Submarket, approximately 30.0 percent of households, including senior households, are considered rent-overburdened.

Substandard Housing

Substandard housing is generally defined as housing units identified in the Census that lack complete plumbing facilities. According to Census 2000 estimates, approximately 4.1 percent of units in the Submarket are determined to be substandard.

Overcrowded Housing

A housing unit is considered overcrowded if there are more than 1.00 persons per room. According to a report issued in 2002 by the Fannie Mae Foundation, Census 2000 data indicates that the southwestern United States, which includes Texas, has a higher than average incidence of households living in overcrowded housing units. The report further concludes that while Texas and California contain less than one-fifth of the nation's households, these two states account for two-fifths of overcrowded households. In the West Central Hidalgo County Submarket, it is estimated that 25.9 percent of households are living in overcrowded units.

Movership or Turnover Rate

There are numerous sources of information regarding turnover rate, or the percent of renter households who move in a year. The most reliable source is that of the market participants in the Submarket. As discussed in the *Housing Supply Analysis* section, we attempted to interview comparable properties regarding information the turnover rate experienced on an annual basis. The average annual turnover rate for the three stabilized family LIHTC properties surveyed in the Submarket is approximately 30 percent.

The one surveyed senior LIHTC properties in this Submarket also carries an additional USDA subsidy. Therefore, for the purpose of this analysis, we have used the average senior subsidized property turnover rate of 10 percent.

Unstabilized Rental Units - Existing and Proposed

Casa Alton is a proposed LIHTC development located just north of the City of Mission in Alton, Texas. This development was allocated tax credit funding in the final allocation cycle of 2007; it will offer 76 one-, two-, three-, and four-bedroom units at 30, 40, 50, and 60 percent of AMI, as well as, market rate units. These units have been deducted from the following demand analysis, with the market rate units deducted from demand at 81 to 100 percent of AMI.

La Villa De Alton started leasing in January 2008 and is currently 81.6 percent occupied. As this property has not yet reached a stabilized occupancy rate, its 76 units at 30 and 60 percent of AMI have been deducted from the following demand analysis.

To our knowledge, there are no proposed or under construction senior LIHTC properties in the West Central Hidalgo County Submarket. With no identified senior LIHTC properties in the West Central Hidalgo County Submarket, no units were deducted from the senior demand analysis.

Annual Income-Qualified Renter Demand

Provided below are calculations of the total number of existing income-qualified renter households in the West Central Hidalgo County Submarket in 2007 and 2012. Two analyses have been presented. The first calculates total demand, both currently present and moving into the market, adjusted for income eligibility and renter status, as well as the percentage of rent-overburdened households and substandard and overcrowded housing units. An additional calculation, which accounts for all of the previous variables and incorporates the turnover rate, is also provided.

Note that in the subsequent tables, the total number of income-qualified renter households is not equal to the total number of renter households. This is due to the fact that we have only analyzed households earning between zero and 100 percent of the AMI. There are additional renter households in the Submarket with annual incomes greater than 100 percent of the AMI.

Again, this analysis avoids overstating demand by avoiding overlapping income bands. It should be noted that the percentage of rent overburdened households may also include some of the households that are living in substandard and/or overcrowded housing units. This would result in some potential overlap. This analysis assumes that rent overburdened households, households living in substandard housing and households in overcrowded units each represent a separate component of demand. As these are quantifiable sources of demand, the sum of these calculations results in a maximum number of income-qualified renter households.

The calculations of potential household demand by income cohort and household size for all households and senior households are shown in the subsequent tables:

2007 All Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,560	695	64	94	94	120	92
2 person	1,597	505	91	92	98	232	150
3 person	1,573	528	170	172	116	187	40
4 person	1,497	570	210	155	75	102	68
5+person	2,407	905	339	178	132	327	145
Total	8,634	3,204	876	691	515	968	495
Number of Income-Qualified Renter Households		**3,204**	**876**	**691**	**515**	**968**	**495**
X Percentage of Rent-Overburdened (30%)		960	262	207	154	290	148
X Percentage of Substandard Housing (4.1%)		131	36	28	21	40	20
X Percentage of Overcrowded Housing (25.9%)		830	227	179	134	251	128
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**1,921**	**525**	**414**	**309**	**581**	**297**
Less Existing and Planned Unstablized Competing Units		*18*	*10*	*17*	*104*	*0*	*2*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**1,903**	**515**	**397**	**205**	**581**	**295**

2012 All Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	2,008	894	83	121	121	155	119
2 person	1,925	609	110	111	119	280	180
3 person	1,935	649	210	212	142	231	49
4 person	1,830	697	257	190	92	125	83
5+person	2,993	1,126	422	221	164	406	180
Total	10,691	3,975	1,082	855	638	1,197	611
Number of Income-Qualified Renter Households		**3,975**	**1,082**	**855**	**638**	**1,197**	**611**
X Percentage of Rent-Overburdened (30%)		1191	324	256	191	359	183
X Percentage of Substandard Housing (4.1%)		163	44	35	26	49	25
X Percentage of Overcrowded Housing (25.9%)		1030	280	221	165	310	158
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**2,384**	**649**	**513**	**383**	**718**	**366**
Less Existing and Planned Unstablized Competing Units		*18*	*10*	*17*	*104*	*0*	*2*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**2,366**	**639**	**496**	**279**	**718**	**364**

2007 All Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,560	695	64	94	94	120	92
2 person	1,597	505	91	92	98	232	150
3 person	1,573	528	170	172	116	187	40
4 person	1,497	570	210	155	75	102	68
5+person	2,407	905	339	178	132	327	145
Total	8,634	3,204	876	691	515	968	495
Number of Income-Qualified Renter Households		**3,204**	**876**	**691**	**515**	**968**	**495**
X Percentage of Rent-Overburdened (30%)		960	262	207	154	290	148
X Percentage of Substandard Housing (4.1%)		131	36	28	21	40	20
X Percentage of Overcrowded Housing (25.9%)		830	227	179	134	251	128
X Percentage of Estimated Turnover (30%)		961	263	207	155	291	148
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**2,882**	**788**	**622**	**464**	**871**	**445**
Less Existing and Planned Unstablized Competing Units		*18*	*10*	*17*	*104*	*0*	*2*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**2,864**	**778**	**605**	**360**	**871**	**443**

2012 All Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	2,008	894	83	121	121	155	119
2 person	1,925	609	110	111	119	280	180
3 person	1,935	649	210	212	142	231	49
4 person	1,830	697	257	190	92	125	83
5+person	2,993	1,126	422	221	164	406	180
Total	10,691	3,975	1,082	855	638	1,197	611
	Number of Income-Qualified Renter Households	**3,975**	**1,082**	**855**	**638**	**1,197**	**611**
X	Percentage of Rent-Overburdened (30%)	1191	324	256	191	359	183
X	Percentage of Substandard Housing (4.1%)	163	44	35	26	49	25
X	Percentage of Overcrowded Housing (25.9%)	1030	280	221	165	310	158
X	Percentage of Estimated Turnover (30%)	1193	325	257	191	359	183
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**3,576**	**973**	**769**	**574**	**1,077**	**550**
Less Existing and Planned Unstablized Competing Units		*18*	*10*	*17*	*104*	*0*	*2*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**3,558**	**963**	**752**	**470**	**1,077**	**548**

2007 Senior Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	596	375	35	35	35	39	25
2 person	518	179	48	48	47	90	54
3 person	187	16	2	2	28	54	11
4 person	122	13	18	11	0	10	12
5+person	207	70	30	20	17	32	19
Total	1,631	653	131	114	128	224	122
Number of Income-Qualified Renter Households		**653**	**131**	**114**	**128**	**224**	**122**
X Percentage of Rent-Overburdened (30%)		196	39	34	38	67	37
X Percentage of Substandard Housing (4.1%)		27	5	5	5	9	5
X Percentage of Overcrowded Housing (25.9%)		169	34	30	33	58	32
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**392**	**79**	**69**	**76**	**135**	**73**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**392**	**79**	**69**	**76**	**135**	**73**

2012 Senior Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	730	459	43	42	42	47	31
2 person	642	222	59	59	58	112	67
3 person	247	21	2	2	37	71	15
4 person	178	19	26	15	0	14	18
5+person	286	97	41	27	24	44	26
Total	2,083	818	171	145	161	288	157
Number of Income-Qualified Renter Households		**818**	**171**	**145**	**161**	**288**	**157**
X Percentage of Rent-Overburdened (30%)		245	51	43	48	86	47
X Percentage of Substandard Housing (4.1%)		34	7	6	7	12	6
X Percentage of Overcrowded Housing (25.9%)		212	44	38	42	75	41
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**491**	**58**	**49**	**55**	**98**	**53**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**491**	**58**	**49**	**55**	**98**	**53**

2007 Senior Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	596	375	35	35	35	39	25
2 person	518	179	48	48	47	90	54
3 person	187	16	2	2	28	54	11
4 person	122	13	18	11	0	10	12
5+person	207	70	30	20	17	32	19
Total	1,631	653	131	114	128	224	122
Number of Income-Qualified Renter Households		**653**	**131**	**114**	**128**	**224**	**122**
X Percentage of Rent-Overburdened (30%)		196	39	34	38	67	37
X Percentage of Substandard Housing (4.1%)		27	5	5	5	9	5
X Percentage of Overcrowded Housing (25.9%)		169	34	30	33	58	32
X Percentage of Estimated Turnover (10%)		65	13	11	13	22	12
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**457**	**92**	**80**	**89**	**157**	**85**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**457**	**92**	**80**	**89**	**157**	**85**

2012 Senior Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	730	459	43	42	42	47	31
2 person	642	222	59	59	58	112	67
3 person	247	21	2	2	37	71	15
4 person	178	19	26	15	0	14	18
5+person	286	97	41	27	24	44	26
Total	2,083	818	171	145	161	288	157
Number of Income-Qualified Renter Households		**818**	**171**	**145**	**161**	**288**	**157**
X Percentage of Rent-Overburdened (30%)		245	51	43	48	86	47
X Percentage of Substandard Housing (4.1%)		34	7	6	7	12	6
X Percentage of Overcrowded Housing (25.9%)		212	44	38	42	75	41
X Percentage of Estimated Turnover (10%)		82	17	15	16	29	16
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**572**	**120**	**101**	**113**	**202**	**110**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**572**	**120**	**101**	**113**	**202**	**110**

Demand Analysis Conclusions

All Households

The analysis of income-qualified renter households in the West Central Hidalgo County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that over 25 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less. This may explain the 6.0 percent average vacancy rate among family LIHTC properties in the Submarket, while market rate properties in the Submarket have an average vacancy rate of 2.9 percent. The number of income-qualified renter households at the 61 to 80 percent AMI level is the second largest in the Submarket. This suggests that the higher than average vacancy rate among 60 percent AMI units could be due to households that are both over and under income-qualified. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households.

Senior Households

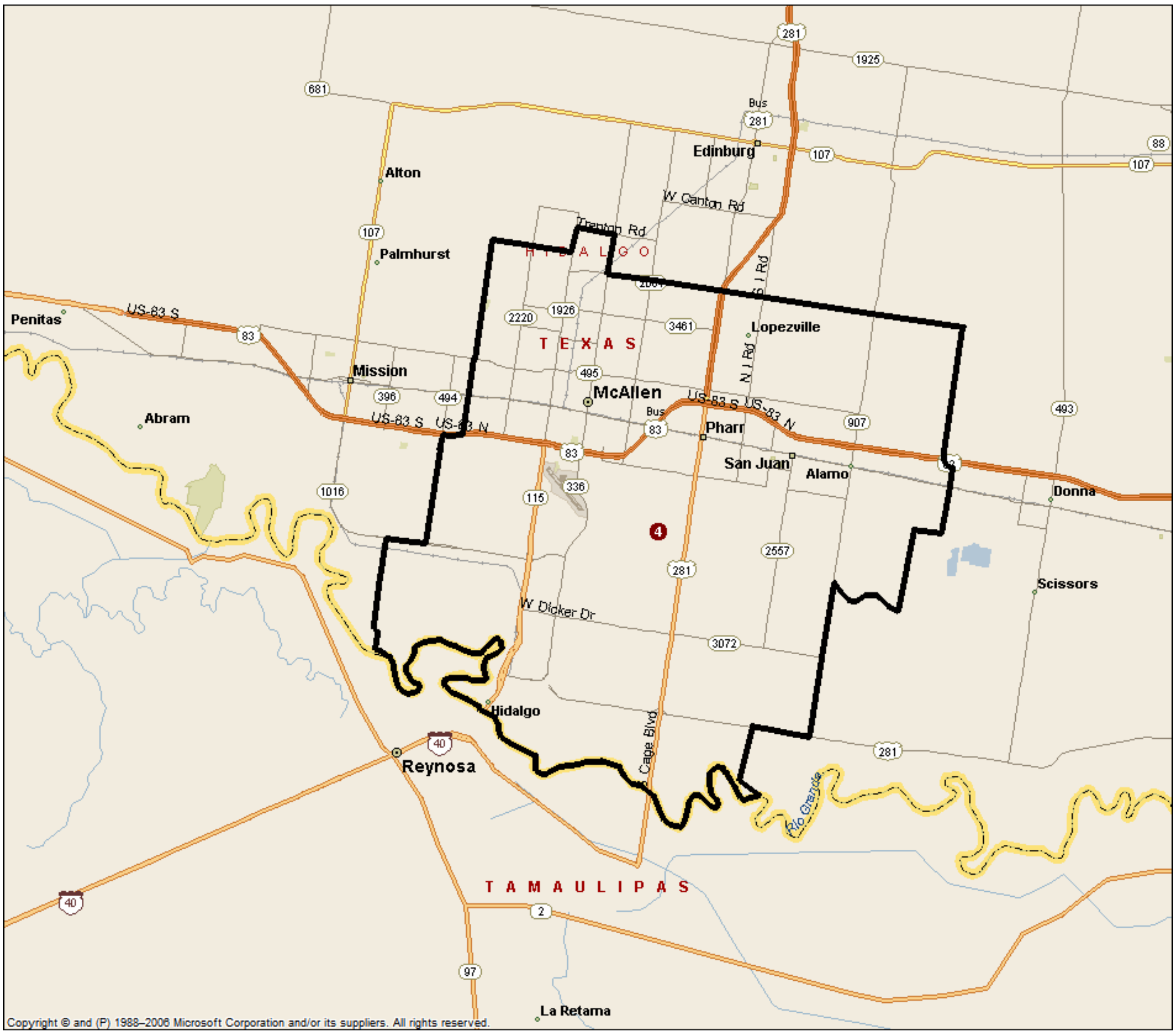
Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Currently, there are only 120 subsidized units serving low-income senior households in the West Central Hidalgo County Submarket and an increase in income-qualified senior renter households projected through 2012. With no additional LIHTC units planned, there is likely an unmet need for additional affordable senior housing units in this Submarket.

4. SOUTH CENTRAL HIDALGO COUNTY SUBMARKET ANALYSIS

SOUTH CENTRAL HIDALGO COUNTY SUBMARKET DEMOGRAPHIC CHARACTERISTICS AND TRENDS

The primary market area is defined as the South Hidalgo County Submarket, which is bounded to the north by Lark Avenue, Trenton Road, and Owassa Road; to the east by Valverde Road, Lakes Avenue, Border Road, Main Floodway Road, and South Alamo Road; to the south by the Texas-Mexico border; and to the west by Stewart Road, West Military Highway, Sharyland Road, U.S. Highway 83, and Taylor Road.. The following map illustrates the boundaries of the Submarket as defined above.

South Central Hidalgo County Submarket Map



The South Central Hidalgo County Submarket includes the communities/cities of McAllen, Pharr, San Juan, Lopezville, Hidalgo and Alamo. Approximately 50 to 70 percent of the area in this Submarket can be characterized as developed and within close proximity to most locational amenities and essential services. The remaining 30 to 50 percent of the land in this Submarket contains moderate to little development and offers relatively limited access to locational amenities and essential services. Development is located along U.S. Highway 83, which is the area's primary thoroughfare, and dissipates slowly in each direction with limited development occurring along the U.S. Mexico border region near the community of Hidalgo. The predominant form of housing in this Submarket is owner-occupied single-family homes in fair to excellent condition and less than five to 50 years in age. There is a significant amount of multifamily development in fair to excellent condition and less than five to 40 years in age.

Local Government

As previously mentioned, the South Central Hidalgo County Submarket includes the communities/cities of McAllen, Pharr, San Juan, Lopezville, Hidalgo and Alamo.

McAllen, Texas is the largest city in Hidalgo County and operates under a city manager/city Council form of government chartered on January 31, 1927. According to the City of McAllen website, the city is comprised of a land area of 46.7 square miles and has a population of 130,831.

Pharr, Texas is a city in Hidalgo County operating under a Mayor-Council form of government with one elected Mayor and six elected Commissioners. According to the U.S. Census, Pharr is comprised of a land area of 20.8 square miles and had a 2000 population of 46,660.

San Juan, Texas is a city in Hidalgo County. According to the U.S. Census, San Juan is comprised of a land area of 11.0 square miles and had a 2000 population of 26,229.

Lopezville, Texas is a census-designated place in Hidalgo County. According to the U.S. Census, Lopezville is comprised of a land area of 1.8 square miles and had a 2000 population of 4,476.

Hidalgo, Texas is a city in Hidalgo County. Hidalgo was incorporated in 1876. According to the U.S. Census, Hidalgo is comprised of a land area of 4.4 square miles and had a 2000 population of 7,322.

Alamo, Texas is a city in Hidalgo County operating under a Mayor-Council form of government with one elected Mayor and four elected Commissioners. According to the U.S. Census, Alamo is comprised of a land area of 5.7 square miles and had a 2000 population of 14,760.

Employment by Industry

The following table illustrates employment by industry for the South Central Hidalgo County Submarket and McAllen-Edinburg-Mission MSA in 2007.

2007 EMPLOYMENT BY INDUSTRY				
	South Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
Occupation	**Number**	**Percent Employed**	**Number Employed**	**Percent Employed**
Agric/Forestry/Fishing/Hunting	1,444	1.68%	5,955	2.54%
Mining	788	0.92%	2,143	0.91%
Construction	8,124	9.46%	25,549	10.90%
Manufacturing	4,706	5.48%	13,071	5.58%
Wholesale Trade	3,365	3.92%	9,652	4.12%
Retail Trade	12,554	14.62%	30,163	12.87%
Transportation/Warehousing	3,252	3.79%	9,335	3.98%
Utilities	374	0.44%	1,438	0.61%
Information	1,245	1.45%	2,704	1.15%
Finance/Insurance	2,676	3.12%	5,917	2.53%
Real Estate/Rental/Leasing	1,258	1.47%	3,399	1.45%
Prof/Scientific/Tech Services	2,882	3.36%	6,868	2.93%
Mgmt of Companies/Enterprises	35	0.04%	82	0.03%
Admin/Support/Waste Mgmt Srvcs	3,371	3.93%	8,174	3.49%
Educational Services	12,619	14.70%	36,869	15.73%
Health Care/Social Assistance	10,448	12.17%	29,322	12.51%
Arts/Entertainment/Recreation	1,044	1.22%	2,302	0.98%
Accommodation/Food Services	6,982	8.13%	16,906	7.21%
Other Services (excl Publ Adm)	5,037	5.87%	13,767	5.88%
Public Administration	3,655	4.26%	10,715	4.57%
Total Employment	**85,859**	**100.0%**	**234,331**	**100.0%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The top four employment sectors in the South Central Hidalgo County Submarket are the educational services, retail trade, healthcare/social assistance, and construction sectors. Approximately 51 percent of people in South Central Hidalgo County work in these four industries. The Submarket has a larger number of persons employed in the retail trade sector and a smaller number of people employed in the construction, healthcare/social assistance and educational services sectors, relative to the MSA. Although, educational services and health care/social services are typically stable sectors of the economy, industries such as retail trade and construction are particularly susceptible to fluctuations in the economy. The large number of people employed in the retail trade and construction industries could negatively impact employment in the Submarket due to the current national economic downturn. However, the strong presence of the educational services and health care/social assistance industries should help promote economic stability.

It should be noted, that the health care/social assistance, construction, retail trade and educational services sectors all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create an abundance of demand for affordable rental housing.

Commute Patterns in the South Central Hidalgo County Submarket

The table below summarizes commute times for the South Central Hidalgo County Submarket.

TRAVEL TIME TO WORK

Travel Time	Workers age 16+
< 5 min	1,866
5-9 min	7,971
10-14 min	13,472
15-19 min	16,740
20-24 min	10,734
25-29 min	2,723
30-34 min	7,551
35-39 min	359
40-44 min	756
45-59 min	1,334
60-89 min	1,171
90+ min	1,020
Average Travel Time	19.3 minutes

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

The South Central Hidalgo County Submarket has the shortest average commute time of the seven Submarkets. This Submarket includes McAllen, which is the largest population center in the MSA. Most of the area's major employers are within close proximity to McAllen, resulting in short commutes for employees.

POPULATION, HOUSEHOLD, AND INCOME TRENDS – SUBMARKET AND MSA

The following section provides an analysis of the demographic characteristics within the South Central Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA. Data such as population, households and growth patterns are studied, to determine if the McAllen-Edinburg-Mission MSA and the South Central Hidalgo County Submarket are areas of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population growth in the South Central Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA from 1990 through 2012.

Total Population				
Year	South Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	156,204	-	383,545	-
2000	207,576	3.29%	569,463	4.85%
2007	256,001	3.22%	732,166	3.94%
2012	298,163	3.29%	865,301	3.64%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Growth in the Submarket has been slightly slower than growth in the MSA in all years of analysis. Both the Submarket and the MSA show strong growth from 2007 through 2012, although the MSA will grow at a faster rate than the Submarket from 2007 through 2012. Overall, the rate of population growth in the MSA will decrease slightly from 2007 through 2012, while the rate of population growth in the Submarket will increase slightly from 2007 through 2012. The strong growth in the Submarket and the MSA is a positive indicator of the need for all forms of housing.

Population by Age

The following graph illustrates population by age in the Submarket and MSA for 1990 through 2012. It should be noted that the current population by age distribution in the MSA is similar to national averages.

Population by Age Group				
South Central Hidalgo County Submarket				
Age Cohort	**1990**	**2000**	**2007**	**2012**
0-4	13,596	20,039	26,228	30,347
5-9	15,026	20,087	23,409	27,201
10-14	16,169	18,261	22,285	25,617
15-19	16,113	18,123	19,483	24,378
20-24	11,957	16,035	18,730	20,761
25-29	11,405	16,267	21,364	21,453
30-34	11,152	14,633	19,664	22,172
35-39	10,916	13,511	17,351	20,123
40-44	9,529	12,458	14,669	18,433
45-49	7,008	11,462	14,594	16,610
50-54	5,663	10,164	13,213	15,602
55-59	5,280	7,546	11,427	14,785
60-64	5,584	6,464	8,236	11,861
65-69	5,730	6,396	6,621	8,167
70-74	4,361	6,102	6,189	6,337
75-79	3,473	4,969	5,516	5,660
80-84	2,003	2,836	3,958	4,552
85+	1,239	2,223	3,064	4,104
Total	**156,204**	**207,576**	**256,001**	**298,163**
McAllen-Edinburg-Mission, TX MSA				
Age Cohort	**1990**	**2000**	**2007**	**2012**
0-4	35,765	58,138	79,315	92,930
5-9	38,973	58,293	70,248	82,804
10-14	40,708	53,301	66,339	77,547
15-19	40,049	51,490	59,763	73,357
20-24	29,843	44,309	55,501	64,141
25-29	28,292	44,013	58,500	61,645
30-34	27,653	40,612	54,559	61,137
35-39	26,244	38,068	49,781	56,246
40-44	22,397	34,630	43,581	53,384
45-49	16,430	30,233	41,509	48,372
50-54	13,335	25,613	36,239	44,436
55-59	12,403	18,854	29,739	40,978
60-64	13,015	16,635	21,369	31,769
65-69	13,357	16,092	18,047	21,924
70-74	9,905	15,122	16,061	17,557
75-79	7,693	12,139	14,324	14,992
80-84	4,521	6,701	9,982	11,805
85+	2,962	5,220	7,309	10,277
Total	**383,545**	**569,463**	**732,166**	**865,301**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Households

The following table is a summary of the total households in the Submarket and MSA from 1990 to 2012.

Total Number of Households				
Year	South Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	43,622	-	103,479	-
2000	59,634	3.67%	156,824	5.15%
2007	74,654	3.47%	205,804	4.31%
2012	87,319	3.39%	244,775	3.79%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Similar to the rate of population growth, the household growth rates of the Submarket and MSA have both been strong through 2007; household growth in the Submarket slowed slightly from 2000 to 2007 and the trend is expected to continue through 2012. Similarly, household growth in the MSA is expected to slow from 2007 through 2012. However, overall household growth is strong and as the number of households increases, there will be a larger pool of potential tenants, suggesting a need for all forms of housing.

Average Household Size

The following table illustrates the average household size for the Submarket and MSA from 2000 to 2012.

Average Household Size				
Year	South Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	3.46	-	3.60	-
2007	3.41	-0.20%	3.53	-0.27%
2012	3.40	-0.06%	3.51	-0.11%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The average household size in the Submarket is slightly smaller than the MSA and both are significantly larger than the national average size of 2.59. The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the Submarket and the MSA as a whole.

Median Household Income Levels

The table below illustrates Median Household Income in the Submarket and MSA.

Median Household Income				
Year	South Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	$26,065	-	$24,843	-
2007	$32,123	3.21%	$30,519	3.15%
2012	$36,853	2.94%	$35,078	2.99%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The median household income in the Submarket was approximately 5.0 percent higher than the median household income in the MSA in 2007. The median household income in the Submarket is projected to grow at a slower rate from 2007 through 2012 than the previous seven years, as in the MSA. It should be noted that the median household income in the Submarket and MSA were approximately 60.4 and 57.4 percent of the national average in 2007. The lower median income level indicates increasing need for affordable housing in the Submarket.

Household Income

The following tables illustrate household income distribution in both the Submarket and MSA.

Household Income Distribution - South Central Hidalgo County Submarket				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	12,041	16.1%	11,548	13.2%
$10,000-$14,999	5,283	7.1%	6,094	7.0%
$15,000-$19,999	6,433	8.6%	6,102	7.0%
$20,000-$24,999	5,786	7.8%	5,898	6.8%
$25,000-$29,999	5,443	7.3%	6,463	7.4%
$30,000-$34,999	5,084	6.8%	5,311	6.1%
$35,000-$39,999	4,283	5.7%	5,584	6.4%
$40,000-$44,999	4,146	5.6%	4,261	4.9%
$45,000-$49,999	2,739	3.7%	4,169	4.8%
$50,000-$59,999	6,188	8.3%	6,420	7.4%
$60,000-$74,999	5,836	7.8%	8,152	9.3%
$75,000-$99,999	4,798	6.4%	7,308	8.4%
$100,000-	2,919	3.9%	3,856	4.4%
$125,000-	1,401	1.9%	2,393	2.7%
$150,000-	980	1.3%	1,706	2.0%
$200,000-	577	0.8%	850	1.0%
$250,000-	591	0.8%	915	1.0%
$500,000+	126	0.2%	289	0.3%
Total	**74,654**	**100%**	**87,319**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	35,778	17.4%	35,096	14.3%
$10,000-$14,999	16,023	7.8%	18,980	7.8%
$15,000-$19,999	18,277	8.9%	17,960	7.3%
$20,000-$24,999	16,249	7.9%	17,138	7.0%
$25,000-$29,999	14,856	7.2%	18,258	7.5%
$30,000-$34,999	14,483	7.0%	14,667	6.0%
$35,000-$39,999	11,537	5.6%	16,180	6.6%
$40,000-$44,999	11,210	5.4%	11,607	4.7%
$45,000-$49,999	7,584	3.7%	11,317	4.6%
$50,000-$59,999	15,755	7.7%	17,690	7.2%
$60,000-$74,999	15,188	7.4%	21,074	8.6%
$75,000-$99,999	12,488	6.1%	19,177	7.8%
$100,000-	7,409	3.6%	10,073	4.1%
$125,000-	3,767	1.8%	6,223	2.5%
$150,000-	2,290	1.1%	4,504	1.8%
$200,000-	1,246	0.6%	2,018	0.8%
$250,000-	1,370	0.7%	2,128	0.9%
$500,000+	294	0.1%	685	0.3%
Total	**205,804**	**100%**	**244,775**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As illustrated, approximately 31.8 percent of the population in the Submarket and 34.1 percent of the population in the MSA earned below $20,000 in 2007, with the largest percentage earning between zero dollars and $10,000. By 2012, the population earning below $20,000 in the Submarket and MSA is expected to decrease slightly to approximately 27.2 percent and 29.4 percent, respectively. However, in both instances, a significant portion of the population is projected to earn less than $20,000. This data provides strong support for affordable rental housing of all kinds in the Submarket and MSA.

Senior Demographic Trends

Among those demographics discussed are trends in population, number of households, age, and income. In addition to analyzing overall demographic trends, we have also separately analyzed and discussed trends specific to the senior subpopulation, which includes those 55 years of age and older. The majority of age-restricted properties offer units to seniors ages 55, 62, or 65 and older. Despite the varying age restrictions at senior properties, property managers typically report that the average age of residents to be over 55 years of age. Therefore, for the purposes of this analysis, we have included demographic characteristics of the senior population ages 55 and over.

Senior Population

The table below illustrates senior population trends in the Submarket and MSA from 2000 through 2012.

Total Senior Population (55+)				
	South Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
Year	Number	Annual Change	Number	Annual Change
1990	27,670	-	63,856	-
2000	36,536	3.2%	90,763	4.2%
2007	45,011	3.2%	116,831	4.0%
2012	55,466	4.6%	149,302	5.6%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Senior population growth in the South Central Hidalgo County Submarket increased at a slightly slower pace, relative to the MSA from 2000 to 2007. Senior population growth in both the Submarket and the MSA is expected to grow at a strong rate from 2007 through 2012, with growth in the MSA exceeding that of the Submarket.

The exceptional projected growth in the senior population in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years. Additionally, the increasing senior populations, (typically one- and two-person households) may be a contributing factor to the projected decline in the average household size within the Submarket from 2007 to 2012.

Senior Households

The table below illustrates senior household trends in the Submarket and MSA from 2000 through 2012.

Total Number of Senior Households (55 +)				
Year	South Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	20,796	-	52,073	-
2007	25,582	3.2%	67,113	4.0%
2012	31,396	4.5%	85,658	5.5%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Similar to senior population estimates and projections, senior household growth in the Submarket and MSA is expected to be strong through 2012. The household growth rate in the MSA will exceed that of the Submarket from 2007 through 2012; however, the Submarket's household growth rate of 4.5 percent is considered very strong. The strong projected growth in senior households in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years.

Senior Median Household Income

The following table illustrates the median household incomes in the Submarket, MSA, and nation from 2007 to 2012 for both all households and specifically for senior households.

MEDIAN HOUSEHOLD INCOME

Year	McAllen-Edinburg-Mission, TX MSA		South Central Hidalgo County Submarket		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
			All Ages			
2007	$30,519	-	$32,213	-	$53,154	-
2012	$35,078	2.59%	$36,853	2.52%	$62,503	3.52%
			Age 55+			
2007	$27,687	-	$30,759	-	$32,710	-
2012	$32,712	3.07	$35,856	2.84%	$41,086	5.12%

Source: ESRI Business Demographics 2007; Novogradac and Company LLP, July, 2008

As the above table illustrates, the median senior household incomes in all areas of analysis are below those of all households. Of the three areas of analysis, the median senior household income is lowest in the MSA and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally. The median household income in the Submarket and MSA were approximately 39.6 and 42.6 percent of the national average in 2007.

Senior Household Income

The tables below illustrate senior household income in the Submarket and MSA for 2007 and 2012.

Household Income Distribution - South Central Hidalgo County Submarket (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	6,598	25.8%	6,940	22.1%
$15,000-$24,999	3,924	15.3%	4,027	12.8%
$25,000-$34,999	3,404	13.3%	3,972	12.7%
$35,000-$49,999	3,488	13.6%	4,533	14.4%
$50,000-$74,999	4,099	16.0%	5,184	16.5%
$75,000-$99,999	1,519	5.9%	2,547	8.1%
100,000-$149,999	1,607	6.3%	2,543	8.1%
150,000-$199,999	343	1.3%	682	2.2%
200,000-$249,999	295	1.2%	462	1.5%
250,000-$499,999	262	1.0%	412	1.3%
$500,000+	43	0.2%	94	0.3%
Total	**25,582**	**100%**	**31,396**	**100%**

Household Income Distribution - McAllen-Mission-Edinburg, TX MSA (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	18,952	28.2%	20,972	24.5%
$15,000-$24,999	10,918	16.3%	11,816	13.8%
$25,000-$34,999	8,645	12.9%	10,306	12.0%
$35,000-$49,999	9,485	14.1%	12,964	15.1%
$50,000-$74,999	9,921	14.8%	13,604	15.9%
$75,000-$99,999	3,485	5.2%	6,161	7.2%
100,000-$149,999	3,783	5.6%	6,157	7.2%
150,000-$199,999	728	1.1%	1,622	1.9%
200,000-$249,999	543	0.8%	933	1.1%
250,000-$499,999	556	0.8%	884	1.0%
$500,000+	97	0.1%	239	0.3%
Total	**67,113**	**100%**	**85,658**	**100%**

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Both the Submarket and MSA have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,600. When compared to the Submarket, the MSA has the largest percentage of seniors earning less than $35,000 annually, although negligibly so. Approximately 54.4 percent of those 55 and older in the Submarket were earning under $35,000 per year in 2007. This is attributable primarily to the Submarket's high percentage of senior households earning below $15,000 annually. The Submarket features slightly fewer senior households in these income brackets when compared to the MSA. By 2012, both areas of analysis will have seen decreases in the number of seniors earning less than $35,000 annually. However, within the Submarket and MSA, it is estimated that 47.6 and 50.3 percent of seniors will still be earning less than $35,000 annually for these two areas, respectively. It should be noted that these estimates are most likely a function of inflation rather than a demographic trend. These factors indicate that affordable housing for the senior population will remain in demand.

Tenure

The following table is a summary of the senior tenure patterns of the housing stock in the Submarket and MSA for 2000 through 2012.

Tenure Patterns - Elderly Population (Age 55+)								
	South Central Hidalgo County Submarket				McAllen-Edinburg-Mission, TX MSA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	16,974	81.6%	3,822	18.4%	43,784	84.1%	8,289	15.9%
2007	20,880	81.6%	4,702	18.4%	56,430	84.1%	10,683	15.9%
2012	25,626	81.6%	5,770	18.4%	72,023	84.1%	13,635	15.9%

Source: ESRI Demographics 2007; Novogradac & Company LLP, August 2008

As the above table illustrates, the senior housing market is dominated by owner-occupied units in all areas of analysis. The Submarket and MSA have a significantly smaller percentage of senior renter-occupied units when compared to the national average (28 percent, not shown above). The small percentage of renter-occupied senior households is not unusual in developing submarkets, where owner-occupied housing is predominant.

Senior Demographic Conclusion

Although the median senior household income for the Submarket is projected to increase from 2007 to 2012, growth in the national and MSA's median senior household income is projected to outpace growth in the Submarket. Both the MSA and Submarket feature significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,600. Approximately 54.4 percent of those 55 and older in the Submarket were earning under $35,000 per year in 2007. This is attributable primarily to the Submarket's high percentage of senior households earning below $15,000 annually. The Submarket features slightly less senior households in these income brackets when compared to the MSA and national averages.

LOCAL MARKET INFORMATION

South Central Hidalgo County Submarket

The following sections will provide an analysis of the local market characteristics within the Submarket.

Healthcare

The majority of the healthcare providers in the South Central Hidalgo County Submarket are located in McAllen. The primary major medical providers in the South Central Hidalgo Submarket are the Rio Grande Regional Hospital, A&M Medical Center in McAllen, McAllen Heart Hospital, Texas Children's Hospital, and McAllen Medical Center. The McAllen Medical Center offers 441 licensed beds and approximately 400 physicians in 50 medical specialties.

Transportation

The South Central Hidalgo County Submarket is served by the McAllen Miller International Airport, which is located in McAllen, Texas. The McAllen Miller International Airport (MFE) is the primary business airport of the Rio Grande Valley and provides non-stop flights to Dallas-Fort Worth, Houston, and Las Vegas via American Airlines, Continental Airlines, and Allegiant Air.

Highway access to the South Central Hidalgo County Submarket can be accomplished via U.S. Highway 83. U.S. Highway 83 runs east/west from Harlingen, Texas to Manitoba, Canada.

Education

The South Central Hidalgo County Submarket is served by the McAllen Independent School District. The McAllen Independent School District has 21 elementary schools, six middle schools, and three high schools. The nearest universities are located in Edinburg and McAllen. The University of Texas-Pan American in Edinburg, Texas, with 17,337 students, including 2,261 graduate students, is the 10th largest university in the state and the fifth largest in the UT system and offers 54 bachelor's degree programs, 50 master's, and two doctoral programs. McAllen offers four additional colleges/universities including the San Antonio College of Medical and Dental Assistants, South Texas Community College, South Texas Vocational Technical Institute, and the University of Cosmetology Arts and Sciences.

Public Transportation

The South Central Hidalgo County Submarket is served by McAllen Express Transit, which operates six routes and one para-transit vehicle throughout the city of McAllen. Average monthly ridership is approximately 27,048 passengers. The $3.4 million Central Station serves as the main hub for McAllen Express Transit's six routes. Central Station is equipped with 14 bus bays, a 250-seat lobby, 14 ticket counters, and various commercial and retail uses. During its second year of operation Central Station hosted approximately 1.3 million people and approximately 60,709 people depart from Central Station per month.

Employment Centers

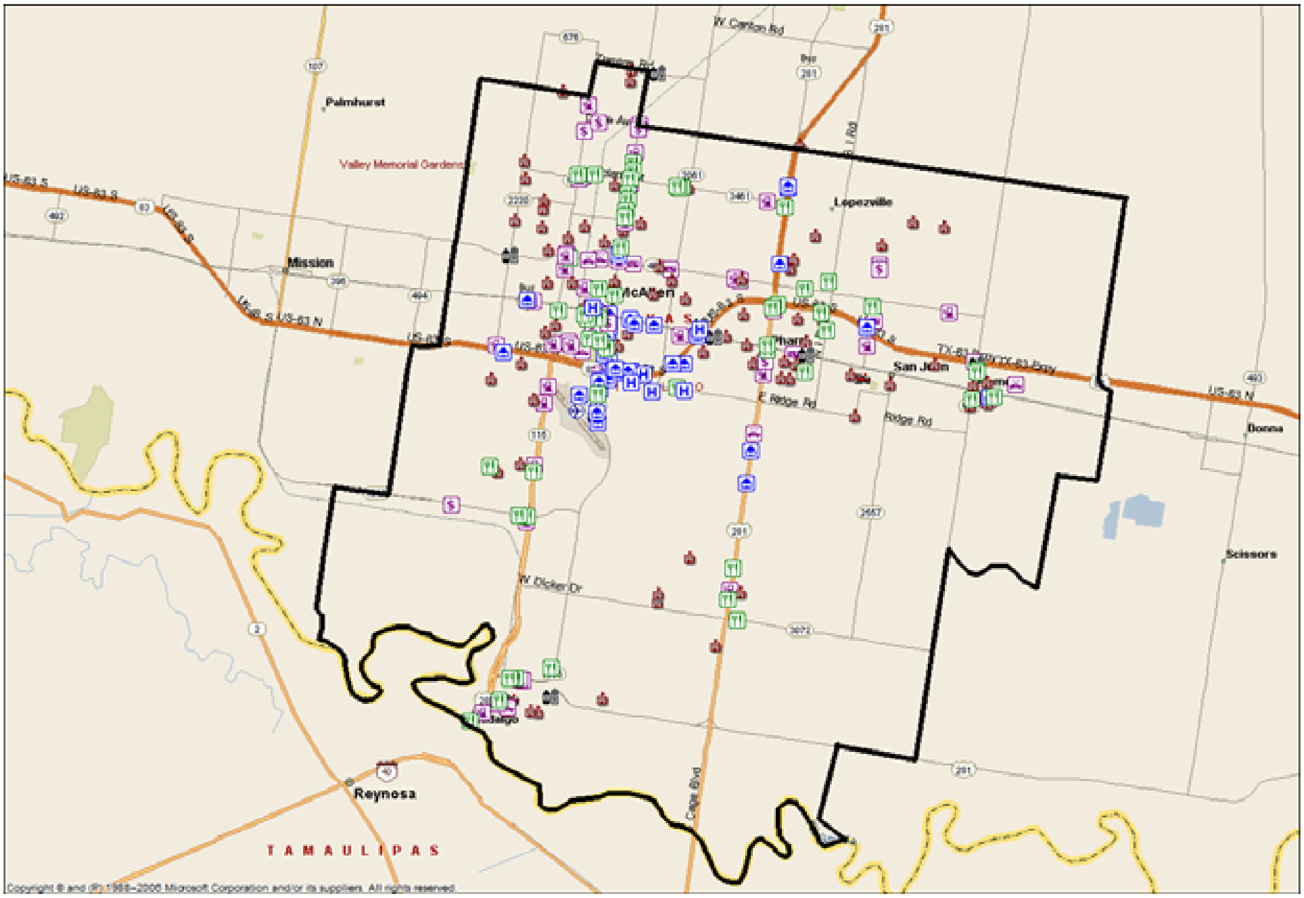
There are a significant number of employment centers in the South Central Hidalgo County Submarket. However, information regarding largest employers by submarket was unavailable. The largest Employers in the McAllen-Edinburg-Mission MSA include the following:

Rank	Company	Industry	Employees
1	Edinburg Consolidated I.S.D.	Education	3,600
2	McAllen I.S.D.	Education	3,595
3	Edinburg Regional Medical Center	Healthcare	3,000
4	University of Texas Pan American	Education	2,850
5	McAllen Medical Center	Healthcare	2,800
6	Hidalgo County	Government	2,211
7	Mission Consolidated I.S.D.	Education	2,140
8	City of McAllen	Government	1,801
9	Columbia Rio Grande Regional Hospital	Healthcare	975
10	South Texas Community College	Education	811

Employment in the McAllen-Edinburg-Mission MSA is dominated by relatively stable industries and all ten of the major employers are in the education, healthcare, and government sectors. However, according to 2007 employment by industry demographics, the educational services, retail trade, healthcare/social assistance, and construction sectors comprise approximately 51 percent of overall employment and are the top four industry sectors in the Submarket. Retail trade and construction are typically more volatile sectors of the economy as compared to historically stable industries such as education and healthcare, which make up approximately 26.9 percent of employment in the Submarket. Therefore, due to the high concentration of retail trade and construction industries in the Submarket, it is possible that the Submarket will experience slowing growth as a result of the national economic downturn.

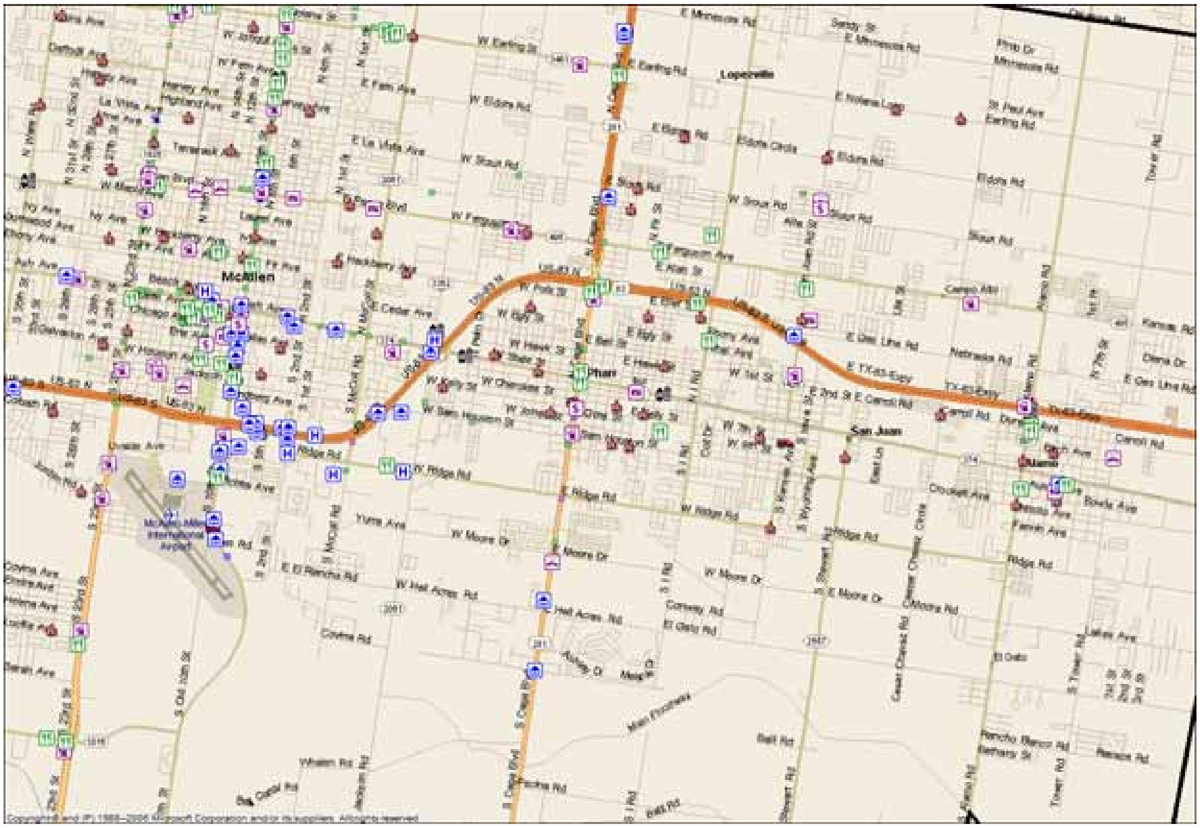
Proximity to Local Services

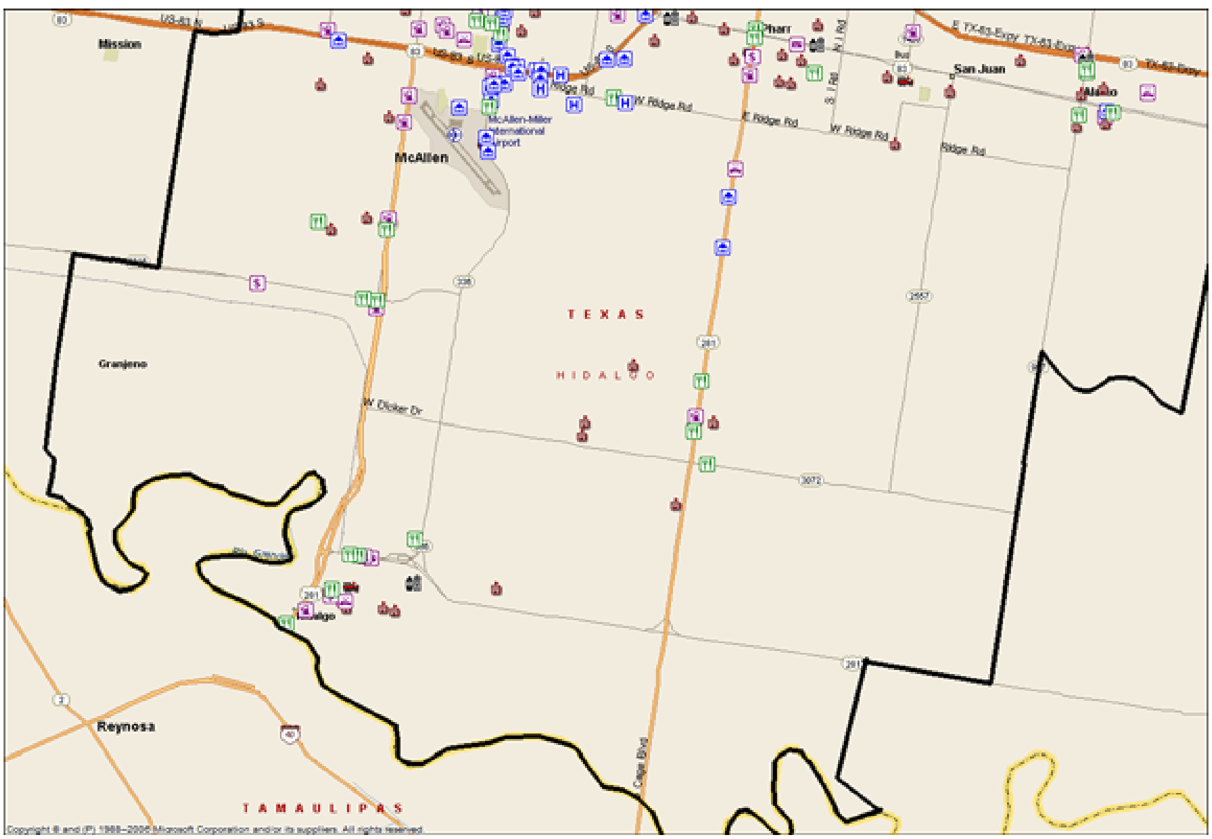
There are a significant number of locational amenities in the South Central Hidalgo County Submarket. The majority of locational amenities are located in and surrounding the City of McAllen, Texas.



Source: Novogradac and Company LLP, July 2008.

	Ranch		School		Bank
	United States Post Office		Hospital		
	Fire Station		Airport		
	Restaurant		Police Station		
	Hotel/Motel		College/University		
	Grocery/Supermarket		Gas Station		


McAllen
Pharr
San Juan
Alamo
Lopezville
McAllen-Miller International Airport
Copyright © and (P) 1988–2006 Microsoft Corporation and/or its suppliers. All rights reserved.


Mission
McAllen
Pharr
San Juan
Alamo
Granjeno
TEXAS
HIDALGO
Reynosa
TAMAULIPAS
McAllen-Miller International Airport
Copyright © and (P) 1988–2006 Microsoft Corporation and/or its suppliers. All rights reserved.

HOUSING SUPPLY ANALYSIS

SOUTH CENTRAL HIDALGO COUNTY SUBMARKET HOUSING SUPPLY ANALYSIS

Age of the Housing Stock

The following table presents the age of the housing stock in the South Central Hidalgo County Submarket.

AGE OF HOUSING STOCK IN PMA

Years	Number of Units	Percent of Housing Stock
1999-3/2000	3,718	5.15%
1995-1998	10,155	14.08%
1990-1994	8,628	11.96%
1980-1989	19,722	27.34%
1970-1979	15,341	21.27%
1960-1969	7,008	9.71%
1950-1959	4,122	5.71%
1940-1949	1,929	2.67%
1939 and Before	1,513	2.10%
Total	**72,136**	**100.00%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The majority of the housing stock (74.65 percent) in the South Central Hidalgo County Submarket was constructed from 1970 through 1998. Approximately 50 to 70 percent of the area in this Submarket can be characterized as developed and within close proximity to most locational amenities and essential services. The remaining 30 to 50 percent of the area in this Submarket contains moderate to little development and offers relatively limited access to locational amenities and essential services. Development is located along U.S. Highway 83, which is the area's primary thoroughfare, and dissipates slowly in each direction with limited development occurring along the U.S. Mexico border region near the community of Hidalgo. The South Central Hidalgo County Submarket consists of primarily single-family homes and multifamily housing. Based upon observations in the field the predominant form of housing in this Submarket is owner-occupied single-family homes in fair to excellent condition and less than five to 50 years in age. There is a significant amount of multifamily development in fair to excellent condition and less than five to 40 years in age.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2008 for Hidalgo County, Texas. Building Permit Activity was not available by submarket.

BUILDING PERMITS: Hidalgo County, TX - 1997 to May 2008

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
1997	1,373	140	41	1,554
1998	2,539	305	138	2,982
1999	4,397	152	109	4,658
2000	3,665	83	106	3,854
2001	3,500	130	764	4,394
2002	6,069	487	335	6,891
2003	6,691	419	950	8,060
2004	5,180	760	590	6,530
2005	7,125	662	953	8,740
2006	6,501	517	532	7,550
2007	5,125	364	707	6,196
2008*	1,340	124	105	1,569
Total	**53,505**	**4,143**	**5,330**	**62,978**
Average**	**4,742**	**365**	**475**	**5,583**

*Only includes through May 2008 ** Does not include 2008 permits

There were 5,330 "5+ units" building permits issued in Hidalgo County from 1997 to May 2008. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2008, at 85 percent, while "5+ units" building permits constitute approximately 8.5 percent of all permits issued from 1997 through May 2008. The small percentage of multifamily permits issued indicates demand for multifamily housing of all kinds.

Interviews

Housing Authority of County of Hidalgo

The Housing Authority of the County of Hidalgo was established in 1948 in order to serve the local farmworking families and migrant farmworkers in the region. The Housing Authority of the County of Hidalgo currently administers Farm Labor Housing units and Public Housing units in Hidalgo County, as well as Section 8 Vouchers. According to Adela Montes, Deputy Director for the Housing Authority of the County of Hidalgo, there are currently 535 Farm Labor Housing units in two developments and 55 Public Housing units in two developments in Hidalgo County, excluding those administered the City of McAllen. Two of these developments, Villa San Juanita Rutledge and Memorial Apartments, are located in the South Central Hidalgo County Submarket and will be addressed in the subsidized family supply analysis section of this Submarket discussion. There are approximately 8,592 Housing Choice Vouchers budgeted for Hidalgo County and all are currently in use. Waiting Lists for Public Housing and Farm Labor Housing are currently open, while the waiting list for Housing Choice Vouchers is closed. There are approximately 896 households on the waiting list for Housing Choice Vouchers. Of the 896 households, 162 are elderly households. There is no separate waiting list for special needs households in the Housing Choice Voucher Program. Currently, there are 104 elderly households participating in the Housing Choice Voucher

Program in Hidalgo County. The number of households on the waiting list for Public Housing and Farm Labor Housing can be found below:

FARM LABOR HOUSING WAITING LIST – HIDALGO COUNTY					
Name	1BR	2BR	3BR	4BR	Total
Northside Apartments	14HH	11HH	2HH	0HH	27HH
Memorial Apartments	N/A	N/A	N/A	N/A	46HH

PUBLIC HOUSING WAITING LIST – HIDALGO COUNTY					
Name	1BR	2BR	3BR	4BR	Total
Villa Sandoval-Longoria	N/A	54HH	23HH	23HH	100HH
Villa San Juanita Rutledge	N/A	N/A	15HH	24HH	39HH

The current payment standards for one-, two-, three-, and four-bedroom units are listed below. According to Adela Montes, the payment standards are 100 percent of the Fair Market Rents.

PAYMENT STANDARDS	
Units	Payment Standards
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

McAllen Housing Authority

We spoke to Elena Salsedo, Section 8 Supervisor for the McAllen Housing Authority. Ms. Salsedo noted that there are currently 1,179 Housing Choice Vouchers designated for the City of McAllen and 1,079 are currently in use. The waiting list re-opened in July 2008 and there are currently 213 applicants on the list resulting in a one to 1.5 year wait for a voucher. There are approximately 52 elderly/disabled households on the current waiting list. The current payment standards are the same as those reported by the Housing Authority of the County of Hidalgo. Ms. Salsedo also noted that there are currently 49 units of Public Housing being administered by McAllen's Housing Authority. Vine Terrace is a 49-unit public housing development with one, two-, three-, and four-bedroom units. This development is addressed in the subsidized family supply section of this Submarket. There were previously 149 additional units of Public Housing in one development. However this development has been demolished and a combination LIHTC/Section 8/Public Housing development, comprised of two phases named Retama Village I and II, is currently being built upon the site of the former public housing development.

Retama Village I, located in McAllen, Texas, received a LIHTC allocation in 2006. The development is a proposed new construction, family oriented, multifamily complex consisting of 128-units in nine two-and three-story garden style buildings. Field observations confirm that this project is currently under construction. Retama Village will offer window coverings, ovens/ranges, garbage disposals, dishwashers, refrigerators with ice makers, microwaves, washer/dryer connections, ceiling fans, and individual heat and air conditioning. Community amenities will include BBQ grills, a picnic area, central laundry, business center, computer room, perimeter fencing, community room, fitness center, and two playgrounds. There will be 18 one-bedroom, 30 two-bedroom, and 16 three-bedroom public housing units. The remaining 64 one, two, and three bedroom units will be restricted to households earning less than 60 percent of the AMI.

Retama Village II, located in McAllen, Texas, received a LIHTC allocation in 2007. The development is a proposed new construction, family oriented, multifamily complex consisting of 74 units in 16 two- story garden style buildings. Field observations confirm that this development is still in the planning stages. Information regarding in-unit and community amenities for Retama Village II was unavailable. There will be 6 one-bedroom, 13 two-bedroom, and 6 three-bedroom public housing units. The remaining 49 one-, two-, and three-bedroom units will be restricted to households earning less than 60 percent of the AMI.

Pharr Housing Authority
We made numerous attempts to contact the Pharr Housing Authority, both in person and over the phone. However our calls were not returned as of the date of this study.

Hidalgo Housing Authority
We made numerous attempts to contact the Hidalgo Housing Authority, both in person and over the phone. However our calls were not returned as of the date of this study.

Alamo Housing Authority
We spoke to Anna with the Alamo Housing Authority. There are currently 120 vouchers designated for the City of Alamo and 119 vouchers are currently in use. The waiting list for vouchers is currently closed and has approximately 200 applicants, resulting in a six-month to one-year waiting list. Anna noted that there is a preference for three- and four-bedroom units and senior households are having trouble finding one-bedroom units. Approximately ten percent of the households on the waiting list are senior households. Anna noted that there is one public housing development administered by the Alamo Housing Authority, Macario Villareal, comprised of 20 single-family homes. This development is addressed in the subsidized family supply section of this Submarket. The payment standards for the City of Alamo are below. It is worth noting that Alamo's payment standards are below the payment standards published by the Hidalgo County Housing Authority.

PAYMENT STANDARDS

Units	Payment Standards
Studio	$447
One-bedroom	$494
Two-bedroom	$579
Three-bedroom	$694
Four-bedroom	$797

San Juan Housing Authority
We made numerous attempts to contact the San Juan Housing Authority, both in person and over the phone. However our calls were not returned as of the date of this study.

McAllen Commercial/Residential Development and Planning

We attempted to contact Rodrigo Sanchez, with the City of McAllen Planning Division. However, our inquiries have not been addressed as of the date of this study. We attempted to contact Robert Gomez with the Building Permits division with the City of McAllen in order to find information on proposed market rate multifamily development in the City of McAllen. However our information request has not been returned as of the date of this study.

Based on observations in the field, there is an under construction multifamily development within close proximity to St. Antimo Apartments, Stonewood Apartments, and Atrium Villa. Mosaic Apartments and Lofts will be a luxury market rate gated community, with a tenant lounge/café, Wi-Fi in all common areas, indoor/outdoor pool and spa, 24 hour fitness center, indoor basketball court, and private media room available to all residents. There will be 21 open and traditional floor plans comprised of one-, two-, and three-bedroom units. In-unit amenities will include washer/dryer hookups, attached garages, and intrusion alarms. This project is now leasing and was scheduled to open in late summer 2008; however, based upon observations in the field, the project is still under construction and approximately three quarters complete.

We conducted an Internet search for multifamily development in McAllen. According to a May 2008 news report published by the Texas A&M Real Estate Center, a Mexican developer broke ground in May 2008 on a new $16 million condominium project in South McAllen near La Plaza Mall. The five-story residential property off South 10th Street will target the growing number of affluent Mexican nationals looking to purchase property in McAllen. The four-building project, called the Luxe Gallery Condominiums, will have 88 units when complete. The Luxe Gallery is the newest in a string of proposed high-end condominium projects in Greater McAllen. With the Luxe Gallery, the developer is hoping to attract Mexican visitors with easy access to La Plaza Mall, as well as to U.S. Highway 83 and the Hidalgo-Reynosa International Bridge. The units will range from 1,450 to 1,900 sf. The least expensive unit will cost about $230,000, which is more than double the average home price in Hidalgo County. Approximately one quarter of the condominium units have already been sold. The first building will house 16 units and is scheduled to open in May 2009.

The aforementioned news report also notes that local developer Fred Harms hopes to finish the first of 37 under construction townhomes this summer. The townhome project is called Barrio Antiguo and the homes range from $180,000 to $220,000. The price is similar to other single-family units in the neighborhood near Date Palm Avenue and North Sixth Street. Like other new condo and townhome projects in the Valley, Barrio Antiguo developers are targeting people who do not want the trouble of keeping up with a large property. Some developers are also looking to add an affordable option to one of the Rio Grande Valley's most expensive housing markets.

Sam Saxena, a mortgage broker who lives in McAllen, is building a 192-unit development on Jackson Road in North McAllen. Latitude 360 targets young professionals. Units start at about $90,000 for 1,000 sf. Most other homes in the area cost more than $120,000.

McAllen Economic Development

According to the McAllen Chamber of Commerce, between January 1988 and March 2008, 250 new companies relocated to McAllen and 326 new companies relocated to Reynosa for a total of 576 new facilities. This resulted in the creation of over 120,000 new jobs in the region.

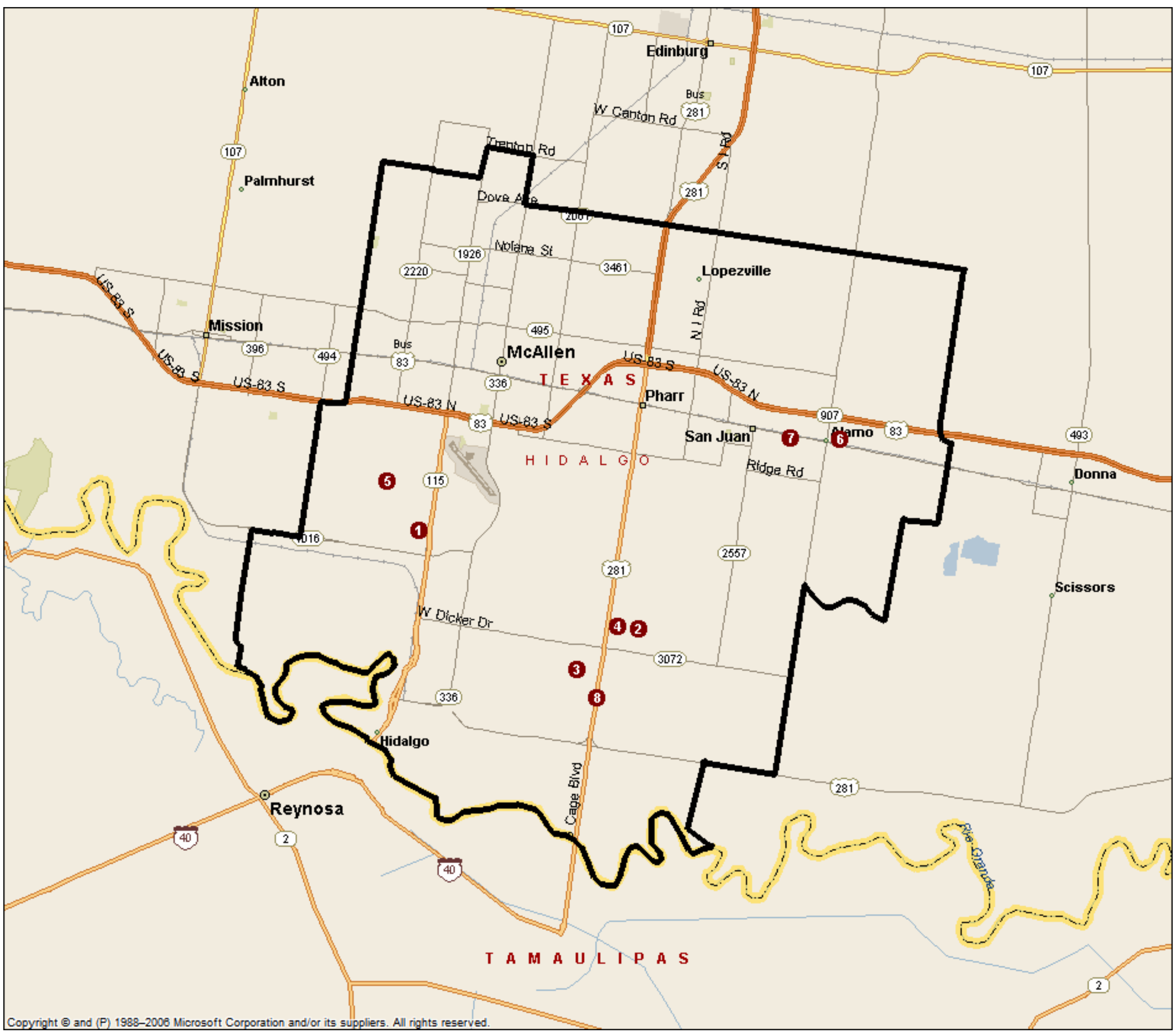
According to the McAllen Economic Development Corporation (MEDC), the construction of an automotive assembly plant is currently being proposed in McAllen in order to compete with the recent ground-breaking of a Chinese North American automotive assembly plant in Mexico. Further details were unavailable at this time.

According to the Reynosa Maquiladora and Manufacturers Association (RAMMAC), 28 new foreign firms are expected to begin operations in 2008 in the Northern Tamaulipas border region, creating over 3,000 new jobs. Seventeen of these companies will build facilities and begin operations in the Reynosa area, while the other 11 firms will open plants in Rio Grande Valley communities such as Mission, McAllen, Pharr and Edinburg, which are part of the McAllen-Edinburg-Mission MSA.

LIHTC FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, and property managers.

Novogradac identified 16 family-oriented LIHTC developments in the South Central Hidalgo County Submarket. Of the 16 family LIHTC developments, five properties offer an alternate subsidy or had 100 percent of tenants paying no more than 30 percent of their annual gross income towards rent. These five properties have been excluded from the LIHTC analysis and will be addressed in the subsidized family market analysis section that follows. Information was available for eight of the eleven remaining stabilized LIHTC properties in the Submarket. Multiple attempts were made to contact each of the three remaining LIHTC properties with no success. The excluded properties and reasons for exclusion can be found on the excluded properties list on the following pages. A map of the surveyed properties can be found below:



SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	El Patrimonio	McAllen	LIHTC/Market – Family
2	El Pueblo Dorado	Pharr	LIHTC/Market – Family
3	Jardines De La Fuente	Pharr	LIHTC/Market – Family
4	Las Canteras Apts.	Pharr	LIHTC – Family
5	Padre de Vida Apts.	McAllen	LIHTC – Family
6	Rudy Villareal Oak Square Apts.	Alamo	LIHTC – Family
7	Sun Meadow Apts.	Alamo	LIHTC – Family
8	Valley View Apartments	Pharr	LIHTC – Family

The following pictures identify the surveyed LIHTC family properties in the Submarket:

El Patrimonio

El Pueblo Dorado

Jardines De La Fuente

Las Canteras Apartments


Padre De Vida Apartments


Rudy Villareal Oak Square Apartments


Sun Meadow Apartments


Valley View Apartments

Excluded Properties

Multiple attempts were made to contact each of the three excluded LIHTC properties with no success. It should be noted that the three existing and stabilized LIHTC properties with no alternate form of subsidy were constructed from 1988 through 1989. Furthermore, none of the three aforementioned properties are currently listed on the most recent 2008 Property Inventory published by the Texas Department of Housing and Community Affairs. Therefore, it is likely that the three LIHTC properties are no longer within their compliance period and are operating as market rate properties. None of the three LIHTC properties have more than 10 units or offer on-site management.

The excluded properties and reasons for exclusion can be found on the excluded properties list on the following page:

EXCLUDED PROPERTIES LIST				
Name	Address	Type	No. of Units	Reason For Exclusion
400 East Ulex	400 East Ulex	LIHTC-Family	2	Could not Contact
4608 North D Street	4608 North D Street	LIHTC-Family	4	Could not Contact
Acacia Apartments	424 Acacia	LIHTC-Family	10	Could not Contact
Sunset Terrace	920 West Villegas	LIHTC-Family	100	Planning Stages
Retama Village I & II	2301 Jasmine Avenue	LIHTC-Family	128	Under Construction/Planning Stages
La Vista	2401 La Vista Avenue	LIHTC/Section 8-Family	48	100 percent of tenants paying 30 percent of income
San Juan Village	400 North Iowa	LIHTC/USDA-Family	86	100 percent of tenants paying 30 percent of income
Raintree Apartments	650 Raintree Street	LIHTC/USDA-Family	32	100 percent of tenants paying 30 percent of income
Alamo Village Apartmemts	504 North 9th Street	LIHTC/Section 8-Family	56	100 percent of tenants paying 30 percent of income
Old Fort Highway Apartments	1101E Pirae Drive	LIHTC/USDA-Family	39	100 percent of tenants paying 30 percent of income

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there are eight family-oriented LIHTC developments in the South Central Hidalgo Submarket, which have received an allocation in the last three years.

RECENT LIHTC ALLOCATIONS					
Name	Address	Type	No. of Units	Status	Date of Allocation
Poinsettia Apartments aka Rudy Villareal Oak Square Apartments	Between N. 9th St. & N. 10th St. at Duranta Ave.	LIHTC-Family	100	Complete; being used in the LIHTC supply analysis	2005/2008
Alamo Village Apartments	504 North 9th Street	LIHTC/Section 8-Family	56	A/R; Complete; being used in subsidized supply analysis	2005/2008
Retama Village I & II	2301 Jasmine Avenue	LIHTC/Public Housing-Family	128	Under Construction/Planning Stages	2006/2007
Las Vista Apartments	2401 La Vista Avenue	LIHTC/Section 8-Family	48	Undergoing renovations; being used in subsidized supply analysis	2006
Las Canteras Apartments	400 East Thomas Road	LIHTC-Family	100	Complete; being used in the LIHTCsupply analysis	2004/2007
Sunset Terrace Apartments	920 West Villegas	LIHTC/Public Housing-Family	100	Planning Stages	2007
Parkview Terrace	211 W. Audrey	LIHTC/Public Housing-Family	100	Planning Stages	2008
San Juan Village	400 North Iowa	LIHTC/USDA-Family	86	A/R; Complete; being used in subsidized supply analysis	2005/2008

Poinsettia Apartments aka Rudy Villareal Oak Square Apartments was constructed in 2007 and opened in November of 2007. This property began pre-leasing in the beginning of September 2007 and was fully leased by June 2008, and is being used in the supply analysis that follows.

Retama Village I, located in McAllen, Texas, received a LIHTC allocation in 2006. The development is a proposed new construction, family oriented multifamily complex consisting of 128-units in nine two- and three-story garden style buildings. Prior to construction, an existing public housing development constructed in 1951 was demolished. Field observations confirm that this project is currently under construction. Retama Village will offer window coverings, ovens/ranges, garbage disposals, dishwashers, refrigerators with ice makers, microwaves. washer/dryer connections, ceiling fans, and individual heat and air conditioning. Community amenities will include BBQ grills, a picnic area, central laundry, business center, computer room, perimeter fencing, community room, fitness center, and two playgrounds. There will be 18 one-bedroom, 30 two-bedroom, and 16 three-bedroom public housing units. The remaining 64 one, two, and three bedroom units will be restricted to households earning less than 60 percent of the AMI.

Retama Village II, located in McAllen, Texas, received a LIHTC allocation in 2007. The development is a proposed new construction, family oriented, multifamily complex consisting of 74 units in 16 two-story garden style buildings. Prior to construction, 74 existing public housing units constructed in 1951 were demolished. Field observations confirm that this development is still in the planning stages. Information regarding in-unit and community amenities for Retama Village II was unavailable. There will be 6 one-bedroom, 13 two-bedroom, and 6 three-bedroom public housing units. The remaining 49 one, two, and three bedroom units will be restricted to households earning less than 60 percent of the AMI.

Sunset Terrace Apartments, located in Pharr, Texas, received a LIHTC allocation in 2007. The development is a proposed new construction, family oriented, multifamily complex consisting of 100-units in 20 two-story garden style buildings. Prior to construction on the site, an existing 100-unit public housing multifamily duplex development will be demolished. Information regarding in-unit and community amenities for Sunset Terrace was unavailable. There will be 12 one-bedroom, 16 two-bedroom, and 12 three-bedroom public housing units. The remaining 60 one, two, and three bedroom units will be restricted to households earning less than 60 percent of the AMI. Calls made to the development contact, Roy Navarro with the Housing Authority of the City of Pharr, have not been returned as of the date of this study. However, observations in the field confirm that the vacant public housing development is still located on the site and demolition and reconstruction have not yet commenced.

Parkview Terrace Apartments, located in Pharr, Texas, received a LIHTC allocation in 2008. The development is a proposed reconstruction of an existing public housing complex. This development will be a family oriented, multifamily complex consisting of 100-units in 20 residential buildings. Prior to construction on the site, an existing 100-unit public housing multifamily development, 40 years in age, will be demolished. Information regarding in-unit and community amenities for Sunset Terrace was unavailable. There will be 9 one-bedroom, 12 two-bedroom, and 9 three-bedroom public housing units. The remaining 70 one-, two-, and three-bedroom units will be restricted to households earning less than 50 and 60 percent of the AMI. Due to the recent allocation date of this development, it is assumed that this project is still in the planning stages.

Alamo Village Apartments, La Vista Apartments, and San Juan Village are all LIHTC properties with an additional subsidy allowing 100 percent of the tenants to pay no more than 30 percent of their annual gross income towards rent. Alamo Village Apartments and San Juan Village Apartments are acquisition/rehabilitation projects that are currently complete and being used in the family subsidized market analysis section. La Vista Apartments is currently undergoing renovations and is also addressed in the family subsidized market analysis section.

Unit Mix

The following table illustrates the unit mix in the family LIHTC rental property market.

Unit Mix - LIHTC Family		
Unit Type	**Total Units**	**Percent**
1 BR	91	8.60%
2 BR	556	52.90%
3 BR	405	38.50%
Total	**1,052**	**100%**

We were unable to identify any properties with four-bedroom LIHTC units. Larger unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.41 and is projected to decrease slightly by 2012 to 3.40. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 36 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate an unmet demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the family LIHTC rental property market.

Unit Size - LIHTC Family			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
1 BR	516	750	646
2 BR	783	1,119	928
3 BR	1,100	1,198	1,153

The average sizes of the surveyed one, two, and three-bedroom units are 10.2, 8.0, and 8.6 percent smaller, respectively, than the average one-, two-, and three-bedroom unit sizes of the surveyed market rate developments.

Common and In-Unit Amenities

	El Patrimonio	El Pueblo Dorado	Jardines De La Fuente	Las Canteras Apts.	Padre De Vida Apts.	Rudy Villareal Oak Square Apts.	Sun Meadow Apts.	Valley View Apts.
Comp #	Subject	1	2	3	4	5	6	7
Property Information								
Property Type	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Garden
Year Built / Renovated	2001	2002	2004	2004	2004 Feb	2007	2002	2004
Market (Conv.)/Subsidy Type	@50%, @60%, Market	@50%, @60%, Market	@30%, @40%, @50%, @60%, Market	@60%	@40%, @50%, @60%	@30%, @60%	@50%, @60%	@40%, @50%, @60%
In-Unit Amenities								
Balcony/Patio	yes	yes	yes	yes	yes	yes	yes	no
Blinds	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	yes	no	yes	yes	no	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	no	no	no	no	yes	no	no	no
Dishwasher	yes	yes	yes	yes	yes	yes	no	yes
Exterior Storage	no	no	yes	yes	no	no	no	no
Ceiling Fan	yes	yes	yes	yes	no	yes	no	yes
Garbage Disposal	no	yes	yes	yes	yes	yes	yes	yes
Microwave	no	no	no	yes	yes	yes	no	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes
Walk-In Closet	no	yes	no	yes	no	no	no	no
Washer/Dryer hookup	no	no	no	yes	no	yes	no	no
Property Amenities								
Basketball Court	no	no	no	no	no	no	no	yes
Business Center/Computer Lab	no	no	yes	yes	no	yes	no	yes
Carport	yes	yes	no	yes	yes	yes	no	no
Clubhouse/Meeting Room/Community Room	yes	yes	yes	yes	yes	yes	no	yes
Exercise Facility	no	no	no	no	no	yes	no	no
Jacuzzi	yes	no	no	no	no	no	no	no
Central Laundry	yes	yes	yes	yes	yes	yes	yes	yes
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	yes	yes	no	no	no	yes	no	no
Playground	yes	yes	yes	yes	no	yes	yes	yes
Swimming Pool	yes	yes	yes	yes	yes	yes	yes	yes
Volleyball Court	no	no	no	no	no	yes	no	yes
Carport Fee	$10.00	$10.00	--	$15.00	--	$15.00	--	--
Services								
Afterschool Program	yes	no	no	no	no	no	no	no
Computer Tutoring	no	yes	no	no	no	no	no	no
Tutoring	yes	no	no	no	no	no	no	no
Security								
Limited Access	yes	no	yes	no	no	no	no	yes
Patrol	no	yes	no	no	no	no	no	no
Perimeter Fencing	yes	yes	yes	yes	yes	no	yes	yes
Premium Amenities								
Other Amenities								
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

The existing LIHTC multifamily properties in the South Central Hidalgo County Submarket offer a moderate to extensive amount of in-unit and community amenities. Most of the surveyed LIHTC properties offer unit amenities that include patios/balconies, min-blinds, central air, ceiling fans, ovens, dishwashers, garbage disposals, and refrigerators. Half of the surveyed properties offer microwaves. In-unit washers/dryer appliances are not prevalent in the family LIHTC market however, all except two of the surveyed properties offered washer/dryer connections. The majority of the surveyed LIHTC properties offer community amenities including carport parking, a clubhouse, a central laundry facility, off-street parking, on-site management, a playground, and a swimming pool. Half of the surveyed properties offer a business center or computer room. Perimeter fencing is prevalent in the Submarket, however, other security features such as a security patrol or limited access are not as common. The majority of the surveyed properties do not offer premium amenities or non-shelter services.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit type, for the surveyed properties. Las Canteras was unable to provide a numerical breakdown by unit type, and therefore this development's 100 units have been excluded from this analysis.

Weighted Vacancy - LIHTC Family

Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	91	3	3.30%
2 BR	590	3	0.05%
3 BR	405	4	1.00%
Total	**1,052**	**10**	1.00%

The surveyed market rate properties in the Submarket have a higher average weighted vacancy rate of 4.20 percent. The vacant units found at the surveyed LIHTC family properties are comprised entirely of units at the 60 percent of AMI set-aside and the market rate units. Overall, the surveyed LIHTC properties are exhibiting very low weighted vacancy rates, which is indicative of demand for affordable housing.

Absorption

The following table lists the absorption rates for the surveyed properties.

Absorption – LIHTC Family

Property Name	Number of Units	Absorption Rate
El Pueblo Dorado	176	20 units per month
Jardines De La Fuente	200	19 units per month
Padre De Vida	180	15 units per month
Rudy Villareal Oak Square Apartments	100	11 units per month
Valley View Apartments	128	18 units per month
AVERAGE		**16.6 units per month**

Five of the eight surveyed properties were able to provide absorption information, resulting in an average absorption rate of 16.6 units per month. El Pueblo Dorado was constructed in 2002 while, Jardines De La Fuente, Padre De Vida, and Valley View Apartments were constructed in 2004. The most recently constructed surveyed development is Rudy Villareal Oak Square Apartments, which was constructed in 2007 and opened in November of 2007. This property began pre-leasing in the beginning of September 2007 and was fully leased by June 2008 for an absorption rate of 11 units per month. It appears as if the absorption rate for newly constructed properties in the Submarket has been slowing since 2002.

Waiting Lists

The following table lists the number of households on the waiting lists for the surveyed properties.

Waiting Lists – LIHTC Family		
Property Name	**Number of Units**	**Households**
El Patrimonio	192	None
El Pueblo Dorado	176	None
Jardines De La Fuente	200	10HH for 2BR units at 30% and 40% AMI; 10 HH for 3BR units at 30%, 40%, 50% AMI
Las Canteras Apts.	100	Yes; 2-3HH per unit type
Padre De Vida Apts.	180	None
Rudy Villareal Oak Square Apts.	100	Yes; no number given
Sun Meadow Apts.	76	25HH
Valley View Apartments	128	10HH

Jardines de La Fuente maintains a waiting list for only the units at the lower AMI levels and El Patrimonio, Padre De Vida and El Pueblo Dorado do not maintain waiting lists. El Patrimonio, El Pueblo Dorado, and Jardines de la Fuente offer 50, 44, and 40 market rate units respectively, which represent 26, 25, and 20 percent of their total units, respectively. Additionally, the existing vacancies at El Patrimonio and El Pueblo Dorado are found in the units at 60 percent of AMI and market rate units. Demand appears to be strong overall in the Submarket, especially for units at the lower AMI levels, as five of the eight surveyed LIHTC properties currently maintain short to moderate waiting lists, resulting in an average waiting list of approximately 12 households.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Vacancy – LIHTC Family		
Property Name	**Number of Units**	**Vacancy Rate**
El Patrimonio	192	2.10%
El Pueblo Dorado	176	1.10%
Jardines De La Fuente	200	0.00%
Las Canteras Apts.	100	0.00%
Padre De Vida Apts.	180	0.00%
Rudy Villareal Oak Square Apts.	100	2.00%
Sun Meadow Apts.	76	0.00%
Valley View Apartments	128	1.60%
AVERAGE		**0.85%**

The average vacancy rate of the surveyed family LIHTC properties is very low, relative to the average vacancy rate of the surveyed market rate properties in the Submarket (3.03 percent).

Concessions
None of the LIHTC family properties in the market are offering concessions. Concessions do not appear to be prevalent in the family LIHTC market.

Turnover
The following table summarizes turnover rates at the surveyed properties.

Turnover – LIHTC Family		
Property Name	**Number of Units**	**Turnover**
El Patrimonio	192	39%
El Pueblo Dorado	176	34%
Jardines De La Fuente	200	18%
Las Canteras Apts.	100	15%
Padre De Vida Apts.	180	16%
Rudy Villareal Oak Square Apts.	100	N/A
Sun Meadow Apts.	76	38%
Valley View Apartments	128	24%
AVERAGE		**26.3%**

The average turnover rate of the surveyed LIHTC properties in the Submarket is negligibly lower than the average turnover rate of the surveyed market rate properties in the Submarket (27 percent).

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	El Patrimonio	Garden	@50%, @60%, Market	1BR / 1BA	20	10.40%	@60%	$413	600	yes	No	2	10.00%
	2601 Sarah Avenue	2001		1BR / 1BA	8	4.20%	Market	$495	600	n/a	No	0	0.00%
	Mcallen, TX 78503			2BR / 2BA	44	22.90%	@50%	$407	900	yes	No	0	0.00%
	Hidalgo County			2BR / 2BA	34	17.70%	@60%	$505	900	yes	No	2	5.90%
				2BR / 2BA	26	13.50%	Market	$599	900	n/a	No	0	0.00%
				3BR / 3BA	44	22.90%	@60%	$579	1,100	yes	No	0	0.00%
				3BR / 3BA	16	8.30%	Market	$699	1,100	n/a	No	0	0.00%
					192	100%						4	2.10%
2	El Pueblo Dorado	Garden	@50%, @60%, Market	2BR / 2BA	66	37.50%	@50%	$425	900	yes	No	0	0.00%
	901 E. Thomas	2002		2BR / 2BA	16	9.10%	@60%	$523	900	yes	No	0	0.00%
	Pharr, TX 78577			2BR / 2BA	28	15.90%	Market	$575	900	yes	No	0	0.00%
	Hidalgo County			3BR / 2BA	50	28.40%	@60%	$604	1,150	yes	No	0	0.00%
				3BR / 2BA	16	9.10%	Market	$675	1,150	yes	No	2	12.50%
					176	100%						2	1.10%
3	Jardines De La Fuente	Garden	@30%, @40%, @50%, @60%, Market	2BR / 2BA	16	8.00%	@30%	$234	900	n/a	Yes	0	0.00%
	1701 West Las Milpas Road	2004		2BR / 2BA	8	4.00%	@40%	$331	900	n/a	Yes	0	0.00%
	Pharr, TX 78577			2BR / 2BA	16	8.00%	@50%	$429	900	n/a	No	0	0.00%
	Hidalgo County			2BR / 2BA	40	20.00%	@60%	$527	900	n/a	No	0	0.00%
				2BR / 2BA	20	10.00%	Market	$575	900	n/a	No	0	0.00%
				3BR / 2BA	16	8.00%	@30%	$268	1,150	n/a	Yes	0	0.00%
				3BR / 2BA	8	4.00%	@40%	$381	1,150	n/a	Yes	0	0.00%
				3BR / 2BA	16	8.00%	@50%	$494	1,150	n/a	Yes	0	0.00%
				3BR / 2BA	40	20.00%	@60%	$608	1,150	n/a	No	0	0.00%
				3BR / 2BA	20	10.00%	Market	$675	1,150	n/a	No	0	0.00%
					200	100%						0	0.00%
4	Las Canteras Apartments	Garden	@60%	1BR / 1BA	N/A	N/A	@60%	$440	652	yes	Yes--3HH	0	N/A
	400 East Thomas Road	2004		2BR / 2BA	N/A	N/A	@60%	$525	976	yes	Yes--2HH	0	N/A
	Pharr, TX 78587			2BR / 2BA	N/A	N/A	@60%	$525	1,119	yes	Yes--2HH	0	N/A
	Hidalgo County			3BR / 2BA	N/A	N/A	@60%	$607	1,171	yes	Yes--2HH	0	N/A
				3BR / 2BA	N/A	N/A	@60%	$607	1,192	yes	Yes--2HH	0	N/A
					100	100%						0	0.00%
5	Padre De Vida Apartments	Garden	@40%, @50%, @60%	2BR / 2BA	29	16.10%	@40%	$309	900	yes	No	0	0.00%
	3900 South Ware Road			2BR / 2BA	61	33.90%	@60%	$505	900	yes	No	0	0.00%
	Mcallen, TX 78577	2004 Feb		3BR / 2BA	58	32.20%	@50%	$465	1,150	yes	No	0	0.00%
	Hidalgo County			3BR / 2BA	32	17.80%	@60%	$579	1,150	yes	No	0	0.00%
					180	100%						0	0.00%
6	Rudy Villareal Oak Square Apartments	Garden	@30%, @60%	1BR / 1BA	10	10.00%	@30%	$182	710	n/a	Yes	0	0.00%
	309 N. 9th Street	2007		1BR / 1BA	12	12.00%	@60%	$417	710	n/a	Yes	0	0.00%
	Alamo, TX 78516			2BR / 2BA	44	44.00%	@60%	$503	963	n/a	Yes	0	0.00%
	Hidalgo County			3BR / 2BA	34	34.00%	@60%	$580	1,147	n/a	No	2	5.90%
					100	100%						2	2.00%
7	Sun Meadow Apartments	Garden	@50%, @60%	1BR / 1BA	4	5.30%	@50%	$365	516	yes	Yes	0	0.00%
	400 North Cesar Chavez	2002		1BR / 1BA	8	10.50%	@60%	$425	516	no	Yes	0	0.00%
	Alamo, TX 78516			2BR / 2BA	15	19.70%	@50%	$433	783	yes	Yes	0	0.00%
	Hidalgo County			2BR / 2BA	33	43.40%	@60%	$472	783	no	Yes	0	0.00%
				3BR / 2BA	4	5.30%	@50%	$494	1,198	yes	Yes	0	0.00%
				3BR / 2BA	12	15.80%	@60%	$560	1,198	no	Yes	0	0.00%
					76	100%						0	0.00%
8	Valley View Apartments	Garden	@40%, @50%, @60%	1BR / 1BA	5	3.90%	@40%	$246	750	yes	Yes	0	0.00%
	1401 W. Anaya Road	2004		1BR / 1BA	16	12.50%	@50%	$327	750	yes	Yes	0	0.00%
	Pharr, TX 78577			1BR / 1BA	8	6.20%	@60%	$409	750	yes	Yes	1	12.50%
	Hidalgo County			2BR / 1BA	4	3.10%	@40%	$289	908	yes	Yes	0	0.00%
				2BR / 1BA	21	16.40%	@50%	$387	908	yes	Yes	0	0.00%
				2BR / 1BA	35	27.30%	@60%	$485	908	yes	Yes	1	2.90%
				3BR / 2BA	4	3.10%	@40%	$327	1,123	yes	Yes	0	0.00%
				3BR / 2BA	12	9.40%	@50%	$440	1,123	yes	Yes	0	0.00%
				3BR / 2BA	23	18.00%	@60%	$525	1,123	yes	Yes	0	0.00%
					128	100%						2	1.60%

Rent and Square Footage Ranking

	One Bedroom One Bath Property	Average
RENT	El Patrimonio* (M)	$495
	Las Canteras Apartments* (60%)	$440
	Sun Meadow Apartments* (60%)	$425
	Rudy Villareal Oak Square Apartments* (60%)	$417
	El Patrimonio* (60%)	$413
	Valley View Apartments* (60%)	$409
	Sun Meadow Apartments* (50%)	$365
	Valley View Apartments* (50%)	$327
	Valley View Apartments* (40%)	$246
	Rudy Villareal Oak Square Apartments* (30%)	$182
SQUARE FOOTAGE	Valley View Apartments* (40%)	750
	Valley View Apartments* (50%)	750
	Valley View Apartments* (60%)	750
	Rudy Villareal Oak Square Apartments* (30%)	710
	Rudy Villareal Oak Square Apartments* (60%)	710
	Las Canteras Apartments* (60%)	652
	El Patrimonio* (60%)	600
	El Patrimonio* (M)	600
	Sun Meadow Apartments* (50%)	516
	Sun Meadow Apartments* (60%)	516
RENT PER SQUARE FOOT	El Patrimonio* (M)	$0.82
	Sun Meadow Apartments* (60%)	$0.82
	Sun Meadow Apartments* (50%)	$0.71
	El Patrimonio* (60%)	$0.69
	Las Canteras Apartments* (60%)	$0.67
	Rudy Villareal Oak Square Apartments* (60%)	$0.59
	Valley View Apartments* (60%)	$0.55
	Valley View Apartments* (50%)	$0.44
	Valley View Apartments* (40%)	$0.33
	Rudy Villareal Oak Square Apartments* (30%)	$0.26

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

Weighted Occupancy:	99.10%
Market Rate	N/A
Tax Credit	99.10%

Two Bedrooms Two Bath Property	Average	Three Bedrooms Two Bath Property	Average	Four Bedrooms Two Bath Property	Average
El Patrimonio* (M)	$599	El Patrimonio* (3BA M)	$699		
El Pueblo Dorado* (M)	$575	El Pueblo Dorado* (M)	$675		
Jardines De La Fuente* (M)	$575	Jardines De La Fuente* (M)	$675		
Jardines De La Fuente* (60%)	$527	Jardines De La Fuente* (60%)	$608		
Las Canteras Apartments* (60%)	$525	Las Canteras Apartments* (60%)	$607		
Las Canteras Apartments* (60%)	$525	Las Canteras Apartments* (60%)	$607		
El Pueblo Dorado* (60%)	$523	El Pueblo Dorado* (60%)	$604		
El Patrimonio* (60%)	$505	Rudy Villareal Oak Square Apartments* (60%)	$580		
Padre De Vida Apartments* (60%)	$505	El Patrimonio* (3BA 60%)	$579		
Rudy Villareal Oak Square Apartments* (60%)	$503	Padre De Vida Apartments* (60%)	$579		
Valley View Apartments* (1BA 60%)	$485	Sun Meadow Apartments* (60%)	$560		
Sun Meadow Apartments* (60%)	$472	Valley View Apartments* (60%)	$525		
Sun Meadow Apartments* (50%)	$433	Jardines De La Fuente* (50%)	$494		
Jardines De La Fuente* (50%)	$429	Sun Meadow Apartments* (50%)	$494		
El Pueblo Dorado* (50%)	$425	Padre De Vida Apartments* (50%)	$465		
El Patrimonio* (50%)	$407	Valley View Apartments* (50%)	$440		
Valley View Apartments* (1BA 50%)	$387	Jardines De La Fuente* (40%)	$381		
Jardines De La Fuente* (40%)	$331	Valley View Apartments* (40%)	$327		
Padre De Vida Apartments* (40%)	$309	Jardines De La Fuente* (30%)	$268		
Valley View Apartments* (1BA 40%)	$289				
Jardines De La Fuente* (30%)	$234				
Las Canteras Apartments* (60%)	1,119	Sun Meadow Apartments* (50%)	1,198		
Las Canteras Apartments* (60%)	976	Sun Meadow Apartments* (60%)	1,198		
Rudy Villareal Oak Square Apartments* (60%)	963	Las Canteras Apartments* (60%)	1,192		
Valley View Apartments* (1BA 40%)	908	Las Canteras Apartments* (60%)	1,171		
Valley View Apartments* (1BA 50%)	908	El Pueblo Dorado* (60%)	1,150		
Valley View Apartments* (1BA 60%)	908	El Pueblo Dorado* (M)	1,150		
El Patrimonio* (50%)	900	Jardines De La Fuente* (30%)	1,150		
El Patrimonio* (60%)	900	Jardines De La Fuente* (40%)	1,150		
El Patrimonio* (M)	900	Jardines De La Fuente* (50%)	1,150		
El Pueblo Dorado* (50%)	900	Jardines De La Fuente* (60%)	1,150		
El Patrimonio* (M)	$0.67	El Patrimonio* (3BA M)	$0.64		
El Pueblo Dorado* (M)	$0.64	El Pueblo Dorado* (M)	$0.59		
Jardines De La Fuente* (M)	$0.64	Jardines De La Fuente* (M)	$0.59		
Sun Meadow Apartments* (60%)	$0.60	Jardines De La Fuente* (60%)	$0.53		
Jardines De La Fuente* (60%)	$0.59	El Patrimonio* (3BA 60%)	$0.53		
El Pueblo Dorado* (60%)	$0.58	El Pueblo Dorado* (60%)	$0.53		
El Patrimonio* (60%)	$0.56	Las Canteras Apartments* (60%)	$0.52		
Padre De Vida Apartments* (60%)	$0.56	Las Canteras Apartments* (60%)	$0.51		
Sun Meadow Apartments* (50%)	$0.55	Rudy Villareal Oak Square Apartments* (60%)	$0.51		
Las Canteras Apartments* (60%)	$0.54	Padre De Vida Apartments* (60%)	$0.50		
Valley View Apartments* (1BA 60%)	$0.53	Valley View Apartments* (60%)	$0.47		
Rudy Villareal Oak Square Apartments* (60%)	$0.52	Sun Meadow Apartments* (60%)	$0.47		
Jardines De La Fuente* (50%)	$0.48	Jardines De La Fuente* (50%)	$0.43		
El Pueblo Dorado* (50%)	$0.47	Sun Meadow Apartments* (50%)	$0.41		
Las Canteras Apartments* (60%)	$0.47	Padre De Vida Apartments* (50%)	$0.40		
El Patrimonio* (50%)	$0.45	Valley View Apartments* (50%)	$0.39		
Valley View Apartments* (1BA 50%)	$0.43	Jardines De La Fuente* (40%)	$0.33		
Jardines De La Fuente* (40%)	$0.37	Valley View Apartments* (40%)	$0.29		
Padre De Vida Apartments* (40%)	$0.34	Jardines De La Fuente* (30%)	$0.23		
Valley View Apartments* (1BA 40%)	$0.32				
Jardines De La Fuente* (30%)	$0.26				

2008 LIHTC Maximum Allowable Gross Rent Limits

Bedrooms	30%	40%	50%	60%	80%	100%	FMR
Efficiency	$228	$305	$381	$457	$610	$762	$470
1 Bedroom	$245	$327	$408	$490	$698	$872	$516
2 Bedroom	$294	$392	$490	$588	$784	$980	$609
3 Bedroom	$340	$453	$566	$680	$872	$1,090	$730
4 Bedroom	$379	$506	$632	$759	$942	$1,177	$839
5 Bedroom	$418	$558	$698	$837	$1,012	$1,265	-

PAYMENT STANDARDS

Units	Payment Standards
Studio	$470
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

All of the units at the surveyed LIHTC properties, including the market rate units, are below the current payment standards for Hidalgo County. Five of the eight the surveyed LIHTC properties have rents set at the maximum allowable levels for all set-asides. It should be noted, however, that despite confirmation from management that these five properties have rents at the 2008 maximum allowable levels, rental rates appear to be notably lower than the 2008 maximum allowable rent limits listed above.

Management at Rudy Viallreal Oak Square Apartments and Jardines De La Fuente were unable to confirm whether rents are at the maximum allowable levels; however, the surveyed rents appear to be lower than the maximum allowable rent limits. Management at Sun Meadow Apartments confirmed that the units at 60 percent of AMI are not at the maximum allowable levels. The surveyed family LIHTC properties were constructed from 2001 through 2007. Three of the surveyed properties offer market rate units and seven of the surveyed properties offer units at the 50 percent of AMI level or lower. The overall average vacancy rate at the LIHTC properties is approximately 0.85 percent, which is very low. Additionally, the vacant units found at the surveyed LIHTC family properties are comprised entirely of units at the 60 percent of AMI set-aside and the market rate units. Five of the eight surveyed family LIHTC properties currently maintain small waiting lists, specifically for the units at the lower AMI levels.

LIHTC Supply Conclusion

Larger unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.41 and is projected to decrease slightly by 2012 to 3.40. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 36 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate an unmet demand for larger bedroom types.

The existing LIHTC multifamily properties in the South Central Hidalgo County Submarket offer a moderate to extensive amount of in-unit and community amenities. Most of the surveyed LIHTC properties offer unit amenities that include patios/balconies, min-blinds, central air, ceiling fans, ovens, dishwashers, garbage disposals, and refrigerators. Half of the surveyed properties offer microwaves. In-unit washers/dryer appliances are not prevalent in the family LIHTC market however, all except two of the surveyed properties offered washer/dryer connections. The majority of the surveyed LIHTC properties offer community amenities including carport parking, a clubhouse, a central laundry facility, off-street parking, on-site management, a playground, and a swimming pool. Half of the surveyed properties offer a business center or computer room. Perimeter fencing is prevalent in the Submarket however, other security features such as a security patrol or limited access are not as common. The majority of the surveyed properties do not offer premium amenities or non-shelter services.

Five of the eight surveyed properties were able to provide absorption information, resulting in an average absorption rate of 16.6 units per month. None of surveyed properties is offering concessions and five of the eight of the properties currently maintain small waiting lists with an average length of 12 households. The average vacancy rate of the surveyed family LIHTC properties (0.85 percent) is very low, relative to the average vacancy rate of the surveyed market rate properties in the Submarket (3.03 percent). The average turnover rate of the surveyed LIHTC properties in the Submarket (26.3 percent) is negligibly lower than the average turnover rate of the surveyed market rate properties in the Submarket (27 percent).

All of the units at the surveyed LIHTC properties, including the market rate units, are below the current payment standards for Hidalgo County. Five of the eight the surveyed LIHTC properties have rents set at the maximum allowable levels for all set-asides.

LIHTC SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, providers, and property managers.

Novogradac identified one existing senior LIHTC development, Las Brisas. Las Brisas is a combination LIHTC/USDA development with 100 percent of the tenants paying no more than 30 percent of their annual gross income towards rent. Therefore this property has been excluded from the senior LIHTC analysis and will be addressed in the senior subsidized analysis section. Due to the lack of available data, we were unable to perform a senior LIHTC market analysis.

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there are three proposed senior LIHTC properties in the South Central Hidalgo County Submarket, Bluebonnet Senior Village, Mesquite Terrace, and Villas at Beaumont.

Mesquite Terrace Apartments, located in Pharr, Texas, received a LIHTC allocation in 2007. The development is a proposed new construction, senior-oriented development consisting of 106 units in 5 one-story and three-story buildings. Unit amenities will include mini-blinds, dishwashers, garbage disposals, refrigerators, ovens/ranges, ceiling fans, microwaves, icemakers, and washer/dryer connections in some units. Community amenities will include a community garden, an accessible walking path, central laundry, controlled access gates, a community porch, perimeter fencing, a community room, a fitness center, a library, a 24-hour public telephone, secure access entry to residential buildings, an activity room, off-street parking and service coordination. There will be six studio, 13 one-bedroom, and one two-bedroom public housing units. The remaining 86 studio, one-, and two-bedroom units will be restricted to households earning less than 60 percent of the AMI. Observations in the field confirm that although the project has broken ground, construction has not yet commenced.

Bluebonnet Senior Village, located in Alamo, Texas, received a LIHTC allocation in 2007. The development is a proposed new construction, senior-oriented development consisting of 36-units in 2 two- and three-story elevator serviced buildings. Prior to construction, an existing 12-unit public housing development will be demolished. Field observations confirm that the public housing development has already been demolished; however, the project in not currently under construction. Bluebonnet Senior Village will offer window coverings, ovens/ranges, garbage disposals, dishwashers, refrigerators with ice makers, microwaves, washer/dryer connections, and ceiling fans. Community amenities will include off-street parking, a central laundry room, a community room, and a senior activity room. There will be 30 one-bedroom and 6 two-bedroom units at 30 and 60 percent of AMI. However all 36 of the units will also be subject to a Project based Section 8 contract, whereby tenants will pay no more than 30 percent of their annual income towards rent.

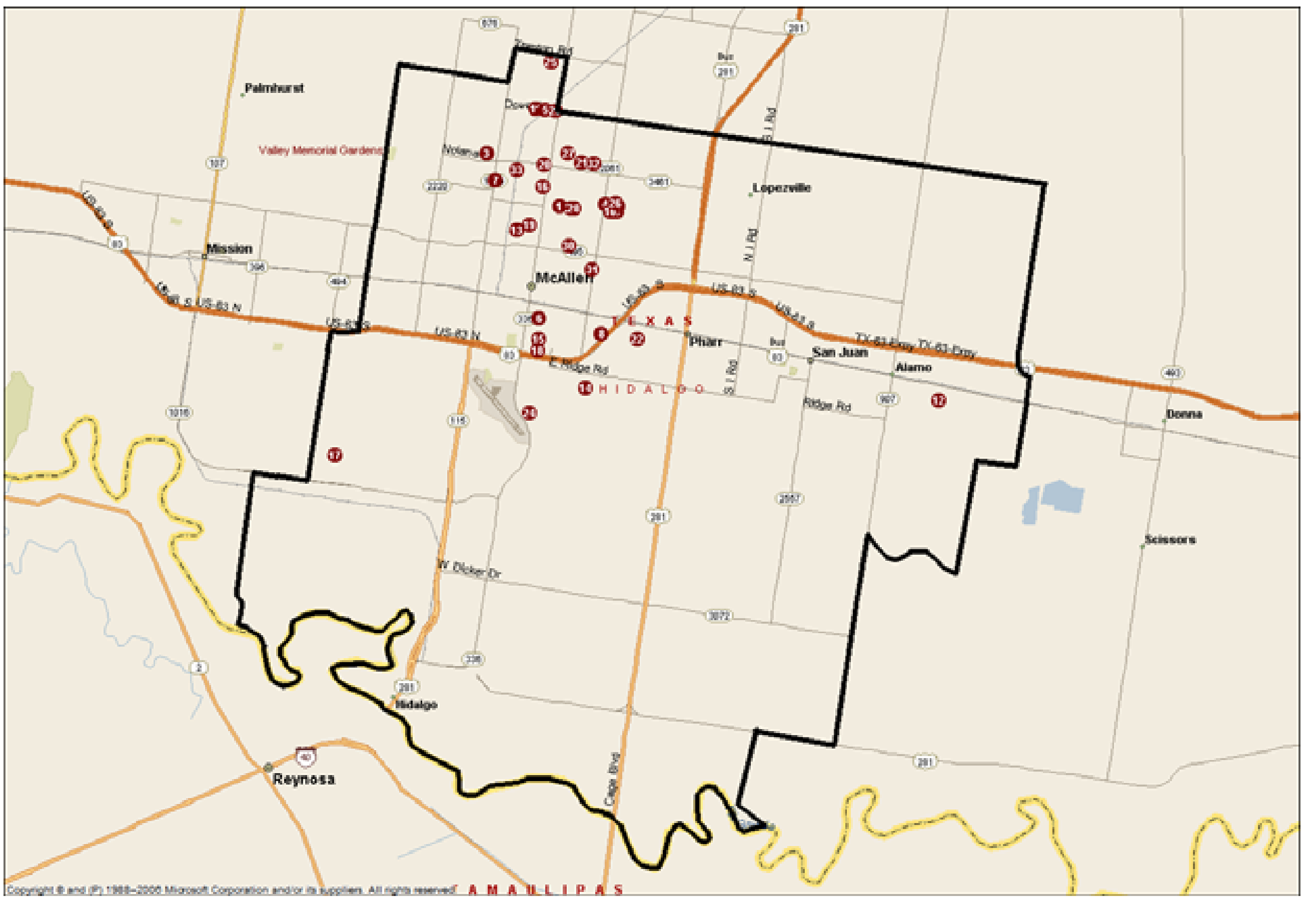
Villas at Beaumont, located in McAllen, Texas, received a LIHTC allocation in 2008. The development is a proposed new construction multi-story senior-oriented development consisting of 36 units in one elevator-serviced building plus one adjoining clubhouse building. This development will offer 2 one-bedroom units at 30 percent of AMI, 13 one-bedroom units at 50 percent of AMI, and 21 one-bedroom units at 60 percent of AMI. All thirty six units will also have an underlying Project-Based Section 8 Subsidy. Due to the recent allocation date of this development, it is assumed that this project is still in the planning stages.

MARKET RATE SUPPLY

We attempted to identify all existing, proposed, and under construction market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials.

Novogradac identified 53 family-oriented market rate developments in the South Central Hidalgo County Submarket. Market information was available for 33 of the 53 family market rate properties in the Submarket. Multiple attempts were made to contact each of the 20 remaining family market rate properties with no success. The excluded properties and reasons for exclusion can be found on the excluded properties list on the following pages.

The following map illustrates the location of the surveyed market rate family properties in the Submarket.



SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Atrium Villa Apartments	McAllen	Market – Family
2	Brentwood Apartments	McAllen	Market – Family
3	Cedar Hut Apartments	McAllen	Market – Family
4	Cedarwood Domit Apartments	McAllen	Market – Family
5	Crossings Apartments	McAllen	Market – Family
6	Dallas Heights Apartments	McAllen	Market – Family
7	Dimel Apartments	McAllen	Market – Family
8	District Apartments	McAllen	Market – Family
9	Dominion Apartments	McAllen	Market – Family
10	Dominion Estates	McAllen	Market – Family
11	Doveco Apartments	McAllen	Market – Family
12	East Crockette Apartments	Alamo	Market – Family
13	El Camino Real	McAllen	Market – Family
14	Hearthstone	McAllen	Market – Family
15	Jackson Square Apartments	McAllen	Market – Family
16	Las Haciendas Apartments	McAllen	Market – Family
17	Las Misiones at the Grove	Mission	Market – Family
18	Lindburgh Square Apartments	McAllen	Market – Family
19	Marianna's Apartments	McAllen	Market – Family
20	Nolana Apartments	McAllen	Market – Family
21	Northwood Domit Apartments	McAllen	Market – Family
22	Palm Garden Apartments	Pharr	Market – Family
23	Peppertree Apartments	McAllen	Market – Family
24	Plaza Royale Apartments	McAllen	Market – Family
25	Rayburn Village Apartments	McAllen	Market – Family
26	Redwood Apartments	McAllen	Market – Family
27	Seville Place Apartments	McAllen	Market – Family
28	St. Antimo Apartments	McAllen	Market – Family
29	Stonewood Apartments	McAllen	Market – Family
30	Tamarack Apartments	McAllen	Market – Family
31	The Rincon Apartments	McAllen	Market – Family
32	Villas De Nolana	McAllen	Market - Family
33	Vintage Square Apartments	McAllen	Market – Family

Market Rate Multifamily Market

The following pictures identify a sampling of the surveyed market rate family properties in the Submarket.

Hearthstone Apartments

Plaza Royale Apartments

Northwood Domit Apartments

District Apartments

Excluded Properties

The following table illustrates all of the excluded market rate properties in the Submarket. There are no other identifiable market rate properties in the Submarket. We have only excluded properties that we were unable to contact either in person or over the phone or properties that are fully furnished and/or corporate apartments. We attempted to contact the excluded properties multiple times with no success. Therefore, we were unable to confirm the target population for each development; we assume all of the following properties are family-oriented.

EXCLUDED PROPERTIES LIST				
Name	**Address**	**Type**	**No. of Units**	**Reason For Exclusion**
Erg Apartments	2000 Mayfair Street	Market-Family	N/A	Could not Contact
Lakes Apartments	1101 Dove Avenue	Market-Family	N/A	Could not Contact
Northpark Apartments	5500 N 15th Street	Market-Family	N/A	Could not Contact
Palm Manor	4812 N 10th Street	Market-Family	N/A	Could not Contact
Parklane Apartments	1701 Avocet Avenue	Market-Family	N/A	Could not Contact
Deseret Apartments	5317 N 17th Street	Market-Family	N/A	Could not Contact
EMC Properties	4712 N 12th Street	Market-Family	N/A	Could not Contact
Hibiscus Apartments	3413 N Mccoll Road	Market-Family	N/A	Could not Contact
Las Palmas Village	4210 North Main Street	Market-Family	N/A	Could not Contact
Ram Apartments	4300 N 23rd Street	Market-Family	N/A	Could not Contact
Greenspointe Apartments	3101 N 8th Street	Market-Family	N/A	Could not Contact
Las Fuentes Village	1901 Japonica Avenue	Market-Family	N/A	Could not Contact
Evergreen Square	2501 Nolana Avenue	Market-Family	N/A	Could not Contact
Cantu Apartments	810 W Ferguson Street	Market-Family	N/A	Could not Contact
Watkins Apartments	1400 N 16th Street	Market-Family	N/A	Could not Contact
Las Palmas Norte	601 E Ebony Avenue	Market-Family	N/A	Could not Contact
Rafael Cervantes Apartments	500 South Palm Drive	Market-Family	N/A	Could not Contact
Noser Apartments	S 10th Street	Market-Family	N/A	Could not Contact
Heritage Village	2105 S Cynthia Street	Market-Family	N/A	Could not Contact
Sunset Gardens	3101 Jordan Raod	Market-Family	N/A	Could not Contact

Proposed Construction

We attempted to contact Rodrigo Sanchez, with the City of McAllen Planning Division. However, our inquiries have not been addressed as of the date of this study. We attempted to contact Robert Gomez with the Building Permits division in order to find information on proposed market rate development in the City of McAllen. However our information request has not been returned as of the date of this study.

Based on observations in the field, there is an under construction multifamily development within close proximity to St. Antimo Apartments, Stonewood Apartments, and Atrium Villa. This Development, Mosaic Apartments and Lofts will be a luxury market rate gated community, with a tenant lounge/café, Wi-Fi in all common areas, indoor/outdoor pool and spa, 24 hour fitness center, indoor basketball court, and private media room available to all residents. There will be 21 open and traditional floor plans comprised of one-, two-, and three-bedroom units. In-unit amenities will include washer/dryer hookups, attached garages, and intrusion alarms. This project is now leasing and was scheduled to open in late summer 2008; however, based upon observations in the field, the project is still under construction and approximately three quarters complete.

We conducted an Internet search for multifamily development in McAllen. According to a May 2008 news report published the by the Texas A&M Real Estate Center, a Mexican developer broke ground in May 2008 on a new $16 million condominium project in South McAllen near La Plaza Mall. The five-story residential property off South 10th Street will target the growing number of affluent Mexican nationals looking to purchase property in McAllen. The four-building project, called the Luxe Gallery Condominiums, will have 88 units when completed. The Luxe Gallery is the newest in a string of proposed high-end condominium projects in Greater McAllen. With the Luxe Gallery, the developer is hoping to attract Mexican visitors with easy access to La Plaza Mall, as well as to U.S. Highway 83 and the Hidalgo-Reynosa International Bridge. The units will range from 1,450 to 1,900 sf. The least expensive unit will cost about $230,000 - more than double the average home price in Hidalgo County. Approximately one quarter of the condominiums have already been sold. The first building will house 16 units and is scheduled to open in May 2009.

The aforementioned news report also notes that local developer Fred Harms hopes to finish the first of 37 under construction townhomes this summer. The townhome project is called Barrio Antiguo and the homes range from $180,000 to $220,000. The price is similar to other single-family units in the neighborhood near Date Palm Avenue and North Sixth Street. Like other new condo and townhome projects in the Valley, Barrio Antiguo developers are targeting people who do not want the trouble of keeping up with a large property. Much of the increased interest in McAllen-area property is coming from shoppers from Mexico. Some developers are also looking to add an affordable option to one of the Rio Grande Valley's most expensive housing markets.

Sam Saxena, a mortgage broker who lives in McAllen, is building a 192-unit development on Jackson Road in North McAllen. Latitude 360 targets young professionals. Units start at about $90,000 for 1,000 sf. Most other homes in the area cost more than $120,000.

Unit Mix

The following table illustrates the unit mix in the family market rate rental property market. It should be noted that properties unable to provide unit mixes and have been excluded from this analysis.

Unit Mix - Market Family

Unit Type	Total Units	Percent
0 BR	4	0.20%
1 BR	934	39.30%
2 BR	1,334	56.00%
3 BR	106	4.50%
Total	**2,378**	**100%**

We were unable to identify any four-bedroom market rate units. Smaller unit types are currently prevalent in the Submarket. However, demographic projections show that the average household size in the Submarket in 2007 was 3.41 and is projected to decrease negligibly by 2012 to 3.40. The Submarket’s household size is significantly larger than the national average of 2.59 and just slightly smaller than that of the MSA. Additionally, demographic estimates show that approximately 36 percent of the population in 2007 was age 19 years or younger and this trend is expected to remain stable through 2012. Though smaller bedroom types are currently prevalent in the market, demographic projections evidence indicates a possible unmet demand for larger bedroom types.

Demographic projections show that approximately 22.5 percent of the housing in the Submarket is overcrowded.

Unit Size

The following table illustrates the existing unit sizes in the family market rate rental property market. It should be noted that there was only one surveyed property with studio units; therefore a unit size analysis was not performed on this unit type.

Unit Size – Market Family			
Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
1 BR	500	1,072	719
2 BR	800	1,702	1,009
3 BR	1,000	1,687	1,262

The surveyed market rate properties in the Submarket had a one-bedroom average unit size of 719 square feet, two-bedroom average unit size of 1,009 square feet and a three-bedroom average unit size of 1,262 square feet. The average unit sizes of the market rate family one-, two-, and three-bedroom units in the Submarket are approximately 10.0, 8.0, and 9.0 percent larger, respectively, than the one-, two-, and three-bedroom units at family LIHTC properties.

Common and In-Unit Amenities

	Atrium Villa Apts.	Brentwood Apts.	Cedar Hut Apts.	Cedarwood Domit Apts.	Crossings Apts.	Dallas Heights Apts.	Dimel Apts.	District Apts.	Dominion Apts.
Comp #	1	2	3	4	5	6	7	8	9
Property Information									
Property Type	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Garden
Year Built / Renovated	2001	N/A	1990	1993	1988	1998	2004	2006	2001
Market (Conv.)/ Subsidy Type	Market	Market	Market	Market	Market	Market	Market	Market	Market
In-Unit Amenities									
Balcony/Patio	no	no	no	yes	no	no	no	no	no
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	no	yes	yes	yes	yes	yes	yes	no
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes
Dishwasher	yes	yes	yes	yes	no	no	no	yes	yes
Exterior Storage	no	no	no	no	no	no	no	no	no
Ceiling Fan	no	no	no	no	no	no	no	no	no
Garbage Disposal	yes	yes	yes	yes	no	no	no	yes	no
Microwave	yes	no	no	no	no	no	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes
Walk-In Closet	no	no	no	no	no	no	no	no	yes
Washer/Dryer	no	yes	no	no	no	no	no	no	no
Washer/Dryer hookup	yes	no	no	yes	no	no	no	yes	yes
Property Amenities									
Basketball Court	no	no	no	no	no	no	no	no	no
Business Center/Computer Lab	no	no	no	no	no	no	no	yes	no
Carport	no	no	no	yes	no	no	no	no	no

Clubhouse/Meeting Room/Community Room	no	no	no	no	no	no	no	no	no
Courtyard	no	yes	no	no	no	no	no	no	no
Exercise Facility	yes	no	no	yes	no	no	no	yes	no
Garage	no	no	no	no	no	no	no	no	no
Jacuzzi	no	no	no	no	no	no	no	yes	no
Central Laundry	yes	no	yes	no	yes	yes	yes	yes	no
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	no
On-Site Management	yes	no	yes	yes	no	no	no	yes	no
Picnic Area	no	no	no	no	no	no	no	no	no
Playground	no	no	no	no	no	no	no	no	no
Sport Court	no	no	no	no	no	no	no	no	no
Swimming Pool	yes	no	no	yes	yes	no	no	yes	no
Tennis Court	no	no	no	no	no	no	no	no	no
Volleyball Court	no	no	no	no	no	no	no	no	no
Carport Fee	--	--	--	--	--	--	--	--	--
Garage Fee	--	--	--	--	--	--	--	--	--
Services									
Security									
In-Unit Alarm	no	no	no	no	no	no	no	no	no
Intercom (Buzzer)	no	no	no	no	no	no	no	no	no
Intercom (Phone)	no	no	no	no	no	no	no	no	no
Intercom (Video)	no	no	no	no	no	no	no	no	no
Limited Access	no	no	no	no	no	no	no	yes	yes
Patrol	no	no	no	no	no	no	no	no	no
Perimeter Fencing	no	no	no	no	no	no	no	yes	yes
Premium Amenities									
Other Amenities									
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

	Dominion Estates	Doveco Apts.	East Crockett Apts.	El Camino Real	Hearthstone	Jackson Square Apts.	Las Haciendas Apts.	Las Misiones At The Grove	Lindburgh Square Apts.	Mariana's Apts.
	10	11	12	13	14	15	16	17	18	19
Property Information										
Property Type	Garden	Garden	Garden	Garden	Various	Garden	Garden	Garden	Garden	Garden
Year Built / Renovated	2006	1982	2003/2005	1970's	1996	1975	1974	2003-2005	1988	2002
Market (Conv.)/ Subsidy Type	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
In-Unit Amenities										
Balcony/Patio	no	yes	no	no	yes	yes	yes	no	yes	no
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	no	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Dishwasher	yes	yes	no	yes	yes	yes	yes	yes	yes	no
Exterior Storage	no	no	no	no	yes	no	no	no	no	no
Ceiling Fan	no	no	no	no	yes	yes	yes	yes	yes	yes
Garbage Disposal	yes	yes	no	yes	yes	yes	yes	yes	yes	no
Microwave	no	no	no	no	no	no	no	no	no	no
Oven	yes	yes	yes	yes	no	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Walk-In Closet	yes	no	no	no	no	no	no	no	no	no
Washer/Dryer	no	no	no	no	yes	no	no	no	no	no
Washer/Dryer hookup	yes	no	no	no	yes	no	no	yes	yes	no
Property Amenities										
Basketball Court	no	no	yes	no	no	no	no	yes	no	no
Business Center/Computer Lab	no	no	no	no	no	no	no	no	no	no
Carport	no	no	no	no	yes	no	no	no	no	no

Clubhouse/Meeting Room/Community Room	no	no	no	no	no	yes	no	yes	no	no
Courtyard	no	no	no	no	yes	no	no	no	no	no
Exercise Facility	no	no	no	no	no	no	no	yes	no	no
Garage	no	no	no	no	yes	no	no	yes	no	no
Jacuzzi	no	no	no	no	yes	no	no	yes	no	no
Central Laundry	no	yes	yes	yes	yes	yes	yes	yes	no	yes
Off-Street Parking	yes	yes	yes	yes	no	yes	yes	yes	yes	yes
On-Site Management	no	yes	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	no	no	yes	no	no	no	no	no	no	no
Playground	no	no	yes	no	no	no	no	yes	no	no
Sport Court	no	no	no	no	no	no	no	yes	no	no
Swimming Pool	no	no	no	yes	yes	yes	no	yes	yes	no
Tennis Court	no	no	no	no	no	yes	no	no	no	no
Volleyball Court	no	no	no	no	no	yes	no	no	no	no
Carport Fee	--	--	--	--	$15.00	--	--	--	--	--
Garage Fee	--	--	--	--	$65.00	--	--	$100.00	--	--
Services										
Security										
In-Unit Alarm	no	no	no	no	no	no	no	no	no	no
Intercom (Buzzer)	no	no	no	no	no	no	no	no	no	yes
Intercom (Phone)	no	no	no	no	no	no	no	no	no	no
Intercom (Video)	no	no	no	no	no	no	no	yes	no	no
Limited Access	no	no	no	no	yes	no	no	yes	no	yes
Patrol	no	no	no	no	no	no	no	no	no	no
Perimeter Fencing	no	no	no	no	yes	no	no	yes	no	yes
Premium Amenities										
Other Amenities										
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Gazeebo	n/a

	Nolana Apts.	Northwood Domit Apts.	Palm Garden Apts.	Peppertree Apts.	Plaza Royale Apts.	Rayburn Village Apts.	Redwood Apts.	Seville Place Apts.	St. Antimo Apts.
	20	21	22	23	24	25	26	27	28
Property Information									
Property Type	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Garden
Year Built / Renovated	1978	2001	1986	1980's	1980s	1980's	2004	1998	2003/2004
Market (Conv.)/ Subsidy Type	Market	Market	Market	Market	Market	Market	Market	Market	Market
In-Unit Amenities									
Balcony/Patio	no	no	yes	yes	yes	no	no	yes	no
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	no
Carpeting	yes	yes	yes	yes	yes	no	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes
Dishwasher	yes	yes	no	yes	yes	no	yes	yes	yes
Exterior Storage	no	no	no	no	yes	no	no	no	no
Ceiling Fan	no	yes	yes	yes	yes	no	no	yes	no
Garbage Disposal	yes	yes	no	yes	yes	no	yes	yes	yes
Microwave	no	no	no	no	no	no	no	yes	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes
Walk-In Closet	no	yes	no	yes	no	no	no	yes	no
Washer/Dryer	no	no	no	no	yes	no	no	no	no
Washer/Dryer hookup	no	yes	no	no	no	yes	yes	yes	no
Property Amenities									
Basketball Court	no	no	no	no	yes	no	no	no	no
Business Center/Computer Lab	no	no	no	no	no	no	no	no	yes
Carport	yes	yes	no	no	no	no	no	yes	no

Clubhouse/Meeting Room/Community Room	no	no	no	yes	no	no	no	yes	yes
Courtyard	no	no	no	no	no	no	no	no	no
Exercise Facility	no	yes	no	no	no	no	yes	yes	yes
Garage	no	no	no	no	no	no	yes	no	no
Jacuzzi	no	no	no	no	no	no	yes	yes	no
Central Laundry	yes	yes	yes	yes	no	no	yes	yes	yes
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	no
On-Site Management	yes	yes	yes	yes	yes	yes	yes	yes	no
Picnic Area	no	no	no	yes	no	no	yes	yes	no
Playground	no	no	no	no	yes	no	no	yes	no
Sport Court	no	no	no	no	no	no	no	no	no
Swimming Pool	yes	yes	yes	yes	yes	no	yes	yes	yes
Tennis Court	no	no	no	no	yes	no	no	no	no
Volleyball Court	no	no	no	no	no	no	no	no	no
Carport Fee	--	--	--	--	--	--	--	$10.00	--
Garage Fee	--	--	--	--	--	--	$100.00	--	--
Services									
Security									
In-Unit Alarm	no	no	no	no	no	no	no	no	no
Intercom (Buzzer)	no	no	no	no	yes	no	no	no	no
Intercom (Phone)	no	no	no	no	no	no	no	no	no
Intercom (Video)	no	no	no	no	no	no	no	no	no
Limited Access	no	yes	no	no	yes	no	yes	no	no
Patrol	no	no	no	yes	no	no	no	no	no
Perimeter Fencing	no	yes	no	no	yes	no	yes	no	no
Premium Amenities									
Other Amenities									
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

	Stone Wood	Tamarack Apts.	The Rincon Apts.	Villas De Nolana	Vintage Square Apts.
	29	30	31	32	33
Property Information					
Property Type	Garden	Garden	Garden	Garden	Garden
Year Built / Renovated	2004	1976	2001	2004	1982
Market (Conv.)/ Subsidy Type	Market	Market	Market	Market	Market
In-Unit Amenities					
Balcony/Patio	no	no	yes	yes	yes
Blinds	yes	no	yes	yes	yes
Carpeting	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes
Dishwasher	yes	no	no	yes	yes
Exterior Storage	no	no	no	yes	yes
Ceiling Fan	yes	no	yes	yes	no
Garbage Disposal	yes	no	no	yes	yes
Microwave	no	no	yes	yes	no
Oven	no	yes	no	yes	yes
Refrigerator	yes	yes	yes	yes	yes
Walk-In Closet	no	yes	yes	no	no
Washer/Dryer	no	no	yes	no	yes
Washer/Dryer hookup	yes	no	no	yes	no
Property Amenities					
Basketball Court	no	no	no	no	no
Business Center/Computer Lab	no	no	yes	yes	no
Carport	no	no	yes	yes	yes
Clubhouse/Meeting Room/Community Room	no	no	yes	yes	no
Courtyard	yes	no	no	no	no
Exercise Facility	yes	no	yes	yes	no
Garage	yes	no	yes	no	no
Jacuzzi	yes	no	no	yes	no
Central Laundry	yes	yes	no	yes	no
Off-Street Parking	no	yes	no	yes	yes
On-Site Management	yes	yes	no	yes	yes
Picnic Area	no	no	no	yes	no
Playground	no	no	no	no	no
Sport Court	no	no	no	no	no
Swimming Pool	yes	yes	yes	yes	yes
Tennis Court	no	no	no	no	no
Volleyball Court	no	no	no	no	no
Carport Fee	--	--	$15.00	--	--
Garage Fee	--	--	$60.00	--	--

Services					
Security					
In-Unit Alarm	no	no	no	yes	no
Intercom (Buzzer)	no	no	no	no	no
Intercom (Phone)	no	no	no	yes	yes
Intercom (Video)	no	no	no	no	no
Limited Access	no	no	yes	yes	yes
Patrol	no	no	no	no	no
Perimeter Fencing	yes	no	no	yes	yes
Premium Amenities					
Other Amenities					
Other	n/a	n/a	n/a	n/a	n/a

The surveyed market rate properties in the Submarket offer limited to extensive amount of in-unit and community amenities. The majority of the surveyed market rate properties offer in-unit amenities including window coverings, carpeting, central air, dishwashers, garbage disposals, ovens, and refrigerators. The majority of the surveyed properties offer community amenities including a central laundry, off-street parking, on-site management, and a swimming pool. Five of the 33 surveyed properties offer in-unit washers/dryers and 14 of the surveyed properties offer washer/dryer connections in the units. Less than half of the surveyed properties offer security features of some kind. Approximately one third of the surveyed properties offer carport or garage parking.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit types for the surveyed properties. Due to the limited number of studio units in the market, a weighted vacancy for this unit type was not calculated. It should be noted that properties unable to provide unit mixes and have been excluded from this analysis.

Weighted Vacancy - Market Family

Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	934	26	2.80%
2 BR	1,334	65	4.90%
3 BR	106	9	8.50%
Total	**2,378**	**100**	**4.20%**

Weighted vacancy rates are highest in the three-bedroom units, followed by the two-bedroom units. One- and two-bedroom units are prevalent in the market and have the lowest weighted vacancy rates, indicating demand for smaller unit types, despite demographic projections that suggest otherwise. The average weighted vacancy of the surveyed market rate properties is slightly higher than that of the average weighted vacancy of the surveyed LIHTC properties (1.0 percent).

Absorption

Two of the surveyed market rate properties were able to provide absorption information, resulting in average absorption rate of 14 units per month as compared to the average absorption rate of the surveyed LIHTC properties (16.6 units per month).

Absorption – Market Family		
Property Name	**Number of Units**	**Absorption Rate**
Las Misiones at the Grove	118	12 units per month
Stonewood Apartments	77	16 units per month
AVERAGE		**14 units per month**

The following table lists the identifiable market rate properties constructed within the last two years in the South Central hidalgo Submarket. Although we were able to acquire most of the pertinent market data from the following properties, information regarding absorption was unavailable.

Recently Constructed – Market Family		
Property Name	**Number of Units**	**Date of Construction**
Dimel Apartments	24	2004
District Apartments	144	2006
Dominion Estates	40	2006
East Crockett Apartments	61	2003/2005
Redwood Apartments	70	2004
St. Antimo Apartments	68	2003/2004
Villas De Nolana	120	2004

Waiting List

Four of the market rate family properties in the market maintain a waiting list with an average length less of than five households. Waiting lists at market rate properties do not appear to be common in the Submarket; however, the small waiting lists for the one- and two-bedroom units at the four properties below indicate a demand for smaller unit types.

Waiting Lists – Market Family		
Property Name	**Number of Units**	**Households**
Crossings Apartments	62	5HH
Doveco Apartments	35	Yes; none given
Jackson Square	128	3HH for the 1BR
Peppertree Apartments	84	Yes for the large 1BR and the 2BR's

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Vacancy – Market Family			
Property Name	Number of Units	Vacant Units	Vacancy Rate
Atrium Villa Apartments	61	2	3.30%
Brentwood Apartments	48	2	4.20%
Cedar Hut Apartments	88	7	8.00%
Cedarwood Domit Apartments	40	0	0.00%
Crossings Apartments	62	0	0.00%
Dallas Heights Apartments	8	2	25.00%
Dimel Apartments	24	2	8.30%
District Apartments	144	3	2.10%
Dominion Apartments	40	2	5.00%
Dominion Estates	24	1	4.20%
Doveco Apartments	35	0	0.00%
East Crockette Apartments	61	6	9.80%
El Camino Real	135	2	1.50%
Hearthstone	300	6	2.00%
Jackson Square Apartments	128	2	1.60%
Las Haciendas Apartments	74	2	2.70%
Las Misiones at the Grove	118	3	2.50%
Lindburgh Square Apartments	48	4	8.30%
Marianna's Apartments	34	0	0.00%
Nolana Apartments	144	0	0.00%
Northwood Domit Apartments	124	1	0.80%
Palm Garden Apartments	60	2	3.30%
Peppertree Apartments	84	1	1.20%
Plaza Royale Apartments	88	3	3.40%
Rayburn Village Apartments	31	2	6.50%
Redwood Apartments	70	0	0.00%
Seville Place Apartments	160	12	7.50%
St. Antimo Apartments	68	0	0.00%
Stonewood Apartments	77	2	2.60%
Tamarack Apartments	100	20	20.00%
The Rincon Apartments	232	9	3.90%
Villas De Nolana	120	0	0.00%
Vintage Square Apartments	108	2	1.90%
AVERAGE	**2,378**	**100**	**4.2%%**

The average vacancy rate of the surveyed market rate properties is 4.2 percent as compared to the average vacancy rate of the surveyed LIHTC properties.

Concessions

Five of the 33 surveyed properties are offering concessions. Concessions do not appear to be prevalent in the market.

Concessions – Market Family	
Property Name	**Concessions**
District Apartments	2 Weeks free with 1 year lease on select 2BR
Jackson Square Apartments	Reduced Rents on 2BR x 2BA only
Las Misiones at the Grove	One free month with a 13 month lease
Tamarack Apartments	Half off the 2nd month's rent
Villas de Nolana	One month free

Turnover

Twenty-five of the 33 surveyed market rate properties were able to provide turnover information. The following table illustrates turnover information in the market.

Turnover – Market Family		
Property Name	**Number of Units**	**Turnover**
Atrium Villa Apartments	61	20%
Cedarwood Domit Apartments	40	30%
Crossings Apartments	62	15%
Dallas Heights Apartments	8	20%
Dimel Apartments	24	50%
District Apartments	144	25%
Dominion Apartments	40	25%
Dominion Estates	24	25%
East Crockette Apartments	61	25%
Hearthstone	300	30%
Jackson Square Apartments	128	28%
Las Haciendas Apartments	74	32%
Las Misiones at the Grove	118	30%
Lindburgh Square Apartments	48	25%
Marianna's Apartments	34	35%
Northwood Domit Apartments	124	27%
Palm Garden Apartments	60	30%
Plaza Royale Apartments	88	9%
Rayburn Village Apartments	31	20%
Redwood Apartments	70	34%
St. Antimo Apartments	68	20%
Stonewood Apartments	77	30%
The Rincon Apartments	232	30%
Villas De Nolana	120	20%
Vintage Square Apartments	108	33%
AVERAGE		**27%**

Annual turnover rates reported range from 9 percent to 50 percent, with an average of 27 percent, as compared to the average turnover rate of the surveyed LIHTC properties (26.3 percent).

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Atrium Villa Apartments	Garden	Market	1BR / 1BA	20	32.80%	Market	$655	863	n/a	No	0	0.00%
	500 East Camellia Avenue	2001		2BR / 2BA	24	39.30%	Market	$825	1,140	n/a	No	1	4.20%
	Mcallen, TX 78501			3BR / 2BA	17	27.90%	Market	$955	1,272	n/a	No	1	5.90%
	Hidalgo County												
					61	100%						2	3.30%
2	Brentwood Apartments	Garden	Market	1BR / 1BA	48	100.00%	Market	$495	685	n/a	No	2	4.20%
	3101 North J Street												
	Mcallen, TX 78501												
	Hidalgo County				48	100%						2	4.20%
3	Cedar Hut Apartments	Garden	Market	1BR / 1BA	42	47.70%	Market	$400	600	n/a	No	0	0.00%
	4105 North 25th Lane	1990		2BR / 2BA	38	43.20%	Market	$425	800	n/a	No	5	13.20%
	Mcallen, TX 78504			3BR / 2BA	8	9.10%	Market	$525	1,000	n/a	No	2	25.00%
	Hidalgo County												
					88	100%						7	8.00%
4	Cedarwood Domit Apartments	Garden	Market	2BR / 2BA	40	100.00%	Market	$695	1,040	n/a	No	0	0.00%
	709 E. Esperanza Avenue	1993											
	Mcallen, TX 78501												
	Hidalgo County				40	100%						0	0.00%
5	Crossings Apartments	Garden	Market	1BR / 1BA	32	51.60%	Market	$380	550	n/a	Yes 5HH	0	0.00%
	1401 Dove Avenue	1988		2BR / 1BA	30	48.40%	Market	$480	800	n/a	Yes 5HH	0	0.00%
	Mcallen, TX 78504												
	Hidalgo County												
					62	100%						0	0.00%
6	Dallas Heights Apartments	Garden	Market	1BR / 1BA	4	50.00%	Market	$420	600	n/a	No	1	25.00%
	721 Dallas Avenue	1998		2BR / 1BA	4	50.00%	Market	$500	800	n/a	No	1	25.00%
	Mcallen, TX 78501												
	Hidalgo County												
					8	100%						2	25.00%
7	Dimel Apartments	Garden	Market	1BR / 1BA	24	100.00%	Market	$1,000	650	n/a	No	2	8.30%
	2409 Hibiscus	2004											
	Mcallen, TX 78501												
	Hidalgo County				24	100%						2	8.30%
8	District Apartments	Garden	Market	1BR / 1BA	12	8.30%	Market	$750	787	n/a	No	0	0.00%
	3301 North K Center	2006		2BR / 2BA	120	83.30%	Market	$910	1,006	n/a	No	3	2.50%
	Mcallen, TX 78501			3BR / 2BA	12	8.30%	Market	$1,300	1,359	n/a	No	0	0.00%
	Hidalgo County												
					144	100%						3	2.10%
9	Dominion Apartments	Garden	Market	2BR / 2BA	40	100.00%	Market	$600	951	n/a	No	2	5.00%
	2900 North J Street	2001											
	Mcallen, TX 78501												
	Hidalgo County				40	100%						2	5.00%
10	Dominion Estates	Garden	Market	1BR / 1BA	12	50.00%	Market	$525	755	n/a	No	0	0.00%
	1016 E. Daffodil	2006		2BR / 1BA	6	25.00%	Market	$600	855	n/a	No	1	16.70%
	Mcallen, TX 78501			2BR / 2BA	6	25.00%	Market	$650	955	n/a	No	0	0.00%
	Hidalgo County												
					24	100%						1	4.20%
11	Doveco Apartments	Garden	Market	1BR / 1BA	N/A	N/A	Market	$430	550	n/a	Yes	0	N/A
	1600 Dove Avenue	1982		2BR / 2BA	N/A	N/A	Market	$550	900	n/a	Yes	0	N/A
	Mcallen, TX 78504												
	Hidalgo County												
					35	100%						0	0.00%

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
12	East Crockett Apartments	Garden	Market	1BR / 1BA	1	1.60%	Market	$350	600	n/a	No	0	0.00%
	311 East Crockett	2003/2005		2BR / 1BA	60	98.40%	Market	$450	1,100	n/a	No	6	10.00%
	Alamo, TX 78516												
	Hidalgo County				61	100%						6	9.80%
13	El Camino Real	Garden	Market	1BR / 1BA	64	47.40%	Market	$440	620	n/a	No	0	0.00%
	1600 Tamarack Avenue	1970's		2BR / 1BA	32	23.70%	Market	$505	1,000	n/a	No	1	3.10%
	Mcallen, TX 78501			2BR / 2BA	38	28.10%	Market	$530	1,000	n/a	No	1	2.60%
	Hidalgo County			3BR / 2BA	1	0.70%	Market	$700	1,687	n/a	No	0	0.00%
					135	100%						2	1.50%
14	Hearthstone	Various	Market	1BR / 1BA	100	33.30%	Market	$588	573	n/a	No	0	0.00%
	1000 E. Vermont	1996		2BR / 1BA	80	26.70%	Market	$675	800	n/a	No	0	0.00%
	Mcallen, TX 78577			2BR / 2BA	80	26.70%	Market	$705	900	n/a	No	0	0.00%
	Hidalgo County			2BR / 2.5BA	16	5.30%	Market	$749	1,100	n/a	No	2	12.50%
				3BR / 2BA	24	8.00%	Market	$775	1,137	n/a	No	4	16.70%
					300	100%						6	2.00%
15	Jackson Square Apartments	Garden	Market	1BR / 1BA	64	50.00%	Market	$450	740	n/a	Yes 3HH	0	0.00%
	700 West Jackson Avenue	1975		2BR / 2BA	64	50.00%	Market	$515	1,060	n/a	No	2	3.10%
	Mcallen, TX 78501												
	Hidalgo County				128	100%						2	1.60%
16	Las Haciendas Apartments	Garden	Market	1BR / 1BA	36	48.60%	Market	$425	850	n/a	No	1	2.80%
	1104 Hibiscus Avenue	1974		2BR / 1BA	24	32.40%	Market	$495	1,100	n/a	No	1	4.20%
	Mcallen, TX 78501			2BR / 2BA	14	18.90%	Market	$550	1,200	n/a	No	0	0.00%
	Hidalgo County												
					74	100%						2	2.70%
17	Las Misiones At The Grove	Garden	Market	1BR / 1BA	28	23.70%	Market	$735	734	n/a	No	0	0.00%
	3807 Plantation Grove Boulevard	2003-2005		1.5BR / 1BA	20	16.90%	Market	$885	972	n/a	No	1	5.00%
	Mission, TX 78572			2BR / 2BA	65	55.10%	Market	$882	1,006	n/a	No	2	3.10%
	Hidalgo County			3BR / 2BA	5	4.20%	Market	$1,350	1,384	n/a	No	0	0.00%
					118	100%						3	2.50%
18	Lindburgh Square Apartments	Garden	Market	2BR / 2BA	48	100.00%	Market	$540	905	n/a	No	4	8.30%
	1301 South 6th Street	1988											
	Mcallen, TX 78501												
	Hidalgo County				48	100%						4	8.30%
19	Mariana's Apartments	Garden	Market	1BR / 1BA	34	100.00%	Market	$490	725	n/a	No	0	0.00%
	2300 North Broadway Street	2002											
	Mcallen, TX 78501												
	Hidalgo County				34	100%						0	0.00%
20	Nolana Apartments	Garden	Market	1BR / 1BA	N/A	N/A	Market	$435	655	n/a	No	0	N/A
	1200 Nolana Street	1978		2BR / 1BA	N/A	N/A	Market	$475	821	n/a	No	0	N/A
	Mcallen, TX 78504			2BR / 2BA	N/A	N/A	Market	$515	903	n/a	No	0	N/A
	Hidalgo County			2BR / 2BA	N/A	N/A	Market	$555	1,057	n/a	No	0	N/A
				3BR / 2BA	N/A	N/A	Market	$675	1,131	n/a	No	0	N/A
					144	100%						0	0.00%

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
21	Northwood Domit Apartments	Garden	Market	1BR / 1BA	64	51.60%	Market	$645	750	n/a	No	1	1.60%
	201 Quamasia Avenue	2001		2BR / 1BA	60	48.40%	Market	$795	1,050	n/a	No	0	0.00%
	Mcallen, TX 78504												
	Hidalgo County												
					124	100%						1	0.80%
22	Palm Garden Apartments	Garden	Market	2BR / 2BA	60	100.00%	Market	$500	840	n/a	No	2	3.30%
	500 South Palm Drive	1986											
	Pharr, TX 78577												
	Hidalgo County				60	100%						2	3.30%
23	Peppertree Apartments	Garden	Market	1BR / 1BA	60	71.40%	Market	$550	660	n/a	No	1	1.70%
	1101 Dove Avenue	1980's		1BR / 1.5BA	4	4.80%	Market	$635	800	n/a	Yes	0	0.00%
	Mcallen, TX 78504			2BR / 1.5BA	12	14.30%	Market	$675	900	n/a	Yes	0	0.00%
	Hidalgo County			2BR / 1.5BA	8	9.50%	Market	$840	1,200	n/a	Yes	0	0.00%
					84	100%						1	1.20%
24	Plaza Royale Apartments	Garden	Market	1BR / 1BA	12	13.60%	Market	$525	940	n/a	No	0	0.00%
	700 Bales Road	1980s		2BR / 2BA	28	31.80%	Market	$550	980	n/a	No	0	0.00%
	Mcallen, TX 78503			2BR / 2BA	28	31.80%	Market	$600	1,100	n/a	No	0	0.00%
	Hidalgo County			2BR / 2BA	20	22.70%	Market	$625	1,180	n/a	No	3	15.00%
					88	100%						3	3.40%
25	Rayburn Village Apartments	Garden	Market	1BR / 1BA	N/A	N/A	Market	$425	500	n/a	No	0	N/A
	7200 North Main Street	1980's		2BR / 1.5BA	N/A	N/A	Market	$525	750	n/a	No	2	N/A
	Mcallen, TX 78504			2BR / 2.5BA	N/A	N/A	Market	$555	1,000	n/a	No	0	N/A
	Hidalgo County												
					31	100%						2	6.50%
26	Redwood Apartments	Garden	Market	1BR / 1BA	N/A	N/A	Market	$695	700	n/a	No	0	N/A
	1001 E. Fern Avenue			2BR / 2BA	N/A	N/A	Market	$870	1,100	n/a	No	0	N/A
	Mcallen, TX 78501	2004											
	Hidalgo County												
					70	100%						0	0.00%
27	Seville Place Apartments	Garden	Market	1BR / 1BA	N/A	N/A	Market	$525	620	n/a	No	0	N/A
	4401 N. 6th Street	1998		2BR / 1BA	N/A	N/A	Market	$600	922	n/a	No	6	N/A
	Mcallen, TX 78504			2BR / 2BA	N/A	N/A	Market	$650	940	n/a	No	4	N/A
	Hidalgo County			3BR / 2BA	N/A	N/A	Market	$725	1,012	n/a	No	2	N/A
					160	100%						12	7.50%
28	St. Antimo Apartments	Garden	Market	1BR / 1BA	34	50.00%	Market	$625	800	n/a	No	0	0.00%
	301 E. Camellia	2003/2004		2BR / 2BA	34	50.00%	Market	$785	1,100	n/a	No	0	0.00%
	Mcallen, TX 78501												
	Hidalgo County												
					68	100%						0	0.00%
29	Stone Wood	Garden	Market	Studio / 1BA	4	5.20%	Market	$565	450	n/a	No	0	0.00%
	501 E. Camellia Ave	2004		1BR / 1BA	35	45.50%	Market	$695	733	n/a	No	2	5.70%
	Mcallen, TX 78577			2BR / 2BA	19	24.70%	Market	$895	1,096	n/a	No	0	0.00%
	Hidalgo County			3BR / 2BA	19	24.70%	Market	$995	1,289	n/a	No	0	0.00%
					77	100%						2	2.60%

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
30	Tamarack Apartments	Garden	Market	1BR / 1BA	60	60.00%	Market	$383	685	n/a	No	10	16.70%
	1901 N. Colonel Rowe Boulevard	1976		2BR / 2BA	40	40.00%	Market	$455	1,089	n/a	No	10	25.00%
	Mcallen, TX 78501												
	Hidalgo County												
					100	100%						20	20.00%
31	The Rincon Apartments	Garden	Market	1BR / 1BA	40	17.20%	Market	$645	618	n/a	No	2	5.00%
	3801 N. Mccoll Road	2001		1BR / 1BA	40	17.20%	Market	$735	740	n/a	No	2	5.00%
	Mcallen, TX 78501			2BR / 1BA	32	13.80%	Market	$860	987	n/a	No	3	9.40%
	Hidalgo County			2BR / 1BA	32	13.80%	Market	$910	1,005	n/a	No	2	6.20%
				2BR / 2BA	44	19.00%	Market	$930	1,037	n/a	No	0	0.00%
				2BR / 2BA	44	19.00%	Market	$940	1,075	n/a	No	0	0.00%
					232	100%						9	3.90%
32	Villas De Nolana	Garden	Market	1BR / 1BA	N/A	N/A	Market	$620	733	n/a	No	0	N/A
	121 East Quamasia Avenue	2004		1BR / 1BA	N/A	N/A	Market	$635	748	n/a	No	0	N/A
	Mcallen, TX 78504			1BR / 1BA	N/A	N/A	Market	$645	763	n/a	No	0	N/A
	Hidalgo County			1BR / 1BA	N/A	N/A	Market	$670	793	n/a	No	0	N/A
				2BR / 2BA	N/A	N/A	Market	$795	1,058	n/a	No	0	N/A
				3BR / 2BA	N/A	N/A	Market	$955	1,284	n/a	No	0	N/A
				3BR / 2BA	N/A	N/A	Market	$965	1,302	n/a	No	0	N/A
					120	100%						0	0.00%
33	Vintage Square Apartments	Garden	Market	1BR / 1BA	44	40.70%	Market	$625	1,072	n/a	No	1	2.30%
	3601 North Bicentennial Blvd	1982		2BR / 2BA	22	20.40%	Market	$735	1,092	n/a	No	0	0.00%
	Mcallen, TX 78501			2BR / 2BA	22	20.40%	Market	$880	1,702	n/a	No	1	4.50%
	Hidalgo County			3BR / 2BA	20	18.50%	Market	$835	1,287	n/a	No	0	0.00%
					108	100%						2	1.90%

Rent and Square Footage Ranking

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

Effective Rent Date: Aug-08

Units Surveyed: 2820
Market Rate: 2820
Tax Credit: 0

	Studio One Bath Property	Studio One Bath Average	One Bedroom One Bath Property	One Bedroom One Bath Average
RENT	Stone Wood	$565	Dimel Apartments	$1,000
			District Apartments	$750
			The Rincon Apartments	$735
			Redwood Apartments	$695
			Stone Wood	$695
			Villas De Nolana	$670
			Atrium Villa Apartments	$655
			Northwood Domit Apartments	$645
			The Rincon Apartments	$645
			Villas De Nolana	$645
			Villas De Nolana	$635
			St. Antimo Apartments	$625
			Vintage Square Apartments	$625
			Villas De Nolana	$620
			Hearthstone	$588
			Peppertree Apartments	$550
			Dominion Estates	$525
			Plaza Royale Apartments	$525
			Seville Place Apartments	$525
			Brentwood Apartments	$495
			Mariana's Apartments	$490
			Jackson Square Apartments	$450
			El Camino Real	$440
			Nolana Apartments	$435
			Doveco Apartments	$430
			Las Haciendas Apartments	$425
			Rayburn Village Apartments	$425
			Dallas Heights Apartments	$420
			Cedar Hut Apartments	$400
			Tamarack Apartments	$383
			Crossings Apartments	$380
			East Crockett Apartments	$350
SQUARE FOOTAGE	Stone Wood	450	Vintage Square Apartments	1,072
			Plaza Royale Apartments	940
			Atrium Villa Apartments	863
			Las Haciendas Apartments	850
			St. Antimo Apartments	800
			Villas De Nolana	793
			District Apartments	787
			Villas De Nolana	763
			Dominion Estates	755
			Northwood Domit Apartments	750
			Villas De Nolana	748
			Jackson Square Apartments	740
			The Rincon Apartments	740
			Stone Wood	733
			Villas De Nolana	733
			Mariana's Apartments	725
			Redwood Apartments	700
			Brentwood Apartments	685
			Tamarack Apartments	685
			Peppertree Apartments	660
			Nolana Apartments	655
			Dimel Apartments	650
			El Camino Real	620
			Seville Place Apartments	620
			The Rincon Apartments	618
			Cedar Hut Apartments	600
			Dallas Heights Apartments	600
			East Crockett Apartments	600
			Hearthstone	573
			Crossings Apartments	550
			Doveco Apartments	550
			Rayburn Village Apartments	500

	Stone Wood	$1.26	Dimel Apartments	$1.54
			The Rincon Apartments	$1.04
			Hearthstone	$1.03
			The Rincon Apartments	$0.99
			Redwood Apartments	$0.99
			District Apartments	$0.95
			Stone Wood	$0.95
			Northwood Domit Apartments	$0.86
			Rayburn Village Apartments	$0.85
			Villas De Nolana	$0.85
			Seville Place Apartments	$0.85
			Villas De Nolana	$0.85
			Villas De Nolana	$0.85
			Villas De Nolana	$0.84
			Peppertree Apartments	$0.83
			Doveco Apartments	$0.78
			St. Antimo Apartments	$0.78
RENT PER SQUARE FOOT			Atrium Villa Apartments	$0.76
			Brentwood Apartments	$0.72
			El Camino Real	$0.71
			Dallas Heights Apartments	$0.70
			Dominion Estates	$0.70
			Crossings Apartments	$0.69
			Mariana's Apartments	$0.68
			Cedar Hut Apartments	$0.67
			Nolana Apartments	$0.66
			Jackson Square Apartments	$0.61
			East Crockett Apartments	$0.58
			Vintage Square Apartments	$0.58
			Tamarack Apartments	$0.56
			Plaza Royale Apartments	$0.56
			Las Haciendas Apartments	$0.50

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

Weighted Occupancy:	96.60%
Market Rate	96.60%
Tax Credit	N/A

Two Bedrooms Two Bath		Three Bedrooms Two Bath		Four Bedrooms Two Bath	
Property	**Average**	**Property**	**Average**	**Property**	**Average**
The Rincon Apartments	$940	District Apartments	$1,300		
The Rincon Apartments	$930	Stone Wood	$995		
District Apartments	$910	Villas De Nolana	$965		
Stone Wood	$895	Atrium Villa Apartments	$955		
Vintage Square Apartments	$880	Villas De Nolana	$955		
Redwood Apartments	$870	Vintage Square Apartments	$835		
Peppertree Apartments (1.5BA)	$840	Hearthstone	$775		
Atrium Villa Apartments	$825	Seville Place Apartments	$725		
Northwood Domit Apartments (1BA)	$795	El Camino Real	$700		
Villas De Nolana	$795	Nolana Apartments	$675		
St. Antimo Apartments	$785	Cedar Hut Apartments	$525		
Vintage Square Apartments	$735				
Hearthstone	$705				
Cedarwood Domit Apartments	$695				
Peppertree Apartments (1.5BA)	$675				
Dominion Estates	$650				
Seville Place Apartments	$650				
Plaza Royale Apartments	$625				
Dominion Apartments	$600				
Plaza Royale Apartments	$600				
Nolana Apartments	$555				
Rayburn Village Apartments (2.5BA)	$555				
Doveco Apartments	$550				
Las Haciendas Apartments	$550				
Plaza Royale Apartments	$550				
Lindburgh Square Apartments	$540				
El Camino Real	$530				
Jackson Square Apartments	$515				
Nolana Apartments	$515				
Dallas Heights Apartments (1BA)	$500				
Palm Garden Apartments	$500				
Crossings Apartments (1BA)	$480				
Vintage Square Apartments	1,702	El Camino Real	1,687		
Las Haciendas Apartments	1,200	District Apartments	1,359		
Peppertree Apartments (1.5BA)	1,200	Villas De Nolana	1,302		
Plaza Royale Apartments	1,180	Stone Wood	1,289		
Atrium Villa Apartments	1,140	Vintage Square Apartments	1,287		
East Crockett Apartments (1BA)	1,100	Villas De Nolana	1,284		
Plaza Royale Apartments	1,100	Atrium Villa Apartments	1,272		
Redwood Apartments	1,100	Hearthstone	1,137		
St. Antimo Apartments	1,100	Nolana Apartments	1,131		
Stone Wood	1,096	Seville Place Apartments	1,012		
Vintage Square Apartments	1,092	Cedar Hut Apartments	1,000		
Tamarack Apartments	1,089				
The Rincon Apartments	1,075				
Jackson Square Apartments	1,060				
Villas De Nolana	1,058				
Nolana Apartments	1,057				
Northwood Domit Apartments (1BA)	1,050				
Cedarwood Domit Apartments	1,040				
The Rincon Apartments	1,037				
District Apartments	1,006				
El Camino Real	1,000				
Rayburn Village Apartments (2.5BA)	1,000				
Plaza Royale Apartments	980				
Dominion Estates	955				
Dominion Apartments	951				
Seville Place Apartments	940				
Lindburgh Square Apartments	905				
Nolana Apartments	903				
Doveco Apartments	900				
Hearthstone	900				
Peppertree Apartments (1.5BA)	900				
Palm Garden Apartments	840				
Cedar Hut Apartments	800				
Crossings Apartments (1BA)	800				
Dallas Heights Apartments (1BA)	800				

District Apartments	$0.90
The Rincon Apartments	$0.90
The Rincon Apartments	$0.87
Stone Wood	$0.82
Redwood Apartments	$0.79
Hearthstone	$0.78
Northwood Domit Apartments (1BA)	$0.76
Villas De Nolana	$0.75
Peppertree Apartments (1.5BA)	$0.75
Atrium Villa Apartments	$0.72
St. Antimo Apartments	$0.71
Peppertree Apartments (1.5BA)	$0.70
Seville Place Apartments	$0.69
Dominion Estates	$0.68
Vintage Square Apartments	$0.67
Cedarwood Domit Apartments	$0.67
Dominion Apartments	$0.63
Dallas Heights Apartments (1BA)	$0.62
Doveco Apartments	$0.61
Crossings Apartments (1BA)	$0.60
Lindburgh Square Apartments	$0.60
Palm Garden Apartments	$0.60
Nolana Apartments	$0.57
Plaza Royale Apartments	$0.56
Rayburn Village Apartments (2.5BA)	$0.56
Plaza Royale Apartments	$0.55
Cedar Hut Apartments	$0.53
El Camino Real	$0.53
Plaza Royale Apartments	$0.53
Nolana Apartments	$0.53
Vintage Square Apartments	$0.52
Jackson Square Apartments	$0.49
Las Haciendas Apartments	$0.46
Tamarack Apartments	$0.42
East Crockett Apartments (1BA)	$0.41

District Apartments	$0.96
Stone Wood	$0.77
Atrium Villa Apartments	$0.75
Villas De Nolana	$0.74
Villas De Nolana	$0.74
Seville Place Apartments	$0.72
Hearthstone	$0.68
Vintage Square Apartments	$0.65
Nolana Apartments	$0.60
Cedar Hut Apartments	$0.52
El Camino Real	$0.41

2008 LIHTC Maximum Allowable Gross Rent Limits							
Bedrooms	**30%**	**40%**	**50%**	**60%**	**80%**	**100%**	**FMR**
Efficiency	**$228**	**$305**	**$381**	**$457**	**$610**	**$762**	**$470**
1 Bedroom	**$245**	**$327**	**$408**	**$490**	**$698**	**$872**	**$516**
2 Bedroom	**$294**	**$392**	**$490**	**$588**	**$784**	**$980**	**$609**
3 Bedroom	**$340**	**$453**	**$566**	**$680**	**$872**	**$1,090**	**$730**
4 Bedroom	**$379**	**$506**	**$632**	**$759**	**$942**	**$1,177**	**$839**
5 Bedroom	**$418**	**$558**	**$698**	**$837**	**$1,012**	**$1,265**	**-**

PAYMENT STANDARDS	
Units	**Payment Standards**
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

The average market rents for the one, two, and three-bedroom units at the surveyed market rate properties are $573, $660, and $896. Fifty-five percent of the one-bedroom units, 53 percent of the two-bedroom units, and 64 percent of the three-bedroom units in the market offer rents that are higher than the current payment standards for one-, two-, and three-bedroom units, respectively.

The market rate one-bedroom rents at 59 percent of the surveyed properties are above the LIHTC 60 percent of AMI maximum allowable level. The market rate two-bedroom rents at 57 percent of the surveyed properties are above the LIHTC 60 percent of AMI maximum allowable level. The market rate three-bedroom rents at 82 percent of the surveyed properties are above the LIHTC 60 percent of AMI maximum allowable level. The average market rents for the one-, two-, and three-bedroom units in the market are approximately14.5 percent, 10.9 percent, and 24.1 percent higher than the 2008 maximum allowable rents for one-, two-, and three-bedroom units, respectively.

Market Supply Conclusion

Smaller unit types are currently prevalent in the Submarket. However, demographic projections show that the average household size in the Submarket in 2007 was 3.41 and is projected to decrease negligibly by 2012 to 3.40. The Submarket's household size is significantly larger than the national average of 2.59 and just slightly smaller than that of the MSA. Additionally, demographic estimates show that approximately 36 percent of the population in 2007 was age 19 years or younger and this trend is expected to remain stable through 2012. Though smaller bedroom types are currently prevalent in the market, demographic projections indicate a possible unmet demand for larger bedroom types.

The surveyed market rate properties in the South Central Hidalgo County Submarket offer a limited to extensive amount of in-unit and community amenities. The majority of the surveyed market rate properties offer in-unit amenities including window coverings, carpeting, central air, dishwashers, garbage disposals, ovens, and refrigerators. The majority of the surveyed properties offer community amenities including a central laundry, off-street parking, on-site-management, and a swimming pool. Five of the 33 surveyed properties offer in-unit washers/dryers and 14 of the surveyed properties offer washer/dryer connections in the units. Less than half of the surveyed properties offer security features of some kind. Approximately one third of the surveyed properties offer carport or garage parking.

The average unit sizes of the market rate one-, two-, and three-bedroom units in the Submarket are approximately 10.0, 8.0, and 9.0 percent larger, respectively, than the one-, two-, and three-bedroom units at the family LIHTC properties. The average weighted vacancy of the surveyed market rate properties (4.20) is slightly higher than that of the average weighted vacancy of the surveyed LIHTC properties (1.0 percent). Two of the surveyed market rate properties were able to provide absorption information, resulting in average absorption rate of 14 units per month as compared to the average absorption rate of the surveyed LIHTC properties (16.6 units per month). Four of the market rate family properties maintain a waiting list with an average length of less than five households, as compared to the surveyed LIHTC properties which have waiting lists which average 12 households in length.

The average vacancy rate of the surveyed market rate properties is 4.2 percent. Five of the 33 surveyed properties are offering concessions. Concessions do not appear to be prevalent in the market. Annual turnover rates reported range from 9 percent to 50 percent, with an average of 27 percent, compared to the average turnover rate of the surveyed LIHTC properties (26.3 percent).

The average market rents for the one, two, and three-bedroom units at the surveyed market rate properties are $573, $660, and $896. The average market rents for the one-, two-, and three-bedroom units in the market are approximately14.5 percent, 10.9 percent, and 24.1 percent higher than the 2008 maximum allowable rents at 60 percent of AMI for one-, two-, and three-bedroom units, respectively.

MARKET RATE SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior-oriented market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials. There was one identifiable existing senior market rate multifamily rental property in the South Central Hidalgo County Submarket, Brook Ridge Retirement.

Brook Ridge Retirement is a 106-unit independent living age restricted property constructed in 1995. This development is restricted to seniors age 55 and older and is currently exhibiting an occupancy rate of approximately 95 percent. The average age at this property is 87 and 90 percent of the current residents are from the immediate area. The average turnover rate is 20 percent and none of the tenants are Housing Choice Voucher holders. This property offers studio, one-, and two-bedroom units 425, 600, and 800 square feet in size. Vacancies are evenly spread between the studio and two-bedroom units with one-bedroom units exhibiting the lowest vacancy rate. Rental rates are $1,300, $1,850, and $2,400 for the studio, one, and two-bedroom units respectively, and include weekly housekeeping, three daily meals, and scheduled transportation. Rental rates are based on single-person occupancy. Additional occupants cost $480 extra per month. According to management, this property is difficult to market due to the high rental rates, which many of the area residents cannot afford. The property relies on residents moving back or retiring from areas such as Dallas and from various northern states.

Based on the lack of available data, we did not complete a market rate senior market analysis.

Proposed Construction

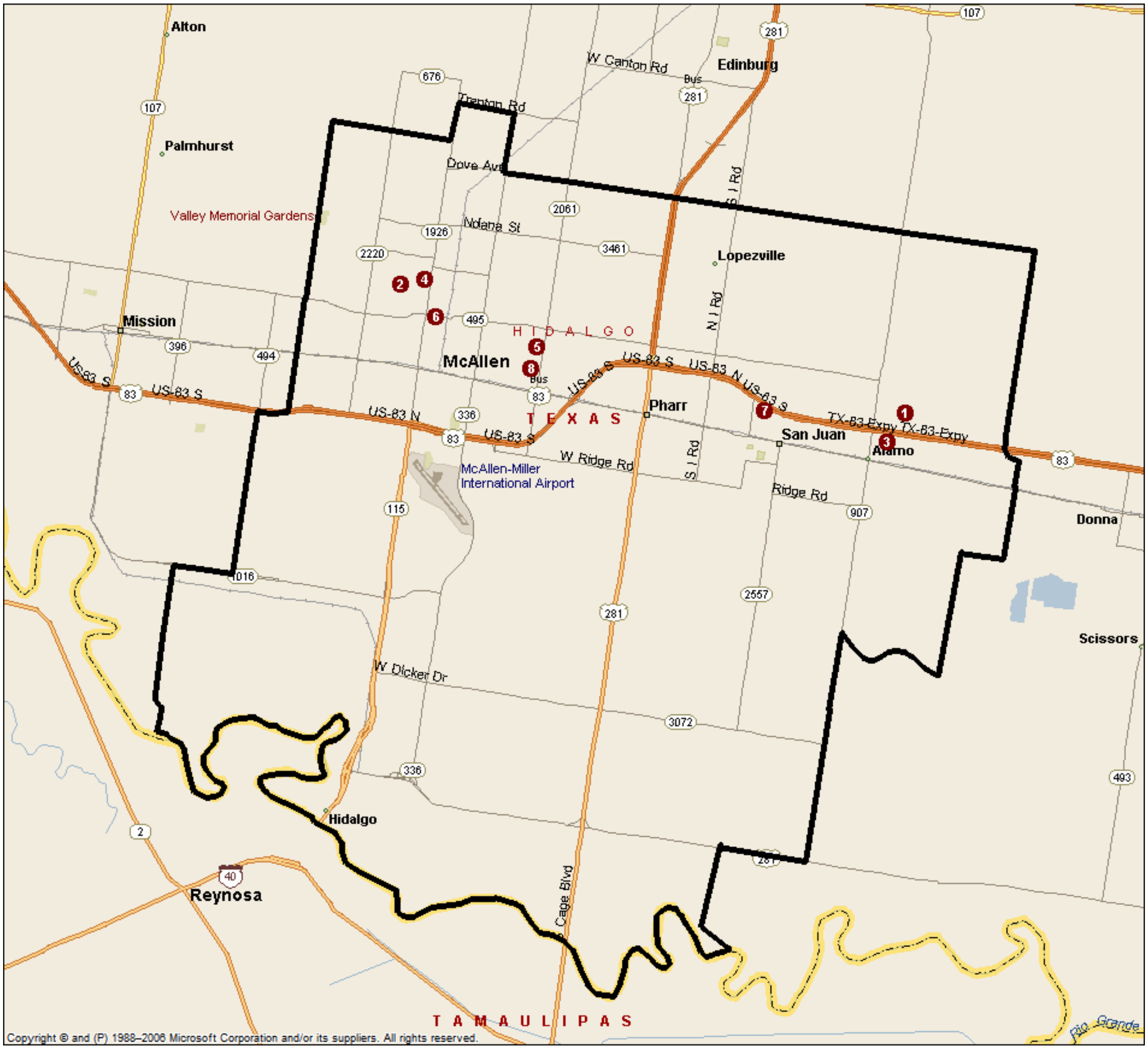
We were unable to identify any proposed market rate senior rental properties in the Submarket.

SUBSIDIZED FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction family oriented subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

There are fourteen existing family-targeted subsidized developments located in the South Central Hidalgo Submarket, five of which are also LIHTC properties. Alamo Village, La Vista Apartments, San Juan Village, Raintree Apartments, and Old Fort Highway Apartments are LIHTC properties with 100 percent of the tenants paying no more than 30 percent of their annual gross income towards rent, and therefore have been included in the subsidized family rental analysis. Three of the subsidized housing developments are public housing/farm labor housing projects located in McAllen and Alamo. We were able to acquire information on eight of the thirteen family-oriented subsidized properties. Multiple attempts were made to contact each of the six remaining family subsidized properties with no success. The excluded properties and reasons for exclusion can be found on the excluded properties list on the following pages.

The following map illustrates the location of the surveyed market rate family properties in the Submarket.



SURVEYED FAMILY PROPERTIES

Number	Name	Location	Type
1	Macario Villareal Apartments	Alamo	Public Housing – Family
2	Vine Terrace	McAllen	Public Housing – Family
3	Alamo Village	Alamo	LIHTC/Section 8 – Family
4	La Vista Apartments	McAllen	LIHTC/Section 8 – Family
5	Memorial Apartments	McAllen	Farm Labor Housing/Rural Development– Family
6	Pecan Village Apartments	McAllen	Section 8 – Family
7	San Juan Village Apartments	San Juan	LIHTC/Section 8 – Family
8	Valley View Apartments	McAllen	Section 8 – Family

Subsidized Multifamily Market

The following pictures identify the surveyed subsidized family properties in the Submarket.

Marcario Villareal Apartments

Vine Terrace

Alamo Village

La Vista Apartments

Memorial Apartments

Pecan Village Apartments

San Juan Village

Valley View Apartments

Excluded Properties

We were able to acquire information on six of the fourteen family-oriented subsidized properties. Multiple attempts were made to contact each of the six remaining family subsidized properties with no success. The excluded properties and reasons for exclusion can be found on the excluded properties list below.

EXCLUDED PROPERTIES LIST

Name	Address	Type	No. of Units	Reason For Exclusion
Las Palmas	601 E Ebony Avenue	Section 8	N/A	Could not Contact
Raintree Apartments	650 Raintree Street	LIHTC/USDA-Family	32	Could not Contact
Old Fort Highway Apartments	1101 E Pirate Drive	LIHTC/USDA-Family	40	Could not Contact
Ivy Terrace	2801 Maple Drive	Section 8	N/A	Could not Contact
Villa San Juanita Rutledge	1200 N Standard Street	Public Housing	289	Could not Contact
San Juan FLH	700 Maldonado Drive	USDA	36	Could not Contact

Proposed Construction

We spoke to Elena Salsedo, the Section 8 Supervisor for the McAllen Housing Authority. Ms. Salsedo noted that there were previously 149 additional units of Public Housing in one development. However, this development has been demolished and a two-phase LIHTC/Section 8/Public Housing project, named Retama Village I and II, is currently being built upon the site of the former public housing development.

Retama Village I, located in McAllen, Texas, received a LIHTC allocation in 2006. The development is a proposed new construction, family oriented, multifamily complex consisting of 128-units in nine two- and three-story garden style buildings. Field observations confirm that this project is currently under construction. Retama Village II, located in McAllen, Texas, received a LIHTC allocation in 2007. The development is a proposed new construction, family oriented, multifamily complex consisting of 74 units in 16 two- story garden style buildings. Field observations confirm that this development is still in the planning stages. Information regarding in-unit and community amenities for Retama Village II was unavailable. There will be 6 one-bedroom, 13 two-bedroom, and 6 three-bedroom public housing units. The remaining 49 one-, two-, and three-bedroom units will be restricted to households earning less than 60 percent of the AMI.

Sunset Terrace Apartments, located in Pharr, Texas, received a LIHTC allocation in 2007. The development is a proposed new construction, family oriented, multifamily complex consisting of 100-units in 20 two-story garden style buildings. Prior to construction on the site, an existing 100-unit public housing multifamily duplex development will be demolished. Information regarding in-unit and community amenities for Sunset Terrace was unavailable. There will be 12 one-bedroom, 16 two-bedroom, and 12 three-bedroom public housing units. The remaining 60 one-, two-, and three-bedroom units will be restricted to households earning less than 60 percent of the AMI. Calls made to the development contact, Roy Navarro with the Housing Authority of the City of Pharr, have not been returned as of the date of this study. However, observations in the field confirm that the public housing development is still located on the site and demolition and reconstruction have not yet commenced.

Parkview Terrace Apartments, located in Pharr, Texas, received a LIHTC allocation in 2008. The development is a proposed reconstruction of an existing public housing complex. This development will be a family oriented, multifamily complex consisting of 100-units in 20 residential buildings. Prior to construction on the site, an existing 100-unit public housing multifamily development, 40 years in age, will be demolished. Information regarding in-unit and community amenities for Sunset Terrace was unavailable. There will be 9 one-bedroom, 12 two-bedroom, and 9 three-bedroom public housing units. The remaining 70 one-, two-, and three-bedroom units will be restricted to households earning less than 50 and 60 percent of the AMI. Due to the recent allocation date of this development it is assumed that this project is still in the planning stages.

Unit Mix

The following table illustrates the unit mix in the family subsidized rental property market. Properties unable to provide a breakdown by unit type have been excluded from the unit mix analysis.

Unit Mix - Subsidized Family

Unit Type	Total Units	Percent
1 BR	89	14.00%
2 BR	245	38.60%
3 BR	282	44.40%
4 BR	19	3.00%
Total	**635**	**100%**

Large unit types are currently prevalent among the subsidized properties in the Submarket. Similarly, large unit types are also prevalent in the family LIHTC properties in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.41 and is projected to decrease negligibly by 2012 to 3.40. The Submarket's household size is significantly larger than the national average of 2.59 and just slightly smaller than that of the MSA. Additionally, demographic estimates show that approximately 36 percent of the population in 2007 was age 19 years or younger and this trend is expected to remain stable through 2012, suggesting an unmet demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the subsidized rental property market. Properties unable to provide unit sizes have been excluded from the unit size analysis.

Unit Size - Subsidized Family			
Unit Type	Minimum Surveyed	Maximum Surveyed	Surveyed Average
1 BR	551	778	685
2 BR	658	928	803
3 BR	839	1,039	955
4 BR	1,210	1,210	1,210

The surveyed one-, two-, three-, and four-bedroom subsidized units have average sizes of 685, 803, 955 and 1,210 square feet, respectively. It should be noted that there was only one property with unit size information available for four-bedroom units in the Submarket. The subsidized one-, two-, and three-bedroom average unit sizes are 5.7 percent larger, 13.5 percent smaller, and 17.2 percent smaller, respectively, than the one-, two-, and three-bedroom average unit sizes found at the LIHTC properties in the Submarket. There were no four-bedroom units among the surveyed market rate and LIHTC developments.

Common and In-Unit Amenities

	Macario Villareal Apartments	Vine Terrace	Alamo Village	La Vista Apartments	Memorial Apartments	Pecan Village Apartments	San Juan Village Apartments	Valley View Apartments
Comp #	1	2	3	4	5	6	7	8
Property Information								
Property Type	Single Family	Garden	Garden	Garden	Garden	Various	Garden	Single Story
Year Built / Renovated	2000	1976	1970's / 2006	1977	1977	N/A	1978 / 2006	1979
Market (Conv.)/Subsidy Type	@30% (Public Housing)	@30% (Public Housing)	LIHTC/Section 8	LIHTC/Section 8	Rural Development	Section 8	LIHTC/Section 8	Section 8
In-Unit Amenities								
Balcony/Patio	no	no	no	no	no	yes	no	no
Blinds	no	yes	yes	yes	no	yes	yes	yes
Carpeting	no	no	yes	no	no	no	no	no
Central A/C	yes	yes	yes	yes	no	no	yes	yes
Dishwasher	no	no	no	yes	no	no	yes	no
Exterior Storage	no	no	no	no	no	yes	no	yes
Garbage Disposal	no	no	no	no	no	no	yes	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes
Window A/C	no	no	no	no	yes	yes	no	no
Washer/Dryer hookup	yes	no	no	no	yes	no	yes	no
Property Amenities								
Clubhouse/Meeting Room/Community Room	no	no	no	no	no	no	yes	no
Central Laundry	no	no	yes	yes	yes	yes	yes	yes
Off-Street Parking	no	yes	yes	yes	yes	yes	yes	yes
On-Site Management	no	no	yes	yes	yes	yes	yes	yes
Playground	no	yes	no	yes	yes	yes	yes	yes
Services								
Security								
Premium Amenities								
Other Amenities								
Other	n/a	Headstart program next door	n/a	n/a	n/a	n/a	n/a	n/a

The existing subsidized multifamily properties in the Submarket offer limited in-unit and community amenities, specifically in the public housing developments and farm labor developments. Common in-unit amenities offered by the properties include window coverings, central air, ovens, and refrigerators. The majority of the properties offer washer/dryer connections but no in-unit washer/dryer appliances are offered. Common community amenities include a central laundry, off-street parking, on-site management, and a playground. Vine Terrace is located proximate to a Headstart program. However, the properties do not offer any security features, non-shelter services, premium amenities, or covered parking of any kind.

By-Unit Weighted Vacancy

The following table illustrates the weighted vacancy rates in the subsidized rental property market. Properties unable to provide a breakdown by unit type were excluded from the weighted vacancy analysis.

Weighted Vacancy - Subsidized Family			
Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	89	4	4.50%
2 BR	245	16	6.53%
3 BR	282	11	3.90%
4 BR	19	0	0.00%
Total	**635**	**31**	**4.90%**

The average weighted vacancy of the surveyed subsidized properties (4.90 percent) is higher than the average weighted vacancy of the surveyed LIHTC properties (1.0 percent).

Absorption

None of the surveyed subsidized properties was able to provide absorption information.

Waiting List

The following table illustrates the waiting lists in the subsidized rental property market.

Waiting Lists – Subsidized Family		
Property Name	Number of Units	Households
Macario Villareal Apartments	20	100 HH
Vine Terrace	49	52HH
Alamo Village	56	Yes; number not provided
La Vista Apartments	48	10HH
Memorial Apartments	246	50HH
Pecan Village Apartments	70	7HH
San Juan Village Apartments	86	25HH
Valley View Apartments	80	1BR-2HH; 2BR-5HH; 3BR-8HH

The average length of the waiting lists at the surveyed subsidized properties is 37 households which is significantly higher than the average length of the waiting lists of the surveyed LIHTC properties (12 households). All of the surveyed developments maintain short to extensive waiting lists. Based on this information, we anticipate significant future demand for affordable housing.

Vacancy Levels

The following table illustrates the vacancy rates in the subsidized rental property market.

Vacancy – Subsidized Family			
Property Name	**Number of Units**	**Vacant Units**	**Vacancy Rate**
Macario Villareal Apartments	20	0	0.00%
Vine Terrace	49	0	0.00%
Alamo Village	56	0	0.00%
La Vista Apartments	48	16	33.30%
Memorial Apartments	246	12	4.90%
Pecan Village Apartments	70	0	0.00%
San Juan Village Apartments	86	1	1.20%
Valley View Apartments	80	2	2.50%
AVERAGE	**655**	**31**	**4.7%**

All but one of the surveyed developments are exhibiting low vacancy rates. Management at La Vista apartments noted that the current high vacancy rate is due to an ongoing renovation process; all available units are fully occupied, resulting in an effective occupancy rate of 100 percent. The average vacancy rate assuming La Vista Apartments is fully occupied is 4.7 percent, as compared to the average vacancy rate of the surveyed LIHTC properties. The notably low average vacancy rate and extensive waiting lists at the subsidized properties is indicative of the demand for affordable housing in the Submarket.

Concessions

None of the subsidized family properties in the market are offering concessions.

Turnover

Only two properties in our survey were able to provide rates of 7 and 30 percent, respectively, resulting in an average turnover rate of 18.5, as compared to the surveyed LIHTC properties which have an average turnover rate of 26.3 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Reno.	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Macario Villareal Apts.	Single Family	@30% (Public Housing)	3BR / 2BA	N/A	N/A	@30%	$561	N/A	n/a	Yes	0	N/A
	823 N. 8th Street	2000		4BR / 2BA	N/A	N/A	@30%	$631	N/A	n/a	Yes	0	N/A
	Alamo, TX 78516												
	Hidalgo County												
					20	100%						0	0.00%
2	Vine Terrace	Garden	@30% (Public Housing)	1BR / 1BA	7	14.30%	@30%	$380	N/A	n/a	Yes	0	0.00%
	Vine Avenue	1976		2BR / 1BA	28	57.10%	@30%	$400	N/A	n/a	Yes	0	0.00%
	Mcallen, TX 78501			3BR / 1BA	4	8.20%	@30%	$480	N/A	n/a	Yes	0	0.00%
	Hidalgo County			4BR / 1.5BA	10	20.40%	@30%	$625	N/A	n/a	Yes	0	0.00%
					49	100%						0	0.00%
3	Alamo Village	Garden	LIHTC/ Section 8	1BR / 1BA	16	28.60%	Section 8	$512	778	n/a	Yes	0	0.00%
	504 N 9th Street	1970's / 2006		2BR / 1BA	20	35.70%	Section 8	$539	928	n/a	Yes	0	0.00%
	Alamo, TX 78516			3BR / 1BA	20	35.70%	Section 8	$686	1,039	n/a	Yes	0	0.00%
	Hidalgo County												
					56	100%						0	0.00%
4	La Vista Apts.	Garden	LIHTC/ Section 8	1BR / 1BA	8	16.70%	Section 8	$549	551	n/a	Yes	4	50.00%
	2401 La Vista Ave	1977		2BR / 1BA	24	50.00%	Section 8	$591	658	n/a	Yes	8	33.30%
	Mcallen, TX 78501			3BR / 1.5BA	16	33.30%	Section 8	$654	839	n/a	Yes	4	25.00%
	Hidalgo County												
					48	100%						16	33.30%
5	Memorial Apts.	Garden	Rural Development/ Farm Labor Housing	2BR / 1BA	82	33.30%	Rural Development	$304	N/A	n/a	Yes	6	7.30%
	501 E Jasmine Avenue	1977		3BR / 1BA	164	66.70%	Rural Development	$364	N/A	n/a	Yes	6	3.70%
	Mcallen, TX 78501												
	Hidalgo County												
					246	100%						12	4.90%
6	Pecan Village Apts.	Various	Section 8	1BR / 1BA	30	42.90%	Section 8	$446	N/A	n/a	Yes	0	0.00%
	2200 Pecan Blvd			2BR / 1BA	10	14.30%	Section 8	$540	N/A	n/a	Yes	0	0.00%
	Mcallen, TX 78501			3BR / 1.5BA	30	42.90%	Section 8	$689	N/A	n/a	Yes	0	0.00%
	Hidalgo County												
					70	100%						0	0.00%
7	San Juan Village Apts.	Garden	LIHTC/ Section 8	1BR / 1BA	18	20.90%	Section 8	$535	725	n/a	Yes	0	0.00%
	400 N. Iowa Avenue	1978 / 2006		2BR / 1BA	41	47.70%	Section 8	$551	824	n/a	Yes	0	0.00%
	San Juan, TX 78589			3BR / 1BA	20	23.30%	Section 8	$689	987	n/a	Yes	1	5.00%
	Hidalgo County			4BR / 1.5BA	7	8.10%	Section 8	$828	1,210	n/a	Yes	0	0.00%
					86	100%						1	1.20%
8	Valley View Apts.	Single-story	Section 8	1BR / 1BA	10	12.50%	Section 8	$465	N/A	n/a	Yes	0	0.00%
	602 E Ebony Ave	1979		2BR / 1BA	40	50.00%	Section 8	$592	N/A	n/a	Yes	2	5.00%
	Mcallen, TX 78501			3BR / 1BA	28	35.00%	Section 8	$705	N/A	n/a	Yes	0	0.00%
	Hidalgo County			4BR / 1BA	2	2.50%	Section 8	$811	N/A	n/a	No	0	0.00%
					80	100%						2	2.50%

Rent and Square Footage Ranking

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

Units Surveyed:	655	Weighted Occupancy:	95.30%
Market Rate	586	Market Rate	94.70%
Tax Credit	69	Tax Credit	100.00%

	One Bedroom One Bath		Two Bedrooms Two Bath		Three Bedrooms Two Bath		Four Bedrooms Two Bath	
	Property	Average	Property	Average	Property	Average	Property	Average
RENT	La Vista Apartments	$549	Valley View Apartments (1BA)	$592	Valley View Apartments (1BA)	$705	San Juan Village Apartments (1.5BA)	$828
	San Juan Village Apartments	$535	La Vista Apartments (1BA)	$591	Pecan Village Apartments (1.5BA)	$689	Valley View Apartments (1BA)	$811
	Alamo Village	$512	San Juan Village Apartments (1BA)	$551	San Juan Village Apartments (1BA)	$689	Macario Villareal Apartments* (30%)	$631
	Valley View Apartments	$465	Pecan Village Apartments (1BA)	$540	Alamo Village (1BA)	$686	Vine Terrace* (1.5BA 30%)	$625
	Pecan Village Apartments	$446	Alamo Village (1BA)	$539	La Vista Apartments (1.5BA)	$654		
	Vine Terrace* (30%)	$380	Vine Terrace* (1BA 30%)	$400	Macario Villareal Apartments* (30%)	$561		
			Memorial Apartments (1BA)	$304	Vine Terrace* (1BA 30%)	$480		
					Memorial Apartments (1BA)	$364		
SQUARE FOOTAGE	Alamo Village	778	Alamo Village (1BA)	928	Alamo Village (1BA)	1,039	San Juan Village Apartments (1.5BA)	1,210
	San Juan Village Apartments	725	San Juan Village Apartments (1BA)	824	San Juan Village Apartments (1BA)	987	Macario Villareal Apartments* (30%)	N/A
	La Vista Apartments	551	La Vista Apartments (1BA)	658	La Vista Apartments (1.5BA)	839	Vine Terrace* (1.5BA 30%)	N/A
	Vine Terrace* (30%)	N/A	Vine Terrace* (1BA 30%)	N/A	Macario Villareal Apartments* (30%)	N/A	Valley View Apartments (1BA)	N/A
	Pecan Village Apartments	N/A	Memorial Apartments (1BA)	N/A	Vine Terrace* (1BA 30%)	N/A		
	Valley View Apartments	N/A	Pecan Village Apartments (1BA)	N/A	Memorial Apartments (1BA)	N/A		
			Valley View Apartments (1BA)	N/A	Pecan Village Apartments (1.5BA)	N/A		
					Valley View Apartments (1BA)	N/A		
RENT PER SQUARE FOOT	La Vista Apartments	$1.00	La Vista Apartments (1BA)	$0.90	La Vista Apartments (1.5BA)	$0.78	San Juan Village Apartments (1.5BA)	$0.68
	San Juan Village Apartments	$0.74	San Juan Village Apartments (1BA)	$0.67	San Juan Village Apartments (1BA)	$0.70	Macario Villareal Apartments* (30%)	$0.00
	Alamo Village	$0.66	Alamo Village (1BA)	$0.58	Alamo Village (1BA)	$0.66	Vine Terrace* (1.5BA 30%)	$0.00
	Vine Terrace* (30%)	$0.00	Vine Terrace* (1BA 30%)	$0.00	Macario Villareal Apartments* (30%)	$0.00	Valley View Apartments (1BA)	$0.00
	Pecan Village Apartments	$0.00	Memorial Apartments (1BA)	$0.00	Vine Terrace* (1BA 30%)	$0.00		
	Valley View Apartments	$0.00	Pecan Village Apartments (1BA)	$0.00	Memorial Apartments (1BA)	$0.00		
			Valley View Apartments (1BA)	$0.00	Pecan Village Apartments (1.5BA)	$0.00		
					Valley View Apartments (1BA)	$0.00		

PAYMENT STANDARDS	
Units	**Payment Standards**
Studio	$470
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

All but two of the surveyed properties have one-, two-, three-, and four-bedroom units below the current payment standards for Hidalgo County. La Vista Apartments and San Juan Village Apartments are combination LIHTC/Section 8 developments with 100 percent of the tenants paying no more than 30 percent of their annual gross income towards rent. The one-bedroom units at both of these developments have rental rates which are slightly above the current payment standards.

Subsidized Family Supply Conclusion

Large unit types are currently prevalent in the subsidized properties in the Submarket. Similarly, large unit types are also prevalent in the family LIHTC properties in the Submarket. It should be noted that smaller unit types are prevalent in the family market rate developments in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.41 and is projected to decrease negligibly by 2012 to 3.40. The Submarket's household size is significantly larger than the national average of 2.59 and just slightly smaller than that of the MSA. Additionally, demographic estimates show that approximately 36 percent of the population in 2007 was age 19 years or younger and this trend is expected to remain stable through 2012, suggesting an unmet demand for larger bedroom types.

The existing subsidized multifamily properties in the West Central Hidalgo County Submarket offer limited in-unit and community amenities, specifically in the public housing developments and farm labor developments. Common in-unit amenities offered by the comparable properties include window coverings, central air, ovens, and refrigerators. The majority of the properties offer washer/dryer connections but no in-unit washer/dryer appliances are offered. Common community amenities include a central laundry, off-street parking, on-site management, and a playground. Vine Terrace is located proximate to a Headstart program. However, the properties do not offer any security features, non-shelter services, premium amenities, or covered parking of any kind.

The surveyed one-, two-, three-, and four-bedroom subsidized units have average sizes of 685, 803, 955 and 1,210 square feet, respectively. The subsidized one-, two-, and three-bedroom average unit sizes are 5.7 percent larger, 13.5 percent smaller, and 17.2 percent smaller, respectively, than the one-, two-, and three-bedroom average unit sizes found at the LIHTC properties in the Submarket. None of surveyed properties is offering concessions and none of the properties was able to provide absorption information. The average weighted vacancy of the surveyed subsidized properties (4.90 percent) is higher than the average weighted vacancy of the surveyed LIHTC properties (1.0 percent).

The average length of the waiting lists at the surveyed subsidized properties is 37 households which is significantly higher than the average length of the waiting lists of the surveyed LIHTC properties (12 households). Only two properties in our survey were able to provide rates of 7 and 30 percent, respectively, resulting in an average turnover rate of 18.5, as compared to the surveyed LIHTC properties which have an average turnover rate of 26.3 percent. The average vacancy rate of the surveyed subsidized properties is 4.7 percent as compared to the surveyed LIHTC properties (0.85 percent).

All but two of the surveyed properties have one-, two-, three-, and four-bedroom units below the current payment standards for Hidalgo County. La Vista Apartments and San Juan Village Apartments are combination LIHTC/Section 8 developments with 100 percent of the tenants paying no more than 30 percent of their annual gross income towards rent. The one-bedroom units at both of these developments have rental rates which are slightly above the current payment standards.

SUBSIDIZED SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

There are four existing senior subsidized developments located in the South Central Hidalgo Submarket, Casa De Amigos II, Casa de Amigos VI, Casa Linda, and Las Brisas. We were unable able to acquire information on any of the four subsidized senior properties. Based on the lack of available data, we were unable to complete subsidized senior supply analysis.

Excluded Properties

We attempted to contact the following properties multiple times, but our calls have not been returned as of the date of this study.

EXCLUDED PROPERTIES LIST

Name	Address	Type	No. of Units	Reason For Exclusion
Casa De Amigos II	1100 E Dallas Ave	Senior - Section 8	N/A	Could not Contact
Casa De Amigos VI	200 E Helmer Street	Senior - Section 8	N/A	Could not Contact
Casa Linda	301 S Fifth Street	Senior - USDA	32	Could not Contact
Las Brisas	1119 South Tower Road	Senior - LIHTC/USDA	26	Could not Contact

Proposed Construction

There are three senior oriented LIHTC developments with subsidized components in the planning stages in the South Central Hidalgo Submarket.

Mesquite Terrace Apartments, located in Pharr, Texas, received a LIHTC allocation in 2007. The development is a proposed new construction, senior-oriented development consisting of 106 units in five one- and three-story buildings. Unit amenities will include mini-blinds, dishwashers, garbage disposals, refrigerators, ovens/ranges, ceiling fans, microwaves, icemakers, and washer/dryer connections in some units. Community amenities will include a community garden, an accessible walking path, central laundry, controlled access gates, a community porch, perimeter fencing, a community room, a fitness center, a library, a 24-hour public telephone, secure access entry to residential buildings, an activity room, off-street parking and service coordination. There will be six studio, 13 one-bedroom, and one two-bedroom public housing units. The remaining 86 studio, one-, and two-bedroom units will be restricted to households earning less than 60 percent of the AMI. Observations in the field confirm that although the project has broken ground, construction has not yet commenced.

Bluebonnet Senior Village, located in Alamo, Texas, received a LIHTC allocation in 2007. The development is a proposed new construction, senior-oriented development consisting of 36 units in 2 two-and three-story elevator serviced buildings. Prior to construction, an existing 12-unit public housing development will be demolished. Field observations confirm that the public housing development has already been demolished. However, the project in not currently under construction. Bluebonnet Senior Village will offer window coverings, ovens/ranges, garbage disposals, dishwashers, refrigerators with ice makers, microwaves, washer/dryer connections, and ceiling fans. Community amenities will include off-street parking, a central laundry room, a community room, and a senior activity room. There will be 30 one-bedroom and 6 two-bedroom units at 30 and 60 percent of AMI. However all 36 of the units will also be subject to a Project Based Section 8 contract whereby tenants will pay no more than 30 percent of their annual income towards rent.

Villas at Beaumont, located in McAllen, Texas, received a LIHTC allocation in 2008. The development is a proposed new construction, senior-oriented development consisting of 36-units in one multi-story elevator serviced building plus one adjoining clubhouse building. This development will offer 2 one-bedroom units at 30 percent of AMI, 13 one bedroom units at 50 percent of AMI, and 21 one-bedroom units at 60 percent of AMI. All thirty-six units will also have an underlying Project Based Section 8 Subsidy. Due to the recent allocation date of this development, it is assumed that this project is still in the planning stages.

DEMAND ANALYSIS

AFFORDABLE HOUSING DEMAND ANALYSIS

As outlined in the study requirements, our estimate of demand for affordable rental housing in the South Central Hidalgo County Submarket is based on current households and is presented by household size, income level and targeted population. Existing income-qualified renter households are further refined to account for household growth over a five-year projection period, percentage of rent-overburdened households, percentage of households residing in substandard housing, percentage of households in overcrowded housing, and the Submarket's turnover rate. Additionally, we have adjusted our demand estimates to account for accommodation of affordable housing demand through any planned, proposed or unstabilized LIHTC units in the Submarket.

The number of income-qualified renter households is calculated for each of six income cohorts: less than 30 percent of AMI, 31 to 40 percent of AMI, 41 to 50 percent of AMI, 51 to 60 percent of AMI, 61 to 80 percent of AMI and 81 to 100 percent of AMI. With the use of demographics provided by HISTA, we are able to examine each of these six income groups by household size to include one-, two-, three- and four-person households and households with five or more persons. This insures that income-qualified households will not be double counted. Separate analyses are presented for all renter households and senior renter households, defined as age 55 and older.

There is very limited demographic and income data for colonias households available through the census and other government agencies. For this reason, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand accounted for through the analysis of Census data.

DEMAND FROM EXISTING HOUSEHOLDS

Number of Existing Households for the Current Year

The total number of households in the South Central Hidalgo County Submarket in 2007 is 74,654 and the total number of households in 2012 is projected to be 53,077. The total number of households age 55 and older in the Submarket for 2007 is 25,582, with a 2012 projection of 31,396 households. This is a beginning point for our analysis.

Number of Renters

Information provided to us by ESRI indicates that of the occupied housing units, renter households make up approximately 30.0 percent of the occupied housing unit households in the South Central Hidalgo County Submarket in 2007. For seniors age 55 and older, the percentage of renters is 18.4 percent.

Maximum Income Guidelines

Maximum income guidelines for tax credit properties are determined by HUD and are based on the area's Average Income. Typically, minimum income levels are calculated based on the assumption that lower income families should pay no more than 35 percent of their income to gross rent. Often times, lower income families pay a higher percentage of income as rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high income households. In order to avoid overstating potential demand this analysis assumes that none of the income bands will overlap. For example, the maximum income for a one-person household at 30 percent of AMI is considered the minimum income for a one-person household in the income range between 31 percent and 40 percent of AMI. A minimum income of zero dollars is used in calculating demand from households earning 30 percent of AMI or less.

The minimum and maximum household eligible income ranges for the South Central Hidalgo County Submarket (McAllen-Edinburg-Mission, TX MSA) are detailed in the table on the following page.

INCOME LIMITS

Household Size	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	< 30% AMI		*31% - 40% AMI*		*41% - 50% AMI*		*51% - 60% AMI*		*61% - 80% AMI*		*81% - 100% AMI*	
1 Person	$0	$9,150	$9,150	$12,200	$12,200	$15,250	$15,250	$18,300	$18,300	$24,400	$24,400	$30,500
2 Person	$0	$10,500	$10,500	$13,960	$13,960	$17,450	$17,450	$20,940	$20,940	$27,920	$27,920	$34,900
3 Person	$0	$11,800	$11,800	$15,680	$15,680	$19,600	$19,600	$23,520	$23,520	$31,360	$31,360	$39,200
4 Person	$0	$13,100	$13,100	$17,440	$17,440	$21,800	$21,800	$26,160	$26,160	$34,880	$34,880	$43,600
5+ Person	$0	$14,150	$14,150	$18,840	$18,840	$23,550	$23,550	$28,260	$28,260	$37,680	$37,680	$47,100

Rent-Overburdened Households
Households are determined to be rent-overburdened if they are paying more than 35 percent of household income as rent. In the South Central Hidalgo County Submarket, approximately 29.6 percent of households, including senior households, are considered rent-overburdened.

Substandard Housing
Substandard housing is generally defined as housing units identified in the Census that lack complete plumbing facilities. According to Census 2000 estimates, approximately 2.0 percent of units in the Submarket are determined to be substandard.

Overcrowded Housing
A housing unit is considered overcrowded if there are more than 1.00 persons per room. According to a report issued in 2002 by the Fannie Mae Foundation, Census 2000 data indicates that the southwestern United States, which includes Texas, has a higher than average incidence of households living in overcrowded housing units. The report further concludes that while Texas and California contain less than one-fifth of the nation's households, these two states account for two-fifths of overcrowded households. In the South Central Hidalgo County Submarket, it is estimated that 22.5 percent of households are living in overcrowded units.

Movership or Turnover Rate
There are numerous sources of information regarding turnover rate, or the percent of renter households who move in a year. The most reliable source is that of the market participants in the Submarket. As discussed in the *Housing Supply Analysis* section, we attempted to interview comparable properties regarding information the turnover rate experienced on an annual basis. The average annual turnover rate for the stabilized family LIHTC properties surveyed in the Submarket is approximately 26.3 percent.

We identified one senior LIHTC/USDA property in this Submarket. We were not able to contact this property. With so few senior LIHTC properties able to provide turnover data in the MSA, we have used the average senior subsidized turnover rate of 6.5 percent.

Unstabilized Rental Units - Existing and Proposed
Retama Village I, located in McAllen, Texas, received a LIHTC allocation in 2006. There will be 64 public housing units and 64 units will be restricted to households earning less than 60 percent of the AMI. Retama Village II, located in McAllen, Texas, received a LIHTC allocation in 2007. There will be 25 public housing units and 49 units restricted to households earning less than 60 percent of the AMI. Sunset Terrace Apartments, located in Pharr, Texas, received a LIHTC allocation in 2007. There will be 40 public housing units and 60 units restricted to households earning less than 60 percent of the AMI. These 455 units have been deducted from the following demand analysis.

To our knowledge, there are two proposed or under construction senior LIHTC properties in the South Central Hidalgo County Submarket. Mesquite Terrace Apartments, located in Pharr, Texas, received a LIHTC allocation in 2007. There will be 20 public housing units and 86 restricted to households earning less than 60 percent of the AMI. Bluebonnet Senior Village, located in Alamo, Texas, received a LIHTC allocation in 2007. There will be units at 30 and 60 percent of AMI. However all 36 of the units will also be Subject to a Project based Section 8 contract whereby tenants will pay no more than 30 percent of their annual income towards rent. These 142 units have been deducted from the following senior demand analysis. These units also are deducted from the analysis of all households, as demand from all households includes households age 55 and older.

Annual Income-Qualified Renter Demand

Provided below are calculations of the total number of existing income-qualified renter households in the South Central Hidalgo County Submarket in 2007 and 2012. Two analyses have been presented. The first calculates total demand, both currently present and moving into the market, adjusted for income eligibility and renter status, as well as the percentage of rent-overburdened households and substandard and overcrowded housing units. An additional calculation, which accounts for all of the previous variables and incorporates the turnover rate, is also provided.

Note that in the subsequent tables, the total number of income-qualified renter households is not equal to the total number of renter households. This is due to the fact that we have only analyzed households earning between zero and 100 percent of the AMI. There are additional renter households in the Submarket with annual incomes greater than 100 percent of the AMI.

Again, this analysis avoids overstating demand by avoiding overlapping income bands. It should be noted that the percentage of rent overburdened households may also include some of the households that are living in substandard and/or overcrowded housing units. This would result in some potential overlap. This analysis assumes that rent overburdened households, households living in substandard housing and households in overcrowded units each represent a separate component of demand. As these are quantifiable sources of demand, the sum of these calculations results in a maximum number of income-qualified renter households.

The calculations of potential household demand by income cohort and household size for all households and senior households are shown in the following tables:

2007 All Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	5,307	1,851	172	292	292	443	388
2 person	4,307	918	347	351	325	513	352
3 person	3,907	1,306	420	425	273	475	300
4 person	3,725	1,130	331	330	326	541	351
5+person	5,183	1,694	674	475	434	544	408
Total	22,429	6,899	1,945	1,872	1,650	2,517	1,798
Number of Income-Qualified Renter Households		**6,899**	**1,945**	**1,872**	**1,650**	**2,517**	**1,798**
X Percentage of Rent-Overburdened (29.6%)		2041	576	554	488	745	532
X Percentage of Substandard Housing (2%)		138	39	37	33	50	36
X Percentage of Overcrowded Housing (22.5%)		1552	438	421	371	566	405
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**3,732**	**1,052**	**1,013**	**892**	**1,361**	**973**
Less Existing and Planned Unstablized Competing Units		*299*	*0*	*10*	*319*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**3,433**	**1,052**	**1,003**	**573**	**1,361**	**973**

2012 All Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	6,423	2,240	208	354	354	536	469
2 person	4,851	1,034	391	395	366	578	397
3 person	4,466	1,493	480	485	312	543	343
4 person	4,337	1,316	386	384	379	630	408
5+person	6,184	2,022	805	567	517	649	486
Total	26,260	8,105	2,270	2,185	1,928	2,936	2,103
Number of Income-Qualified Renter Households		**8,105**	**2,270**	**2,185**	**1,928**	**2,936**	**2,103**
X Percentage of Rent-Overburdened (29.6%)		2398	672	646	570	869	622
X Percentage of Substandard Housing (2%)		162	45	44	39	59	42
X Percentage of Overcrowded Housing (22.5%)		1824	511	492	434	661	473
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**4,384**	**1,228**	**1,182**	**1,043**	**1,588**	**1,137**
Less Existing and Planned Unstablized Competing Units		*299*	*0*	*10*	*319*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**4,085**	**1,228**	**1,172**	**724**	**1,588**	**1,137**

2007 All Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	5,307	1,851	172	292	292	443	388
2 person	4,307	918	347	351	325	513	352
3 person	3,907	1,306	420	425	273	475	300
4 person	3,725	1,130	331	330	326	541	351
5+person	5,183	1,694	674	475	434	544	408
Total	22,429	6,899	1,945	1,872	1,650	2,517	1,798
Number of Income-Qualified Renter Households		**6,899**	**1,945**	**1,872**	**1,650**	**2,517**	**1,798**
X Percentage of Rent-Overburdened (29.6%)		2041	576	554	488	745	532
X Percentage of Substandard Housing (2%)		138	39	37	33	50	36
X Percentage of Overcrowded Housing (22.5%)		1552	438	421	371	566	405
X Percentage of Estimated Turnover (26.3%)		1815	512	492	434	662	473
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**5,546**	**1,564**	**1,505**	**1,326**	**2,024**	**1,445**
Less Existing and Planned Unstablized Competing Units		*299*	*0*	*10*	*319*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**5,247**	**1,564**	**1,495**	**1,007**	**2,024**	**1,445**

2012 All Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	6,423	2,240	208	354	354	536	469
2 person	4,851	1,034	391	395	366	578	397
3 person	4,466	1,493	480	485	312	543	343
4 person	4,337	1,316	386	384	379	630	408
5+person	6,184	2,022	805	567	517	649	486
Total	26,260	8,105	2,270	2,185	1,928	2,936	2,103
Number of Income-Qualified Renter Households		**8,105**	**2,270**	**2,185**	**1,928**	**2,936**	**2,103**
X Percentage of Rent-Overburdened (29.6%)		2398	672	646	570	869	622
X Percentage of Substandard Housing (2%)		162	45	44	39	59	42
X Percentage of Overcrowded Housing (22.5%)		1824	511	492	434	661	473
X Percentage of Estimated Turnover (26.3%)		2132	597	575	507	772	553
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**6,515**	**1,825**	**1,756**	**1,550**	**2,360**	**1,690**
Less Existing and Planned Unstablized Competing Units		*299*	*0*	*10*	*319*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**6,216**	**1,825**	**1,746**	**1,231**	**2,360**	**1,690**

2007 Senior Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007) ≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	2,038	1,172	109	104	104	137	105
2 person	1,355	358	135	136	118	143	95
3 person	595	157	82	82	36	57	39
4 person	401	93	37	40	43	75	46
5+person	486	87	37	50	57	63	32
Total	4,875	1,867	399	411	359	475	317
Number of Income-Qualified Renter Households		**1,867**	**399**	**411**	**359**	**475**	**317**
X Percentage of Rent-Overburdened (29.6%)		552	118	122	106	141	94
X Percentage of Substandard Housing (2%)		37	8	8	7	10	6
X Percentage of Overcrowded Housing (22.5%)		420	90	93	81	107	71
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**1,010**	**216**	**223**	**194**	**257**	**171**
Less Existing and Planned Unstablized Competing Units		*56*	*0*	*0*	*86*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**954**	**216**	**223**	**108**	**257**	**171**

2012 Senior Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	2,466	1,418	132	126	126	166	127
2 person	1,611	425	160	162	141	170	113
3 person	729	193	100	101	44	70	47
4 person	523	121	48	52	57	98	60
5+person	622	111	47	64	73	81	41
Total	5,952	2,268	487	505	441	585	388
Number of Income-Qualified Renter Households		**2,268**	**487**	**505**	**441**	**585**	**388**
X Percentage of Rent-Overburdened (29.6%)		671	144	149	130	173	115
X Percentage of Substandard Housing (2%)		45	10	10	9	12	8
X Percentage of Overcrowded Housing (22.5%)		510	110	114	99	132	87
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**1,227**	**263**	**273**	**239**	**316**	**210**
Less Existing and Planned Unstablized Competing Units		*56*	*0*	*0*	*86*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**1,171**	**263**	**273**	**153**	**316**	**210**

2007 Senior Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	2,038	1,172	109	104	104	137	105
2 person	1,355	358	135	136	118	143	95
3 person	595	157	82	82	36	57	39
4 person	401	93	37	40	43	75	46
5+person	486	87	37	50	57	63	32
Total	4,875	1,867	399	411	359	475	317
Number of Income-Qualified Renter Households		**1,867**	**399**	**411**	**359**	**475**	**317**
X Percentage of Rent-Overburdened (29.6%)		552	118	122	106	141	94
X Percentage of Substandard Housing (2%)		37	8	8	7	10	6
X Percentage of Overcrowded Housing (22.5%)		420	90	93	81	107	71
X Percentage of Estimated Turnover (6.5%)		121	26	27	23	31	21
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**1,131**	**242**	**249**	**217**	**288**	**192**
Less Existing and Planned Unstablized Competing Units		*56*	*0*	*0*	*86*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**1,075**	**242**	**249**	**131**	**288**	**192**

2012 Senior Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	2,466	1,418	132	126	126	166	127
2 person	1,611	425	160	162	141	170	113
3 person	729	193	100	101	44	70	47
4 person	523	121	48	52	57	98	60
5+person	622	111	47	64	73	81	41
Total	5,952	2,268	487	505	441	585	388
Number of Income-Qualified Renter Households		**2,268**	**487**	**505**	**441**	**585**	**388**
X Percentage of Rent-Overburdened (29.6%)		671	144	149	130	173	115
X Percentage of Substandard Housing (2%)		45	10	10	9	12	8
X Percentage of Overcrowded Housing (22.5%)		510	110	114	99	132	87
X Percentage of Estimated Turnover (6.5%)		147	32	33	29	38	25
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**1,374**	**295**	**306**	**267**	**354**	**235**
Less Existing and Planned Unstablized Competing Units		*56*	*0*	*0*	*86*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**1,318**	**295**	**306**	**181**	**354**	**235**

Demand Analysis Conclusions

All Households

As with the other Submarkets in the McAllen-Edinburg-Mission, TX MSA, the analysis of income-qualified renter households in the South Central Hidalgo County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that over 23 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less; however, occupancy rates a the surveyed family LIHTC and subsidized properties in the Submarket are very low, indicating that there is a sufficient number of income-qualified renter households to support existing affordable housing units. Even with an estimated 486 new family units and 142 new senior units targeting households at 30 to 60 percent of AMI in planning stages or under construction, the number of income-qualified households projected through 2012 shows a strong increase. Although the planned and under construction units will meet some of the affordable housing needs of the Submarket, a growing number of income qualified households indicates that the need for additional affordable housing units will persist in the Submarket.

Senior Households

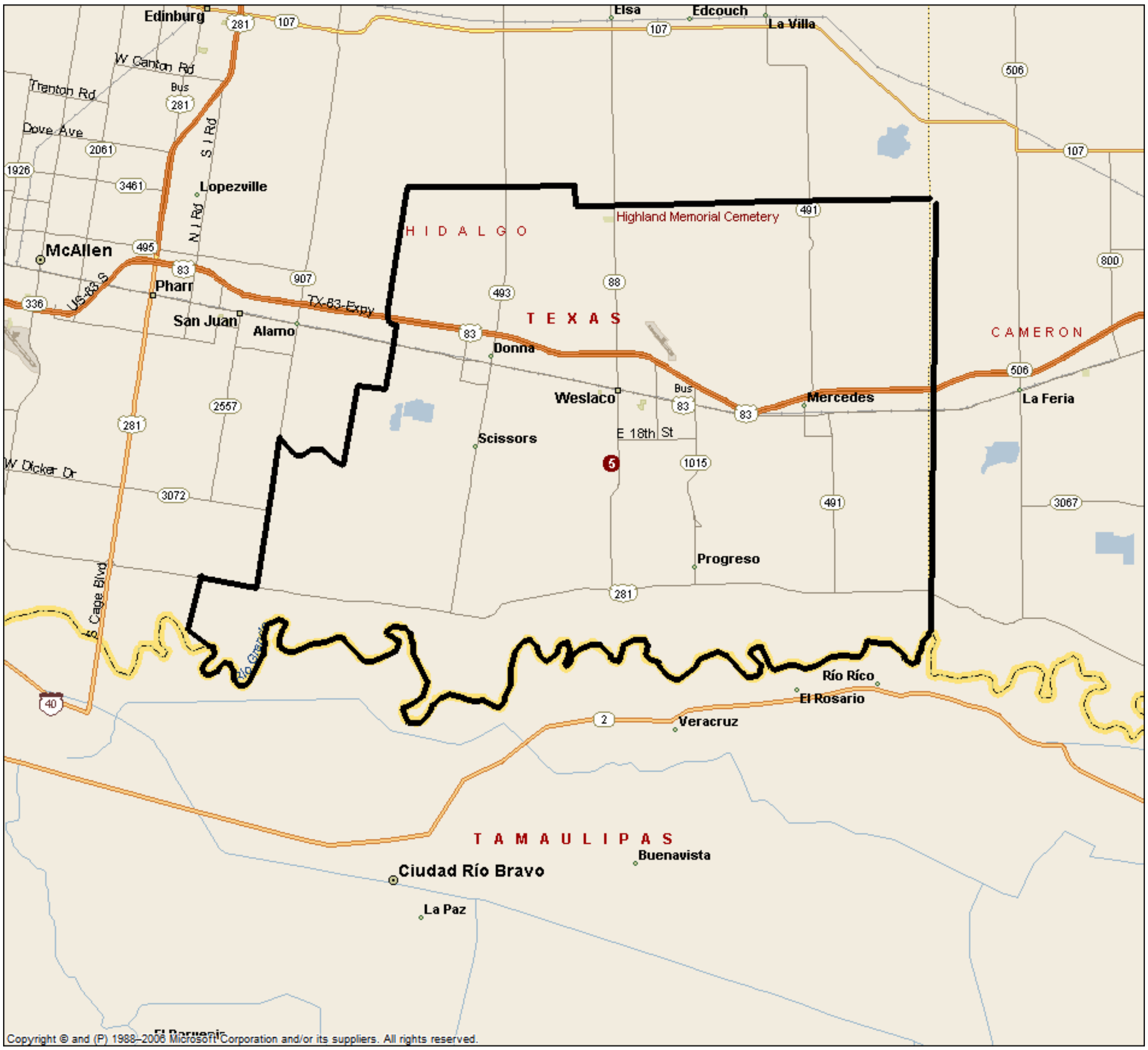
Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Currently, there are approximately 56 subsidized units serving low-income senior households in the South Central Hidalgo County Submarket and an increase in income-qualified senior renter households projected through 2012. The Submarket currently has 142 new subsidized and LIHTC units for seniors in the planning stages. While this will help to address the need for affordable housing targeting seniors in the Submarket, additional housing will likely still be needed for senior households at the very lowest income levels.

5. SOUTHEAST HIDALGO COUNTY SUBMARKET ANALYSIS

SOUTHEAST HIDALGO COUNTY SUBMARKET DEMOGRAPHIC CHARACTERISTICS AND TRENDS

The primary market area is defined as the Southeast County Submarket, which is bounded to the north by Roosevelt Road, Mile 12 ½ Road North, Mile 6 Road West, and Mile 12 Road North; to the east by Mile 3 East; to the south by the U.S. Mexico Border; and to the west by Stewart Road, Military Highway 281, South Alamo Road/FM-907, Main Floodway Road, Border Road, Lakes Avenue, and Valverde Road. The following map illustrates the boundaries of the Submarket as defined above.

Southeast Hidalgo County Submarket Map



The Southeast Hidalgo County Submarket includes the communities/cities of Donna, Weslaco, and Mercedes. Approximately 40 to 50 percent of the area in this Submarket can be characterized as developed and within close proximity to most locational amenities and essential services. The remaining 50 to 60 percent of the area in this Submarket contains very little development and offers limited access to locational amenities and essential services. Development is located along U.S. Highway 83, which is the area's primary thoroughfare, and dissipates slowly in each direction with limited development occurring along the U.S. Mexico border region. The predominant form of housing in this Submarket is owner-occupied single-family homes in fair to excellent condition and less than five to 40 years in age. There is a moderate amount of multifamily development in poor to excellent condition and less than five to 40 years in age.

Local Government

As previously mentioned, the Southeast Hidalgo County Submarket includes the communities/cities of Donna, Weslaco, and Mercedes.

Weslaco, Texas is a city in Hidalgo County operating under a Commission-manager form of government. Weslaco was incorporated in 1919 and the city charter was adopted in 1927. According to the City of Weslaco website, Weslaco is comprised of a land area of 13.1 square miles and has an estimated population of 30,416.

Donna, Texas is a city in Hidalgo County operating under a Council-manager form of government. According to the U.S. Census, Donna is comprised of a land area of 5.1 square miles and had a 2000 population of 14,768.

Mercedes, Texas is a city in Hidalgo County. According to the U.S. Census, Mercedes is comprised of a land area of 8.6 square miles and had a 2000 population of 17,649.

Employment by Industry

The following table illustrates employment by industry for the Southeast Hidalgo County Submarket and McAllen-Edinburg-Mission MSA in 2007.

2007 EMPLOYMENT BY INDUSTRY				
	Southeast Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
Occupation	Number Employed	Percent Employed	Number Employed	Percent Employed
Agric/Forestry/Fishing/Hunting	1,578	4.09%	5,955	2.54%
Mining	167	0.43%	2,143	0.91%
Construction	3,830	9.94%	25,549	10.90%
Manufacturing	2,606	6.76%	13,071	5.58%
Wholesale Trade	1,541	4.00%	9,652	4.12%
Retail Trade	4,730	12.27%	30,163	12.87%
Transportation/Warehousing	1,530	3.97%	9,335	3.98%
Utilities	307	0.80%	1,438	0.61%
Information	472	1.22%	2,704	1.15%
Finance/Insurance	843	2.19%	5,917	2.53%
Real Estate/Rental/Leasing	572	1.48%	3,399	1.45%
Prof/Scientific/Tech Services	851	2.21%	6,868	2.93%
Mgmt of Companies/Enterprises	24	0.06%	82	0.03%
Admin/Support/Waste Mgmt Srvcs	1,001	2.60%	8,174	3.49%
Educational Services	6,299	16.34%	36,869	15.73%
Health Care/Social Assistance	5,445	14.13%	29,322	12.51%
Arts/Entertainment/Recreation	174	0.45%	2,302	0.98%
Accommodation/Food Services	2,814	7.30%	16,906	7.21%
Other Services (excl Publ Adm)	2,121	5.50%	13,767	5.88%
Public Administration	1,634	4.24%	10,715	4.57%
Total Employment	**38,539**	**100.0%**	**234,331**	**100.0%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The top four employment sectors in the Southeast Hidalgo County Submarket are the educational services, health care/social assistance, retail trade, and construction sectors. Approximately 52.7 percent of people in the Submarket work in these four industries. The Submarket has a larger number of persons employed in the educational services and healthcare/social assistance sectors and a smaller number of people employed in the retail trade and construction sectors, relative to the MSA. Although educational services and health care/social services are typically stable sectors of the economy, industries such as retail trade and construction are particularly susceptible to fluctuations in the economy. The large number of people employed in the retail trade and construction industries could negatively impact employment in the Submarket due to the current national economic downturn. However, the strong presence of the educational services and health care/social assistance industries should promote economic stability.

It should be noted, that the health care/social assistance, construction, retail trade and educational services sectors all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create an abundance of demand for affordable rental housing.

Commute Patterns in the Southeast Hidalgo County Submarket

The table below summarizes commute times for the Southeast Hidalgo County Submarket.

TRAVEL TIME TO WORK

Travel Time	Workers age 16+
< 5 min	750
5-9 min	3,567
10-14 min	5,712
15-19 min	5,766
20-24 min	3,924
25-29 min	1,314
30-34 min	4,921
35-39 min	409
40-44 min	236
45-59 min	930
60-89 min	652
90+ min	466
Average Travel Time	21.1 minutes

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

The largest share of workers in the Southeast Hidalgo County Submarket has a travel time to work of 15 to 19 minutes. The employment centers of Weslaco, Donna and Mercedes are accessible by most workers in less than 35 minutes.

POPULATION, HOUSEHOLD, AND INCOME TRENDS – SUBMARKET AND MSA

The following section provides an analysis of the demographic characteristics within the Southeast Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA. Data such as population, households and growth patterns are studied to determine if the McAllen-Edinburg-Mission MSA and the Southeast Hidalgo County Submarket are areas of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population in the Southeast Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA from 1990 through 2012.

Total Population				
Year	Southeast Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	78,368	-	383,545	-
2000	102,051	3.02%	569,463	4.85%
2007	131,745	4.01%	732,166	3.94%
2012	156,484	3.76%	865,301	3.64%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Both the Submarket and the MSA show strong growth from 2007 through 2012, although the Submarket will grow at a faster rate than the MSA from 2007 through 2012. Overall, the rate of population growth in the Submarket and MSA will decrease slightly from 2007 through 2012. However, growth rates in the Submarket and MSA from 2007 to 2012 are considered very strong and are a positive indicator of the need for all forms of housing and likely why so many individuals are employed in the construction sector in the Submarket.

Population by Age

The following graph illustrates population by age in the Submarket and MSA for 1990 through 2012. It should be noted that the current population by age distribution in the MSA is similar to national averages.

Population by Age Group				
Southeast Hidalgo County Submarket				
Age Cohort	1990	2000	2007	2012
0-4	7,518	10,558	14,568	17,347
5-9	8,175	10,473	13,014	15,250
10-14	8,398	9,928	11,840	14,418
15-19	8,295	9,437	11,223	12,996
20-24	5,981	7,695	10,017	11,890
25-29	5,462	7,102	10,064	10,718
30-34	5,353	6,619	8,801	10,394
35-39	5,243	6,251	8,360	9,150
40-44	4,271	5,792	7,195	8,865
45-49	3,180	5,300	6,888	8,084
50-54	2,631	4,445	6,466	7,501
55-59	2,584	3,358	5,282	7,495
60-64	2,643	3,244	3,890	5,913
65-69	2,804	3,386	3,764	4,371
70-74	2,233	3,147	3,382	3,730
75-79	1,675	2,525	3,066	3,288
80-84	1,085	1,552	2,148	2,686
85+	837	1,239	1,777	2,388
Total	**78,368**	**102,051**	**131,745**	**156,484**
McAllen-Edinburg-Mission, TX MSA				
Age Cohort	1990	2000	2007	2012
0-4	35,765	58,138	79,315	92,930
5-9	38,973	58,293	70,248	82,804
10-14	40,708	53,301	66,339	77,547
15-19	40,049	51,490	59,763	73,357
20-24	29,843	44,309	55,501	64,141
25-29	28,292	44,013	58,500	61,645
30-34	27,653	40,612	54,559	61,137
35-39	26,244	38,068	49,781	56,246
40-44	22,397	34,630	43,581	53,384
45-49	16,430	30,233	41,509	48,372
50-54	13,335	25,613	36,239	44,436
55-59	12,403	18,854	29,739	40,978
60-64	13,015	16,635	21,369	31,769
65-69	13,357	16,092	18,047	21,924
70-74	9,905	15,122	16,061	17,557
75-79	7,693	12,139	14,324	14,992
80-84	4,521	6,701	9,982	11,805
85+	2,962	5,220	7,309	10,277
Total	**383,545**	**569,463**	**732,166**	**865,301**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Households

The following table is a summary of the total households in the Submarket and MSA from 1990 to 2012.

Total Number of Households				
Year	Southeast Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	20,711	-	103,479	-
2000	27,955	3.50%	156,824	4.76%
2007	36,802	4.37%	205,804	4.31%
2012	43,954	3.89%	244,775	3.79%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Similar to population growth, the household growth in the submarket and MSA show positive gains from 2007 through 2012, although the Submarket will grow at a faster rate than the MSA from 2007 through 2012. Household growth in the Submarket increased from 2000 to 2007 but is expected to decrease slightly from 2007 through 2012; however, the growth rate in the Submarket from 2007 through 2012 is still very strong. Similarly, household growth in the MSA is expected to slow from 2007 through 2012.

Average Household Size

The following table illustrates the average household size for the Submarket and MSA from 2000 to 2012.

Average Household Size				
Year	Southeast Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	3.64	-	3.60	-
2007	3.57	-0.27%	3.53	-0.27%
2012	3.55	-0.11%	3.51	-0.11%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The average household size in the Submarket is slightly larger than the MSA, and both are significantly larger than the national average size of 2.59 (not shown). The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the Submarket and the MSA as a whole.

Median Household Income Levels

The table below illustrates Median Household Income in the Submarket and MSA.

Median Household Income				
Year	Southeast Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	$22,735	-	$24,843	-
2007	$27,466	2.87%	$30,519	3.15%
2012	$31,173	2.70%	$35,078	2.99%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The median household income in the Submarket was approximately 10 percent lower than the median household income in the MSA in 2007. The median household income in the Submarket and in the MSA is projected to grow at a slower rate from 2007 through 2012 than the previous seven years. It should be noted that the median household income in the Submarket and MSA were approximately 51.7 and 57.4 percent of the national average in 2007. The lower median income levels in the Submarket and MSA indicate an increasing need for affordable housing.

Household Income

The following tables illustrate household income distribution in both the Submarket and MSA.

Household Income Distribution - Southeast Hidalgo County Submarket				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	7,175	19.5%	7,103	16.2%
$10,000-$14,999	3,128	8.5%	3,796	8.6%
$15,000-$19,999	3,464	9.4%	3,467	7.9%
$20,000-$24,999	3,107	8.4%	3,328	7.6%
$25,000-$29,999	2,853	7.8%	3,558	8.1%
$30,000-$34,999	2,742	7.5%	2,777	6.3%
$35,000-$39,999	2,327	6.3%	3,129	7.1%
$40,000-$44,999	2,216	6.0%	2,323	5.3%
$45,000-$49,999	1,767	4.8%	2,310	5.3%
$50,000-$59,999	2,392	6.5%	3,590	8.2%
$60,000-$74,999	2,353	6.4%	3,209	7.3%
$75,000-$99,999	1,532	4.2%	2,650	6.0%
$100,000-$124,999	862	2.3%	1,191	2.7%
$125,000-$149,999	358	1.0%	651	1.5%
$150,000-$199,999	213	0.6%	391	0.9%
$200,000-$249,999	138	0.4%	195	0.4%
$250,000-$499,999	147	0.4%	223	0.5%
$500,000+	28	0.1%	63	0.1%
Total	**36,802**	**100%**	**43,954**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	35,778	17.4%	35,096	14.3%
$10,000-$14,999	16,023	7.8%	18,980	7.8%
$15,000-$19,999	18,277	8.9%	17,960	7.3%
$20,000-$24,999	16,249	7.9%	17,138	7.0%
$25,000-$29,999	14,856	7.2%	18,258	7.5%
$30,000-$34,999	14,483	7.0%	14,667	6.0%
$35,000-$39,999	11,537	5.6%	16,180	6.6%
$40,000-$44,999	11,210	5.4%	11,607	4.7%
$45,000-$49,999	7,584	3.7%	11,317	4.6%
$50,000-$59,999	15,755	7.7%	17,690	7.2%
$60,000-$74,999	15,188	7.4%	21,074	8.6%
$75,000-$99,999	12,488	6.1%	19,177	7.8%
$100,000-$124,999	7,409	3.6%	10,073	4.1%
$125,000-$149,999	3,767	1.8%	6,223	2.5%
$150,000-$199,999	2,290	1.1%	4,504	1.8%
$200,000-$249,999	1,246	0.6%	2,018	0.8%
$250,000-$499,999	1,370	0.7%	2,128	0.9%
$500,000+	294	0.1%	685	0.3%
Total	**205,804**	**100%**	**244,775**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As illustrated, approximately 37.4 percent of the population in the Submarket and 34.1 percent of the population in the MSA earned below $20,000 in 2007 with the lowest percentage earning between zero dollars and $10,000. By 2012, the population earning below $20,000 in the Submarket and MSA is expected to decrease slightly to approximately 32.7 percent and 29.4 percent, respectively, but in both instances, a significant portion of the population are projected to earn less than $20,000. This data provides strong support for affordable rental housing of all kinds in the Submarket and MSA.

Senior Demographic Trends

Among those demographics discussed are trends in population, number of households, age, and income. In addition to analyzing overall demographic trends, we have also separately analyzed and discussed trends specific to the senior subpopulation, which includes those 55 years of age and older. The majority of age-restricted properties offer units to seniors ages 55, 62, or 65 and older. Despite the varying age restrictions at senior properties, property managers typically report that the average age of residents is 55 years of age. Therefore, for the purposes of this analysis, we have included demographic characteristics of the senior population ages 55 and over.

Senior Population

The table below illustrates senior population trends in the Submarket and MSA from 2000 through 2012.

Total Senior Population (55+)				
	Southeast Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
Year	Number	Annual Change	Number	Annual Change
1990	13,861	-	63,856	-
2000	18,451	3.3%	90,763	4.2%
2007	23,309	3.6%	116,831	4.0%
2012	29,871	5.6%	149,302	5.6%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

In contrast to general population trends in the MSA from 2007 through 2012, the senior population in the MSA is expected to increase dramatically from 2007 through 2012. Similarly, senior population growth in the Submarket is also expected to increase dramatically from 2007 through 2012, relative to the general population in the Submarket from 2007 through 2012. Senior population growth in both the Submarket and the MSA is expected to grow at an exceptional rate from 2007 through 2012, with growth in the Submarket similar to that of the MSA.

The exceptional projected growth in the senior population in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years. Additionally, the increasing senior populations, (typically one- and two-person households) may be a contributing factor to the projected decline in the average household size within the Submarket from 2007 to 2012.

Senior Households

The table below illustrates senior household trends in the Submarket and MSA from 2000 through 2012.

Total Number of Senior Households (55 +)				
Year	Southeast Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	10,807	-	52,073	-
2007	13,809	3.8%	67,113	4.0%
2012	17,753	5.7%	85,658	5.5%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Similar to senior population estimates and projections, senior household growth in the Submarket and MSA is expected to be exceptionally strong through 2012. Similar to senior population estimates, the household growth rate is expected to increase through 2012. The strong projected growth in the senior households in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years.

Senior Median Household Income

The following table illustrates the median household incomes in the Submarket, MSA, and nation from 2007 to 2012 for both all households and specifically for senior households.

MEDIAN HOUSEHOLD INCOME						
Year	**McAllen-Edinburg-Mission, TX MSA**		**Southeast Hidalgo County Submarket**		**USA**	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
			All Ages			
2007	$30,519	-	$27,466	-	$53,154	-
2012	$35,078	2.59%	$31,173	2.38%	$62,503	3.52%
			Age 55+			
2007	$27,687	-	$26,093	-	$32,710	-
2012	$32,712	3.07	$30,744	3.01%	$41,086	5.12%

Source: ESRI Business Demographics 2007; Novogradac and Company LLP, July, 2008

As the above table illustrates, the median senior household incomes in all areas of analysis are below those of all households. Of the three areas of analysis, the median senior household income is lowest in the Submarket and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally. The senior median household income in the Submarket and MSA were approximately 79.8 and 84.6 percent, respectively, of the national average in 2007.

Senior Household Income

The tables below illustrate senior household income in the Submarket and MSA for 2007 and 2012.

Household Income Distribution - Southeast Hidaldo County Submarket (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	4,434	32.1%	4,982	28.1%
$15,000-$24,999	2,307	16.7%	2,527	14.2%
$25,000-$34,999	1,562	11.3%	1,833	10.3%
$35,000-$49,999	2,409	17.4%	3,187	18.0%
$50,000-$74,999	1,815	13.1%	2,907	16.4%
$75,000-$99,999	484	3.5%	980	5.5%
100,000-$149,999	573	4.1%	943	5.3%
150,000-$199,999	76	0.6%	152	0.9%
200,000-$249,999	80	0.6%	118	0.7%
250,000-$499,999	62	0.4%	105	0.6%
$500,000+	7	0.1%	19	0.1%
Total	**13,809**	**100%**	**17,753**	**100%**

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	18,952	28.2%	20,972	24.5%
$15,000-$24,999	10,918	16.3%	11,816	13.8%
$25,000-$34,999	8,645	12.9%	10,306	12.0%
$35,000-$49,999	9,485	14.1%	12,964	15.1%
$50,000-$74,999	9,921	14.8%	13,604	15.9%
$75,000-$99,999	3,485	5.2%	6,161	7.2%
100,000-$149,999	3,783	5.6%	6,157	7.2%
150,000-$199,999	728	1.1%	1,622	1.9%
200,000-$249,999	543	0.8%	933	1.1%
250,000-$499,999	556	0.8%	884	1.0%
$500,000+	97	0.1%	239	0.3%
Total	**67,113**	**100%**	**85,658**	**100%**

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Both the Submarket and MSA have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,600. Compared to the MSA, the Submarket had the largest percentage of seniors earning less than $35,000 annually in 2007. Approximately 60.1 percent of those 55 and older in the Submarket were earning under $35,000 per year in 2007. This is attributable primarily to the Submarket's high percentage of senior households earning below $15,000 annually. The MSA features slightly fewer senior households in these income brackets when compared to the Submarket. By 2012, both areas of analysis will have seen decreases in the number of seniors earning less than $35,000 annually. However, within the Submarket and MSA, it is estimated that 52.6 and 50.3 percent of seniors will still be earning less than $35,000 annually for these two areas, respectively. It should be noted that these estimates are most likely a function of inflation rather than a demographic trend. These factors indicate that affordable housing for the senior population will remain in demand.

Tenure

The following table is a summary of the senior tenure patterns of the housing stock in the Submarket and MSA for 2000 through 2012.

Tenure Patterns - Elderly Population (Age 55+)								
	Southeast Hidalgo County Submarket				McAllen-Edinburg-Mission, TX MSA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	9,050	83.7%	1,757	16.3%	43,784	84.1%	8,289	15.9%
2007	11,564	83.7%	2,245	16.3%	56,430	84.1%	10,683	15.9%
2012	14,867	83.7%	2,886	16.3%	72,023	84.1%	13,635	15.9%

Source: ESRI Demographics 2007; Novogradac & Company LLP, August 2008

As the above table illustrates, the senior housing market is dominated by owner-occupied units in all areas of analysis. The Submarket and MSA have a significantly smaller percentage of senior renter-occupied units when compared to the national average (28 percent, not shown above). The small percentage of renter-occupied senior households is not unusual in developing submarkets, where owner-occupied housing is predominant.

Senior Demographic Conclusion

Although the median senior household income for the Submarket is projected to increase from 2007 to 2012, growth in the national and MSA's median senior household income is projected to outpace growth in the Submarket. Both the MSA and Submarket feature significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $36,100. Approximately 60.1 percent of those 55 and older in the Submarket were earning under $35,000 per year in 2007. This is attributable primarily to the Submarket's high percentage of senior households earning below $15,000 annually. The Submarket features slightly more senior households in these income brackets when compared to the MSA and national averages.

LOCAL MARKET INFORMATION

Southeast County Submarket

The following sections will provide an analysis of the local market characteristics within the Submarket.

Healthcare

There is one primary health care provider serving the Southeast Hidalgo County Submarket, the South Texas Branch Knapp Medical Center, located in Weslaco. The Knapp Medical Center is a non-profit 233-bed medical center which provides general hospital care to a rural and city population of approximately 175,000 people. The Knapp Medical Center has 220 physicians and has a medical staff of over 1,000. Additionally, there are 11 home health care agencies, 206 doctors, nine dentists, four nursing homes, and nine pharmacies located in Weslaco. Mercedes, Texas has seven physicians, three medical clinics, and one dentist.

Transportation

The Southeast Hidalgo County Submarket is served by the McAllen Miller International Airport, which is located approximately 18 miles east of Weslaco, Texas. The McAllen Miller International Airport (MFE) is the primary business airport of the Rio Grande Valley and provides non-stop flights to Dallas-Fort Worth, Houston, and Las Vegas via American Airlines, Continental Airlines, and Allegiant Air.

Highway access to the Southeast Hidalgo County Submarket can be accomplished via U.S. Highway 83. U.S. Highway-83 runs east/west from Harlingen, Texas to Manitoba, Canada.

Education

The Southeast Hidalgo County Submarket is served by the Weslaco Independent School District, the Mercedes Independent School District, Donna Independent School District, the Progresso Independent School District, and the South Texas Independent School District. The Weslaco Independent School District has ten elementary schools, four middle schools, one secondary school, three high schools, and two alternative schools with a total enrollment of 15,703 and 1,024 teachers. The Mercedes Independent School District has five elementary schools, one middle school, and three high schools with a total enrollment of 5,072. The Progresso Independent School District has one high school, two middle schools and one elementary school. The South Texas Independent School District serves junior high and high school students in the Rio Grande Valley. The district stretches over three counties, Cameron, Hidalgo and Willacy, and overlaps 28 other school districts in an area 3,643 miles in size. The district is comprised of five magnet schools, two of which are located in Mercedes, Texas, South Texas High school for Health Professions and The Science Academy of South Texas.

The nearest community college is the Weslaco branch of the South Texas Community College System. The nearest universities are located outside of the Submarket in Edinburg and McAllen, approximately 5 to 15 miles east of Mission along U.S. Highway 83. The University of Texas Pan American in Edinburg, Texas has 17,337 students, including 2,261 graduate students and is the tenth largest university in the state and the fifth largest in the UT system. McAllen offers five major colleges/universities including the San Antonio College of Medical and Dental Assistants, South

Texas Community College, South Texas Vocational Technical Institute, and the University of Cosmetology Arts and Sciences.

Public Transportation

Valley Transit Company serves the city of Weslaco and the Southeast Hidalgo County Submarket. Valley Transit is a full-service bus company that serves South Central Texas and Northern Mexico with more than 50 daily schedules, as well as connections to nationwide travel on Greyhound Lines. The nearest Valley Transit Travel Center and Bus Stop is located at 113 East 3rd Street in Weslaco and is open 24 hours a day.

Employment Centers

There are a moderate to extensive number of employment centers in the Southeast Hidalgo County Submarket. The majority of employment centers are located in Weslaco. The largest employers in the city of Weslaco are:

Rank	Company	Industry	Employees
1	Weslaco ISD	Education	2,276
2	Knapp Medical Center	Healthcare	1,000+
3	Wal-Mart	Retail	500
4	Woodcrafters	Manufacturing	376
5	City of Weslaco	Government	367
6	H-E-B #1	Retail	255
7	Payne Auto Group	Retail	246
8	South Texas College	Education	240
9	H-E-B #2	Retail	186
10	Texas A&M Research Center	Education	180

Source: City of Weslaco website: August 2008

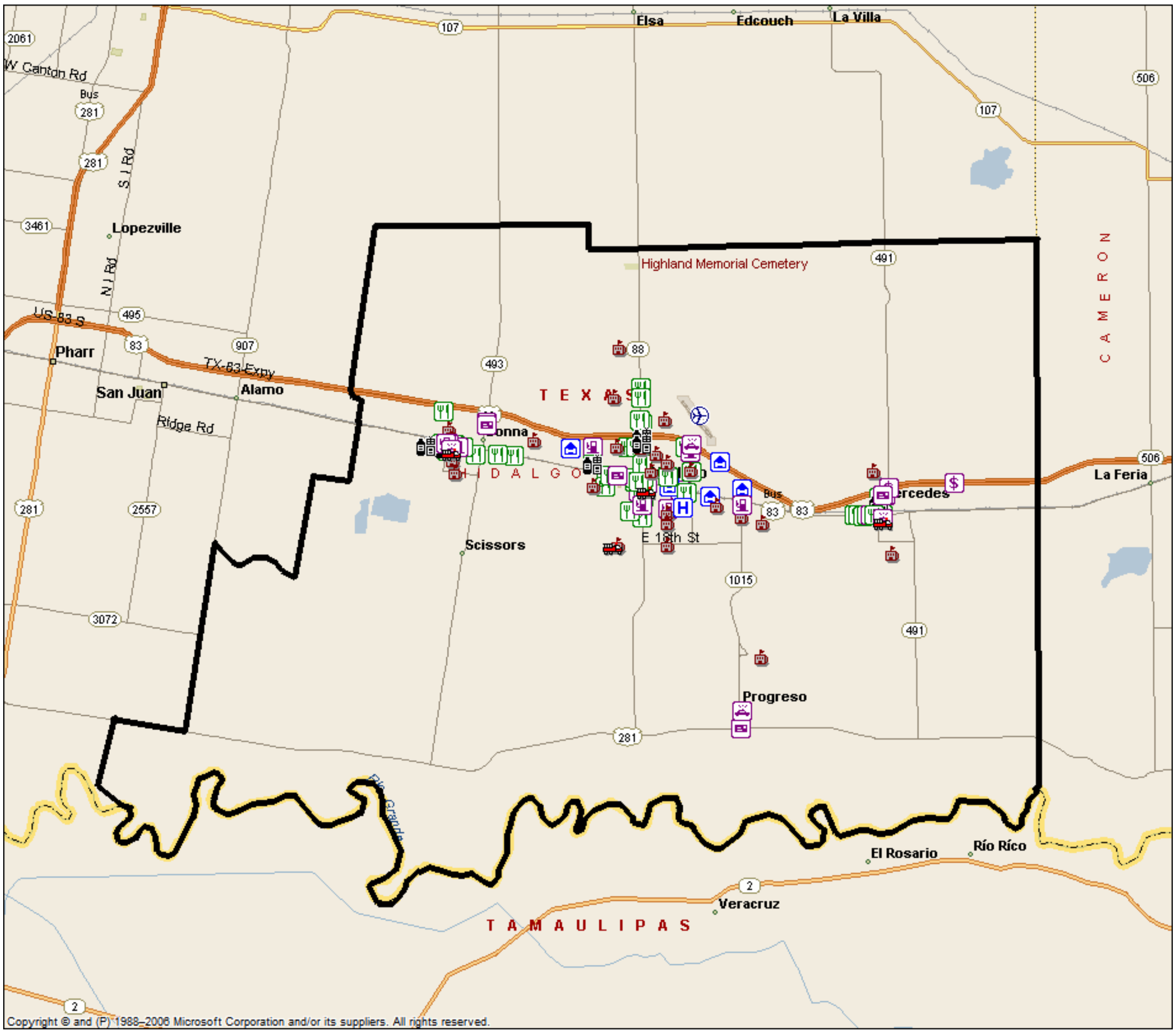
The largest employers in the city of Mercedes are:

Rank	Company	Industry	Employees
1	Mercedes ISD	Education	850
2	South Texas ISD	Education	430
3	H&H Meats	Manufacturing	370
4	L&G Concrete	Construction	300
5	Magic Valley Electric Co-Op	Utilities	160
6	H-E-B	Retail	145
7	C&C Bakery, Inc.	Retail	100
8	Rios of Mercedes	Retail	65
9	Borden’s Inc.	Manufacturing	55
10	Queen City Apparel Master	Manufacturing	43

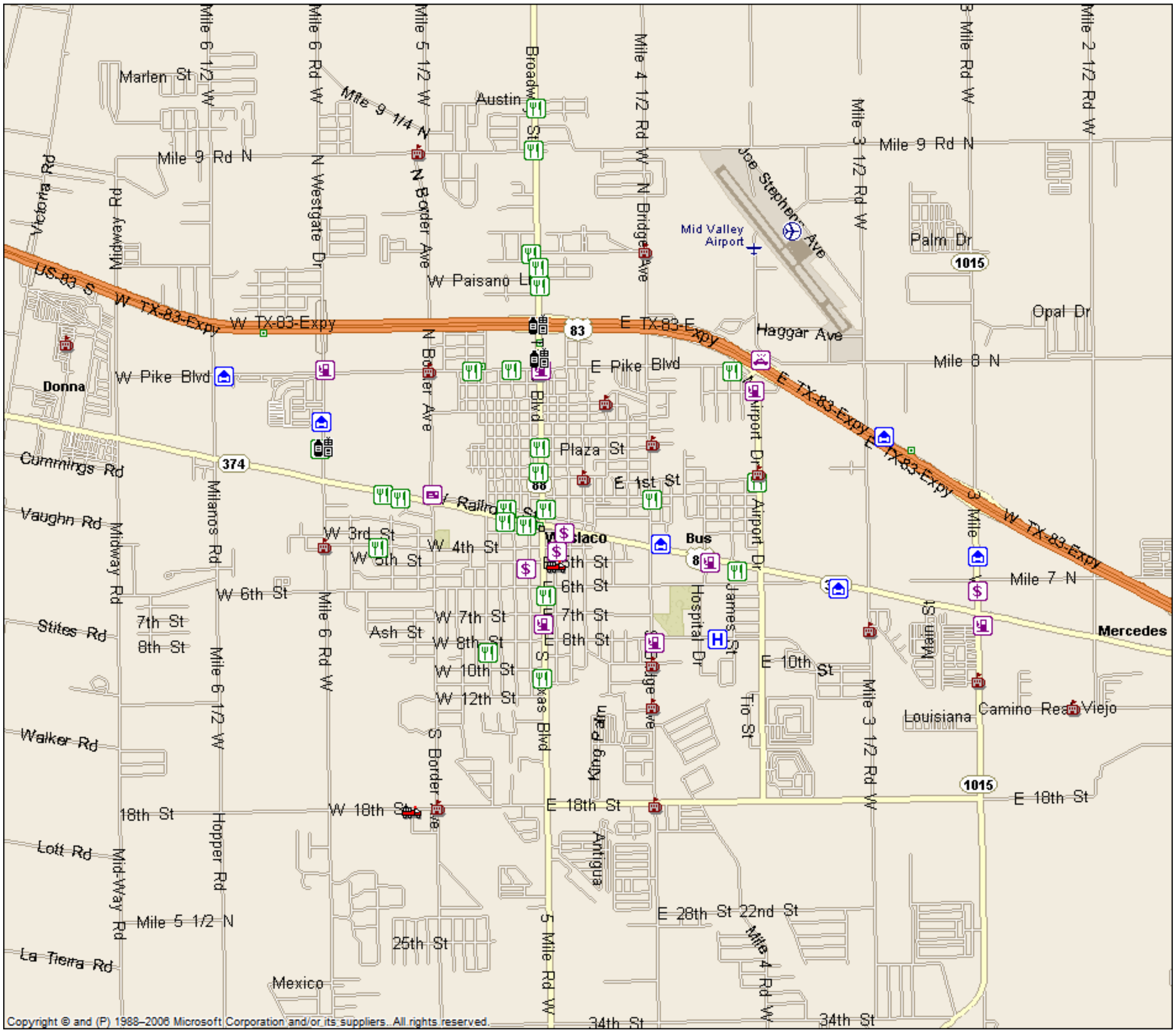
Based on the largest employers above, employment in the Submarket is dominated by the education, healthcare, retail, and manufacturing sectors. According to 2007 employment by industry demographics, the top four employment sectors in the Southeast Hidalgo County Submarket are the educational services, health care/social assistance, retail trade, and construction sectors. Approximately 52.7 percent of people in the Submarket work in these four industries. The demographic data and anecdotal data suggest that the Submarket is dominated by the education, healthcare and retail industries. Though there is a discrepancy regarding the dominance of the construction industry versus the manufacturing industry, when comparing both sets of data, it is important to note that the top two employers overall are education and healthcare, which are historically stable industries. Retail trade and construction/manufacturing are typically more volatile sectors of the economy as compared to historically stable industries such as education and healthcare. Therefore, despite the prevalence of the retail trade and construction/manufacturing industries in the Submarket, the high concentration of people employed in education and healthcare industries should promote economic stability throughout the current economic downturn.

Proximity to Local Services

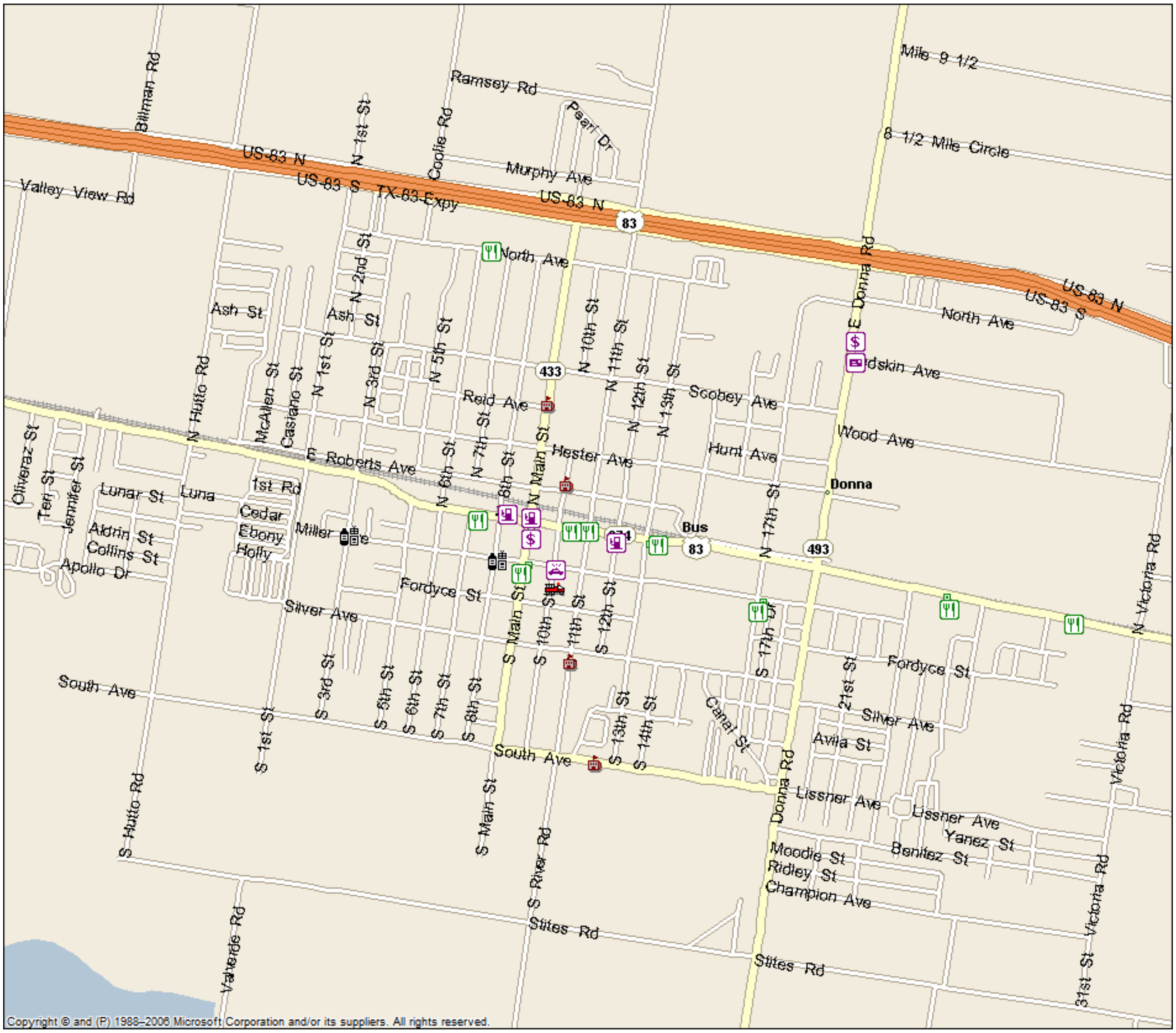
There are a moderate to extensive number of locational amenities in the Southeast Hidalgo County Submarket. The majority of locational amenities are located in and surrounding the cities of Weslaco and Mercedes, Texas.



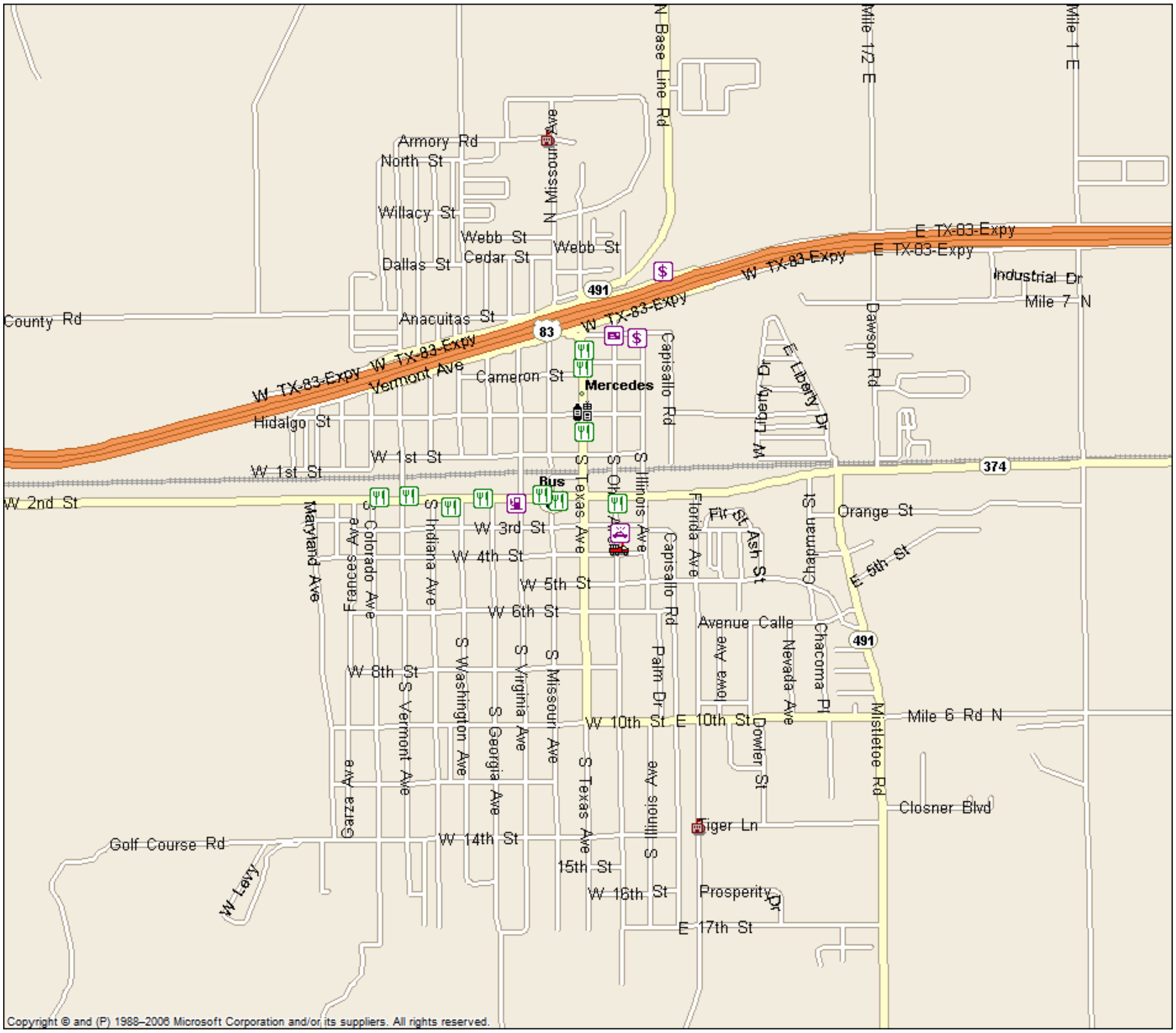
Source: Novogradac and Company LLP, July 2008.



Source: Novogradac and Company LLP, July 2008



Source: Novogradac and Company LLP, July 2008



Source: Novogradac and Company LLP, July 2008

Ranch	School	Bank
United States Post Office	Hospital	
Fire Station	Airport	
Restaurant	Police Station	
Hotel/Motel	College/University	
Grocery/Supermarket	Gas Station	

HOUSING SUPPLY ANALYSIS

SOUTHEAST HIDALGO COUNTY SUBMARKET HOUSING SUPPLY ANALYSIS

Age of the Housing Stock

The following table presents the age of the housing stock in the Southeast Hidalgo County Submarket.

AGE OF HOUSING STOCK IN PMA

Years	Number of Units	Percent of Housing Stock
1999-3/2000	1,345	3.74%
1995-1998	5,205	14.48%
1990-1994	4,831	13.44%
1980-1989	8,793	24.46%
1970-1979	6,616	18.40%
1960-1969	4,361	12.13%
1950-1959	2,390	6.65%
1940-1949	1,242	3.45%
1939 and Before	1,171	3.26%
Total	**35,954**	**100.00%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The majority of the housing stock (70.78 percent) in the West Central Hidalgo County Submarket was constructed from 1970 through 1998. The Submarket consists of moderate residential development including primarily of single-family homes with some multifamily housing. Based upon observations in the field, the predominant form of housing in this Submarket is owner-occupied single-family homes to excellent condition and less than five to 40 years in age. There is a moderate amount of multifamily development in poor to excellent condition and less than five to 40 years in age.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2008 for Hidalgo County, Texas. Building Permit Activity was not available by Submarket.

BUILDING PERMITS: Hidalgo County, TX - 1997 to May 2008

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
1997	1,373	140	41	1,554
1998	2,539	305	138	2,982
1999	4,397	152	109	4,658
2000	3,665	83	106	3,854
2001	3,500	130	764	4,394
2002	6,069	487	335	6,891
2003	6,691	419	950	8,060
2004	5,180	760	590	6,530
2005	7,125	662	953	8,740
2006	6,501	517	532	7,550
2007	5,125	364	707	6,196
2008*	1,340	124	105	1,569
Total	**53,505**	**4,143**	**5,330**	**62,978**
Average**	**4,742**	**365**	**475**	**5,583**

*Only includes through May 2008 ** Does not include 2008 permits

There were 5,330 "5+ units" building permits issued in Hidalgo County from 1997 to May 2008. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2008, at 85 percent, while "5+ units" building permits constitute approximately 8.5 percent of all permits issued from 1997 through May 2008.

Interviews

Housing Authority of County of Hidalgo

The Housing Authority of the County of Hidalgo was established in 1948 in order to serve the local farmworking families and migrant farmworkers in the region. The Housing Authority of the County of Hidalgo currently administers Farm Labor Housing units and Public Housing units in Hidalgo County, as well as Housing Choice Vouchers. According to Adela Montes, Deputy Director for the Housing Authority of the County of Hidalgo, there are currently 535 Farm Labor Housing units in two developments and 55 Public Housing units in two developments in Hidalgo County, excluding those administered by the McAllen Housing Authority. Two of these developments are located in the Southeast Hidalgo County Submarket, Northside Apartments and Villa Sandoval-Longoria. There are approximately 8,592 Housing Choice Vouchers budgeted for Hidalgo County, and all are currently in use. Waiting Lists for Public Housing and Farm Labor Housing are currently open while the waiting list for Housing Choice Vouchers is closed. There are approximately 896 households on the waiting list for Housing Choice Vouchers. Of the 896 households, 162 are elderly households. There is no separate waiting list for special needs households in the Housing Choice Voucher Program. Currently, there are 104 elderly households participating in the Housing Choice Voucher Program in Hidalgo County. The number of households on the waiting list for Public Housing and Farm Labor Housing can be found below:

FARM LABOR HOUSING WAITING LIST – HIDALGO COUNTY					
Name	1BR	2BR	3BR	4BR	Total
Northside Apartments	14HH	11HH	2HH	0HH	27HH
Memorial Apartments	N/A	N/A	N/A	N/A	46HH

PUBLIC HOUSING WAITING LIST – HIDALGO COUNTY					
Name	1BR	2BR	3BR	4BR	Total
Villa Sandoval-Longoria	N/A	54HH	23HH	23HH	100HH
Villa San Juanita Rutledge	N/A	N/A	15HH	24HH	39HH

The current payment standards for one-, two-, three-, and four-bedroom units are listed below. According to Adela Montes, the payment standards are 100 percent of the Fair Market Rents.

PAYMENT STANDARDS	
Units	Payment Standards
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

Housing Authority of the City of Weslaco

According to Jaime Villa, Section 8 Director in the Housing Authority of the City of Weslaco, there are currently 484 Housing Choice Vouchers designated for the City of Weslaco. Approximately 480 of the vouchers are currently in use. According to Mr. Villa, the payment standards being used in Weslaco match those published by the Housing Authority of the County of Hidalgo. The waiting list for housing choice vouchers is currently open and the waiting list has approximately 500 applicants. According to Mr. Villa, three-bedroom units are in high demand and approximately five percent of the applicants on the waiting list are senior/disabled households. There are two family public housing developments currently being administered by the Weslaco Housing Authority, Sevilla Apartments and Centerpointe Homes. There is one senior-targeted public housing development, Alta Vista Senior Towers, currently undergoing renovations and scheduled to be completed in September of 2009.

Housing Authority of the City of Donna

According to Norma Guytan, Section 8 Director in the Housing Authority of the City of Donna, there are currently 296 Housing Choice Vouchers designated for the City of Donna. Approximately 280 of the vouchers are currently in use. According to Ms. Guytan, the payment standards being used in Donna are as follows:

PAYMENT STANDARDS	
Units	Payment Standards
One-bedroom	$567
Two-bedroom	$669
Three-bedroom	$803
Four-bedroom	$923

The payment standards being used by the Donna Housing Authority are notably higher than those published by the Housing Authority of the County of Hidalgo. The waiting list for housing choice vouchers is currently closed and the waiting list has approximately 250 to 300 applicants. According to Ms. Guytan, two- and three-bedroom units are in high demand and approximately 10 percent of the applicants on the waiting list are senior/disabled households. There is one family public housing development currently being administered by the Donna Housing Authority, Mesa Vista.

Housing Authority of the City of Mercedes

According to Irma Perez, Section 8 Director in the Housing Authority of the City of Mercedes, there are currently 290 Housing Choice Vouchers designated for the City of Donna. Approximately 247 of the vouchers are currently in use. According to Ms. Perez, the payment standards being used in Mercedes are as follows:

PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$464
Two-bedroom	$548
Three-bedroom	$657
Four-bedroom	$755

The payment standards being used by the Mercedes Housing Authority are notably lower than those published by the Housing Authority of the County of Hidalgo. The waiting list for housing choice vouchers is currently closed and the waiting list has approximately 200 applicants. Ms. Perez was unaware of the number of senior/disabled applicants on the waiting list. Ms Perez did not have information regarding Public Housing in Mercedes and our phone calls to the public housing contact have not been returned as of the date of this study.

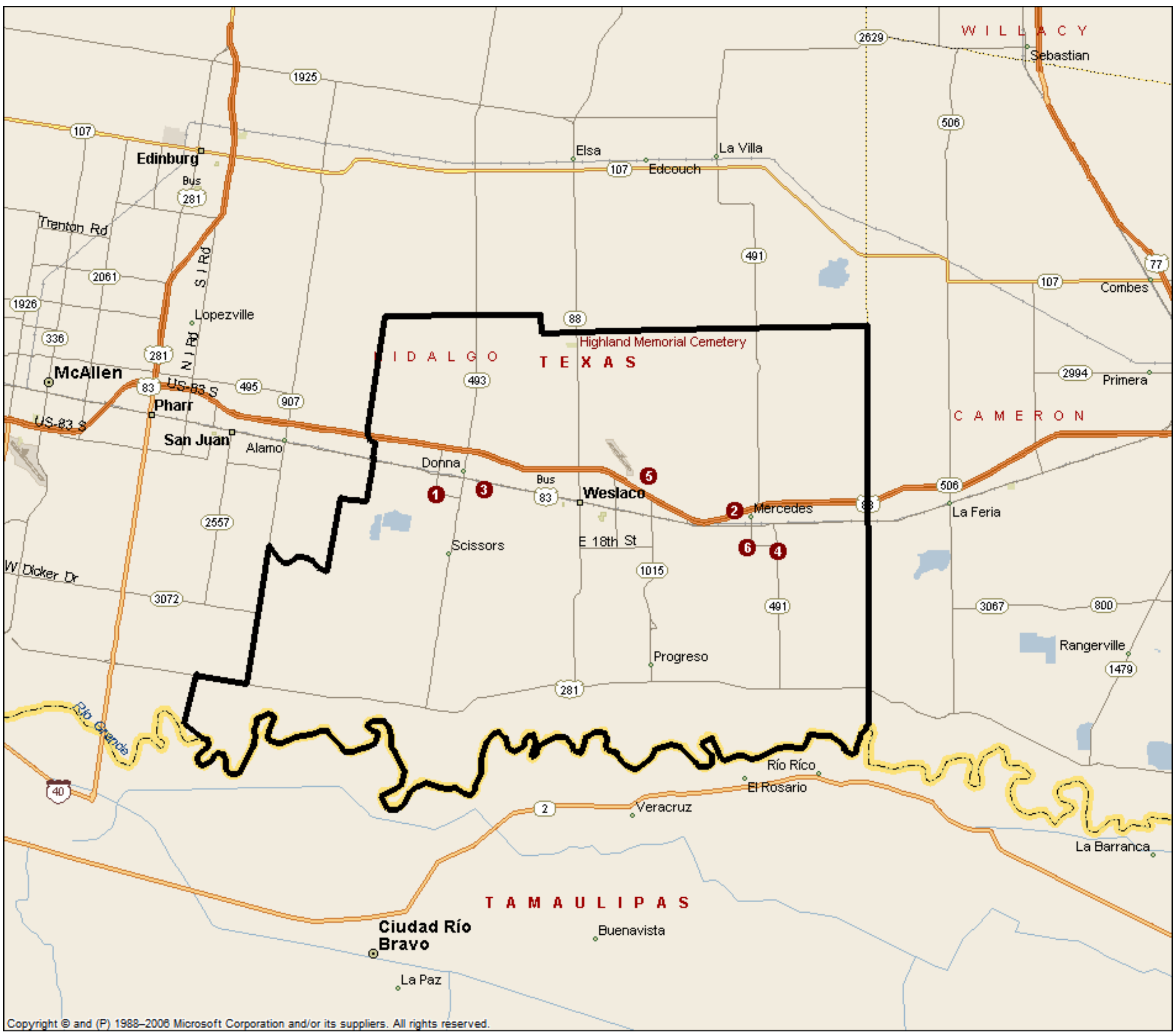
City of Weslaco Planning and Code Enforcement

We attempted to contact Adrian Torres and David Sifuentes with the Planning and Code enforcement divisions of the City of Weslaco, Texas. However, our inquiries regarding proposed or under construction multifamily development have not bee addressed as of the date of this study.

LIHTC Family Supply

We attempted to identify all existing, proposed, and under construction family LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, and property managers.

Novogradac identified 10 family LIHTC developments in the Southeast Hidalgo County Submarket. Of the 10 LIHTC developments, Oak Haven, Mesa Vista, Sevilla, and Centerpointe Homes have either an underlying USDA or Section 8 subsidy and are comprised entirely or in part of public housing units. Therefore, these properties have been excluded from the family LIHTC analysis and will be addressed in the family subsidized analysis section. The six of the remaining family LIHTC developments were able to provide current property and market data. The excluded properties list on the following pages lists the four family LIHTC properties in the PMA that were excluded from this analysis and the basis for their exclusion. A map of the surveyed properties can be found below:



SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Amistad Apartments	Donna	LIHTC/Market – Family
2	Anacuitas Manor Apartments	Mercedes	LIHTC – Family
3	Arbor Cove	Donna	LIHTC/Market – Family
4	Casa Saldana	Mercedes	LIHTC/Market – Family
5	La Estancia Apartments	Weslaco	LIHTC/Market – Family
6	La Herencia Apartments	Mercedes	LIHTC – Family

The following pictures identify the surveyed LIHTC family properties in the Submarket:


Amistad Apartments


Anacuitas Manor Apartments


Arbor Cove


Casa Saldana

La Estancia Apartments

La Herencia Apartments

Excluded Properties

The excluded properties list below lists the four family LIHTC properties in the PMA that were excluded from this analysis and the basis for their exclusion.

EXCLUDED PROPERTIES LIST				
Name	**Address**	**Type**	**No. of Units**	**Reason For Exclusion**
Oak Haven Apartments	513 W Frontage Road	LIHTC/USDA	24	Superceding subsidy
Mesa Vista	1301 South Salinas Street	LIHTC/Public Housing	76	Superceding subsidy
Sevilla Apartments	600 North Airport	LIHTC/Public Housing	80	Superceding subsidy/ scheduled for demolition
Centerpointe Homes	3401 Diamond Boulevard	LIHTC/Section 8/Public Housing	30	Superceding subsidy

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there are five family properties in the Southeast Hidalgo Submarket, which have received an allocation in the last three years.

RECENT LIHTC ALLOCATIONS					
Name	**Address**	**Type**	**No. of Units**	**Status**	**Date of Allocation**
Sevilla Apartments	600 North Airport Road	LIHTC/Public Housing-Family	80	Currently scheduled for demolition and reconstruction	2005/2008
Centerpointe Homes	3401 Diamond Boulevard	LIHTC/Section 8/Public Housing-Family	36	Complete and 100 percent occupied; being used in family subsidized supply analysis	2006
Casa Saldana	1225 N FM 491	LIHTC/Market-Family	196	Complete and 98.5 percent occupied; being used in family LIHTC analysis	2004/2007
Mesa Vista	1301 South Salinas	LIHTC/Public Housing-Family	76	Complete and 100 percent occupied; being used in family subsidized supply analysis	2005/2008
Arbor Cove	2805 Fordyce	LIHTC-Family	120	Complete and 99.2 percent occupied; being used in family LIHTC analysis	2004/2007

The only property scheduled for construction or renovation is Sevilla Apartments in Weslaco. Sevilla Apartments received a large LIHTC allocation in 2005 and then a smaller allocation again in 2008. The project is a proposed rehabilitation of a family oriented, multifamily public housing complex consisting of 80-units in 22 residential buildings and constructed in 1976. According to the property manager, the existing public housing development will be demolished and reconstruction will take place using tax credit funding. However, according to the 2005 LIHTC application, the existing public housing is scheduled for renovation as opposed to reconstruction. In either case, observations in the field confirm that renovation/demolition or reconstruction have not yet commenced. Upon rehabilitation/reconstruction, there will be 80 one-, two-, and three-bedroom units restricted to households earning less than 30 and 60 percent of the AMI. As previously mentioned, the units currently operate as public housing with a subsidy based on the Housing Authority's HUD-approved Annual Contributions Contract. However, once the units have been rehabilitated/reconstructed, the development will no longer receive the HUD subsidy.

All of the remaining recently allocated properties are fully constructed and stabilized. We are not aware of any other proposed or under construction family-oriented LIHTC developments in the Submarket.

Unit Mix

The following table illustrates the unit mix in the family LIHTC rental property market. Management at Casa Saldana was unable to provide a breakdown by unit type and therefore was excluded from this analysis.

Unit Mix - LIHTC Family		
Unit Type	**Total Units**	**Percent**
1 BR	64	11.5%
2 BR	194	34.9%
3 BR	241	43.3%
4 BR	57	10.3%
Total	**556**	**100%**

Larger unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.57 and is projected to decrease slightly by 2012 to 3.55. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 38 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate an unmet demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the family LIHTC rental property market. Only one property is offering four-bedroom units and therefore an analysis of the four-bedroom unit size has not been conducted.

Unit Size - LIHTC Family			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
1 BR	570	750	640
2 BR	800	990	920
3 BR	1,015	1,240	1,127

The one, two, and three-bedroom unit sizes for the surveyed LIHTC properties in the market are 19.2 percent smaller, 1.8 percent larger, and 10.8 percent larger than the surveyed market rate one-, two-, and thee-bedroom units in the Submarket.

Common and In-Unit Amenities

	Amistad Apartments	Anacuitas Manor Apartments	Arbor Cove	Casa Saldana	La Estancia Apartments	La Herencia Apartments
Comp #	Subject	1	2	3	4	5
Property Information						
Property Type	Garden	Garden	Single Family	One-story	Garden	Garden
Year Built / Renovated	2001	1998	2004	2006	2002	1999
Market (Conv.)/Subsidy Type	@50%, @60%, Market	@50%, @60%	@30%, @40%, @50%, @60%, Market	@40%, @50%, @60%, Market	@50%, @60%, Market	@50%, @60%
In-Unit Amenities						
Balcony/Patio	yes	no	yes	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes
Cable/Satellite/Internet	yes	no	no	no	yes	no
Carpeting	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes
Coat Closet	yes	no	yes	yes	no	no
Dishwasher	yes	yes	yes	yes	yes	yes
Exterior Storage	no	no	no	yes	no	yes
Ceiling Fan	yes	yes	yes	yes	yes	no
Garbage Disposal	no	yes	yes	yes	yes	yes
Oven	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes
Walk-In Closet	yes	yes	yes	yes	yes	no
Washer/Dryer hookup	no	yes	yes	no	no	no
Property Amenities						
Business Center/Computer Lab	no	no	yes	yes	yes	no
Carport	yes	no	no	no	yes	no
Clubhouse/Meeting Room/Community Room	yes	yes	yes	yes	yes	yes
Exercise Facility	no	no	yes	no	no	no
Garage	no	no	yes	no	no	no
Central Laundry	yes	no	yes	yes	yes	yes
Off-Street Parking	yes	yes	no	yes	yes	no
On-Site Management	yes	yes	no	yes	yes	yes
Picnic Area	yes	no	yes	yes	no	no
Playground	yes	yes	yes	yes	yes	yes
Swimming Pool	yes	yes	yes	yes	yes	yes
Volleyball Court	no	no	yes	yes	no	no
Carport Fee	$5.00	--	--	--	$10.00	--
Services						
Afterschool Program	yes	no	no	no	no	no
Computer Tutoring	no	no	no	no	yes	no
Daycare	no	no	no	no	yes	no
Security						
Limited Access	yes	no	no	no	yes	yes
Perimeter Fencing	yes	no	no	yes	yes	yes
Premium Amenities						
Other Amenities						
Other	n/a	n/a	n/a	n/a	n/a	n/a

The existing LIHTC multifamily properties in the Submarket offer a moderate amount of in-unit and community amenities. Most of the surveyed LIHTC properties offer unit amenities that include balconies/patios, window covers, carpeting, central air, dishwashers, ceiling fans, garbage disposals, ovens, refrigerators, and walk-in-closets. Washers/dryers and washer/dryer connections are not prevalent in the family LIHTC market. Most of the surveyed LIHTC properties offer community amenities including a clubhouse/community room, a central laundry, off-street parking, on-site management, a playground, and a swimming pool. Approximately half of the properties offer a business center/computer room and picnic areas. Security features such as perimeter fencing and limited access are prevalent in the Submarket. Only two of the surveyed properties offered non-shelter services such as an afterschool program, daycare and tutoring; it is not considered a LIHTC market standard in the Submarket. Additionally, premium amenities are offered by the surveyed LIHTC properties in the Submarket.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit type for the surveyed properties. Management at Casa Saldana was unable to provide a breakdown by unit type and therefore was excluded from this analysis.

Weighted Vacancy - LIHTC Family			
Unit Type	**Total Units**	**Vacant Units**	**Percent Vacant**
1 BR	64	7	10.93%
2 BR	194	10	5.15%
3 BR	241	7	2.90%
4 BR	57	0	0.00%
Total	**556**	**25**	**4.50%**

The highest weighted vacancy rates in the Submarket are found in the smaller bedroom types. It should be noted that the surveyed market rate properties in the Submarket have an average weighted vacancy rate of 3.40 percent. Affordable properties typically exhibit vacancy rates lower than that of market rate properties. The vacant units found at the surveyed LIHTC family properties are comprised entirely of units at the 60 percent of AMI set-aside and the market rate units. The higher than average weighted vacancy rate for the LIHTC unit in the Submarket could be indicative of a lack of income qualified tenants for the 60 percent of AMI units.

Absorption

Only one property, Casa Saldana, constructed in 2006, was able to provide an absorption rate of 12.4 units per month.

Waiting Lists

The following table lists the number of households on the waiting lists for the surveyed properties.

Waiting Lists – LIHTC Family		
Property Name	**Number of Units**	**Households**
Amistad Apartments	76	None
Anacuitas Manor	72	10HH
Arbor Cove	120	LIHTC units only; 12 HH
Casa Saldana	196	LIHTC units only; 15HH
La Estancia	128	None
La Herencia	160	None

Three of the six surveyed family LIHTC properties currently maintain small waiting lists with an average length of 12 households per month.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Vacancy – LIHTC Family		
Property Name	**Number of Units**	**Vacancy Rate**
Amistad Apartments	76	6.60%
Anacuitas Manor	72	1.40%
Arbor Cove	120	0.80%
Casa Saldana	196	1.50%
La Estancia	128	5.50%
La Herencia	160	6.90%
AVERAGE	**752**	**3.78%**

Overall vacancy at the surveyed family LIHTC properties is slightly higher than the surveyed market rate properties in the Submarket, which have an overall average vacancy rate of 2.28 percent. All of the surveyed LIHTC properties were constructed between 1998 and 2006 and all of the surveyed LIHTC properties offer some units at lower set-asides. The overall average vacancy rate appears slightly higher than is typical considering the age, condition, and unit mix of the surveyed LIHTC properties.

Concessions

Only one of the LIHTC properties in the market is offering a concession. Concessions are not prevalent in the market

Turnover

The following table summarizes turnover rates at the surveyed properties.

Turnover – LIHTC Family		
Property Name	**Number of Units**	**Turnover**
Amistad Apartments	76	47%
Anacuitas Manor	72	33%
Arbor Cove	120	27%
Casa Saldana	196	50%
La Estancia	128	47%
La Herencia	160	15%
AVERAGE		**36.5%**

The average turnover rate for the LIHTC family properties in the market (36.5 percent) is higher than the turnover rates for the subsidized and market rate properties in the Submarket, with 21.2 percent and 26.5 percent, respectively.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
Amistad Apts.	Garden	@50%, @60%, Market	1BR / 1BA	9	11.80%	@60%	$490	600	yes	No	2	22.20%
202 South Avenue West	2001		1BR / 1BA	3	3.90%	Market	$499	600	n/a	No	0	0.00%
Donna, TX 78537			2BR / 2BA	10	13.20%	@50%	$490	900	yes	No	0	0.00%
Hidalgo County			2BR / 2BA	14	18.40%	@60%	$588	900	yes	No	1	7.10%
			2BR / 2BA	8	10.50%	Market	$599	900	n/a	No	1	12.50%
			3BR / 2BA	8	10.50%	@50%	$566	1,100	yes	No	0	0.00%
			3BR / 2BA	16	21.10%	@60%	$680	1,100	yes	No	1	6.20%
			3BR / 2BA	8	10.50%	Market	$699	1,100	n/a	No	0	0.00%
				76	100%						5	6.60%
Anacuitas Manor Apts.	Garden	@50%, @60%	2BR / 2BA	8	11.10%	@50%	$417	990	yes	Yes	0	0.00%
500 Tangerine Avenue	1998		2BR / 2BA	28	38.90%	@60%	$517	990	yes	Yes	0	0.00%
Mercedes, TX 78570			3BR / 2BA	36	50.00%	@60%	$593	1,189	yes	Yes	1	2.80%
Hidalgo County												
				72	100%						1	1.40%
Arbor Cove	Single Family	@30%, @40%, @50%, @60%, Market	2BR / 2BA	4	3.30%	@30%	$210	980	yes	12HH Total	0	0.00%
2805 Fordyce	2004		2BR / 2BA	2	1.70%	@40%	$308	980	yes	12HH Total	0	0.00%
Donna, TX 78537			3BR / 2BA	5	4.20%	@40%	$350	1,240	yes	12HH Total	0	0.00%
Hidalgo County			3BR / 2BA	14	11.70%	@50%	$463	1,240	yes	12HH Total	0	0.00%
			3BR / 2BA	32	26.70%	@60%	$577	1,240	yes	12HH Total	0	0.00%
			3BR / 2BA	6	5.00%	Market	$569	1,240	n/a	No	1	16.70%
			4BR / 2BA	5	4.20%	@40%	$374	1,360	yes	12HH Total	0	0.00%
			4BR / 2BA	14	11.70%	@50%	$500	1,360	yes	12HH Total	0	0.00%
			4BR / 2BA	32	26.70%	@60%	$627	1,360	yes	12HH Total	0	0.00%
			4BR / 2BA	6	5.00%	Market	$618	1,360	n/a	No	0	0.00%
				120	100%						1	0.80%
Casa Saldana	One-story	@40%, @50%, @60%, Market	1BR / 1BA	N/A	N/A	@40%	$265	750	no	Yes	0	N/A
1225 N FM 491	2006		1BR / 1BA	N/A	N/A	@50%	$346	750	no	Yes	0	N/A
Mercedes, TX 78570			1BR / 1BA	N/A	N/A	@60%	$428	750	no	Yes	0	N/A
Hidalgo County			1BR / 1BA	N/A	N/A	Market	$475	750	n/a	No	2	N/A
			2BR / 2BA	N/A	N/A	@40%	$319	947	no	Yes	0	N/A
			2BR / 2BA	N/A	N/A	@50%	$417	947	n/a	Yes	0	N/A
			2BR / 2BA	N/A	N/A	@60%	$515	947	no	Yes	0	N/A
			2BR / 2BA	N/A	N/A	Market	$575	947	n/a	No	1	N/A
			3BR / 2BA	N/A	N/A	@40%	$363	1,068	no	Yes	0	N/A
			3BR / 2BA	N/A	N/A	@50%	$476	1,068	no	Yes	0	N/A
			3BR / 2BA	N/A	N/A	@60%	$590	1,068	no	Yes	0	N/A
			3BR / 2BA	N/A	N/A	Market	$675	1,068	n/a	No	0	N/A
				196	100%						3	1.50%
La Estancia Apts.	Garden	@50%, @60%, Market	2BR / 2BA	33	25.80%	@50%	$426	900	yes	No	0	0.00%
3601 East Mile 8 North	2002		2BR / 2BA	33	25.80%	@60%	$524	900	yes	No	4	12.10%
Weslaco, TX 78596			2BR / 2BA	22	17.20%	Market	$600	900	n/a	No	0	0.00%
Hidalgo County			3BR / 2BA	30	23.40%	@60%	$603	1,150	yes	No	3	10.00%
			3BR / 2BA	10	7.80%	Market	$700	1,150	no	No	0	0.00%
				128	100%						7	5.50%
La Herencia Apts.	Garden	@50%, @60%	1BR / 1BA	33	20.60%	@50%	$406	570	yes	No	0	0.00%
100 La Herencia	1999		1BR / 1BA	19	11.90%	@60%	$428	570	yes	No	5	26.30%
Mercedes, TX 78570			2BR / 1.5BA	25	15.60%	@50%	$417	800	yes	No	0	0.00%
Hidalgo County			2BR / 1.5BA	7	4.40%	@60%	$515	800	yes	No	4	57.10%
			3BR / 2BA	56	35.00%	@50%	$475	1,015	yes	No	0	0.00%
			3BR / 2BA	20	12.50%	@60%	$589	1,015	yes	No	2	10.00%
				160	100%						11	6.90%

Rent and Square Footage Ranking

2008 LIHTC Maximum Allowable Gross Rent Limits							
Bedrooms	**30%**	**40%**	**50%**	**60%**	**80%**	**100%**	**FMR**
Efficiency	**$228**	**$305**	**$381**	**$457**	**$610**	**$762**	**$470**
1 Bedroom	**$245**	**$327**	**$408**	**$490**	**$698**	**$872**	**$516**
2 Bedroom	**$294**	**$392**	**$490**	**$588**	**$784**	**$980**	**$609**
3 Bedroom	**$340**	**$453**	**$566**	**$680**	**$872**	**$1,090**	**$730**
4 Bedroom	**$379**	**$506**	**$632**	**$759**	**$942**	**$1,177**	**$839**
5 Bedroom	**$418**	**$558**	**$698**	**$837**	**$1,012**	**$1,265**	**-**

PAYMENT STANDARDS	
Units	**Payment Standards**
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

The surveyed rents at all of the surveyed LIHTC properties, including those of the market rate units, are below the current payment standards for Hidalgo County. Five of the six surveyed properties have rents set at the maximum allowable levels.

LIHTC Family Supply Conclusion

Larger unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.57 and is projected to decrease slightly by 2012 to 3.55. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 38 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate an unmet demand for larger bedroom types.

The existing LIHTC multifamily properties in the Submarket offer a moderate amount of in-unit and community amenities. Most of the surveyed LIHTC properties offer unit amenities that include balconies/patios, window covers, carpeting, central air, dishwashers, ceiling fans, garbage disposals, ovens, refrigerators, and walk-in-closets. Washers/dryers and washer/dryer connections are not prevalent in the family LIHTC market. Most of the surveyed LIHTC properties offer community amenities including a clubhouse/community room, a central laundry, off-street parking, on-site management, a playground, and a swimming pool. Approximately half of the properties offer a business center/computer room and picnic areas. Security features such as perimeter fencing and limited access are prevalent in the Submarket. Only two of the surveyed properties offered non-shelter services such as an afterschool program, daycare or tutoring; it is not considered a LIHTC market standard in the Submarket. Additionally, premium amenities are offered by the surveyed LIHTC properties in the Submarket

Concessions are not prevalent in the market and three of the six properties currently maintain small waiting lists with an average length of approximately 12 households. Only Casa Saldana was able to provide an absorption rate of 12.4 units per month. Overall vacancy at the surveyed family LIHTC properties (3.78 percent) is slightly higher than the surveyed market rate properties in the Submarket, which have an overall average vacancy rate of 2.28 percent. The average turnover rate for the LIHTC family properties in the market (36.5 percent) is higher than the turnover rates for the subsidized and market rate properties in the Submarket, with 21.2 percent and 26.5 percent respectively.

The surveyed rents at all of the surveyed LIHTC properties, including those of the market rate units, are below the current payment standards for Hidalgo County. Five of the six surveyed properties have rents set at the maximum allowable levels.

LIHTC SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, providers, and property managers.

Novogradac identified one senior LIHTC development, La Sombra Apartments with 50 units. La Sombra is a combination LIHTC/USDA development with 100 percent of tenants paying no more than 30 percent of their annual gross income towards rent. Therefore, this property has been excluded from the senior LIHTC analysis and will be addressed in the senior subsidized analysis section.

Proposed/Under Construction

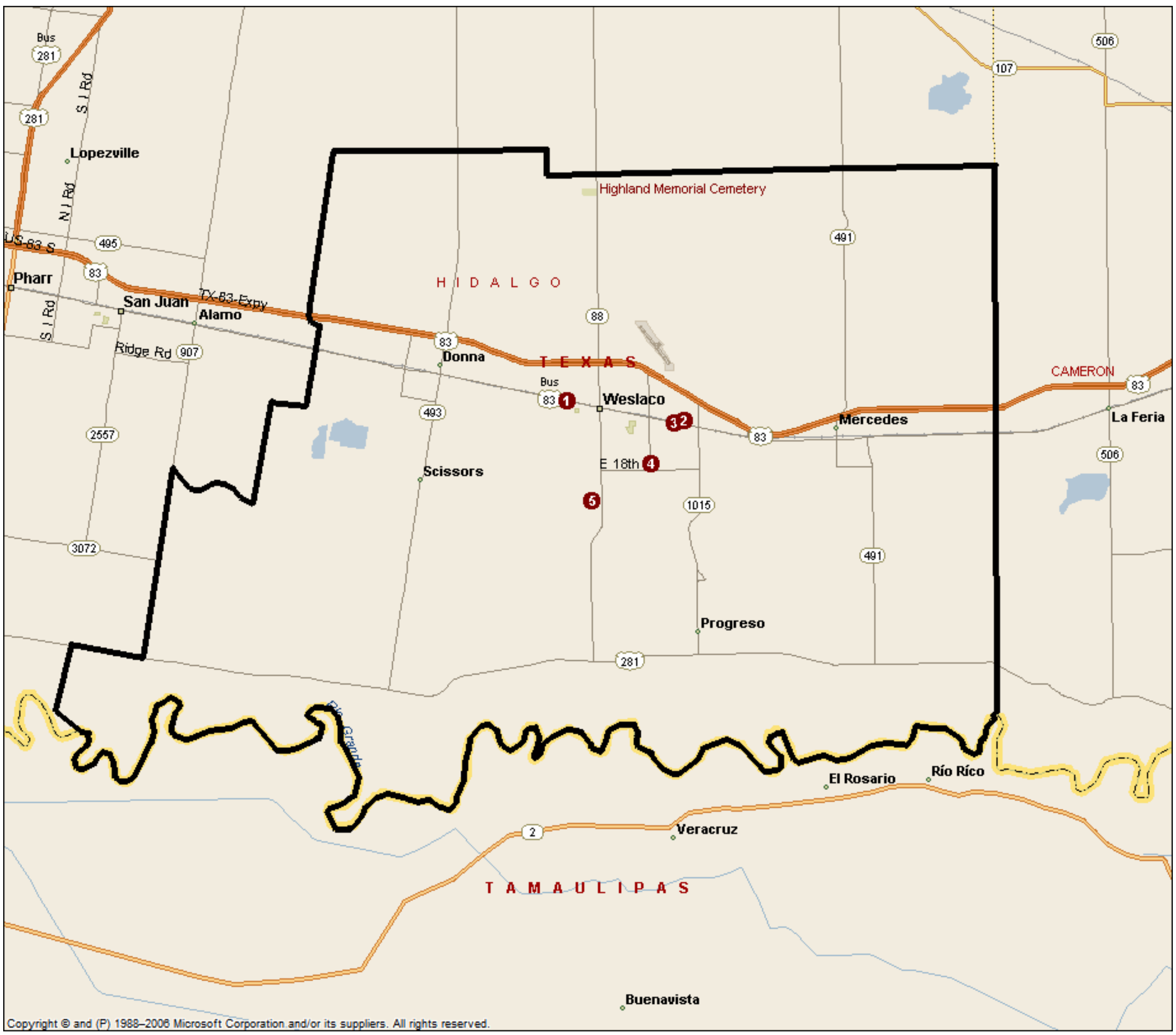
According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there is one proposed or under construction senior LIHTC property in the Southeast Hidalgo County Submarket, Alta Vista Senior Towers. Alta Vista Senior Towers is a midrise age-restricted public housing development comprised of 100 studio and one-bedroom units. This property was constructed in 1973 and is currently undergoing renovations. The existing tenants have been relocated and the project is expected to be complete by the end of Spring 2009. Upon renovation, the units at the 30 percent of AMI level will be public housing units and the units at the 60 percent of AMI level will be Project Based Section 8 units.

MARKET RATE FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction family market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials.

Novogradac identified seven family market rate properties in the Submarket. Of the seven properties, four were able to provide market data. We attempted to contact each of the remaining developments multiple times with no success. A table of the excluded properties and the reasons for exclusion can be found on the following pages.

The following map illustrates the location of the surveyed market rate family properties in the Submarket.



SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Keystone Apartments	Weslaco	Market – Family
2	Los Encinos Apartments	Weslaco	Market – Family
3	Mi Ka Sa Apartments	Weslaco	Market – Family
4	Sangria Sunset	Weslaco	Market - Family

Market Rate Multifamily Market

The following pictures identify the surveyed market rate family properties in the Submarket.

Keystone Apartments

Los Encinos Apartments

Mi Ka Sa Apartments

Sangria Sunset

Excluded Properties

The following table illustrates all of the excluded market rate properties in the Submarket. We attempted to contact the excluded properties multiple times with no success. Therefore, we were unable to confirm the target population for each development; we assume all of the following properties are family-oriented.

EXCLUDED PROPERTIES LIST

Name	Address	Type	No. of Units	Reason For Exclusion
Hal-Zee Apartments	222 S Westgate Drive	Market-Family	N/A	Could not Contact
Bridge Hollow Apartments	1522 S Bridge Avenue	Market-Family	N/A	Could not Contact
Dream World Apartments	2604 S Bridge Avenue	Market-Family	N/A	Could not Contact

Proposed Construction

We attempted to contact Adrian Torres and David Sifuentes with the Planning and Code enforcement divisions of the City of Weslaco, Texas. However, our inquiries regarding proposed or under construction market rate multifamily development have not bee addressed as of the date of this study.

Unit Mix

The following table illustrates the unit mix in the family market rate rental property market.

Unit Mix - Market Family		
Unit Type	**Total Units**	**Percent**
1 BR	102	38.5%
2 BR	118	44.5%
3 BR	45	17.0%
Total	**265**	**100%**

Small unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.57 and is projected to decrease slightly by 2012 to 3.55. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, demographic estimates show that approximately 38 percent of the population in 2007 was age 19 years or younger and this trend is expected to remain stable through 2012. Though smaller bedroom types are currently prevalent in the market, demographic projections evidence indicates a possible unmet demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the family market rate rental property market.

Unit Size – Market Family			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
1 BR	550	1,017	792
2 BR	796	1,017	903
3 BR	995	1,014	1,005

The one, two, and three-bedroom unit sizes for the surveyed market rate properties in the market are 19.2 percent larger, 1.8 percent smaller, and 10.8 percent smaller than the surveyed LIHTC one-, two-, and thee-bedroom units in the Submarket.

Common and In-Unit Amenities

	Keystone Apts.	Los Encinos Apts.	Mi Ka Sa Apts.	Sangria Sunset Apts.
Comp #	1	2	3	4
Property Information				
Property Type	Garden	One-story	One-story	One-story
Year Built / Reno.	1998	2006	2000	1999
Market/Subsidy Type	Market	Market	Market	Market
In-Unit Amenities				
Balcony/Patio	no	yes	yes	no
Blinds	yes	yes	yes	yes
Cable/Satellite/ Internet	yes	yes	yes	yes
Carpeting	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes
Coat Closet	yes	no	yes	no
Dishwasher	yes	no	no	no
Ceiling Fan	yes	no	no	yes
Garbage Disposal	no	yes	yes	no
Microwave	yes	no	no	no
Oven	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes
Walk-In Closet	no	no	yes	no
Washer/Dryer hookup	yes	yes	yes	yes
Property Amenities				
Carport	yes	no	no	yes
Clubhouse/Meeting Room/Community Room	no	no	no	yes
Exercise Facility	yes	no	no	no
Jacuzzi	yes	no	no	no
Off-Street Parking	yes	yes	yes	yes
On-Site Management	yes	no	no	yes
Playground	yes	no	no	no
Swimming Pool	yes	no	no	yes
Carport Fee	$20.00	--	--	$25.00
Services				
Security				
Limited Access	yes	no	no	yes
Perimeter Fencing	yes	no	no	yes
Premium Amenities				
Other Amenities				
Other	n/a	n/a	n/a	n/a

\

The surveyed market rate properties in the Southeast Hidalgo County Submarket offer a limited amount of in-unit and community amenities. The majority of the surveyed market rate properties offer in-unit amenities including window covers, carpeting, central air, ovens, and refrigerators. Half of the properties offer balconies/patios, garbage disposals, ceiling fans, and balconies/patios. The majority of the market rate surveyed properties offer off-street parking. Half of the surveyed properties offer carports at an additional cost, on-site management, and a swimming pool.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit types for the surveyed properties.

Weighted Vacancy - Market Family			
Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	102	3	2.94%
2 BR	118	6	5.10%
3 BR	45	0	0.00%
Total	**265**	**9**	**3.40%**

The average weighted vacancy rate for the surveyed market rate properties is slightly lower than the average weighted vacancy rate of the surveyed LIHTC properties, of 4.50 percent.

Absorption

One of the market rate properties was able to provide an absorption rate of five units per month, which is significantly slower than the absorption rate of the surveyed LIHTC property of 12.4 units per month.

Waiting List

None of the market rate properties maintain a waiting list. Waiting lists are not prevalent in the Submarket.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Vacancy – Market Family			
Property Name	Number of Units	Vacant Units	Vacancy Rate
Keystone Apartments	136	2	1.50%
Los Encinos Apartments	19	0	0.00%
Mi Ka Sa Apartments	18	0	0.00%
Sangria Sunset	92	7	7.60%
AVERAGE	**265**	**9**	**3.4%**

The average vacancy rate for the market rate properties is slightly lower than that of the surveyed average vacancy of LIHTC properties of 3.78 percent.

Concessions

None of the surveyed market rate properties is offering concessions. Concessions are not prevalent in the Submarket, with respect to market rate properties.

Turnover

All of the surveyed market rate properties were able to provide turnover information. The following table illustrates turnover information in the market.

Turnover – Market Family		
Property Name	**Number of Units**	**Turnover**
Keystone Apartments	136	48%
Los Encinos Apartments	19	21%
Mi Ka Sa Apartments	18	5%
Sangria Sunset	92	32%
AVERAGE		**26.5%**

Annual turnover rates reported range from 5 percent to 48 percent, with an average of 26.5 percent. Average turnover for the LIHTC properties in the market is slightly higher at 36.5 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Keystone Apts.	Garden	Market	1BR / 1BA	45	33.10%	Market	$570	550	n/a	No	0	0.00%
	1409 W. Business 83	1998		2BR / 1BA	46	33.80%	Market	$685	796	n/a	No	2	4.30%
	Weslaco, TX 78596			3BR / 2BA	25	18.40%	Market	$765	995	n/a	No	0	0.00%
	Hidalgo County			3BR / 2BA	20	14.70%	Market	$799	1,014	n/a	No	0	0.00%
					136	100%						2	1.50%
2	Los Encinos Apts.	One-story	Market	1BR / 1BA	4	21.10%	Market	$545	800	n/a	No	0	0.00%
	3801 Mooreland	2006		2BR / 1BA	15	78.90%	Market	$595	1,000	n/a	No	0	0.00%
	Weslaco, TX 78596												
	Hidalgo County				19	100%						0	0.00%
3	Mi Ka Sa Apts.	One-story	Market	1BR / 1BA	4	22.20%	Market	$495	800	n/a	No	0	0.00%
	624 S. Pleasanton Drive	2000		2BR / 1BA	14	77.80%	Market	$495	800	n/a	No	0	0.00%
	Weslaco, TX 78596												
	Hidalgo County				18	100%						0	0.00%
4	Sangria Sunset Apts.	One-story	Market	1BR / 1BA	49	53.30%	Market	$600	1,017	n/a	No	3	6.10%
	1602 S. Airport Drive	1999		2BR / 1.5BA	43	46.70%	Market	$600	1,017	n/a	No	4	9.30%
	Weslaco, TX 78596												
	Hidalgo County				92	100%						7	7.60%

Rents and Square Footage Ranking

2008 LIHTC Maximum Allowable Gross Rent Limits							
Bedrooms	**30%**	**40%**	**50%**	**60%**	**80%**	**100%**	**FMR**
Efficiency	**$228**	**$305**	**$381**	**$457**	**$610**	**$762**	**$470**
1 Bedroom	**$245**	**$327**	**$408**	**$490**	**$698**	**$872**	**$516**
2 Bedroom	**$294**	**$392**	**$490**	**$588**	**$784**	**$980**	**$609**
3 Bedroom	**$340**	**$453**	**$566**	**$680**	**$872**	**$1,090**	**$730**
4 Bedroom	**$379**	**$506**	**$632**	**$759**	**$942**	**$1,177**	**$839**
5 Bedroom	**$418**	**$558**	**$698**	**$837**	**$1,012**	**$1,265**	**-**

PAYMENT STANDARDS	
Units	**Payment Standards**
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

The average market rents for the one-, two-, and three-bedroom units at the surveyed market rate properties are $553, $594, and $782. The average one-, two-, and three-bedroom market rents are $37 higher, $15 lower, and $52 higher, respectively, than the current payment standards for the one-, two-, and three-bedroom units in Hidalgo County. The average one-, two-, and three-bedroom market rents are $63, $6, and $102 higher, respectively, than the 2008 maximum allowable rents at 60 percent of AMI for the one-, two-, and three-bedroom units in Hidalgo County.

Market Supply Conclusion

Small unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.57 and is projected to decrease slightly by 2012 to 3.55. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, demographic estimates show that approximately 38 percent of the population in 2007 was age 19 years or younger and this trend is expected to remain stable through 2012. Though smaller bedroom types are currently prevalent in the market, demographic projections evidence indicates a possible unmet demand for larger bedroom types.

The surveyed market rate properties in the Southeast Hidalgo County Submarket offer a limited amount of in-unit and community amenities. The majority of the surveyed market rate properties offer in-unit amenities including window covers, carpeting, central air, ovens, and refrigerators. Half of the properties offer balconies/patios, garbage disposals, ceiling fans, and balconies/patios. The majority of the market rate surveyed properties offer off-street parking. Half of the surveyed properties offer carports at an additional cost, on-site management, and a swimming pool.

The one-, two-, and three-bedroom unit sizes for the surveyed market rate properties in the market are 19.2 percent larger, 1.8 percent smaller, and 10.8 percent smaller than the surveyed market rate one-, two-, and thee-bedroom units in the Submarket. The average weighted vacancy rate for the surveyed market rate properties is slightly lower than the average weighted vacancy rate of the surveyed LIHTC properties, of 4.50 percent. Annual turnover rates reported range from 5 percent to 48 percent, with an average of 26.5 percent. Average turnover for the LIHTC properties in the market is slightly higher at 36.5 percent.

One of the market rate properties was able to provide an absorption rate of five units per month, which is significantly slower than the absorption rate of the surveyed LIHTC property of 12.4 units per month. None of the market rate properties maintains a waiting list. Waiting lists are not prevalent in the Submarket. None of the surveyed market rate properties is offering concessions. Concessions are not prevalent in the Submarket, with respect to market rate properties. The average vacancy rate for the market rate properties is slightly lower than that of the surveyed average vacancy of LIHTC properties of 3.78 percent.

The average market rents for the one-, two-, and three-bedroom units at the surveyed market rate properties are $553, $594, and $782. The average one-, two-, and three-bedroom market rents are $37 higher, $15 lower, and $52 higher, respectively, than the current payment standards for the one-, two, and three-bedroom units in Hidalgo County. The average one-, two-, and three-bedroom market rents are $63, $6, and $102 higher, respectively, than the 2008 maximum allowable rents at 60 percent of AMI for the one-, two, and three-bedroom units in Hidalgo County.

Market Rate Senior Supply

We attempted to identify all existing, proposed, and under construction senior-oriented market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials. There were no identifiable existing senior market rate properties in the Submarket. Based on the lack of available data, we did not complete a market rate senior market analysis.

Proposed Construction

We were unable to identify any proposed or under construction market rate senior developments in the Submarket.

Subsidized Family Supply

We attempted to identify all existing, proposed, and under construction family oriented subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

There are thirteen existing family-targeted subsidized developments located in the Southeast Hidalgo Submarket. We were able to acquire information on seven of the thirteen existing family-oriented subsidized developments. Two of the six remaining subsidized developments, Sevilla Apartments and Mercedes Palms are undergoing renovations/reconstruction and have therefore been excluded from this analysis. We attempted to contact each of the four remaining developments multiple times with no success. A table of the excluded properties and the reasons for exclusion can be found on the following pages.

The following map illustrates the location of the surveyed family-oriented subsidized properties in the Submarket.

SURVEYED FAMILY PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Centerpointe Homes	Weslaco	LIHTC/Section8/Public Housing
2	Mesa Vista Apartments	Donna	LIHTC/Public Housing – Family
3	Donna Village	Donna	Section 8 – Family
4	Northside Apartments	Weslaco	USDA/Public Housing
5	Sunrise Village Apartments	Donna	Section 8
6	Villa Sandoval-Longoria	Weslaco	Public Housing – Family
7	Weslaco Village Apartments	Weslaco	Section 8– Family

Subsidized Multifamily Market

The following pictures identify the surveyed subsidized family properties in the Submarket.

Centerpointe Homes

Mesa Vista Apartments

Donna Village

Northside Apartments

Sunrise Village Apartments

Villa Sandoval-Longoria

Weslaco Village

Excluded Properties

The table below lists the six family subsidized properties in the Submarket that were excluded from this analysis and the basis for their exclusion.

EXCLUDED PROPERTIES LIST				
Name	Address	Type	No. of Units	Reason For Exclusion
Oak Haven Apartments	513 W Frontage Road	LIHTC/USDA	24	Could not Contact
Armory Housing Project	101 Armory Road	Section 8	N/A	Could not Contact
Queens Village	108 E 8th Street	Section 8	N/A	Could not Contact
La Merced Homes	4135 S Virginia Avenue	Section 8	N/A	Could not Contact
Sevilla Apartments	600 North Airport Road	LIHTC/Public Housing	80	Undergoing renovations/reconstruction
Mercedes Palms	685 Chapman Street	Section 8	N/A	Undergoing renovations

Proposed Construction

Sevilla Apartments, a public housing development located in Weslaco, Texas, received a large LIHTC allocation in 2005 and then a smaller allocation again in 2008. The project is a proposed rehabilitation of a family oriented, multifamily public housing complex consisting of 80-units in 22 residential buildings, constructed in 1976. According to the property manager, the existing public housing development will be demolished and reconstruction will take place using tax credit funding. However, according to the 2005 LIHTC application, the existing public housing is scheduled for renovation as opposed to reconstruction. In either case, observations in the field confirm that renovation/demolition or reconstruction have not yet commenced. Upon rehabilitation/reconstruction, there will be 80 one-, two-, and three-bedroom units restricted to households earning less than 30 and 60 percent of the AMI. As previously mentioned, the units currently operate as public housing with a subsidy based on the Housing Authority's HUD-approved Annual Contributions Contract. However, once the units have been rehabilitated/reconstructed the development will no longer receive the HUD subsidy.

According to Irma Perez, Section 8 Director in the Housing Authority of the City of Mercedes, there is one Project Based Section 8 development in Mercedes, currently undergoing renovations. The tenants have been relocated for the duration of the renovations, but Ms. Perez was unable to provide further details.

Unit Mix

The following table illustrates the unit mix in the family subsidized rental property market. Properties unable to provide a breakdown by unit type have been excluded from this analysis.

Unit Mix - Subsidized Family

Unit Type	Total Units	Percent
1 BR	55	11.0%
2 BR	215	43.0%
3 BR	190	38.0%
4 BR	40	8.0%
Total	**500**	**100%**

Large unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.57 and is projected to decrease slightly by 2012 to 3.55. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, demographic estimates show that approximately 38 percent of the population in 2007 was age 19 years or younger and this trend is expected to remain stable through 2012.

Unit Size

The following table illustrates the existing unit sizes in the subsidized rental property market. Properties unable to provide information regarding unit sizes are prevalent in the Submarket.

Unit Size - Subsidized Family			
Unit Type	Minimum Surveyed	Maximum Surveyed	Surveyed Average
1 BR	571	710	641
2 BR	834	963	887
3 BR	1,009	1,438	1,175
4 BR	1,210	1,215	1,213

The surveyed one-, two, three-, and four-bedroom subsidized units have average sizes of 641, 887, 1,175 and 1,213 square feet, respectively. The subsidized one-, two-, and three-bedroom average unit sizes are similar, 3.6 percent smaller, and 4.1 percent larger, respectively, than the one, two-, and three-bedroom average unit sizes found at the LIHTC properties in the Submarket. There were no four-bedroom units among the surveyed market rate and LIHTC developments.

Common and In-Unit Amenities

	Centerpointe Homes	Mesa Vista Apartments	Donna Village	Northside Apartments	Sunrise Village Apts	Villa Sandoval-langoria	Weslaco Village Apartments
Comp #	1	2	3	4	5	6	7
Property Information							
Property Type	Single Family	Garden	Various	Various	Single-story	Single-story	Garden
Year Built / Renovated	2008	2007	1976	1979	N/A	1997	N/A
Market (Conv.)/Subsidy Type	@30% (Public Housing), @60%, @60% (Project Based Rental Assistance - PBRA)	@30% (Public Housing), @60%	Section 8	Rural Development	Section 8	Market (Public Housing)	Non-Rental, Section 8
In-Unit Amenities							
Balcony/Patio	yes	yes	yes	yes	no	no	no
Blinds	yes	no	yes	yes	yes	yes	yes
Carpeting	yes	yes	no	no	no	no	yes
Central A/C	yes	no	yes	no	yes	yes	yes
Coat Closet	yes	no	yes	no	no	no	no
Dishwasher	yes	yes	no	no	no	no	no
Exterior Storage	no	no	yes	yes	yes	no	no
Ceiling Fan	yes	no	yes	no	no	no	no
Garbage Disposal	yes	yes	no	no	no	no	no
Microwave	yes	yes	no	no	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes
Walk-In Closet	yes	no	no	no	no	no	no
Window A/C	no	no	no	no	yes	no	no
Washer/Dryer	no	no	yes	no	no	no	no
Washer/Dryer hookup	yes	yes	no	yes	yes	yes	yes
Property Amenities							
Basketball Court	yes	no	yes	no	no	no	yes
Business Center/Computer Lab	yes	yes	no	no	no	no	no
Carport	no	no	no	no	no	yes	no
Clubhouse/Meeting Room/Community Room	yes	yes	no	no	no	no	yes
Exercise Facility	yes	yes	no	no	no	no	no
Garage	yes	no	no	no	no	no	no
Central Laundry	no	no	yes	no	no	no	no
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	no	yes
Playground	yes	yes	yes	no	no	no	yes
Recreation Areas	yes	no	no	no	no	no	no
Swimming Pool	yes	yes	no	no	no	no	no
Services							
Security							
Limited Access	no	yes	no	no	no	no	no
Patrol	no	no	no	yes	no	no	no
Perimeter Fencing	no	yes	yes	no	yes	no	no
Video Surveillance	yes	no	no	no	no	no	no
Premium Amenities							
Other Amenities							
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a

The existing subsidized multifamily properties in the Southeast Hidalgo County Submarket offer limited in-unit and community amenities. The majority of the properties in the market offer in-unit amenities including balconies/patios, window covers, ovens, and refrigerators. The majority of the properties offer community amenities including off-street parking and on-site management. The majority of the surveyed subsidized properties offer no non-shelter services, no security features, and no premium amenities. Tile flooring versus carpet flooring is common among the subsidized properties. A basic appliance package is provided with washer connections only in most units.

Weighted Vacancy
The following table illustrates the weighted vacancy rates in the subsidized rental property market. Properties unable to provide a breakdown by unit type were excluded from the weighted vacancy analysis.

Weighted Vacancy - Subsidized Family

Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	55	0	0.00%
2 BR	215	10	4.70%
3 BR	190	5	2.63%
4 BR	40	0	0.00%
Total	**500**	**15**	**3.00%**

The average weighted vacancy of the surveyed subsidized properties (3.0 percent) is lower than the average weighted vacancy of the surveyed LIHTC properties (4.5 percent).

Absorption
Two properties were able to provide absorption rates of 12 units per month and 8 units per month, resulting in an average absorption rate of 10 units per month, as compared to the surveyed family LIHTC properties (12.4 percent).

Waiting List
The following table illustrates the waiting lists in the subsidized rental property market.

Waiting Lists – Subsidized Family

Property Name	Number of Units	Households
Centerpointe Homes	36	5HH
Mesa Vista Apartments	76	10HH
Donna Village	57	8HH
Northside Apartments	289	27HH
Sunrise Village Apartments	39	<15HH
Villa Sandoval-Longoria	35	55HH
Weslaco Village Apartments	44	45HH

The average length of the waiting lists at the surveyed subsidized properties is approximately 24 households, which is significantly higher than the average length of the waiting lists of the surveyed LIHTC properties (12 households). All of the surveyed developments maintain short to extensive waiting lists. Based on this information, we anticipate significant future demand for affordable housing.

Vacancy Levels

The following table illustrates the vacancy rates in the subsidized rental property market.

Vacancy – Subsidized Family			
Property Name	**Number of Units**	**Vacant Units**	**Vacancy Rate**
Centerpointe Homes	36	0	0.00%
Mesa Vista Apartments	76	0	0.00%
Donna Village	57	1	1.80%
Northside Apartments	289	14	4.80%
Sunrise Village Apartments	39	0	0.00%
Villa Sandoval-Longoria	35	0	0.00%
Weslaco Village Apartments	44	0	0.00%
AVERAGE	**500**	**15**	**3.00%**

The average vacancy rate of the surveyed subsidized properties (3.0 percent) is slightly lower than the average vacancy rate of the surveyed LIHTC properties (3.78 percent).

Concessions

None of the subsidized family properties in the market are offering concessions.

Turnover

Turnover – Subsidized Family		
Property Name	**Number of Units**	**Households**
Centerpointe Homes	36	20%
Mesa Vista Apartments	76	N/A
Donna Village	57	21%
Northside Apartments	289	50%
Sunrise Village Apartments	39	5%
Villa Sandoval-Longoria	35	10%
Weslaco Village Apartments	44	N/a
AVERAGE	500	21.2

Five of the seven surveyed subsidized properties were able to provide turnover rates ranging from 5 to 50 percent, resulting in an average turnover rate of 21.2 percent, as compared to the surveyed LIHTC properties which have an average turnover rate of 36.5 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Centerpointe Subdivision	Single Family	@30% (Public Housing), @60%, @60% (Project Based Rental Assistance - PBRA)	3BR / 2BA	4	11.10%	@30%	$300	1,438	n/a	Yes	0	0.00%
	3401 Diamond Boulevard	2008		3BR / 2BA	3	8.30%	@60%	$542	1,438	yes	No	0	0.00%
	Weslaco, TX 78596			3BR / 2BA	29	80.60%	@60%	$665	1,438	n/a	Yes	0	0.00%
	Hidalgo County												
					36	100%						0	0.00%
2	Mesa Vista Apartments	Garden	@30% (Public Housing), @60%	1BR / 1BA	N/A	N/A	@30%	$181	710	n/a	Yes	0	N/A
	1301 South Salinas Street	2007		1BR / 1BA	N/A	N/A	@60%	$436	710	n/a	Yes	0	N/A
	Donna, TX 78537			2BR / 2BA	N/A	N/A	@30%	$229	963	n/a	Yes	0	N/A
	Hidalgo County			2BR / 2BA	N/A	N/A	@60%	$522	963	n/a	Yes	0	N/A
				3BR / 2BA	N/A	N/A	@30%	$261	1,147	n/a	Yes	0	N/A
				3BR / 2BA	N/A	N/A	@60%	$601	1,147	n/a	Yes	0	N/A
					76	100%						0	0.00%
3	Donna Village	Single-story	Section 8	2BR / 1BA	28	49.10%	Section 8	$566	863	n/a	4HH	1	3.60%
	301 Silver Avenue	1976		3BR / 1BA	19	33.30%	Section 8	$671	1,009	n/a	3HH	0	0.00%
	Donna, TX 78537			4BR / 1.5BA	10	17.50%	Section 8	$810	1,210	n/a	1 HH	0	0.00%
	Hidalgo County												
					57	100%						1	1.80%
4	Northside Apartments	Various	Rural Development	1BR / 1BA	38	13.10%	Rural Dev.	$250	N/A	n/a	Yes	0	0.00%
	1800 N Texas	1979		2BR / 1BA	156	54.00%	Rural Dev.	$303	N/A	n/a	Yes	9	5.80%
	Weslaco, TX 78596			3BR / 1BA	79	27.30%	Rural Dev.	$368	N/A	n/a	Yes	5	6.30%
	Hidalgo County			4BR / 1BA	16	5.50%	Rural Dev.	$415	N/A	n/a	Yes	0	0.00%
					289	100%						14	4.80%
5	Sunrise Village Apts.	Single-story	Section 8	1BR / 1BA	9	23.10%	Rural Dev.	$392	N/A	n/a	Yes	0	0.00%
	2106 Silver Ave			2BR / 1BA	14	35.90%	Rural Dev.	$420	N/A	n/a	Yes	0	0.00%
	Donna, TX 78537			3BR / 1BA	14	35.90%	Rural Dev.	$566	N/A	n/a	Yes	0	0.00%
	Hidalgo County			4BR / 1BA	2	5.10%	Rural Dev.	$767	N/A	n/a	Yes	0	0.00%
					39	100%						0	0.00%
6	Villa Sandoval-langoria	Single-story	@30% (Public Housing)	2BR / 1BA	1	2.90%	@30%	$479	N/A	n/a	Yes	0	0.00%
	1102 Lilia Drive	1997		3BR / 2BA	24	68.60%	@30%	$592	N/A	n/a	Yes	0	0.00%
	Weslaco, TX 78596			4BR / 2BA	10	28.60%	@30%	$616	N/A	n/a	Yes	0	0.00%
	Hidalgo County												
					35	100%						0	0.00%
7	Weslaco Village Apts.	Garden	Non-Rental, Section 8	1BR / 1BA	8	18.20%	Section 8	$444	571	n/a	Yes	0	0.00%
	1601 S Bridge Avenue			2BR / 1BA	1	2.30%	Non-Rental	N/A	834	n/a	No	0	0.00%
	Weslaco, TX 78596			2BR / 1BA	15	34.10%	Section 8	$567	834	n/a	Yes	0	0.00%
	Hidalgo County			3BR / 1.5BA	18	40.90%	Section 8	$667	1,106	n/a	Yes	0	0.00%
				4BR / 2BA	2	4.50%	Section 8	$759	1,215	n/a	Yes	0	0.00%
					44	100%						0	0.00%

Rent and Square Footage Ranking

PAYMENT STANDARDS	
Units	**Payment Standards**
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

All of the surveyed properties have one-, two-, three-, and four-bedroom units below the current payment standards for Hidalgo County.

Subsidized Family Supply Conclusion

Large unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.57 and is projected to decrease slightly by 2012 to 3.55. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, demographic estimates show that approximately 38 percent of the population in 2007 was age 19 years or younger and this trend is expected to remain stable through 2012.

The surveyed one-, two-, three-, and four-bedroom subsidized units have average sizes of 641, 887, 1,175 and 1,213 square feet, respectively. The subsidized one-, two-, and three-bedroom average unit sizes are similar, 3.6 percent smaller, and 4.1 percent larger, respectively, than the one-, two-, and three-bedroom average unit sizes found at the LIHTC properties in the Submarket. There were no four-bedroom units among the surveyed market rate and LIHTC developments.

The average weighted vacancy of the surveyed subsidized properties (3.0 percent) is lower than the average weighted vacancy of the surveyed LIHTC properties (4.5 percent). Two properties were able to provide absorption rates of 12 units per month and 8 units per month, resulting in an average absorption rate of 10 units per month, as compared to the surveyed family LIHTC properties (12.4 percent). The average length of the waiting lists at the surveyed subsidized properties is approximately 24 households, which is significantly higher than the average length of the waiting lists of the surveyed LIHTC properties (12 households).

The average vacancy rate of the surveyed subsidized properties (0.94) is notably lower than the average vacancy rate of the surveyed LIHTC properties (3.78 percent). None of the subsidized family properties in the market are offering concessions. Five of the seven surveyed subsidized properties were able to provide turnover rates ranging from 5 to 50 percent, resulting in an average turnover rate of 21.2 percent, as compared to the surveyed LIHTC properties which have an average turnover rate of 36.5 percent.

All of the surveyed properties have one-, two-, three-, and four-bedroom units below the current payment standards for Hidalgo County.

Subsidized Senior Supply

We attempted to identify all existing, proposed, and under construction senior subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

There are three existing senior subsidized developments located in the Southeast Hidalgo Submarket. We were able to acquire information on one of the three subsidized senior properties. We attempted to contact each of the two properties multiple times with no success. A table of the excluded properties can be found below:

EXCLUDED PROPERTIES LIST				
Name	Address	Type	No. of Units	Reason For Exclusion
Villas Residencial aka Amigos Del Valle	334 E 5th Street	Section 8	N/A	Could not Contact
Casa De Amigos V	2100 W 6th Street	Section 8	N/A	Could not Contact

La Sombra is a combination LIHTC/USDA development with 100 percent of tenants paying no more than 30 percent of their annual gross income towards rent. La Sombra is an age-restricted/disabled development comprised of 50 one- and two-bedroom units. There are 42 one-bedroom units and 8 two-bedroom units. The property is currently 100 percent occupied with a year long waiting list for all units. Approximately 35 percent of the tenants are disabled tenants. Annual turnover is approximately two percent. A photo of La Sombra is shown below.

La Sombra Apartments

Based on the lack of available data, we were unable to complete a subsidized senior supply analysis.

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there is one proposed or under construction senior LIHTC property in the Southeast Hidalgo County Submarket, Alta Vista Senior Towers. Alta Vista Senior Towers is a midrise age-restricted public housing development comprised of 100 studio and one-bedroom units. This property was constructed in 1973 and is currently undergoing renovations. The existing tenants have been relocated and the project is expected to be complete by the end of Spring 2009. Upon renovation, the units at the 30 percent of AMI level will be public housing units and the units at 60 percent of AMI will be Project Based Section 8 units.

DEMAND ANALYSIS

AFFORDABLE HOUSING DEMAND ANALYSIS

As outlined in the study requirements, our estimate of demand for affordable rental housing in the Southeast Hidalgo County Submarket is based on current households and is presented by household size, income level and targeted population. Existing income-qualified renter households are further refined to account for household growth over a five-year projection period, percentage of rent-overburdened households, percentage of households residing in substandard housing, percentage of households in overcrowded housing, and the Submarket's turnover rate. Additionally, we have adjusted our demand estimates to account for accommodation of affordable housing demand through any planned, proposed or unstabilized LIHTC units in the Submarket.

The number of income-qualified renter households is calculated for each of six income cohorts: less than 30 percent of AMI, 31 to 40 percent of AMI, 41 to 50 percent of AMI, 51 to 60 percent of AMI, 61 to 80 percent of AMI and 81 to 100 percent of AMI. With the use of demographics provided by HISTA, we are able to examine each of these six income groups by household size to include one-, two-, three- and four-person households and households with five or more persons. This insures that income-qualified households will not be double counted. Separate analyses are presented for all renter households and senior renter households, defined as age 55 and older.

There is very limited demographic and income data for colonias households available through the census and other government agencies. For this reason, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand accounted for through the analysis of Census data.

DEMAND FROM EXISTING HOUSEHOLDS

Number of Existing Households for the Current Year

The total number of households in the Southeast Hidalgo County Submarket in 2007 is 36,802 and the total number of households in 2012 is projected to be 43,954. The total number of households age 55 and older in the Submarket for 2007 is 13,809, with a 2012 projection of 17,753 households. This is a beginning point for our analysis.

Number of Renters

Information provided to us by ESRI indicates that of the occupied housing units, renter households make up approximately 26.9 percent of the occupied housing unit households in the Southeast Hidalgo County Submarket in 2007. For seniors age 55 and older, the percentage of renters is 16.3 percent.

Maximum Income Guidelines

Maximum income guidelines for tax credit properties are determined by HUD and are based on the area's Average Income. Typically, minimum income levels are calculated based on the assumption that lower income families should pay no more than 35 percent of their income to gross rent. Often times, lower income families pay a higher percentage of income as rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high income households. In order to avoid overstating potential demand this analysis assumes that none of the income bands will overlap. For example, the maximum income for a one-person household at 30 percent of AMI is considered the minimum income for a

one-person household in the income range between 31 percent and 40 percent of AMI. A minimum income of zero dollars is used in calculating demand from households earning 30 percent of AMI or less.

The minimum and maximum household eligible income ranges for the Southeast Hidalgo County Submarket (McAllen-Edinburg-Mission, TX MSA) are detailed in the table on the following page.

INCOME LIMITS

Household Size	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	< 30% AMI		*31% - 40% AMI*		*41% - 50% AMI*		*51% - 60% AMI*		*61% - 80% AMI*		*81% - 100% AMI*	
1 Person	$0	$9,150	$9,150	$12,200	$12,200	$15,250	$15,250	$18,300	$18,300	$24,400	$24,400	$30,500
2 Person	$0	$10,500	$10,500	$13,960	$13,960	$17,450	$17,450	$20,940	$20,940	$27,920	$27,920	$34,900
3 Person	$0	$11,800	$11,800	$15,680	$15,680	$19,600	$19,600	$23,520	$23,520	$31,360	$31,360	$39,200
4 Person	$0	$13,100	$13,100	$17,440	$17,440	$21,800	$21,800	$26,160	$26,160	$34,880	$34,880	$43,600
5+ Person	$0	$14,150	$14,150	$18,840	$18,840	$23,550	$23,550	$28,260	$28,260	$37,680	$37,680	$47,100

Rent-Overburdened Households

Households are determined to be rent-overburdened if they are paying more than 35 percent of household income as rent. In the Southeast Hidalgo County Submarket, approximately 27.4 percent of households, including senior households, are considered rent-overburdened.

Substandard Housing

Substandard housing is generally defined as housing units identified in the Census that lack complete plumbing facilities. According to Census 2000 estimates, approximately 3.4 percent of units in the Submarket are determined to be substandard.

Overcrowded Housing

A housing unit is considered overcrowded if there are more than 1.00 persons per room. According to a report issued in 2002 by the Fannie Mae Foundation, Census 2000 data indicates that the southwestern United States, which includes Texas, has a higher than average incidence of households living in overcrowded housing units. The report further concludes that while Texas and California contain less than one-fifth of the nation's households, these two states account for two-fifths of overcrowded households. In the Southeast Hidalgo County Submarket, it is estimated that 25.8 percent of households are living in overcrowded units.

Movership or Turnover Rate

There are numerous sources of information regarding turnover rate, or the percent of renter households who move in a year. The most reliable source is that of the market participants in the Submarket. As discussed in the *Housing Supply Analysis* section, we attempted to interview comparable properties regarding information the turnover rate experienced on an annual basis. The average annual turnover rate for the stabilized family LIHTC properties surveyed in the Submarket is approximately 36.5 percent.

We were unable to identify any senior LIHTC properties in this Submarket. Therefore, for the purpose of this analysis, we have used Submarket's average senior subsidized turnover rate of 2.0 percent.

Unstabilized Rental Units - Existing and Proposed

Sevilla Apartments, located in Weslaco, Texas, received a large initial LIHTC allocation in 2005 and then a smaller allocation again in 2008. Upon rehabilitation/reconstruction, there will be eight units restricted to households earning less than 30 percent of the AMI and 72 units restricted to households earning less than 60 percent of the AMI. The units currently operate as public housing with a subsidy based on the Housing Authority's HUD-approved Annual Contributions Contract. However, once the units have been rehabilitated/reconstructed the development will no longer receive the HUD subsidy. As such, these units have been deducted from the following demand analysis.

There is one proposed senior LIHTC property in the Southeast Hidalgo County Submarket. Alta Vista Senior Towers is currently a midrise, age-restricted public housing development comprised of 100 studio and one-bedroom units. Tax credits were awarded in 2006 and upon renovation, units at the 30 percent of AMI level will be public housing units and the units at 60 percent of AMI will be Project-Based Section 8 units. These units are deducted from the analysis of all households and senior households, as demand from all households includes households age 55 and older.

Annual Income-Qualified Renter Demand

Provided below are calculations of the total number of existing income-qualified renter households in the Southeast Hidalgo County Submarket in 2007 and 2012. Two analyses have been presented. The first calculates total demand, both currently present and moving into the market, adjusted for income eligibility and renter status, as well as the percentage of rent-overburdened households and substandard and overcrowded housing units. An additional calculation, which accounts for all of the previous variables and incorporates the turnover rate, is also provided.

Note that in the subsequent tables, the total number of income-qualified renter households is not equal to the total number of renter households. This is due to the fact that we have only analyzed households earning between zero and 100 percent of the AMI. There are additional renter households in the Submarket with annual incomes greater than 100 percent of the AMI.

Again, this analysis avoids overstating demand by avoiding overlapping income bands. It should be noted that the percentage of rent overburdened households may also include some of the households that are living in substandard and/or overcrowded housing units. This would result in some potential overlap. This analysis assumes that rent overburdened households, households living in substandard housing and households in overcrowded units each represent a separate component of demand. As these are quantifiable sources of demand, the sum of these calculations results in a maximum number of income-qualified renter households.

The calculations of potential household demand by income cohort and household size for all households and senior households are shown in the following tables:

2007 All Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,998	895	83	132	132	173	134
2 person	1,728	479	131	132	121	183	209
3 person	1,762	638	151	152	143	258	133
4 person	1,643	670	167	145	112	191	146
5+person	2,761	1,110	351	233	206	325	263
Total	9,892	3,792	883	794	714	1,130	886
Number of Income-Qualified Renter Households		**3,792**	**883**	**794**	**714**	**1,130**	**886**
X Percentage of Rent-Overburdened (27.4%)		1040	242	218	196	310	243
X Percentage of Substandard Housing (3.4%)		129	30	27	24	38	30
X Percentage of Overcrowded Housing (25.8%)		978	228	205	184	292	228
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**2,147**	**500**	**450**	**404**	**640**	**501**
Less Existing and Planned Unstablized Competing Units		*108*	*0*	*0*	*72*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**2,039**	**500**	**450**	**332**	**640**	**501**

2012 All Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	2,544	1,140	106	169	169	221	170
2 person	2,084	578	157	159	146	220	253
3 person	2,106	762	180	182	171	309	159
4 person	2,012	821	205	177	137	234	179
5+person	3,323	1,337	422	281	248	391	317
Total	12,070	4,638	1,070	968	871	1,375	1,078
Number of Income-Qualified Renter Households		**4,638**	**1,070**	**968**	**871**	**1,375**	**1,078**
X Percentage of Rent-Overburdened (27.4%)		1272	293	265	239	377	296
X Percentage of Substandard Housing (3.4%)		158	36	33	30	47	37
X Percentage of Overcrowded Housing (25.8%)		1197	276	250	225	355	278
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**2,626**	**606**	**548**	**493**	**779**	**610**
Less Existing and Planned Unstablized Competing Units		*108*	*0*	*0*	*72*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**2,518**	**606**	**548**	**421**	**779**	**610**

2007 All Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,998	895	83	132	132	173	134
2 person	1,728	479	131	132	121	183	209
3 person	1,762	638	151	152	143	258	133
4 person	1,643	670	167	145	112	191	146
5+person	2,761	1,110	351	233	206	325	263
Total	9,892	3,792	883	794	714	1,130	886
Number of Income-Qualified Renter Households		**3,792**	**883**	**794**	**714**	**1,130**	**886**
X Percentage of Rent-Overburdened (27.4%)		1040	242	218	196	310	243
X Percentage of Substandard Housing (3.4%)		129	30	27	24	38	30
X Percentage of Overcrowded Housing (25.8%)		978	228	205	184	292	228
X Percentage of Estimated Turnover (36.5%)		1384	322	290	261	412	323
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**3,531**	**822**	**740**	**665**	**1,052**	**825**
Less Existing and Planned Unstablized Competing Units		*108*	*0*	*0*	*72*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**3,423**	**822**	**740**	**593**	**1,052**	**825**

2012 All Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	2,544	1,140	106	169	169	221	170
2 person	2,084	578	157	159	146	220	253
3 person	2,106	762	180	182	171	309	159
4 person	2,012	821	205	177	137	234	179
5+person	3,323	1,337	422	281	248	391	317
Total	12,070	4,638	1,070	968	871	1,375	1,078
	Number of Income-Qualified Renter Households	**4,638**	**1,070**	**968**	**871**	**1,375**	**1,078**
X	Percentage of Rent-Overburdened (27.4%)	1272	293	265	239	377	296
X	Percentage of Substandard Housing (3.4%)	158	36	33	30	47	37
X	Percentage of Overcrowded Housing (25.8%)	1197	276	250	225	355	278
X	Percentage of Estimated Turnover (36.5%)	1693	391	353	318	502	393
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**4,319**	**996**	**901**	**811**	**1,280**	**1,004**
Less Existing and Planned Unstablized Competing Units		*108*	*0*	*0*	*72*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**4,211**	**996**	**901**	**739**	**1,280**	**1,004**

2007 Senior Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,249	716	66	92	92	94	55
2 person	707	166	55	56	51	74	69
3 person	176	41	21	21	17	31	25
4 person	146	42	17	12	4	13	23
5+person	202	72	20	14	12	20	35
Total	2,480	1,036	179	194	176	233	207
Number of Income-Qualified Renter Households		**1,036**	**179**	**194**	**176**	**233**	**207**
X Percentage of Rent-Overburdened (27.4%)		284	49	53	48	64	57
X Percentage of Substandard Housing (3.4%)		35	6	7	6	8	7
X Percentage of Overcrowded Housing (25.8%)		267	46	50	45	60	53
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**587**	**101**	**110**	**100**	**132**	**117**
Less Existing and Planned Unstablized Competing Units		*100*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**487**	**101**	**110**	**100**	**132**	**117**

2012 Senior Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,549	887	82	114	114	117	68
2 person	882	207	69	70	63	93	87
3 person	217	51	26	26	21	39	31
4 person	202	58	24	17	6	18	32
5+person	240	85	23	16	15	24	41
Total	3,090	1,288	224	243	219	291	259
Number of Income-Qualified Renter Households		**1,288**	**224**	**243**	**219**	**291**	**259**
X Percentage of Rent-Overburdened (27.4%)		353	61	67	60	80	71
X Percentage of Substandard Housing (3.4%)		44	8	8	7	10	9
X Percentage of Overcrowded Housing (25.8%)		332	58	63	57	75	67
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**729**	**127**	**138**	**124**	**165**	**147**
Less Existing and Planned Unstablized Competing Units		*100*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**629**	**127**	**138**	**124**	**165**	**147**

2007 Senior Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007) ≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,249	716	66	92	92	94	55
2 person	707	166	55	56	51	74	69
3 person	176	41	21	21	17	31	25
4 person	146	42	17	12	4	13	23
5+person	202	72	20	14	12	20	35
Total	2,480	1,036	179	194	176	233	207
Number of Income-Qualified Renter Households		**1,036**	**179**	**194**	**176**	**233**	**207**
X Percentage of Rent-Overburdened (27.4%)		284	49	53	48	64	57
X Percentage of Substandard Housing (3.4%)		35	6	7	6	8	7
X Percentage of Overcrowded Housing (25.8%)		267	46	50	45	60	53
X Percentage of Estimated Turnover (2%)		21	4	4	4	5	4
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**607**	**105**	**114**	**103**	**137**	**121**
Less Existing and Planned Unstablized Competing Units		*100*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**507**	**105**	**114**	**103**	**137**	**121**

2012 Senior Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,549	887	82	114	114	117	68
2 person	882	207	69	70	63	93	87
3 person	217	51	26	26	21	39	31
4 person	202	58	24	17	6	18	32
5+person	240	85	23	16	15	24	41
Total	3,090	1,288	224	243	219	291	259
Number of Income-Qualified Renter Households		**1,288**	**224**	**243**	**219**	**291**	**259**
X Percentage of Rent-Overburdened (27.4%)		353	61	67	60	80	71
X Percentage of Substandard Housing (3.4%)		44	8	8	7	10	9
X Percentage of Overcrowded Housing (25.8%)		332	58	63	57	75	67
X Percentage of Estimated Turnover (2%)		26	4	5	4	6	5
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**755**	**131**	**142**	**128**	**171**	**152**
Less Existing and Planned Unstablized Competing Units		*100*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**655**	**131**	**142**	**128**	**171**	**152**

Demand Analysis Conclusions

All Households

The analysis of income-qualified renter households in the Southeast Hidalgo County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that 28 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less, with the smallest number of income-qualified households falling in the 51 to 60 percent of AMI income group. This may explain the 3.8 percent average vacancy rate among family LIHTC properties in the Submarket, while market rate properties in the Submarket have an average vacancy rate of 2.3 percent. Additionally, it is of note that all of the vacant LIHTC units in the Submarket are at the 60 percent of AMI level. The income-qualified renter households at the 61 to 80 percent AMI level comprise the second largest income group in the Submarket. This suggests that the vacancy rate among 60 percent AMI units could be due to households that are both over and under income-qualified. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households.

Senior Households

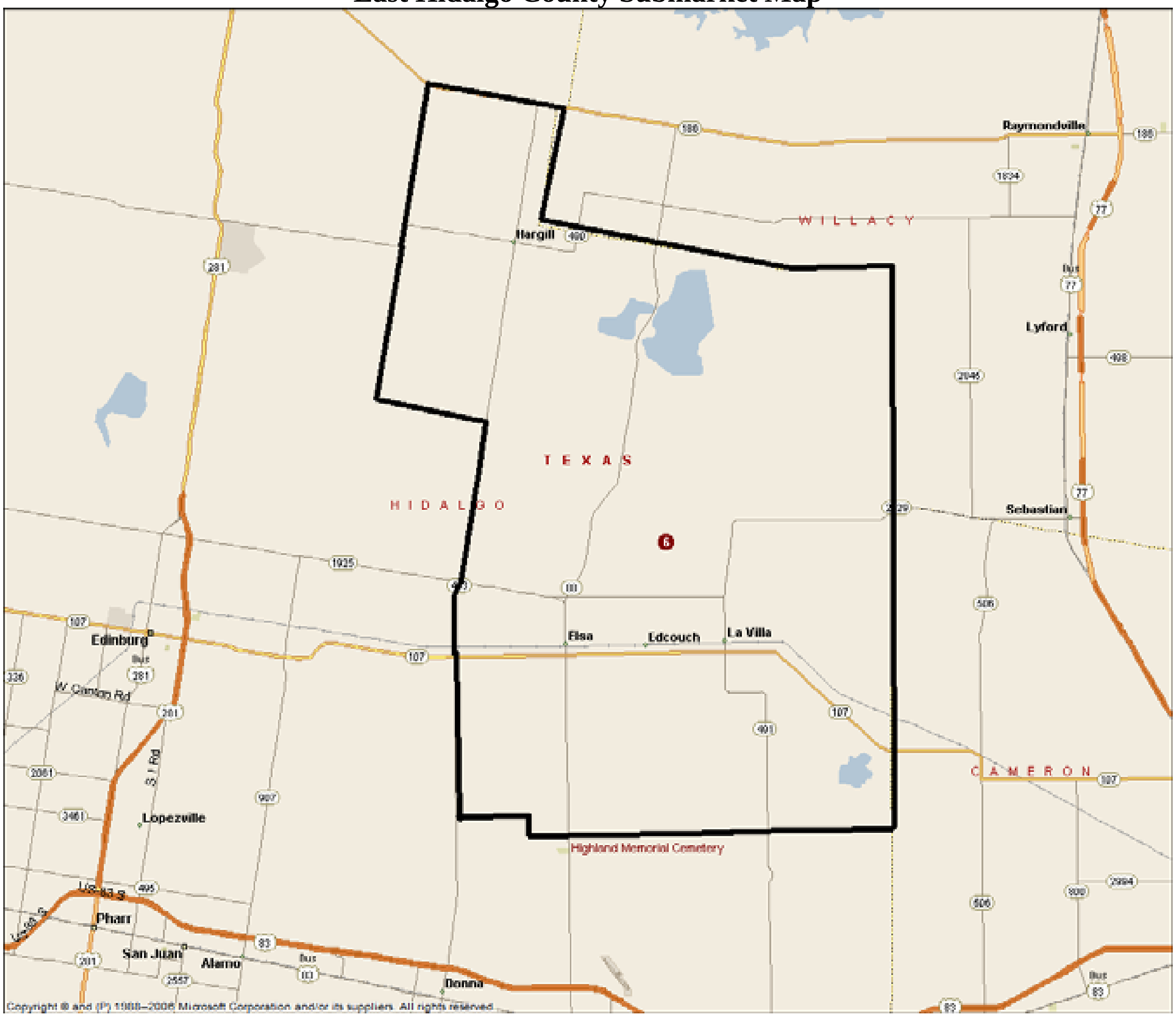
Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Currently, a 100-unit senior public housing development in the Submarket is undergoing renovations with tax credit funds allocated in 2006. Although the goal of the development is to replace existing housing, tenants have been displaced and some lease-up of the property may be needed. It is for this reason that we have deducted the units from the demand analysis. The only LIHTC/USDA senior property we were able to interview has a waiting list of one year and a very low 2.0 percent turnover rate. Despite the possibility of serving some additional households with the renovated units, the analysis above indicates that there is likely still an unmet need for additional affordable senior housing units in this Submarket.

6. EAST HIDALGO COUNTY SUBMARKET ANALYSIS

EAST HIDALGO COUNTY SUBMARKET DEMOGRAPHIC CHARACTERISTICS AND TRENDS

The East Hidalgo County Submarket encompasses 174.6 square miles and is defined as the area bounded to the north by the Hidalgo County line and State Route 186; to the east by the Hidalgo County line; to the south by Roosevelt Road and 12 Mile Road North; and to the west by Brush Line Road and La Blanca Road. The following map illustrates the boundaries of the Submarket as defined above.

East Hidalgo County Submarket Map



The East Hidalgo County Submarket includes the communities/cities of Elsa, Edcouch, La Villa, Monte Alto, and La Blanca. Approximately 10 to 20 percent of the area in this Submarket can be characterized as developed and within close proximity to most locational amenities and essential services. The remaining 80 to 90 percent of the area in this Submarket contains very little development and offers limited access to locational amenities and essential services. Development is located along State Route 107, which serves the Submarket's two largest cities – Elsa and Edcouch. With the exception of a few small communities, the areas of the Submarket surrounding Elsa and Edcouch are sparsely developed. The predominant form of housing in this Submarket is owner-occupied single-family homes in poor to good condition and 15 to 45 years in age. There is a limited amount of multifamily development in average to good condition and 10 to 20 years in age.

Local Government

As previously mentioned, the East Hidalgo County Submarket includes the communities/cities of Elsa, Edcouch, La Villa, Monte Alto, and La Blanca.

Elsa, Texas is a city in Hidalgo County operating under a Mayor-city Commission form of government with four elected city Commissioners. According to the U.S. Census, Elsa is comprised of a land area of 1.4 square miles and had a 2000 population of 5,549.

Edcouch, Texas is a city in Hidalgo County operating under a Mayor-city Commission form of government. According to the U.S. Census, Edcouch is comprised of a land area of 0.9 square miles and had a 2000 population of 3,342.

La Villa, Texas is a city in Hidalgo County operating under a Mayor-Council form of government. According to the U.S. Census, La Villa is comprised of a land area of 0.3 square miles and had a 2000 population of 1,305.

Monte Alto, Texas is a census-designated place in Hidalgo County. According to the U.S. Census, Monte Alto is comprised of a land area of 2.2 square miles and had a 2000 population of 1,611.

La Blanca, Texas is a census-designated place in Hidalgo County. According to the U.S. Census, La Blanca is comprised of a land area of 4.2 square miles and had a 2000 population of 2,351.

Employment by Industry

The following table illustrates employment by industry for the East Hidalgo County Submarket and McAllen-Edinburg-Mission MSA in 2007.

2007 EMPLOYMENT BY INDUSTRY				
	East Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
Occupation	Number	Percent Employed	Number Employed	Percent Employed
Agric/Forestry/Fishing/Hunting	460	4.70%	5,955	2.54%
Mining	28	0.29%	2,143	0.91%
Construction	738	7.55%	25,549	10.90%
Manufacturing	703	7.19%	13,071	5.58%
Wholesale Trade	467	4.78%	9,652	4.12%
Retail Trade	945	9.66%	30,163	12.87%
Transportation/Warehousing	417	4.26%	9,335	3.98%
Utilities	55	0.56%	1,438	0.61%
Information	40	0.41%	2,704	1.15%
Finance/Insurance	157	1.61%	5,917	2.53%
Real Estate/Rental/Leasing	88	0.90%	3,399	1.45%
Prof/Scientific/Tech Services	168	1.72%	6,868	2.93%
Mgmt of Companies/Enterprises	0	0.00%	82	0.03%
Admin/Support/Waste Mgmt Srvcs	301	3.08%	8,174	3.49%
Educational Services	1,986	20.31%	36,869	15.73%
Health Care/Social Assistance	1,456	14.89%	29,322	12.51%
Arts/Entertainment/Recreation	16	0.16%	2,302	0.98%
Accommodation/Food Services	496	5.07%	16,906	7.21%
Other Services (excl Publ Adm)	587	6.00%	13,767	5.88%
Public Administration	671	6.86%	10,715	4.57%
Total Employment	**9,779**	**100.0%**	**234,331**	**100.0%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The top four employment sectors in the East Hidalgo County Submarket are the educational services, health care/social assistance, retail trade and construction sectors. Approximately 52.4 percent of people in East Hidalgo County work in these four industries. The East Hidalgo County Submarket has a larger number of persons employed in the healthcare/social assistance and educational services sectors and a smaller number of people employed in the construction and retail trade sectors, relative to the MSA. Although educational services and health care/social services are typically stable sectors of the economy, industries such as retail trade and construction are particularly susceptible to fluctuations in the economy. The large number of people employed in the retail trade and construction industries could negatively impact employment in the Submarket due to the current national economic downturn. However, the strong presence of the educational services and health care/social assistance industries should promote economic stability.

It should be noted, that the health care/social assistance, construction, retail trade and educational services sectors all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create an abundance of demand for affordable rental housing.

Commute Patterns in the East Hidalgo County Submarket

The table below summarizes commute times for the East Hidalgo County Submarket.

TRAVEL TIME TO WORK

Travel Time	Workers age 16+
< 5 min	201
5-9 min	926
10-14 min	903
15-19 min	1,266
20-24 min	990
25-29 min	379
30-34 min	1,541
35-39 min	190
40-44 min	188
45-59 min	308
60-89 min	175
90+ min	100
Average Travel Time	22.8 minutes

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

The East Hidalgo County Submarket is primarily rural, which results in longer commute time for area workers. The largest share of workers reports a daily travel time of 30 to 34 minutes. There are two small employment centers in the Submarket, Elsa and Edcouch. It is likely that the longer commute times are attributable to employees traveling to jobs in Edinburg or Weslaco.

POPULATION, HOUSEHOLD, AND INCOME TRENDS – SUBMARKET AND MSA

The following section provides an analysis of the demographic characteristics within the East Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA. Data such as population, households and growth patterns are studied, to determine if the McAllen-Edinburg-Mission MSA and the East Hidalgo County Submarket are areas of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population in the East Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA from 1990 through 2012.

Total Population				
Year	East Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual	Number	Annual Change
1990	20,796	-	383,545	-
2000	28,200	3.56%	569,463	4.85%
2007	35,578	3.61%	732,166	3.94%
2012	41,678	3.43%	865,301	3.64%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Population growth rates in the Submarket have been slightly lower than growth rates in the MSA in all years of analysis. Both the Submarket and the MSA show strong growth from 2007 through 2012, although the MSA will grow at a faster rate than the Submarket from 2007 through 2012. Overall, the rate of population growth in the Submarket and MSA will decrease slightly from 2007 through 2012. However, growth rates in the Submarket and MSA from 2007 to 2012 are considered very strong and are a positive indicator of the need for all forms of housing and likely explain why many individuals are employed in the construction sector in the Submarket.

Population by Age

The following graph illustrates population by age in the Submarket and MSA for 1990 through 2012. It should be noted that the current population by age distribution in the MSA is similar to national averages.

Population by Age Group				
East Hidalgo County Submarket				
Age Cohort	1990	2000	2007	2012
0-4	2,163	3,015	4,100	4,797
5-9	2,368	3,162	3,560	4,278
10-14	2,522	3,052	3,529	3,970
15-19	2,310	2,815	3,338	3,852
20-24	1,675	2,194	2,796	3,350
25-29	1,460	1,990	2,817	2,900
30-34	1,444	1,958	2,395	2,859
35-39	1,295	1,846	2,457	2,493
40-44	1,168	1,684	2,036	2,573
45-49	886	1,453	1,984	2,231
50-54	695	1,274	1,643	2,068
55-59	619	921	1,414	1,854
60-64	645	751	991	1,472
65-69	602	650	783	967
70-74	388	569	612	694
75-79	287	457	531	538
80-84	168	208	358	409
85+	101	201	234	373
Total	**20,796**	**28,200**	**35,578**	**41,678**
McAllen-Edinburg-Mission, TX MSA				
Age Cohort	1990	2000	2007	2012
0-4	35,765	58,138	79,315	92,930
5-9	38,973	58,293	70,248	82,804
10-14	40,708	53,301	66,339	77,547
15-19	40,049	51,490	59,763	73,357
20-24	29,843	44,309	55,501	64,141
25-29	28,292	44,013	58,500	61,645
30-34	27,653	40,612	54,559	61,137
35-39	26,244	38,068	49,781	56,246
40-44	22,397	34,630	43,581	53,384
45-49	16,430	30,233	41,509	48,372
50-54	13,335	25,613	36,239	44,436
55-59	12,403	18,854	29,739	40,978
60-64	13,015	16,635	21,369	31,769
65-69	13,357	16,092	18,047	21,924
70-74	9,905	15,122	16,061	17,557
75-79	7,693	12,139	14,324	14,992
80-84	4,521	6,701	9,982	11,805
85+	2,962	5,220	7,309	10,277
Total	**383,545**	**569,463**	**732,166**	**865,301**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Households

The following table is a summary of the total households in the Submarket and MSA from 1990 to 2012.

Total Number of Households				
Year	East Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual	Number	Annual Change
1990	5,051	-	103,479	-
2000	7,053	3.96%	156,824	5.16%
2007	9,117	4.04%	205,804	4.31%
2012	10,752	3.59%	244,775	3.79%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Similar to the rate of population growth, household growth rates in the Submarket and MSA have both been strong through 2007. Household growth in the Submarket increased from 2000 to 2007, but is expected to slow from 2007 through 2012; however, the growth rate in the Submarket from 2007 through 2012 is still very strong. Similarly, household growth in the MSA is expected to slow from 2007 through 2012.

Average Household Size

The following table illustrates the average household size for the Submarket and MSA from 2000 to 2012.

Average Household Size				
Year	East Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual	Number	Annual Change
2000	4.00	-	3.60	-
2007	3.90	-0.34%	3.53	-0.27%
2012	3.88	-0.10%	3.51	-0.11%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The average household size in the Submarket is larger than the MSA, and both are significantly larger than the national average size of 2.59 (not shown). The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the Submarket and the MSA as a whole.

Median Household Income Levels

The table below illustrates Median Household Income in the Submarket and MSA.

Median Household Income				
Year	East Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual	Number	Annual Change
2000	$19,621	-	$24,843	-
2007	$23,151	2.48%	$30,519	3.15%
2012	$26,381	2.79%	$35,078	2.99%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The median household income in the Submarket was approximately 31.8 percent lower than the median household income in the MSA in 2007. The median household income in the Submarket and in the MSA is projected to grow at a slower rate from 2007 through 2012 than the previous seven years. It should be noted that the median household income in the Submarket and MSA are approximately 43.6 and 57.4 percent of the national average in 2007. The lower median income levels in the MSA and particularly the Submarket indicate an increasing need for affordable housing.

Household Income

The following tables illustrate household income distribution in both the Submarket and MSA.

Household Income Distribution - East Hidalgo County Submarket				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	2,110	23.1%	2,070	19.3%
$10,000-$14,999	889	9.8%	1,074	10.0%
$15,000-$19,999	953	10.5%	986	9.2%
$20,000-$24,999	896	9.8%	927	8.6%
$25,000-$29,999	813	8.9%	1,011	9.4%
$30,000-$34,999	712	7.8%	779	7.2%
$35,000-$39,999	536	5.9%	781	7.3%
$40,000-$44,999	502	5.5%	575	5.3%
$45,000-$49,999	207	2.3%	490	4.6%
$50,000-$59,999	523	5.7%	551	5.1%
$60,000-$74,999	509	5.6%	691	6.4%
$75,000-$99,999	260	2.9%	486	4.5%
$100,000-	92	1.0%	155	1.4%
$125,000-	61	0.7%	77	0.7%
$150,000-	22	0.2%	52	0.5%
$200,000-	16	0.2%	21	0.2%
$250,000-	15	0.2%	21	0.2%
$500,000+	1	0.0%	5	0.0%
Total	**9,117**	**100%**	**10,752**	**100%**

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	35,778	17.4%	35,096	14.3%
$10,000-$14,999	16,023	7.8%	18,980	7.8%
$15,000-$19,999	18,277	8.9%	17,960	7.3%
$20,000-$24,999	16,249	7.9%	17,138	7.0%
$25,000-$29,999	14,856	7.2%	18,258	7.5%
$30,000-$34,999	14,483	7.0%	14,667	6.0%
$35,000-$39,999	11,537	5.6%	16,180	6.6%
$40,000-$44,999	11,210	5.4%	11,607	4.7%
$45,000-$49,999	7,584	3.7%	11,317	4.6%
$50,000-$59,999	15,755	7.7%	17,690	7.2%
$60,000-$74,999	15,188	7.4%	21,074	8.6%
$75,000-$99,999	12,488	6.1%	19,177	7.8%
$100,000-	7,409	3.6%	10,073	4.1%
$125,000-	3,767	1.8%	6,223	2.5%
$150,000-	2,290	1.1%	4,504	1.8%
$200,000-	1,246	0.6%	2,018	0.8%
$250,000-	1,370	0.7%	2,128	0.9%
$500,000+	294	0.1%	685	0.3%
Total	**205,804**	**100%**	**244,775**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As illustrated, approximately 43.3 percent of the population in the Submarket and 34.1 percent of the population in the MSA earned below $20,000 in 2007, with the highest percentage earning between zero dollars and $10,000. By 2012, the population earning below $20,000 in the Submarket and MSA is expected to decrease slightly to approximately 38.4 percent and 29.4 percent, respectively. However, in both instances, a significant portion of the population is projected to earn less than $20,000. This data provides strong support for affordable rental housing of all kinds in the Submarket and MSA.

Senior Demographic Trends

Among the demographics discussed are trends in population, number of households, age, and income. In addition to analyzing overall demographic trends, we have also separately analyzed and discussed trends specific to the senior subpopulation, which includes those 55 years of age and older. The majority of age-restricted properties offer units to seniors ages 55, 62, or 65 and older. Despite the varying age restrictions at senior properties, property managers typically report that the average age of residents is 55 years of age. Therefore, for the purposes of this analysis, we have included demographic characteristics of the senior population ages 55 and over.

Senior Population

The table below illustrates senior population trends in the Submarket and MSA from 2000 through 2012.

Total Senior Population (55+)				
	East Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
Year	Number	Annual	Number	Annual Change
1990	2,810	-	63,856	-
2000	3,757	3.4%	90,763	4.2%
2007	4,923	4.3%	116,831	4.0%
2012	6,307	5.6%	149,302	5.6%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Senior population trends in the MSA mirrored general population trends in the MSA from 2000 through 2007. Senior population growth in both the East Hidalgo County Submarket and the MSA is expected to grow at a faster rate from 2007 through 2012, with growth in the Submarket equal to that of the MSA.

The strong projected growth in the senior population in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years. Additionally, the increasing senior populations, (typically one- and two-person households) may be a contributing factor to the projected decline in the average household size within the Submarket from 2007 to 2012.

Senior Households

The table below illustrates senior household trends in the Submarket and MSA from 2000 through 2012.

Total Number of Senior Households (55 +)				
Year	East Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual	Number	Annual Change
2000	2,275	-	52,073	-
2007	2,959	4.1%	67,113	4.0%
2012	3,797	5.7%	85,658	5.5%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Similar to senior population estimates and projections, senior household growth in the Submarket and MSA is expected to be exceptionally strong through 2012. Although the rate of senior population growth is expected to slow through 2012, the rate of senior household growth is expected to increase. The strong projected growth in the senior households in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years.

Senior Median Household Income

The following table illustrates the median household incomes in the Submarket, MSA, and nation from 2007 to 2012 for both all households and specifically for senior households.

MEDIAN HOUSEHOLD INCOME						
Year	**McAllen-Edinburg-Mission, TX MSA**		**East Hidalgo County Submarket**		**USA**	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
			All Ages			
2007	$30,519	-	$23,151	-	$53,154	-
2012	$35,078	2.59%	$26,381	2.79%	$62,503	3.52%
			Age 55+			
2007	$27,687	-	$21,067	-	$32,710	-
2012	$32,712	3.07%	$23,373	2.19%	$41,086	5.12%

Source: ESRI Business Demographics 2007; Novogradac and Company LLP, July, 2008

As the above table illustrates, the median senior household incomes in all areas of analysis are below the median incomes reported for all households. Of the three areas of analysis, the median senior household income is lowest in the Submarket and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally. The median household income for seniors in the Submarket and MSA are approximately 64.4 and 84.6 percent of the national average in 2007.

Senior Household Income

The tables below illustrate senior household income in the Submarket and MSA for 2007 and 2012.

Household Income Distribution - East Hidalgo County Submarket (Age 55+)				
Income	2007		2012	
Cohort	Number	Percentage	Number	Percentage
<$15,000	1,095	37.0%	1,260	33.2%
$15,000-	611	20.6%	671	17.7%
$25,000-	486	16.4%	620	16.3%
$35,000-	371	12.5%	614	16.2%
$50,000-	242	8.2%	322	8.5%
$75,000-	90	3.0%	177	4.7%
100,000-	46	1.6%	88	2.3%
150,000-	11	0.4%	31	0.8%
200,000-	1	0.0%	4	0.1%
250,000-	6	0.2%	10	0.3%
$500,000+	0	0.0%	0	0.0%
Total	**2,959**	**100%**	**3,797**	**100%**

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA (Age 55+)				
Income	2007		2012	
Cohort	Number	Percentage	Number	Percentage
<$15,000	18,952	28.2%	20,972	24.5%
$15,000-	10,918	16.3%	11,816	13.8%
$25,000-	8,645	12.9%	10,306	12.0%
$35,000-	9,485	14.1%	12,964	15.1%
$50,000-	9,921	14.8%	13,604	15.9%
$75,000-	3,485	5.2%	6,161	7.2%
100,000-	3,783	5.6%	6,157	7.2%
150,000-	728	1.1%	1,622	1.9%
200,000-	543	0.8%	933	1.1%
250,000-	556	0.8%	884	1.0%
$500,000+	97	0.1%	239	0.3%
Total	**67,113**	**100%**	**85,658**	**100%**

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Both the Submarket and MSA have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,600. Compared to the MSA, the Submarket has a significantly larger percentage of seniors earning less than $35,000 annually. Approximately 74.1 percent of those 55 and older in the Submarket were earning under $35,000 per year in 2007. This is attributable primarily to the Submarket’s high percentage of senior households earning below $15,000 annually. By 2012, both areas of analysis will see decreases in the number of seniors earning less than $35,000 annually. However, it is estimated that 67.2 percent of seniors in the Submarket and 50.3 percent of seniors in the MSA will still be earning less than $35,000 annually by 2012. It should be noted that these estimates are most likely a function of inflation rather than a demographic trend. These factors indicate that affordable housing for the senior population will remain in demand.

Tenure

The following table is a summary of the senior tenure patterns of the housing stock in the Submarket and MSA for 2000 through 2012.

Tenure Patterns - Elderly Population (Age 55+)								
	East Hidalgo County Submarket				McAllen-Edinburg-Mission, TX MSA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	2,010	88.4%	265	11.6%	43,784	84.1%	8,289	15.9%
2007	2,614	88.4%	345	11.6%	56,430	84.1%	10,683	15.9%
2012	3,355	88.4%	442	11.6%	72,023	84.1%	13,635	15.9%

Source: ESRI Demographics 2007; Novogradac & Company LLP, August 2008

As the above table illustrates, the senior housing market is dominated by owner-occupied units in all areas of analysis. The Submarket and MSA have a significantly smaller percentage of senior renter-occupied units when compared to the national average (28 percent, not shown above). The small percentage of renter-occupied senior households is not unusual in developing submarkets, where owner-occupied housing is predominant.

Senior Demographic Conclusion

Although the median senior household income for the East Hidalgo County Submarket is projected to increase from 2007 to 2012, growth in the national and MSA median senior household income is projected to outpace growth in the Submarket. Both the MSA and Submarket feature considerable portions of the senior population with household incomes lower than the Area Median Income (AMI) of $36,100. Significantly, 74.1 percent of those 55 and older in the Submarket were earning under $35,000 per year in 2007, with nearly 37 percent earning less than $15,000 per year. The Submarket features more senior households in these income brackets when compared to the MSA and national averages. Overall, these trends indicate that there is demographic support in the Submarket for affordable housing targeting senior households.

LOCAL MARKET INFORMATION

East Hidalgo County Submarket
The following sections will provide an analysis of the local market characteristics within the Submarket.

Healthcare
There are several general practitioners, pediatricians, dentists and clinics located in the East Hidalgo County Submarket. Most are concentrated in Elsa and Edcouch, with limited medical services in the surrounding rural areas of the submarket, particularly in the northern portion of the Submarket. The South Texas Health System, with seven facilities including Cornerstone Regional Hospital, Edinburg Children's Hospital, Edinburg Regional Medical Center, Edinburg Regional Rehabilitation Center, McAllen Heart Hospital, McAllen Medical Center, and South Texas Behavioral Health Center serves much of the regions healthcare needs. The Knapp Medical Center in Weslaco, approximately 15 miles south of Elsa and Edcouch, is the closest major facility to the Submarket, with 233 private rooms and an emergency department.

Transportation
The South Texas International Airport at Edinburg and McAllen Miller International Airport are located approximately 30 and 40 miles south of the East Hidalgo County Submarket, respectively. The South Texas International Airport at Edinburg is a public-use airport located approximately nine miles north of the Central Business District of Edinburg. The airport is owned and operated by the City of Edinburg and averaged 13 general aviation aircraft operations per day in 2005. The McAllen Miller International Airport (MFE) is the primary business airport of the Rio Grande Valley and provides non-stop flights to Dallas-Fort Worth, Houston, and Las Vegas via American Airlines, Continental Airlines, and Allegiant Air.

The East Hidalgo County Submarket is accessible via State Route 107, which connects Elsa, Edcouch and La Villa to Edinburg and U.S. Highway 281 to the west and U.S. Highway 77 to the east. U.S. Highway 281 runs north/south from McAllen, Texas to Wichita Falls, Texas. U.S. Highway 77 is also a north/south route which extends from Harlingen and Brownsville in south Texas to Waco in central Texas.

Education
There are at least three Independent School Districts providing education services in the East Hidalgo County Submarket. The Edcouch-Elsa ISD serves 5,400 students from the cities of Edcouch and Elsa and high school students from Monte Alto. The district operates one early childhood center, four elementary schools, one middle school, one junior high school and one high school. The Monte Alto ISD has one elementary school and one middle school. The La Villa ISD, which serves the unincorporated community of Laguna Seca in addition to the city of La Villa, operates an elementary school, middle school and high school with a total of 800 students.

The nearest universities are located in Edinburg and McAllen, approximately 15 to 20 miles south of the East Hidalgo County Submarket. The University of Texas Pan American in Edinburg, Texas, with 17,337 students, including 2,261 graduate students, is the tenth largest university in the state and the fifth largest in the UT system and offers 54 bachelor's degree programs, 50 master's, and two doctoral programs. McAllen offers five major colleges/universities including the San Antonio College of Medical and Dental Assistants, South Texas Community College, South Texas Vocational Technical Institute, and the University of Cosmetology Arts and Sciences.

Public Transportation

Currently, there is no public transportation available to residents in the East Hidalgo County Submarket. The Valley Transit Company is a full-service bus company based in Mission that serves South Central Texas and Northern Mexico with more than 50 daily schedules, as well as connections to nationwide travel on Greyhound Lines. The Valley Transit Travel Center and Bus Stop is located at 2107 Highway 83 West in Mission and is open 24 hours a day.

Employment Centers

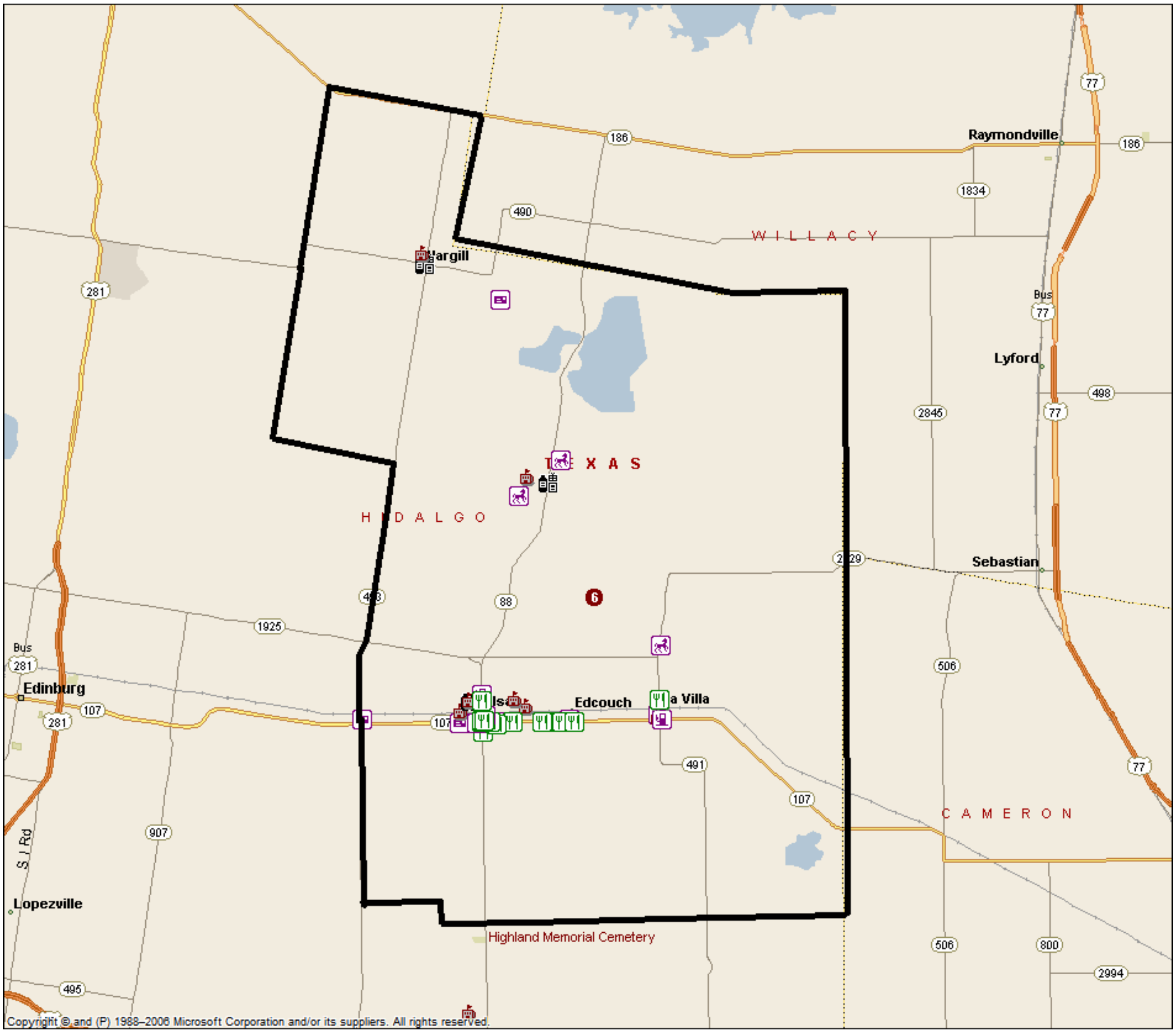
There are a limited number of employment centers in the East Hidalgo County Submarket. The majority of employment centers are located in Edinburg and McAllen, approximately 15 to 20 miles west and southwest of the Submarket's two largest cities – Elsa and Edcouch. The largest employers in the McAllen-Mission-Edinburg MSA include the following:

Rank	Company	Industry	Employees
1	Edinburg Consolidated I.S.D.	Education	3,600
2	McAllen I.S.D.	Education	3,595
3	Edinburg Regional Medical Center	Healthcare	3,000
4	University of Texas Pan American	Education	2,850
5	McAllen Medical Center	Healthcare	2,800
6	Hidalgo County	Government	2,211
7	Mission Consolidated I.S.D.	Education	2,140
8	City of McAllen	Government	1,801
9	Columbia Rio Grande Regional Hospital	Healthcare	975
10	South Texas Community College	Education	811

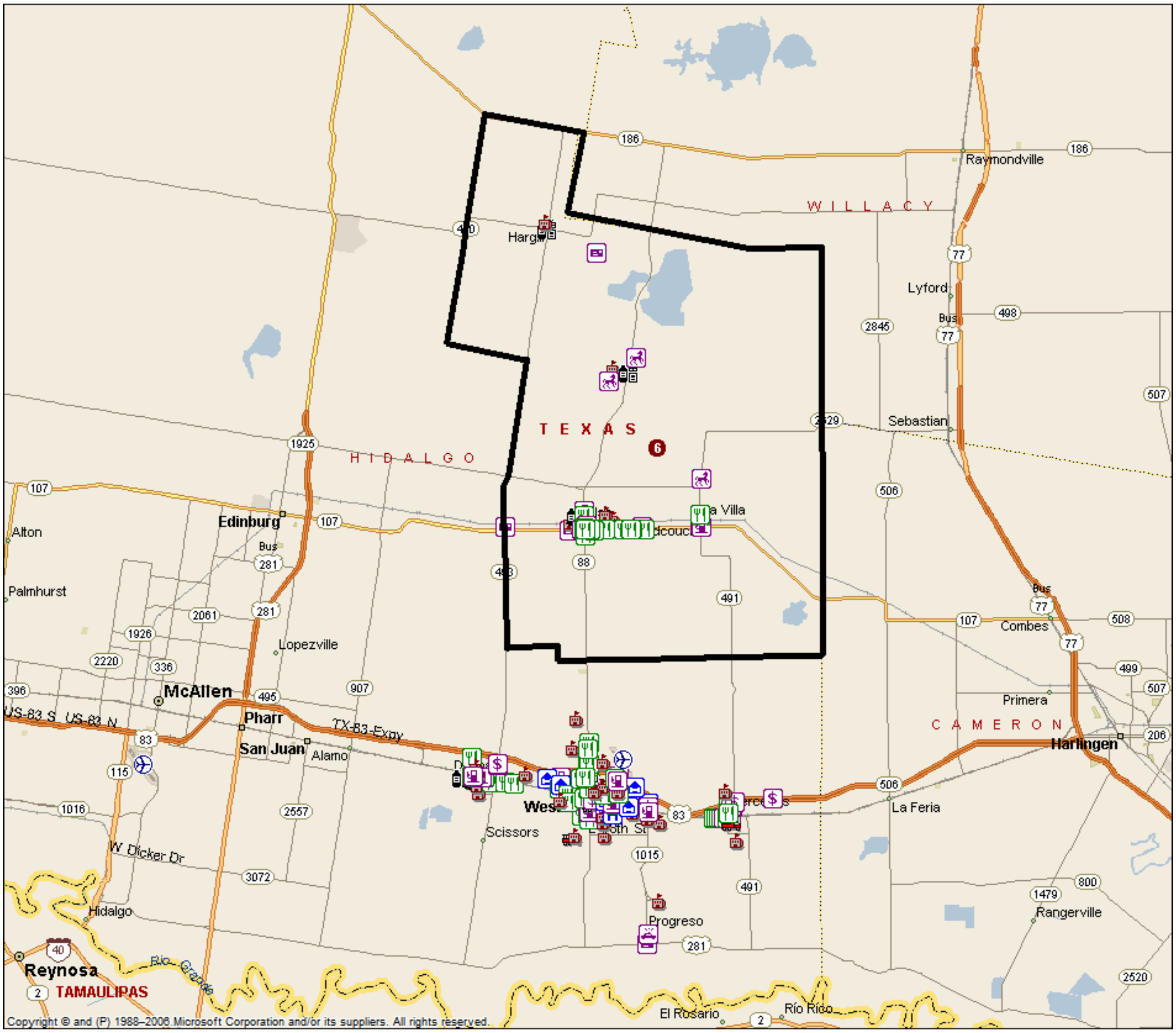
Employment in the McAllen-Edinburg-Mission MSA is dominated by relatively stable industries, and all ten of the major employers are in the education, healthcare, and government sectors. According to 2007 employment by industry demographics, educational services, health care/social assistance, retail trade and construction comprise approximately 52.4 percent of overall employment and are three of the top four industry sectors in the Submarket. Retail trade, construction, and manufacturing are typically more volatile sectors of the economy as compared to historically stable industries such as education and healthcare, which make up approximately 35.2 percent of employment in the Submarket. The high concentration of education and healthcare employment in the Submarket may serve to anchor and stabilize the Submarket's economy, even as sectors such as construction and retail trade show a slowing growth trend.

Proximity to Local Services

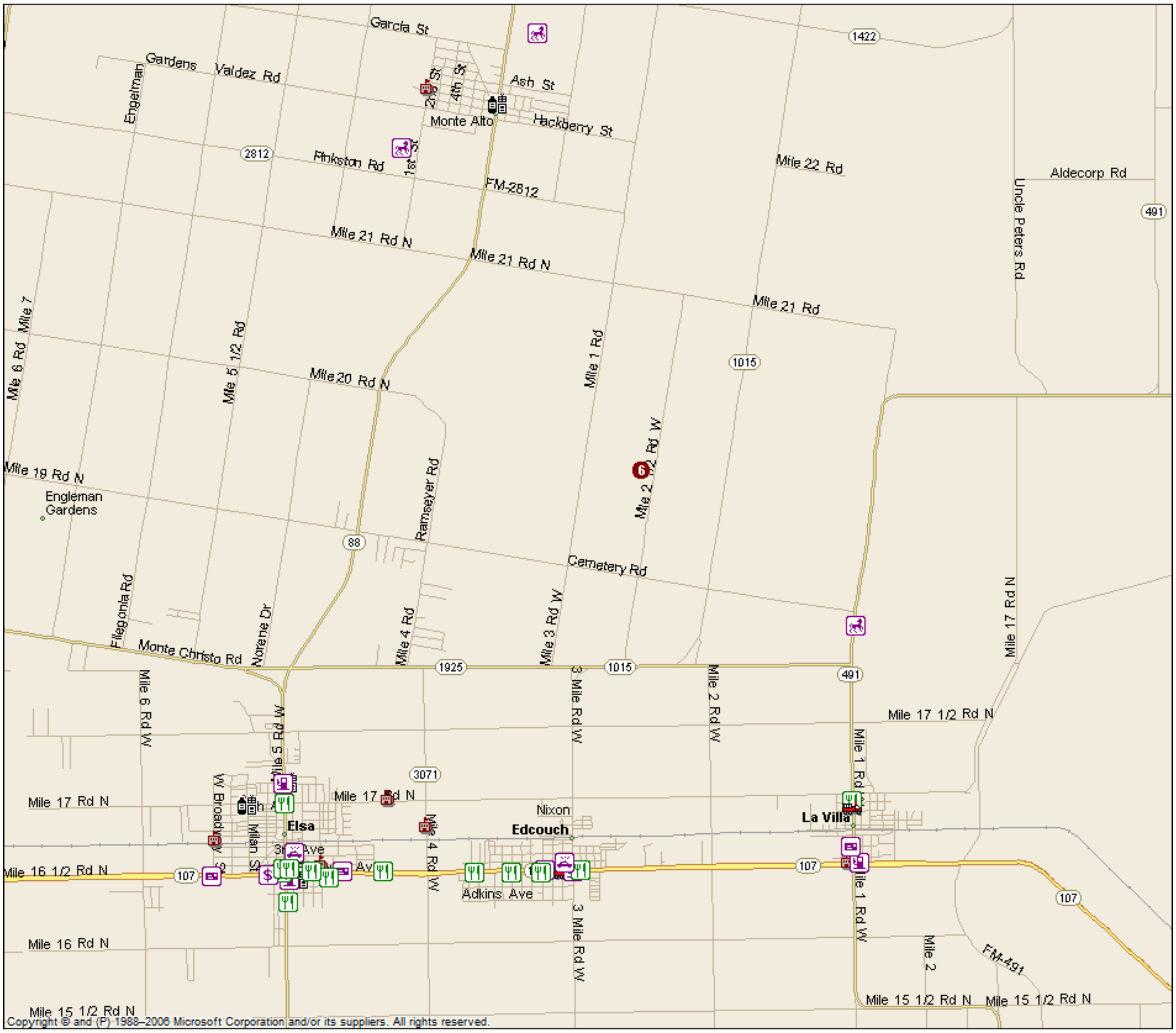
There are a moderate number of locational amenities in the East Hidalgo County Submarket. The majority of locational amenities are located in Elsa and Edcouch.



Source: Novogradac and Company LLP, July 2008.



Source: Novogradac and Company LLP, July 2008



Source: Novogradac and Company LLP, July 2008

Ranch	School	Bank
United States Post Office	Hospital	
Fire Station	Airport	
Restaurant	Police Station	
Hotel/Motel	College/University	
Grocery/Supermarket	Gas Station	

HOUSING SUPPLY ANALYSIS

EAST HIDALGO COUNTY SUBMARKET HOUSING SUPPLY ANALYSIS

Age of the Housing Stock

The following table presents the age of the housing stock in the East Hidalgo County Submarket.

AGE OF HOUSING STOCK
EAST HIDALGO COUNTY SUBMARKET

Years	Number of Units	Percent of Housing Stock
1999-3/2000	392	4.96%
1995-1998	1,021	12.92%
1990-1994	1,061	13.42%
1980-1989	2,003	25.34%
1970-1979	1,233	15.60%
1960-1969	956	12.10%
1950-1959	527	6.67%
1940-1949	383	4.85%
1939 and Before	328	4.15%
Total	**7,904**	**100.00%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The majority of the housing stock (79.38 percent) in the East Hidalgo County Submarket was constructed from 1960 through 1998, with over a quarter of the Submarket's units built between 1980 and 1989. The East Hidalgo County Submarket consists of moderate residential development including primarily of single-family homes with some multifamily housing. Based upon observations in the field the predominant form of housing in this Submarket is owner-occupied single-family homes in poor to good condition and 15 to 45 years in age. There is a limited amount of multifamily development in average to good condition and 10 to 20 years in age.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2008 for Hidalgo County, Texas.

BUILDING PERMITS: Hidalgo County, TX - 1997 to May 2008

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
1997	1,373	140	41	1,554
1998	2,539	305	138	2,982
1999	4,397	152	109	4,658
2000	3,665	83	106	3,854
2001	3,500	130	764	4,394
2002	6,069	487	335	6,891
2003	6,691	419	950	8,060
2004	5,180	760	590	6,530
2005	7,125	662	953	8,740
2006	6,501	517	532	7,550
2007	5,125	364	707	6,196
2008*	1,340	124	105	1,569
Total	**53,505**	**4,143**	**5,330**	**62,978**
Average**	**4,742**	**365**	**475**	**5,583**

*Only includes through May 2008 ** Does not include 2008 permits

There were 5,330 "5+ units" building permits issued in Hidalgo County from 1997 to May 2008. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2008, at 85 percent, while "5+ units" building permits constitute approximately 8.5 percent of all permits issued from 1997 through May 2008.

Although building permit activity was not available by Submarket, limited data was available for the cities of Elsa and Edcouch, which represent the Submarket's two largest municipalities. Building permit activity data obtained from U.S. Census Bureau estimates indicate that there were 156 multifamily units permitted in Edcouch between 1997 and June 2008. According to the same source, Elsa has recorded no multifamily building permits since 1997.

Interviews

Housing Authority of County of Hidalgo

The Housing Authority of the County of Hidalgo was established in 1948 in order to serve the local farmworking families and migrant farmworkers in the region. The Housing Authority of the County of Hidalgo currently administers Farm Labor Housing units and Public Housing units in Hidalgo County, as well as Housing Choice Vouchers. According to Adela Montes, Deputy Director for the Housing Authority of the County of Hidalgo, there are currently 535 Farm Labor Housing units in two developments and 55 Public Housing units in two developments in Hidalgo County, excluding the City of McAllen. None of these developments is located in the East Hidalgo County Submarket. There are approximately 8,592 Housing Choice Vouchers budgeted for Hidalgo County, and all are currently in use. Waiting Lists for Public Housing and Farm Labor Housing are currently open while the waiting list for Housing Choice Vouchers is closed. There are approximately 896 households on the waiting list for Housing Choice Vouchers. Of the 896 households, 162 are elderly households. There is no separate waiting list for special needs households in the Housing Choice Voucher Program. Currently, there are 104 elderly households participating in the Housing Choice Voucher Program in Hidalgo County. The number of households on the waiting list for Public Housing and Farm Labor Housing can be found below:

FARM LABOR HOUSING WAITING LIST – HIDALGO COUNTY					
Name	**1BR**	**2BR**	**3BR**	**4BR**	**Total**
Northside Apartments	14HH	11HH	2HH	0HH	27HH
Memorial Apartments	N/A	N/A	N/A	N/A	46HH

PUBLIC HOUSING WAITING LIST – HIDALGO COUNTY					
Name	**1BR**	**2BR**	**3BR**	**4BR**	**Total**
Villa Sandoval-Longoria	N/A	54HH	23HH	23HH	100HH
Villa San Juanita Rutledge	N/A	N/A	15HH	24HH	39HH

City of Elsa Housing Authority

According to Margaret Moreno of the Elsa Housing Authority, there are 132 Housing Choice Vouchers allocated to Elsa. There are 124 Housing Choice Vouchers currently in use, with less than 10 percent returned due to an inability to find appropriate housing. The waiting list for Housing Choice Vouchers is comprised of 115 households, with an average wait time of eight months. The waiting list is open. Attempts to obtain data regarding public housing in Elsa were unsuccessful as of the date of this report.

The current payment standards for one-, two-, three- and four-bedroom units in Elsa and Hidalgo County are listed below. The payment standards are 100 percent of the Fair Market Rents for the area.

PAYMENT STANDARDS	
Units	**Payment Standards**
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

City of Edcouch Housing Authority

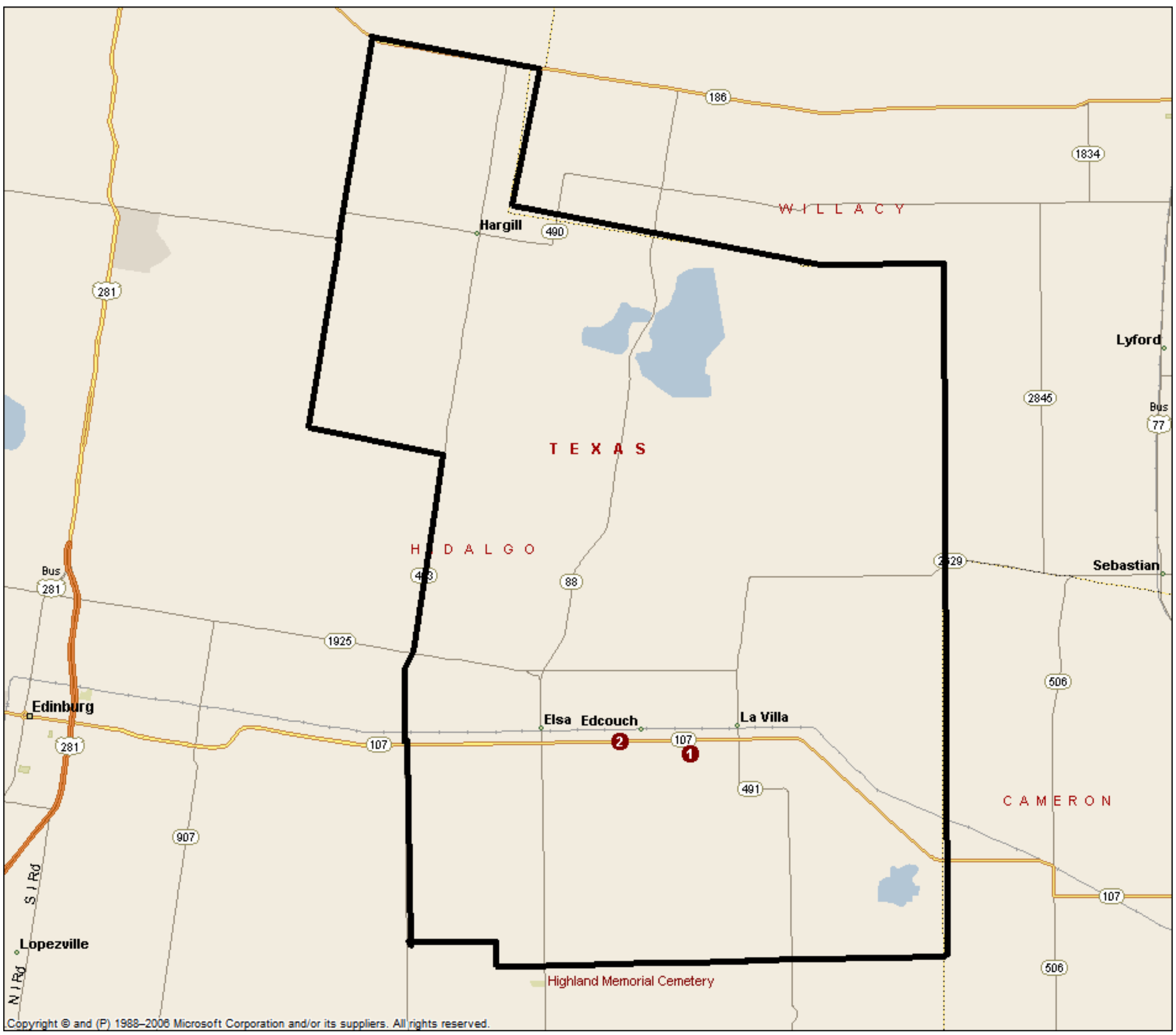
We made multiple attempts to contact the housing authority of Edcouch both over the phone and in person. As of the date of this report, no response has been received.

LIHTC FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction family LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, and property managers.

Novogradac identified two family LIHTC developments totaling 87 units located in the East Hidalgo County Submarket. Delta Estates Apartments, a 64-unit development in Edcouch, was constructed in 2000. Los Laureles, a 23-unit family property also located in Edcouch, received an allocation of tax credits in 1994. Although the management at Los Laureles indicated that the property operates under Section 8 and Rural Development guidelines, there are no additional subsidized developments for families in the Submarket. Therefore, we have included Los Laureles in the following family LIHTC analysis.

A map of the surveyed properties can be found below:



SURVEYED PROPERTIES			
Number	Name	Location	Type
1	Delta Estates Apartments	Edcouch	LIHTC – Family
2	Los Laureles Apartments	Edcouch	LIHTC/USDA/Section 8 - Family

The following pictures identify the surveyed family LIHTC properties located in the Submarket:


Delta Estates Apartments


Los Laureles Apartments

Excluded Properties
None of the identified family LIHTC properties in the Submarket are excluded from this analysis.

Proposed/Under Construction
According to the Texas Department of Housing and Community Affairs, there are two family properties in the East Hidalgo County Submarket that have received an allocation in the last three years, Casa Edcouch and Maeghan Pointe. Casa Edcouch is an under construction LIHTC development located near the intersection of Mile 16 and Mile 4 in Edcouch. This development was allocated tax credit funding 2006 and will offer 73 units for families. Calls made to the developer have not been returned as of the date of this study and, therefore, no additional detail regarding unit mix, amenities and proposed rents was available.

Maeghan Pointe, located at the intersection of State Route 107 and Mile 6, was awarded an allocation in 2008. It will offer 80 two-, three- and four-bedroom units for families earning at or below 30, 50 and 60 percent of AMI. According to the application submitted by the developer, there will be five units at 30 percent of AMI, 28 units at 50 percent of AMI and 47 units at 60 percent of AMI. Proposed community amenities include a swimming pool, playground, fitness center and computer lab. A current construction timeline was not available, but it is anticipated that this property will have units available sometime in 2009.

Unit Mix

The following table illustrates the unit mix in the family LIHTC rental property market.

Unit Mix - LIHTC Family		
Unit Type	**Total Units**	**Percent**
1 BR	12	13.79%
2 BR	44	50.57%
3 BR	31	35.64%
Total	**87**	**100%**

The majority of the LIHTC units in the Submarket are two-bedroom units, followed by three-bedroom units. We were unable to identify any properties with four-bedroom LIHTC units. Demographic projections show that the average household size in the Submarket in 2007 was 3.90, which is projected to decrease slightly by 2012 to 3.88. However, the Submarket's household size is still significantly larger than the national average of 2.59 and larger than that of the MSA. Demographic estimates show that approximately 41 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate an unmet demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the family LIHTC rental property market. Los Laureles was unable to provide square footage data and is not included in the table below.

Unit Size - LIHTC Family			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
1 BR	623	623	623
2 BR	867	867	867
3 BR	1,076	1,076	1,076

The surveyed one-, two, and three-bedroom LIHTC units are 623, 867, and 1,076 square feet, respectively. Delta Estates Apartments, which was constructed in 2000, is representative of the newly constructed properties in the East Hidalgo Submarket.

Common and In-Unit Amenities

	Delta Estates Apartments	Los Laureles Apts
Comp #	1	2
Property Information		
Property Type	Various	Various
Year Built / Renovated	2000	1990's
Market (Conv.)/Subsidy Type	LIHTC	LIHTC/USDA/ Section 8
In-Unit Amenities		
Balcony/Patio	yes	no
Blinds	yes	yes
Carpeting	yes	yes
Central A/C	yes	yes
Ceiling Fan	yes	no
Oven	yes	yes
Refrigerator	yes	yes
Walk-In Closet	yes	no
Washer/Dryer hookup	no	yes
Property Amenities		
Basketball Court	yes	no
Clubhouse/Meeting Room/Community Room	yes	no
Central Laundry	yes	yes
Off-Street Parking	yes	yes
On-Site Management	yes	yes
Picnic Area	yes	no
Playground	yes	yes
Swimming Pool	yes	no
Services		
Security		
Limited Access	yes	no
Patrol	no	yes
Perimeter Fencing	yes	no
Premium Amenities		
Other Amenities		
Other	n/a	n/a

The existing LIHTC multifamily properties in the East Hidalgo County Submarket offer a moderate amount of in-unit and community amenities, with Delta Estates Apartments offering a more comprehensive amenity package than Los Laureles. Both of the surveyed LIHTC comparables offer unit amenities that include central air conditioning, ovens, garbage disposals, and refrigerators. Washer/dryer connections are available at Los Laureles. The extended amenities at Delta Estates Apartments include a patio/balcony, ceiling fan, walk-in closets, basketball court, community room, picnic area, swimming pool and perimeter fencing with limited access gates. There are no non-shelter services offered by the surveyed LIHTC properties in the Submarket.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit type for the surveyed family LIHTC properties.

Weighted Vacancy - LIHTC Family			
Unit Type	**Total Units**	**Vacant Units**	**Percent Vacant**
1 BR	12	0	0.0%
2 BR	44	2	4.5%
3 BR	31	0	0.0%
Total	**87**	**2**	**2.3%**

Los Laureles is reporting two vacant two-bedroom units at 60 percent of AMI. However, it should be noted that both of the units are pre-leased, resulting in an effective vacancy rate of zero percent. The very low vacancy rate among the surveyed family LIHTC units indicates that there may be a continuing need for affordable one-, two- and three-bedroom units in the East Hidalgo County Submarket.

Absorption

None of the surveyed properties were able to provide absorption information. Both properties were constructed in 2000 or earlier.

Waiting Lists

The following table lists the number of households on the waiting lists for the surveyed properties.

Waiting Lists – LIHTC Family		
Property Name	**Number of Units**	**Waiting List**
Delta Estates Apartments	64	2BR units only
Los Laureles Apartments	23	3 Households

Both of the surveyed family LIHTC properties currently maintain small waiting lists. Delta Estates only maintains a waiting list for its two-bedroom units at 50 and 60 percent of AMI. Los Laureles reports a list of three households waiting for all unit types.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Vacancy – LIHTC Family		
Property Name	**Number of Units**	**Vacancy Rate**
Delta Estates Apartments	64	3.1%
Los Laureles Apartments	23	0.0%
AVERAGE	**87**	**2.3%**

Overall vacancy at the surveyed family LIHTC properties is very low at 2.3 percent. As noted earlier, both of the vacant units at Delta Estates are pre-leased, resulting in an effective vacancy rate of zero percent for family LIHTC units in the Submarket. Vacancy rates may temporarily increase as approximately 150 new family LIHTC units become available over the next six to 18 months.

Concessions

Delta Estates Apartments is currently offering one-month free rent for all unit types. This may indicate that the property is having difficulty attracting income qualified households at the 50 and 60 percent AMI levels. Los Laureles, which also operates as a Rural Development and Section 8 property, is not offering any concessions at this time.

Turnover

The following table summarizes turnover rates at the surveyed properties.

Turnover – LIHTC Family		
Property Name	**Number of Units**	**Turnover**
Delta Estates	64	19%
Los Laureles	23	9%
AVERAGE	**87**	**14%**

The range of turnover rates at the surveyed family LIHTC properties in the Submarket appears to be well within range of typical turnover rates for multifamily properties in a developing area.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions. Adjustments to utilities have not been made.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Delta Estates Apartments	Various	@50%, @60%	1BR / 1BA	4	6.20%	@50%	$254	623	No	No	0	0.00%
	300 Mile 2 W	2000		1BR / 1BA	4	6.20%	@60%	$329	623	No	No	0	0.00%
	Edcouch, TX 78538			2BR / 1BA	18	28.10%	@50%	$290	867	No	Yes	0	0.00%
	Hidalgo County			2BR / 1BA	18	28.10%	@60%	$379	867	No	Yes	2	11.10%
				3BR / 2BA	10	15.60%	@50%	$319	1,076	No	No	0	0.00%
				3BR / 2BA	10	15.60%	@60%	$423	1,076	No	No	0	0.00%
					64	100%						2	3.10%
2	Los Laureles Apts	Various	LIHTC/ Section 8/USDA	1BR / 1BA	4	17.40%	Rural Development	$435	N/A	n/a	Yes	0	0.00%
	1100 E Santa Rosa St	1990's		2BR / 1BA	8	34.80%	Rural Development	$455	N/A	n/a	Yes	0	0.00%
	Edcouch, TX 78538			3BR / 1BA	11	47.80%	Rural Development	$500	N/A	n/a	Yes	0	0.00%
	Hidalgo County												
					23	100%						0	0.00%

Rents and Square Footage Ranking

2008 LIHTC Maximum Allowable Gross Rent Limits							
Bedrooms	30%	40%	50%	60%	80%	100%	FMR
Efficiency	$228	$305	$381	$457	$610	$762	$470
1 Bedroom	$245	$327	$408	$490	$698	$872	$516
2 Bedroom	$294	$392	$490	$588	$784	$980	$609
3 Bedroom	$340	$453	$566	$680	$872	$1,090	$730
4 Bedroom	$379	$506	$632	$759	$942	$1,177	$839
5 Bedroom	$418	$558	$698	$837	$1,012	$1,265	-

PAYMENT STANDARDS	
Units	Payment Standards
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

The rents at all of the surveyed LIHTC comparables, including those of the market rate units, are below the current payment standards for Hidalgo County. None of the surveyed LIHTC properties have rents set at the maximum allowable levels.

LIHTC Family Supply Conclusion

Novogradac identified two family LIHTC developments totaling 87 units located in the East Hidalgo County Submarket. Delta Estates Apartments and Los Laureles Apartments, with a total of 87 units, target households earning 30 percent, 50 percent and 60 percent of the AMI. Although the management at Los Laureles indicated that the property operates under Section 8 and Rural Development guidelines, there are no additional subsidized developments for families in the Submarket. Therefore, we have included Los Laureles in the family LIHTC analysis. No identified family LIHTC properties were excluded from the analysis.

According to the Texas Department of Housing and Community Affairs, there are two family properties in the East Hidalgo County Submarket that have received an allocation in the last three years, Casa Edcouch and Maeghan Pointe. When completed over the next six to 18 months, these two properties will offer over 150 newly constructed family LIHTC units in the Submarket. While the average effective vacancy rate among family LIHTC units is zero percent, the addition of new units to the market may cause some increase in the vacancy rate, particularly for units at the 50 and 60 percent set-aside. Delta Estates is currently offering one-month of free rent to attract tenants to units at the 50 and 60 percent set-aside, indicating there may be a lack of renters at this income level in the Submarket.

LIHTC SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, providers, and property managers.

Novogradac identified four senior LIHTC developments with a total of 138 units in the East Hidalgo County Submarket. All four properties carry an additional USDA rental subsidy. Therefore, these properties have been excluded from the senior LIHTC analysis and will be addressed in the senior subsidized analysis section. Therefore, due to the lack of senior LIHTC properties, we were unable to perform a senior LIHTC market analysis.

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there is one senior LIHTC property under construction in the East Hidalgo County Submarket. El Paraiso, located at 200 South Mile 2W Road in Edcouch, is expected to open in late 2008 or early 2009. It will offer a total of 30 units to senior households earning 30, 40, 50 and 60 percent of AMI, with some units also carrying HOME fund restrictions. There will be 26 one-bedroom units measuring 651 square feet and four two-bedroom units with 800 square feet. Units will have washer/dryer connections and ceiling fans. Proposed property amenities include a clubhouse, on-site management and a central laundry facility.

MARKET RATE FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials. We identified two potential market rate developments in the Submarket. Evergreen Apartments, located in Elsa, had a disconnected phone number. Messages left at a phone number for Northside Apartments in Edcouch were not returned. Based on the lack of available data, we did not complete a market rate analysis.

Proposed Construction

We attempted to contact Elsa City Hall and Edcouch City Hall in order to acquire information on proposed market rate development in the Submarket. However, our calls have not been returned as of the date of this study. Field observations indicate that there are no market-rate developments planned, proposed or under construction in the East Hidalgo County Submarket.

MARKET RATE SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior-oriented market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials. There were no identifiable existing senior market rate properties in the East Hidalgo County Submarket. Based on the lack of available data, we did not complete a market rate senior market analysis.

Proposed Construction

We attempted to contact Elsa City Hall and Edcouch City Hall in order to acquire information on proposed market rate development in the Submarket. However, our calls have not been returned as of the date of this study. Field observations indicate that there are no market-rate developments planned, proposed or under construction in the East Hidalgo County Submarket.

SUBSIDIZED FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction family oriented subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

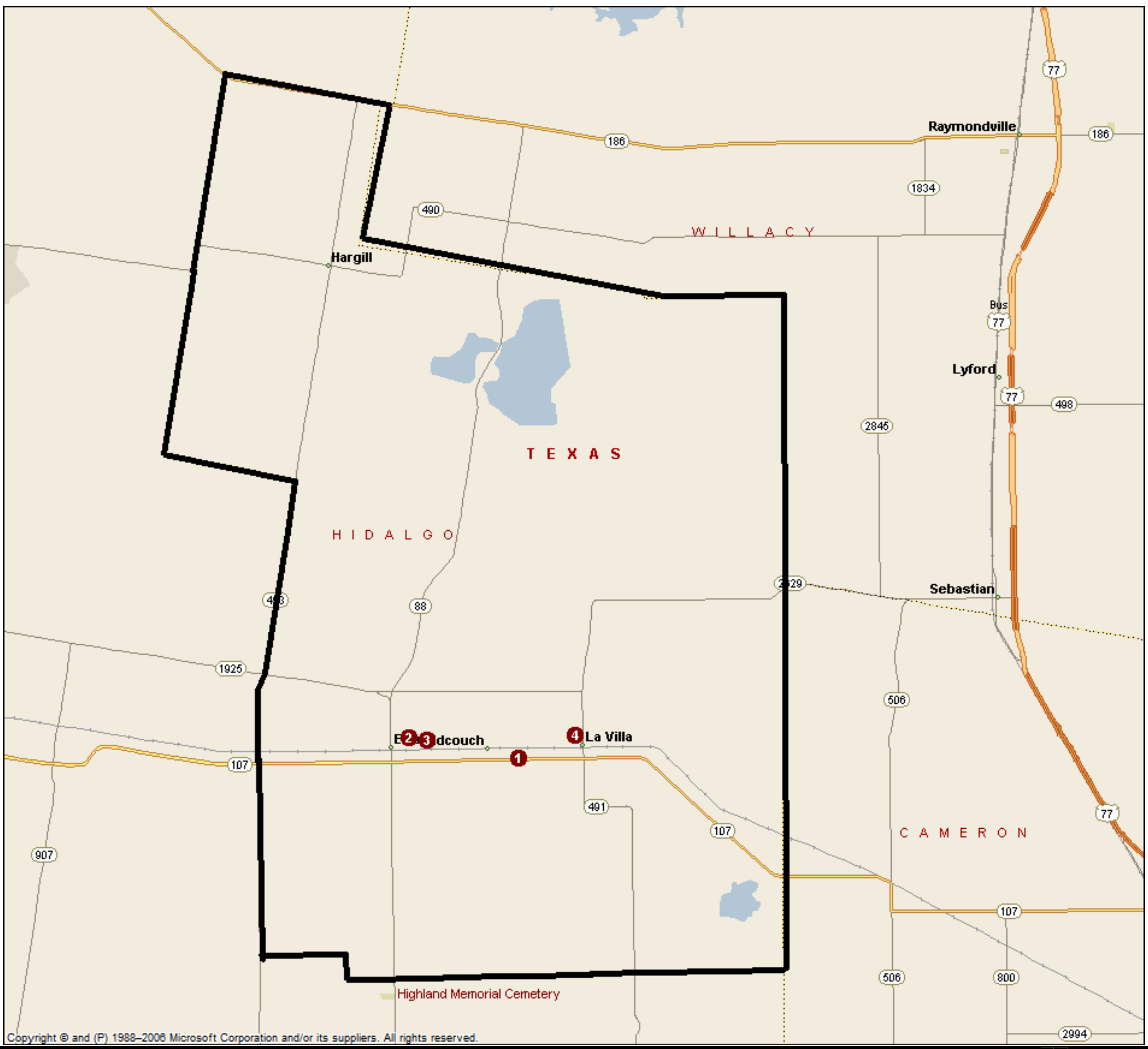
As stated earlier, there is one subsidized family development in the East Hidalgo County Submarket. Los Laureles, a 23-unit family property also located in Edcouch, operates under Section 8 and Rural Development guidelines, but also received an allocation of tax credits in 1994. There are no additional family-targeted subsidized developments in the Submarket. Therefore, we included Los Laureles in the previous family LIHTC analysis.

SUBSIDIZED SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

Novogradac identified four subsidized senior developments with a total of 138 units in the East Hidalgo County Submarket. All four properties have also received LIHTC allocations, but effectively operate as subsidized developments. Cielo Lindo Apartments in Edcouch have 30 one- and two-bedroom units restricted under the USDA's Rural Development program. La Posada and La Posada II, both located in Elsa, have a total of 74 units carrying USDA restrictions. La Reina Apartments in La Villa is a 30 unit USDA development.

The following map illustrates the location of the surveyed senior subsidized comparables in the Submarket.



SURVEYED SUBSIDIZED SENIOR PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Cielo Lindo	Edcouch	Senior – USDA/LIHTC
2	La Posada	Elsa	Senior – USDA/LIHTC
3	La Posada II	Elsa	Senior – USDA/LIHTC
4	La Reina	La Villa	Senior – USDA/LIHTC

The following pictures identify the surveyed subsidized senior properties located in the Submarket:


Cielo Lindo


La Posada


La Posada II


La Reina

Excluded Properties

None of the identified senior subsidized properties in the Submarket are excluded from this analysis.

Proposed/Under Construction

Information from the planning departments of Elsa and Edcouch indicate that there are no market-rate senior-oriented developments planned, proposed or under construction in the East Hidalgo County Submarket. As stated in the senior LIHTC discussion, there is one senior LIHTC property under construction in the East Hidalgo County Submarket. El Paraiso, located at 200 South Mile 2W Road in Edcouch, is expected to open in late 2008 or early 2009. Some of the units will be restricted at 30 percent of AMI, which targets households with incomes similar to those of tenants served by subsidized housing.

Unit Mix

The following table illustrates the unit mix in the subsidized senior rental property market.

Unit Mix – Subsidized Senior		
Unit Type	**Total Units**	**Percent**
1 BR	126	91.3%
2 BR	12	8.7%
Total	**138**	**100%**

As expected, most of the subsidized senior units in the Submarket are one-bedroom units, with very few two-bedroom units. Senior households are typically comprised of one or two persons. Most are seeking to downsize from single-family homes and tend to seek smaller unit types with less maintenance and upkeep requirements.

Unit Size

Unit sizes were not available for Cielo Lindo Apartments. La Posada, La Posada II and La Reina, which are all managed by the same company, report an estimated one-bedroom size of 650 square feet and an estimated two-bedroom size of 800 square feet.

Common and In-Unit Amenities

	Cielo Lindo Apartments	La Posada	La Posada II	La Reina Apartments
Comp #	1	2	3	4
Property Information				
Property Type	Single-story	Single-story	Single-story	Single-story
Year Built / Renovated	2002	1992	2000	2003
Market (Conv.)/Subsidy Type	Senior - USDA/LIHTC	Senior - USDA/LIHTC	Senior - USDA/LIHTC	Senior - USDA/LIHTC
In-Unit Amenities				
Balcony/Patio	yes	yes	yes	yes
Blinds	yes	yes	yes	yes
Carpeting	no	yes	yes	yes
Central A/C	yes	yes	yes	yes
Exterior Storage	yes	no	no	no
Oven	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes
Walk-In Closet	no	yes	yes	yes
Washer/Dryer hookup	yes	yes	yes	yes
Property Amenities				
Clubhouse/Meeting Room/Community Room	no	yes	yes	yes
Central Laundry	yes	yes	yes	no
Off-Street Parking	yes	yes	yes	yes
On-Site Management	yes	no	no	no
Picnic Area	no	yes	yes	yes
Services				
Security				
Patrol	yes	no	no	no
Perimeter Fencing	no	yes	yes	no
Premium Amenities				
Other Amenities				
Other	n/a	n/a	n/a	n/a

The existing subsidized senior properties in the East Hidalgo County Submarket offer similar in-unit amenities, including washer/dryer hookups and a patio/balcony. Cielo Lindo Apartments, one of the newest subsidized senior developments in the Submarket, also offers exterior storage. All of the surveyed properties offer a community room/clubhouse, with the exception of Cielo Lindo. There are no non-shelter services offered by the surveyed subsidized senior properties in the Submarket.

By-Unit Weighted Vacancy
There are no vacant subsidized senior units in the East Hidalgo County Submarket. This, along with the waiting lists detailed in a subsequent section, indicate that there is strong demand for units affordable to seniors at the very lowest income levels.

Absorption
None of the surveyed properties were able to provide absorption information. All properties were constructed in 2003 or earlier.

Waiting Lists
The following table lists the number of households on the waiting lists for the surveyed properties.

Waiting Lists – Subsidized Senior		
Property Name	**Number of Units**	**Waiting List**
Cielo Lindo	34	3 Households
La Posada	40	Yes; number unavailable
La Posada II	34	Yes; number unavailable
La Reina	30	Yes; number unavailable

All of the surveyed senior subsidized properties currently maintain small waiting lists. The total number of households on the waiting lists at La Posada, La Posada II and La Reina was unavailable.

Vacancy Levels
Overall vacancy at the surveyed senior subsidized properties in the Submarket is zero percent. The addition of 30 senior LIHTC units to the Submarket in the next six months is expected to have little impact on the vacancy rate of the existing properties.

Concessions
None of the surveyed senior subsidized properties are offering concessions.

Turnover
The following table summarizes turnover rates at the surveyed properties.

Turnover – Subsidized Senior		
Property Name	**Number of Units**	**Turnover**
Cielo Lindo	34	N/A
La Posada	40	8%
La Posada II	34	6%
La Reina	30	7%
AVERAGE		**7%**

The range of turnover rates at the surveyed subsidized senior properties in the Submarket are very low and average approximately 7 percent. Senior properties typically report lower turnover rates than properties targeting families. The lower than average turnover rate in this Submarket is reflective of a lack of housing choices for seniors at lower income levels.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions. Adjustments to utilities have not been made.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Cielo Lindo Apartments	One-story (age-restricted)	USDA	1BR / 1BA	30	88.20%	Rural Development	$435	N/A	n/a	Yes	0	0.00%
	402 Hinojosa Drive	2002		2BR / 1BA	4	11.80%	Rural Development	$490	N/A	n/a	Yes	0	0.00%
	Edcouch, TX 78538												
	Hidalgo County				34	100%						0	0.00%
2	La Posada	One-story (age-restricted)	Rural Development	1BR / 1BA	36	90.00%	Rural Development	$375	650	n/a	Yes	0	0.00%
	901 Lamar Street	1992		2BR / 1BA	4	10.00%	Rural Development	$405	800	n/a	Yes	0	0.00%
	Elsa, TX 78543												
	Hidalgo County				40	100%						0	0.00%
3	La Posada II	One-story (age-restricted)	LIHTC	1BR / 1BA	30	88.20%	Rural Development	$425	650	n/a	Yes	0	0.00%
	901 Lamar Street	2000		2BR / 1BA	4	11.80%	Rural Development	$480	800	n/a	Yes	0	0.00%
	Elsa, TX 78543												
	Hidalgo County				34	100%						0	0.00%
4	La Reina Apartments	One-story (age-restricted)	Rural Development	1BR / 1BA	26	86.70%	Rural Development	$420	650	n/a	Yes	0	0.00%
		2003		2BR / 1BA	4	13.30%	Rural Development	$495	800	n/a	Yes	0	0.00%
	La Villa, TX 78562												
	Hidalgo County				30	100%						0	0.00%

Rent and Square Footage Ranking

Subsidized Senior Supply Conclusion

Novogradac identified four subsidized senior developments with a total of 138 units in the East Hidalgo County Submarket. All four properties have also received LIHTC allocations, but effectively operate as subsidized developments. Cielo Lindo Apartments in Edcouch have 30 one- and two-bedroom units restricted under the USDA's Rural Development program. La Posada and La Posada II, both located in Elsa, have a total of 74 units carrying USDA restrictions. La Reina Apartments in La Villa is a 30 unit USDA development.

There are no vacant subsidized senior units in the East Hidalgo County Submarket. This, along with the waiting lists detailed in a subsequent section, indicate that there is strong demand for units affordable to seniors at the very lowest income levels. The average turnover rate for the surveyed subsidized senior properties in the Submarket is very low at approximately 7 percent. The lower than average turnover rate in this Submarket may also reflect a lack of housing choices for seniors at lower income levels.

El Paraiso, a 30-unit senior LIHTC property, is currently under construction in Edcouch. Some of the units will be restricted at 30 percent of AMI, which targets households with incomes similar to those of tenants served by subsidized housing. The addition of these units to the Submarket in the next six months is expected to have little impact on the vacancy rate of the existing subsidized senior properties.

DEMAND ANALYSIS

AFFORDABLE HOUSING DEMAND ANALYSIS

As outlined in the study requirements, our estimate of demand for affordable rental housing in the East Hidalgo County Submarket is based on current households and is presented by household size, income level and targeted population. Existing income-qualified renter households are further refined to account for household growth over a five-year projection period, percentage of rent-overburdened households, percentage of households residing in substandard housing, percentage of households in overcrowded housing, and the Submarket's turnover rate. Additionally, we have adjusted our demand estimates to account for accommodation of affordable housing demand through any planned, proposed or unstabilized LIHTC units in the Submarket.

The number of income-qualified renter households is calculated for each of six income cohorts: less than 30 percent of AMI, 31 to 40 percent of AMI, 41 to 50 percent of AMI, 51 to 60 percent of AMI, 61 to 80 percent of AMI and 81 to 100 percent of AMI. With the use of demographics provided by HISTA, we are able to examine each of these six income groups by household size to include one-, two-, three- and four-person households and households with five or more persons. This insures that income-qualified households will not be double counted. Separate analyses are presented for all renter households and senior renter households, defined as age 55 and older.

There is very limited demographic and income data for colonias households available through the census and other government agencies. For this reason, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand accounted for through the analysis of Census data.

DEMAND FROM EXISTING HOUSEHOLDS

Number of Existing Households for the Current Year

The total number of households in the East Hidalgo County Submarket in 2007 is 9,117 and the total number of households in 2012 is projected to be 10,752. The total number of households age 55 and older in the Submarket for 2007 is 2,959, with a 2012 projection of 3,797 households. This is a beginning point for our analysis.

Number of Renters

Information provided to us by ESRI indicates that of the occupied housing units, renter households make up approximately 18.5 percent of the occupied housing unit households in the East Hidalgo County Submarket in 2007. For senior households age 55 and older, the percentage of renters is 11.6 percent.

Maximum Income Guidelines

Maximum income guidelines for tax credit properties are determined by HUD and are based on the area's Average Income. Typically, minimum income levels are calculated based on the assumption that lower income families should pay no more than 35 percent of their income to gross rent. Often times, lower income families pay a higher percentage of income as rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high income households. In order to avoid overstating potential demand this analysis assumes that none of the income bands will overlap. For example, the maximum income for a one-person household at 30 percent of AMI is considered the minimum income for a

one-person household in the income range between 31 percent and 40 percent of AMI. A minimum income of zero dollars is used in calculating demand from households earning 30 percent of AMI or less.

The minimum and maximum household eligible income ranges for the East Hidalgo County Submarket (McAllen-Edinburg-Mission, TX MSA) are detailed in the table on the following page.

INCOME LIMITS

Household Size	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	< 30% AMI		*31% - 40% AMI*		*41% - 50% AMI*		*51% - 60% AMI*		*61% - 80% AMI*		*81% - 100% AMI*	
1 Person	$0	$9,150	$9,150	$12,200	$12,200	$15,250	$15,250	$18,300	$18,300	$24,400	$24,400	$30,500
2 Person	$0	$10,500	$10,500	$13,960	$13,960	$17,450	$17,450	$20,940	$20,940	$27,920	$27,920	$34,900
3 Person	$0	$11,800	$11,800	$15,680	$15,680	$19,600	$19,600	$23,520	$23,520	$31,360	$31,360	$39,200
4 Person	$0	$13,100	$13,100	$17,440	$17,440	$21,800	$21,800	$26,160	$26,160	$34,880	$34,880	$43,600
5+ Person	$0	$14,150	$14,150	$18,840	$18,840	$23,550	$23,550	$28,260	$28,260	$37,680	$37,680	$47,100

Rent-Overburdened Households
Households are determined to be rent-overburdened if they are paying more than 35 percent of household income as rent. In the East Hidalgo County Submarket, approximately 23.1 percent of households, including senior households, are considered rent-overburdened.

Substandard Housing
Substandard housing is generally defined as housing units identified in the Census that lack complete plumbing facilities. According to Census 2000 estimates, approximately 5.7 percent of units in the Submarket are determined to be substandard.

Overcrowded Housing
A housing unit is considered overcrowded if there are more than 1.00 persons per room. According to a report issued in 2002 by the Fannie Mae Foundation, Census 2000 data indicates that the southwestern United States, which includes Texas, has a higher than average incidence of households living in overcrowded housing units. The report further concludes that while Texas and California contain less than one-fifth of the nation's households, these two states account for two-fifths of overcrowded households. In the East Hidalgo County Submarket, it is estimated that 28.2 percent of households are living in overcrowded units.

Movership or Turnover Rate
There are numerous sources of information regarding turnover rate, or the percent of renter households who move in a year. The most reliable source is that of the market participants in the Submarket. As discussed in the *Housing Supply Analysis* section, we attempted to interview comparable properties regarding information the turnover rate experienced on an annual basis. The average annual turnover rate for the two stabilized family LIHTC properties surveyed in the Submarket is approximately 14 percent.

The four identified senior LIHTC properties in this Submarket also carry additional USDA subsidies. Therefore, for the purpose of this analysis, we have used the average senior subsidized property turnover rate of 7.0 percent.

Unstabilized Rental Units - Existing and Proposed
Maeghan Pointe was awarded an allocation in 2008. It will offer 80 two-, three- and four-bedroom units for families earning at or below 30, 50 and 60 percent of AMI. According to the application submitted by the developer, there will be five units at 30 percent of AMI, 28 units at 50 percent of AMI and 47 units at 60 percent of AMI. These units have been deducted from the following demand analysis.

Casa Edcouch is an under construction LIHTC development located near the intersection of Mile 16 and Mile 4 in Edcouch. This development was allocated tax credit funding 2006; it will offer 73 units for families. Calls made to the developer have not been returned as of the date of this study and, therefore, no additional detail regarding unit mix, amenities and proposed rents was available. For purposes of this analysis, we will assume that the distribution of units among income set-asides is similar to that of the proposed Maeghan Pointe. Therefore, we have deducted five units at 30 percent of AMI, 25 units at 50 percent AMI and 43 units at 60 percent of AMI from the following demand analysis.

There is one senior LIHTC property under construction in the East Hidalgo County Submarket. El Paraiso is expected to open in late 2008 or early 2009. It will offer a total of 30 units to senior households earning 30, 40, 50 and 60 percent of AMI, with some units also carrying HOME fund restrictions. The representative for El Paraiso was unable to give detail regarding the number of units at each income set-aside. For purposes of this analysis, we have assumed that the units are distributed evenly among all four set-asides. These units are deducted from the analysis of all households and senior households, as demand from all households includes households age 55 and older.

Annual Income-Qualified Renter Demand

Provided below are calculations of the total number of existing income-qualified renter households in the East Hidalgo County Submarket in 2007 and 2012. Two analyses have been presented. The first calculates total demand, both currently present and moving into the market, adjusted for income eligibility and renter status, as well as the percentage of rent-overburdened households and substandard and overcrowded housing units. An additional calculation, which accounts for all of the previous variables and incorporates the turnover rate, is also provided.

Note that in the subsequent tables, the total number of income-qualified renter households is not equal to the total number of renter households. This is due to the fact that we have only analyzed households earning between zero and 100 percent of the AMI. There are additional renter households in the Submarket with annual incomes greater than 100 percent of the AMI.

Again, this analysis avoids overstating demand by avoiding overlapping income bands. It should be noted that the percentage of rent overburdened households may also include some of the households that are living in substandard and/or overcrowded housing units. This would result in some potential overlap. This analysis assumes that rent overburdened households, households living in substandard housing and households in overcrowded units each represent a separate component of demand. As these are quantifiable sources of demand, the sum of these calculations results in a maximum number of income-qualified renter households.

The calculations of potential household demand by income cohort and household size for all households and senior households are shown in the subsequent tables:

2007 All Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	246	112	10	17	17	16	10
2 person	312	132	23	24	21	31	9
3 person	369	137	66	67	12	11	6
4 person	252	128	22	18	12	24	20
5+person	506	231	69	40	32	46	26
Total	1,684	740	190	165	95	129	71
Number of Income-Qualified Renter Households		**740**	**190**	**165**	**95**	**129**	**71**
X Percentage of Rent-Overburdened (23.1%)		171	44	38	22	30	16
X Percentage of Substandard Housing (5.7%)		42	11	9	5	7	4
X Percentage of Overcrowded Housing (28.2%)		209	54	46	27	36	20
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**422**	**108**	**94**	**54**	**73**	**40**
Less Existing and Planned Unstablized Competing Units		*17*	*7*	*61*	*98*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**405**	**101**	**33**	**-44**	**73**	**40**

2012 All Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	314	143	13	22	22	21	13
2 person	352	149	26	27	24	35	10
3 person	444	165	79	80	15	13	7
4 person	307	157	26	22	15	30	25
5+person	605	276	82	48	39	55	31
Total	2,023	890	226	199	115	154	86
Number of Income-Qualified Renter Households		**890**	**226**	**199**	**115**	**154**	**86**
X Percentage of Rent-Overburdened (23.1%)		205	52	46	27	36	20
X Percentage of Substandard Housing (5.7%)		51	13	11	7	9	5
X Percentage of Overcrowded Housing (28.2%)		251	64	56	32	43	24
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**507**	**129**	**113**	**66**	**88**	**49**
Less Existing and Planned Unstablized Competing Units		*17*	*7*	*61*	*98*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**490**	**122**	**52**	**-32**	**88**	**49**

2007 All Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	246	112	10	17	17	16	10
2 person	312	132	23	24	21	31	9
3 person	369	137	66	67	12	11	6
4 person	252	128	22	18	12	24	20
5+person	506	231	69	40	32	46	26
Total	1,684	740	190	165	95	129	71
Number of Income-Qualified Renter Households		**740**	**190**	**165**	**95**	**129**	**71**
X Percentage of Rent-Overburdened (23.1%)		171	44	38	22	30	16
X Percentage of Substandard Housing (5.7%)		42	11	9	5	7	4
X Percentage of Overcrowded Housing (28.2%)		209	54	46	27	36	20
X Percentage of Estimated Turnover (14%)		104	27	23	13	18	10
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**525**	**135**	**117**	**67**	**92**	**50**
Less Existing and Planned Unstablized Competing Units		*17*	*7*	*61*	*98*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**508**	**128**	**56**	**-31**	**92**	**50**

2012 All Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	314	143	13	22	22	21	13
2 person	352	149	26	27	24	35	10
3 person	444	165	79	80	15	13	7
4 person	307	157	26	22	15	30	25
5+person	605	276	82	48	39	55	31
Total	2,023	890	226	199	115	154	86
Number of Income-Qualified Renter Households		**890**	**226**	**199**	**115**	**154**	**86**
X Percentage of Rent-Overburdened (23.1%)		205	52	46	27	36	20
X Percentage of Substandard Housing (5.7%)		51	13	11	7	9	5
X Percentage of Overcrowded Housing (28.2%)		251	64	56	32	43	24
X Percentage of Estimated Turnover (14%)		125	32	28	16	22	12
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**632**	**160**	**141**	**82**	**109**	**61**
Less Existing and Planned Unstablized Competing Units		*17*	*7*	*61*	*98*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**615**	**153**	**80**	**-16**	**109**	**61**

2007 Senior Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	146	81	7	11	11	6	0
2 person	81	40	3	3	5	18	5
3 person	42	2	4	4	4	7	0
4 person	24	0	0	3	7	7	1
5+person	58	7	2	9	11	17	4
Total	351	130	18	30	38	55	10
Number of Income-Qualified Renter Households		**130**	**18**	**30**	**38**	**55**	**10**
X Percentage of Rent-Overburdened (23.1%)		30	4	7	9	13	2
X Percentage of Substandard Housing (5.7%)		7	1	2	2	3	1
X Percentage of Overcrowded Housing (28.2%)		37	5	8	11	16	3
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**74**	**10**	**17**	**22**	**32**	**6**
Less Existing and Planned Unstablized Competing Units		*7*	*7*	*8*	*8*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**67**	**3**	**9**	**14**	**32**	**6**

2012 Senior Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	183	101	9	13	13	7	0
2 person	93	46	4	4	6	21	6
3 person	58	3	6	6	6	10	0
4 person	32	0	0	4	9	9	1
5+person	71	9	3	11	14	21	5
Total	438	159	22	38	48	68	12
Number of Income-Qualified Renter Households		**159**	**22**	**38**	**48**	**68**	**12**
X Percentage of Rent-Overburdened (23.1%)		37	5	9	11	16	3
X Percentage of Substandard Housing (5.7%)		9	1	2	3	4	1
X Percentage of Overcrowded Housing (28.2%)		45	6	11	14	19	3
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**91**	**13**	**22**	**27**	**39**	**7**
Less Existing and Planned Unstablized Competing Units		*7*	*7*	*8*	*8*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**84**	**6**	**14**	**19**	**39**	**7**

2007 Senior Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	146	81	7	11	11	6	0
2 person	81	40	3	3	5	18	5
3 person	42	2	4	4	4	7	0
4 person	24	0	0	3	7	7	1
5+person	58	7	2	9	11	17	4
Total	351	130	18	30	38	55	10
Number of Income-Qualified Renter Households		**130**	**18**	**30**	**38**	**55**	**10**
X Percentage of Rent-Overburdened (23.1%)		30	4	7	9	13	2
X Percentage of Substandard Housing (5.7%)		7	1	2	2	3	1
X Percentage of Overcrowded Housing (28.2%)		37	5	8	11	16	3
X Percentage of Estimated Turnover (7%)		9	1	2	3	4	1
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**83**	**11**	**19**	**24**	**35**	**7**
Less Existing and Planned Unstablized Competing Units		*7*	*7*	*8*	*8*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**76**	**4**	**11**	**16**	**35**	**7**

2012 Senior Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	183	101	9	13	13	7	0
2 person	93	46	4	4	6	21	6
3 person	58	3	6	6	6	10	0
4 person	32	0	0	4	9	9	1
5+person	71	9	3	11	14	21	5
Total	438	159	22	38	48	68	12
Number of Income-Qualified Renter Households		**159**	**22**	**38**	**48**	**68**	**12**
X Percentage of Rent-Overburdened (23.1%)		37	5	9	11	16	3
X Percentage of Substandard Housing (5.7%)		9	1	2	3	4	1
X Percentage of Overcrowded Housing (28.2%)		45	6	11	14	19	3
X Percentage of Estimated Turnover (7%)		11	2	3	3	5	1
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**102**	**14**	**24**	**31**	**43**	**8**
Less Existing and Planned Unstablized Competing Units		*7*	*7*	*8*	*8*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**95**	**7**	**16**	**23**	**43**	**8**

Demand Analysis Conclusions

All Households

The analysis of income-qualified renter households in the East Hidalgo County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that almost one-third of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households.

Although the effective vacancy rate for family LIHTC units in the Submarket is zero percent, there are 183 new LIHTC units expected to enter the market in the next six to 18 months. With a limited number of income-qualified renter households at the 51 to 60 percent AMI level, new units at 60 percent of AMI may have difficulty attracting appropriately qualified tenants. Already, one of the family LIHTC properties in the Submarket is offering a concession of one month free rent. This indicates that the new units in the market may experience a somewhat slower than average absorption period, and concessions may be needed to attract and maintain tenants in units at the 60 percent set-aside. However, it should be noted that with a high incidence of overcrowding in the Submarket, additional demand may be generated from owner households looking to improve their current housing situation.

Senior Households

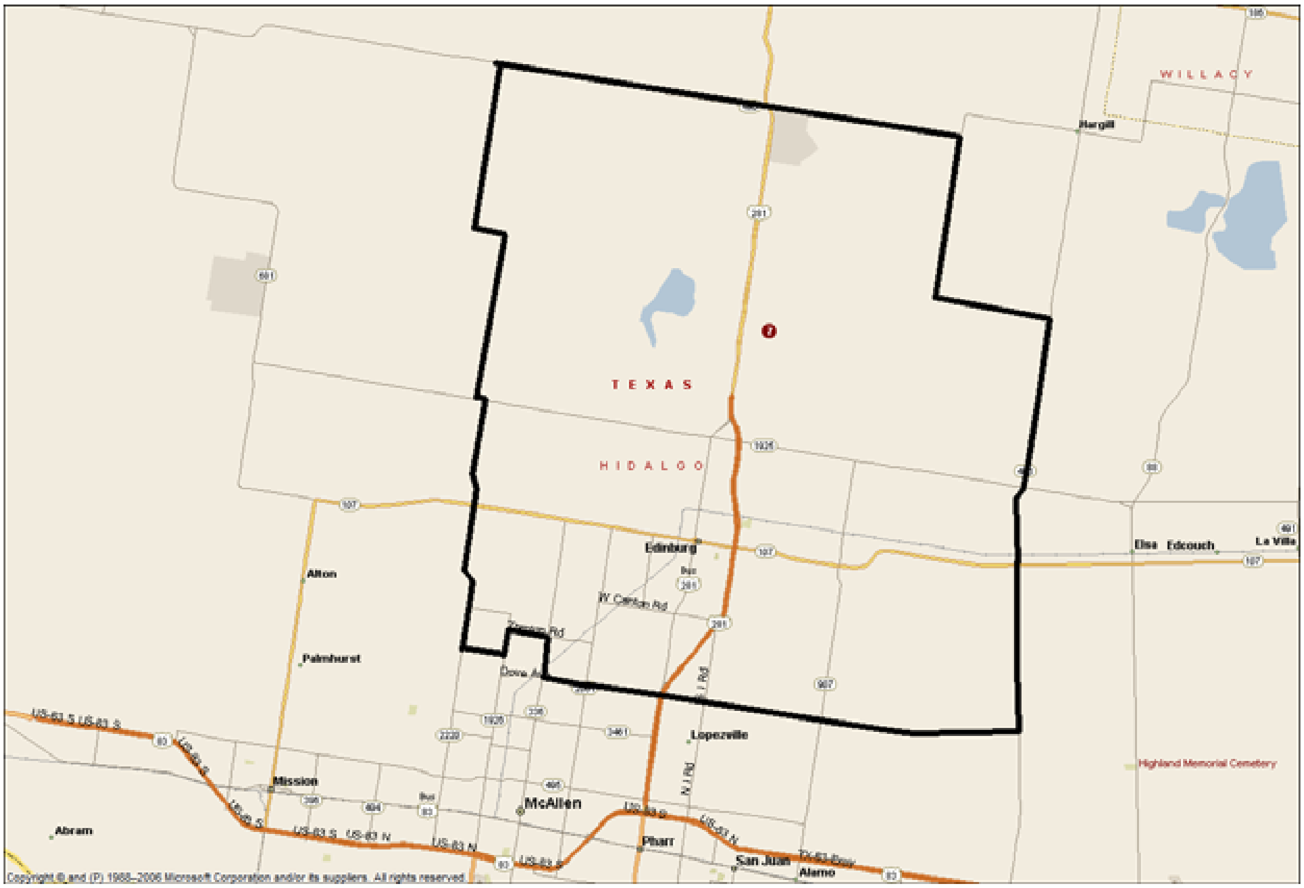
Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Currently, there are only 138 subsidized units serving low-income senior households in the East Hidalgo County Submarket and an increase in income-qualified senior renter households projected through 2012. The 30 units under construction at El Paraiso will help to meet this continuing need, without significant impact to existing affordable housing developments for seniors in the Submarket.

7. CENTRAL HIDALGO COUNTY SUBMARKET ANALYSIS

CENTRAL HIDALGO COUNTY SUBMARKET DEMOGRAPHIC CHARACTERISTICS AND TRENDS

The primary market area is defined as the Central Hidalgo County Submarket, which is bounded to the east by La Blanca Road and Brush Line Road; to the south by Trenton Road, East Dove Avenue, Owassa Road and Roosevelt Road; to the north by FM 490, and to the west by Wallace Road and Ware Road. The following map illustrates the boundaries of the Submarket as defined above.

Central Hidalgo County Submarket Map



The Central Hidalgo County Submarket is comprised of the city of Edinburg. Approximately 40 to 50 percent of the area in this Submarket can be characterized as developed and within close proximity to most locational amenities and essential services. The remaining 50 to 60 percent of the area in this Submarket contains very little development and offers limited access to locational amenities and essential services. The majority of development occurs along U.S. Highway 281 and intensifies in a southerly direction towards McAllen; development dissipates slowly north of the Edinburg city limits. The predominant form of housing in this Submarket is owner-occupied single-family homes in fair to excellent condition and less than five to 40 years in age. There is a moderate amount of multifamily development in poor to excellent condition and less than five to 40 years in age.

Local Government

As previously mentioned, the Central Hidalgo County Submarket includes the City of Edinburg, which is the county seat of Hidalgo. Edinburg is a city in Hidalgo County operating under a City Council-City Manager form of government, with one Mayor and four Council members. Edinburg was incorporated in 1919 and the city charter was adopted in 1928. According to the City of Edinburg website, Edinburg is comprised of a land area of 36.67 square miles and has an estimated population of 55,297.

Employment by Industry

The table on the following table illustrates employment by industry for the Central Hidalgo County Submarket and McAllen-Edinburg-Mission MSA in 2007.

2007 EMPLOYMENT BY INDUSTRY				
	Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
Occupation	**Number**	**Percent Employed**	**Number Employed**	**Percent Employed**
Agric/Forestry/Fishing/Hunting	847	1.97%	5,955	2.54%
Mining	511	1.19%	2,143	0.91%
Construction	4,171	9.68%	25,549	10.90%
Manufacturing	2,064	4.79%	13,071	5.58%
Wholesale Trade	1,893	4.39%	9,652	4.12%
Retail Trade	4,624	10.73%	30,163	12.87%
Transportation/Warehousing	1,672	3.88%	9,335	3.98%
Utilities	331	0.77%	1,438	0.61%
Information	541	1.26%	2,704	1.15%
Finance/Insurance	981	2.28%	5,917	2.53%
Real Estate/Rental/Leasing	673	1.56%	3,399	1.45%
Prof/Scientific/Tech Services	1,661	3.86%	6,868	2.93%
Mgmt of Companies/Enterprises	3	0.01%	82	0.03%
Admin/Support/Waste Mgmt Srvcs	1,456	3.38%	8,174	3.49%
Educational Services	8,127	18.87%	36,869	15.73%
Health Care/Social Assistance	5,569	12.93%	29,322	12.51%
Arts/Entertainment/Recreation	374	0.87%	2,302	0.98%
Accommodation/Food Services	2,695	6.26%	16,906	7.21%
Other Services (excl Publ Adm)	2,266	5.26%	13,767	5.88%
Public Administration	2,618	6.08%	10,715	4.57%
Total Employment	**43,077**	**100.0%**	**234,331**	**100.0%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The top four employment sectors in the Central Hidalgo County Submarket are the educational services, health care/social assistance, retail trade and construction sectors. Approximately 52.2 percent of people in Central Hidalgo County work in these four industries. The Submarket has a larger number of persons employed in the educational services and health care sectors and a smaller number of people employed in the construction and retail trade sectors, relative to the MSA. Although, educational services and health care/social services are typically stable sectors of the economy, industries such as retail trade and construction are particularly susceptible to fluctuations in the health of the economy. The large number of people employed in the retail trade and construction industries could negatively impact employment in the Central Hidalgo County Submarket, due to the current national economic downturn. However, the strong presence of the educational services and health care/social assistance industries should promote economic stability.

It should be noted that the health care/social assistance, construction, retail trade and educational services sectors all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create an abundance of demand for affordable rental housing in the Submarket.

Commute Patterns in the Central Hidalgo County Submarket

The table below summarizes commute times for the Central Hidalgo County Submarket.

TRAVEL TIME TO WORK

Travel Time	Workers age 16+
< 5 min	982
5-9 min	3,817
10-14 min	5,480
15-19 min	7,093
20-24 min	6,025
25-29 min	1,437
30-34 min	4,949
35-39 min	411
40-44 min	296
45-59 min	1,008
60-89 min	552
90+ min	332
Average Travel Time	19.9 minutes

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

The Submarket reports an average travel time to work of 19.9 minutes, which is shorter than the average for the MSA. The largest employment center is the Submarket is Edinburg, which is also where most of the Submarket’s population is clustered, resulting in shorter commute times.

Population, Household, and Income Trends – Submarket and MSA

The following section provides an analysis of the demographic characteristics within the Central Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA. Data such as population, households and growth patterns are studied, to determine if the McAllen-Edinburg-Mission MSA and the Central Hidalgo County Submarket are areas of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population in the Central Hidalgo County Submarket and McAllen-Edinburg-Mission, TX MSA from 1990 through 2012.

Total Population

Year	Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	56,233	-	383,545	-
2000	98,438	7.51%	569,463	4.85%
2007	123,070	3.45%	732,166	3.94%
2012	142,406	3.14%	865,301	3.64%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Growth in the Submarket has been slightly slower than growth in the MSA in all years of analysis, except from 1990 to 2000. The majority of population growth in the MSA is located near the U.S. – Mexico border. However, both the Submarket and the MSA are showing strong growth from 2007 through 2012, although the MSA will grow at a faster rate than from 2000 through 2007. The strong growth in the Submarket and the MSA is a positive indicator of the need for the affordable housing and likely why so many individuals are employed in the construction sector in the Submarket.

Population by Age

The following graph illustrates population by age in the Submarket and MSA for 2007. It should be noted that the current population by age distribution in the MSA is similar to national averages.

Population by Age Group				
Central Hidalgo County Submarket				
Age Cohort	**1990**	**2000**	**2007**	**2012**
0-4	5,466	10,110	13,242	15,030
5-9	5,793	10,064	11,723	13,531
10-14	5,758	9,130	10,890	12,544
15-19	5,762	9,211	10,513	12,458
20-24	4,890	8,439	10,438	11,835
25-29	4,659	8,248	10,423	10,935
30-34	4,509	7,775	9,728	10,805
35-39	3,986	7,470	8,848	9,722
40-44	3,361	6,683	8,256	9,240
45-49	2,385	5,428	7,595	8,740
50-54	1,897	4,261	6,186	7,694
55-59	1,764	2,942	4,626	6,495
60-64	1,704	2,365	3,139	4,594
65-69	1,568	2,022	2,355	2,891
70-74	1,044	1,776	1,883	2,119
75-79	826	1,287	1,547	1,602
80-84	510	669	938	1,159
85+	351	558	740	1,012
Total	**56,233**	**98,438**	**123,070**	**142,406**
McAllen-Edinburg-Mission, TX MSA				
Age Cohort	**1990**	**2000**	**2007**	**2012**
0-4	35,765	58,138	79,315	92,930
5-9	38,973	58,293	70,248	82,804
10-14	40,708	53,301	66,339	77,547
15-19	40,049	51,490	59,763	73,357
20-24	29,843	44,309	55,501	64,141
25-29	28,292	44,013	58,500	61,645
30-34	27,653	40,612	54,559	61,137
35-39	26,244	38,068	49,781	56,246
40-44	22,397	34,630	43,581	53,384
45-49	16,430	30,233	41,509	48,372
50-54	13,335	25,613	36,239	44,436
55-59	12,403	18,854	29,739	40,978
60-64	13,015	16,635	21,369	31,769
65-69	13,357	16,092	18,047	21,924
70-74	9,905	15,122	16,061	17,557
75-79	7,693	12,139	14,324	14,992
80-84	4,521	6,701	9,982	11,805
85+	2,962	5,220	7,309	10,277
Total	**383,545**	**569,463**	**732,166**	**865,301**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Households

The following table is a summary of the total households in the Submarket and MSA from 1990 to 2012.

Total Number of Households				
Year	Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	15,133	-	103,479	-
2000	26,450	7.48%	156,824	5.16%
2007	34,345	4.12%	205,804	4.31%
2012	40,356	3.50%	244,775	3.79%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Similar to the rate of population growth, the household growth rates of the Submarket and MSA have both been strong through 2007; however, household growth in the Submarket slowed significantly from 2000 to 2007. Household growth in the Submarket and MSA is expected to slow slightly from 2007 through 2012. As the number of households increases, there will be a larger pool of potential tenants, some of which will need affordable housing.

Average Household Size

The following table illustrates the average household size for the Submarket and MSA from 2000 to 2012.

Average Household Size				
Year	Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	3.57	-	3.60	-
2007	3.45	-0.46%	3.53	-0.27%
2012	3.42	-0.17%	3.51	-0.11%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The average household size in the Submarket is slightly smaller than the MSA, and both are larger than the national average size of 2.59. The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the Submarket, but especially the MSA as a whole.

Median Household Income Levels

The table below illustrates Median Household Income in the Submarket and MSA.

Median Household Income				
Year	Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	28,260	-	24,843	-
2007	34,797	3.19%	30,519	3.15%
2012	39,876	2.92%	35,078	2.99%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The median household income in the Submarket was approximately 12.3 percent higher than the median household income in the MSA in 2007. The median household income in the Submarket is projected to grow at a slightly slower rate from 2007 through 2012 than the previous seven years, as in the MSA. The lower median income level indicates increasing need for affordable housing.

Household Income

The following tables illustrate median household income in both the Submarket and MSA.

Household Income Distribution - Central Hidalgo County Submarket				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	5,252	15.3%	5,070	12.6%
$10,000-$14,999	2,392	7.0%	2,733	6.8%
$15,000-$19,999	2,643	7.7%	2,644	6.6%
$20,000-$24,999	2,469	7.2%	2,468	6.1%
$25,000-$29,999	2,200	6.4%	2,683	6.6%
$30,000-$34,999	2,298	6.7%	2,170	5.4%
$35,000-$39,999	1,585	4.6%	2,464	6.1%
$40,000-$44,999	1,714	5.0%	1,582	3.9%
$45,000-$49,999	1,222	3.6%	1,675	4.2%
$50,000-$59,999	2,775	8.1%	2,889	7.2%
$60,000-$74,999	2,982	8.7%	3,762	9.3%
$75,000-$99,999	2,920	8.5%	4,068	10.1%
$100,000-	1,786	5.2%	2,337	5.8%
$125,000-	946	2.8%	1,584	3.9%
$150,000-	544	1.6%	1,151	2.9%
$200,000-	226	0.7%	442	1.1%
$250,000-	319	0.9%	469	1.2%
$500,000+	72	0.2%	165	0.4%
Total	**34,345**	**100%**	**40,356**	**100%**

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	35,778	17.4%	35,096	14.3%
$10,000-$14,999	16,023	7.8%	18,980	7.8%
$15,000-$19,999	18,277	8.9%	17,960	7.3%
$20,000-$24,999	16,249	7.9%	17,138	7.0%
$25,000-$29,999	14,856	7.2%	18,258	7.5%
$30,000-$34,999	14,483	7.0%	14,667	6.0%
$35,000-$39,999	11,537	5.6%	16,180	6.6%
$40,000-$44,999	11,210	5.4%	11,607	4.7%
$45,000-$49,999	7,584	3.7%	11,317	4.6%
$50,000-$59,999	15,755	7.7%	17,690	7.2%
$60,000-$74,999	15,188	7.4%	21,074	8.6%
$75,000-$99,999	12,488	6.1%	19,177	7.8%
$100,000-	7,409	3.6%	10,073	4.1%
$125,000-	3,767	1.8%	6,223	2.5%
$150,000-	2,290	1.1%	4,504	1.8%
$200,000-	1,246	0.6%	2,018	0.8%
$250,000-	1,370	0.7%	2,128	0.9%
$500,000+	294	0.1%	685	0.3%
Total	**205,804**	**100%**	**244,775**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As illustrated, approximately 30 percent of the population in the Submarket and 34.1 percent of the population in the MSA earned below $20,000 in 2007. By 2012, the population earning below $20,000 in the Submarket and MSA is expected to decrease slightly to approximately 26 percent and 29.4 percent, respectively, but in both instances, a significant portion of the population are projected to earn less than $20,000. This data provides strong support for affordable rental housing in the Submarket and MSA.

Senior Demographic Trends

Among those demographics discussed are trends in population, number of households, age, and income. In addition to analyzing overall demographic trends, we have also separately analyzed and discussed trends specific to the senior subpopulation, which includes those 55 years of age and older. The majority of age-restricted properties offer units to seniors ages 55, 62, or 65 and older. Despite the varying age restrictions at senior properties, property managers typically report that the average age of residents is 55 years of age. Therefore, for the purposes of this analysis, we have included demographic characteristics of the senior population ages 55 and over.

Senior Population

The table below illustrates senior population trends in the Submarket and MSA from 2000 through 2012.

Total Senior Population (55+)

	Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
Year	Number	Annual	Number	Annual Change
1990	7,767	-	63,856	-
2000	11,619	5.0%	90,763	4.2%
2007	15,228	4.3%	116,831	4.0%
2012	19,872	6.1%	149,302	5.6%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

As the table illustrates, similar to the general population trends, the senior population in both the Submarket and the MSA increased between 2000 and 2007. Senior population growth in the Central Hidalgo County Submarket and the MSA increased significantly between 2000 and 2007. Senior population growth in both the Central Hidalgo County Submarket and the MSA is expected to grow at a faster rate from 2007 through 2012.

The strong projected growth in the senior population in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years. Additionally, the increasing senior populations, (typically one- and two-person households) may be a contributing factor to the projected decline in the average household size within the Submarket from 2007 to 2012.

Senior Households

The table below illustrates senior household trends in the Submarket and MSA from 2000 through 2012.

Total Number of Senior Households (55 +)

Year	Central Hidalgo County Submarket		McAllen-Edinburg-Mission, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	6,618	-	52,073	-
2007	8,683	4.3%	67,113	4.0%
2012	11,428	6.3%	85,658	5.5%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Similar to senior population estimates and projections, senior household growth is projected to increase through 2012 with growth rates also increasing through 2012. Senior household growth rates are expected to increase from 2007 through 2012. The strong projected growth in the senior households in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years.

Senior Median Household Income

The following table illustrates the median household incomes in the Submarket, MSA, and nation from 2007 to 2012 for both all households and specifically for senior households.

MEDIAN HOUSEHOLD INCOME						
Year	**McAllen-Edinburg-Mission, TX MSA**		**Central Hidalgo County Submarket**		**USA**	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
			All Ages			
2007	$30,519	-	$34,797	-	$53,154	-
2012	$35,078	2.59%	$39,876	2.55%	$62,503	3.52%
			Age 55+			
2007	$27,687	-	$29,288	-	$32,710	-
2012	$32,712	3.07	$35,795	3.63%	$41,086	5.12%

Source: ESRI Business Demographics 2007; Novogradac and Company LLP, July, 2008

As the above table illustrates, the median senior household incomes in all areas of analysis are below those of all households. Of the three areas of analysis, the median senior household income is lowest in the MSA and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally. The senior median household income in the Submarket and MSA were approximately 89.5 and 84.6 percent, respectively, of the national average in 2007.

Senior Household Income

The tables below illustrate senior household income in the Submarket and MSA for 2007 and 2012.

Household Income Distribution - Central Hidalgo County Submarket (Age 55+)						
Income	2007		Projected Mkt Entry		2012	
Cohort	Number	Percentage	Number	Percentag	Number	Percentage
<$15,000	2,395	27.6%	2,589	24.4%	2,672	23.4%
$15,000-	1,223	14.1%	1,325	12.5%	1,368	12.0%
$25,000-	1,073	12.4%	1,210	11.4%	1,268	11.1%
$35,000-	935	10.8%	1,254	11.8%	1,390	12.2%
$50,000-	1,297	14.9%	1,582	14.9%	1,704	14.9%
$75,000-	587	6.8%	811	7.6%	907	7.9%
100,000-	796	9.2%	1,157	10.9%	1,312	11.5%
150,000-	180	2.1%	352	3.3%	426	3.7%
200,000-	78	0.9%	143	1.3%	171	1.5%
250,000-	97	1.1%	137	1.3%	154	1.3%
$500,000+	22	0.3%	46	0.4%	56	0.5%
Total	**8,683**	**100%**	**10,605**	**100%**	**11,428**	**100%**

Household Income Distribution - McAllen-Edinburg-Mission, TX MSA (Age 55+)						
Income	2007		Projected Mkt Entry		2012	
Cohort	Number	Percentage	Number	Percentag	Number	Percentage
<$15,000	18,952	28.2%	20,366	30.3%	20,972	24.5%
$15,000-	10,918	16.3%	11,547	17.2%	11,816	13.8%
$25,000-	8,645	12.9%	9,808	14.6%	10,306	12.0%
$35,000-	9,485	14.1%	11,920	17.8%	12,964	15.1%
$50,000-	9,921	14.8%	12,499	18.6%	13,604	15.9%
$75,000-	3,485	5.2%	5,358	8.0%	6,161	7.2%
100,000-	3,783	5.6%	5,445	8.1%	6,157	7.2%
150,000-	728	1.1%	1,354	2.0%	1,622	1.9%
200,000-	543	0.8%	816	1.2%	933	1.1%
250,000-	556	0.8%	786	1.2%	884	1.0%
$500,000+	97	0.1%	196	0.3%	239	0.3%
Total	**67,113**	**100%**	**80,095**	**119%**	**85,658**	**100%**

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Both the submarket and MSA significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,600. Among these locations, the Submarket has the largest percentage of seniors earning less than $35,000 annually. Approximately 54.1 percent of those 55 and older in the Submarket are earning under $35,000 per year. This is attributable primarily to the Submarket's high percentage of senior households earning below $15,000 annually and the rural nature of the submarket. The Submarket features similar numbers of senior households in these income brackets when compared to the MSA. By 2012, all areas of analysis will have seen decreases in the number of seniors earning less than $35,000 annually. However, within the Submarket and MSA, it is estimated that 46.5 and 50.3 percent of seniors will still be earning less than $35,000 annually for these two areas, respectively. It should be noted that these estimates are most likely a function of inflation rather than a demographic trend. Furthermore, the majority of senior households within the Submarket will be earning less than $25,000, which is below the current AMI. This indicates that affordable housing for the senior population will remain in demand.

Tenure

The following table is a summary of the senior tenure patterns of the housing stock in the Submarket and MSA for 2000 through 2012.

Tenure Patterns - Elderly Population (Age 55+)								
	Central Hidalgo County Submarket				McAllen-Edinburg-Mission, TX MSA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	5,529	83.5%	1,089	16.5%	43,784	84.1%	8,289	15.9%
2007	7,254	83.5%	1,429	16.5%	56,430	84.1%	10,683	15.9%
2012	9,548	83.5%	1,880	16.5%	72,023	84.1%	13,635	15.9%
Source: ESRI Demographics 2007; Novogradac & Company LLP, August 2008								

As the above table illustrates, the senior housing market is dominated by owner-occupied units. The Submarket has a significantly smaller percentage of senior renter-occupied units when compared to the national average (28 percent, not shown above) and the MSA. The small percentage of renter-occupied senior households is not unusual in rural submarkets, where owner-occupied housing is predominant among a reduced population.

Senior Demographic Conclusion

Of the three areas of analysis, the median senior household income is lowest in the MSA and highest nationally. Although the median senior household income for all areas of analysis is projected to increase from 2007 to 2012, growth in the Submarket and MSA's median senior household income is projected to outpace growth in the Submarket. Both the MSA and Submarket significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of \$36,100. Approximately 54 percent of those 55 and older in the Submarket are earning under \$35,000 per year. This is attributable primarily to the Submarket's high percentage of senior households earning below \$15,000 annually and the rural nature of the Submarket. The Submarket features significantly more senior households in these income brackets when compared to the MSA and national averages. The national average of senior households earning below \$50,000 annually is 64 percent.

LOCAL MARKET INFORMATION

Central Hidalgo County Submarket

The following sections will provide an analysis of the demographic characteristics within the Submarket.

Healthcare

The majority of the general practitioners, hospitals and urgent care clinics in the Central Hidalgo County Submarket are located in the city of Edinburg. The primary major medical provider within proximity to the Central Hidalgo County Submarket is the South Texas Health System, with seven facilities including Cornerstone Regional Hospital, Edinburg Children's Hospital, Edinburg Regional Medical Center, Edinburg Regional Rehabilitation Center, McAllen Heart Hospital, McAllen Medical Center, South Texas Behavioral Health Center. The Edinburg Regional Medical Center is the nearest hospital to the Submarket, located within the Submarket in Edinburg, Texas.

Transportation

The South Texas International Airport at Edinburg, located in the Central Hidalgo County Submarket and McAllen Miller International Airport, located approximately 6.0 miles south of the Central Hidalgo County Submarket, are the major airports for the Submarket. The South Texas International Airport at Edinburg is a public-use airport located approximately nine miles north of the central business district of Edinburg. The airport is owned and operated by the City of Edinburg and averaged 13 general aviation aircraft operations per day in 2005. The McAllen Miller International Airport (MFE) is the primary business airport of the Rio Grande Valley and provides non-stop flights to Dallas-Fort Worth, Houston, and Las Vegas via American Airlines, Continental Airlines, and Allegiant Air.

Access to the Central Hidalgo County Submarket can be accomplished via US Highway 281. US Highway 281 runs north/south from McAllen, Texas to Wichita Falls, Texas.

Education

The University of Texas Pan American in Edinburg, Texas, with 17,337 students, including 2,261 graduate students, is the 10th largest university in the state and the fifth largest in the UT system and offers 54 bachelor's degree programs, 50 master's, and two doctoral programs. The nearest Independent School District is the Edinburg Independent School District. The Edinburg Independent School District includes three high schools, four middle schools, and 27 elementary schools

.

Public Transportation

Valley Transit is a full-service bus company that serves the Central Hidalgo County Submarket and all of South Central Texas and Northern Mexico with more than 50 daily schedules, as well as connections to nationwide travel on Greyhound Lines. The main travel center for the Central Hidalgo County Submarket is located in Edinburg at the Stripes (Citgo) Gas Station and transportation is available from that stop 24 hours a day, seven days a week.

Employment Centers

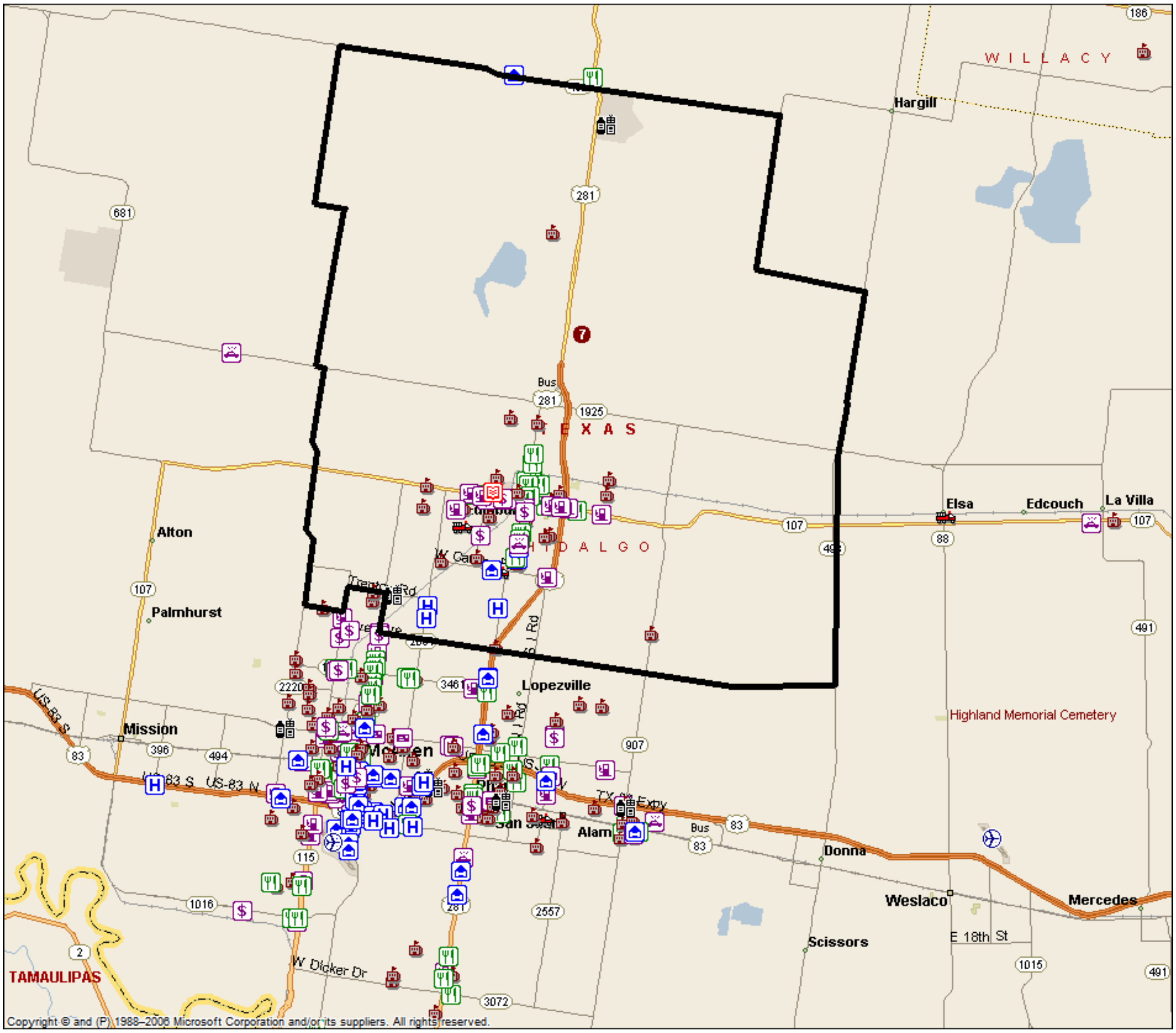
The majority of employment centers in the Central Hidalgo County Submarket are located in Edinburg. The largest employers in the City of Edinburg include the following:

Rank	Company	Industry	Employees
1	Edinburg Consolidated I.S.D.	Education	3,600
2	Edinburg Regional Medical Center	Healthcare	3,000
3	University of Texas Pan American	Education	2,850
4	Hidalgo County	Government	2,211
5	U.S. Customs and Border Patrol	Government	1,609
6	Wal-Mart	Retail	885
7	City of Edinburg	Government	505
8	HEB Food Stores	Grocery	440
9	TelePerformance	Call Center	355
10	Lopez Unit	State Prison	350

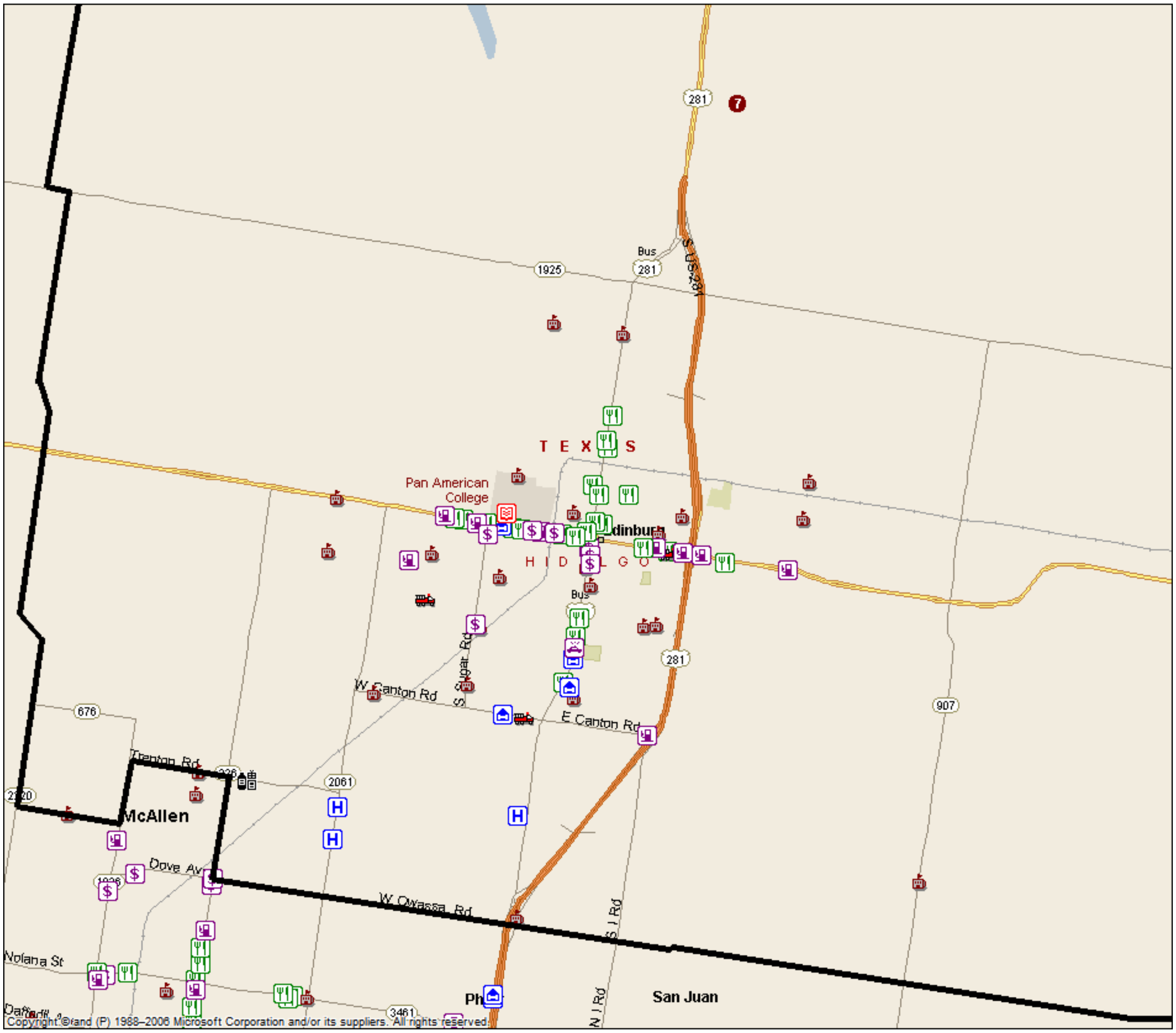
Based on the largest employers above, employment in the Submarket is dominated by the education, healthcare, and government sectors. According to 2007 employment by industry demographics, the top four employment sectors in the Central Hidalgo County Submarket are the educational services, health care/social assistance, retail trade and construction sectors. Approximately 52.2 percent of people in Central Hidalgo County work in these four industries. The demographic data and anecdotal data suggest that the Submarket is dominated by the education and healthcare industries. Though there is a discrepancy regarding the dominance of the retail and construction industries, when comparing both sets of data, it is important to note that the top two employers overall are education and healthcare, which are historically stable industries. Retail trade and construction are typically more volatile sectors of the economy as compared to historically stable industries such as education and healthcare. Therefore, despite the demographic projections indicating a prevalence of the retail trade and construction/manufacturing industries in the Submarket, the high concentration of people employed in education and healthcare industries should promote economic stability throughout the current economic downturn.

Proximity to Local Services

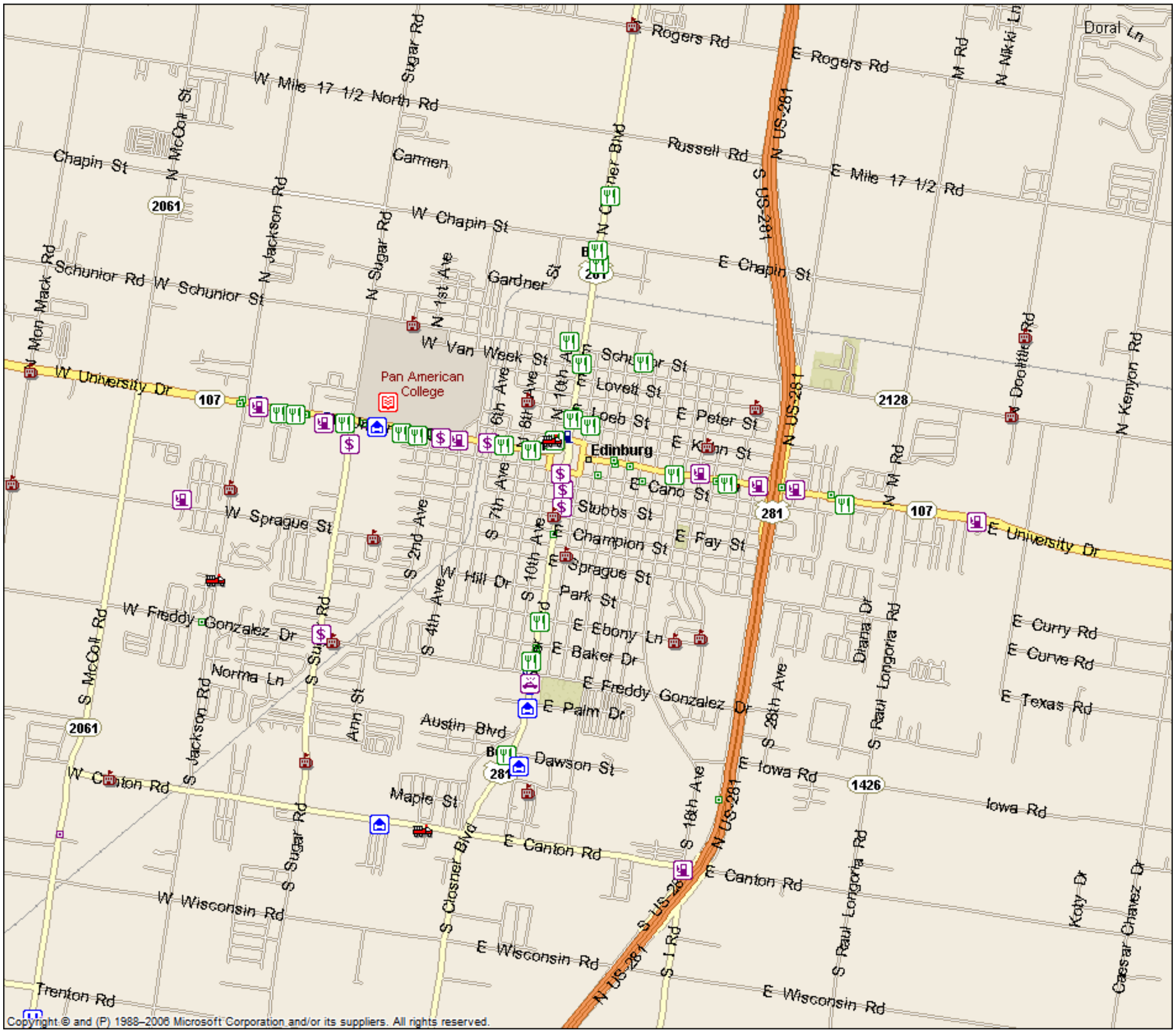
There are a moderate number of locational amenities in the Central Hidalgo County Submarket. The majority of locational amenities are located in and surrounding the cities of Edinburg and McAllen, Texas.



Source: Novogradac and Company LLP, July 2008.



Source: Novogradac and Company LLP, July 2008



Source: Novogradac and Company LLP, July 2008

Ranch	School	Bank
United States Post Office	Hospital	
Fire Station	Airport	
Restaurant	Police Station	
Hotel/Motel	College/University	
Grocery/Supermarket	Gas Station	

HOUSING SUPPLY ANALYSIS

CENTRAL HIDALGO COUNTY SUBMARKET HOUSING SUPPLY ANALYSIS

Age of the Housing Stock

The following table presents the age of the housing stock in the Central Hidalgo County Submarket.

AGE OF HOUSING STOCK IN THE CENTRAL HIDALGO COUNTY SUBMARKET

Years	Number of Units	Percent of Housing Stock
1999-3/2000	2,346	7.83%
1995-1998	6,618	22.10%
1990-1994	4,645	15.51%
1980-1989	7,277	24.30%
1970-1979	4,793	16.00%
1960-1969	2,040	6.81%
1950-1959	1,037	3.46%
1940-1949	697	2.33%
1939 and Before	499	1.67%
Total	**29,952**	**100.00%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The majority of the housing stock (77.91 percent) in the Central Hidalgo County Submarket was constructed from 1970 through 1998. The Central Hidalgo County Submarket is comprised of the city of Edinburg. Approximately 40 to 50 percent of the area in this Submarket can be characterized as developed and within close proximity to most locational amenities and essential services. The remaining 50 to 60 percent of the area in this Submarket contains very little development and offers limited access to locational amenities and essential services. The majority of development occurs along U.S. Highway 281 and intensifies in a southerly direction towards McAllen; development dissipates slowly north of the Edinburg city limits. The predominant form of housing in this Submarket is owner-occupied single-family homes in fair to excellent condition and less than five to 40 years in age. There is a moderate amount of multifamily development in poor to excellent condition and less than five to 40 years in age.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2008 for Hidalgo County, Texas. Building Permit Activity was not available by Submarket.

BUILDING PERMITS: Hidalgo County, TX - 1997 to May 2008

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
1997	1,373	140	41	1,554
1998	2,539	305	138	2,982
1999	4,397	152	109	4,658
2000	3,665	83	106	3,854
2001	3,500	130	764	4,394
2002	6,069	487	335	6,891
2003	6,691	419	950	8,060
2004	5,180	760	590	6,530
2005	7,125	662	953	8,740
2006	6,501	517	532	7,550
2007	5,125	364	707	6,196
2008*	1,340	124	105	1,569
Total	**53,505**	**4,143**	**5,330**	**62,978**
Average**	**4,742**	**365**	**475**	**5,583**

*Only includes through May 2008 ** Does not include 2008 permits

There were 5,330 "5+ units" building permits issued in Hidalgo County from 1997 to May 2008. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2008, at 85 percent, while "5+ units" building permits constitute approximately 8.5 percent of all permits issued from 1997 through May 2008.

Interviews

Housing Authority of County of Hidalgo

The Housing Authority of the County of Hidalgo was established in 1948 in order to serve the local farmworking families and migrant farmworkers in the region. The Housing Authority of the County of Hidalgo currently administers Farm Labor Housing units and Public Housing units in Hidalgo County, as well as Housing Choice Vouchers. According to Adela Montes, Deputy Director for the Housing Authority of the County of Hidalgo, there are currently 535 Farm Labor Housing units in two developments and 55 Public Housing units in two developments in Hidalgo County, excluding those administered by the McAllen Housing Authority. None of these developments are located in the Central Hidalgo County Submarket. There are approximately 8,592 Housing Choice Vouchers budgeted for Hidalgo County, and all are currently in use. Waiting Lists for Public Housing and Farm Labor Housing are currently open while the waiting list for Housing Choice Vouchers is closed. There are approximately 896 households on the waiting list for Housing Choice Vouchers. Of the 896 households, 162 are elderly households. There is no separate waiting list for special needs households in the Housing Choice Voucher Program. Currently, there are 104 elderly households participating in the Housing Choice Voucher Program in Hidalgo County. The number of households on the waiting list for Public Housing and Farm Labor Housing can be found below:

FARM LABOR HOUSING WAITING LIST – HIDALGO COUNTY					
Name	1BR	2BR	3BR	4BR	Total
Northside Apartments	14HH	11HH	2HH	0HH	27HH
Memorial Apartments	N/A	N/A	N/A	N/A	46HH

PUBLIC HOUSING WAITING LIST – HIDALGO COUNTY					
Name	1BR	2BR	3BR	4BR	Total
Villa Sandoval-Longoria	N/A	54HH	23HH	23HH	100HH
Villa San Juanita Rutledge	N/A	N/A	15HH	24HH	39HH

The current payment standards for one-, two-, three-, and four-bedroom units are listed below. According to Adela Montes, the payment standards are 100 percent of the Fair Market Rents.

PAYMENT STANDARDS	
Units	Payment Standards
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

Housing Authority of the City of Edinburg

According to Janie Salinas, Section 8 Director in the Housing Authority of the City of Edinburg, there are currently 970 Housing Choice Vouchers designated for the City of Edinburg. All of the vouchers are currently in use.

The current payment standards for one-, two-, three-, and four-bedroom units in Edinburg are listed below. The payment standards being used by the Edinburg Housing Authority are slightly lower than the payment standards published by the Hidalgo County Housing Authority.

PAYMENT STANDARDS	
Units	Payment Standards
One-bedroom	$511
Two-bedroom	$573
Three-bedroom	$711
Four-bedroom	N/A

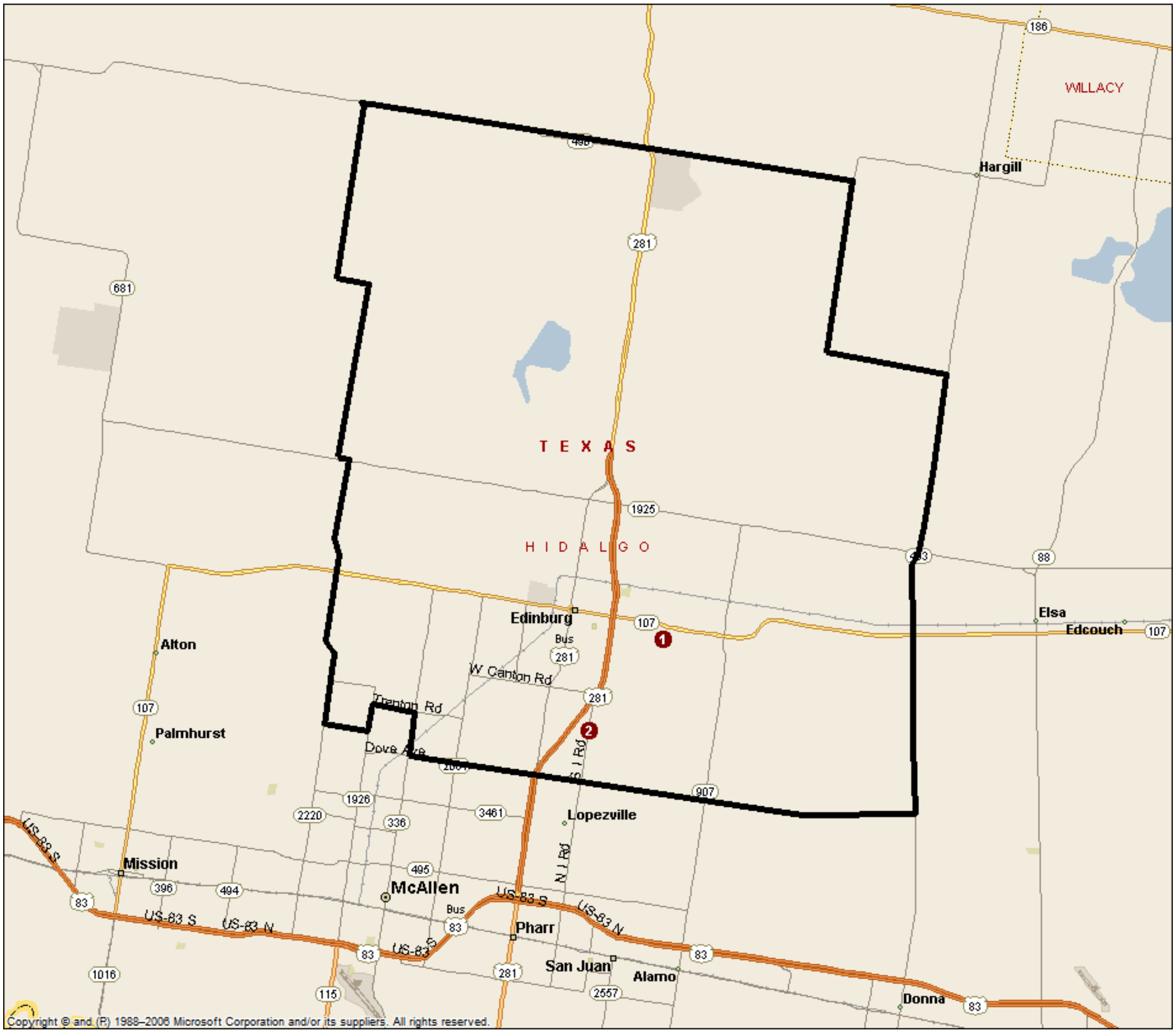
The waiting list for housing choice vouchers is currently open and the waiting list has approximately 800 to 1,000 applicants. According to Ms. Salinas, two- and three-bedroom units are in high demand and approximately 25 percent of the applicants on the waiting list are senior/disabled households. Ms. Salinas was unable to provide information regarding public housing developments currently being administered by the Edinburg Housing Authority. We attempted to contact the Public Housing Director with the Edinburg Housing Authority; however, our phone calls have not been returned as of the date of this study.

LIHTC Family Supply
We attempted to identify all existing, proposed, and under construction family LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, and property managers.

Novogradac identified nine family LIHTC developments in the Central Hidalgo County Submarket. Of the nine LIHTC developments, Kingswood Village has a Project Based Section 8 subsidy allowing the tenants to pay no more than 30 percent of their annual gross income towards rent. Therefore, this property has been excluded from the family LIHTC analysis and will be addressed in the family subsidized analysis section. Two of the remaining family LIHTC developments were able to provide current property and market data.

The table on the following pages lists the six family LIHTC properties in the PMA that were excluded from this analysis and the basis for their exclusion. Multiple attempts were made to contact each of the excluded properties with no success. It should be noted that all of the excluded properties below were allocated in 1992 or prior. Therefore, it is likely that the majority of the LIHTC properties listed below are no longer within their compliance period and are operating as market rate properties. It should be noted that the majority of the LIHTC properties listed below have less than five units and do not offer on-site management.

A map of the surveyed properties can be found below:



SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Island Palms	Edinburg	LIHTC – Family
2	The Galilean	Edinburg	LIHTC – Family

The following pictures identify the surveyed LIHTC family properties in the Submarket:


Island Palms


The Galilean

Excluded Properties

The table below lists the family LIHTC properties in the Submarket that were excluded from this analysis and the basis for their exclusion

.

EXCLUDED PROPERTIES LIST				
Name	**Address**	**Type**	**No. of Units**	**Reason For Exclusion**
Sunrise Project	324 Delia Dr.	LIHTC-Family	3	Could not Contact
Woodstone Project	2122 Woodstone	LIHTC-Family	3	Could not Contact
Project 93-01	2002, 2010, 2021 Woodstone St.	LIHTC-Family	3	Could not Contact
Project 93-02	2102 Woodstone St.	LIHTC-Family	3	Could not Contact
Project 93-03	2103 Cypress St.	LIHTC-Family	2	Could not Contact
Project 93-04	1421 El Recreo Circle	LIHTC-Family	4	Could not Contact
Kingswood Village	502 South 29th Avenue	LIHTC/Section 8 - Family	80	Superceding Subsidy

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there is one family property in the Central Hidalgo Submarket which has received an allocation in the last three years.

RECENT LIHTC ALLOCATIONS					
Name	Address	Type	No. of Units	Status	Date of Allocation
Kingswood Village	502 South 29th Avenue	LIHTC/Section 8 - Family	80	Renovated in 2007; Fully occupied and being used in the family subsidized analysis	2005

We are not aware of any other proposed or under construction family-oriented LIHTC developments in the Submarket.

Unit Mix

The following table illustrates the unit mix in the family LIHTC rental property market.

Unit Mix - LIHTC Family		
Unit Type	Total Units	Percent
1 BR	76	16.60%
2 BR	184	40.20%
3 BR	198	43.20%
Total	**458**	**100%**

Larger unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.45 and is projected to decrease slightly by 2012 to 3.42. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 38 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate an unmet demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the family LIHTC rental property market.

Unit Size – LIHTC Family			
Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
1 BR	500	500	500
2 BR	750	900	825
3 BR	1,000	1,100	1,050

The one, two, and three-bedroom unit sizes for the surveyed LIHTC properties in the market are 27.0, 12.0 and 8.7 percent smaller than the surveyed market rate one-, two-, and thee-bedroom units in the Submarket.

Common and In-Unit Amenities

	Island Palms	The Galilean Apartments
Comp #	1	2
Property Information		
Property Type	Garden	Garden
Year Built / Renovated	1996	2004
Market (Conv.)/Subsidy Type	@50%, @60%	@50%, @60%
In-Unit Amenities		
Balcony/Patio	yes	yes
Blinds	yes	yes
Carpeting	yes	yes
Central A/C	yes	yes
Dishwasher	yes	yes
Exterior Storage	yes	no
Ceiling Fan	yes	yes
Garbage Disposal	yes	yes
Oven	yes	yes
Refrigerator	yes	yes
Washer/Dryer hookup	no	yes
Property Amenities		
Clubhouse/Meeting Room/Community Room	yes	yes
Central Laundry	yes	yes
Off-Street Parking	yes	yes
On-Site Management	yes	yes
Playground	yes	yes
Swimming Pool	yes	yes
Services		
Daycare	no	yes
Security		
Intercom (Phone)	yes	no
Limited Access	yes	no
Perimeter Fencing	yes	no
Premium Amenities		
Other Amenities		
Other	n/a	n/a

The existing LIHTC multifamily properties in the Submarket offer a moderate to extensive amount of in-unit and community amenities. The surveyed LIHTC properties offer unit amenities that include balconies/patios, window covers, carpeting, central air, dishwashers, ceiling fans, garbage disposals, ovens, refrigerators, and washer-dryer hook-ups in one property only. The surveyed LIHTC properties offer community amenities including a clubhouse/community room, central laundry, off-street parking, on-site management, a playground, and a swimming pool. One of the surveyed properties offeres non-shelter services such as daycare. Security features are offered by one surveyed LIHTC property in the Submarket.

By-Unit Weighted Vacancy

Management at Island Palms was unable to provide a breakdown by unit type and therefore no analysis was performed.

Absorption

None of the surveyed properties were able to provide absorption information.

Waiting Lists

Neither of the surveyed LIHTC properties maintains a waiting list.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Vacancy – LIHTC Family		
Property Name	**Number of Units**	**Vacancy Rate**
Island Palms	250	19.20%
The Galilean Apartments	208	7.20%
AVERAGE		**13.2%**

Overall vacancy at the surveyed family LIHTC properties is higher than the surveyed market rate properties in the Submarket, which have an overall average vacancy rate of 6.53 percent. The overall average vacancy rate appears slightly higher than is typical considering the age, condition, and unit mix of the surveyed LIHTC properties. According to management at both properties, there are insufficient income qualified households at the higher AMI levels; this is due specifically to the properties' proximity to Pan-American University.

Concessions

None of the LIHTC properties in the market are offering concessions. Concessions are not prevalent in the market.

Turnover

Only one surveyed property, Island Palms, was able to provide a turnover rate of 32 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
Island Palms	Garden	@50%, @60%	1BR / 1BA	56	22.40%	@50%	$370	500	yes	No	N/A	N/A
302 South Doolittle Road	1996		1BR / 1BA	20	8.00%	@60%	$435	500	yes	No	N/A	N/A
Edinburg, TX 78539			2BR / 1BA	4	1.60%	@50%	$439	750	yes	No	N/A	N/A
Hidalgo County			2BR / 1BA	76	30.40%	@60%	$475	750	yes	No	N/A	N/A
			3BR / 2BA	15	6.00%	@50%	$504	1,000	yes	No	N/A	N/A
			3BR / 2BA	79	31.60%	@60%	$575	1,000	yes	No	N/A	N/A
				250	100%						48	19.20%
The Galilean Apartments	Garden	@50%, @60%	2BR / 2BA	48	23.10%	@50%	$444	900	n/a	No	1	2.10%
3817 South I Road	2004		2BR / 2BA	56	26.90%	@60%	$542	900	n/a	No	6	10.70%
Edinburg, TX 78539			3BR / 2BA	56	26.90%	@50%	$510	1,100	n/a	No	2	3.60%
Hidalgo County			3BR / 2BA	48	23.10%	@60%	$624	1,100	n/a	No	6	12.50%
				208	100%						15	7.20%

Rent and Square Footage Ranking

2008 LIHTC Maximum Allowable Gross Rent Limits							
Bedrooms	**30%**	**40%**	**50%**	**60%**	**80%**	**100%**	**FMR**
Efficiency	**$228**	**$305**	**$381**	**$457**	**$610**	**$762**	**$470**
1 Bedroom	**$245**	**$327**	**$408**	**$490**	**$698**	**$872**	**$516**
2 Bedroom	**$294**	**$392**	**$490**	**$588**	**$784**	**$980**	**$609**
3 Bedroom	**$340**	**$453**	**$566**	**$680**	**$872**	**$1,090**	**$730**
4 Bedroom	**$379**	**$506**	**$632**	**$759**	**$942**	**$1,177**	**$839**
5 Bedroom	**$418**	**$558**	**$698**	**$837**	**$1,012**	**$1,265**	**-**

PAYMENT STANDARDS	
Units	**Payment Standards**
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

The surveyed rents at all of the LIHTC properties, including those of the market rate units, are below the current payment standards published by the Hidalgo County and The Edinburg Housing Authority. One of the surveyed properties reported rents set at the maximum allowable levels. However, the rental rates at the surveyed properties appear to be significantly below the 50 percent and 60 percent of AMI rent levels.

LIHTC Family Supply Conclusion

Larger unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.45 and is projected to decrease slightly by 2012 to 3.42. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 38 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate an unmet demand for larger bedroom types.

The existing LIHTC multifamily properties in the Submarket offer a moderate to extensive amount of in-unit and community amenities. The surveyed LIHTC properties offer unit amenities that include balconies/patios, window covers, carpeting, central air, dishwashers, ceiling fans, garbage disposals, ovens, refrigerators, and washer-dryer hook-ups in one property only. The surveyed LIHTC properties offer community amenities including a clubhouse/community room, central laundry, off-street parking, on-site management, a playground, and a swimming pool. One of the surveyed properties offered non-shelter services such as daycare. Security features are offered by one surveyed LIHTC property in the Submarket.

The one, two, and three-bedroom unit sizes for the surveyed LIHTC properties in the market are 27.0, 12.0 and 8.7 percent smaller than the surveyed market rate one-, two-, and thee-bedroom units in the Submarket. Overall vacancy at the surveyed family LIHTC properties is slightly higher (13.2 percent) than the surveyed market rate properties in the Submarket, which have an overall average vacancy rate of 6.53 percent. The overall average vacancy rate appears slightly higher than is typical considering the age, condition, and unit mix of the surveyed LIHTC properties. According to management at both properties, there are insufficient income qualified households at the higher AMI levels; this is due specifically to the properties' proximity to Pan-American University

The surveyed rents at all of the LIHTC properties, including those of the market rate units, are below the current payment standards published by the Hidalgo County and The Edinburg Housing Authority. One of the surveyed properties reported rents set at the maximum allowable levels. However, the rental rates at the surveyed properties appear to be significantly below the 50 percent and 60 percent of AMI rent levels.

LIHTC Senior Supply

We attempted to identify all existing, proposed, and under construction senior LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, providers, and property managers.

Novogradac identified one senior LIHTC development, Edinburg Senior Towers aka Providence at Edinburg with 100 units. Edinburg Senior Towers aka Providence at Edinburg is a combination LIHTC/Section 8 development with 100 percent of tenants paying no more than 30 percent of their annual gross income towards rent. Therefore, this property has been excluded from the senior LIHTC analysis and will be addressed in the senior subsidized analysis section.

Proposed/Under Construction

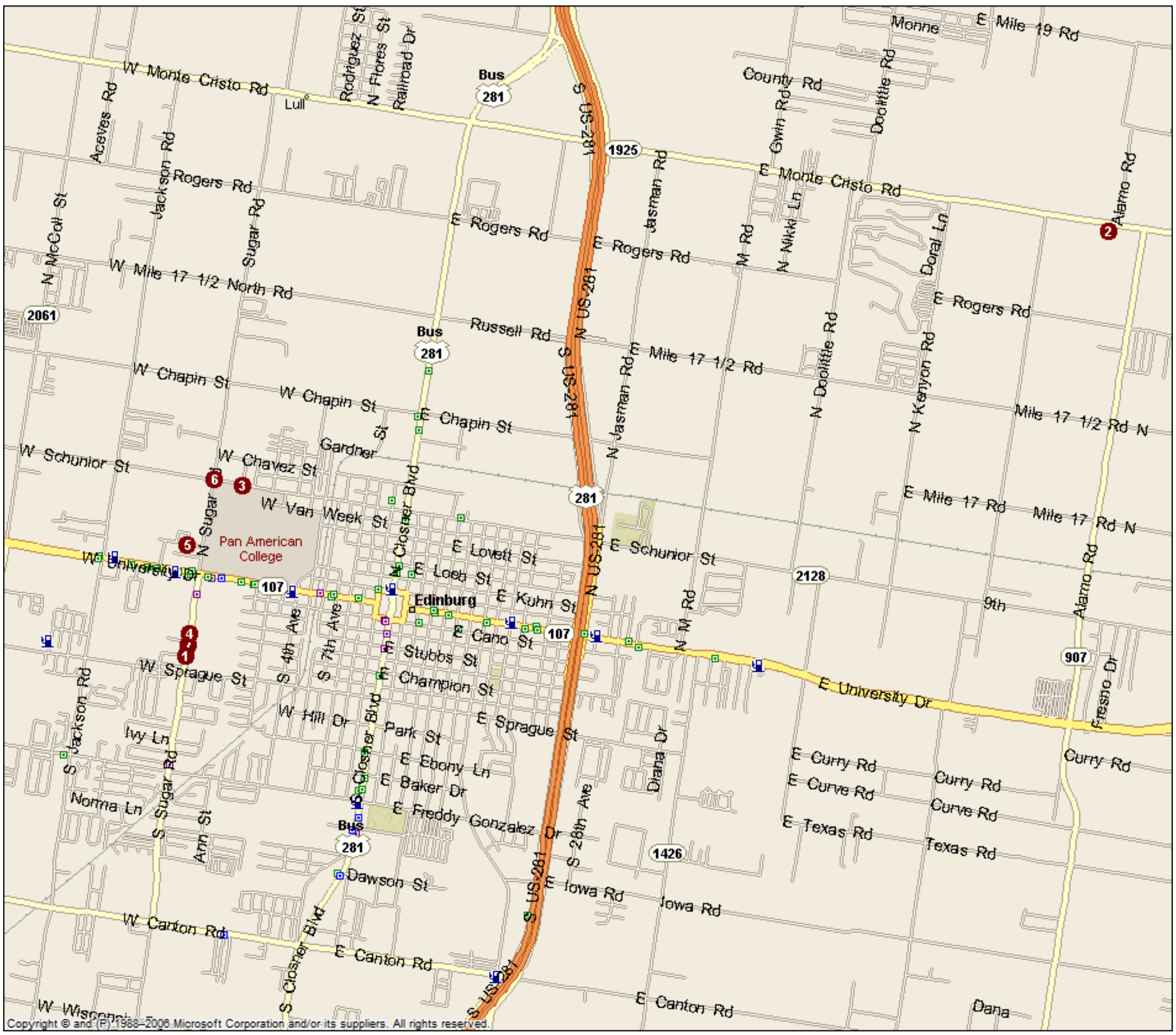
According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there is one proposed or under construction senior LIHTC property in the Central Hidalgo County Submarket, Villa Estella Trevino. Villa Estella Trevino will be a newly constructed age-restricted property with 161 one- and two-bedroom units set at the 30 and 60 percent of AMI levels. However, this development will be administered by the Edinburg Housing Authority and will have a superceding subsidy allowing the senior tenants to pay no more than 30 percent of their annual income towards rent.

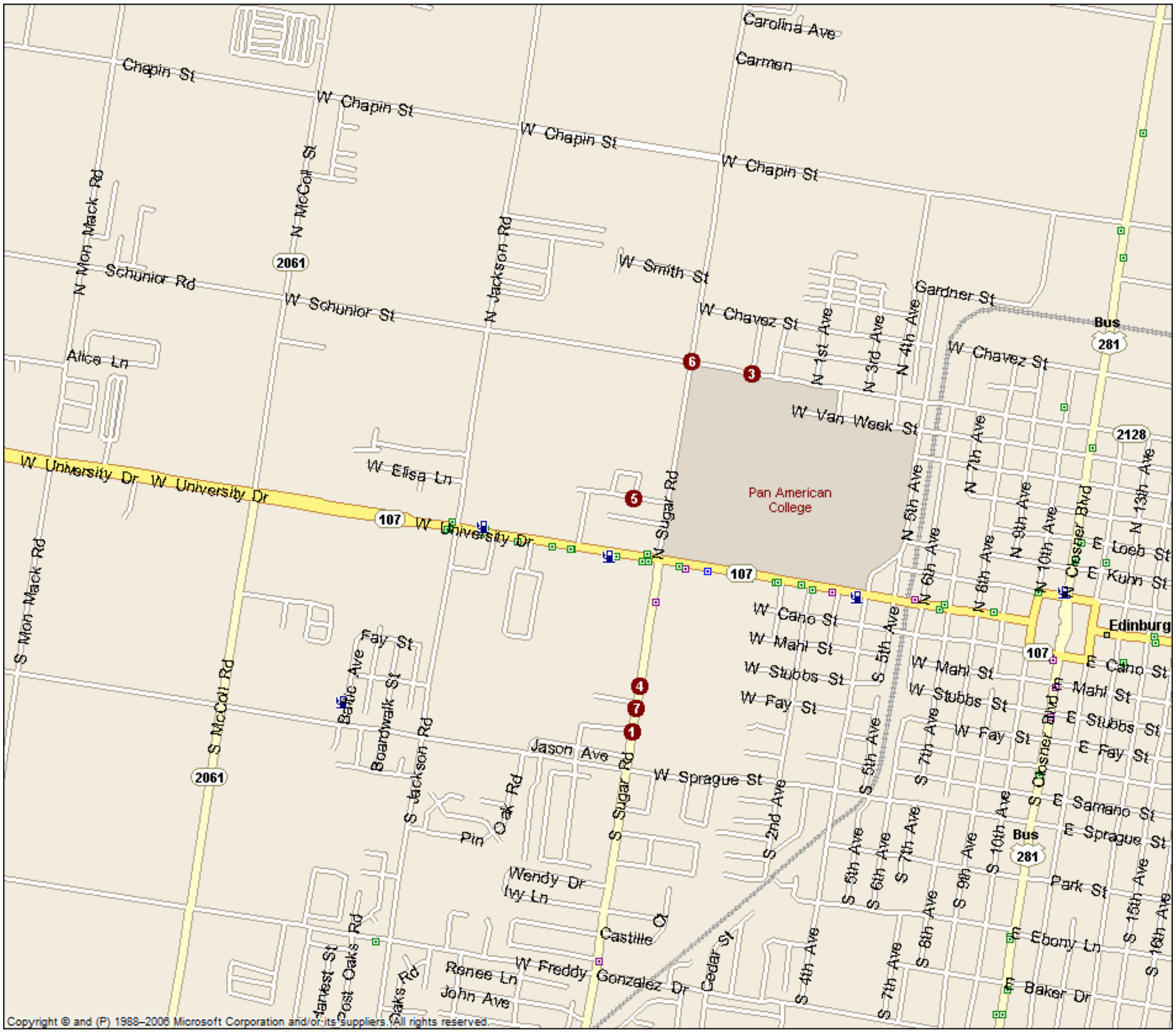
Market Rate Family Supply

We attempted to identify all existing, proposed, and under construction family market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials.

Novogradac identified 14 family market rate properties in the Submarket. Of the fourteen properties, seven were able to provide market data. We attempted to contact each of the remaining developments multiple times with no success. A table of the excluded properties and the reasons for exclusion can be found on the following pages.

The following map illustrates the location of the surveyed market rate family properties in the Submarket.





SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Ashtree Apartments	Edinburg	Market Rate - Family
2	E.R,G. Properties	Edinburg	Market Rate – Family
3	El Bosque Apartments	Edinburg	Market Rate - Family
4	Heritiage Square	Edinburg	Market Rate - Family
5	Oak Tree Apartments	Edinburg	Market Rate – Family
6	Rockridge Apartments	Edinburg	Market Rate – Family
7	University Manor Apartments	Edinburg	Market Rate - Family

Market Rate Multifamily Market

The following pictures identify the surveyed market rate family properties in the Submarket. It should be noted that we were unable to photograph E.R.G. Properties or Oak Tree Apartments.

Ash Tree Apartments

El Bosque Apartments

Heritage Square

Rockridge Apartments

University Manor Apartments

Excluded Properties

The following table illustrates all of the excluded market rate properties in the Submarket. We attempted to contact the excluded properties multiple times with no success. Therefore, we were unable to confirm the target population for each development; we assume all of the following properties are family-oriented.

EXCLUDED PROPERTIES LIST				
Name	**Address**	**Type**	**No. of Units**	**Reason For Exclusion**
Palms Apartments	1607 Schunior Street	Market Rate	N/A	Could not Contact
Calixto Hernandez Apts.	1811 W Kuhn Street	Market Rate	N/A	Could not Contact
Stonehaven Apartments	1014 Lexington Circle	Market Rate	N/A	Could not Contact
Palm Villas Apartments	1415 W Freddy Gonzales Dr.	Market Rate	N/A	Could not Contact
Las Violetas Apartments	2102 W Elisa Lane	Market Rate	N/A	Could not Contact
Royal Arms Apartments	1611 Norma Lane	Market Rate	N/A	Could not Contact
KZ Apartments	1121 Sandpiper Avenue	Market Rate	N/A	Could not Contact

Proposed Construction

We attempted to contact the City of Edinburg Planning and Zoning Departments. However, our inquiries regarding proposed or under construction market rate multifamily development have not been addressed as of the date of this study.

Unit Mix

The following table illustrates the unit mix in the family market rate rental property market.

Unit Mix - Market Family		
Unit Type	**Total Units**	**Percent**
1 BR	435	60.4%
2 BR	261	36.3%
3 BR	24	3.3%
Total	**720**	**100%**

Small unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.45 and is projected to decrease slightly by 2012 to 3.42. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, demographic estimates show that approximately 38 percent of the population in 2007 was age 19 years or younger and this trend is expected to remain stable through 2012. Though smaller bedroom types are currently prevalent in the market, demographic projections evidence indicates a possible unmet demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the family market rate rental property market.

Unit Size – Market Family			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
1 BR	570	890	685
2 BR	859	1,008	938
3 BR	1,150	1,150	1,150

The one, two, and three-bedroom unit sizes for the surveyed market rate properties in the market are 27.0, 12.0, and 8.7 percent larger than the surveyed LIHTC one-, two-, and thee-bedroom units in the Submarket.

Common and In-Unit Amenities

	Ashtree Apartments	E.R.G. Properties	El Bosque Apartments	Heritage Square Apartments	Oak Tree Apartments	Rockridge Apartments	University Manor Apartments
Comp #	Subject	1	2	3	4	5	6
Property Information							
Property Type	Duplex	Four-plex	Garden	Various	Garden	Garden	Garden
Year Built / Renovated	1983	2005-2006	1980	1984	2000	2004	1975
Market (Conv.)/Subsidy Type	Market	Market	Market	Market	Market	Market	Market
In-Unit Amenities							
Balcony/Patio	no	no	yes	yes	no	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	no	yes	yes	no	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes
Dishwasher	no	no	yes	yes	no	yes	yes
Ceiling Fan	no	no	yes	yes	no	no	yes
Garbage Disposal	no	yes	yes	yes	yes	no	yes
Oven	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes
Walk-In Closet	no	no	yes	yes	no	yes	yes
Washer/Dryer	no	yes	no	no	no	yes	no
Washer/Dryer hookup	yes	no	no	yes	yes	no	no
Property Amenities							
Carport	no	no	no	yes	no	no	yes
Clubhouse/Meeting Room/Community Room	no	no	no	no	no	yes	no
Exercise Facility	no	no	no	no	no	yes	no
Jacuzzi	no	no	no	no	no	yes	no
Central Laundry	yes	no	yes	yes	yes	no	yes
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	no	yes	yes	no	yes	yes
Playground	yes	no	no	no	no	no	no
Swimming Pool	no	no	yes	yes	yes	yes	yes
Tennis Court	no	no	yes	no	no	no	no
Services							
Security							
Limited Access	no	no	no	yes	no	yes	yes
Patrol	no	no	yes	no	no	no	no
Perimeter Fencing	no	no	no	yes	no	yes	yes
Video Surveillance	no	no	no	no	no	yes	no
Premium Amenities							
Other Amenities							
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a

The surveyed market rate properties in the Central Hidalgo County Submarket offer a moderate amount of in-unit and community amenities. The majority of the surveyed market rate properties offer in-unit amenities including balconies/patios, window covers, carpeting, central air, dishwashers, garbage disposals, ovens, walk-in-closets, and refrigerators. Washer/dryer connections and in-unit appliances are not prevalent in the market. The majority of the market rate surveyed properties offer a central laundry, off-street parking, on-site-management, and a swimming pool. Security measures are present but not prevalent in the market. No premium amenities or non-shelter services are provided by the properties.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit types for the surveyed properties.

Weighted Vacancy - Market Family			
Unit Type	**Total Units**	**Vacant Units**	**Percent Vacant**
1 BR	435	32	7.36%
2 BR	261	11	4.21%
3 BR	24	4	1.67%
Total	**720**	**47**	6.53%

The average weighted vacancy rate for the surveyed market rate properties is 6.53 percent.

Absorption

One of the market rate properties was able to provide an absorption rate of ten units per month.

Waiting List

One of the market rate properties maintains a waiting list for its one-bedroom units. Though the number of households on the waiting list was not available, it should be noted that the majority of the households are university students. Waiting lists are not prevalent in the Submarket.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Vacancy – Market Family			
Property Name	**Number of Units**	**Vacant Units**	**Vacancy Rate**
Ashtree Apartments	82	2	2.40%
E.R,G. Properties	32	0	0.00%
El Bosque Apartments	216	26	12.00%
Heritiage Square	204	12	5.90%
Oak Tree Apartments	20	1	5.00%
Rockridge Apartments	75	1	1.30%
University Manor Apartments	91	5	5.50%
AVERAGE	**720**	**47**	**6.53%**

The average vacancy rate for the market rate properties (6.53 percent) is lower than that of the surveyed average vacancy of LIHTC properties of 13.2 percent. This is due largely to an insufficient number of income qualified households, due to the prevalence of student tenants.

Concessions

None of the surveyed market rate properties are offering concessions. Concessions are not prevalent in the Submarket.

Turnover

All but one of the surveyed market rate properties were able to provide turnover information. The following table illustrates turnover information in the market.

Turnover – Market Family		
Property Name	**Number of Units**	**Turnover**
Ashtree Apartments	82	20%
E.R,G. Properties	32	N/A
El Bosque Apartments	216	44%
Heritiage Square	204	30%
Oak Tree Apartments	20	20%
Rockridge Apartments	75	16%
University Manor Apartments	91	40%
AVERAGE		**28.3**

Annual turnover rates reported range from 16 percent to 44 percent, with an average of 28.3 percent. Average turnover for the LIHTC properties in the market is slightly higher at 32 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

#	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Wait List?	Units Vacant	Vacancy Rate
1	Ashtree Apartments	Duplex	Market	1BR / 1BA	64	78.00%	Market	$400	570	No	2	3.10%
	707 S. Sugar Road	1983		2BR / 1BA	12	14.60%	Market	$485	864	No	0	0.00%
	Edinburg, TX 78539			2BR / 2BA	6	7.30%	Market	$495	900	No	0	0.00%
	Hidalgo County											
					82	100%					2	2.40%
2	E.R.G. Properties	Four-plex	Market	2BR / 2BA	32	100.00%	Market	$575	1,000	No	0	0.00%
	1404 Prosperity	2005-2006										
	Edinburg, TX 78541											
	Hidalgo County				32	100%					0	0.00%
3	El Bosque Apartments	Garden	Market	1BR / 1BA	112	51.90%	Market	$385	645	No	14	12.50%
	1609 West Schunior Street	1980		2BR / 2BA	80	37.00%	Market	$490	920	No	8	10.00%
	Edinburg, TX 78541			3BR / 2BA	24	11.10%	Market	$625	1,150	No	4	16.70%
	Hidalgo County											
					216	100%					26	12.00%
4	Heritage Square Apts.	Various	Market	1BR / 1BA	100	49.00%	Market	$444	645	No	8	8.00%
	515 South Sugar Road	1984		1BR / 1.5BA	26	12.70%	Market	$525	890	No	2	7.70%
	Edinburg, TX 78539			2BR / 1.5BA	26	12.70%	Market	$580	1,000	No	1	3.80%
	Hidalgo County			2BR / 2BA	52	25.50%	Market	$540	859	No	1	1.90%
					204	100%					12	5.90%
5	Oak Tree Apartments	Garden	Market	1BR / 1BA	20	100.00%	Market	$430	640	Yes	1	5.00%
	1811 W. Kuhn Street	2000										
	Edinburg, TX 78541											
	Hidalgo County				20	100%					1	5.00%
6	Rockridge Apartments	Garden	Market	1BR / 1BA	42	56.00%	Market	$575	757	No	1	2.40%
	905 North Sugar Road	2004		2BR / 2BA	33	44.00%	Market	$700	1,000	No	0	0.00%
	Edinburg, TX 78541											
	Hidalgo County											
					75	100%					1	1.30%
7	University Manor Apartments	Garden	Market	1BR / 1BA	71	78.00%	Market	$415	646	No	4	5.60%
	615 South Sugar Road	1975		2BR / 1BA	10	11.00%	Market	$495	890	No	1	10.00%
	Edinburg, TX 78539			2BR / 2BA	10	11.00%	Market	$515	1,008	No	0	0.00%
	Hidalgo County											
					91	100%					5	5.50%

Rent and Square Footage Ranking

2008 LIHTC Maximum Allowable Gross Rent Limits							
Bedrooms	**30%**	**40%**	**50%**	**60%**	**80%**	**100%**	**FMR**
Efficiency	**$228**	**$305**	**$381**	**$457**	**$610**	**$762**	**$470**
1 Bedroom	**$245**	**$327**	**$408**	**$490**	**$698**	**$872**	**$516**
2 Bedroom	**$294**	**$392**	**$490**	**$588**	**$784**	**$980**	**$609**
3 Bedroom	**$340**	**$453**	**$566**	**$680**	**$872**	**$1,090**	**$730**
4 Bedroom	**$379**	**$506**	**$632**	**$759**	**$942**	**$1,177**	**$839**
5 Bedroom	**$418**	**$558**	**$698**	**$837**	**$1,012**	**$1,265**	**-**

PAYMENT STANDARDS	
Units	**Payment Standards**
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

The average market rents for the one-, two-, and three-bedroom units at the surveyed market rate properties are $453, $542, and $625. The average one-, two-, and three-bedroom market rents are $63 lower, $67 lower, and similar, respectively, than the current payment standards for the one-, two, and three-bedroom units in Hidalgo County. The average one-, two-, and three-bedroom market rents are $37, $46, and $55 lower than the 2008 maximum allowable rents at 60 percent of AMI for the one-, two-, and three-bedroom units in Hidalgo County.

Market Supply Conclusion

Small unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.45 and is projected to decrease slightly by 2012 to 3.42. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, demographic estimates show that approximately 38 percent of the population in 2007 was age 19 years or younger and this trend is expected to remain stable through 2012. Though smaller bedroom types are currently prevalent in the market, demographic projections evidence indicates a possible unmet demand for larger bedroom types.

The surveyed market rate properties in the Central Hidalgo County Submarket offer a moderate amount of in-unit and community amenities. The majority of the surveyed market rate properties offer in-unit amenities including balconies/patios, window covers, carpeting, central air, dishwashers, garbage disposals, ovens, walk-in-closets, and refrigerators. Washer/dryer connections and in-unit appliances are not prevalent in the market. The majority of the market rate surveyed properties offer a central laundry, off-street parking, on-site-management, and a swimming pool. Security measures are present but not prevalent in the market. No premium amenities or non-shelter services are provided by the properties.

The one-, two-, and three-bedroom unit sizes for the surveyed market rate properties in the market are 27.0, 12.0, and 8.7 percent larger than the surveyed market rate one-, two-, and thee-bedroom units in the Submarket. The average weighted vacancy rate for the surveyed market rate properties is 6.53 percent. Annual turnover rates reported range from 16 percent to 44 percent, with an average of 28.3 percent. Average turnover for the LIHTC properties in the market is slightly higher at 32 percent.

One of the market rate properties maintains a waiting list for its one-bedroom units. Though the number of households on the waiting list was not available, it should be noted that the majority of the households are university students. Waiting lists are not prevalent in the Submarket. The average vacancy rate for the market rate properties (6.53 percent) is lower than that of the surveyed average vacancy of LIHTC properties of 13.2 percent. This is due largely to an insufficient number of income qualified households, due to the prevalence of student tenants. None of the surveyed market rate properties are offering concessions. Concessions are not prevalent in the Submarket.

The average market rents for the one-, two-, and three-bedroom units at the surveyed market rate properties are $453, $542, and $625. The average one-, two-, and three-bedroom market rents are $63 lower, $67 lower, and similar, respectively, than the current payment standards for the one-, two, and three-bedroom units in Hidalgo County. The average one-, two-, and three-bedroom market rents are $37, $46, and $55 lower than the 2008 maximum allowable rents at 60 percent of AMI for the one-, two-, and three-bedroom units in Hidalgo County.

Market Rate Senior Supply

We attempted to identify all existing, proposed, and under construction senior-oriented market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials. There were no identifiable existing senior market rate properties in the Central Hidalgo County Submarket. Based on the lack of available data, we did not complete a market rate senior market analysis.

Proposed Construction

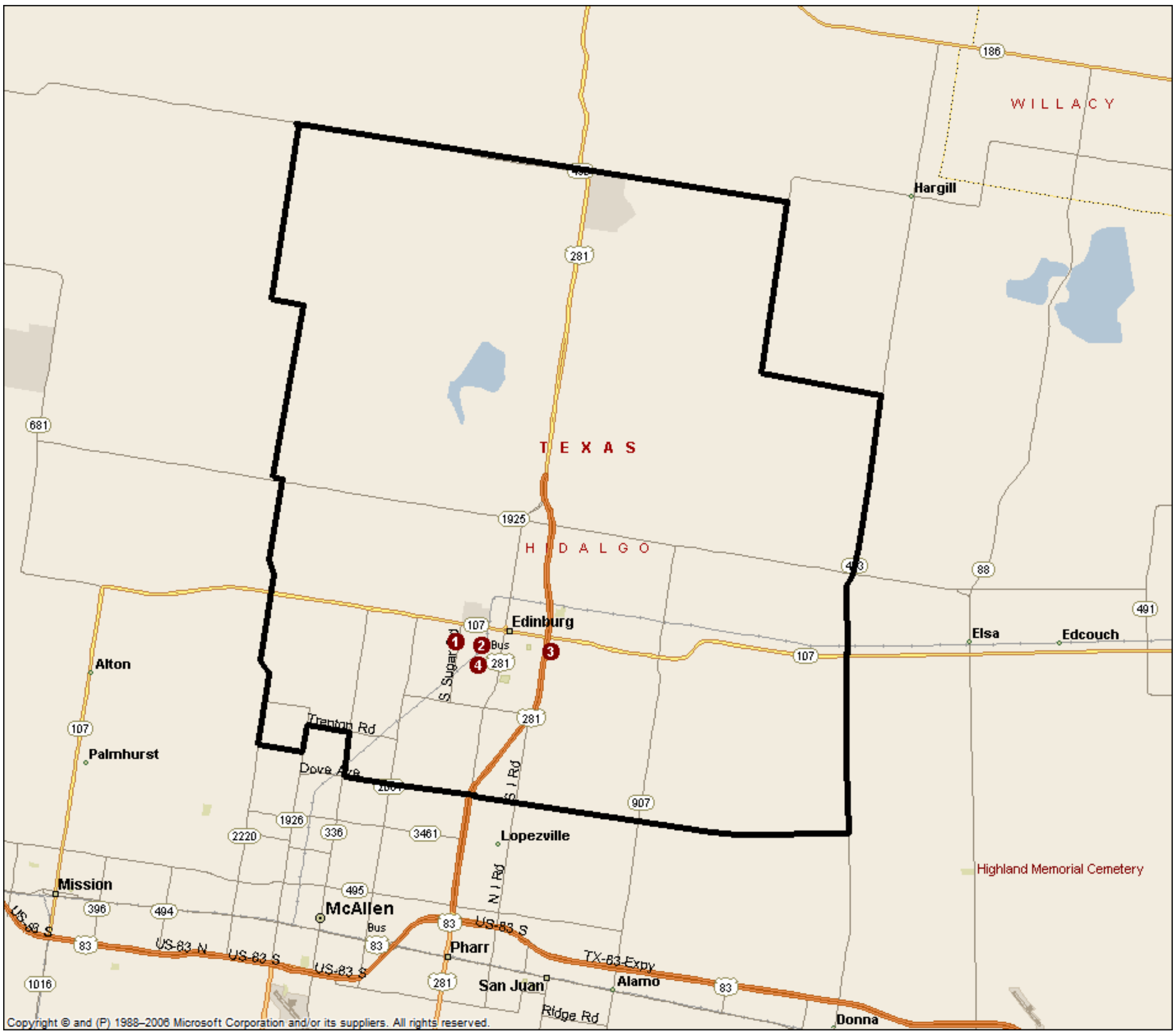
We were unable to identify any proposed or under construction market rate senior developments in the Submarket.

Subsidized Family Supply

We attempted to identify all existing, proposed, and under construction family oriented subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

There are four existing family-targeted subsidized developments located in the Central Hidalgo Submarket. We were able to acquire information on all of subsidized developments.

The following map illustrates the location of the surveyed family-oriented subsidized properties in the Submarket.



SURVEYED FAMILY PROPERTIES			
Number	Name	Location	Type
1	Champion Gardens	Edinburg	Section 8 – Family
2	Edinburg Village Apartments	Edinburg	Section 8 Family
3	Kingswood Village	Edinburg	LIHTC/Section 8 – Family
4	Sherwood Apartments	Edinburg	Section 8 - Family

Subsidized Multifamily Market

The following pictures identify the surveyed subsidized family properties in the Submarket.

Champion Gardens

Edinburg Village Apartments

Kingswood Village

Sherwood Apartments

Excluded Properties

We were able to acquire information on all of the family-oriented subsidized developments.

Proposed Construction

We attempted to contact the City of Edinburg Planning and Zoning Departments. However, our inquiries regarding proposed or under construction subsidized multifamily development have not been addressed as of the date of this study. According to the Edinburg Housing Authority, there are no proposed family targeted developments at this time.

Unit Mix

The following table illustrates the unit mix in the family subsidized rental property market. Properties unable to provide a breakdown by unit type have been excluded from this analysis.

Unit Mix - Subsidized Family

Unit Type	Total Units	Percent
1 BR	36	11.7%
2 BR	127	41.0%
3 BR	126	40.8%
4 BR	20	6.50%
Total	**309**	**100**

Large unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.45 and is projected to decrease slightly by 2012 to 3.42. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, demographic estimates show that approximately 38 percent of the population in 2007 was age 19 years or younger and this trend is expected to remain stable through 2012.

Unit Size

The following table illustrates the existing unit sizes in the subsidized rental property market. Properties unable to provide information regarding unit sizes are prevalent in the Submarket.

Unit Size - Subsidized Family

Unit Type	Minimum Surveyed	Maximum Surveyed	Surveyed Average
1 BR	576	628	601
2 BR	700	1,008	839
3 BR	971	1,140	1,043
4 BR	1,140	1,183	1,162

The surveyed one-, two, three-, and four-bedroom subsidized units have average sizes of 601, 839, 1,043 and 1,162 square feet, respectively. The subsidized one-, two-, and three-bedroom average unit sizes are similar, 16.8 percent larger, and 0.6 percent smaller, respectively, than the one-, two-, and three-bedroom average unit sizes found at the LIHTC properties in the Submarket. There were no four-bedroom units among the surveyed market rate and LIHTC developments.

.

Common and In-Unit Amenities

	Champion Gardens	Edinburg Village Apartments	Kingswood Village	Sherwood Apts
Comp #	1	2	3	4
Property Information				
Property Type			Garden	
Year Built / Renovated	1984 / 2008	1980's / n/a	1974 / 2006	1970's / 2007
Market (Conv.)/Subsidy Type	Section 8	Section 8	Section 8	Section 8
In-Unit Amenities				
Balcony/Patio	yes	yes	no	no
Blinds	yes	yes	yes	yes
Carpeting	yes	no	no	yes
Central A/C	yes	yes	yes	yes
Dishwasher	yes	no	no	no
Exterior Storage	yes	yes	yes	no
Ceiling Fan	yes	no	no	yes
Garbage Disposal	yes	no	no	no
Microwave	no	no	no	yes
Oven	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes
Walk-In Closet	yes	no	no	no
Washer/Dryer	yes	no	no	no
Washer/Dryer hookup	yes	no	yes	yes
Property Amenities				
Carport	no	no	yes	no
Clubhouse/Meeting Room/Community Room	no	no	yes	no
Central Laundry	yes	yes	no	no
Off-Street Parking	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes
Picnic Area	yes	no	no	no
Playground	yes	yes	no	no
Services				
Security				
Perimeter Fencing	yes	yes	no	no
Premium Amenities				
Other Amenities				
Other	n/a	n/a	n/a	n/a

The existing subsidized multifamily properties in the Central Hidalgo County Submarket offer limited in-unit and community amenities. The majority of the properties in the market offer window covers, central air, ovens and refrigerators. The majority of the properties offer community amenities including central laundry, off-street parking and on-site management. The majority of the surveyed subsidized properties offer no non-shelter services and no premium amenities.

Weighted Vacancy

The following table illustrates the weighted vacancy rates in the subsidized rental property market. Properties unable to provide a breakdown of vacancies by unit type were excluded from the weighted vacancy analysis.

Weighted Vacancy - Subsidized Family			
Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	20	0	0.00%
2 BR	78	2	2.57%
3 BR	110	4	3.63%
4 BR	20	1	5.00%
Total	**228**	**7**	**3.07%**

The average weighted vacancy of the surveyed subsidized properties is 3.07 percent.

Absorption

None of the subsidized family properties were able to provide an absorption rate.

Waiting List

The following table illustrates the waiting lists in the subsidized rental property market.

Waiting Lists – Subsidized Family		
Property Name	Number of Units	Households
Champion Gardens	81	24HH
Edinburg Village Apartments	100	40HH
Kingswood Village	80	10HH
Sherwood Apartments	48	60-80HH

The average length of the waiting lists at the surveyed subsidized properties is approximately 54 households. All of the surveyed developments maintain extensive waiting lists. Based on this information, we anticipate significant future demand for affordable housing.

Vacancy Levels
The following table illustrates the vacancy rates in the subsidized rental property market.

Vacancy – Subsidized Family			
Property Name	**Number of Units**	**Vacant Units**	**Vacancy Rate**
Champion Gardens	81	18	22.20%
Edinburg Village Apartments	100	5	5.00%
Kingswood Village	80	0	0.00%
Sherwood Apartments	48	2	4.20%
AVERAGE	**309**	**25**	**8.1%**

The average vacancy rate of the surveyed subsidized properties (8.1 percent) is lower than the average vacancy rate of the surveyed LIHTC properties (13.2 percent).

Concessions
None of the subsidized family properties in the market are offering concessions.

Turnover

Turnover – Subsidized Family		
Property Name	**Number of Units**	**Households**
Champion Gardens	81	44%
Edinburg Village Apartments	100	36%
Kingswood Village	80	10%
Sherwood Apartments	48	25%
AVERAGE	**309**	**28.8%**

All of the subsidized properties were able to provide turnover rates ranging from 10 to 44 percent, resulting in an average turnover rate of 28.8 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Champion Gardens		Section 8	1BR / 1BA	10	12.30%	Market	$405	600	n/a	No	N/A	N/A
	1802 W Samano St	1984 / 2008		1BR / 1BA	6	7.40%	Section 8	$513	600	n/a	Yes	N/A	N/A
	Edinburg, TX 78539			2BR / 1BA	9	11.10%	Market	$455	700	n/a	No	N/A	N/A
	Hidalgo County			2BR / 1BA	8	9.90%	Market	$470	834	n/a	No	N/A	N/A
				2BR / 2BA	10	12.30%	Market	$490	902	n/a	No	N/A	N/A
				2BR / 2BA	22	27.20%	Section 8	$568	902	n/a	Yes	N/A	N/A
				3BR / 2BA	10	12.30%	Market	$590	1,057	n/a	No	N/A	N/A
				3BR / 2BA	6	7.40%	Section 8	$721	1,057	n/a	Yes	N/A	N/A
					81	100%						18	22.20%
2	Edinburg Village Apts.		Section 8	1BR / 1BA	16	16.00%	Section 8	$484	576	n/a	Yes	0	0.00%
	701 S 4th Ave	1980's / n/a		2BR / 1BA	28	28.00%	Section 8	$562	820	n/a	Yes	1	3.60%
	Edinburg, TX 78539			3BR / 1.5BA	40	40.00%	Section 8	$709	1,007	n/a	Yes	3	7.50%
	Hidalgo County			4BR / 2BA	16	16.00%	Section 8	$771	1,183	n/a	Yes	1	6.20%
					100	100%						5	5.00%
3	Kingswood Village	Garden	Section 8	2BR / 1BA	30	37.50%	Section 8	$595	1,008	n/a	Yes 10HH	0	0.00%
	521 S. 27th Avenue	1974 / 2006		3BR / 1BA	50	62.50%	Section 8	$695	1,140	n/a	Yes 10HH	0	0.00%
	Edinburg, TX 78539												
	Hidalgo County				80	100%						0	0.00%
4	Sherwood Apts		Section 8	1BR / 1BA	4	8.30%	Section 8	$457	628	n/a	Yes	0	0.00%
	801 Greenbriar Dr	1970's / 2007		2BR / 1BA	20	41.70%	Section 8	$501	772	n/a	Yes	1	5.00%
	Edinburg, TX 78539			3BR / 1.5BA	20	41.70%	Section 8	$645	971	n/a	Yes	1	5.00%
	Hidalgo County			4BR / 2BA	4	8.30%	Section 8	$742	1,140	n/a	Yes	0	0.00%
					48	100%						2	4.20%

Rent and Square Footage Ranking

PAYMENT STANDARDS	
Units	Payment Standards
One-bedroom	$516
Two-bedroom	$609
Three-bedroom	$730
Four-bedroom	$839

All of the surveyed properties have one-, two-, three-, and four-bedroom units below the current payment standards for Hidalgo County.

Subsidized Family Supply Conclusion

Large unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.45 and is projected to decrease slightly by 2012 to 3.42. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, demographic estimates show that approximately 38 percent of the population in 2007 was age 19 years or younger and this trend is expected to remain stable through 2012.

The surveyed one-, two, three-, and four-bedroom subsidized units have average sizes of 601, 839, 1,043 and 1,162 square feet, respectively. The subsidized one, two, and three-bedroom average unit sizes are similar, 16.8 percent larger, and 0.6 percent smaller, respectively, than the one, two-, and three-bedroom average unit sizes found at the LIHTC properties in the Submarket. There were no four-bedroom units among the surveyed market rate and LIHTC developments.

The average weighted vacancy of the surveyed subsidized properties is 3.07 percent. None of the subsidized family properties were able to provide an absorption rate. The average length of the waiting lists at the surveyed subsidized properties is approximately 54 households. All of the surveyed developments maintain extensive waiting lists. Based on this information, we anticipate significant future demand for affordable housing. The average vacancy rate of the surveyed subsidized properties (8.1 percent) is lower than the average vacancy rate of the surveyed LIHTC properties (13.2 percent). None of the subsidized family properties in the market are offering concessions. All of the subsidized properties were able to provide turnover rates ranging from 10 to 44 percent, resulting in an average turnover rate of 28.8 percent.

All of the surveyed properties have one-, two-, three-, and four-bedroom units below the current payment standards for Hidalgo County.

Subsidized Senior Supply

We attempted to identify all existing, proposed, and under construction senior subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

There is one existing senior comparable in the Central Hidalgo Submarket. Edinburg Senior Towers is a combination LIHTC/Project Based Section 8 Development comprised of 100 studio and one-bedroom units. This development is 94 percent occupied and the waiting list is administered by the Edinburg Housing Authority. This property was recently renovated with tax credits; however, 100 percent of the tenants pay no more than 30 percent of their annual income towards rent. Due to the lack of available data, we have not performed a s senior subsidized rental analysis.

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there is one proposed or under construction senior LIHTC property in the Central Hidalgo County Submarket, Villa Estella Trevino. Villa Estella Trevino will be a newly constructed age-restricted property with 161 one- and two-bedroom units set at the 30 and 60 percent of AMI levels. However, this development will be administered by the Edinburg Housing Authority and will have a superceding subsidy allowing the senior tenants to pay no more than 30 percent of their annual income towards rent.

DEMAND ANALYSIS

AFFORDABLE HOUSING DEMAND ANALYSIS

As outlined in the study requirements, our estimate of demand for affordable rental housing in the Central Hidalgo County Submarket is based on current households and is presented by household size, income level and targeted population. Existing income-qualified renter households are further refined to account for household growth over a five-year projection period, percentage of rent-overburdened households, percentage of households residing in substandard housing, percentage of households in overcrowded housing, and the Submarket's turnover rate. Additionally, we have adjusted our demand estimates to account for accommodation of affordable housing demand through any planned, proposed or unstabilized LIHTC units in the Submarket.

The number of income-qualified renter households is calculated for each of six income cohorts: less than 30 percent of AMI, 31 to 40 percent of AMI, 41 to 50 percent of AMI, 51 to 60 percent of AMI, 61 to 80 percent of AMI and 81 to 100 percent of AMI. With the use of demographics provided by HISTA, we are able to examine each of these six income groups by household size to include one-, two-, three- and four-person households and households with five or more persons. This insures that income-qualified households will not be double counted. Separate analyses are presented for all renter households and senior renter households, defined as age 55 and older.

There is very limited demographic and income data for colonias households available through the census and other government agencies. For this reason, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand accounted for through the analysis of Census data.

DEMAND FROM EXISTING HOUSEHOLDS

Number of Existing Households for the Current Year

The total number of households in the Central Hidalgo County Submarket in 2007 is 34,345 and the total number of households in 2012 is projected to be 40,356. The total number of households age 55 and older in the Submarket for 2007 is 8,683, with a 2012 projection of 11,428 households. This is a beginning point for our analysis.

Number of Renters

Information provided to us by ESRI indicates that of the occupied housing units, renter households make up approximately 28.7 percent of the occupied housing unit households in the Central Hidalgo County Submarket in 2007. For seniors age 55 and older, the percentage of renters is 16.5 percent, which is the highest senior renter percentage of the seven Hidalgo County Submarkets.

Maximum Income Guidelines

Maximum income guidelines for tax credit properties are determined by HUD and are based on the area's Average Income. Typically, minimum income levels are calculated based on the assumption that lower income families should pay no more than 35 percent of their income to gross rent. Often times, lower income families pay a higher percentage of income as rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high income households. In order to avoid overstating potential demand this analysis assumes that none of the income bands will overlap. For example, the maximum income for a one-person household at 30 percent of AMI is considered the minimum income for a

one-person household in the income range between 31 percent and 40 percent of AMI. A minimum income of zero dollars is used in calculating demand from households earning 30 percent of AMI or less.

The minimum and maximum household eligible income ranges for the Central Hidalgo County Submarket (McAllen-Edinburg-Mission, TX MSA) are detailed in the table on the following page.

INCOME LIMITS

Household Size	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	< 30% AMI		*31% - 40% AMI*		*41% - 50% AMI*		*51% - 60% AMI*		*61% - 80% AMI*		*81% - 100% AMI*	
1 Person	$0	$9,150	$9,150	$12,200	$12,200	$15,250	$15,250	$18,300	$18,300	$24,400	$24,400	$30,500
2 Person	$0	$10,500	$10,500	$13,960	$13,960	$17,450	$17,450	$20,940	$20,940	$27,920	$27,920	$34,900
3 Person	$0	$11,800	$11,800	$15,680	$15,680	$19,600	$19,600	$23,520	$23,520	$31,360	$31,360	$39,200
4 Person	$0	$13,100	$13,100	$17,440	$17,440	$21,800	$21,800	$26,160	$26,160	$34,880	$34,880	$43,600
5+ Person	$0	$14,150	$14,150	$18,840	$18,840	$23,550	$23,550	$28,260	$28,260	$37,680	$37,680	$47,100

Rent-Overburdened Households

Households are determined to be rent-overburdened if they are paying more than 35 percent of household income as rent. In the Central Hidalgo County Submarket, approximately 28.8 percent of households, including senior households, are considered rent-overburdened.

Substandard Housing

Substandard housing is generally defined as housing units identified in the Census that lack complete plumbing facilities. According to Census 2000 estimates, approximately 2.9 percent of units in the Submarket are determined to be substandard.

Overcrowded Housing

A housing unit is considered overcrowded if there are more than 1.00 persons per room. According to a report issued in 2002 by the Fannie Mae Foundation, Census 2000 data indicates that the southwestern United States, which includes Texas, has a higher than average incidence of households living in overcrowded housing units. The report further concludes that while Texas and California contain less than one-fifth of the nation's households, these two states account for two-fifths of overcrowded households. In the Central Hidalgo County Submarket, it is estimated that 22.3 percent of households are living in overcrowded units.

Movership or Turnover Rate

There are numerous sources of information regarding turnover rate, or the percent of renter households who move in a year. The most reliable source is that of the market participants in the Submarket. As discussed in the *Housing Supply Analysis* section, we attempted to interview comparable properties regarding information the turnover rate experienced on an annual basis. The average annual turnover rate for the stabilized family LIHTC properties surveyed in the Submarket is approximately 32 percent.

We were unable to identify any senior LIHTC properties in this Submarket. With so few senior LIHTC properties able to provide turnover data in the MSA, we have used the average senior subsidized turnover rate of 6.5 percent.

Unstabilized Rental Units - Existing and Proposed

There are no proposed or under construction family LIHTC or subsidized properties in the Central Hidalgo County Submarket. Villa Estrella Trevino is a proposed senior LIHTC development to be located in Edinburg. This development was allocated tax credit funding in 2007; it will offer 17 units at 30 percent of AMI, 144 units at 60 percent of AMI and seven market rate units. These units have been deducted from the following demand analysis, with the market rate units deducted from demand at 81 to 100 percent of AMI.

Annual Income-Qualified Renter Demand

Provided below are calculations of the total number of existing income-qualified renter households in the Central Hidalgo County Submarket in 2007 and 2012. Two analyses have been presented. The first calculates total demand, both currently present and moving into the market, adjusted for income eligibility and renter status, as well as the percentage of rent-overburdened households and substandard and overcrowded housing units. An additional calculation, which accounts for all of the previous variables and incorporates the turnover rate, is also provided.

Note that in the subsequent tables, the total number of income-qualified renter households is not equal to the total number of renter households. This is due to the fact that we have only analyzed households earning between zero and 100 percent of the AMI. There are additional renter households in the Submarket with annual incomes greater than 100 percent of the AMI.

Again, this analysis avoids overstating demand by avoiding overlapping income bands. It should be noted that the percentage of rent overburdened households may also include some of the households that are living in substandard and/or overcrowded housing units. This would result in some potential overlap. This analysis assumes that rent overburdened households, households living in substandard housing and households in overcrowded units each represent a separate component of demand. As these are quantifiable sources of demand, the sum of these calculations results in a maximum number of income-qualified renter households.

The calculations of potential household demand by income cohort and household size for all households and senior households are shown in the following tables:

2007 All Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,910	719	67	99	99	165	149
2 person	2,089	567	149	150	136	197	121
3 person	1,988	579	160	162	92	173	199
4 person	1,640	441	185	145	88	193	176
5+person	2,213	760	184	171	176	221	103
Total	9,839	3,068	745	727	590	948	748
Number of Income-Qualified Renter Households		**3,068**	**745**	**727**	**590**	**948**	**748**
X Percentage of Rent-Overburdened (28.8%)		883	214	209	170	273	215
X Percentage of Substandard Housing (2.9%)		89	22	21	17	27	22
X Percentage of Overcrowded Housing (22.3%)		684	166	162	132	211	167
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**1,656**	**402**	**392**	**318**	**511**	**404**
Less Existing and Planned Unstablized Competing Units		*17*	*0*	*0*	*144*	*0*	*7*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**1,639**	**402**	**392**	**174**	**511**	**397**

2012 All Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	2,331	878	81	120	120	201	182
2 person	2,451	666	174	176	160	231	141
3 person	2,404	700	194	196	111	209	241
4 person	1,971	531	222	175	105	231	211
5+person	2,649	910	221	205	211	264	124
Total	11,805	3,685	892	872	707	1,136	899
Number of Income-Qualified Renter Households		**3,685**	**892**	**872**	**707**	**1,136**	**899**
X Percentage of Rent-Overburdened (28.8%)		1060	257	251	203	327	259
X Percentage of Substandard Housing (2.9%)		107	26	25	21	33	26
X Percentage of Overcrowded Housing (22.3%)		822	199	194	158	253	200
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**1,989**	**481**	**471**	**382**	**613**	**485**
Less Existing and Planned Unstablized Competing Units		*17*	*0*	*0*	*144*	*0*	*7*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**1,972**	**481**	**471**	**238**	**613**	**478**

2007 All Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,910	719	67	99	99	165	149
2 person	2,089	567	149	150	136	197	121
3 person	1,988	579	160	162	92	173	199
4 person	1,640	441	185	145	88	193	176
5+person	2,213	760	184	171	176	221	103
Total	9,839	3,068	745	727	590	948	748
Number of Income-Qualified Renter Households		**3,068**	**745**	**727**	**590**	**948**	**748**
X Percentage of Rent-Overburdened (28.8%)		883	214	209	170	273	215
X Percentage of Substandard Housing (2.9%)		89	22	21	17	27	22
X Percentage of Overcrowded Housing (22.3%)		684	166	162	132	211	167
X Percentage of Estimated Turnover (32%)		982	238	233	189	303	239
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**2,637**	**641**	**625**	**507**	**815**	**643**
Less Existing and Planned Unstablized Competing Units		*17*	*0*	*0*	*144*	*0*	*7*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**2,620**	**641**	**625**	**363**	**815**	**636**

2012 All Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	2,331	878	81	120	120	201	182
2 person	2,451	666	174	176	160	231	141
3 person	2,404	700	194	196	111	209	241
4 person	1,971	531	222	175	105	231	211
5+person	2,649	910	221	205	211	264	124
Total	11,805	3,685	892	872	707	1,136	899
Number of Income-Qualified Renter Households		**3,685**	**892**	**872**	**707**	**1,136**	**899**
X Percentage of Rent-Overburdened (28.8%)		1060	257	251	203	327	259
X Percentage of Substandard Housing (2.9%)		107	26	25	21	33	26
X Percentage of Overcrowded Housing (22.3%)		822	199	194	158	253	200
X Percentage of Estimated Turnover (32%)		1179	285	279	226	364	288
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**3,168**	**767**	**750**	**608**	**977**	**773**
Less Existing and Planned Unstablized Competing Units		*17*	*0*	*0*	*144*	*0*	*7*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**3,151**	**767**	**750**	**464**	**977**	**766**

2007 Senior Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	664	374	35	25	25	51	49
2 person	365	120	24	24	21	26	26
3 person	195	58	26	26	10	15	12
4 person	139	21	5	6	8	22	20
5+person	179	64	7	11	12	18	10
Total	1,542	636	96	91	76	132	116
Number of Income-Qualified Renter Households		**636**	**96**	**91**	**76**	**132**	**116**
X Percentage of Rent-Overburdened (28.8%)		183	28	26	22	38	33
X Percentage of Substandard Housing (2.9%)		18	3	3	2	4	3
X Percentage of Overcrowded Housing (22.3%)		142	21	20	17	29	26
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**343**	**52**	**49**	**41**	**71**	**63**
Less Existing and Planned Unstablized Competing Units		*17*	*0*	*0*	*144*	*0*	*7*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**326**	**52**	**49**	**-103**	**71**	**56**

2012 Senior Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	827	465	43	31	31	64	61
2 person	486	161	32	32	28	34	34
3 person	262	78	34	35	13	20	16
4 person	212	31	7	9	12	34	30
5+person	238	84	10	14	17	23	13
Total	2,024	819	126	121	101	175	154
Number of Income-Qualified Renter Households		**819**	**126**	**121**	**101**	**175**	**154**
X Percentage of Rent-Overburdened (28.8%)		236	36	35	29	50	44
X Percentage of Substandard Housing (2.9%)		24	4	4	3	5	4
X Percentage of Overcrowded Housing (22.3%)		183	28	27	23	39	34
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**442**	**68**	**65**	**55**	**94**	**83**
Less Existing and Planned Unstablized Competing Units		*17*	*0*	*0*	*144*	*0*	*7*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**425**	**68**	**65**	**-89**	**94**	**76**

2007 Senior Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	664	374	35	25	25	51	49
2 person	365	120	24	24	21	26	26
3 person	195	58	26	26	10	15	12
4 person	139	21	5	6	8	22	20
5+person	179	64	7	11	12	18	10
Total	1,542	636	96	91	76	132	116
Number of Income-Qualified Renter Households		**636**	**96**	**91**	**76**	**132**	**116**
X Percentage of Rent-Overburdened (28.8%)		183	28	26	22	38	33
X Percentage of Substandard Housing (2.9%)		18	3	3	2	4	3
X Percentage of Overcrowded Housing (22.3%)		142	21	20	17	29	26
X Percentage of Estimated Turnover (6.5%)		41	6	6	5	9	8
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**385**	**58**	**55**	**46**	**80**	**70**
Less Existing and Planned Unstablized Competing Units		*17*	*0*	*0*	*144*	*0*	*7*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**368**	**58**	**55**	**-98**	**80**	**63**

2012 Senior Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	827	465	43	31	31	64	61
2 person	486	161	32	32	28	34	34
3 person	262	78	34	35	13	20	16
4 person	212	31	7	9	12	34	30
5+person	238	84	10	14	17	23	13
Total	2,024	819	126	121	101	175	154
	Number of Income-Qualified Renter Households	**819**	**126**	**121**	**101**	**175**	**154**
X	Percentage of Rent-Overburdened (28.8%)	236	36	35	29	50	44
X	Percentage of Substandard Housing (2.9%)	24	4	4	3	5	4
X	Percentage of Overcrowded Housing (22.3%)	183	28	27	23	39	34
X	Percentage of Estimated Turnover (6.5%)	53	8	8	7	11	10
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**495**	**76**	**73**	**61**	**106**	**93**
Less Existing and Planned Unstablized Competing Units		*17*	*0*	*0*	*144*	*0*	*7*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**478**	**76**	**73**	**-83**	**106**	**86**

Demand Analysis Conclusions

All Households

The analysis of income-qualified renter households in the Central Hidalgo County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that almost 23 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less. This may explain the 13.2 percent average vacancy rate among family LIHTC properties in the Submarket, while market rate properties in the Submarket have an average vacancy rate of 6.5 percent. The number of income-qualified renter households at the 61 to 80 percent AMI level is the second largest in the Submarket. This suggests that the higher than average vacancy rate among 60 percent AMI units could be due to households that are both over and under income-qualified. Interviews with property managers at the Submarket's LIHTC properties provide further anecdotal evidence that this is indeed the case. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households.

Although there are no new family LIHTC units proposed for the market, and new units at the 60 percent of AMI level in the market may experience a somewhat slower than average absorption period, and concessions may be needed to attract and maintain tenants in units at the 60 percent set-aside. However, it should be noted that with a high incidence of overcrowding in the Submarket, additional demand may be generated from owner households looking to improve their current housing situation.

Senior Households

Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Villa Estrella Trevino is a proposed senior LIHTC development to be located in Edinburg. This development was allocated tax credit funding in 2007; it will offer 17 units at 30 percent of AMI, 144 units at 60 percent of AMI and seven market rate units. As shown in the demand analysis above, it appears that there is an insufficient number of income-qualified senior households at the 60 percent of AMI level to support the proposed number of units.

It should be noted that Villa Estrella Trevino is being developed in conjunction with the Edinburg Housing Authority. The housing authority currently reports a waiting list of over 1,000 households, one-third of which are senior households. Additionally, Edinburg's last affordable units for seniors were constructed in 1975. It is anticipated that many of the units at 60 percent of AMI may be occupied by Housing Choice Voucher Holders from the Edinburg Housing Authority waiting list. Based on the demand analysis of senior renter households, there appears to be adequate demand for additional affordable housing for seniors at the lowest income levels.

BROWNSVILLE-HARLINGEN, TX MSA REGIONAL COMMUNUNITY CHARACTERISTICS, CURRENT DEMOGRAPHIC DATA AND REGIONAL ECONOMY

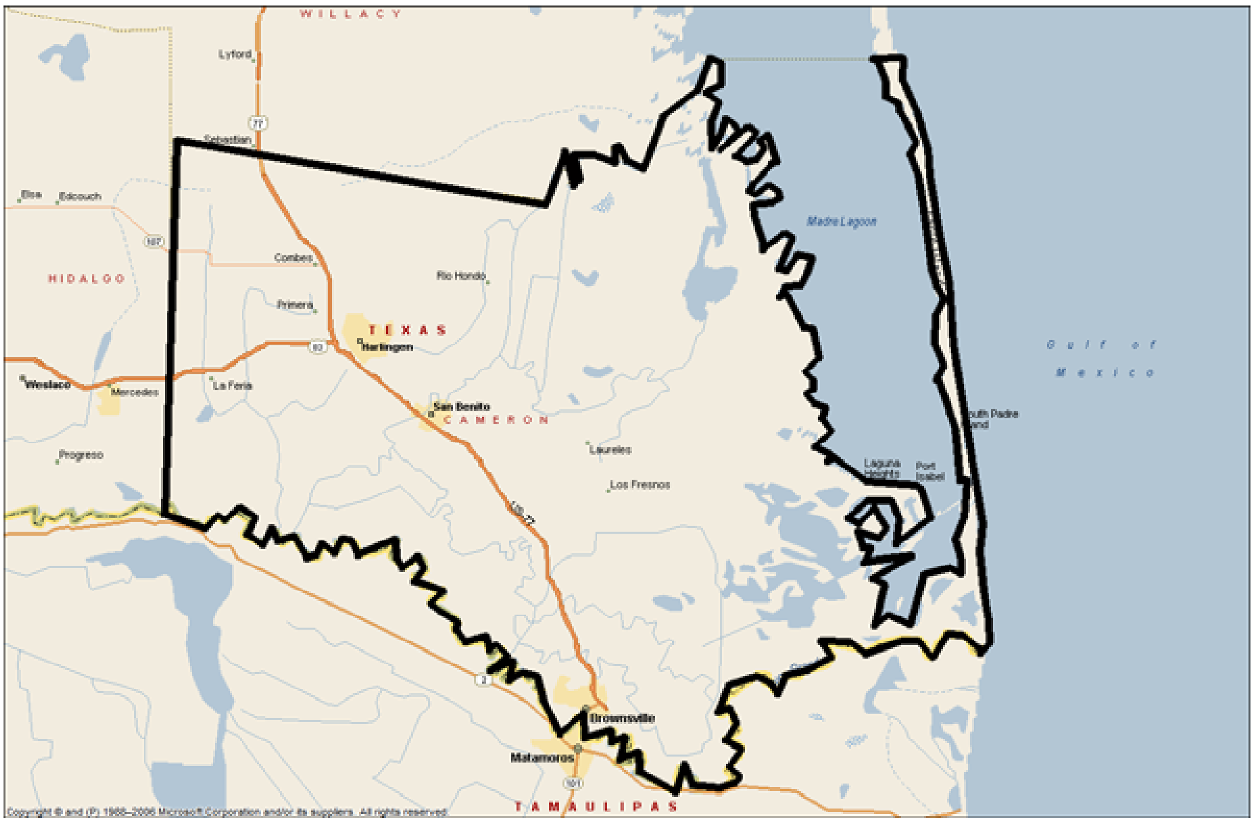
BROWNSVILLE-HARLINGEN, TX MSA REGIONAL AND LOCAL AREA CHARACTERISTICS

Introduction

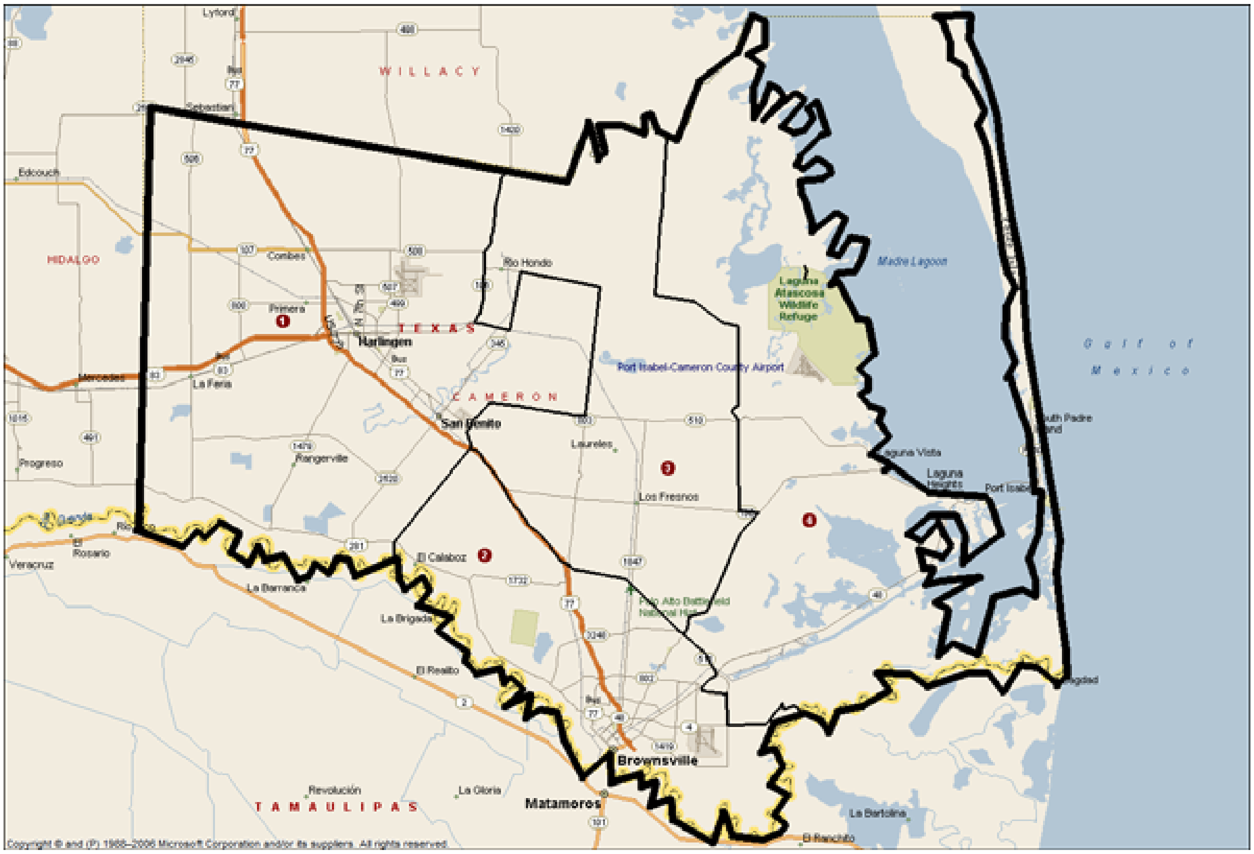
The following sections will project the estimated housing needs for the ensuing five-year period (2007-2012). The Data is based on Novogradac and Company LLP research and analysis of ESRI Business Information Solutions and Census data as well as in-depth interviews with local market participants.

Brownsville-Harlingen, TX MSA

The primary market area is defined as the Brownsville-Harlingen, TX MSA, which is comprised entirely of Cameron County. This area was defined based on the client's specifications. The following map illustrates the boundaries of the PMA as defined above.



The following map shows the four submarkets of the Brownsville-Harlingen, TX MSA.



Submarket Number	Submarket Name
1	West Cameron County
2	South Cameron County
3	Central Cameron County
4	East Cameron County

Overview

The Brownsville-Harlingen, TX MSA is located in the Rio Grande Valley of south Texas, which is comprised of the four southernmost counties in Texas, including Cameron, Hidalgo, Starr and Willacy Counties. Cameron County is the southernmost county in the state of Texas and covers a land area of 1,276 square miles. Principal cities and towns in Cameron County include Brownsville (estimated population 139,722), Harlingen (66,498), La Feria (6,115), Los Fresnos (4,512), Palm Valley (1,298), Port Isabel (4,865), Rio Hondo (1,942) and San Benito (25,005). The City of Brownsville is the county seat of Cameron County.

Economic Analysis

The Brownsville-Harlingen MSA is the largest MSA in the Rio Grande Valley. The South Texas region's rate of job growth will outpace that of the state of Texas through 2012. The Brownsville-Harlingen MSA's population is growing rapidly, at a rate that has exceeded the state average since 2002. Forbes magazine ranked the Brownsville-Harlingen MSA number two nationally in cost of living and also ranked the MSA in terms of job growth and cost of doing business.

Retail activity in Brownsville has grown by 56 percent since 2000. New retailers have contributed to the sales tax base, which increased from $1.3 billion in 2000 to $1.8 billion in 2006. According to the Brownsville Economic Development Corporation, the city is scheduled to get a second Ross store, a Conn's and a Kohl's outlet by the end of 2008.

The current construction of a loop from Reynosa to the outskirts of Matamoros is expected to facilitate the drive for shoppers coming to Brownsville and South Padre Island from Mexico. The retail sector is expected to remain strong over the next few years.

According to the most recent statistics for the city of Brownsville, building permit valuation for new commercial construction increased from $5.6 million in October 2006 to $25.5 million in October 2007. The increase is due to new commercial projects that broke ground in the fourth quarter of 2007. In total permits, valuations increased from $14.9 million in October 2006 to $43.4 million for the same time period last year.

RealtyTrac published a report dated July 25, 2008 in which it indicated that foreclosures nationwide increased 14 percent between first quarter 2008 and the second quarter of 2008. The report also shows that one in every 171 U.S. households received a foreclosure filing during this quarter. Overall, foreclosure activity in Texas was down six percent in July. According to the report, there were 265 properties in the Brownsville-Harlingen MSA with foreclosure filings during second quarter 2008, which equates to one in every 530 homes in the MSA. This is well below the national average and indicates that the MSA may be less impacted than the nation as a whole by the ongoing mortgage crisis.

Major Employers

The following tables show the major employers in Brownsville and Harlingen, TX. It should be noted that the number of employees for the Brownsville major employers was not available at the time of this report.

Brownsville Top Ten Employers

Rank	Company	Industry
1	Brownsville Independent School District	Education
2	AMFELS	Manufacturing
3	University of Texas at Brownsville	Education
4	Cameron County	Government
5	Wal-Mart	Retail
6	City of Brownsville	Government
7	Convergys Corp.	Call Center
8	HEB Food Stores	Retail
9	Valley Regional Medical Center	Healthcare
10	Valley Baptist Medical Center	Healthcare

Source: Brownsville Economic Development Corporation, Real Estate Center Market Overview 2008: July2008

Harlingen Top Ten Employers

Rank	Company	Industry	Employees
1	Harlingen CISD	Education	2,582
2	Valley Baptist Medical Center	Healthcare	1,962
3	Vicki Roy Home Health	Healthcare	978
4	Advanced Call Center Technologies	Call center	865
5	Dish Network	Call center	842
6	City of Harlingen	Government	555
7	Texas State Technical College	Education	534
8	Harlingen Medical Center	Healthcare	463
9	West Corporation	Call Center	425
10	HEB	Grocery/Retail	363

Source: Harlingen Economic Development Corporation, Real Estate Center Market Overview 2008: July2008

Employment in the Brownsville-Harlingen MSA is dominated by relatively stable industries, as almost all ten of the major employers are in the education, healthcare, manufacturing and government sectors. However, according to 2007 Employment by Industry demographics, retail trade and construction comprise approximately 24 percent of overall employment and are two of the top four industry sectors in the Brownsville-Harlingen MSA. Retail trade and construction are typically more volatile sectors of the economy as compared to historically stable industries such as education, healthcare and government. Therefore, despite lack of representation of these two principal industries in the major employers list, it is possible that the MSA will experience slowing growth due to the predominance of these two industries, despite other mitigating factors.

Employment Expansion/Contractions

According to the Brownsville Economic Development Corporation, between January 2007 and March 2008, eight new companies have set up operations or expanded in Brownsville, resulting in the creation of over 2,000 new jobs in the region. Lowes, T-Mobile, Kohl's and Conn's are just some of the businesses moving into the area.

T-Mobile USA opened a customer service facility in Brownsville at the end of 2007. The Brownsville center will provide customer service to more than 26 million T-Mobile customers and will employ 750 people. The 78,000 square-foot facility opened in February 2008. In other call center activity, Teleperformance, the world's co-leader in contact center outsourcing, is renovating a 65,000 square-foot facility and plans to employ about 1,000 people in positions such as contact center agent, management and support staff. Other back-office operations that opened in 2007 and 2008 include ORION Marketing Group and American Customer Care, both of which are operating out of the University of Texas at Brownsville ITEC Campus.

Two new maquiladora parks have boosted the Brownsville industrial space from 10 a year ago to 12 today. La Ventana Industrial Park and Los Palmares Industrial Park both opened in 2007. The Shaw Group, a leading global provider of services to private and government clients, was the first to take a plot of land at La Ventana, where it broke ground on a 50-acre site for a 370,000-plus square foot facility. The Fortune 500 company plans to hire 1,200 employees and will provide manufacturing services for the oilrig industry.

Other major manufacturing companies adding to the Brownsville-Matamoros landscape include Kwalu, Fisher, Horton Company, Fisher Dynamics, Flanders, Organic Fuel, AMEREX, Paladin, Gyropanel and DURR. In all, Brownsville has five industrial parks and Matamoros has seven. Brownsville-Matamoros added 2,285 jobs in the manufacturing sector and 997,000 square feet in industrial space in 2007.

We attempted to contact the Harlingen Economic Development Corporation; however, our attempts have been unsuccessful as of the date of this report.

Employment Growth

The following table details historical employment and unemployment figures for the Brownsville-Harlingen MSA from 1990 to May 2008.

EMPLOYMENT & UNEMPLOYMENT TRENDS

	Brownsville-Harlingen, TX MSA		Brownsville-Harlingen, TX MSA		USA
Year	Total Employment	% Change	Unemployment Rate	% Change	Unemployment Rate
1990	90,534	-	12.9%	-	5.7%
1991	92,705	2.4%	15.2%	2.3%	6.9%
1992	96,974	4.6%	14.6%	-0.6%	7.6%
1993	102,253	5.4%	13.5%	-1.1%	7.0%
1994	106,551	4.2%	13.0%	-0.5%	6.2%
1995	106,945	0.4%	12.9%	-0.1%	5.7%
1996	108,575	1.5%	12.8%	-0.1%	5.5%
1997	111,134	2.4%	12.5%	-0.3%	5.0%
1998	111,120	0.0%	12.8%	0.3%	4.6%
1999	114,518	3.1%	10.0%	-2.8%	4.3%
2000	118,079	3.1%	7.0%	-3.0%	4.0%
2001	120,553	2.1%	7.9%	0.9%	4.8%
2002	126,521	5.0%	9.0%	1.1%	5.8%
2003	129,147	2.1%	9.5%	0.5%	6.0%
2004	130,223	0.8%	8.8%	-0.7%	5.6%
2005	130,398	0.1%	7.6%	-1.2%	5.2%
2006	134,081	2.8%	6.6%	-1.0%	4.7%
2007	134,474	0.3%	6.0%	-0.6%	4.7%
2008 YTD	134,939	-0.1%	5.9%	-0.7%	5.3%

Source: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University.

* 2008 data is through May

Since 1990, total employment in the Brownsville-Harlingen MSA has increased by approximately 44,405 jobs. The unemployment rate has decreased 13 out of the last 18 years in the MSA. This consistent growth is a strong indication of a sound economic base. However, 2008 exhibited the lowest employment growth in the past nine years and this is likely a result of the economic downturn. Overall employment growth is currently in a period of moderation. As shown in the previous table, the unemployment rate in the MSA has decreased significantly since the 1990s and is currently at its lowest point on record. However, the unemployment rate remains higher in the MSA than the nation.

Employment by Industry

The table on the following table illustrates employment by industry for Cameron County in 2007.

2007 EMPLOYMENT BY INDUSTRY		
	Cameron County	
Occupation	Number	Percent Employed
Agric/Forestry/Fishing/Hunting	1,880	1.45%
Mining	313	0.24%
Construction	10,939	8.43%
Manufacturing	10,171	7.84%
Wholesale Trade	4,015	3.09%
Retail Trade	15,385	11.86%
Transportation/Warehousing	5,515	4.25%
Utilities	1,059	0.82%
Information	1,382	1.07%
Finance/Insurance	3,623	2.79%
Real Estate/Rental/Leasing	3,254	2.51%
Prof/Scientific/Tech Services	3,792	2.92%
Mgmt of Companies/Enterprises	0	0.00%
Admin/Support/Waste Mgmt Srvcs	4,437	3.42%
Educational Services	19,834	15.29%
Health Care/Social Assistance	17,688	13.63%
Arts/Entertainment/Recreation	1,445	1.11%
Accommodation/Food Services	10,429	8.04%
Other Services (excl Publ Adm)	7,726	5.96%
Public Administration	6,847	5.28%
Total Employment	**129,734**	**100.0%**
Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008		

The top four employment sectors in Cameron County are the educational services, healthcare/social assistance, retail trade and construction sectors. Approximately 49.2 percent of people in Cameron County work in these four industries. The health care/social assistance, construction, retail trade and educational services sector all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create an abundance of demand for affordable rental housing in the MSA. The lower paying incomes demonstrate the need for affordable housing in the MSA.

As previously mentioned, the large number of people employed in the retail trade and construction industries could negatively impact employment in the MSA, due to the current national economic downturn, which is affecting both of these sectors nationwide. However, as educational services and healthcare/social assistance are two historically stable sectors of the economy, the strong presence of these two industries should help mitigate losses in employment in other industries.

Colonias

One important component of the housing landscape in south Texas is the presence of the colonias. The Texas legislature has defined colonias as subdivisions lacking essential elements of infrastructure near the Mexico border. The United States Department of Housing and Urban Development (HUD) defines a colonia as an "unincorporated community located within 150 miles of the U.S.-Mexico border, with a population of less than 10,000 that is low and very low income, and which lacks safe, sanitary and sound housing, as well as services such as potable water, adequate sewage systems, drainage, streets and utilities." Data from the Federal Reserve Bank of Dallas Community Affairs Division indicates that Texas has the largest colonia population of any border states, with a 2007 estimated population of over 400,000 in nearly 2,300 colonias. According to data collected in 2006 by the Texas Legislature, Hidalgo County has the highest colonia population in the state, with 156,132 people in 934 colonias. Cameron County reports 178 colonias, with a population of 47,606. In an effort to improve the living situation of people in colonias, the Texas Legislature has authorized $175 million to fund roadway projects in the state's 23 border counties, which includes Hidalgo County and Cameron County. In addition, several state agencies, including TDHCA, have multiple initiatives in place to assist the residents of colonias.

Attempts by the government to collect demographic and socioeconomic data on colonias have been hampered by several issues, including language barriers and lack of resources to identify colonias. In the wake of the 2000 census, the Census Bureau completed ethnographic studies in four colonias in Texas, New Mexico and California to better identify the challenges in collecting data for this population. As a result, new guidelines defining Census Designated Places (CDPs) were issued in 2007 for use in the 2010 Census. New CDPs will be established for the 25 border counties in Texas, with much of the data regarding the location of colonias provided by the Texas State Attorney General's Office. It is anticipated that these efforts will allow the Census Bureau to survey colonias more accurately and, for the first time, provide detailed, searchable information regarding colonias populations.

Due to the limitations as discussed above, demographic data provided in this study may not fully reflect the estimated 203,000 people living in colonias in Hidalgo and Cameron Counties. Further, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand already accounted for through the analysis of Census data.

.

POPULATION, HOUSEHOLD, AND INCOME TRENDS – BROWNSVILLE-HARLINGEN MSA AND THE NATION

The following section provides an analysis of the demographic characteristics within the Subject's market area. Data such as population, households and growth patterns are studied, to determine if the Brownsville-Harlingen MSA is an area of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population in the MSA from 1990 through 2012.

Total Population		
Year	Brownsville-Harlingen MSA	
	Number	Annual Change
1990	260,081	-
2000	335,155	2.89%
2007	395,777	2.49%
2012	440,338	2.25%
Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008		

The MSA expected to grow at a slower rate from 2007 to 2012, compared to 2000 to 2007. However, the growth rate of the MSA from 2007 to 2012 is still very strong, at 2.25 percent. The increase in the MSA growth rate is a positive indicator of the need for the affordable housing and likely why so many individuals are employed in the construction sector in the MSA.

Households

The following table is a summary of the total households in the MSA from 1990 to 2012.

Total Number of Households		
Year	Brownsville-Harlingen, MSA	
	Number	Annual Change
1990	73,260	-
2000	97,231	3.27%
2007	115,710	2.62%
2012	129,283	2.35%
Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008		

Similar to the rate of population growth, the household growth rate of the MSA in 2007 was strong, at 2.62 percent. Although the growth rate is projected to decrease from 2007 through 2012, the rate of growth is still significant for a developed area. As the number of households increases, there will be a larger pool of potential tenants, some of which will need affordable housing.

Average Household Size

The following table illustrates the average household size for the MSA from 2000 to 2012.

Average Household Size		
Year	Brownsville-Harlingen, MSA	
	Number	Annual Change
2000	3.40	-
2007	3.38	-0.08%
2012	3.37	-0.06%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The average household size in the MSA is significantly larger than the national average size of 2.59 (not shown). The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the MSA.

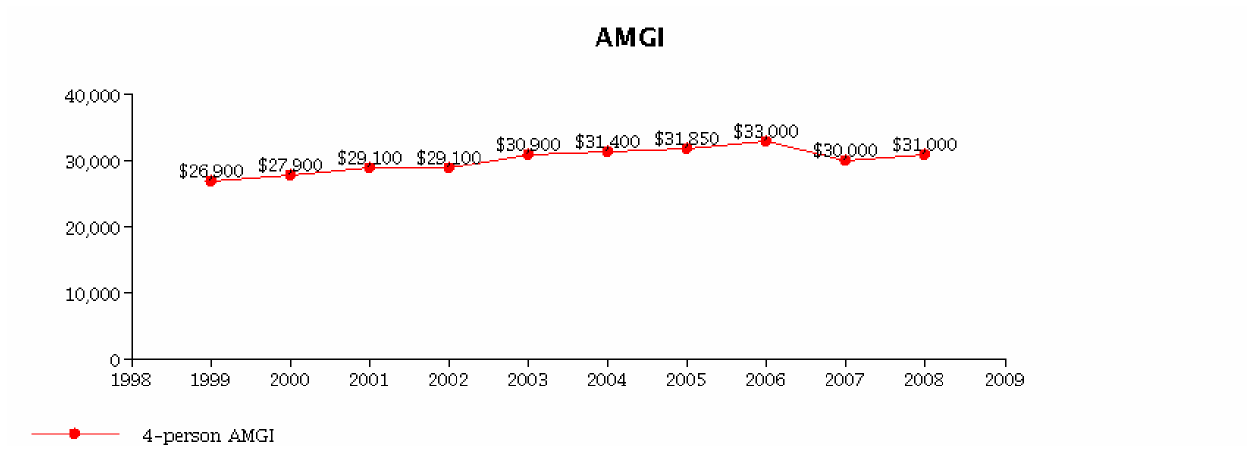
Median Household Income Levels

The table below illustrates Median Household Income in the MSA.

Median Household Income		
Year	Brownsville-Harlingen, MSA	
	Number	Annual Change
2000	26,151	-
2007	31,951	3.06%
2012	36,647	2.94%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The median household income in the MSA is projected to grow at a slower rate from 2007 through 2012 than the previous seven years. The lower median income level indicates increasing need for affordable housing. It should be noted that for Section 42 LIHTC rent determination purposes, the area median income is used. The following chart illustrates the AMI level for a four-person household in the Brownsville-Harlingen MSA.



Source: Novogradac & Company, LLP, July 2008.

The AMI has increased from 1999 to 2008 by approximately 15.2 percent, or an average of 1.7 percent annually. The AMI has only had one decrease from 2006 to 2007 and an increase again in 2008. The system and underlying data sources that HUD uses to establish income limits have changed, by shifting to data from the American Community Survey (ACS), which has replaced previous census reports. In 2007, two-thirds of the nation experienced flat or decreased AMI levels based largely on this methodology change. The overall rise in AMI levels indicates a healthy market where low-income households may be priced out by more affluent households.

Household Income

The following tables illustrate median household income in the MSA.

Household Income Distribution - Brownsville-Harlingen MSA				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	19,922	17.2%	18,316	14.2%
$10,000-$14,999	9,501	8.2%	10,395	8.0%
$15,000-$19,999	8,170	7.1%	8,371	6.5%
$20,000-$24,999	8,499	7.3%	7,682	5.9%
$25,000-$29,999	8,359	7.2%	9,161	7.1%
$30,000-$34,999	7,996	6.9%	7,705	6.0%
$35,000-$39,999	6,362	5.5%	8,376	6.5%
$40,000-$44,999	5,893	5.1%	5,998	4.6%
$45,000-$49,999	5,029	4.3%	4,950	3.8%
$50,000-$59,999	9,108	7.9%	11,048	8.5%
$60,000-$74,999	9,668	8.4%	11,896	9.2%
$75,000-$99,999	7,438	6.4%	11,067	8.6%
$100,000-$124,999	4,603	4.0%	5,735	4.4%
$125,000-$149,999	2,026	1.8%	3,478	2.7%
$150,000-$199,999	1,470	1.3%	2,439	1.9%
$200,000-$249,999	723	0.6%	1,162	0.9%
$250,000-$499,999	783	0.7%	1,142	0.9%
$500,000+	159	0.1%	361	0.3%
Total	**115,709**	**100%**	**129,282**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As illustrated, approximately 32.5 percent of the population in the MSA earned below $20,000 in 2007 and approximately 28.7 percent of the population in the MSA is projected to earn below $20,000 in 2012. In both instances, a significant portion of the population is projected to earn less than $20,000. This data provides strong support for affordable rental housing in the MSA.

Tenure

The following table is a summary of the housing stock in the MSA.

TENURE PATTERNS MSA

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	65,848	67.72%	31,383	32.28%
2007	79,970	69.11%	35,740	30.89%
2012	89,195	68.99%	40,087	31.01%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Renter occupied units made up approximately 31 percent of the total occupied units in the MSA in 2007. The percentage of renters is slightly lower than the national average of approximately 33 percent (not shown). The low percentage of renters is likely due to the limited supply of rental housing in the MSA.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2007 for Cameron County, Texas. 2008 data was not available.

BUILDING PERMITS: Cameron County, TX 1997 to 2007

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
1997	1,601	40	257	1,898
1998	1,400	166	161	1,727
1999	1,058	229	150	1,437
2000	2,086	121	150	2,357
2001	1,595	142	102	1,839
2002	2,211	136	475	2,822
2003	3,200	81	163	3,444
2004	2,203	198	213	2,614
2005	1,981	197	116	2,294
2006	2,670	74	261	3,005
2007	1,800	131	138	2,069
Total	**21,805**	**1,515**	**2,186**	**25,506**
Average	**1,982**	**138**	**199**	**2,319**

There were 2,186 "5+ units" building permits issued in Cameron County from 1997 to 2007. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2007, at 85 percent, while "5+ units" building permits constitute approximately 8.6 percent of all permits issued from 1997 through 2007. The small percentage of multifamily permits issued indicates demand for multi-family housing of all kinds.

Conclusion

The MSA has demonstrated that it is an area of growth in terms of population, household, and income levels. The population and the number of households are both expected to increase from 2007 to 2012 at rates near or above 3.5 percent annually. The MSA has a larger average household size relative to the national average of 2.59, and a significant portion of its households earning below the AMI; furthermore, approximately 32.5 percent of the population in the MSA earned below $20,000 in 2007 and approximately 28.7 percent of the population in the MSA is projected to earn below $20,000 in 2012. These factors demonstrate a need for affordable housing of all kinds.

1. WEST CAMERON COUNTY SUBMARKET ANALYSIS

WEST CAMERON COUNTY SUBMARKET DEMOGRAPHIC CHARACTERISTICS AND TRENDS

The primary market area is defined as the West Cameron County Submarket, which is bounded to the north, west and south by the Cameron County line and to the east by FM 1420, FM 106, Cemetery Road/Coston Road, US Highway 77 and FM 732. This area was defined based on the client's specifications. The following map illustrates the boundaries of the Submarket as defined above.

West Cameron County Submarket Map

Local Government

The major cities in the West Cameron County submarket include Harlingen, San Benito and La Feria.

Harlingen is located entirely in Cameron County and operates under a mayor-commission form of government with five elected city commissioners. The 2000 census reported a total population of 57,564. Harlingen has a total area of 34.3 square miles.

San Benito is located in Cameron County and operates under a mayor-city commission form of government with four elected city commissioners. The population was 25,005 at the 2000 census. San Benito has a total area of 11.2 square miles.

La Feria is a city in Cameron County. In November 1989, the city of La Feria adopted a Home-Rule charter. The city operates under a mayor-commission form of government with five elected city commissioners. The population was 6,115 at the 2000 census. La Feria has a total area of 2.0 square miles.

Employment by Industry

The table on the following table illustrates employment by industry for the West Cameron County Submarket and Brownsville-Harlingen MSA in 2007.

2007 EMPLOYMENT BY INDUSTRY				
	West Cameron County Submarket		Brownsville-Harlingen, TX MSA	
Occupation	Number	Percent Employed	Number Employed	Percent Employed
Agric/Forestry/Fishing/Hunting	648	1.30%	1,880	1.45%
Mining	103	0.21%	313	0.24%
Construction	4,015	8.08%	10,941	8.43%
Manufacturing	3,424	6.89%	10,172	7.84%
Wholesale Trade	1,510	3.04%	4,016	3.09%
Retail Trade	5,566	11.21%	15,389	11.86%
Transportation/Warehousing	2,001	4.03%	5,516	4.25%
Utilities	422	0.85%	1,059	0.82%
Information	749	1.51%	1,382	1.07%
Finance/Insurance	1,493	3.01%	3,623	2.79%
Real Estate/Rental/Leasing	1,182	2.38%	3,257	2.51%
Prof/Scientific/Tech Services	1,340	2.70%	3,794	2.92%
Mgmt of Companies/Enterprises	0	0.00%	0	0.00%
Admin/Support/Waste Mgmt Srvcs	1,726	3.48%	4,438	3.42%
Educational Services	7,087	14.27%	19,838	15.29%
Health Care/Social Assistance	8,331	16.77%	17,690	13.63%
Arts/Entertainment/Recreation	519	1.04%	1,446	1.11%
Accommodation/Food Services	3,303	6.65%	10,434	8.04%
Other Services (excl Publ Adm)	3,196	6.43%	7,728	5.96%
Public Administration	3,052	6.14%	6,849	5.28%
Total Employment	**49,667**	**100.0%**	**129,765**	**100.0%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The top four employment sectors in the West Cameron County Submarket are the health care/social assistance, educational services, retail trade and construction sectors. Approximately 50.3 percent of people in Cameron County work in these four industries. The West Cameron County Submarket has a similar number of persons employed in the educational services, retail trade and construction sectors and a larger number of people employed in the healthcare/social assistance sector, relative to the MSA. Although, educational services is typically a stable sector of the economy, industries such as retail trade and construction, are particularly susceptible to fluctuations in the health of the economy. Additionally, the West Cameron County Submarket and the MSA benefit from the presence of another historically stable industry, healthcare/social assistance, which is one of the top four employment sectors. The large number of people employed in the retail trade and construction industries could negatively impact employment in the West Cameron County Submarket, due to the current national economic downturn. However, the strong presence of the healthcare/social assistance and educational services industries should help bolster the economic stability of the West Cameron County Region.

It should be noted, that the health care/social assistance, construction, retail trade and educational services sectors all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create an abundance of demand for affordable rental housing in the Submarket.

Commute Patterns in the West Cameron County Submarket

The table below summarizes commute times for the West Cameron County Submarket.

TRAVEL TIME TO WORK

Travel Time	Workers age 16+
< 5 min	1,533
5-9 min	6,124
10-14 min	9,503
15-19 min	8,735
20-24 min	5,349
25-29 min	1,439
30-34 min	4,348
35-39 min	506
40-44 min	841
45-59 min	1,606
60-89 min	837
90+ min	676
Average Travel Time	19.8 minutes

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

The West Cameron County Submarket has the shortest average commute time of the four identified Submarkets. The largest share of workers reports a daily travel time to work of 10 to 14 minutes. From this data, it appears that the Submarket's major employers, located in Harlingen, are located within 35 minutes of the majority of the working population.

POPULATION, HOUSEHOLD, AND INCOME TRENDS – SUBMARKET AND MSA

The following section provides an analysis of the demographic characteristics within the West Cameron County Submarket and Brownsville-Harlingen, TX MSA. Data such as population, households and growth patterns are studied to determine if the Brownsville-Harlingen MSA and the West Cameron County Submarket are areas of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population in the West Cameron County Submarket and Brownsville-Harlingen, TX MSA from 1990 through 2012.

Total Population

Year	West Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	105,412	-	260,120	-
2000	129,182	2.25%	335,227	2.89%
2007	146,617	1.86%	395,867	2.50%
2012	160,914	1.95%	440,440	2.25%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Growth in the Submarket has been slightly slower than growth in the MSA in all years of analysis. However, both the Submarket and the MSA are showing strong growth from 2007 through 2012, although at a slower rate than from 2000 through 2007. The strong growth in the Submarket and the MSA is a positive indicator of the need for the affordable housing and likely why so many individuals are employed in the construction sector in the Submarket.

Population by Age

The following graph illustrates population by age in the Submarket and MSA for 2007. It should be noted that the current population by age distribution in the MSA is similar to national averages.

Population by Age Group					
West Cameron County Submarket					
Age Cohort	**1990**	**2000**	**2007**	**Projected Mkt**	**2012**
0-4	9,170	11,590	13,883	14,298	15,127
5-9	9,645	11,877	12,122	12,539	13,372
10-14	10,140	11,291	11,851	12,103	12,607
15-19	9,779	10,985	11,493	11,833	12,512
20-24	7,262	8,558	10,437	10,653	11,086
25-29	7,351	8,559	10,617	10,728	10,951
30-34	7,518	8,279	9,593	9,944	10,645
35-39	7,218	8,516	8,789	8,952	9,279
40-44	6,242	8,132	8,858	8,924	9,057
45-49	4,403	7,377	8,774	8,962	9,339
50-54	3,998	6,530	8,324	8,659	9,328
55-59	3,995	4,859	7,081	7,719	8,995
60-64	4,466	4,656	5,427	6,088	7,410
65-69	4,646	4,922	4,879	5,158	5,716
70-74	3,720	4,837	4,670	4,673	4,678
75-79	2,965	3,884	4,262	4,249	4,222
80-84	1,723	2,332	3,021	3,142	3,385
85+	1,171	1,998	2,536	2,759	3,205
Total	**105,412**	**129,182**	**146,617**	**151,383**	**160,914**
Brownsville-Harlingen, TX MSA					
Age Cohort	**1990**	**2000**	**2007**	**Projected Mkt**	**2012**
0-4	23,151	31,744	39,821	41,234	44,060
5-9	25,049	32,315	35,155	36,473	39,109
10-14	26,812	30,761	33,638	34,719	36,880
15-19	26,585	29,914	32,307	33,397	35,577
20-24	19,529	23,783	30,033	30,772	32,250
25-29	18,911	23,906	29,569	30,257	31,634
30-34	18,981	22,498	27,241	27,931	29,311
35-39	17,854	22,257	25,412	25,885	26,832
40-44	15,504	21,060	23,668	24,511	26,198
45-49	11,371	19,220	23,367	23,994	25,247
50-54	9,804	16,577	21,725	22,573	24,268
55-59	9,290	12,468	18,317	20,121	23,730
60-64	9,764	11,349	13,415	15,114	18,513
65-69	9,418	10,925	11,705	12,236	13,297
70-74	7,168	10,205	10,349	10,521	10,866
75-79	5,509	7,889	9,157	9,169	9,194
80-84	3,218	4,559	6,040	6,391	7,093
85+	2,202	3,797	4,948	5,426	6,381
Total	**260,120**	**335,227**	**395,867**	**410,725**	**440,440**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Households

The following table is a summary of the total households in the Submarket and MSA from 1990 to 2012.

Total Number of Households				
Year	West Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	32,151	-	73,278	-
2000	40,315	2.54%	97,267	3.27%
2007	46,385	2.08%	115,756	2.62%
2012	51,241	2.09%	129,335	2.35%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Similar to the rate of population growth, the household growth rates of the Submarket and MSA have both been strong through 2007. Household growth in the MSA is expected to slow slightly from 2007 through 2012, while household growth in the Submarket is expected to remain consistent. As the number of households increases, there will be a larger pool of potential tenants, some of which will need affordable housing.

Average Household Size

The following table illustrates the average household size for the Submarket and MSA from 2000 to 2012.

Average Household Size				
Year	West Cameron County		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	3.16	-	3.40	-
2007	3.12	-0.17%	3.38	-0.08%
2012	3.10	-0.13%	3.37	-0.06%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The average household size in the Submarket is slightly smaller than the MSA, but both are larger than the national average size of 2.59. The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the Submarket, but especially in the MSA as a whole.

Median Household Income Levels

The table below illustrates Median Household Income in the Submarket and MSA.

Median Household Income				
Year	West Cameron County		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	28,127	-	26,156	-
2007	34,454	3.10%	31,956	3.06%
2012	39,294	2.81%	36,654	2.94%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The median household income in the Submarket was approximately 7.3 percent higher than the median household income in the MSA in 2007. The median household income in the Submarket is projected to grow at a slower rate from 2007 through 2012 than the previous seven years, as in the MSA. The lower median income level indicates increasing need for affordable housing.

Household Income

The following tables illustrate median household income in both the Submarket and MSA.

Household Income Distribution - West Cameron County Submarket				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	7,051	15.2%	6,410	12.5%
$10,000-$14,999	3,430	7.4%	3,672	7.2%
$15,000-$19,999	3,055	6.6%	3,012	5.9%
$20,000-$24,999	3,413	7.4%	2,944	5.7%
$25,000-$29,999	3,394	7.3%	3,636	7.1%
$30,000-$34,999	3,153	6.8%	3,088	6.0%
$35,000-$39,999	2,477	5.3%	3,272	6.4%
$40,000-$44,999	2,538	5.5%	2,319	4.5%
$45,000-$49,999	2,170	4.7%	2,100	4.1%
$50,000-$59,999	4,069	8.8%	4,759	9.3%
$60,000-$74,999	4,340	9.4%	5,302	10.3%
$75,000-$99,999	3,070	6.6%	4,749	9.3%
$100,000-$124,999	1,884	4.1%	2,310	4.5%
$125,000-$149,999	885	1.9%	1,404	2.7%
$150,000-$199,999	674	1.5%	1,043	2.0%
$200,000-$249,999	328	0.7%	523	1.0%
$250,000-$499,999	383	0.8%	535	1.0%
$500,000+	71	0.2%	163	0.3%
Total	**46,385**	**100%**	**51,241**	**100%**

Household Income Distribution - Brownsville-Harlingen, TX MSA				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	19,926	17.2%	18,319	14.2%
$10,000-$14,999	9,503	8.2%	10,397	8.0%
$15,000-$19,999	8,172	7.1%	8,373	6.5%
$20,000-$24,999	8,502	7.3%	7,684	5.9%
$25,000-$29,999	8,361	7.2%	9,164	7.1%
$30,000-$34,999	7,999	6.9%	7,707	6.0%
$35,000-$39,999	6,364	5.5%	8,379	6.5%
$40,000-$44,999	5,894	5.1%	6,000	4.6%
$45,000-$49,999	5,031	4.3%	4,951	3.8%
$50,000-$59,999	9,112	7.9%	11,052	8.5%
$60,000-$74,999	9,673	8.4%	11,902	9.2%
$75,000-$99,999	7,445	6.4%	11,075	8.6%
$100,000-$124,999	4,608	4.0%	5,741	4.4%
$125,000-$149,999	2,027	1.8%	3,482	2.7%
$150,000-$199,999	1,471	1.3%	2,440	1.9%
$200,000-$249,999	724	0.6%	1,163	0.9%
$250,000-$499,999	785	0.7%	1,144	0.9%
$500,000+	159	0.1%	362	0.3%
Total	**115,756**	**100%**	**129,335**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As illustrated, approximately 29.2 percent of the population in the Submarket and 32.5 percent of the population in the MSA earned below $20,000 in 2007. By 2012, the population earning below $20,000 in the Submarket and MSA is expected to decrease slightly to approximately 25.6 percent and 28.7 percent, respectively, but in both instances, a significant portion of the population is projected to earn less than $20,000. This data provides strong support for affordable rental housing in the Submarket and MSA.

Senior Demographic Trends

Among the demographics discussed are trends in population, number of households, age, and income. In addition to analyzing overall demographic trends, we have also separately analyzed and discussed trends specific to the senior subpopulation, which includes those 65 years of age and older. The majority of age-restricted properties offer units to seniors ages 55, 62, or 65 and older. Despite the varying age restrictions at senior properties, property managers typically report the average age of residents to be over 55 years of age. Therefore, for the purposes of this analysis, we have included demographic characteristics of the senior population ages 55 and over.

Senior Population

The table below illustrates senior population trends in the Submarket and MSA from 2000 through 2012.

Total Number of Senior Households (55 +)				
Year	West Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	16,180	-	35,359	-
2007	18,657	2.1%	42,259	2.7%
2012	21,877	3.5%	50,724	4.0%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

As the table illustrates, similar to the general population trends, the senior population in both the Submarket and the MSA increased between 2000 and 2007. Senior population growth in the West Cameron County Submarket is expected to grow at a slightly slower rate than the MSA from 2007 through 2012.

The strong projected growth in the senior population in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years. Additionally, the increasing senior populations, (typically one- and two-person households) may be a contributing factor to the projected decline in the average household size within the PMA from 2007 to 2012.

Senior Households

The table below illustrates senior household trends in the Submarket and MSA from 2000 through 2012.

Total Number of Senior Households (55 +)				
Year	West Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	16,180	-	35,359	-
2007	18,657	2.1%	42,259	2.7%
2012	21,877	3.5%	50,724	4.0%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Similar to senior population estimates and projections, senior household growth is projected to increase through 2012 with growth rate also increasing through 2012. In contrast to general household growth rates, senior household growth rates are expected to increase from 2007 through 2012. The strong projected growth of senior households in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years.

Senior Median Household Income

The following table illustrates the median household incomes in the Submarket, MSA, and nation from 2007 to 2012 for both all households and specifically for senior households.

MEDIAN HOUSEHOLD INCOME

Year	Brownsville-Harlingen, TX MSA		West Cameron County Submarket		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
			All Ages			
2007	$31,956	-	$34,454	-	$53,154	-
2012	$36,654	2.94%	$39,294	2.81%	$62,503	3.52%
			Age 55+			
2007	$28,614	-	$31,530	-	$32,710	-
2012	$34,145	3.87%	$36,835	3.37%	$41,086	5.12%

Source: ESRI Business Demographics 2007; Novogradac and Company LLP, July, 2008

As the above table illustrates, the median senior household incomes in all three areas of analysis are below those of all households. Of the three areas of analysis, the median senior household income is lowest in the MSA and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally. The Submarket will experience slightly weaker median household income growth for all households and senior households when compared to the MSA, and the nation.

Senior Household Income

The tables below illustrate senior household income in the Submarket and MSA for 2007 and 2012.

Household Income Distribution - West Cameron County Submarket (Age 55+)				
Income Cohort	**2007**		**2012**	
	Number	**Percentage**	**Number**	**Percentage**
<$15,000	4,973	26.7%	5,038	23.0%
$15,000-$24,999	2,711	14.5%	2,603	11.9%
$25,000-$34,999	2,383	12.8%	2,559	11.7%
$35,000-$49,999	2,755	14.8%	3,271	15.0%
$50,000-$74,999	2,935	15.7%	3,857	17.6%
$75,000-$99,999	1,258	6.7%	2,085	9.5%
100,000-$149,999	1,050	5.6%	1,510	6.9%
150,000-$199,999	251	1.3%	388	1.8%
200,000-$249,999	151	0.8%	261	1.2%
250,000-$499,999	159	0.9%	230	1.1%
$500,000+	31	0.2%	75	0.3%
Total	**18,657**	**100%**	**21,877**	**100%**

Household Income Distribution - Brownsville-Harlingen, TX MSA (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	12,432	29.4%	12,846	25.3%
$15,000-$24,999	5,986	14.2%	6,015	11.9%
$25,000-$34,999	5,232	12.4%	5,755	11.3%
$35,000-$49,999	5,879	13.9%	7,291	14.4%
$50,000-$74,999	6,327	15.0%	8,438	16.6%
$75,000-$99,999	2,657	6.3%	4,394	8.7%
100,000-$149,999	2,386	5.6%	3,640	7.2%
150,000-$199,999	597	1.4%	1,084	2.1%
200,000-$249,999	339	0.8%	558	1.1%
250,000-$499,999	351	0.8%	526	1.0%
$500,000+	73	0.2%	177	0.3%
Total	**42,259**	**100%**	**50,724**	**100%**

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Both the submarket and MSA have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,000. Among these locations, the MSA has the largest percentage of seniors earning less than $35,000 annually. Approximately 56 percent of those 55 and older in the MSA are earning under $35,000 per year. This is attributable primarily to the MSA's high percentage of senior households earning below $15,000 annually. The Submarket features a similar number of senior households in these income brackets when compared to the MSA. By 2012, all areas of analysis will have seen decreases in the number of seniors earning less than $35,000 annually. However, within the Submarket and MSA, it is estimated that 46.6 and 48.5 percent of seniors will still be earning less than $35,000 annually for these two areas, respectively. It should be noted that these estimates are most likely a function of inflation rather than a demographic trend. Furthermore, the majority of senior households within the Submarket will be earning less than $25,000, which is below the current AMI. This indicates that affordable housing for the senior population will remain in demand.

Tenure

The following table is a summary of the senior tenure patterns of the housing stock in the Submarket for 2000.

Tenure Patterns - Elderly Population (Age 55+)								
	West Cameron County Submarket				Brownsville-Harlingen, TX MSA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	13,601	84.1%	2,579	15.9%	28,551	80.7%	6,808	19.3%
2007	15,683	84.1%	2,974	15.9%	34,122	80.7%	8,137	19.3%
2012	18,390	84.1%	3,487	15.9%	40,958	80.7%	9,766	19.3%

Source: ESRI Demographics 2007; Novogradac & Company LLP, August 2008

As the above table illustrates, the senior housing market is dominated by owner-occupied units. The Submarket has a significantly smaller percentage of senior renter-occupied units when compared to the national average (28 percent, not shown above) and the MSA. The small percentage of renter-occupied senior households is not unusual in rural submarkets, where owner-occupied housing is predominant among a reduced population.

Senior Demographic Conclusion

Of the three areas of analysis, the median senior household income is lowest in the MSA and highest nationally. Although the median senior household income for the MSA is projected to increase from 2007 to 2012, growth in the national and Submarket's median senior household income is projected to outpace growth in the Submarket. Both the MSA and Submarket have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,000. Approximately 54 percent of those 55 and older in the Submarket are earning under $35,000 per year. This is attributable primarily to the Submarket's high percentage of senior households earning below $15,000 annually. The Submarket features similar numbers of senior households in these income brackets when compared to the MSA and national averages. The national average of senior households earning below $50,000 annually is 64 percent.

LOCAL MARKET INFORMATION

West Cameron County Submarket

The following sections will provide an analysis of the demographic characteristics within the Submarket.

Healthcare

The West Cameron County Submarket offers several hospitals and medical facilities, the majority of which are located in the city of Harlingen. The Harlingen Medical Center (HMC) is the advanced general acute care hospital in Harlingen. HMC specializes in advanced cardiovascular care, orthopedics, neurology, obstetrics and gynecology. The hospital opened in 2003 and provides comprehensive medical care for the majority of the Rio Grande Valley. Valley Baptist Medical Center (VBMC) is a 600-bed hospital that serves as the regional trauma center.

Transportation

Valley International Airport, located in Harlingen, is the major airport for the West Cameron County Submarket. Valley International Airport has a service area that encompasses the lower Rio Grande Valley and northern Mexico, serving more than two million people on both sides of the US-Mexico border. It is the largest international airport in the region and handles approximately 45 percent of all passenger traffic in the Rio Grande Valley.

Access to West Cameron County Submarket can be accomplished via US Highways 77 and 83. US Highway 77 connects to Interstate 37 at Corpus Christi and U.S. Highway 83 connects with Interstate 35 at Laredo.

The Free Trade Bridge at Los Indios, located 10 miles south of Harlingen in the West Cameron County Submarket, is said to be the most time-efficient border crossing station. The international bridge offers a full U.S. Customs inspection facility and accesses a four-lane highway in Northern Mexico.

The Port of Harlingen is located four miles east of Harlingen in the West Cameron County Submarket.

Education

The West Cameron County Submarket is served by the Harlingen Consolidated School District and the South Texas Independent School District. The Harlingen Consolidated School District includes two high schools, five middle schools, and 17 elementary schools. The South Texas Independent School District operates magnet schools that draw students from Cameron, Hidalgo and Willacy Counties. The South Texas Academy of Medical Technology is the only South Texas ISD school in the West Cameron County submarket. Harlingen has a branch of the Texas State Technical College, a two-year technical school offering Associate of Applied Science degrees.

Public Transportation

Rio Metro Harlingen, operated by the Lower Rio Grande Valley Development Council, offers public transportation to the West Cameron County Submarket. Rio Metro Harlingen offers flexible routes and passengers may request curbside pickups by calling a day in advance to make reservations. Rio Metro Harlingen offers retail and medical oriented routes.

Employment Centers

The majority of employment centers in the West Cameron County Submarket are located in Harlingen. The largest employers in the City of Harlingen include the following:

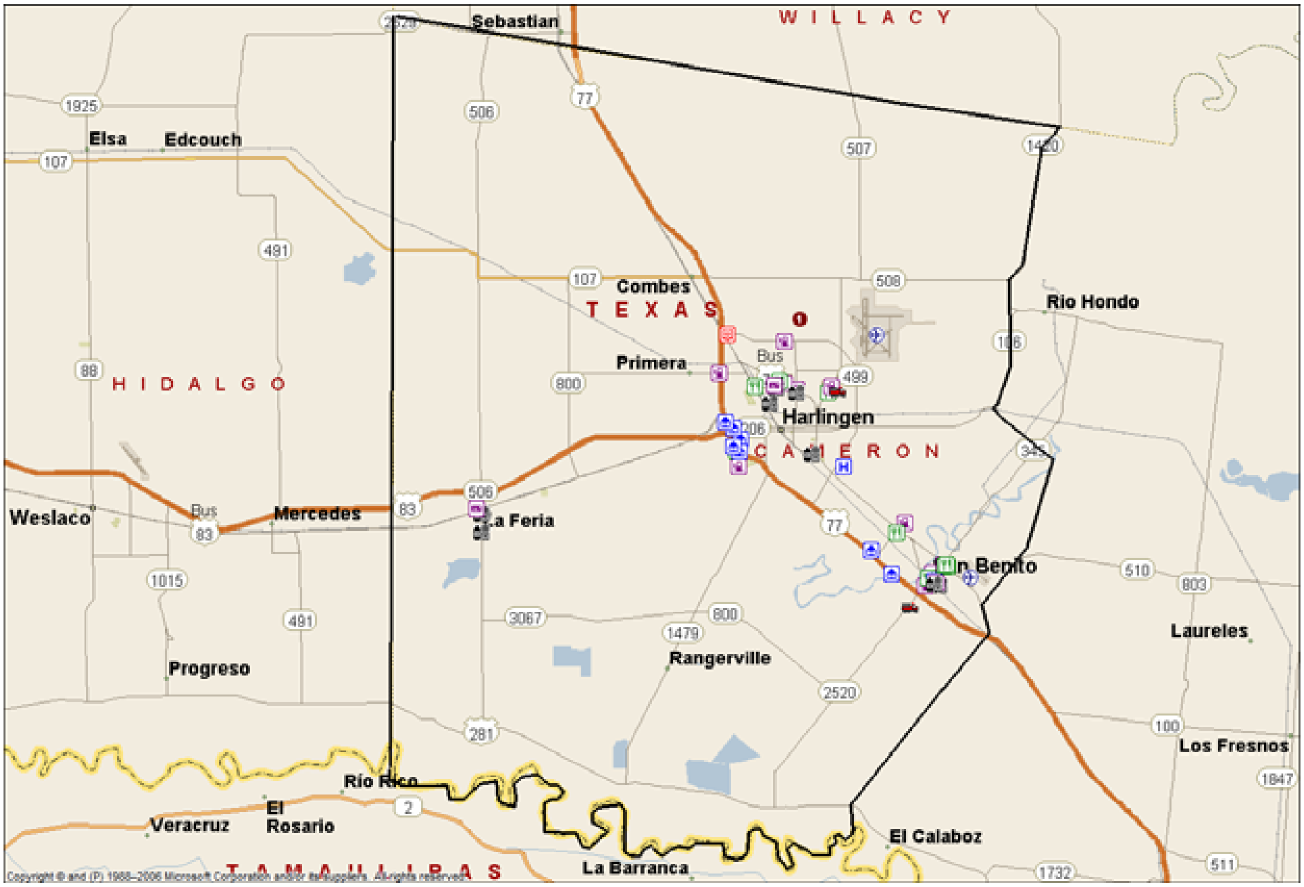
Harlingen Top Ten Employers

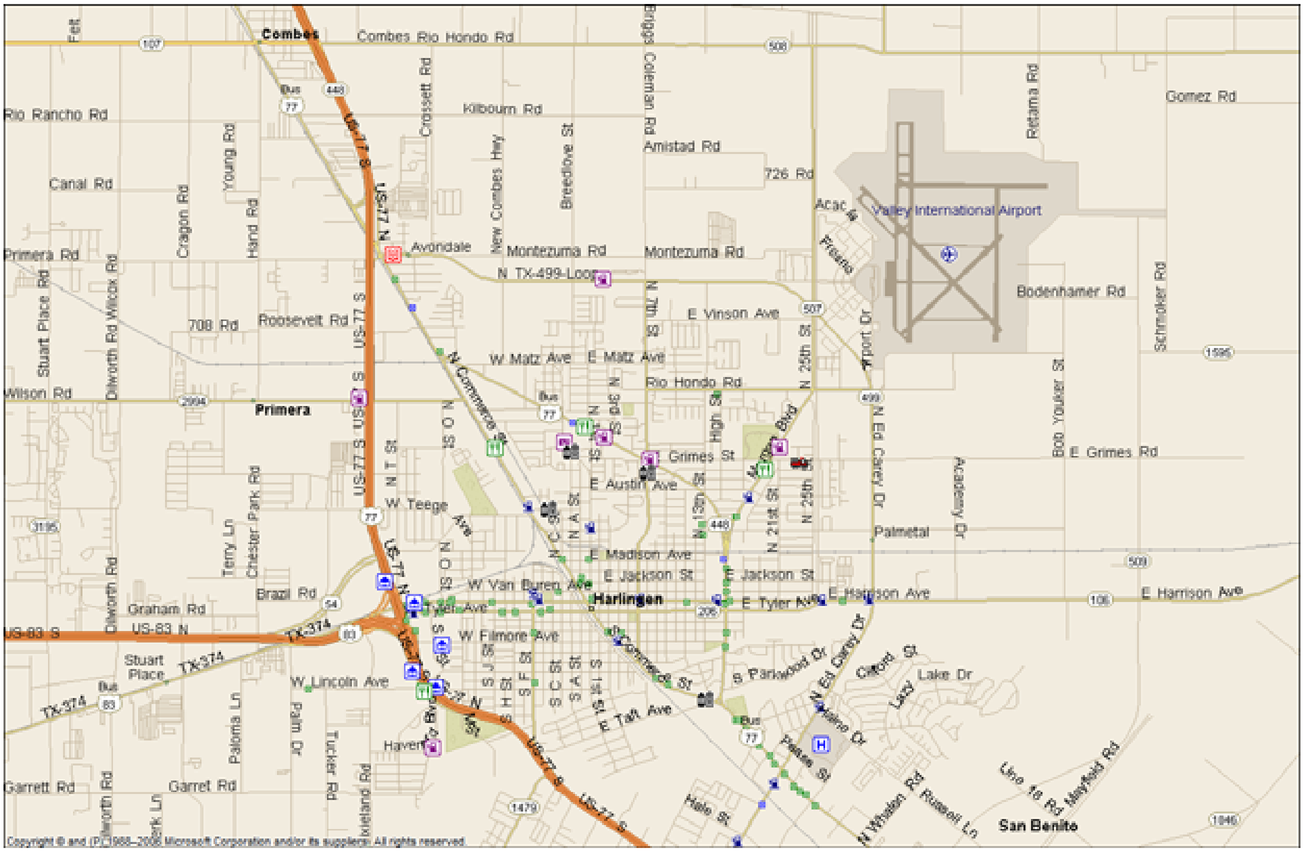
Rank	Company	Industry	Employees
1	Harlingen CISD	Education	2,582
2	Valley Baptist Medical Center	Healthcare	1,962
3	Vicki Roy Home Health	Healthcare	978
4	Advanced Call Center Technologies	Call center	865
5	Dish Network	Call center	842
6	City of Harlingen	Government	555
7	Texas State Technical College	Education	534
8	Harlingen Medical Center	Healthcare	463
9	West Corporation	Call Center	425
10	HEB	Grocery/Retail	363

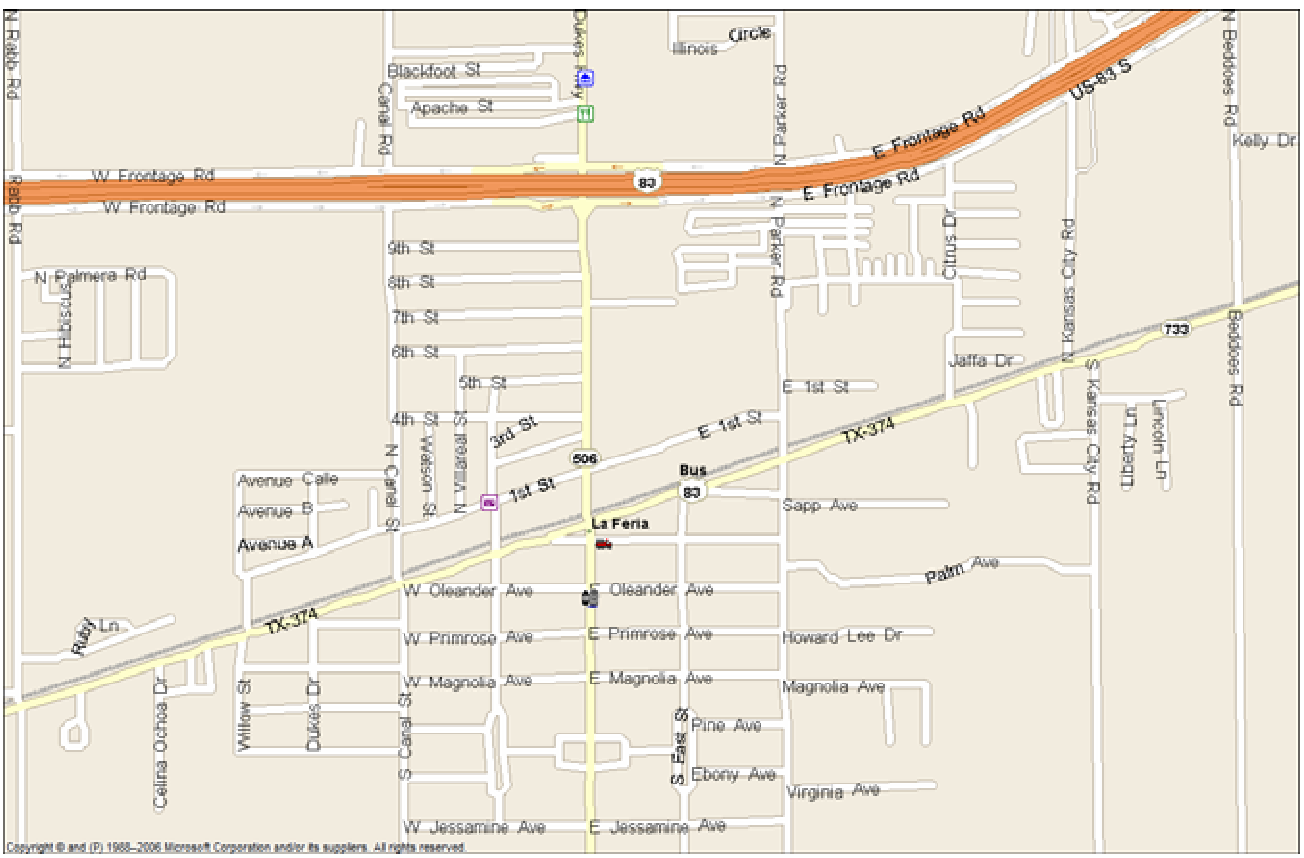
Source: Harlingen Economic Development Corporation, Real Estate Center Market Overview 2008: July2008

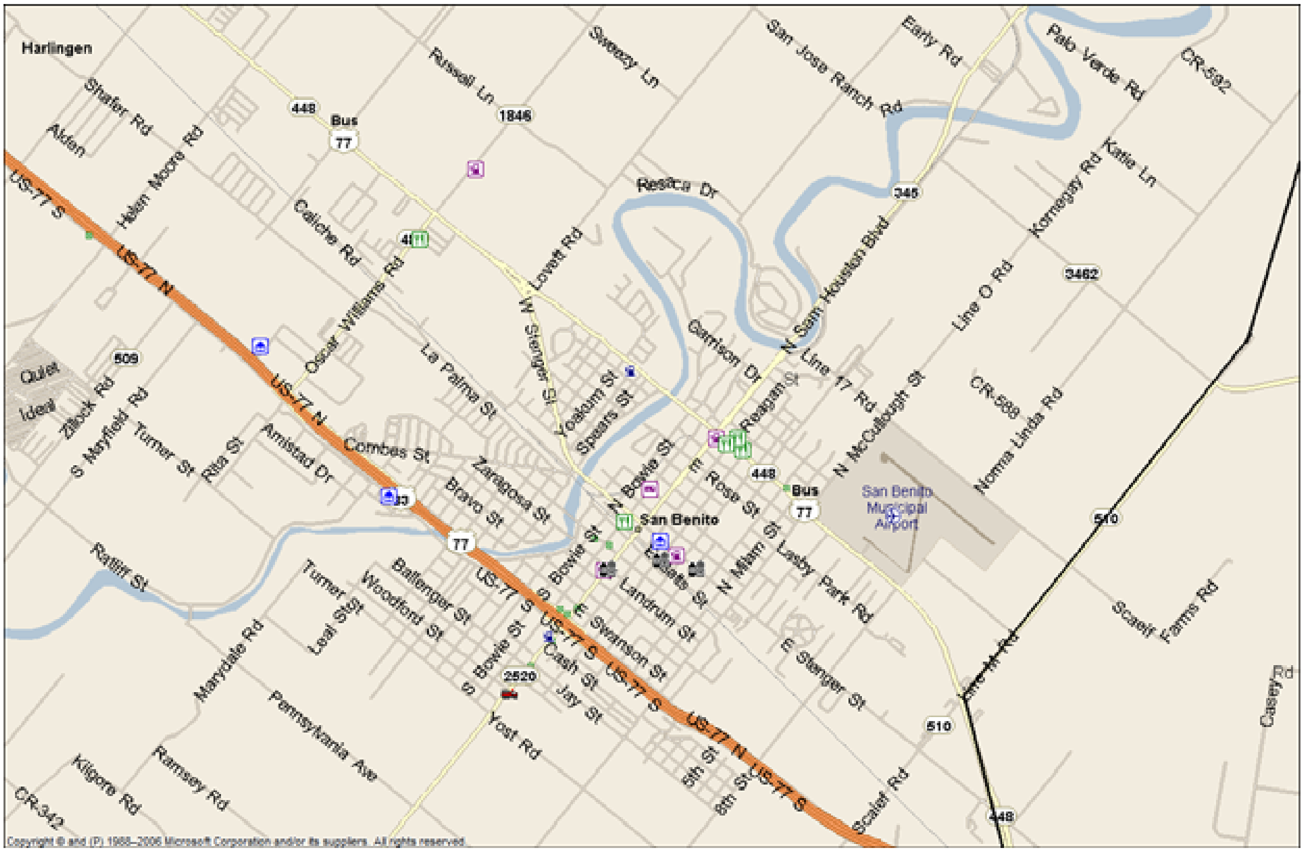
Proximity to Local Services

The majority of locational amenities are in the West Cameron County Submarket are located in Harlingen, TX.




Combes
Combes Rio Hondo Rd
Kilbourn Rd
Amistad Rd
726 Rd
Rio Rancho Rd
Canal Rd
Gomez Rd
Valley International Airport
Retama Rd
Bodenhamer Rd
Schmoker Rd
Avondale
Montezuma Rd
N TX-499-Loop
E Vinson Ave
Primera Rd
708 Rd
Roosevelt Rd
W Matz Ave
E Matz Ave
Rio Hondo Rd
Wilson Rd
Primera
Grimes St
E Austin Ave
W Teege Ave
E Grimes Rd
Palmetal
E Madison Ave
E Jackson St
Jackson St
W Van Buren Ave
Harlingen
E Tyler Ave
E Harrison Ave
Graham Rd
US-83 N
US-83 S
Brazil Rd
TX-374
W Fillmore Ave
Stuart Place
W Lincoln Ave
S Parkwood Dr
Lake Dr
E Taft Ave
Haven
Garrett Rd
Garret Rd
San Benito
US-77 N
US-77 S
N Commerce St
Copyright © and (P) 1988–2006 Microsoft Corporation and/or its suppliers. All rights reserved.


Circle
Illinois
Blackfoot St
Apache St
Canal Rd
N Parker Rd
N Beddoes Rd
Kelly Dr
W Frontage Rd
E Frontage Rd
US-83 S
83
N Palmera Rd
N Hibiscus
9th St
8th St
7th St
6th St
5th St
4th St
3rd St
Citrus Dr
N Kansas City Rd
S Kansas City Rd
Jaffa Dr
733
E 1st St
1st St
TX-374
506
Bus 83
Avenue Calle
Avenue B
Avenue A
Sapp Ave
La Feria
Liberty Ln
Lincoln Ln
Palm Ave
W Oleander Ave
E Oleander Ave
W Primrose Ave
E Primrose Ave
Howard Lee Dr
W Magnolia Ave
E Magnolia Ave
Magnolia Ave
Ruby Ln
Pine Ave
Ebony Ave
Virginia Ave
Celina Ochoa Dr
Willow St
Dukes Dr
S Canal St
S East St
W Jessamine Ave
E Jessamine Ave
Beddoes Rd
Copyright © and (P) 1988–2006 Microsoft Corporation and/or its suppliers. All rights reserved.



Ranch	School
United States Post Office	Hospital
Fire Station	Airport
Restaurant	Police Station
Hotel/Motel	College/University
Grocery/Supermarket	Gas Station

HOUSING SUPPLY ANALYSIS

WEST CAMERON COUNTY SUBMARKET HOUSING SUPPLY ANALYSIS

Age of the Housing Stock

The following table presents the age of the housing stock in the West Cameron County Submarket.

AGE OF HOUSING STOCK IN WEST CAMERON COUNTY SUBMARKET		
Years	**Number of Units**	**Percent of Housing Stock**
1999-3/2000	2,228	4.45%
1995-1998	5,485	10.96%
1990-1994	3,980	7.95%
1980-1989	11,997	23.98%
1970-1979	9,608	19.20%
1960-1969	5,419	10.83%
1950-1959	5,144	10.28%
1940-1949	3,159	6.31%
1939 and Before	3,012	6.02%
Total	**50,032**	**100.00%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The majority of the housing stock (66.54 percent) in the West Cameron County Submarket was constructed from 1979 through 1989. The West Cameron County Submarket consists primarily of developed land with moderate to extensive single-family housing and multi-family housing. Based upon observations in the field single-family housing in the Submarket typically ranges from fair to good condition and is less than five to 40 years in age.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2007 for Cameron County, Texas. Data was not available for 2008. Building Permit Activity was not available by Submarket.

BUILDING PERMITS: Cameron County, TX - 1997 to 2007				
Year	**Single-family and Duplex**	**Three and Four-Family**	**Five or More Family**	**Total Units**
1997	1,601	40	257	1,898
1998	1,400	166	161	1,727
1999	1,058	229	150	1,437
2000	2,086	121	150	2,357
2001	1,595	142	102	1,839
2002	2,211	136	475	2,822
2003	3,200	81	163	3,444
2004	2,203	198	213	2,614
2005	1,981	197	116	2,294
2006	2,670	74	261	3,005
2007	1,800	131	138	2,069
Total	**21,805**	**1,515**	**2,186**	**25,506**
Average	**1,982**	**138**	**199**	**2,319**

There were 2,186 “5+ units” building permits issued in Cameron County from 1997 to 2007. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2007, at 85 percent, while “5+ units” building permits constitute approximately 8.6 percent of all permits issued from 1997 through 2007. The small percentage of multifamily permits issued indicates there may be demand for multifamily housing of all kinds.

Interviews

Cameron County Housing Authority

We spoke with Guadalupe Garcia with the Cameron County Housing Authority. According to Ms. Garcia, the Housing Authority is allocated 1,080 Housing Choice Vouchers and 1,006 vouchers are currently in use. Ms. Garcia estimated that there were 878 households on the waiting list as of July 2008, and the waiting list is currently open. We attempted to contact Yolanda Santa Maria with the Public Housing Office of the Cameron County Housing Authority, but our calls have been unreturned as of the date of this report. The current payment standards for one-, two-, three-, and four-bedroom units are listed below.

PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$536
Two-bedroom	$615
Three-bedroom	$760
Four-bedroom	$860

Housing Authority of the City of Harlingen

We attempted to contact the Housing Authority of the City of Harlingen to gather information pertaining to the Housing Choice Voucher and Public Housing Programs; however, as of the date of this report, our attempts have been unsuccessful.

LIHTC Family Supply

We attempted to identify all existing, proposed, and under construction LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, and property managers.

Novogradac identified 10 family LIHTC developments in the West Cameron County Submarket. Of the 10 LIHTC developments, four properties constructed between 1996 and 2003, with a total of 500 units, were able to provide current property and market data. The reasons for exclusion of the remaining properties can be found on the excluded properties list on the following pages. Based on the lack of available data, we did not complete a LIHTC senior market analysis. A map of the surveyed properties can be found below:

SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Canal Place Apartments	San Benito	LIHTC – Family
2	Rosemont of Highland Gardens	Harlingen	LIHTC/Market – Family
3	Sundance Apartments	Harlingen	LIHTC/Market – Family
4	Windstar Apartments	Harlingen	LIHTC – Family

The following pictures identify the surveyed LIHTC family properties in the Submarket:

Canal Place Apartments

Rosemont of Highland Gardens

Sundance Apartments

Windstar Apartments

Excluded Properties

Novogradac has excluded six LIHTC developments from our analysis. The following table lists the properties in the Submarket that were excluded from this analysis and the basis for their exclusion. It should be noted that the majority of the LIHTC properties listed below have less than 12 units, were constructed/allocated from 1987 to 1992 and may be out of the 15 year compliance period and do not offer on-site management.

Name	Location	Type	Reason for Exclusion
Second North Corporation	Harlingen	LIHTC – Family	Could not contact
Second Adams Corporation	Harlingen	LIHTC – Family	Could not contact
Devco Arroyo Estates	San Benito	LIHTC – Family	Could not contact
Alcott & Alcott	Harlingen	LIHTC – Family	Could not contact
Rangerville Park Subdivision	Rangerville	LIHTC – Family	Could not contact
La Alameda	Harlingen	LIHTC – Family	Could not contact
Santa Rosa Village	Santa Rosa	LIHTC – Family	Could not contact

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there is one property in the West Cameron County Submarket, which has received an allocation in the last three years. Santa Rosa Village, located in Santa Rosa, received an allocation in 2005 and was constructed in 2006. Despite numerous attempts to contact the property manager both in person and over the phone, our calls have not been returned as of the date of this report. Santa Rosa Village received a LIHTC allocation, but operates as a Section 8 development for seniors. Santa Rosa Village also received a small allocation of funding in early 2008; however, further information regarding this lesser allocation was unavailable.

We attempted to contact the Harlingen Planning Department numerous times to obtain information on multifamily developments that are currently under construction or in the planning stages in the Submarket. As of the date of this report, our attempts have been unsuccessful. However, based on our physical site inspection of the Submarket, there do not appear to be any multifamily developments under construction or in the planning stages at this time.

Unit Mix

The following table illustrates the unit mix in the family LIHTC rental property market. It should be noted that Sundance Apartments was unable to provide a unit mix and has been excluded from this analysis.

Unit Mix - LIHTC Family

Unit Type	Total Units	Percent
1 BR	N/A	N/A
2 BR	105	32.4%
3 BR	147	45.4%
4 BR	72	22.2%
Total	**324**	**100%**

The majority of the LIHTC units in the Submarket are three-bedroom units, followed by two-bedroom units. Sundance Apartments is the only property in the Submarket to offer one-bedroom units. Larger unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.12 and is projected to decrease slightly by 2012 to 3.10. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 33 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the family LIHTC rental property market.

Unit Size - LIHTC Family			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
1 BR	575	575	575
2 BR	834	990	929
3 BR	1,016	1,211	1,132
4 BR	1,263	1,292	1,278

The surveyed one-, two, three- and four-bedroom LIHTC units have an average size of 575, 929, 1,132, and 1,278 square feet, respectively. All of the developments were constructed from 1996 to 2003 and unit sizes are representative of the newly constructed properties in the West Cameron County Submarket.

Community and In-Unit Amenities

Unit Matrix Report

	Canal Place Apartments	Rosemont Of Highland Gardens	Sundance Apartments	Windstar Apartments
Comp #	1	2	3	4
Property Information				
Property Type	Garden (2 stories)	Garden (2 stories)	Garden	Garden
Year Built / Renovated	1998 / n/a	2003 / n/a	2000 / n/a	1996 / n/a
Market (Conv.)/Subsidy Type	@60%	@50%, @60%, Market	@60%, Market	@50%, @60%
In-Unit Amenities				
Balcony/Patio	no	yes	yes	no
Blinds	yes	yes	yes	yes
Carpeting	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes
Dishwasher	no	yes	yes	yes
Exterior Storage	no	no	yes	no
Ceiling Fan	no	yes	no	yes
Garbage Disposal	no	no	no	yes
Microwave	no	yes	yes	no
Oven	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes
Washer/Dryer hookup	yes	yes	yes	yes
Property Amenities				
Business Center/Computer Lab	no	yes	yes	no
Carport	no	no	yes	no
Clubhouse/Meeting Room/Community	yes	yes	no	yes
Courtyard	no	no	yes	no
Exercise Facility	no	no	yes	no
Jacuzzi	yes	no	yes	no
Central Laundry	yes	yes	yes	yes
Off-Street Parking	no	no	no	yes
On-Site Management	no	no	yes	yes
Playground	yes	yes	yes	yes
Swimming Pool	yes	yes	yes	yes
Volleyball Court	no	no	yes	no
Carport Fee	--	--	$10.00	--
Services				
Afterschool Program	no	yes	no	no
Security				
Perimeter Fencing	yes	yes	yes	no
Premium Amenities				
Other Amenities				
Other	n/a	n/a	n/a	n/a

The existing LIHTC multifamily properties in the West Cameron County Submarket offer a moderate amount of in-unit and community amenities. Most of the surveyed LIHTC comparables offer unit amenities that include central air, ovens, dishwashers and refrigerators. Washer/dryer connections are common in the family LIHTC market. Most of the surveyed LIHTC comparables offer community amenities including a clubhouse, a central laundry facility, playground, and swimming pool. Security features such as perimeter fencing and limited access are prevalent in the Submarket. No premium amenities or services are offered by the surveyed LIHTC properties in the Submarket.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit type, for the surveyed properties. It should be noted that Sundance Apartments was unable to provide vacancy by unit type or a complete unit mix and has been excluded from this analysis.

Weighted Vacancy - LIHTC Family			
Unit Type	**Total Units**	**Vacant Units**	**Percent Vacant**
1 BR	N/A	N/A	N/A
2 BR	105	3	2.9%
3 BR	147	1	0.7%
4 BR	72	1	1.4%
Total	**324**	**5**	**1.5%**

Of the surveyed unit types, the three-bedroom units have the lowest weighted vacancy in the Submarket. The vacant units found at the surveyed LIHTC family properties are comprised entirely of units at the 60 percent of AMI set-aside and the market rate units, which may indicate a difficulty in finding income-qualified households.

Absorption

One of the four surveyed LIHTC properties was able to provide absorption information. Rosemont of Highland Gardens opened in 2003 and reported an absorption rate of 10.2 units per month, for an absorption period of approximately 17 months.

Waiting Lists

The following table lists the number of households on the waiting lists for the surveyed properties.

Waiting Lists – LIHTC Family		
Property Name	**Number of Units**	**Waiting List**
Canal Place Apartments	72	20 HH for 2 and 3 BR units
Rosemont of Highland Gardens	172	5 HH for 2 BR LIHTC units, 5 HH for 3 BR units @ 50%, 2 HH for 4 BR units @ 50 %
Sundance Apartments	176	None
Windstar Apartments	80	90 HH for 2 BR units and 80 HH for 3 BR units

Three of the four surveyed family LIHTC properties currently maintain waiting lists. Waiting lists range in size from two households to 90 households for two-, three- and four-bedroom units.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Vacancy – LIHTC Family		
Property Name	**Number of Units**	**Vacancy Rate**
Canal Place Apartments	72	1.4%
Rosemont of Highland Gardens	172	2.3%
Sundance Apartments	176	2.3%
Windstar Apartments	80	0.0%
AVERAGE	**500**	**1.5%**

All of the surveyed LIHTC properties were constructed between 1996 and 2003 and all of the surveyed LIHTC properties offer some units at 50 and/or 60 percent of AMI. The overall average vacancy rate appears slightly lower than is typical considering the age, condition, and unit mix of the surveyed LIHTC properties.

Concessions

None of the LIHTC family properties in the market are offering concessions. Concessions do not appear to be prevalent in the family LIHTC market.

Turnover

The following table summarizes turnover rates at the surveyed properties.

Turnover – LIHTC Family		
Property Name	**Number of Units**	**Turnover**
Canal Place Apartments	72	17%
Rosemont of Highland Gardens	172	30%
Sundance Apartments	176	30%
Windstar Apartments	80	20%
AVERAGE	**500**	**24.25%**

The range of turnover rates at the surveyed family LIHTC properties in the Submarket appears to be well within range of typical turnover rates for multifamily properties.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Canal Place Apartments	Garden	@60%	2BR / 2BA	8	11.10%	@60%	$503	990	n/a	Yes	0	0.00%
	2280 W. Business 77	(2 stories)		3BR / 2BA	48	66.70%	@60%	$576	1,211	n/a	Yes	0	0.00%
	San Benito, TX 78586	1998 / n/a		4BR / 2BA	16	22.20%	@60%	$639	1,292	n/a	No	1	6.20%
	Cameron County												
					72	100%						1	1.40%
2	Rosemont Of Highland Gardens	Garden	@50%, @60%, Market	2BR / 2BA	20	11.60%	@50%	$418	902	yes	Y 5HH	0	0.00%
	1902 East Tyler	(2 stories)		2BR / 2BA	23	13.40%	@60%	$516	902	yes	Y 5HH	0	0.00%
	Harlingen, TX 78550	2003 / n/a		2BR / 2BA	14	8.10%	Market	$600	902	n/a	No	3	21.40%
	Cameron County			3BR / 2BA	20	11.60%	@50%	$462	1,112	yes	Y 5HH	0	0.00%
				3BR / 2BA	24	14.00%	@60%	$576	1,112	yes	No	0	0.00%
				3BR / 2BA	15	8.70%	Market	$699	1,112	n/a	No	1	6.70%
				4BR / 2BA	19	11.00%	@50%	$500	1,263	yes	Y 2HH	0	0.00%
				4BR / 2BA	23	13.40%	@60%	$627	1,263	yes	No	0	0.00%
				4BR / 2BA	14	8.10%	Market	$750	1,263	n/a	No	0	0.00%
					172	100%						4	2.30%
3	Sundance Apartments	Garden	@60%, Market	1BR / 1BA	N/A	N/A	@60%	$430	575	n/a	No	0	N/A
	1402 Vermont	2000 / n/a		1BR / 1BA	N/A	N/A	Market	$495	575	n/a	No	1	N/A
	Harlingen, TX 78550			2BR / 2BA	N/A	N/A	@60%	$510	834	n/a	No	2	N/A
	Cameron County			2BR / 2BA	N/A	N/A	Market	$610	834	n/a	No	0	N/A
				3BR / 2BA	N/A	N/A	@60%	$580	1,016	n/a	No	0	N/A
				3BR / 2BA	N/A	N/A	Market	$695	1,016	n/a	No	1	N/A
					176	100%						4	2.30%
4	Windstar Apartments	Garden	@50%, @60%	2BR / 2BA	20	25.00%	@50%	$412	990	n/a	Yes	0	0.00%
	2802 N. 7th Street	1996 / n/a		2BR / 2BA	20	25.00%	@60%	$497	990	n/a	Yes	0	0.00%
	Harlingen, TX 78550			3BR / 2BA	40	50.00%	@60%	$572	1,189	n/a	Yes	0	0.00%
	Cameron County												
					80	100%						0	0.00%

Rent and Square Footage Ranking

2008 LIHTC Maximum Allowable Gross Rent Limits							
Bedrooms	30%	40%	50%	60%	80%	100%	FMR
Efficiency	$228	$305	$381	$457	$610	$762	$423
1 Bedroom	$245	$327	$408	$490	$698	$872	$488
2 Bedroom	$294	$392	$490	$588	$784	$980	$559
3 Bedroom	$340	$453	$566	$680	$872	$1,090	$691
4 Bedroom	$379	$506	$632	$759	$942	$1,177	$781
5 Bedroom	$418	$558	$698	$837	$1,012	$1,265	-

Rosemont of Highland Gardens is the only LIHTC property in the market achieving the LIHTC maximum allowable rents. The surveyed family LIHTC properties were constructed from 1996 through 2003 and all offer some units at 50 and/or 60 percent of AMI. The overall average vacancy rate at the LIHTC properties is approximately 1.5 percent. Additionally, the vacant units found at the surveyed LIHTC family properties are comprised entirely of units at the 60 percent of AMI set-aside and the market rate units. Three of the four surveyed family LIHTC properties currently maintain waiting lists, specifically for two- and three-bedroom units. Market data from the surveyed family LIHTC developments suggests a demand for LIHTC units at the lower AMI levels and potentially insufficient income qualified demand for units at 60 percent of AMI.

LIHTC Supply Conclusion

Novogradac identified 10 LIHTC developments in the West Cameron County Submarket. Of the 10 LIHTC developments, four properties constructed between 1996 and 2003, with a total of 500 units, were able to provide current property and market data.

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there is one property in the West Cameron County Submarket, which has received an allocation in the last three years. Santa Rosa Village, located in Santa Rosa, received an allocation in 2005 and was constructed in 2006. Despite numerous attempts to contact the property manager both in person and over the phone, our calls have not been returned as of the date of this report. Santa Rosa Village received a LIHTC allocation, but operates as a Section 8 development for seniors. Santa Rosa Village also received a small allocation of funding in early 2008; however, further information regarding this lesser allocation was unavailable.

Larger unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.12 and is projected to decrease slightly by 2012 to 3.10. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 33 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate demand for larger bedroom types.

The existing LIHTC multi-family properties in the West Cameron County Submarket offer a moderate amount of in-unit and community amenities. Most of the surveyed LIHTC comparables offer unit amenities that include central air, ovens, dishwashers and refrigerators. Washer/dryer connections are common in the family LIHTC market. Most of the surveyed LIHTC comparables offer community amenities including a clubhouse, a central laundry facility, playground, and swimming pool. Security features such as perimeter fencing and limited access are prevalent in the Submarket. No premium amenities or services are offered by the surveyed LIHTC properties in the Submarket.

None of surveyed comparables is offering concessions and three of the four surveyed family LIHTC properties currently maintain waiting lists. Waiting lists range in size from two households to 90 households for two-, three- and four-bedroom units. One of the four surveyed LIHTC properties was able to provide absorption information. Rosemont of Highland Gardens opened in 2003 and reported an absorption rate of 10.2 units per month, for an absorption period of approximately 17 months. The range of turnover rates at the surveyed family LIHTC properties in the Submarket appears to be well within range of typical turnover rates for multifamily properties.

Rosemont of Highland Gardens is the only LIHTC property in the market achieving the LIHTC maximum allowable rents. The surveyed family LIHTC properties were constructed from 1996 through 2003 and all offer some units at 50 and/or 60 percent of AMI. The overall average vacancy rate at the LIHTC properties is approximately 1.5 percent. Additionally, the vacant units found at the surveyed LIHTC family properties are comprised entirely of units at the 60 percent of AMI set-aside and the market rate units. Three of the four surveyed family LIHTC properties currently maintain waiting lists, specifically for two- and three-bedroom units. Market data from the surveyed family LIHTC developments suggests a demand for LIHTC units at the lower AMI levels and potentially insufficient income qualified demand for units at 60 percent of AMI.

LIHTC SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, providers, and property managers. There is one existing senior LIHTC development located in the West Cameron County Submarket, Las Palmas. Las Palmas is a senior targeted affordable development located in La Feria, Texas. This development consists of 36 single-story one- and two bedroom units and was allocated in 1998. This development also operates under a USDA Rural Rental Assistance subsidy. Our attempts to contact this property both in person and over the phone were unsuccessful as of the date of this report. There are no other existing LIHTC developments in this Submarket. Based on the lack of available data, we did not complete a LIHTC senior market analysis.

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there is one property in the West Cameron County Submarket, which has received an allocation in the last three years. Santa Rosa Village, located in Santa Rosa, received an allocation in 2005 and was constructed in 2006. Despite numerous attempts to contact the property manager both in person and over the phone, our calls have not been returned as of the date of this report. Santa Rosa Village received a LIHTC allocation, but operates as a Section 8 development for seniors. Santa Rosa Village also received a small allocation of funding in early 2008; however, further information regarding this lesser allocation was unavailable.

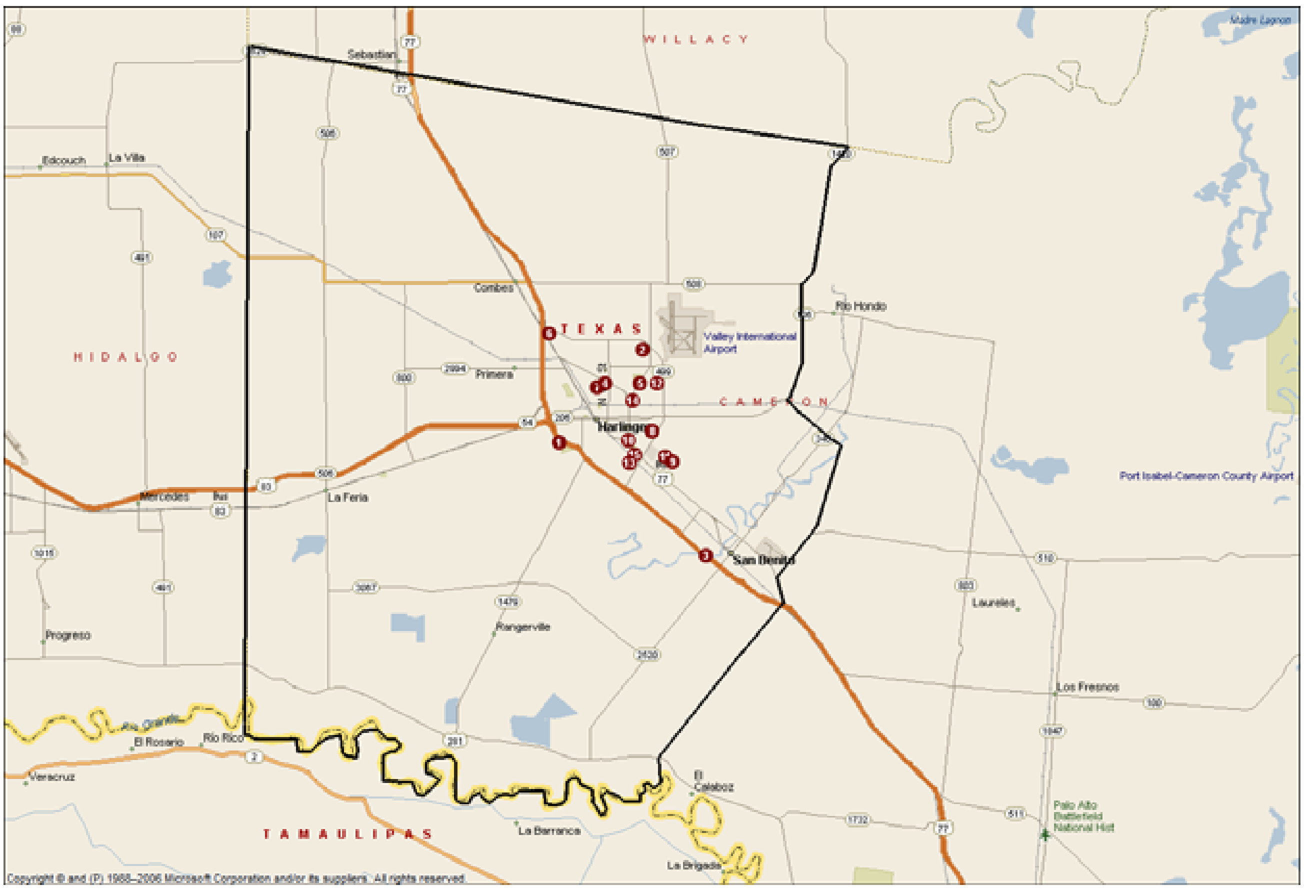
We attempted to contact the Harlingen Planning Department numerous times to obtain information on multifamily developments that are currently under construction or in the planning stages in the Submarket. As of the date of this report, our attempts have been unsuccessful. However, based on our physical site inspection of the Submarket, there do not appear to be any multifamily developments under construction or in the planning stages at this time.

MARKET RATE FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials.

Novogradac was able to identify 26 market rate multifamily developments in the West Cameron County Submarket, but we were only able to survey 18 of the properties. Based on the lack of available data, we did not complete a market rate senior market analysis.

The following map illustrates the location of the surveyed market rate family comparables in the Submarket.



SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Buckingham Manor	Harlingen	Market – Family
2	Casa Granada Apartments	Harlingen	Market – Family
3	Corbie Apartments	Harlingen	Market – Family
4	Cornerstone Apartments	Harlingen	Market – Family
5	Heather Apartments	San Benito	Market – Family
6	Madrid Apartments	Harlingen	Market – Family
7	Maryland Apartments	Harlingen	Market - Family
8	Oak Terrace Apartments	Harlingen	Market – Family
9	Oakridge Apartments	Harlingen	Market – Family
10	Palm Terrace Apartments	Harlingen	Market – Family
11	Parkwood Townhomes	Harlingen	Market – Family
12	Reata Apartments	Harlingen	Market – Family
13	Riverview Apartments	Harlingen	Market – Family
14	Sierra Apartments	Harlingen	Market – Family
15	Skyline on Grimes Apartments	Harlingen	Market – Family
16	Somerset Apartments	Harlingen	Market – Family
17	St. James Apartments	Harlingen	Market – Family
18	Timber Apartments	Harlingen	Market – Family

The following pictures identify a sampling of the surveyed market rate family properties in the Submarket:

Skyline on Grimes Apartments

Oak Ridge Apartments

Reata Apartments

St. James Apartments

Excluded Properties

The following table illustrates excluded market rate properties in the Submarket. We have only excluded properties that we were unable to contact either in person or over the phone or properties that are fully furnished and/or corporate apartments.

Name	Location	Type	Reason for Exclusion
Star Village Apartments	Harlingen	Market – Family	Has not been built
La Posada Apartments	Harlingen	Market – Family	Could not contact
La Casita Apartments	Harlingen	Market – Family	Could not contact
One Hundred Seventy Nine Weekly	Harlingen	Market – Family	Could not contact
Sunrise Villa	Harlingen	Market – Family	Could not contact
Granada Apartments	Harlingen	Market – Family	Could not contact
Town & Country Apartments	Harlingen	Market – Family	Could not contact
Denim Park Apartments	Harlingen	Market – Family	Could not contact

Proposed Construction

We attempted to contact the Harlingen Planning Department numerous times to obtain information on multifamily developments that are currently under construction or in the planning stages in the Submarket. As of the date of this report, our attempts have been unsuccessful. However, based on our physical site inspection of the Submarket, there do not appear to be any multifamily developments under construction or in the planning stages at this time.

Unit Mix

The following table illustrates the unit mix in the family market rate rental property market. It should be noted that Cornerstone Apartments, Palm Terrace Apartments, Parkwood Townhomes, St. James Apartments and Timber Apartments were unable to provide unit mixes and have been excluded from this analysis.

Unit Mix - Market Family		
Unit Type	**Total Units**	**Percent**
1 BR	542	42.4%
1.5 BR	26	2.0%
2 BR	654	51.2%
3 BR	55	4.3%
Total	**1,277**	**100%**

The majority of the market rate units in the Submarket are two-bedroom units, followed by one-bedroom units and three-bedroom units. We were unable to identify any four bedroom market rate units. Small unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.12 and is projected to decrease slightly by 2012 to 3.10. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 34 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Market data, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the family market rate rental property market.

Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
Studio	545	545	545
1 BR	500	1,015	698
1.5 BR	760	1,005	846
2 BR	655	1,250	990
3 BR	1,065	1,517	1,250

The surveyed market rate properties in the Submarket had a studio-bedroom average unit size of 545 square feet, a one-bedroom average unit size of 698 square feet, a 1.5-bedroom average unit size of 846 square feet, a two-bedroom average unit size of 990 square feet and a three-bedroom average unit size of 1,250 square feet.

Common and In-Unit Amenities

	Buckingham Manor	Casa Granada Apartments	Corbie Apartments	Cornerstone Apartments	Heather Apartments	Madrid Apartments	Maryland Apartments	Oak Terrace Apartments	Oakridge Apartments
Comp #	1	2	3	4	5	6	7	8	9
Property Information									
Property Type	Various	Garden	Garden	Garden (2 stories)	Garden	Garden	Garden (2 stories)	Garden	Garden
Year Built / Renovated	1990 / n/a	1970's / n/a	1970's / n/a	2003 / n/a	1973 / n/a	1982 / n/a	1965 / n/a	1994-2003 / n/a	1970's / n/a
Market (Conv.)/Subsidy Type	Market	Market	Market	Market	Market	Market	Market	Market	Market
In-Unit Amenities									
Balcony/Patio	no	yes	no	yes	yes	no	yes	yes	no
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	no	yes	yes	yes	yes	yes	yes	yes
Coat Closet	no	no	no	yes	no	no	yes	no	no
Dishwasher	yes	yes	no	yes	no	yes	yes	yes	no
Exterior Storage	no	no	no	no	no	no	no	no	no
Ceiling Fan	no	no	no	yes	yes	yes	yes	yes	yes
Fireplace	no	no	no	no	no	no	no	no	no
Garbage Disposal	yes	yes	no	yes	yes	yes	yes	yes	yes
Microwave	no	no	no	yes	no	no	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes
Vaulted Ceilings	no	no	no	no	no	no	no	no	no
Walk-In Closet	no	no	no	yes	no	no	yes	no	yes
Washer/Dryer	no	no	no	no	no	no	no	no	no
Washer/Dryer hookup	no	no	no	yes	no	no	no	yes	no
Property Amenities									
Basketball Court	no	no	no	no	no	no	no	no	no
Business Center/Computer Lab	no	no	no	no	yes	no	no	no	no
Carport	no	no	no	yes	yes	yes	yes	no	yes
Clubhouse/Meeting Room/Community Room	no	no	no	yes	no	no	yes	no	no
Courtyard	no	no	no	no	yes	no	no	no	yes
Exercise Facility	no	no	no	yes	no	no	no	no	no
Garage	no	no	no	no	no	no	no	no	no
Jacuzzi	no	no	no	yes	no	no	no	no	no
Central Laundry	yes	yes	no	yes	yes	yes	yes	yes	no
Off-Street Parking	yes	yes	yes	yes	no	yes	yes	yes	yes
On-Site Management	yes	yes	no	yes	no	yes	yes	yes	no
Picnic Area	no	no	no	no	no	no	no	yes	no
Playground	no	no	no	yes	no	no	no	yes	no
Swimming Pool	yes	yes	no	yes	yes	no	yes	yes	no
Tennis Court	no	no	no	no	no	no	no	yes	no
Volleyball Court	no	no	no	no	no	no	no	no	no
Carport Fee	--	--	--	$15.00	--	--	--	--	--
Garage Fee	--	--	--	--	--	--	--	--	--
Services									
Security									
Limited Access	no	no	no	no	no	no	no	no	no
Patrol	no	no	no	no	no	no	yes	no	no
Perimeter Fencing	no	no	no	yes	no	yes	no	no	no
Premium Amenities									
Other Amenities									
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Miniature Golf	n/a

	Palm Terrace Apartments	Parkwood Townhomes	Reata Apartments	Riverview Apartments	Sierra Apartments	Skyline On Grimes Apartments	Somerset Apartments	St. James Apartments	Timber Apartments
Comp #	10	11	12	13	14	15	16	17	18
Property Information									
Property Type	Garden	Various	Garden (2 stories)	Garden	Garden (2 stories)	Garden (2 stories)	Garden	Garden	Garden
Year Built / Renovated	n/a / n/a	1969 / Current	2002 / n/a	1974 / n/a	1985 / n/a	1983 / n/a	1962 / n/a	1979 / n/a	n/a / n/a
Market (Conv.)/Subsidy Type	Market	Market	Market	Market	Market	Market	Market	Market	Market
In-Unit Amenities									
Balcony/Patio	yes	no	yes	yes	yes	yes	no	yes	no
Blinds	yes	yes	yes	yes	yes	no	yes	yes	yes
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	no	no	yes	no	yes	yes	no	no	no
Dishwasher	yes	yes	yes	yes	no	yes	yes	yes	yes
Exterior Storage	no	no	no	no	yes	no	no	yes	no
Ceiling Fan	no	no	yes	yes	yes	yes	yes	yes	yes
Fireplace	no	no	no	no	no	no	no	yes	yes
Garbage Disposal	yes	no	yes	yes	no	yes	yes	yes	no
Microwave	no	no	no	no	no	no	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes
Vaulted Ceilings	no	no	yes	no	no	no	no	no	no
Walk-In Closet	no	no	yes	yes	yes	yes	yes	yes	yes
Washer/Dryer	no	no	yes	no	yes	no	no	no	no
Washer/Dryer hookup	no	no	no	no	no	no	no	yes	yes
Property Amenities									
Basketball Court	no	no	no	no	yes	no	no	no	no
Business Center/Computer Lab	no	no	yes	no	yes	no	no	no	no
Carport	no	no	yes	yes	no	no	no	no	yes
Clubhouse/Meeting Room/Community Room	no	no	yes	yes	no	no	no	no	no
Courtyard	no	no	no	no	no	no	no	yes	no
Exercise Facility	no	no	no	yes	yes	no	no	yes	no
Garage	no	no	yes	no	no	no	no	no	no
Jacuzzi	no	no	yes	no	no	no	no	no	no
Central Laundry	yes	yes	no	no	no	yes	yes	yes	yes
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	no	no	yes	no	no	no	yes	no	no
Playground	no	no	no	no	yes	no	yes	no	no
Swimming Pool	yes	yes	yes	yes	yes	yes	yes	yes	yes
Tennis Court	no	no	no	no	no	no	no	no	no
Volleyball Court	no	no	no	no	yes	no	no	no	no
Carport Fee	--	--	$20.00	--	--	--	--	--	--
Garage Fee	--	--	$75.00	--	--	--	--	--	--
Services									
Security									
Limited Access	no	no	yes	no	yes	no	no	yes	no
Patrol	no	no	no	no	yes	yes	no	no	no
Perimeter Fencing	no	no	yes	no	yes	no	no	yes	no
Premium Amenities									
Other Amenities									
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

The surveyed market rate properties in the West Cameron County Submarket offer a moderate amount of in-unit and community amenities. Washer/dryer hookups and/or appliances are not common in the market. Six of the 18 surveyed properties offer security features of some kind.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit type for the surveyed properties. It should be noted that Cornerstone Apartments, Palm Terrace Apartments, Parkwood Townhomes, St. James Apartments and Timber Apartments were unable to provide vacancy by unit type and have been excluded from this analysis.

Weighted Vacancy - Market Family			
Unit Type	**Total Units**	**Vacant Units**	**Percent Vacant**
1 BR	542	29	5.4%
1.5 BR	26	0	0.0%
2 BR	654	60	9.2%
3 BR	55	4	7.3%
Total	**1,277**	**93**	**7.3%**

It should also be noted that Somerset Apartments is reporting the highest vacancy in the market. According to the property manager, new management took over earlier in the year and, as a result, there have been numerous evictions due to lease violations and failure to pay rent.

Absorption

The surveyed comparables were built from 1962 to 2003. None of the surveyed comparables were able to provide absorption information.

Waiting List

Four of the market rate family properties in the market maintain a waiting list. Cornerstone Apartments maintains a waiting list for the one-bedroom units. The property manager was unable to estimate the number of households on the waiting list. Heather Apartments maintains a waiting list of eight households for all units. St. James Apartments maintains a waiting list of two households for the two-bedroom units with 1.5 and two baths and for the three-bedroom units. Timber Apartments maintains a waiting list for all unit types. The property manager was unable to estimate the number of households on the waiting list. Of the four properties with waiting lists, property managers at Cornerstone Apartments, St. James Apartments and Timber Apartments mentioned displaced residents from Hurricane Dolly were the main reason for the waiting lists. Waiting lists at market rate properties do not appear to be common in the Submarket.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Buckingham Manor	Market	68	2	2.9%
Casa Granada Apartments	Market	108	17	15.7%
Corbie Apartments	Market	10	0	0.0%
Cornerstone Apartments	Market	168	2	1.2%
Heather Apartments	Market	70	0	0.0%
Madrid Apartments	Market	32	2	6.2%
Maryland Apartments	Market	90	11	12.2%
Oak Terrace Apartments	Market	240	0	0.0%
Oakridge Apartments	Market	16	0	0.0%
Palm Terrace Apartments	Market	124	4	3.2%
Parkwood Townhomes	Market	50	4	8.0%
Reata Apartments	Market	144	2	1.4%
Riverview Apartments	Market	72	9	12.5%
Sierra Apartments	Market	208	1	0.5%
Skyline on Grimes Apartments	Market	120	5	4.2%
Somerset Apartments	Market	99	44	44.4%
St. James Apartments	Market	120	2	1.7%
Timber Apartments	Market	61	1	1.6%
Total		**1,732**	**104**	**6.0%**

Somerset Apartments is reporting the highest vacancy rate in the market at 44.4 percent. According to the property manager, new management took over earlier in the year and, as a result, there have been numerous evictions due to lease violations and failure to pay rent. If Somerset Apartments is removed from the analysis, the average vacancy rate in the market is 4.2 percent, which is considered good.

Concessions

Three of the market rate comparables currently offer concessions. Reata Apartments is offering $250 off the first month’s rent for all units. Skyline on Grimes Apartments is offering $100 off the first month’s rent for two-bedroom units. Somerset Apartments is offering reduced rents on all unit types. Somerset Apartments currently has the highest vacancy rate in the market and the property manager stated that concessions are being offered to increase occupancy at the property.

Turnover

The following table illustrates turnover information in the market.

Property Name	Rent Structure	Turnover
Buckingham Manor	Market	35%
Casa Granada Apartments	Market	N/A
Corbie Apartments	Market	10%
Cornerstone Apartments	Market	36%
Heather Apartments	Market	34%
Madrid Apartments	Market	37%
Maryland Apartments	Market	26%
Oak Terrace Apartments	Market	20%
Oakridge Apartments	Market	10%
Palm Terrace Apartments	Market	25%
Parkwood Townhomes	Market	N/A
Reata Apartments	Market	25%
Riverview Apartments	Market	N/A
Sierra Apartments	Market	17%
Skyline on Grimes Apartments	Market	40%
Somerset Apartments	Market	N/A
St. James Apartments	Market	30%
Timber Apartments	Market	15%
Total		**25.7%**

Annual turnover rates reported range from 10 percent to 40 percent, with an average of 25.7 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant
1	Buckingham Manor	Various	Market	1BR / 1BA (Garden)	32	47.10%	Market	$399	650	n/a	No	2
	1601 Haverford Boulevard	1990 / n/a		2BR / 1.5BA (Townhouse)	20	29.40%	Market	$545	1,025	n/a	No	0
	Harlingen, TX 78552			2BR / 2BA (Garden)	16	23.50%	Market	$495	960	n/a	No	0
	Cameron County											
					68	100%						2
2	Casa Granada Apartments	Garden	Market	1BR / 1BA	40	37.00%	Market	$375	690	n/a	No	4
	1814 E. Washington Avenue	1970's / n/a		2BR / 1.5BA	34	31.50%	Market	$525	1,021	n/a	No	6
	Harlingen, TX 78550			2BR / 2BA	26	24.10%	Market	$550	1,011	n/a	No	6
	Cameron County			3BR / 2BA	8	7.40%	Market	$700	1,111	n/a	No	1
					108	100%						17
3	Corbie Apartments	Garden	Market	1BR / 1BA	10	100.00%	Market	$300	500	n/a	No	0
	306 S. Eye Street	1970's / n/a										
	Harlingen, TX 78550											
	Cameron County				10	100%						0
4	Cornerstone Apartments	Garden	Market	1BR / 1BA	N/A	N/A	Market	$515	583	n/a	Yes	0
	2115 E Vinson Avenue	(2 stories)		1BR / 1BA	N/A	N/A	Market	$530	653	n/a	Yes	0
	Harlingen, TX 78550	2003 / n/a		2BR / 1BA	N/A	N/A	Market	$640	800	n/a	No	2
	Cameron County			2BR / 2BA	N/A	N/A	Market	$675	900	n/a	No	0
				3BR / 2BA	N/A	N/A	Market	$775	1,137	n/a	No	0
					168	100%						2
5	Heather Apartments	Garden	Market	1BR / 1BA	26	37.10%	Market	$420	644	n/a	Yes	0
	1000 E US Hwy 77	1973 / n/a		2BR / 1BA	16	22.90%	Market	$485	792	n/a	Yes	0
	San Benito, TX 78586			2BR / 2BA	24	34.30%	Market	$530	904	n/a	Yes	0
	Cameron County			3BR / 2BA	4	5.70%	Market	$600	1,065	n/a	Yes	0
					70	100%						0
6	Madrid Apartments	Garden	Market	1BR / 1BA	16	50.00%	Market	$365	615	n/a	No	0
	401 East Grimes	1982 / n/a		2BR / 2BA	16	50.00%	Market	$475	822	n/a	No	2
	Harlingen, TX 78550											
	Cameron County				32	100%						2

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
7	Maryland Apartments	Garden	Market	1BR / 1BA	16	17.80%	Market	$356	690	n/a	No	2	12.50%
	1410 Morgan Boulevard	(2 stories)		1.5BR / 1BA	2	2.20%	Market	$399	760	n/a	No	0	0.00%
	Harlingen, TX 78550	1965 / n/a		2BR / 2BA	4	4.40%	Market	$439	984	n/a	No	0	0.00%
	Cameron County			2BR / 2BA	54	60.00%	Market	$411	992	n/a	No	6	11.10%
				2BR / 2BA	2	2.20%	Market	$459	1,069	n/a	No	0	0.00%
				2BR / 2BA	2	2.20%	Market	$469	1,152	n/a	No	0	0.00%
				3BR / 2BA	6	6.70%	Market	$502	1,321	n/a	No	2	33.30%
				3BR / 2BA	4	4.40%	Market	$530	1,517	n/a	No	1	25.00%
					90	100%						11	12.20%
8	Oak Terrace Apartments	Garden	Market	1BR / 1BA	96	40.00%	Market	$525	702	n/a	No	0	0.00%
	902 South Loop 499	1994-2003 / n/a		1BR / 1.5BA	8	3.30%	Market	$620	995	n/a	No	0	0.00%
	Harlingen, TX 78550			2BR / 2BA	88	36.70%	Market	$650	1,085	n/a	No	0	0.00%
	Cameron County			2BR / 2.5BA	48	20.00%	Market	$765	1,240	n/a	No	0	0.00%
					240	100%						0	0.00%
9	Oakridge Apartments	Garden	Market	1BR / 1BA	16	100.00%	Market	$385	600	n/a	No	0	0.00%
	1119 North 1st Street	1970's / n/a											
	Harlingen, TX 78550												
	Cameron County				16	100%						0	0.00%
10	Palm Terrace Apartments	Garden	Market	1BR / 1BA	N/A	N/A	Market	$420	752	n/a	No	0	N/A
	1501 Sam Houston Street	n/a / n/a		1BR / 1.5BA	N/A	N/A	Market	$495	1,015	n/a	No	0	N/A
	Harlingen, TX 78550			2BR / 1BA	N/A	N/A	Market	$485	864	n/a	No	2	N/A
	Cameron County			2BR / 1.5BA	N/A	N/A	Market	$545	1,216	n/a	No	2	N/A
					124	100%						4	3.20%
11	Parkwood Townhomes	Various	Market	2BR / 1.5BA (Garden)	N/A	N/A	Market	$575	1,070	n/a	No	2	N/A
	2505 South Parkland Drive	1969 / Current		2BR / 1.5BA (Townhouse)	N/A	N/A	Market	$625	1,250	n/a	No	0	N/A
	Harlingen, TX 78550			3BR / 1.5BA (Townhouse)	N/A	N/A	Market	$695	1,400	n/a	No	2	N/A
	Cameron County			3BR / 2.5BA (Townhouse)	N/A	N/A	Market	$750	1,500	n/a	No	0	N/A
					50	100%						4	8.00%
12	Reata Apartments	Garden	Market	1BR / 1BA	52	36.10%	Market	$628	618	n/a	No	0	0.00%
	3102 Haine Dr	(2 stories)		1BR / 1BA	36	25.00%	Market	$700	739	n/a	No	1	2.80%
	Harlingen, TX 78550	2002 / n/a		1.5BR / 1BA	24	16.70%	Market	$881	1,005	n/a	No	0	0.00%
	Cameron County			2BR / 2BA	32	22.20%	Market	$900	1,075	n/a	No	1	3.10%
					144	100%						2	1.40%

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
13	Riverview Apartments	Garden	Market	1BR / 1BA	48	66.70%	Market	$440	700	n/a	No	6	12.50%
	1325 South 77 Sunshine Strip	1974 / n/a		2BR / 2BA	24	33.30%	Market	$540	950	n/a	No	3	12.50%
	Harlingen, TX 78550												
	Cameron County												
					72	100%						9	12.50%
14	Sierra Apartments	Garden	Market	1BR / 1BA	64	30.80%	Market	$510	619	n/a	No	0	0.00%
	2901 Haine Drive	(2 stories)		2BR / 1.5BA	60	28.80%	Market	$630	655	n/a	No	0	0.00%
	Harlingen, TX 78550	1985 / n/a		2BR / 2BA	60	28.80%	Market	$710	1,068	n/a	No	1	1.70%
	Cameron County			3BR / 2BA	24	11.50%	Market	$780	1,111	n/a	No	0	0.00%
					208	100%						1	0.50%
15	Skyline On Grimes Apartments	Garden	Market	1BR / 1BA	48	40.00%	Market	$410	600	n/a	No	0	0.00%
	2828 E Grimes Street	(2 stories)		2BR / 1BA	72	60.00%	Market	$491	900	n/a	No	5	6.90%
	Harlingen, TX 78550	1983 / n/a											
	Cameron County												
					120	100%						5	4.20%
16	Somerset Apartments	Garden	Market	1BR / 1BA	34	34.30%	Market	$359	625	n/a	No	14	41.20%
	4402 Glasscock Avenue	1962 / n/a		2BR / 2BA	56	56.60%	Market	$439	925	n/a	No	30	53.60%
	Harlingen, TX 78550			3BR / 2BA	9	9.10%	Market	$575	1,125	n/a	No	0	0.00%
	Cameron County												
					99	100%						44	44.40%
17	St. James Apartments	Garden	Market	1BR / 1BA	N/A	N/A	Market	$405	662	n/a	No	0	N/A
	1902 East Washington	1979 / n/a		1BR / 1.5BA	N/A	N/A	Market	$450	772	n/a	No	0	N/A
	Harlingen, TX 78550			2BR / 1BA	N/A	N/A	Market	$495	852	n/a	No	2	N/A
	Cameron County			2BR / 1BA	N/A	N/A	Market	$530	905	n/a	No	0	N/A
				2BR / 1.5BA	N/A	N/A	Market	$550	1,021	n/a	Yes-2HH	0	N/A
				2BR / 2BA	N/A	N/A	Market	$550	1,006	n/a	Yes-2HH	0	N/A
				3BR / 2BA	N/A	N/A	Market	$640	1,213	n/a	Yes-2HH	0	N/A
					120	100%						2	1.70%
18	Timber Apartments	Garden	Market	Studio / 1BA	N/A	N/A	Market	$360	545	n/a	Yes	0	N/A
	1500 Sam Houston Street	n/a / n/a		1BR / 1BA	N/A	N/A	Market	$420	717	n/a	Yes	0	N/A
	Harlingen, TX 78550			1BR / 1.5BA	N/A	N/A	Market	$465	995	n/a	Yes	0	N/A
	Cameron County			2BR / 1BA	N/A	N/A	Market	$465	850	n/a	Yes	0	N/A
				2BR / 2BA	N/A	N/A	Market	$525	1,152	n/a	Yes	1	N/A
				2BR / 2BA	N/A	N/A	Market	$555	1,178	n/a	Yes	0	N/A
					61	100%						1	1.60%

Rent and Square Footage Ranking

Rent and Square Footage Ranking

2008 LIHTC Maximum Allowable Gross Rent Limits							
Bedrooms	30%	40%	50%	60%	80%	100%	FMR
Efficiency	$228	$305	$381	$457	$610	$762	$423
1 Bedroom	$245	$327	$408	$490	$698	$872	$488
2 Bedroom	$294	$392	$490	$588	$784	$980	$559
3 Bedroom	$340	$453	$566	$680	$872	$1,090	$691
4 Bedroom	$379	$506	$632	$759	$942	$1,177	$781
5 Bedroom	$418	$558	$698	$837	$1,012	$1,265	-

The studio-bedroom market rate rent for the surveyed comparables is $360. The one-bedroom market rate rents for the surveyed comparables range from $300 to $700, with an average rent of $456. The one-and-a-half-bedroom market rate rents for the surveyed comparables range from $399 to $881, with an average rent of $640. The two-bedroom market rate rents for the surveyed comparables range from $411 to $900, with an average rent of $554. The three-bedroom market rate rents for the surveyed comparables range from $502 to $780, with an average rent of $655. The studio-bedroom average market rent of $360 is above the LIHTC maximum allowable rent limits at 30 and 40 percent AMI, but below the maximum allowable rent limits at 50, 60, 80 and 100 percent of AMI, as well as the fair market rent. The one-bedroom average market rent of $456 is above the LIHTC maximum allowable rent limits at 30, 40 and 50 percent of AMI, but below the maximum allowable rent limits at 60, 80 and 100 percent of AMI, as well as the fair market rent. The two-bedroom average market rent of $554 is above the LIHTC maximum allowable rent limits at 30, 40 and 50 percent of AMI, but is below the LIHTC maximum allowable rents at 60, 80 and 100 percent of AMI, as well as the fair market rent. The three-bedroom average market rent of $655 is above the LIHTC maximum allowable rents at 30, 40 and 50 percent of AMI, but is below the maximum allowable rent limits at 60, 80 and 100 percent of AMI, as well as the fair market rent.

Market Supply Conclusion

Novogradac was able to identify 26 market rate multifamily developments in the West Cameron County Submarket, but were only able to survey 18 of the properties. Based on the lack of available data, we did not complete a market rate senior market analysis. We contacted the City of Harlingen's planning department to determine if there are any additional proposed/under construction market rate multifamily developments in the area. As of the date of this report, our phone calls have not been returned.

Small unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.12 and is projected to decrease slightly by 2012 to 3.10. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 34 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Market data, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

The surveyed market rate properties in the West Cameron County Submarket offer a moderate amount of in-unit and community amenities. Washer/dryer hookups and/or appliances are not common in the market. Six of the 18 surveyed properties offer security features of some kind.

Three of the market rate comparables currently offer concessions. Reata Apartments is offering $250 off the first month's rent for all units. Skyline on Grimes Apartments is offering $100 off the first month's rent for two-bedroom units. Somerset Apartments is offering reduced rents on all unit types. Four of the market rate family properties in the market maintain a waiting list. Cornerstone Apartments maintains a waiting list for the one-bedroom units. The property manager was unable to estimate the number of households on the waiting list. Heather Apartments maintains a waiting list of eight households for all units. St. James Apartments maintains a waiting list of two households for the two-bedroom units with 1.5 and two baths and for the three-bedroom units. Timber Apartments maintains a waiting list for all unit types. The property manager was unable to estimate the number of households on the waiting list. Of the four properties with waiting lists, property managers at Cornerstone Apartments, St. James Apartments and Timber Apartments mentioned displaced residents from Hurricane Dolly were the main reason for the waiting lists. Waiting lists at market rate properties do not appear to be common in the Submarket. The surveyed comparables were built from 1962 to 2003. None of the surveyed comparables were able to provide absorption information. Annual turnover rates reported range from 10 percent to 40 percent, with an average of 25.7 percent. The market rate properties in the West Cameron County Submarket have an average vacancy rate of 6.0 percent, which is considered good.

The Submarket's 2007 population of 146,617 is expected to increase by approximately 1.95 percent to 160,914, by 2012. Similarly, the number of households in the Submarket is expected to increase at a similar rate of growth as the population, from 2007 through 2012, resulting in a total of 51,241 households by 2012. As population and households increase, along with commercial and residential expansion, the demand for multifamily rental housing of all kinds will likely increase, as well. However, it should be noted that based on the current rental rates of existing market rate properties in the Submarket and the percentage of households in the Submarket in 2007 (29.2 percent) and

2012 (25.6 percent) earning less than $20,000 a year, the demand for affordable housing of all kinds will supercede the demand for market rate housing.

Market Rate Senior Supply

We attempted to identify all existing, proposed, and under construction senior-oriented market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials. There were no identifiable senior market rate properties in the West Cameron County Submarket. Based on the lack of available data, we did not complete a market rate senior market analysis. There are no proposed or under construction market rate senior properties in the West Cameron County Submarket.

SUBSIDIZED FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction family-oriented subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

There are eight multifamily subsidized properties in the Submarket. We were able to contact five of the properties.

The following map illustrates the location of the surveyed subsidized family comparables in the Submarket.

SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	La Hermosa	San Benito	Public Housing – Family
2	Harrison Manor	Harlingen	Section 8 – Family
3	North Star Village Apartments	Harlingen	Section 8 – Family
4	Robinhood Apartments	Harlingen	Section 8 – Family
5	Villa San Benito Apartments	San Benito	Section 8 - Family

Subsidized Multifamily Market

The following pictures identify the surveyed subsidized family properties in the Submarket. We were unable to obtain a photo of La Hermosa.

Harrison Manor

North Star Village Apartments

Robinhood Apartments

Villa San Benito

Excluded Properties

The following table illustrates excluded subsidized family properties in the Submarket. We have only excluded properties that we were unable to contact either in person or over the phone or properties that are fully furnished and/or corporate apartments.

Name	Location	Type	Reason for Exclusion
Casa De Amigos III	Harlingen	Section 8 – Family	Could not contact
Santa Rosa Village Apartments	Harlingen	Section 8 – Family	Could not contact
Las Palmas	Harlingen	USDA – Family	Could not contact

Proposed/Under Construction

We attempted to contact Yolanda Santa Maria in the Public Housing office of the Cameron County Housing Authority both in person and over the phone to determine if there are any public housing developments under construction or in the planning stages in the Submarket. As of the date of this report, our attempts have been unsuccessful.

Unit Mix

The following table illustrates the unit mix in the family subsidized rental property market. It should be noted that La Hermosa and Robinhood Apartments were unable to provide complete unit mixes and have been excluded from this analysis.

Unit Mix - Subsidized Family

Unit Type	Total Units	Percent
1 BR	60	36.1%
2 BR	76	45.6%
3 BR	30	18.1%
Total	**166**	**100%**

The majority of the subsidized units in the Submarket are two-bedroom units, followed by one-bedroom units. Demographic projections show that the average household size in the Submarket in 2007 was 3.12 and is projected to decrease slightly by 2012 to 3.10. However, the Submarket's household size is still significantly larger than the national average of 2.59 but slightly smaller than that of the MSA. Demographic estimates show that approximately 34 percent of the population in the Submarket in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. We were unable to identify four-bedroom units in the market. Though there is a lack of subsidized multifamily developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

Unit Size

There is an insufficient amount of subsidized multifamily development in the Submarket on which to base an effective analysis of unit size. However, the following table illustrates the existing unit sizes in the subsidized rental property market. It should be noted that La Hermosa was unable to provide unit sizes and has been excluded from this analysis.

Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
1 BR	570	638	605
2 BR	660	816	739
3 BR	802	920	879

The surveyed subsidized family properties in the Submarket had a one-bedroom average unit size of 605 square feet, a two-bedroom average unit size of 739 square feet and a three-bedroom average unit size of 879 square feet.

Common and In-Unit Amenities

	La Hermosa	Harrison Manor	North Star Village Apartments	Robinhood Apartments	Villa San Benito Apartments
Comp #	1	2	3	4	5
Property Information					
Property Type	Garden	Garden	Garden (2 stories)	Garden	Garden
Year Built / Renovated	1984 / n/a	1979 / n/a	1969 / n/a	1977 / n/a	1973 / n/a
Market (Conv.)/Subsidy Type	@30% (Public Housing)	Section 8	Section 8	Section 8	Section 8
In-Unit Amenities					
Blinds	yes	yes	yes	yes	no
Central A/C	no	yes	yes	yes	yes
Oven	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes
Washer/Dryer hookup	yes	no	no	no	no
Property Amenities					
Business Center/Computer Lab	yes	no	no	no	no
Carport	no	no	yes	no	no
Clubhouse/Meeting Room/Community	no	yes	no	yes	no
Central Laundry	no	yes	yes	yes	yes
Off-Street Parking	yes	yes	yes	yes	yes
On-Site Management	no	yes	yes	yes	yes
Playground	no	yes	yes	yes	yes
Services					
Security					
Premium Amenities					
Other Amenities					
Other	n/a	n/a	n/a	n/a	n/a

The existing subsidized multifamily properties in the West Hidalgo County Submarket offer limited in-unit and community amenities. The surveyed subsidized comparables offer no services, no security features and no premium amenities. A basic appliance package is provided, with washer/dryer connections only offered at La Hermosa.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit type, for the surveyed properties.

Weighted Vacancy - Market Family			
Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	60	1	1.7%
2 BR	76	1	1.3%
3 BR	30	0	0.0%
Total	**166**	**2**	**1.2%**

Absorption

None of the surveyed subsidized family properties were able to provide absorption information. All of the comparables were built prior to 1984.

Waiting List

The following table illustrates waiting lists at the family subsidized comparable properties.

Property Name	Rent Structure	Waiting List
La Hermosa	Public Housing	100 HH for all unit types
Harrison Manor	Section 8	90 HH for all unit types
North Star Village Apartments	Section 8	25 HH for 1BR units
Robinhood Apartments	Section 8	90 HH for all unit types
Villa San Benito Apartments	Section 8	6 – 12 months long for all unit types

Based on the extensive waiting lists for subsidized housing, we anticipate significant future demand for very low income affordable housing.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
La Hermosa	Public Housing	46	0	0.0%
Harrison Manor	Section 8	50	1	2.0%
North Star Village Apartments	Section 8	56	0	0.0%
Robinhood Apartments	Section 8	69	0	0.0%
Villa San Benito Apartments	Section 8	60	1	1.7%
Total		**281**	**2**	**0.7%**

The average vacancy rate of the subsidized family comparables in the market is 0.7 percent, which is considered excellent and indicates strong demand for very low income affordable housing.

Concessions

None of the subsidized family properties in the market are offering concessions.

Turnover

The following table illustrates turnover information in the market.

Property Name	Rent Structure	Turnover
La Hermosa	Public Housing	25%
Harrison Manor	Section 8	15%
North Star Village Apartments	Section 8	N/A
Robinhood Apartments	Section 8	10%
Villa San Benito Apartments	Section 8	15%
Total		**16.25%**

Annual turnover rates reported range from 10 percent to 25 percent, with an average of 16.25 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	La Hermosa	Garden	@30%	1BR / 1BA	N/A	N/A	@30%	$220	N/A	n/a	Yes	0	N/A
	1155 South	1984 / n/a	(Public Housing)	2BR / 1BA	N/A	N/A	@30%	$369	N/A	n/a	Yes	0	N/A
	San Benito, TX 78586			3BR / 1BA	N/A	N/A	@30%	$386	N/A	n/a	Yes	0	N/A
	Cameron County												
					46	100%						0	0.00%
2	Harrison Manor	Garden	Section 8	1BR / 1BA	16	32.00%	Section 8	$639	605	n/a	Yes	0	0.00%
	601 S 17th Street	1979 / n/a		2BR / 1BA	24	48.00%	Section 8	$662	761	n/a	Yes	1	4.20%
	Harlingen, TX 78550			3BR / 1BA	10	20.00%	Section 8	$801	895	n/a	Yes	0	0.00%
	Cameron County												
					50	100%						1	2.00%
3	North Star Village Apartments	Garden	Section 8	1BR / 1BA	20	35.70%	Section 8	$504	638	n/a	Yes	0	0.00%
	411 Lozano Street	(2 stories)		2BR / 1BA	28	50.00%	Section 8	$620	816	n/a	Yes	0	0.00%
	Harlingen, TX 78550	1969 / n/a		3BR / 1.5BA	8	14.30%	Section 8	$741	920	n/a	Yes	0	0.00%
	Cameron County												
					56	100%						0	0.00%
4	Robinhood Apartments	Garden	Section 8	1BR / 1BA	N/A	N/A	Section 8	$520	570	n/a	Yes	0	N/A
	615 S F Street	1977 / n/a		2BR / 1BA	N/A	N/A	Section 8	$607	720	n/a	Yes	0	N/A
	Harlingen, TX 78550			3BR / 2BA	N/A	N/A	Section 8	N/A	900	n/a	Yes	0	N/A
	Cameron County												
					69	100%						0	0.00%
5	Villa San Benito	Garden	Section 8	1BR / 1BA	24	40.00%	Section 8	$409	609	n/a	Yes	1	4.20%
	870 S Mc Cullough	1973 / n/a		2BR / 1BA	24	40.00%	Section 8	$445	660	n/a	Yes	0	0.00%
	San Benito, TX 78586			3BR / 2.5BA	12	20.00%	Section 8	$534	802	n/a	Yes	0	0.00%
	Cameron County												
					60	100%						1	1.70%

Rent and Square Footage Ranking

PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$536
Two-bedroom	$615
Three-bedroom	$760
Four-bedroom	$860

As the surveyed subsidized properties are Public Housing and Section 8 developments, tenants can pay from zero up to 30 percent of their gross annual income towards rent. The rental rates quoted above are “flat rents”. The flat rents at the majority of the surveyed subsidized properties are well below the payment standards for Cameron County. According to the Cameron County Housing Authority, the Housing Choice Voucher waiting list is 878 households long, indicating significant demand for very low income affordable housing.

Subsidized Family Supply Conclusion

There are five existing Public Housing/Section 8 subsidized developments located in the West Cameron County Submarket.

The majority of the subsidized units in the Submarket are two-bedroom units, followed by one-bedroom units. Demographic projections show that the average household size in the Submarket in 2007 was 3.12 and is projected to decrease slightly by 2012 to 3.10. However, the Submarket’s household size is still significantly larger than the national average of 2.59 but slightly smaller than that of the MSA. Demographic estimates show that approximately 34 percent of the population in the Submarket in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Though there is a lack of sufficient subsidized multi-family developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

The existing subsidized multi-family properties in the West Hidalgo County Submarket offer limited in-unit and community amenities. The surveyed subsidized comparables offer no services, no security features and no premium amenities. A basic appliance package is provided with washer/dryer connections only offered at La Hermosa.

None of surveyed comparables are offering concessions and none of the comparables were able to provide absorption information. All of the surveyed subsidized family properties maintain extensive waiting lists. Annual turnover rates reported range from 10 percent to 25 percent, with an average of 16.25 percent. The average vacancy rate of the subsidized family comparables is 0.7 percent.

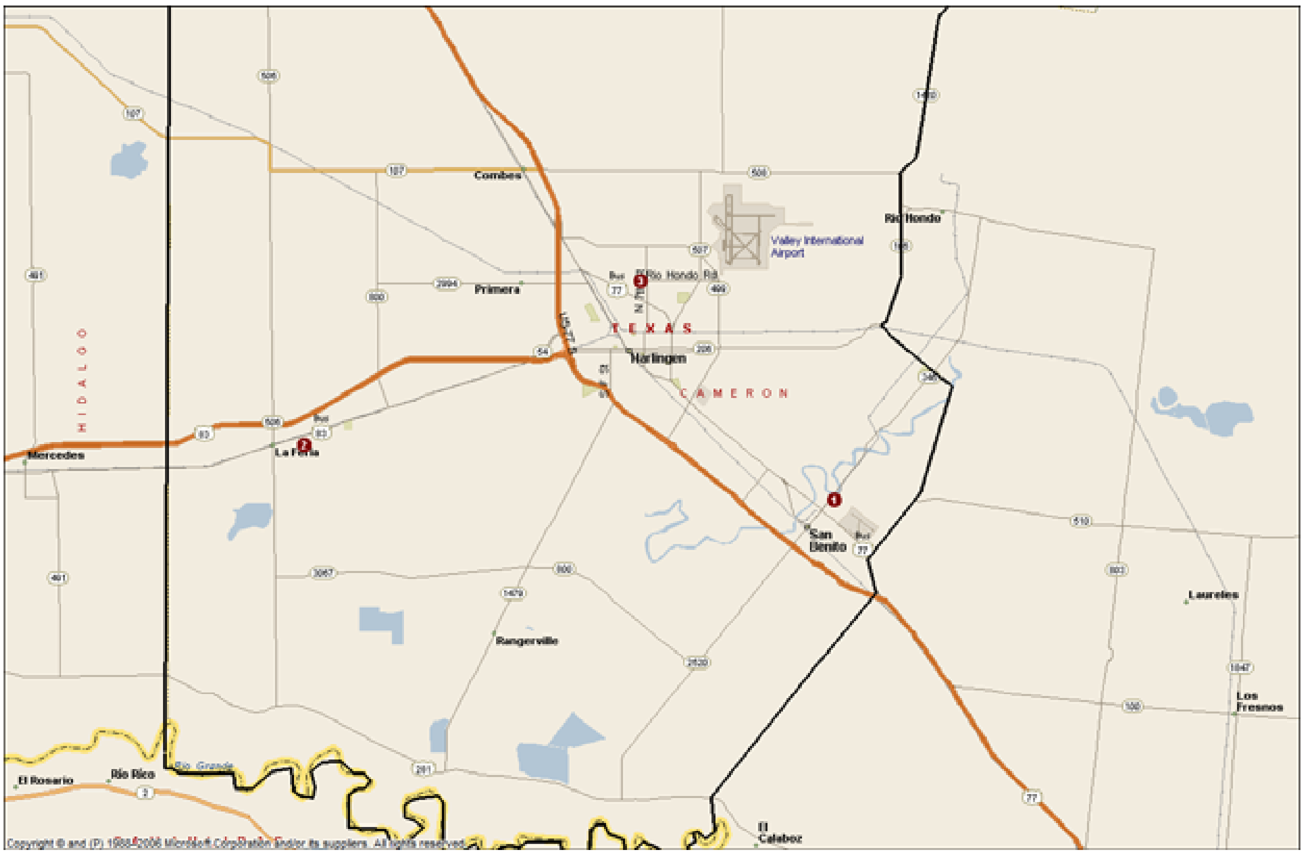
As the surveyed subsidized properties are Public Housing and Section 8 developments, tenants can pay from zero up to 30 percent of their gross annual income towards rent. The rental rates quoted above are “flat rents”. The flat rents at the majority of the surveyed subsidized properties are well below the payment standards for Cameron County. According to the Cameron County Housing Authority, the Housing Choice Voucher waiting list is 878 households long, indicating significant demand for very low income affordable housing.

Subsidized Senior Supply

We attempted to identify all existing, proposed, and under construction senior-targeted subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

There are three senior-targeted subsidized developments in the Submarket. We were able to contact all of the subsidized senior properties in the Submarket; therefore, we have not excluded any comparable properties from our analysis.

The following map illustrates the location of the surveyed subsidized senior comparables in the Submarket.



SURVEYED PROPERTIES			
Number	Name	Location	Type
1	Palmville	San Benito	Public Housing – Senior
2	Buena Vida Apartments	La Feria	USDA – Senior
3	The Palms Retirement Center	Harlingen	Section 8 - Senior

Subsidized Senior Market

The following pictures identify the surveyed subsidized senior properties in the Submarket. We were unable to obtain photos of Palmville.

The Palms Retirement Center

Buena Vida Apartments

Excluded Properties

We were able to contact all of the subsidized senior properties in the Submarket; therefore, we have not excluded any comparable properties from our analysis.

Proposed/Under Construction

We attempted to contact Yolanda Santa Maria in the Public Housing office of the Cameron County Housing Authority both in person and over the phone to determine if there are any public housing developments under construction or in the planning stages in the Submarket. As of the date of this report, our attempts have been unsuccessful.

Unit Mix

There is an insufficient amount of subsidized senior development in the Submarket on which to base an effective analysis of unit size. However, the following table illustrates the unit mix in the senior subsidized rental property market. There are 221 total senior subsidized units in the Submarket. It should be noted that Palmville and The Palms Retirement Center were unable to provide complete unit mixes and have been excluded from this analysis.

Unit Mix - Subsidized Senior

Unit Type	Total Units	Percent
1 BR	40	69.0%
2 BR	18	31.0%
Total	**58**	**100%**

The majority of the subsidized units in the Submarket are two-bedroom units, followed by one-bedroom units. Palmville and The Palms Retirement Center offer studio units as well. Demographic estimates show that approximately 22 percent of the population in the Submarket in 2007 was age 55 years or older. This trend is expected to remain stable through 2012. Though there is a lack of sufficient subsidized senior developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for smaller bedroom types.

Unit Size

There is an insufficient amount of subsidized senior development in the Submarket, on which to base an effective analysis of unit size. However, the following table illustrates the existing unit sizes in the subsidized rental property market. It should be noted that Palmville was unable to provide unit sizes and has been excluded from this analysis.

Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
0 BR	350	350	350
1 BR	500	650	575
2 BR	820	820	820

The surveyed subsidized senior properties in the Submarket had a studio average unit size of 350 square feet, a one-bedroom average unit size of 575 square feet and a two-bedroom average unit size of 820 square feet.

Common and In-Unit Amenities

	Palmville	Buena Vida Apartments	The Palms Retirement Center, Inc
Comp #	1	2	3
Property Information			
Property Type	(age-restricted)	Garden	Garden (3 stories)
Year Built / Renovated	1966/1972 / n/a	1986 / n/a	1983 / n/a
Market (Conv.)/Subsidy Type	@30% (Public Housing)	Rural Development	Section 8
In-Unit Amenities			
Blinds	no	yes	yes
Carpeting	no	yes	yes
Central A/C	no	yes	no
Oven	yes	yes	yes
Pull Cords	no	no	yes
Refrigerator	yes	yes	yes
Wall A/C	no	no	yes
Window A/C	yes	no	no
Property Amenities			
Clubhouse/Meeting Room/Community Room	no	yes	no
Courtyard	no	yes	no
Central Laundry	yes	yes	yes
Off-Street Parking	no	yes	yes
On-Site Management	no	yes	yes
Services			
Security			
Premium Amenities			
Other Amenities			
Other	n/a	n/a	n/a

The existing subsidized senior properties in the West Cameron County Submarket offer limited in-unit and community amenities. The surveyed subsidized comparables offer no services, no security features and no premium amenities. A basic appliance package is provided with central air conditioning only offered at Buena Vida Apartments.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit type, for the surveyed properties. It should be noted that the table below only includes Buena Vista Apartments; Palmville and The Palms Retirement Center were unable to provided vacancy by unit type.

Weighted Vacancy – Subsidized Senior			
Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	40	3	7.5%
2 BR	18	0	0.0%
Total	**58**	**3**	**5.2%**

It should also be noted that there is one vacant studio unit in the Submarket, at The Palms Retirement Center.

Absorption

None of the surveyed subsidized senior properties were able to provide absorption information.

Waiting List

The following table illustrates waiting lists at the family subsidized comparable properties.

Property Name	Rent Structure	Waiting List
Palmville	Public Housing	15 HH for all unit types
Buena Vida Apartments	USDA	10 HH for all unit types
The Palms Retirement Center	Section 8	15 HH for all unit types

Palmville and The Palms Retirement Center draw tenants from the Public Housing and Section 8 waiting lists for their respective housing authorities. The waiting list information given by the property managers was based on the housing authority waiting list information. Buena Vida Apartments maintains a waiting list, even though there are vacancies at the property, due to those units being in turnover. Based on the current waiting lists for senior subsidized housing, we anticipate significant future demand for very low income affordable senior housing.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Palmville	Public Housing	100	0	0.0%
Buena Vida Apartments	USDA	58	3	5.2%
The Palms Retirement Center	Section 8	63	2	3.2%
Total		**221**	**2**	**0.9%**

The average vacancy rate in the market is 0.9 percent, which is considered excellent.

Concessions

None of the subsidized family properties in the market are offering concessions.

Turnover

The following table illustrates turnover information in the market.

Property Name	Rent Structure	Turnover
Pamville	Public Housing	10%
Buena Vida Apartments	USDA	10%
The Palms Retirement Center	Section 8	15%
Total		**11.7%**

Annual turnover rates reported range from 10 percent to 15 percent, with an average of 11.7 percent. Turnover in the senior subsidized properties is lower than in the family subsidized properties.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Palmville	n/a (age-restricted)	@30% (Public Housing)	Studio / 1BA	N/A	N/A	@30%	$219	N/A	n/a	Yes	0	N/A
	1400 N. Reagan	1966/1972 / n/a		1BR / 1BA	N/A	N/A	@30%	$219	N/A	n/a	Yes	0	N/A
	San Benito, TX 78586			2BR / 1BA	N/A	N/A	@30%	$360	N/A	n/a	Yes	0	N/A
	Cameron County												
					100	100%						0	0.00%
2	Buena Vida Apartments	Garden	Rural Development	1BR / 1BA	40	69.00%	Rural Development	$315	650	n/a	Yes	3	7.50%
	209 South Kansas City	1986 / n/a		2BR / 1BA	18	31.00%	Rural Development	$360	820	n/a	Yes	0	0.00%
	La Feria, TX 78559												
	Cameron County												
					58	100%						3	5.20%
3	The Palms Retirement Center, Inc	Garden	Section 8	Studio / 1BA	N/A	N/A	Section 8	N/A	350	n/a	Yes	1	N/A
	525 E Davis Street	(3 stories)		1BR / 1BA	N/A	N/A	Section 8	N/A	500	n/a	Yes	1	N/A
	Harlingen, TX 78550	1983 / n/a											
	Cameron County												
					63	100%						2	3.20%

Rent and Square Footage Ranking

PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$536
Two-bedroom	$615
Three-bedroom	$760
Four-bedroom	$860

There is an insufficient amount of subsidized senior development in the Submarket, on which to base an effective rental rate analysis. It should be noted that The Palms Retirement Center, a Section 8 senior comparable, could not provide actual rents and the property manager stated that tenants just pay 30 percent of their gross annual income. As the remaining surveyed subsidized properties are Public Housing and USDA developments, tenants can pay from zero up to 30 percent of their gross annual income towards rent. The rental rates quoted above are "flat rents". The flat rents at both surveyed subsidized properties are well below the payment standards for Cameron County. According to the Cameron County Housing Authority, the Housing Choice Voucher waiting list is 878 households long, indicating significant demand for very low income affordable housing. We were unable to maintain the number of seniors on the Housing Choice Voucher or Public Housing waiting lists.

Subsidized Senior Supply Conclusion

There are three senior-targeted subsidized developments in the Submarket. There are no other existing subsidized developments in this Submarket.

The majority of the subsidized units in the Submarket are two-bedroom units, followed by one-bedroom units. Palmville and The Palms Retirement Center offer studio units as well. Demographic estimates show that approximately 22 percent of the population in the Submarket in 2007 was age 55 years or older. This trend is expected to remain stable through 2012. Though there is a lack of sufficient subsidized senior developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for smaller bedroom types.

The existing subsidized senior properties in the West Cameron County Submarket offer limited in-unit and community amenities. The surveyed subsidized comparables offer no services, no security features and no premium amenities. A basic appliance package is provided with central air conditioning only offered at Buena Vida Apartments.

None of surveyed comparables are offering concessions and none of the comparables were able to provide absorption information. All three senior subsidized comparables maintain waiting lists. Annual turnover rates reported range from 10 percent to 15 percent, with an average of 11.7 percent. The average vacancy rate is 0.9 percent.

There is an insufficient amount of subsidized senior development in the Submarket, on which to base an effective rental rate analysis. It should be noted that The Palms Retirement Center, a Section 8 senior comparable, could not provide actual rents and the property manager stated that tenants just pay 30 percent of their gross annual income. As the remaining surveyed subsidized properties are Public Housing and USDA developments, tenants can pay from zero up to 30 percent of their gross annual income towards rent. The rental rates quoted above are "flat rents". The flat

rents at both surveyed subsidized properties are well below the payment standards for Cameron County. According to the Cameron County Housing Authority, the Housing Choice Voucher waiting list is 878 households long, indicating significant demand for very low income affordable housing. We were unable to obtain the number of seniors on the Housing Choice Voucher or Public Housing waiting lists.

DEMAND ANALYSIS

AFFORDABLE HOUSING DEMAND ANALYSIS

As outlined in the study requirements, our estimate of demand for affordable rental housing in the West Cameron County Submarket is based on current households and is presented by household size, income level and targeted population. Existing income-qualified renter households are further refined to account for household growth over a five-year projection period, percentage of rent-overburdened households, percentage of households residing in substandard housing, percentage of households in overcrowded housing, and the Submarket's turnover rate. Additionally, we have adjusted our demand estimates to account for accommodation of affordable housing demand through any planned, proposed or unstabilized LIHTC units in the Submarket.

The number of income-qualified renter households is calculated for each of six income cohorts: less than 30 percent of AMI, 31 to 40 percent of AMI, 41 to 50 percent of AMI, 51 to 60 percent of AMI, 61 to 80 percent of AMI and 81 to 100 percent of AMI. With the use of demographics provided by HISTA, we are able to examine each of these six income groups by household size to include one-, two-, three- and four-person households and households with five or more persons. This insures that income-qualified households will not be double counted. Separate analyses are presented for all renter households and senior renter households, defined as age 55 and older.

There is very limited demographic and income data for colonias households available through the census and other government agencies. For this reason, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand accounted for through the analysis of Census data.

DEMAND FROM EXISTING HOUSEHOLDS

Number of Existing Households for the Current Year

The total number of households in the West Cameron County Submarket in 2007 is 46,385 and the total number of households in 2012 is projected to be 51,241. The total number of households age 55 and older in the Submarket for 2007 is 18,657, with a 2012 projection of 17,592 households. This is a beginning point for our analysis.

Number of Renters

Information provided to us by ESRI indicates that of the occupied housing units, renter households make up approximately 29.2 percent of the occupied housing unit households in the West Cameron County Submarket in 2007. For seniors age 55 and older, the percentage of renters is 15.9 percent.

Maximum Income Guidelines

Maximum income guidelines for tax credit properties are determined by HUD and are based on the area's Average Income. Typically, minimum income levels are calculated based on the assumption that lower income families should pay no more than 35 percent of their income to gross rent. Often times, lower income families pay a higher percentage of income as rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high income households. In order to avoid overstating potential demand this analysis assumes that none of the income bands will overlap. For example, the maximum income for a one-person household at 30 percent of AMI is considered the minimum income for a one-person household in the income range between 31 percent and 40 percent of AMI. A minimum

income of zero dollars is used in calculating demand from households earning 30 percent of AMI or less.

The minimum and maximum household eligible income ranges for the West Cameron County Submarket (Brownsville-Harlingen, TX MSA) are detailed in the table on the following page.

INCOME LIMITS

Household Size	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	< 30% AMI		*31% - 40% AMI*		*41% - 50% AMI*		*51% - 60% AMI*		*61% - 80% AMI*		*81% - 100% AMI*	
1 Person	$0	$9,150	$9,150	$12,200	$12,200	$15,250	$15,250	$18,300	$18,300	$24,400	$24,400	$30,500
2 Person	$0	$10,500	$10,500	$13,960	$13,960	$17,450	$17,450	$20,940	$20,940	$27,920	$27,920	$34,900
3 Person	$0	$11,800	$11,800	$15,680	$15,680	$19,600	$19,600	$23,520	$23,520	$31,360	$31,360	$39,200
4 Person	$0	$13,100	$13,100	$17,440	$17,440	$21,800	$21,800	$26,160	$26,160	$34,880	$34,880	$43,600
5+ Person	$0	$14,150	$14,150	$18,840	$18,840	$23,550	$23,550	$28,260	$28,260	$37,680	$37,680	$47,100

Rent-Overburdened Households

Households are determined to be rent-overburdened if they are paying more than 35 percent of household income as rent. In the West Cameron County Submarket, approximately 26.9 percent of households, including senior households, are considered rent-overburdened.

Substandard Housing

Substandard housing is generally defined as housing units identified in the Census that lack complete plumbing facilities. According to Census 2000 estimates, approximately 1.6 percent of units in the Submarket are determined to be substandard.

Overcrowded Housing

A housing unit is considered overcrowded if there are more than 1.00 persons per room. According to a report issued in 2002 by the Fannie Mae Foundation, Census 2000 data indicates that the southwestern United States, which includes Texas, has a higher than average incidence of households living in overcrowded housing units. The report further concludes that while Texas and California contain less than one-fifth of the nation's households, these two states account for two-fifths of overcrowded households. In the West Cameron County Submarket, it is estimated that 16.9 percent of households are living in overcrowded units.

Movership or Turnover Rate

There are numerous sources of information regarding turnover rate, or the percent of renter households who move in a year. The most reliable source is that of the market participants in the Submarket. As discussed in the *Housing Supply Analysis* section, we attempted to interview comparable properties regarding information the turnover rate experienced on an annual basis. The average annual turnover rate for the stabilized family LIHTC properties surveyed in the Submarket is approximately 24.3 percent.

We were unable to identify any senior LIHTC properties in this Submarket. Therefore, for the purpose of this analysis, we have used the Submarket's average senior subsidized turnover rate of 20 percent.

Unstabilized Rental Units - Existing and Proposed

To our knowledge, there are no proposed or under construction subsidized or LIHTC properties in the West Cameron County Submarket. Therefore, no units were deducted from the senior demand analysis.

Annual Income-Qualified Renter Demand

Provided below are calculations of the total number of existing income-qualified renter households in the West Cameron County Submarket in 2007 and 2012. Two analyses have been presented. The first calculates total demand, both currently present and moving into the market, adjusted for income eligibility and renter status, as well as the percentage of rent-overburdened households and substandard and overcrowded housing units. An additional calculation, which accounts for all of the previous variables and incorporates the turnover rate, is also provided.

Note that in the subsequent tables, the total number of income-qualified renter households is not equal to the total number of renter households. This is due to the fact that we have only analyzed households earning between zero and 100 percent of the AMI. There are additional renter households in the Submarket with annual incomes greater than 100 percent of the AMI.

Again, this analysis avoids overstating demand by avoiding overlapping income bands. It should be noted that the percentage of rent overburdened households may also include some of the households that are living in substandard and/or overcrowded housing units. This would result in some potential overlap. This analysis assumes that rent overburdened households, households living in substandard housing and households in overcrowded units each represent a separate component of demand. As these are quantifiable sources of demand, the sum of these calculations results in a maximum number of income-qualified renter households.

The calculations of potential household demand by income cohort and household size for all households and senior households are shown in the following tables:

2007 All Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	3,432	1,287	119	182	182	292	261
2 person	2,654	588	186	188	183	337	252
3 person	2,516	608	228	231	189	344	224
4 person	2,222	631	204	196	184	288	195
5+person	2,731	977	301	218	202	331	210
Total	13,555	4,091	1,040	1,016	941	1,593	1,143
Number of Income-Qualified Renter Households		**4,091**	**1,040**	**1,016**	**941**	**1,593**	**1,143**
X Percentage of Rent-Overburdened (26.9%)		1099	279	273	253	428	307
X Percentage of Substandard Housing (1.6%)		65	17	16	15	25	18
X Percentage of Overcrowded Housing (16.9%)		691	176	172	159	269	193
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**1,856**	**472**	**461**	**427**	**722**	**518**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**1,856**	**472**	**461**	**427**	**722**	**518**

2012 All Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	4,016	1,506	140	213	213	342	306
2 person	2,870	636	202	203	198	365	273
3 person	2,812	679	255	258	212	385	250
4 person	2,460	699	226	218	204	319	216
5+person	3,040	1,087	336	243	225	368	234
Total	15,198	4,607	1,159	1,135	1,052	1,779	1,279
Number of Income-Qualified Renter Households		**4,607**	**1,159**	**1,135**	**1,052**	**1,779**	**1,279**
X Percentage of Rent-Overburdened (26.9%)		1237	311	305	283	478	344
X Percentage of Substandard Housing (1.6%)		74	19	18	17	28	20
X Percentage of Overcrowded Housing (16.9%)		779	196	192	178	301	216
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**2,090**	**526**	**515**	**477**	**807**	**580**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**2,090**	**526**	**515**	**477**	**807**	**580**

2007 All Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	3,432	1,287	119	182	182	292	261
2 person	2,654	588	186	188	183	337	252
3 person	2,516	608	228	231	189	344	224
4 person	2,222	631	204	196	184	288	195
5+person	2,731	977	301	218	202	331	210
Total	13,555	4,091	1,040	1,016	941	1,593	1,143
Number of Income-Qualified Renter Households		**4,091**	**1,040**	**1,016**	**941**	**1,593**	**1,143**
X Percentage of Rent-Overburdened (26.9%)		1099	279	273	253	428	307
X Percentage of Substandard Housing (1.6%)		65	17	16	15	25	18
X Percentage of Overcrowded Housing (16.9%)		691	176	172	159	269	193
X Percentage of Estimated Turnover (24.3%)		992	252	246	228	386	277
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**2,848**	**724**	**707**	**655**	**1,109**	**796**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**2,848**	**724**	**707**	**655**	**1,109**	**796**

2012 All Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	4,016	1,506	140	213	213	342	306
2 person	2,870	636	202	203	198	365	273
3 person	2,812	679	255	258	212	385	250
4 person	2,460	699	226	218	204	319	216
5+person	3,040	1,087	336	243	225	368	234
Total	15,198	4,607	1,159	1,135	1,052	1,779	1,279
Number of Income-Qualified Renter Households		**4,607**	**1,159**	**1,135**	**1,052**	**1,779**	**1,279**
X Percentage of Rent-Overburdened (26.9%)		1237	311	305	283	478	344
X Percentage of Substandard Housing (1.6%)		74	19	18	17	28	20
X Percentage of Overcrowded Housing (16.9%)		779	196	192	178	301	216
X Percentage of Estimated Turnover (24.3%)		1117	281	275	255	431	310
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**3,207**	**807**	**790**	**732**	**1,238**	**890**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**3,207**	**807**	**790**	**732**	**1,238**	**890**

2007 Senior Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,614	795	74	96	96	117	85
2 person	788	220	51	51	50	97	68
3 person	313	45	37	38	41	71	16
4 person	129	45	20	12	0	4	10
5+person	187	53	16	17	18	12	15
Total	3,031	1,157	197	214	207	301	195
Number of Income-Qualified Renter Households		**1,157**	**197**	**214**	**207**	**301**	**195**
X Percentage of Rent-Overburdened (26.9%)		311	53	57	56	81	52
X Percentage of Substandard Housing (1.6%)		19	3	3	3	5	3
X Percentage of Overcrowded Housing (16.9%)		195	33	36	35	51	33
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**525**	**89**	**97**	**94**	**137**	**88**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**525**	**89**	**97**	**94**	**137**	**88**

2012 Senior Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,899	935	87	113	113	138	100
2 person	889	248	57	58	57	109	76
3 person	366	52	43	44	48	83	19
4 person	156	54	24	14	1	5	12
5+person	225	64	19	20	22	15	19
Total	3,534	1,353	230	249	241	350	226
Number of Income-Qualified Renter Households		**1,353**	**230**	**249**	**241**	**350**	**226**
X Percentage of Rent-Overburdened (26.9%)		363	62	67	65	94	61
X Percentage of Substandard Housing (1.6%)		22	4	4	4	6	4
X Percentage of Overcrowded Housing (16.9%)		229	39	42	41	59	38
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**614**	**104**	**113**	**109**	**159**	**103**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**614**	**104**	**113**	**109**	**159**	**103**

2007 Senior Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,614	795	74	96	96	117	85
2 person	788	220	51	51	50	97	68
3 person	313	45	37	38	41	71	16
4 person	129	45	20	12	0	4	10
5+person	187	53	16	17	18	12	15
Total	3,031	1,157	197	214	207	301	195
Number of Income-Qualified Renter Households		**1,157**	**197**	**214**	**207**	**301**	**195**
X Percentage of Rent-Overburdened (26.9%)		311	53	57	56	81	52
X Percentage of Substandard Housing (1.6%)		19	3	3	3	5	3
X Percentage of Overcrowded Housing (16.9%)		195	33	36	35	51	33
X Percentage of Estimated Turnover (11.7%)		135	23	25	24	35	23
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**660**	**113**	**122**	**118**	**172**	**111**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**660**	**113**	**122**	**118**	**172**	**111**

2012 Senior Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,899	935	87	113	113	138	100
2 person	889	248	57	58	57	109	76
3 person	366	52	43	44	48	83	19
4 person	156	54	24	14	1	5	12
5+person	225	64	19	20	22	15	19
Total	3,534	1,353	230	249	241	350	226
Number of Income-Qualified Renter Households		**1,353**	**230**	**249**	**241**	**350**	**226**
X Percentage of Rent-Overburdened (26.9%)		363	62	67	65	94	61
X Percentage of Substandard Housing (1.6%)		22	4	4	4	6	4
X Percentage of Overcrowded Housing (16.9%)		229	39	42	41	59	38
X Percentage of Estimated Turnover (11.7%)		158	27	29	28	41	26
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**772**	**131**	**142**	**138**	**200**	**129**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**772**	**131**	**142**	**138**	**200**	**129**

Demand Analysis Conclusions

All Households

The analysis of income-qualified renter households in the West Cameron County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that nearly 23 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less. This may explain why the only vacant LIHTC units in the market are at the 60 percent AMI level. The number of income-qualified renter households at the 61 to 80 percent AMI level is the second largest in the Submarket. This suggests that the higher than vacancy rate among 60 percent AMI units could be due to households that are both over and under income-qualified. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households. With no additional LIHTC or subsidized units planned, there is likely an unmet need for additional affordable housing units at the lowest income levels in this Submarket.

Senior Households

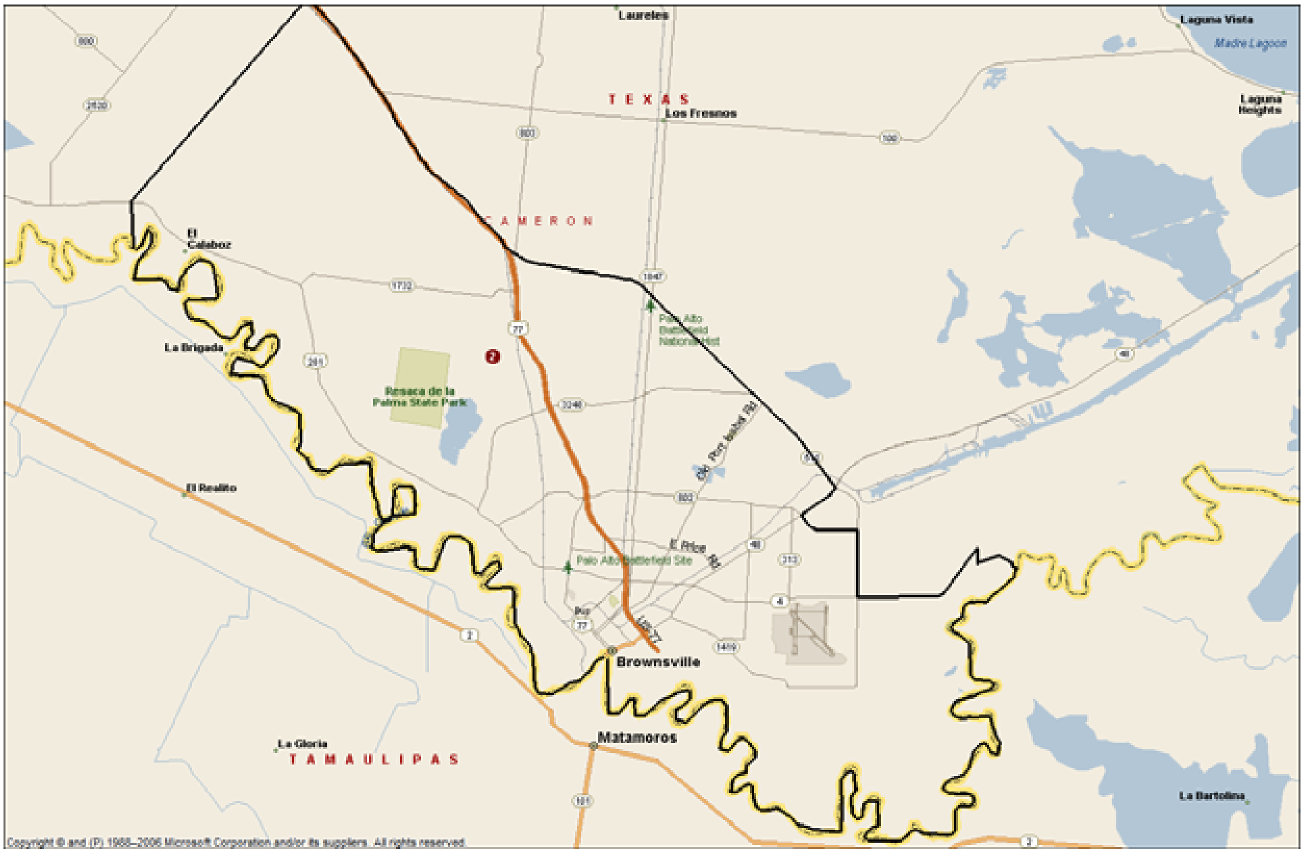
Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Currently, there are only 221 subsidized units serving low-income senior households in the West Cameron County Submarket and an increase in income-qualified senior renter households projected through 2012. With no additional LIHTC or subsidized units planned, there is likely an unmet need for additional affordable senior housing units in this Submarket.

2. SOUTH CAMERON COUNTY SUBMARKET ANALYSIS

SOUTH CAMERON COUNTY SUBMARKET DEMOGRAPHIC CHARACTERISTICS AND TRENDS

The primary market area is defined as the South Cameron County Submarket, which is bounded to the south and east by the Cameron County line, to the west by FM 732 and to the north by US Highway 77 and FM 511. The following map illustrates the boundaries of the Submarket as defined above.

South Cameron County Submarket Map



The South Cameron County Submarket is located in the southernmost portion of Cameron County and includes the cities of Brownsville and Olmito. This Submarket is characterized primarily by limited to extensive development. The predominant form of housing in this Submarket is owner-occupied single-family homes in fair to good condition and less than 5 to 40 years in age.

Local Government

The South Cameron County Submarket includes the cities of Brownsville and Olmito.

Brownsville has a Council-Manager style of government. The Mayor and six City Commissioners, two At-Large and four District, serve staggered four year terms. The 2000 U.S. Census population was 139,722. Brownsville has a total area of 83 square miles.

Olmito, Texas is a census-designated place in Cameron County. The population was 1,198 at the 2000 census. Olmito has a total area of 0.7 square miles.

Employment by Industry

The following table illustrates employment by industry for the South Cameron County Submarket and Brownsville-Harlingen, TX MSA in 2007.

2007 EMPLOYMENT BY INDUSTRY

	South Cameron County Submarket		Brownsville-Harlingen, TX MSA	
Occupation	Number	Percent Employed	Number Employed	Percent Employed
Agric/Forestry/Fishing/Hunting	692	1.11%	1,880	1.45%
Mining	172	0.28%	313	0.24%
Construction	5,355	8.62%	10,941	8.43%
Manufacturing	5,605	9.03%	10,172	7.84%
Wholesale Trade	2,013	3.24%	4,016	3.09%
Retail Trade	7,848	12.64%	15,389	11.86%
Transportation/Warehousing	2,828	4.55%	5,516	4.25%
Utilities	408	0.66%	1,059	0.82%
Information	525	0.85%	1,382	1.07%
Finance/Insurance	1,664	2.68%	3,623	2.79%
Real Estate/Rental/Leasing	1,490	2.40%	3,257	2.51%
Prof/Scientific/Tech Services	1,997	3.22%	3,794	2.92%
Mgmt of Companies/Enterprises	0	0.00%	0	0.00%
Admin/Support/Waste Mgmt Srvcs	2,000	3.22%	4,438	3.42%
Educational Services	10,009	16.12%	19,838	15.29%
Health Care/Social Assistance	7,631	12.29%	17,690	13.63%
Arts/Entertainment/Recreation	585	0.94%	1,446	1.11%
Accommodation/Food Services	4,795	7.72%	10,434	8.04%
Other Services (excl Publ Adm)	3,505	5.64%	7,728	5.96%
Public Administration	2,971	4.78%	6,849	5.28%
Total Employment	**62,093**	**100.0%**	**129,765**	**100.0%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The top four employment sectors in the North Hidalgo County Submarket are the educational services, retail trade, health care/social assistance and manufacturing sectors. Approximately 50 percent of people in the Submarket work in these four industries. The South Cameron County Submarket has a larger number of persons employed in the educational services, retail and manufacturing sectors and a smaller number of people employed in the healthcare/social assistance sector, relative to the MSA. Although the educational services and health care/social assistance industries are typically stable sectors of the economy, industries such as retail trade and manufacturing are particularly susceptible to fluctuations in the health of the economy.

The large number of people employed in the retail trade and manufacturing industries could negatively affect employment in the South Cameron County Submarket, due to the current national economic downturn. However, the presence the educational services and health care/social assistance industries should help bolster the economic stability of the South Cameron County region.

It should be noted, that the health care/social assistance, manufacturing, retail trade and educational services sectors all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create demand for affordable rental housing in the Submarket.

Commute Patterns for the South Cameron County Submarket

The following table shows the commute times for the South Cameron County Submarket.

TRAVEL TIME TO WORK

Travel Time	Workers age 16+
< 5 min	1,103
5-9 min	5,178
10-14 min	9,590
15-19 min	12,380
20-24 min	8,376
25-29 min	2,041
30-34 min	5,890
35-39 min	487
40-44 min	618
45-59 min	1,272
60-89 min	982
90+ min	884
Average Travel Time	20.8 minutes

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

The average commute time for workers in the South Cameron County Submarket is 20.8 minutes. The largest percentage of employees reports a commute time between 15 and 19 minutes. This is reflective of the location of Brownsville in the Submarket. Workers commuting to Brownsville from the rural northwest portion of the Submarket likely account for the workers reporting commute times in excess of 45 minutes.

POPULATION, HOUSEHOLD, AND INCOME TRENDS – SUBMARKET AND MSA

The following section provides an analysis of the demographic characteristics within the South Cameron County Submarket and Brownsville-Harlingen, TX MSA. Data such as population, households and growth patterns are studied to determine if the Brownsville-Harlingen, TX MSA and the South Cameron County Submarket are areas of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population in the South Cameron County Submarket and Brownsville-Harlingen, TX MSA from 1990 through 2012.

Total Population				
Year	South Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	128,232	-	260,120	-
2000	163,961	2.79%	335,227	2.89%
2007	197,686	2.84%	395,867	2.50%
2012	221,242	2.38%	440,440	2.25%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Growth in the Submarket has been slightly faster than growth in the MSA in all years of analysis, with the exception of 2000. The majority of population growth in the MSA is located near the U.S. – Mexico border. Both the Submarket and the MSA are showing strong growth from 2007 through 2012, although the MSA is projected to grow at a slower rate than from 2000 through 2007. The strong growth in the Submarket and the MSA is a positive indicator of the need for the affordable housing.

Population by Age

The following graph illustrates population by age in the Submarket and MSA for 1990, 2000, 2007 and 2012. It should be noted that the current population by age distribution in the MSA is similar to national averages not shown.

Population by Age Group				
South Cameron County Submarket				
Age Cohort	1990	2000	2007	2012
0-4	11,829	16,563	21,225	23,657
5-9	13,012	16,431	18,826	20,850
10-14	14,230	15,470	17,459	19,694
15-19	14,394	15,205	16,536	18,463
20-24	10,133	12,463	15,805	17,010
25-29	9,441	12,522	15,520	16,744
30-34	9,320	11,250	14,215	15,046
35-39	8,803	10,883	13,101	14,141
40-44	7,718	10,201	11,662	13,393
45-49	5,717	9,389	11,363	12,430
50-54	4,722	7,901	10,542	11,514
55-59	4,262	5,791	8,601	11,293
60-64	4,190	4,966	5,881	8,306
65-69	3,705	4,464	4,866	5,410
70-74	2,635	4,078	4,171	4,385
75-79	2,029	3,080	3,665	3,617
80-84	1,221	1,765	2,292	2,779
85+	871	1,539	1,956	2,510
Total	**128,232**	**163,961**	**197,686**	**221,242**
Brownsville-Harlingen, TX MSA				
Age Cohort	1990	2000	2007	2012
0-4	23,151	31,744	39,821	44,060
5-9	25,049	32,315	35,155	39,109
10-14	26,812	30,761	33,638	36,880
15-19	26,585	29,914	32,307	35,577
20-24	19,529	23,783	30,033	32,250
25-29	18,911	23,906	29,569	31,634
30-34	18,981	22,498	27,241	29,311
35-39	17,854	22,257	25,412	26,832
40-44	15,504	21,060	23,668	26,198
45-49	11,371	19,220	23,367	25,247
50-54	9,804	16,577	21,725	24,268
55-59	9,290	12,468	18,317	23,730
60-64	9,764	11,349	13,415	18,513
65-69	9,418	10,925	11,705	13,297
70-74	7,168	10,205	10,349	10,866
75-79	5,509	7,889	9,157	9,194
80-84	3,218	4,559	6,040	7,093
85+	2,202	3,797	4,948	6,381
Total	**260,120**	**335,227**	**395,867**	**440,440**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Households

The following table is a summary of the total households in the Submarket and MSA from 1990 to 2012.

Total Number of Households				
Year	South Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	33,411	-	73,278	-
2000	44,267	3.25%	97,267	3.27%
2007	53,806	2.97%	115,756	2.62%
2012	60,471	2.48%	129,335	2.35%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Similar to the rate of population growth, the household growth rates of the Submarket and MSA have both been strong through 2007. Household growth in both the Submarket and MSA is expected to slow slightly from 2007 through 2012. As the number of households increases, there will be a larger pool of potential tenants, some of which will need affordable housing.

Average Household Size

The following table illustrates the average household size for the Submarket and MSA from 2000 to 2012.

Average Household Size				
Year	South Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	3.67	-	3.40	-
2007	3.64	-0.11%	3.38	-0.08%
2012	3.63	-0.05%	3.37	-0.06%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The average household size in the Submarket is slightly larger than the MSA, but both are larger than the national average size of 2.59. The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the Submarket and MSA.

Median Household Income Levels

The table below illustrates Median Household Income in the Submarket and MSA.

Median Household Income				
Year	South Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	24,529	-	26,156	-
2007	30,176	3.18%	31,956	3.06%
2012	34,734	3.02%	36,654	2.94%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The median household income in the Submarket was approximately 5.9 percent lower than the median household income in the MSA in 2007. The median household income in the Submarket is projected to grow at a faster rate from 2007 through 2012 than the MSA. The lower median income level indicates increasing need for affordable housing.

Household Income

The following tables illustrate household income distribution in both the Submarket and MSA.

Household Income Distribution - South Cameron County Submarket				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	10,379	19.3%	9,596	15.9%
$10,000-$14,999	4,929	9.2%	5,422	9.0%
$15,000-$19,999	3,942	7.3%	4,197	6.9%
$20,000-$24,999	3,841	7.1%	3,629	6.0%
$25,000-$29,999	3,669	6.8%	4,175	6.9%
$30,000-$34,999	3,535	6.6%	3,375	5.6%
$35,000-$39,999	2,990	5.6%	3,717	6.1%
$40,000-$44,999	2,669	5.0%	2,822	4.7%
$45,000-$49,999	2,278	4.2%	2,250	3.7%
$50,000-$59,999	3,899	7.2%	4,972	8.2%
$60,000-$74,999	4,094	7.6%	5,073	8.4%
$75,000-$99,999	3,276	6.1%	4,823	8.0%
$100,000-$124,999	2,101	3.9%	2,595	4.3%
$125,000-$149,999	941	1.7%	1,614	2.7%
$150,000-$199,999	620	1.2%	1,139	1.9%
$200,000-$249,999	280	0.5%	488	0.8%
$250,000-$499,999	291	0.5%	435	0.7%
$500,000+	72	0.1%	149	0.2%
Total	**53,806**	**100%**	**60,471**	**100%**

Household Income Distribution - Brownsville-Harlingen, TX MSA				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	19,926	17.2%	18,319	14.2%
$10,000-$14,999	9,503	8.2%	10,397	8.0%
$15,000-$19,999	8,172	7.1%	8,373	6.5%
$20,000-$24,999	8,502	7.3%	7,684	5.9%
$25,000-$29,999	8,361	7.2%	9,164	7.1%
$30,000-$34,999	7,999	6.9%	7,707	6.0%
$35,000-$39,999	6,364	5.5%	8,379	6.5%
$40,000-$44,999	5,894	5.1%	6,000	4.6%
$45,000-$49,999	5,031	4.3%	4,951	3.8%
$50,000-$59,999	9,112	7.9%	11,052	8.5%
$60,000-$74,999	9,673	8.4%	11,902	9.2%
$75,000-$99,999	7,445	6.4%	11,075	8.6%
$100,000-$124,999	4,608	4.0%	5,741	4.4%
$125,000-$149,999	2,027	1.8%	3,482	2.7%
$150,000-$199,999	1,471	1.3%	2,440	1.9%
$200,000-$249,999	724	0.6%	1,163	0.9%
$250,000-$499,999	785	0.7%	1,144	0.9%
$500,000+	159	0.1%	362	0.3%
Total	**115,756**	**100%**	**129,335**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As illustrated, approximately 35.8 percent of the population in the Submarket and 32.5 percent of the population in the MSA earned below $20,000 in 2007. By 2012, the population earning below $20,000 in the Submarket and MSA is expected to decrease slightly to approximately 31.8 percent and 28.7 percent, respectively; however, in both instances, a significant portion of the population is projected to earn less than $20,000. This data provides strong support for affordable rental housing in the Submarket and MSA.

Tenure

The following table is a summary of the tenure patterns of the housing stock in the Submarket and MSA for 2000 through 2012.

TENURE PATTERNS SOUTH CAMERON COUNTY SUBMARKET				
Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	28,048	63.36%	16,219	36.64%
2007	35,300	65.61%	18,506	34.39%
2012	39,765	65.76%	20,706	34.24%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

TENURE PATTERNS BROWNSVILLE-HARLINGEN, TX MSA				
Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	65,875	67.73%	31,392	32.27%
2007	80,004	69.11%	35,752	30.89%
2012	89,234	68.99%	40,101	31.01%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As the above table illustrates, the housing market in the South Cameron County Submarket is dominated by owner-occupied units. The Submarket has a slightly higher percentage of renter-occupied units when compared to the MSA.

Senior Demographic Trends

Among those demographics discussed are trends in population, number of households, age, and income. In addition to analyzing overall demographic trends, we have also separately analyzed and discussed trends specific to the senior subpopulation, which includes those 55 years of age and older. The majority of age-restricted properties offer units to seniors ages 55, 62, or 65 and older. Despite the varying age restrictions at senior properties, property managers typically report that the average age of residents to be over 55 years of age. Therefore, for the purposes of this analysis, we have included demographic characteristics of the senior population ages 55 and over.

Senior Population

The table below illustrates senior population trends in the Submarket and MSA from 2000 through 2012.

Total Senior Population (55+)

	South Cameron County Submarket		Brownsville-Harlingen, TX MSA	
Year	Number	Annual Change	Number	Annual Change
1990	18,913	-	46,569	-
2000	25,683	3.6%	61,192	3.1%
2007	31,432	3.1%	73,931	2.9%
2012	38,300	4.4%	89,074	4.1%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

As the table illustrates, similar to the general population trends, the senior population in both the Submarket and the MSA increased between 2000 and 2007. Senior population growth in the South Cameron County Submarket increased significantly between 2000 and 2007. The senior population in both the South Cameron County Submarket and the MSA is expected to grow at a faster rate from 2007 through 2012. The senior population growth rate in the MSA in 2012 is projected to be similar to the growth rate in the South Cameron County Submarket.

The strong projected growth in the senior population in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years. Additionally, the increasing senior populations, (typically one- and two-person households) may be a contributing factor to the projected decline in the average household size within the Submarket from 2007 to 2012.

Senior Households

The table below illustrates senior household trends in the Submarket and MSA from 2000 through 2012.

Total Number of Senior Households (55 +)				
Year	South Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	14,448	-	35,359	-
2007	17,493	2.9%	42,259	2.7%
2012	21,370	4.4%	50,724	4.0%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Similar to senior population estimates and projections, senior household growth is projected to increase through 2012. However, total household growth rates are expected to decrease, whereas, senior household growth rates are expected to increase. Similarly, in contrast to general household growth rates, senior household growth rates are expected to increase from 2007 through 2012. The strong projected growth in senior households in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years.

Senior Median Household Income

The following table illustrates the median household incomes in the Submarket, MSA, and nation from 2007 to 2012 for both all households and specifically for senior households.

MEDIAN HOUSEHOLD INCOME

Year	McAllen-Edinburg-Mission, TX MSA		North Hidalgo County Submarket		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
		All Ages				
2007	$31,956	-	$30,176	-	$53,154	-
2012	$36,654	2.94%	$34,734	3.02%	$62,503	3.52%
		Age 55+				
2007	$28,614	-	$24,494	-	$32,710	-
2012	$34,145	3.87%	$30,757	5.11%	$41,086	5.12%

Source: ESRI Business Demographics 2007; Novogradac and Company LLP, July, 2008

As the above table illustrates, the median senior household incomes in all three areas of analysis are well below those of all households. Of the three areas of analysis, the median senior household income is lowest in the Submarket and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally. The MSA will experience slightly weaker median household income growth for all households and senior households when compared to the Submarket and the nation.

Senior Household Income

The tables below illustrate senior household income in the Submarket and MSA for 2007 and 2012.

Household Income Distribution - South Cameron County Submarket (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	6,068	34.7%	6,322	29.6%
$15,000-$24,999	2,397	13.7%	2,576	12.1%
$25,000-$34,999	1,949	11.1%	2,248	10.5%
$35,000-$49,999	2,323	13.3%	2,859	13.4%
$50,000-$74,999	2,306	13.2%	3,205	15.0%
$75,000-$99,999	994	5.7%	1,710	8.0%
100,000-$149,999	910	5.2%	1,409	6.6%
150,000-$199,999	262	1.5%	569	2.7%
200,000-$249,999	127	0.7%	216	1.0%
250,000-$499,999	127	0.7%	193	0.9%
$500,000+	30	0.2%	63	0.3%
Total	**17,493**	**100%**	**21,370**	**100%**

Household Income Distribution - Brownsville-Harlingen, TX MSA (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	12,432	29.4%	12,846	25.3%
$15,000-$24,999	5,986	14.2%	6,015	11.9%
$25,000-$34,999	5,232	12.4%	5,755	11.3%
$35,000-$49,999	5,879	13.9%	7,291	14.4%
$50,000-$74,999	6,327	15.0%	8,438	16.6%
$75,000-$99,999	2,657	6.3%	4,394	8.7%
100,000-$149,999	2,386	5.6%	3,640	7.2%
150,000-$199,999	597	1.4%	1,084	2.1%
200,000-$249,999	339	0.8%	558	1.1%
250,000-$499,999	351	0.8%	526	1.0%
$500,000+	73	0.2%	177	0.3%
Total	**42,259**	**100%**	**50,724**	**100%**

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Both the Submarket and MSA have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,000. The Submarket has the largest percentage of seniors earning less than $35,000 annually. Approximately 60 percent of those 55 and older in the Submarket are earning under $35,000 per year. This is attributed primarily to the Submarket's high percentage of senior households earning below $15,000 annually. The Submarket features slightly more senior households in these income brackets when compared to the MSA. By 2012, all areas of analysis will have seen decreases in the number of seniors earning less than $35,000 annually. However, within the Submarket and MSA, it is estimated that 52.2 and 48.5 percent of seniors will still be earning less than $35,000 annually for these two areas, respectively. It should be noted that these estimates are most likely a function of inflation rather than a demographic trend. Furthermore, the majority of senior households within the Submarket will be earning less than $25,000, which is below the current AMI. This indicates that affordable housing for the senior population will remain in demand.

Tenure

The following table is a summary of the senior tenure patterns of the housing stock in the Submarket and MSA for 2000 through 2012.

Tenure Patterns - Elderly Population (Age 55+)								
	South Cameron County Submarket				Brownsville-Harlingen, TX MSA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	10,888	75.4%	3,560	24.6%	28,551	80.7%	6,808	19.3%
2007	13,183	75.4%	4,310	24.6%	34,122	80.7%	8,137	19.3%
2012	16,104	75.4%	5,266	24.6%	40,958	80.7%	9,766	19.3%
Source: ESRI Demographics 2007; Novogradac & Company LLP, August 2008								

As the above table illustrates, the senior housing market is dominated by owner-occupied units. The Submarket has a slightly smaller percentage of senior renter-occupied units when compared to the national average (28 percent, not shown above) and the MSA.

Senior Demographic Conclusion

Of the three areas of analysis, the median senior household income is lowest in the Submarket and highest nationally. The median senior household income for the Submarket is projected to increase from 2007 to 2012 and growth in the national and Submarket's median senior household income is projected to outpace growth in the MSA. Both the MSA and Submarket have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,000. Approximately 60 percent of those 55 and older in the Submarket are earning under $35,000 per year. This is attributable primarily to the PMA's high percentage of senior households earning below $15,000 annually. The Submarket features slightly more senior households in these income brackets when compared to the MSA and national averages. The national average of senior households earning below $50,000 annually is 64 percent.

LOCAL MARKET INFORMATION

South Cameron County Submarket

The following sections will provide an analysis of the local market characteristics within the Submarket.

Healthcare

The primary major medical providers in the South Cameron County Submarket are the Valley Regional Medical Center and the Valley Baptist Health System. Valley Regional Medical center is a new 214-bed acute care hospital located in Brownsville. Valley Regional is a designated Trauma Center and offers services such as Emergency Care, Neonatal Intensive Care, Neurosurgery, Cardiac Surgery and Orthopedic Surgery. The hospital underwent an expansion during 2004, which added a second Intensive Care Unit and 16 medical and surgical beds. Valley Baptist Health System is one of the largest in South Texas with more than 800 beds. Valley Baptist has locations in Brownsville and Harlingen and offers Cardiovascular Services, Day Surgery, Home Health, Hospice, Intensive Care Units, Emergency Departments, Outpatient Services, Pediatrics and Radiology.

Transportation

The Brownsville/South Padre Island International Airport is located in the South Cameron County Submarket. The airport is used for general aviation and is served by one commercial airline, Continental Airlines, with an average of seven flights a day to Houston-Intercontinental Airport.

Highway access to South Cameron County Submarket can be accomplished via US Highway 281 and US Highway 77/U.S. Highway 83 . US Highway 281 runs north/south from McAllen, Texas to Wichita Falls, Texas. US Highway 77 runs north/south from Sioux City, Iowa to Brownsville, Texas at Veteran's International Bridge on the U.S. – Mexico border. U.S. Highway 83 runs north/south from Westhope, North Dakota to Brownsville, Texas.

Education

The South Cameron County Submarket is served by the Brownsville Independent School District and the Los Fresnos Consolidated Independent School District. The Brownsville Independent School District includes five high schools, 10 middle schools, 33 elementary schools and four special needs schools. The Los Fresnos Consolidated Independent School District includes one high school, three middle schools and eight elementary schools. The University of Texas at Brownsville (UTB) and Texas Southmost College (TSC) are located in the South Cameron County Submarket. The partnership between UTB and TSC offers Certificates and Associate, Bachelor and Graduate degrees in liberal arts, the sciences and professional programs.

Public Transportation

The Brownsville Urban System (BUS) provides mass transit services to the South Cameron County Submarket. BUS is the largest mass transit system in the Rio Grande Valley and is the only mass transit system in Cameron County. As of Summer 2008, BUS operates 13 fixed routes.

Employment Centers

The majority of employment centers in the South Cameron County Submarket are located in Brownsville. The largest employers in the City of Brownsville include the following:

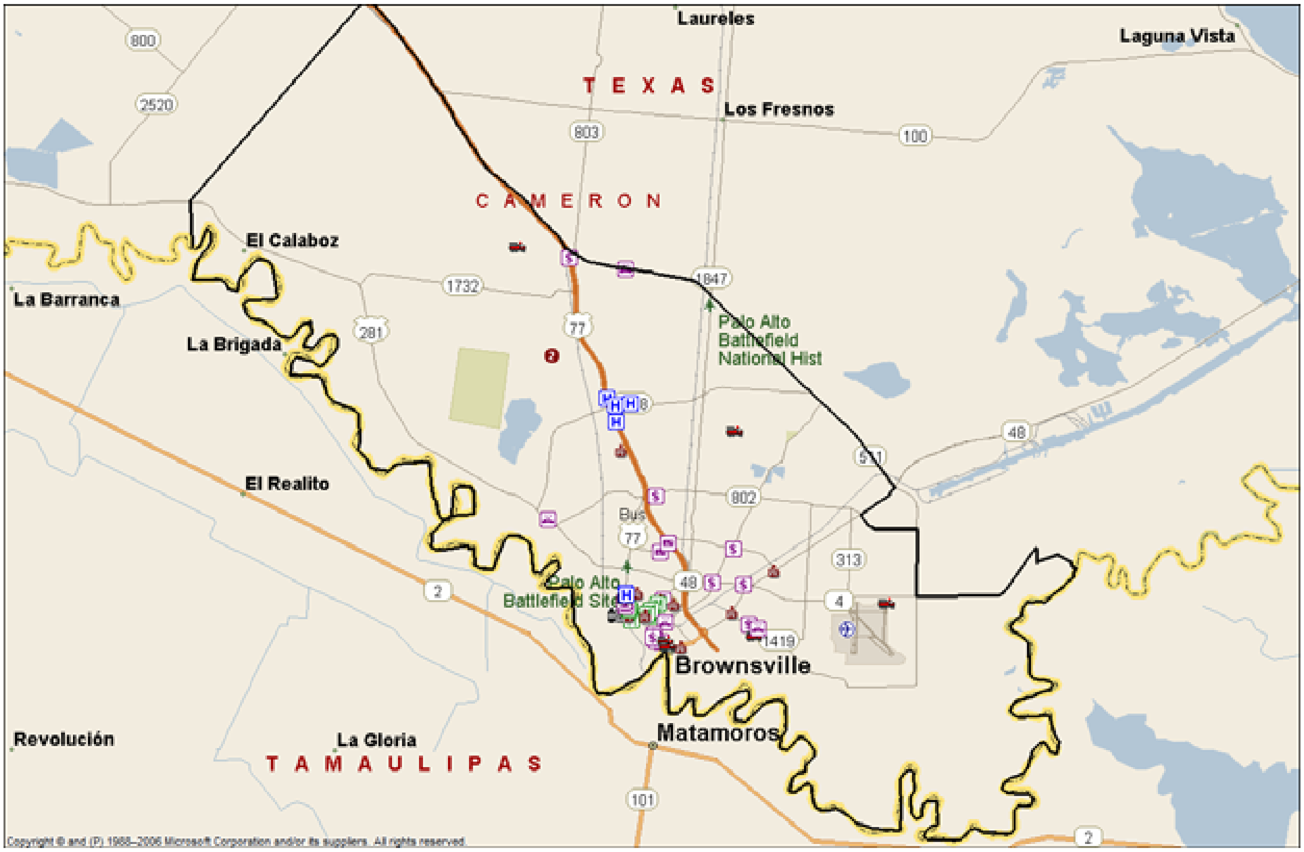
Rank	Company	Industry
1	Brownsville Independent School District	Education
2	AMFELS	Manufacturing
3	University of Texas at Brownsville	Education
4	Cameron County	Government
5	Wal-Mart	Retail
6	City of Brownsville	Government
7	Convergys Corp.	Call Center
8	HEB Food Stores	Retail
9	Valley Regional Medical Center	Healthcare
10	Valley Baptist Medical Center	Healthcare

Source: Brownsville Economic Development Corporation, Real Estate Center Market Overview 2008: July2008

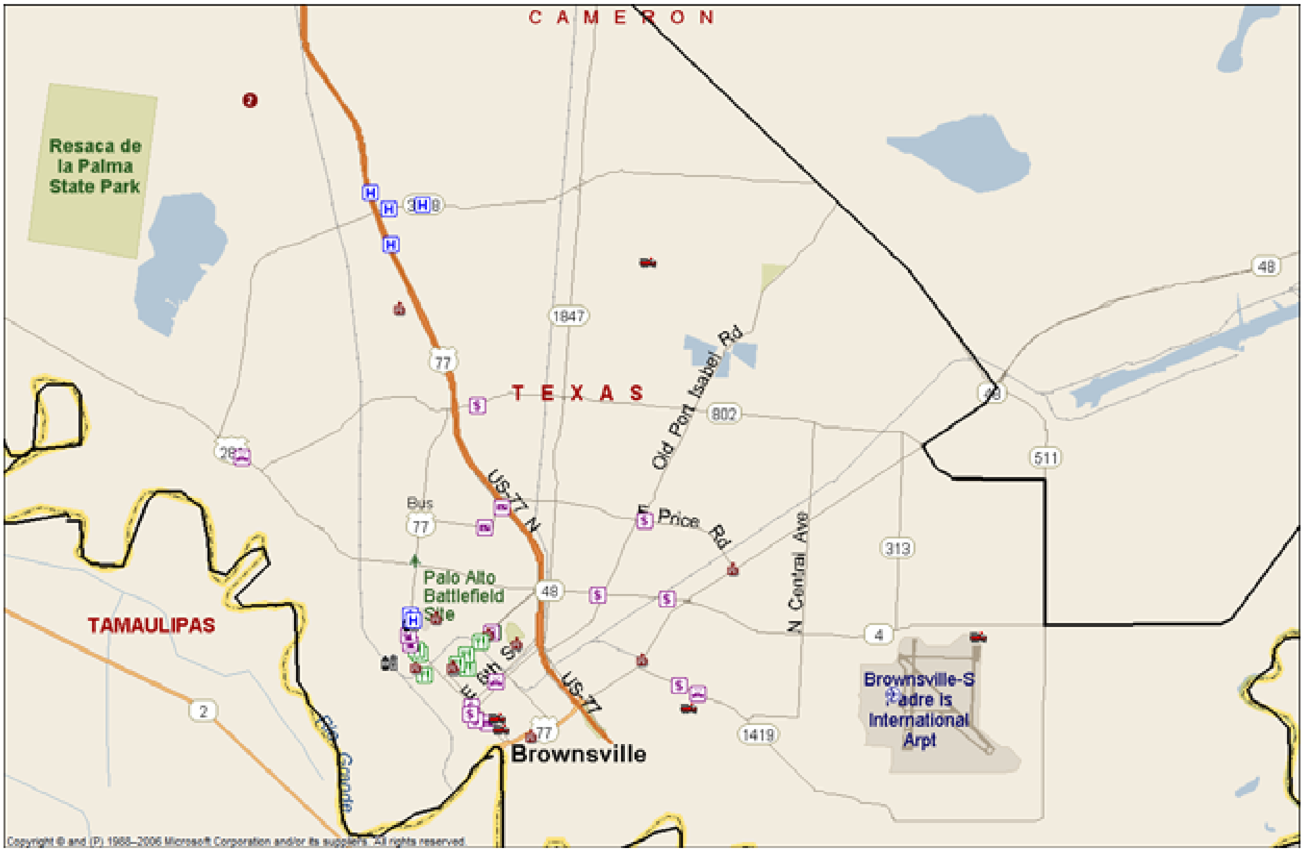
It should be noted that the number of employees for the major employers in Brownsville was not available at the time of this report.

Proximity to Local Services

The majority of locational amenities in the South Cameron County Submarket are located in Brownsville.



Source: Novogradac and Company LLP, July 2008.



Source: Novogradac and Company LLP, July 2008.

	Bank		School
	United States Post Office		Hospital
	Fire Station		Airport
	Restaurant		Police Station
	Hotel/Motel		College/University
	Grocery/Supermarket		Gas Station

HOUSING SUPPLY ANALYSIS

SOUTH CAMERON COUNTY SUBMARKET HOUSING SUPPLY ANALYSIS

Age of the Housing Stock

The following table presents the age of the housing stock in the South Cameron County Submarket.

AGE OF HOUSING STOCK IN SOUTH CAMERON COUNTY SUBMARKET		
Years	Number of Units	Percent of Housing Stock
1999-3/2000	1,660	3.35%
1995-1998	6,034	12.18%
1990-1994	5,177	10.45%
1980-1989	12,820	25.89%
1970-1979	10,994	22.20%
1960-1969	5,340	10.78%
1950-1959	3,669	7.41%
1940-1949	2,140	4.32%
1939 and Before	1,689	3.41%
Total	**49,523**	**100.00%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The majority of the housing stock (70.72 percent) in the South Cameron County Submarket was constructed from 1970 through 1998. The South Cameron County Submarket consists primarily of developed land with moderate to extensive single-family housing and multi-family housing. Based upon observations in the field single-family housing in the Submarket typically ranges from fair to good condition and is less than five to 40 years in age.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2007 for Cameron County, Texas. Data was not available for 2008. Building Permit Activity was not available by Submarket.

BUILDING PERMITS: Cameron County, TX - 1997 to 2007				
Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
1997	1,601	40	257	1,898
1998	1,400	166	161	1,727
1999	1,058	229	150	1,437
2000	2,086	121	150	2,357
2001	1,595	142	102	1,839
2002	2,211	136	475	2,822
2003	3,200	81	163	3,444
2004	2,203	198	213	2,614
2005	1,981	197	116	2,294
2006	2,670	74	261	3,005
2007	1,800	131	138	2,069
Total	**21,805**	**1,515**	**2,186**	**25,506**
Average	**1,982**	**138**	**199**	**2,319**

There were 2,186 “5+ units” building permits issued in Cameron County from 1997 to 2007. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2007, at 85 percent, while “5+ units” building permits constitute approximately 8.6 percent of all permits issued from 1997 through 2007. The small percentage of multifamily permits issued indicates demand for multi-family housing of all kinds.

Interviews

Cameron County Housing Authority

We spoke with Guadalupe Garcia with the Cameron County Housing Authority. According to Ms. Garcia, the Housing Authority is allocated 1,080 Housing Choice Vouchers and 1,006 vouchers are currently in use. Ms. Garcia estimated that there were 878 households on the waiting list as of July 2008 and the waiting list is currently open. The current payment standards for one-, two-, three-, and four-bedroom units are listed below.

PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$536
Two-bedroom	$615
Three-bedroom	$760
Four-bedroom	$860

Brownsville Housing Authority

We spoke with Miguel Herrera, Assistant Director of the Brownsville Housing Authority. According to Mr. Herrera, the Housing Authority is allocated 2,015 Housing Choice Vouchers and all vouchers are currently in use. Mr. Herrera estimated that there are 521 households on the waiting list and the waiting list is currently open for elderly and/or disabled households. Approximately 70 percent of the households on the waiting list are senior. The current payment standards for one-, two-, three- and four-bedroom units are listed below.

PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$537
Two-bedroom	$615
Three-bedroom	$760
Four-bedroom	$859

We also spoke with Juan Martinez in the Public Housing office of the Brownsville Housing Authority. According to Mr. Martinez, the Housing Authority manages three public housing developments in Brownsville, with a total of 246 units. Mr. Martinez was unable to provide specifics on occupancy or waiting lists.

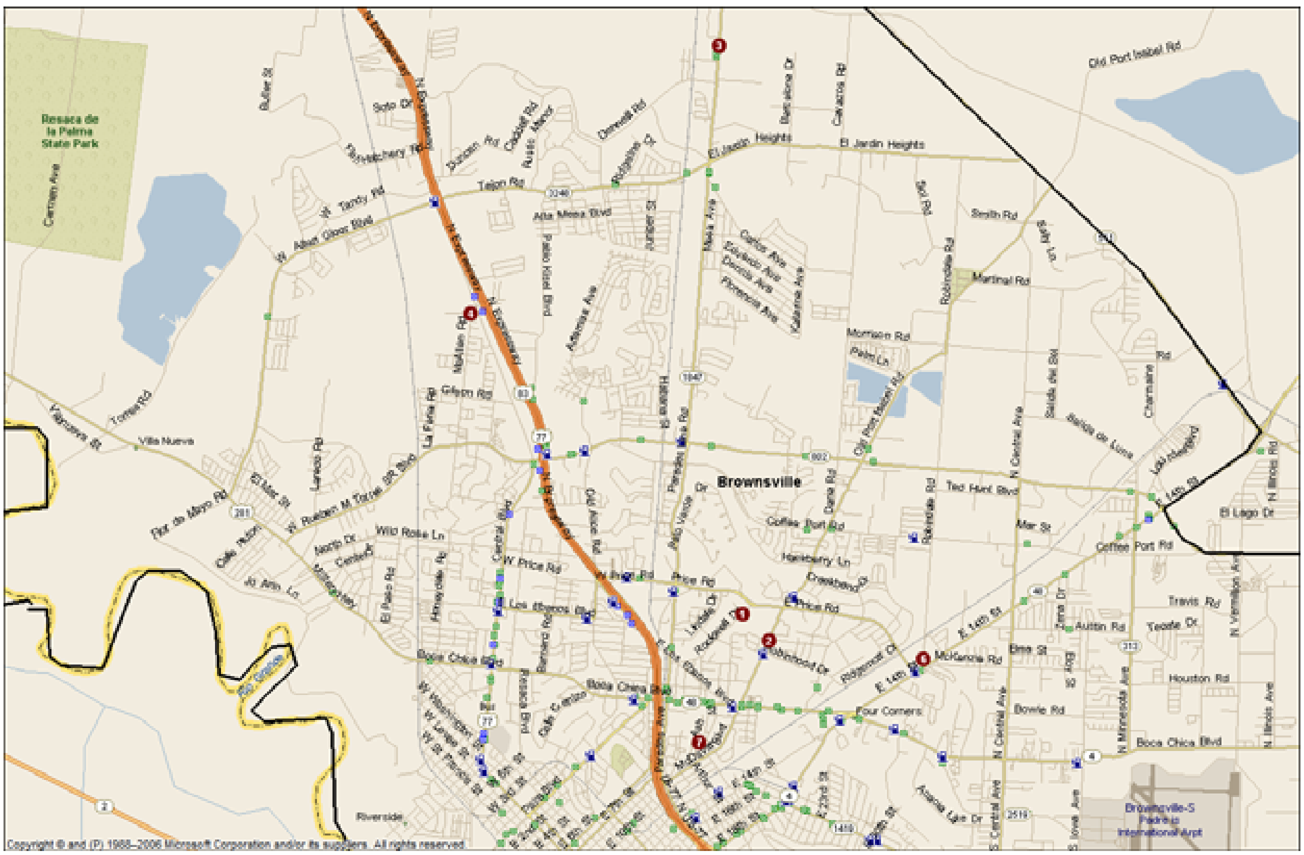
Planning/Development

We attempted to contact the Planning Department of the City of Brownsville to obtain information on any multifamily development currently under construction or in the planning stages in the Submarket. As of the date of this report, our attempts have been unsuccessful. However, based on our physical inspection of the Submarket, there do not appear to be any multifamily developments currently under construction or in the planning stages.

LIHTC Supply

We attempted to identify all existing, proposed, and under construction LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, and property managers.

Novogradac identified nine LIHTC developments in the South Cameron County Submarket. Of the nine LIHTC developments, seven properties constructed between 1968 and 2008, with a total of 1,050 units, were able to provide current property and market data. The reasons for exclusion of the remaining properties can be found on the excluded properties list on the following pages. A map of the surveyed properties can be found below:



SURVEYED PROPERTIES			
Number	Name	Location	Type
1	Cunningham Manor	Brownsville	LIHTC – Family
2	La Villita Phases I & II	Brownsville	LIHTC – Family
3	Paseo Plaza Apartments	Brownsville	LIHTC – Family
4	Rancho Del Cielo	Brownsville	LIHTC – Family
5	Rancho Del Cielo Phase II	Brownsville	LIHTC – Family
6	Rosemont of Eldorado	Brownsville	LIHTC – Family
7	Tropical Gardens at Boca Chica	Brownsville	LIHTC/Market/Section 8/Public Housing - Family

The following pictures identify the surveyed LIHTC family properties in the Submarket:

Cunningham Manor

La Villita Phases I & II

Paseo Plaza Apartments

Rancho Del Cielo


Rancho Del Cielo Phase II


Rosemont of Eldorado


Tropical Gardens at Boca Chica

Excluded Properties

Novogradac has excluded two family LIHTC developments from our analysis. The following table lists the properties in the Submarket that were excluded from this analysis and the basis for their exclusion.

Name	Location	Type	Reason for Exclusion
Villa Del Sol	Brownsville	LIHTC – Family	Could not contact
Sunset Haven	Brownsville	LIHTC – Family	Under construction

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there are nine properties in the South Cameron County Submarket, which have received an allocation in the last three years. La Villita Apartments, Cunningham Manor Apartments and Tropical Gardens at Boca Chica received allocations in 2005, 2006 and 2007, and have all been used as LIHTC comparables in the supply analysis. Rockwell Manor Apartments, Candlewick Apartments and Los Ebanos Apartments were all allocated in 2007. Rockwell Manor was utilized as a subsidized comparable property later in this report. Candlewick Apartments and Los Ebanos Apartments received LIHTC allocations but operate as Section 8 family development. Despite numerous attempts to contact the property managers of Candlewick Apartments and Los

Ebanos Apartments both in person and over the phone, our attempts have been unsuccessful as of the date of this report.

We attempted to contact the Planning Department of the City of Brownsville to obtain information on any multifamily development currently under construction or in the planning stages in the Submarket. As of the date of this report, our attempts have been unsuccessful. However, based on our physical inspection of the Submarket, there do not appear to be any multifamily developments currently under construction or in the planning stages.

Unit Mix

The following table illustrates the unit mix in the family LIHTC rental property market.

Unit Mix - LIHTC Family		
Unit Type	**Total Units**	**Percent**
1 BR	186	17.7%
2 BR	431	41.0%
3 BR	337	32.1%
4 BR	96	9.1%
Total	**1,050**	**100%**

The majority of the LIHTC units in the Submarket are two-bedroom units, followed by three-bedroom units. Larger unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.64 and is projected to decrease slightly by 2012 to 3.63. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 37.5 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the family LIHTC rental property market.

Unit Size - LIHTC Family			
Unit Type	**Surveyed Min**	**Surveyed Max**	**Surveyed Average**
1 BR	627	750	671
2 BR	713	1,044	885
3 BR	960	1,183	1,081
4 BR	1,219	1,324	1,262

The surveyed one-, two, three- and four-bedroom LIHTC units have an average size of 671, 885, 1,081, and 1,262 square feet, respectively. All of the developments were constructed from 1968 to 2008. It should be noted that Cunningham Manor, built in 1968 and renovated in 2008, is the oldest property in the market and has the smallest units in the market. The remaining LIHTC family comparables are more representative of unit sizes in the South Cameron County Submarket.

Community and In-Unit Amenities

	Cunningham Manor	La Villita PH I & II	Paseo Plaza Apartments	Rancho Del Cielo	Rancho Del Cielo Phase II	Rosemont Of Eldorado	Tropical Gardens At Boca Chica
Comp #	1	2	3	4	5	6	7
Property Information							
Property Type	Garden (2 stories)	Garden	Various	Garden	Garden	One-story	Garden (2 stories)
Year Built / Renovated	1968 / 2008	2005 / n/a	1997 / n/a	1998 / n/a	2000 / n/a	2003 / n/a	2006 / n/a
Market (Conv.)/Subsidy Type	@60%	@30%, @40%, @50%, @60%	@50%, @60%	@50%, @60%	@50%, @60%, Market	@50%, @60%, @80%	@50%, @60%, Market, Section 8 (Public Housing)
In-Unit Amenities							
Balcony/Patio	no	yes	yes	yes	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite/Internet	no	yes	yes	yes	yes	yes	yes
Carpeting	no	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	no	no	no	no	no	yes
Dishwasher	no	yes	yes	yes	yes	yes	yes
Exterior Storage	yes	yes	yes	no	yes	no	yes
Ceiling Fan	no	yes	yes	yes	no	no	yes
Garbage Disposal	no	yes	yes	yes	yes	yes	yes
Microwave	no	no	no	no	no	yes	yes
Oven	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes
Walk-In Closet	no	no	no	no	no	no	yes
Washer/Dryer hookup	no	yes	yes	yes	yes	yes	yes
Property Amenities							
Business Center/Computer Lab	yes	no	no	no	no	no	yes
Carport	no	no	no	no	no	no	yes
Clubhouse/Meeting Room/Community Room	no	yes	yes	yes	yes	yes	yes
Exercise Facility	no	yes	no	yes	yes	no	yes
Central Laundry	yes	yes	yes	yes	yes	yes	yes
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes
On-Site Management	no	yes	yes	yes	yes	yes	yes
Picnic Area	no	yes	no	no	no	no	yes
Playground	no	yes	yes	yes	yes	yes	yes
Sport Court	no	no	no	no	no	no	yes
Swimming Pool	no	yes	yes	yes	yes	yes	yes
Services							
Afterschool Program	no	no	no	no	no	no	yes
Daycare	no	yes	no	yes	yes	no	no
Security							
Limited Access	no	no	no	no	no	yes	yes
Patrol	yes	no	no	no	no	no	yes
Perimeter Fencing	no	no	no	no	no	yes	yes
Video Surveillance	no	no	no	no	no	no	yes
Premium Amenities							
Other Amenities							
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a

The existing LIHTC multifamily properties in the South Cameron County Submarket offer an extensive amount of in-unit and community amenities. All of the surveyed LIHTC comparables offer unit amenities that include central air, ovens and refrigerators. Most of the surveyed LIHTC comparables offer dishwashers and balcony/patios. Washer/dryer connections are common in the family LIHTC market. Most of the surveyed LIHTC comparables offer community amenities including a clubhouse, a central laundry facility, playground, and swimming pool. Security features are not common in the Submarket; however, two of the LIHTC properties offer security features of some kind. Daycare services are available at three of the properties.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit type, for the surveyed properties. It should be noted that Cunningham Manor is currently undergoing renovations and is in the process of converting to a LIHTC property from a market rate property. The property manager could not provide vacancies by unit type; therefore, Cunningham Manor has been excluded from this analysis.

Weighted Vacancy - LIHTC Family			
Unit Type	**Total Units**	**Vacant Units**	**Percent Vacant**
1 BR	186	0	0.0%
2 BR	431	0	0.0%
3 BR	337	0	0.0%
4 BR	96	0	0.0%
Total	**1,050**	**0**	**0.0%**

All of the surveyed LIHTC comparable properties are reporting zero percent vacancy. This is indicative of a good supply of income qualified tenants.

Absorption

Four of the seven surveyed LIHTC properties were able to provide absorption information. La Villita Phases I and II opened in 2005 and reported an absorption rate of 25 units per month, for an absorption period of approximately eight months. Rancho Del Cielo Phase II opened in 2000 and reported an absorption rate of eight units per month, for an absorption period of 15 months. Rosemont of Eldorado opened in 2003 and reported an absorption rate of 13 units per month, for an absorption period of approximately 11 months. Tropical Gardens at Boca Chica opened in 2006 and reported an absorption rate of 26 units per month, for an absorption period of approximately six months.

Waiting Lists

The following table lists the number of households on the waiting lists for the surveyed properties.

Waiting Lists – LIHTC Family		
Property Name	**Number of Units**	**Waiting List**
Cunningham Manor	104	None
La Villita Phases I & II	208	10 HH for 1BR units, 7 HH for 2BR units, 2 HH for 3BR units
Paseo Plaza Apartments	184	100 HH for all units, but mostly 2BR units
Rancho Del Cielo	130	None
Rancho Del Cielo Phase II	120	None
Rosemont of Eldorado	146	20 HH for all unit types
Tropical Gardens at Boca Chica	158	10 HH for 1BR units @ 60%, 28 HH for 1BR Section 8 units, 9 HH for 2BR units @50%, 8 HH for 2Br units @ 60%, 1 HH for 2BR market rate units, 35 HH for 2BR Section 8 units, 3 HH for 3BR units @50%, 3 HH for 3BR units @60% and 16 HH for 3BR Section 8 units

Five of the seven surveyed family LIHTC properties currently maintain waiting lists. Waiting lists range in size from one household to 100 households for one-, two- and three-bedroom units.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Vacancy – LIHTC Family		
Property Name	**Number of Units**	**Vacancy Rate**
Cunningham Manor	104	50.0%
La Villita Phases I & II	208	0.0%
Paseo Plaza Apartments	184	0.0%
Rancho Del Cielo	130	0.0%
Rancho Del Cielo Phase II	120	0.0%
Rosemont of Eldorado	146	0.0%
Tropical Gardens at Boca Chica	158	0.0%
AVERAGE	**1,050**	**7.14**

It should be noted that Cunningham Manor is currently undergoing renovations and is in the process of converting to a LIHTC property from a market rate property and some residents have been displaced during renovations. If Cunningham Manor is taken out of the analysis, the overall average vacancy rate for the surveyed LIHTC comparables is zero percent, which is considered excellent.

Concessions

None of the LIHTC family properties in the market are offering concessions. Concessions do not appear to be prevalent in the family LIHTC market.

Turnover

The following table summarizes turnover rates at the surveyed properties.

Turnover – LIHTC Family		
Property Name	**Number of Units**	**Turnover**
Cunningham Manor	104	N/A
La Villita Phases I & II	208	14%
Paseo Plaza Apartments	184	15%
Rancho Del Cielo	130	12%
Rancho Del Cielo Phase II	120	15%
Rosemont of Eldorado	146	35%
Tropical Gardens at Boca Chica	158	9%
AVERAGE	**1,050**	**16.7%**

The range of turnover rates at the surveyed family LIHTC properties in the Submarket appears to be well within range of typical turnover rates for multifamily properties.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Cunningham Manor	Garden	@60%	1BR / 1BA	20	19.20%	@60%	$424	627	n/a	No	N/A	N/A
	2835 Rockwell Drive	(2 stories)		2BR / 1BA	38	36.50%	@60%	$506	713	n/a	No	N/A	N/A
	Brownsville, TX 78521	1968 / 2008		3BR / 1BA	36	34.60%	@60%	$581	960	n/a	No	N/A	N/A
	Cameron County			4BR / 2BA	10	9.60%	@60%	$635	1,219	n/a	No	N/A	N/A
					104	100%						52	50.00%
2	La Villita PH I & II	Garden	@30%, @40%, @50%, @60%	1BR / 1BA	1	0.50%	@30%	$184	750	yes	10 HH Total	0	0.00%
	529 Old Port Isabel Road	2005 / n/a		1BR / 1BA	63	30.30%	@60%	$429	725	yes	10 HH Total	0	0.00%
	Brownsville, TX 78520			2BR / 1BA	5	2.40%	@30%	$222	940	yes	7 HH Total	0	0.00%
	Cameron County			2BR / 1BA	4	1.90%	@40%	$319	940	yes	7 HH Total	0	0.00%
				2BR / 1BA	5	2.40%	@50%	$417	940	yes	7 HH Total	0	0.00%
				2BR / 1BA	18	8.70%	@60%	$515	940	yes	7 HH Total	0	0.00%
				2BR / 2BA	1	0.50%	@30%	$222	970	yes	7 HH Total	0	0.00%
				2BR / 2BA	63	30.30%	@60%	$515	940	yes	7 HH Total	0	0.00%
				3BR / 2BA	6	2.90%	@30%	$255	1,183	yes	2 HH Total	0	0.00%
				3BR / 2BA	42	20.20%	@60%	$595	1,125	yes	2 HH Total	0	0.00%
					208	100%						0	0.00%
3	Paseo Plaza Apartments	Various	@50%, @60%	2BR / 1BA (Garden)	5	2.70%	@50%	$414	1,044	yes	6 to 12 months	0	0.00%
	2701 Paredes Line Road	1997 / n/a		2BR / 1BA (Garden)	11	6.00%	@60%	$512	1,044	yes	6 to 12 months	0	0.00%
	Brownsville, TX 78526			2BR / 1BA (Townhouse)	7	3.80%	@50%	$414	880	yes	6 to 12 months	0	0.00%
	Cameron County			2BR / 1BA (Townhouse)	17	9.20%	@60%	$512	880	yes	6 to 12 months	0	0.00%
				3BR / 2BA (Garden)	3	1.60%	@50%	$474	1,032	yes	6 to 12 months	0	0.00%
				3BR / 2BA (Garden)	9	4.90%	@60%	$588	1,032	yes	6 to 12 months	0	0.00%
				3BR / 2BA (Townhouse)	18	9.80%	@50%	$474	1,046	yes	6 to 12 months	0	0.00%
				3BR / 2BA (Townhouse)	42	22.80%	@60%	$588	1,046	yes	6 to 12 months	0	0.00%
				4BR / 2BA (Townhouse)	12	6.50%	@50%	$529	1,242	yes	6 to 12 months	0	0.00%
				4BR / 2BA (Townhouse)	11	6.00%	@50%	$529	1,324	yes	6 to 12 months	0	0.00%
				4BR / 2BA (Townhouse)	28	15.20%	@60%	$656	1,242	yes	6 to 12 months	0	0.00%
				4BR / 2BA (Townhouse)	21	11.40%	@60%	$656	1,324	yes	6 to 12 months	0	0.00%
					184	100%						0	0.00%

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
4	Rancho Del Cielo	Garden	@50%, @60%	1BR / 1BA	12	9.20%	@50%	$339	642	yes	No	0	0.00%
	3375 Mcallen Road	1998 / n/a		1BR / 1BA	18	13.80%	@60%	$421	642	yes	No	0	0.00%
	Brownsville, TX 78520			2BR / 1BA	8	6.20%	@50%	$407	793	yes	No	0	0.00%
	Cameron County			2BR / 1BA	12	9.20%	@60%	$505	793	yes	No	0	0.00%
				2BR / 2BA	14	10.80%	@50%	$407	869	yes	No	0	0.00%
				2BR / 2BA	24	18.50%	@60%	$505	869	yes	No	0	0.00%
				3BR / 2BA	14	10.80%	@50%	$467	1,074	yes	No	0	0.00%
				3BR / 2BA	28	21.50%	@60%	$581	1,074	yes	No	0	0.00%
					130	100%						0	0.00%
5	Rancho Del Cielo Phase II	Garden	@50%, @60%, Market	1BR / 1BA	9	7.50%	@50%	$347	642	yes	No	0	0.00%
	3385 Mcallen Road	2000 / n/a		1BR / 1BA	18	15.00%	@60%	$429	642	yes	No	0	0.00%
	Brownsville, TX 78520			1BR / 1BA	9	7.50%	Market	$460	642	n/a	No	0	0.00%
	Cameron County			2BR / 1BA	8	6.70%	@50%	$417	793	yes	No	0	0.00%
				2BR / 1BA	8	6.70%	@60%	$515	793	yes	No	0	0.00%
				2BR / 2BA	8	6.70%	@50%	$417	869	yes	No	0	0.00%
				2BR / 2BA	12	10.00%	@60%	$515	869	yes	No	0	0.00%
				2BR / 2BA	20	16.70%	Market	$585	869	n/a	No	0	0.00%
				3BR / 2BA	8	6.70%	@50%	$481	1,074	yes	No	0	0.00%
				3BR / 2BA	20	16.70%	@60%	$595	1,074	yes	No	0	0.00%
					120	100%						0	0.00%
6	Rosemont Of Eldorado	One-story	@50%, @60%, @80%	2BR / 1BA	31	21.20%	@50%	$378	902	n/a	Yes	0	0.00%
	185 Robindale #305	2003 / n/a		2BR / 1BA	35	24.00%	@60%	$476	902	n/a	Yes	0	0.00%
	Brownsville, TX 78521			2BR / 1BA	10	6.80%	@80%	$600	902	n/a	Yes	0	0.00%
	Cameron County			3BR / 2BA	25	17.10%	@50%	$428	1,112	n/a	Yes	0	0.00%
				3BR / 2BA	21	14.40%	@60%	$542	1,112	n/a	Yes	0	0.00%
				3BR / 2BA	10	6.80%	@80%	$699	1,112	n/a	Yes	0	0.00%
				4BR / 2BA	6	4.10%	@50%	$477	1,263	n/a	Yes	0	0.00%
				4BR / 2BA	6	4.10%	@60%	$604	1,263	n/a	Yes	0	0.00%
				4BR / 2BA	2	1.40%	@80%	$750	1,263	n/a	Yes	0	0.00%
					146	100%						0	0.00%
7	Tropical Gardens At Boca Chica	Garden	@50%, @60%, Market, Section 8 (Public Housing)	1BR / 1BA	24	15.20%	@60%	$400	638	yes	10 HH	0	0.00%
	250 Ash Street	(2 stories)		1BR / 1BA	2	1.30%	Market	$557	638	n/a	No	0	0.00%
	Brownsville, TX 78521	2006 / n/a		1BR / 1BA	10	6.30%	Section 8	$300	638	n/a	28 HH	0	0.00%
	Cameron County			2BR / 2BA	7	4.40%	@50%	$380	960	yes	9 HH	0	0.00%
				2BR / 2BA	33	20.90%	@60%	$478	960	yes	8 HH	0	0.00%
				2BR / 2BA	3	1.90%	Market	$650	960	n/a	1 HH	0	0.00%
				2BR / 2BA	24	15.20%	Section 8	$325	960	n/a	35 HH	0	0.00%
				3BR / 2BA	7	4.40%	@50%	$434	1,120	yes	3 HH	0	0.00%
				3BR / 2BA	21	13.30%	@60%	$548	1,120	yes	3 HH	0	0.00%
				3BR / 2BA	3	1.90%	Market	$790	1,120	n/a	No	0	0.00%
				3BR / 2BA	24	15.20%	Section 8	$350	1,120	n/a	16 HH	0	0.00%
					158	100%						0	0.00%

Rent and Square Footage Ranking

2008 LIHTC Maximum Allowable Gross Rent Limits							
Bedrooms	**30%**	**40%**	**50%**	**60%**	**80%**	**100%**	**FMR**
Efficiency	$228	$305	$381	$457	$610	$762	$423
1 Bedroom	$245	$327	$408	$490	$698	$872	$488
2 Bedroom	$294	$392	$490	$588	$784	$980	$559
3 Bedroom	$340	$453	$566	$680	$872	$1,090	$691
4 Bedroom	$379	$506	$632	$759	$942	$1,177	$781
5 Bedroom	$418	$558	$698	$837	$1,012	$1,265	-

PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$536
Two-bedroom	$615
Three-bedroom	$760
Four-bedroom	$860

According to the property managers, most of the surveyed LIHTC comparables are achieving maximum allowable rents. The surveyed family LIHTC properties were constructed from 1968 through 2006 and all offer some units at 30, 40, 50 and/or 60 percent of AMI. It should be noted that Cunningham Manor is currently undergoing renovations and is in the process of converting to a LIHTC property from a market rate property and some residents have been displaced during renovations. If Cunningham Manor is taken out of the analysis, the overall average vacancy rate for the surveyed LIHTC comparables is zero percent, which is considered excellent. Five of the seven surveyed family LIHTC properties currently maintain waiting lists, specifically for one-, two- and three-bedroom units.

LIHTC Supply Conclusion

Novogradac identified nine LIHTC developments in the West Cameron County Submarket. Of the seven LIHTC developments, four properties constructed between 1968 and 2008, with a total of 1,050 units, were able to provide current property and market data.

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there are nine properties in the South Cameron County Submarket, which have received an allocation in the last three years. La Villita Apartments, Cunningham Manor Apartments and Tropical Gardens at Boca Chica received allocations in 2005, 2006 and 2007, and have all been used as LIHTC comparables in the supply analysis. Rockwell Manor Apartments, Candlewick Apartments and Los Ebanos Apartments were all allocated in 2007. Rockwell Manor was utilized as a subsidized comparable property later in this report. Candlewick Apartments and Los Ebanos Apartments received LIHTC allocations but operate as Section 8 family development. Despite numerous attempts to contact the property managers of Candlewick Apartments and Los Ebanos Apartments both in person and over the phone, our attempts have been unsuccessful as of the date of this report.

We attempted to contact the Planning Department of the City of Brownsville to obtain information on any multifamily development currently under construction or in the planning stages in the Submarket. As of the date of this report, our attempts have been unsuccessful. However, based on our physical inspection of the Submarket, there do not appear to be any multifamily developments currently under construction or in the planning stages.

Larger unit types are prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.64 and is projected to decrease slightly by 2012 to 3.63. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 37.5 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Demographic projections and anecdotal evidence indicate demand for larger bedroom types.

The existing LIHTC multifamily properties in the South Cameron County Submarket offer an extensive amount of in-unit and community amenities. All of the surveyed LIHTC comparables offer unit amenities that include central air, ovens and refrigerators. Most of the surveyed LIHTC comparables offer dishwashers and balcony/patios. Washer/dryer connections are common in the family LIHTC market. Most of the surveyed LIHTC comparables offer community amenities including a clubhouse, a central laundry facility, playground, and swimming pool. Security features are not common in the Submarket; however, two of the comparable LIHTC properties offer security features of some kind. No premium amenities or services are offered by the surveyed LIHTC properties in the Submarket.

None of surveyed comparables is offering concessions and five of the seven surveyed family LIHTC properties currently maintain waiting lists. Waiting lists range in size from one household to 100 households for one-, two- and three-bedroom units. Four of the seven surveyed LIHTC properties were able to provide absorption information. La Villita Phases I and II opened in 2005 and reported an absorption rate of 25 units per month, for an absorption period of approximately eight months. Rancho Del Cielo Phase II opened in 2000 and reported an absorption rate of eight units per month, for an absorption period of 15 months. Rosemont of Eldorado opened in 2003 and reported an absorption rate of 13 units per month, for an absorption period of approximately 11 months. Tropical Gardens at Boca Chica opened in 2006 and reported an absorption rate of 26 units per month, for an absorption period of approximately six months. The range of turnover rates at the surveyed family LIHTC properties in the Submarket appears to be well within range of typical turnover rates for multifamily properties, with an average turnover rate of 16.7 percent.

According to the property managers, most of the surveyed LIHTC comparables are achieving maximum allowable rents. The surveyed family LIHTC properties were constructed from 1968 through 2006 and all offer some units at 30, 40, 50 and/or 60 percent of AMI. It should be noted that Cunningham Manor is currently undergoing renovations and is in the process of converting to a LIHTC property from a market rate property and some residents have been displaced during renovations. If Cunningham Manor is taken out of the analysis, the overall average vacancy rate for the surveyed LIHTC comparables is zero percent, which is considered excellent. Five of the seven surveyed family LIHTC properties currently maintain waiting lists, specifically for one-, two- and three-bedroom units.

LIHTC Senior Supply

We attempted to identify all existing, proposed, and under construction senior LIHTC developments in the Submarket using Novogradac's online database, LIHTC property inventories published by the Texas Department of Housing and Community Affairs, observations in the field, various Internet search methods, and interviews with local housing authorities, providers, and property managers. There are three existing senior LIHTC developments located in the South Cameron County Submarket. Sunset Haven is a senior-targeted LIHTC development located in Brownsville. The property was allocated in 2006 and consists of 100-units. As of the date of this report, our attempts to contact Sunset Haven both in person and over the phone have been unsuccessful. Villa del Sol is a senior-targeted LIHTC development located in Brownsville. The property was allocated in 2007 and consists of 199 units, 189 of which are LIHTC senior units. As of the date of this report, our attempts to contact Villa del Sol both in person and over the phone have been unsuccessful. Valley Resaca Palms is a senior-targeted LIHTC development located in Brownsville. The property was allocated in 1995 and consists of 250 units. As of the date of this report, our attempts to contact Valley Resaca Palms both in person and over the phone have been unsuccessful; however, it is possible that the property is out of the 15 year compliance period for LIHTC properties. There are no other existing senior LIHTC developments in this Submarket. Based on the lack of available data, we did not complete a LIHTC senior market analysis.

Proposed/Under Construction

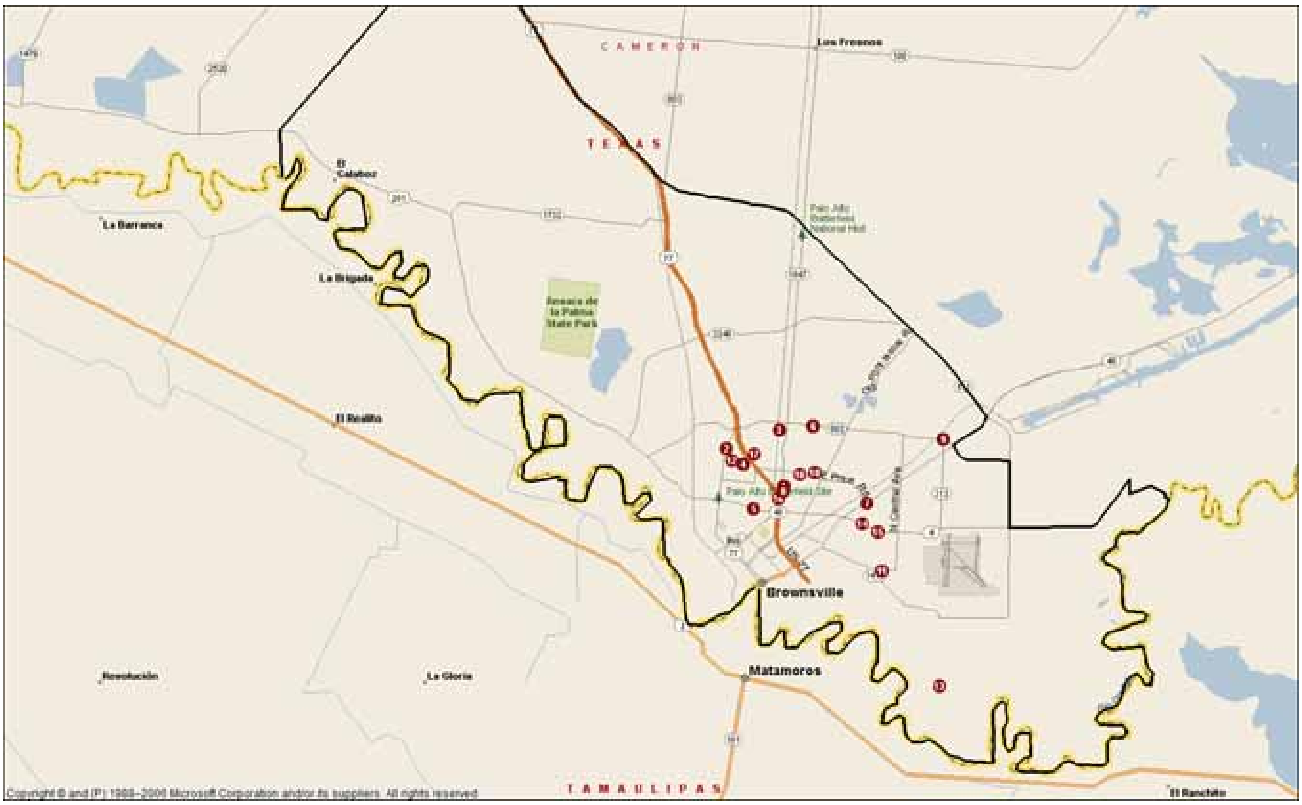
According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there are no proposed or under construction senior LIHTC properties in the South Cameron County Submarket.

MARKET RATE FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials.

Novogradac was able to identify 34 market rate multifamily developments in the South Cameron County Submarket, but were only able to survey 18 of the properties.

The following map illustrates the location of the surveyed market rate family comparables in the Submarket.



SURVEYED PROPERTIES

Number	Name	Location	Type
1	Bonaventure Apartments	Brownsville	Market – Family
2	Borders Apartments	Brownsville	Market – Family
3	Brazos on Colony Apartments	Brownsville	Market – Family
4	Casa Grande Apartments	Brownsville	Market – Family
5	La Hacienda Apartments	Brownsville	Market – Family
6	La Mansion Del Paseo	Brownsville	Market – Family
7	La Residencia Apartments	Brownsville	Market - Family
8	Landing Apartments	Brownsville	Market – Family
9	Las Brisas Apartments	Brownsville	Market – Family
10	Las Palmas Apartments	Brownsville	Market – Family
11	Las Resacas Apartments	Brownsville	Market – Family
12	Los Cedros Apartments	Brownsville	Market – Family
13	Marr Apartments	Brownsville	Market – Family
14	Resaca Jardin	Brownsville	Market – Family
15	Towne East Apartments	Brownsville	Market – Family
16	Tulane Apartments	Brownsville	Market – Family
17	Villa Madrid Apartments	Brownsville	Market – Family
18	Villas De San Miguel	Brownsville	Market – Family

The following pictures identify a sampling of the surveyed market rate family properties in the Submarket:


Villa Madrid Apartments


Borders Apartments


Las Resacas Apartments


La Residencia Apartments

Excluded Properties

The following table illustrates excluded market rate properties in the Submarket. We have only excluded properties that we were unable to contact either in person or over the phone or properties that are fully furnished and/or corporate apartments.

Name	Location	Type	Reason for Exclusion
Reypres Square Apartments	Brownsville	Market – Family	Could not contact
Jefferson Square Apartments	Brownsville	Market – Family	Could not contact
Lakeside 600 Apartments	Brownsville	Market – Family	Could not contact
SF Apartments	Brownsville	Market – Family	Could not contact
Courtyard Apartments	Brownsville	Market – Family	Could not contact
Brandywyne Apartments	Brownsville	Market – Family	Would not participate
Posada De Las Palmas	Brownsville	Market – Family	Could not contact
Conquistador Apartments	Brownsville	Market – Family	Could not contact
Waterside Apartments	Brownsville	Market – Family	Could not contact
Los Arboles Apartments	Brownsville	Market – Family	Could not contact
Central Avenue Apartments	Brownsville	Market – Family	Could not contact
Morningside Plaza Apartments	Brownsville	Market – Family	Could not contact
Travis Apartments	Brownsville	Market – Family	Could not contact
Olmito Garden Apartments	Olmito	Market – Family	Could not contact
Rancho Viejo Rentals	Brownsville	Market – Family	Could not contact

Proposed Construction

We attempted to contact the Planning Department of the City of Brownsville to obtain information on any multifamily development currently under construction or in the planning stages in the Submarket. As of the date of this report, our attempts have been unsuccessful. However, based on our physical inspection of the Submarket, there do not appear to be any multifamily developments currently under construction or in the planning stages.

Unit Mix

The following table illustrates the unit mix in the family market rate rental property market. It should be noted that La Residencia Apartments and Resaca Jardin were unable to provide unit mixes and have been excluded from this analysis.

Unit Mix - Market Family		
Unit Type	**Total Units**	**Percent**
Studio	48	2.7%
1 BR	734	41.6%
2 BR	822	46.5%
3 BR	158	8.9%
4 BR	4	0.2%
Total	**1,766**	**100%**

The majority of the market rate units in the Submarket are two-bedroom units, followed by one-bedroom units and three-bedroom units. Small unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.64 and is projected to decrease slightly by 2012 to 3.63. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 37 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Market data, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

Unit Size

The following table illustrates the existing unit sizes in the family market rate rental property market.

Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
Studio	498	498	498
1 BR	528	814	668
2 BR	724	1,300	1,004
3 BR	1,000	1,600	1,257
4 BR	1,989	1,989	1,989

The surveyed market rate properties in the Submarket had a studio-bedroom average unit size of 498 square feet, a one-bedroom average unit size of 668 square feet, a two-bedroom average unit size of 1,004 square feet, a three-bedroom average unit size of 1,257 and a four-bedroom average unit size of 1,989 square feet.

Unit Matrix Report

	Bonaventure Apartments	Borders Apartments	Brazos On Colony Apartments	Casa Grande Apartments	La Hacienda Apartments	La Mansion Del Paseo	La Residencia Apartments	Landing Apartments	Las Brisas Apartments
Comp #	1	2	3	4	5	6	7	8	9
Property Information									
Property Type	Various	Garden (2 stories)	Garden	Various (2 stories)	Various (2 stories)	Garden	Various	Garden	Garden
Year Built / Renovated	1973 / n/a	1973 / n/a	1984 / n/a	1970's / n/a	1965 / n/a	2001 / n/a	1987 / n/a	n/a / n/a	1979 / n/a
Market (Conv.)/Subsidy Type	Market	Market	Market	Market	Market	Market	Market	Market	Market
In-Unit Amenities									
Balcony/Patio	no	yes	no	yes	yes	no	yes	no	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite/Internet	no	yes	yes	no	yes	yes	no	yes	no
Carpeting	yes	yes	yes	yes	yes	yes	yes	no	no
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	no	yes	no	yes	yes	no	no	no	no
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes	no
Exterior Storage	no	yes	no	no	no	no	no	no	no
Ceiling Fan	no	yes	yes	no	yes	yes	no	yes	no
Garbage Disposal	yes	yes	yes	yes	yes	yes	no	yes	no
Microwave	no	no	no	no	no	yes	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes
Walk-In Closet	no	yes	no	yes	yes	yes	no	no	no
Washer/Dryer	no	no	no	no	no	no	no	no	no
Washer/Dryer hookup	no	no	no	no	no	yes	no	no	no
Property Amenities									
Basketball Court	no	yes	yes	no	no	no	no	no	no
Carport	no	no	no	no	yes	yes	no	no	no
Clubhouse/Meeting Room/Community Room	no	no	yes	no	no	yes	no	no	no
Courtyard	no	no	no	no	yes	no	no	no	no
Exercise Facility	no	no	yes	no	no	no	no	no	no
Garage	no	no	no	no	no	no	no	no	no
Jacuzzi	no	no	no	no	no	no	no	no	no
Central Laundry	yes	yes	yes	yes	yes	yes	yes	yes	yes
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes	no	yes
Picnic Area	no	no	no	no	yes	yes	no	yes	no
Playground	no	yes	yes	no	no	yes	yes	no	yes
Recreation Areas	no	no	yes	no	yes	no	no	no	no
Service Coordination	no	no	no	no	yes	no	no	no	no
Swimming Pool	yes	yes	yes	yes	no	yes	yes	no	no
Tennis Court	no	yes	yes	no	no	no	no	no	no
Volleyball Court	no	yes	no	no	no	yes	no	no	no
Carport Fee	--	--	--	--	--	$15.00	--	--	--
Garage Fee	--	--	--	--	--	--	--	--	--
Services									
Security									
Limited Access	no	no	no	no	no	no	no	no	no
Patrol	no	yes	no	yes	no	yes	no	no	no
Perimeter Fencing	no	no	no	no	no	no	no	no	no
Premium Amenities									
Other Amenities									
Other	n/a	n/a	n/a	n/a	n/a	bookshelves and dry bar	n/a	n/a	n/a

Unit Matrix Report

	Las Palmas Apartments	Las Resacas Apartments	Los Cedros Apartments	Marrr Apartments	Resaca Jardin	Towne East Apartments	Tulane Apartments	Villa Madrid Apartments	Villas De San Miguel
Comp #	10	11	12	13	14	15	16	17	18
Property Information									
Property Type	Garden (2 stories)	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Various
Year Built / Renovated	2002 / n/a	1982 / n/a	1979 / 1988	2007 / n/a	1960's / n/a	1970's / n/a	1966 / n/a	1974 / n/a	n/a / n/a
Market (Conv.)/Subsidy Type	Market	Market	Market	Market	Market	Market	Market	Market	Market
In-Unit Amenities									
Balcony/Patio	yes	yes	yes	no	no	yes	no	yes	no
Blinds	yes	yes	yes	no	no	yes	no	yes	yes
Cable/Satellite/Internet	yes	no	no	no	no	no	no	yes	no
Carpeting	yes	yes	yes	no	yes	no	no	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	no	no	no	no	no	no	no	no	no
Dishwasher	yes	no	no	no	yes	yes	no	yes	yes
Exterior Storage	no	no	yes	no	no	no	no	no	no
Ceiling Fan	yes	no	yes	no	no	no	no	yes	no
Garbage Disposal	yes	no	yes	no	yes	yes	no	yes	yes
Microwave	yes	no	no	no	no	no	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes
Walk-In Closet	no	no	no	no	no	no	no	yes	no
Washer/Dryer	yes	no	yes	no	no	no	no	no	no
Washer/Dryer hookup	no	yes	no	yes	no	yes	no	no	no
Property Amenities									
Basketball Court	no	no	yes	no	no	no	no	no	no
Carport	yes	no	no	no	no	yes	no	yes	no
Clubhouse/Meeting Room/Community Room	yes	no	no	no	no	no	no	no	no
Courtyard	no	no	no	no	no	no	no	no	no
Exercise Facility	yes	no	no	no	no	no	no	no	no
Garage	yes	no	no	no	no	no	no	no	no
Jacuzzi	no	no	no	no	no	no	no	yes	no
Central Laundry	no	yes	no	no	yes	no	yes	yes	yes
Off-Street Parking	yes	yes	no	yes	yes	yes	yes	no	no
On-Site Management	yes	yes	no	no	no	yes	no	no	yes
Picnic Area	no	no	no	no	no	no	no	no	no
Playground	no	no	no	no	no	no	no	no	no
Recreation Areas	no	no	no	no	no	no	no	no	no
Service Coordination	no	no	no	no	no	no	no	no	no
Swimming Pool	yes	yes	yes	no	no	no	no	yes	yes
Tennis Court	no	no	yes	no	no	no	no	yes	no
Volleyball Court	no	no	no	no	no	no	no	no	no
Carport Fee	$15.00	--	--	--	--	--	--	--	--
Garage Fee	$75.00	--	--	--	--	--	--	--	--
Services									
Security									
Limited Access	yes	no	no	no	no	no	no	no	no
Patrol	no	no	no	no	no	no	no	no	no
Perimeter Fencing	yes	no	no	no	no	no	no	no	no
Premium Amenities									
Other Amenities									
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Cable is included with rent	n/a

The surveyed market rate properties in the West Cameron County Submarket offer a moderate amount of in-unit and community amenities. Four of the 18 surveyed properties offer security features of some kind.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit type, for the surveyed properties. It should be noted that La Residencia Apartments and Resaca Jardin were unable to provide vacancy by unit type and have been excluded from this analysis.

Weighted Vacancy - Market Family

Unit Type	Total Units	Vacant Units	Percent Vacant
Studio	48	4	8.3%
1 BR	734	10	1.4%
2 BR	822	29	3.5%
3 BR	158	3	1.9%
4 BR	4	0	0.0%
Total	**1,766**	**46**	**2.6%**

It should be noted that the average at La Residencia Apartments and Resaca Jardin is 1.9 percent.

Absorption

Two of the surveyed market rate comparables were able to provided absorption information. La Mansion Del Paseo opened in 2001 and reported an absorption pace of 12 units per month, for an absorption period of seven months. Las Palmas Apartments opened in 2002 and reported an absorption pace of 10 units per month, for an absorption period of approximately 14 months.

Waiting Lists

The following table lists the number of households on the waiting lists for the surveyed properties.

Waiting Lists – LIHTC Family		
Property Name	**Number of Units**	**Waiting List**
Bonaventure Apartments	100	15 HH for all unit types
Borders Apartments	296	None
Brazos on Colony Apartments	152	None
Casa Grande Apartments	116	None
La Hacienda Apartments	132	None
La Mansion Del Paseo	84	14 HH for 1BR and 3BR units
La Residencia Apartments	244	Yes, for 1BR and 3BR units
Landing Apartments	32	None
Las Brisas Apartments	72	None
Las Palmas Apartments	144	None
Las Resacas Apartments	92	None
Los Cedros	136	None
Marrr Apartments	66	None
Resaca Jardin	52	None
Towne East Apartments	76	None
Tulane Apartments	64	3 HH for 1BR units
Villa Madrid Apartments	172	10 HH 3BR units
Villas De San Miguel	32	Yes for 2 BR units

Six of the 18 surveyed family market rate properties currently maintain waiting lists. Waiting lists range in size from three households to 15 households for one-, two- and three-bedroom units.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Bonaventure Apartments	Market	100	0	0.0%
Borders Apartments	Market	296	9	3.0%
Brazos On Colony Apartments	Market	152	12	7.9%
Casa Grande Apartments	Market	116	3	2.6%
La Hacienda Apartments	Market	132	3	2.3%
La Mansion Del Paseo	Market	84	0	0.0%
La Residencia Apartments	Market	244	5	2.0%
Landing Apartments	Market	32	0	0.0%
Las Brisas Apartments	Market	72	2	2.8%
Las Palmas Apartments	Market	144	1	0.7%
Las Resacas Apartments	Market	92	8	8.7%
Los Cedros Apartments	Market	136	2	1.5%
Marrr Apartments	Market	66	0	0.0%
Resaca Jardin	Market	52	0	0.0%
Towne East Apartments	Market	76	2	2.6%
Tulane Apartments	Market	64	0	0.0%
Villa Madrid Apartments	Market	172	0	0.0%
Villas De San Miguel	Market	32	0	0.0%
Total		**2,062**	**47**	**2.3%**

Vacancy rates range from zero percent to 8.7 percent, with an average vacancy rate of 2.3 percent, which is considered excellent.

Concessions

One of the market rate comparables is currently offering concessions. Brazos on Colony Apartments is offering $100 off the first month's rent for all units. Concessions do not appear to be common in the market, which is indicative of a strong rental housing market.

Turnover

The following table illustrates turnover information in the market.

Property Name	Rent Structure	Turnover
Bonaventure Apartments	Market	20%
Borders Apartments	Market	28%
Brazos on Colony Apartments	Market	40%
Casa Grande Apartments	Market	9%
La Hacienda Apartments	Market	27%
La Mansion Del Paseo	Market	40%
La Residencia Apartments	Market	30%
Landing Apartments	Market	40%
Las Brisas Apartments	Market	33%
Las Palmas Apartments	Market	12%
Las Resacas Apartments	Market	25%
Los Cedros Apartments	Market	31%
Marrr Apartments	Market	18%
Resaca Jardin	Market	23%
Towne East Apartments	Market	31%
Tulane Apartments	Market	20%
Villa Madrid Apartments	Market	24%
Villas De San Miguel	Market	25%
Total		**26.4%**

Annual turnover rates reported range from nine percent to 40 percent, with an average of 26.4 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Bonaventure Apartments	Various	Market	1BR / 1BA (Garden)	18	18.00%	Market	$459	704	n/a	15 HH Total	0	0.00%
	2313 Shidler Drive	1973 / n/a		1BR / 1BA (Garden)	18	18.00%	Market	$479	704	n/a	15 HH Total	0	0.00%
	Brownsville, TX 78521			2BR / 1BA (Townhouse)	20	20.00%	Market	$594	1,119	n/a	15 HH Total	0	0.00%
	Cameron County			2BR / 2BA (Garden)	20	20.00%	Market	$574	990	n/a	15 HH Total	0	0.00%
				2BR / 2BA (Garden)	10	10.00%	Market	$604	1,136	n/a	15 HH Total	0	0.00%
				2BR / 2BA (Garden)	10	10.00%	Market	$629	1,136	n/a	15 HH Total	0	0.00%
				3BR / 2BA (Garden)	2	2.00%	Market	$734	1,324	n/a	15 HH Total	0	0.00%
				3BR / 2BA (Garden)	2	2.00%	Market	$759	1,324	n/a	15 HH Total	0	0.00%
					100	100%						0	0.00%
2	Borders Apartments	Garden	Market	Studio / 1BA	48	16.20%	Market	$409	498	n/a	No	4	8.30%
	375 Media Luna Rd	(2 stories)		1BR / 1BA	72	24.30%	Market	$509	669	n/a	No	1	1.40%
	Brownsville, TX 78521	1973 / n/a		1BR / 1BA	56	18.90%	Market	$519	768	n/a	No	3	5.40%
	Cameron County			2BR / 1BA	48	16.20%	Market	$579	912	n/a	No	0	0.00%
				2BR / 2BA	40	13.50%	Market	$689	1,168	n/a	No	1	2.50%
				3BR / 2BA	32	10.80%	Market	$729	1,212	n/a	No	0	0.00%
					296	100%						9	3.00%
3	Brazos On Colony Apartments	Garden	Market	1BR / 1BA	88	57.90%	Market	$627	690	n/a	No	3	3.40%
	1900 Coffeeport Road	1984 / n/a		2BR / 1.5BA	48	31.60%	Market	$727	890	n/a	No	8	16.70%
	Brownsville, TX 78521			3BR / 2BA	16	10.50%	Market	$827	1,120	n/a	No	1	6.20%
	Cameron County												
					152	100%						12	7.90%

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
4	Casa Grande Apartments	Various	Market	1BR / 1BA (Garden)	16	13.80%	Market	$415	653	n/a	No	0	0.00%
	2425 Barnard Rd	(2 stories)		2BR / 1.5BA (Townhouse)	12	10.30%	Market	$525	1,300	n/a	No	0	0.00%
	Brownsville, TX 78520	1970's / n/a		2BR / 2BA (Garden)	76	65.50%	Market	$515	1,137	n/a	No	3	3.90%
	Cameron County			3BR / 2BA (Garden)	4	3.40%	Market	$565	1,337	n/a	No	0	0.00%
				3BR / 2.5BA (Townhouse)	4	3.40%	Market	$595	1,600	n/a	No	0	0.00%
				4BR / 2.5BA (Townhouse)	4	3.40%	Market	$650	1,989	n/a	No	0	0.00%
					116	100%						3	2.60%
5	La Hacienda Apartments	Various	Market	1BR / 1BA (Garden)	30	22.70%	Market	$410	528	n/a	No	1	3.30%
	1405 Boca Chica Boulevard	(2 stories)		1BR / 1BA (Garden)	12	9.10%	Market	$420	693	n/a	No	0	0.00%
	Brownsville, TX 78520	1965 / n/a		1BR / 1BA (Garden)	8	6.10%	Market	$430	739	n/a	No	0	0.00%
	Cameron County			2BR / 1BA (Garden)	28	21.20%	Market	$460	756	n/a	No	0	0.00%
				2BR / 1.5BA (Garden)	12	9.10%	Market	$475	835	n/a	No	0	0.00%
				2BR / 1.5BA (Garden)	4	3.00%	Market	$525	1,150	n/a	No	0	0.00%
				2BR / 2BA (Garden)	4	3.00%	Market	$520	930	n/a	No	0	0.00%
				2BR / 2BA (Garden)	12	9.10%	Market	$525	1,005	n/a	No	0	0.00%
				2BR / 2.5BA (Townhouse)	4	3.00%	Market	$545	1,200	n/a	No	0	0.00%
				3BR / 2BA (Garden)	14	10.60%	Market	$565	1,120	n/a	No	2	14.30%
				3BR / 2.5BA (Townhouse)	4	3.00%	Market	$645	1,463	n/a	No	0	0.00%
					132	100%						3	2.30%
6	La Mansion Del Paseo	Garden	Market	1BR / 1BA	12	14.30%	Market	$630	654	n/a	Yes	0	0.00%
	2700 FM 802	2001 / n/a		1BR / 1BA	24	28.60%	Market	$710	814	n/a	Yes	0	0.00%
	Brownsville, TX 78526			2BR / 2BA	12	14.30%	Market	$865	1,043	n/a	No	0	0.00%
	Cameron County			2BR / 2BA	24	28.60%	Market	$910	1,114	n/a	No	0	0.00%
				3BR / 2BA	12	14.30%	Market	$1,010	1,326	n/a	Yes	0	0.00%
					84	100%						0	0.00%

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
7	La Residencia Apartments	Various	Market	1BR / 1BA (Garden)	N/A	N/A	Market	$499	704	n/a	Yes	0	N/A
	2454 E. Price Road	1987 / n/a		2BR / 1BA (Garden)	N/A	N/A	Market	$599	910	n/a	No	2	N/A
	Brownsville, TX 78521			2BR / 2BA (Garden)	N/A	N/A	Market	$629	1,136	n/a	No	2	N/A
	Cameron County			2BR / 2BA (Townhouse)	N/A	N/A	Market	$621	1,119	n/a	No	1	N/A
				3BR / 2BA (Garden)	N/A	N/A	Market	$759	1,324	n/a	Yes	0	N/A
					244	100%						5	2.00%
8	Landing Apartments	Garden	Market	1BR / 1BA	16	50.00%	Market	$430	650	n/a	No	0	0.00%
	64 Lindale Drive	n/a / n/a		2BR / 1BA	16	50.00%	Market	$485	950	n/a	No	0	0.00%
	Brownsville, TX 78521												
	Cameron County				32	100%						0	0.00%
9	Las Brisas Apartments	Garden	Market	1BR / 1BA	36	50.00%	Market	$395	580	n/a	No	0	0.00%
	5570 FM 802	1979 / n/a		2BR / 1BA	36	50.00%	Market	$445	724	n/a	No	2	5.60%
	Brownsville, TX 78526												
	Cameron County				72	100%						2	2.80%
10	Las Palmas Apartments	Garden	Market	1BR / 1BA	20	13.90%	Market	$667	618	n/a	No	0	0.00%
	4200 Las Palmas	(2 stories)		1BR / 1BA	20	13.90%	Market	$677	618	n/a	No	0	0.00%
	Brownsville, TX 78521	2002 / n/a		1BR / 1BA	20	13.90%	Market	$769	739	n/a	No	0	0.00%
	Cameron County			1BR / 1BA	20	13.90%	Market	$779	739	n/a	No	0	0.00%
				2BR / 1BA	8	5.60%	Market	$882	969	n/a	No	0	0.00%
				2BR / 1BA	8	5.60%	Market	$902	969	n/a	No	1	12.50%
				2BR / 1BA	8	5.60%	Market	$882	1,005	n/a	No	0	0.00%
				2BR / 1BA	8	5.60%	Market	$902	1,005	n/a	No	0	0.00%
				2BR / 2BA	8	5.60%	Market	$939	1,037	n/a	No	0	0.00%
				2BR / 2BA	8	5.60%	Market	$964	1,037	n/a	No	0	0.00%
				2BR / 2BA	16	11.10%	Market	$959	1,075	n/a	No	0	0.00%
					144	100%						1	0.70%
11	Las Resacas Apartments	Garden	Market	2BR / 1BA	92	100.00%	Market	$495	822	n/a	No	8	8.70%
	275 Morningside Road	1982 / n/a											
	Brownsville, TX 78521												
	Cameron County				92	100%						8	8.70%

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
12	Los Cedros Apartments	Garden	Market	1BR / 1BA	72	52.90%	Market	$522	600	n/a	No	0	0.00%
	1025 Wildrose Lane	1979 / 1988		2BR / 1BA	34	25.00%	Market	$622	760	n/a	No	1	2.90%
	Brownsville, TX 78520			2BR / 1BA	30	22.10%	Market	$632	835	n/a	No	1	3.30%
	Cameron County												
					136	100%						2	1.50%
13	Marrr Apartments	Garden	Market	3BR / 1BA	66	100.00%	Market	$600	1,000	n/a	No	0	0.00%
	7675 Southmost Road	2007 / n/a											
	Brownsville, TX 78521												
	Cameron County				66	100%						0	0.00%
14	Resaca Jardin	Garden	Market	1BR / 1BA	N/A	N/A	Market	$415	650	n/a	No	0	N/A
	3801 Boca Chica Boulevard	1960's / n/a		2BR / 1BA	N/A	N/A	Market	$465	875	n/a	No	0	N/A
	Brownsville, TX 78521			3BR / 1BA	N/A	N/A	Market	$525	1,025	n/a	No	0	N/A
	Cameron County												
					52	100%						0	0.00%
15	Towne East Apartments	Garden	Market	1BR / 1BA	44	57.90%	Market	$440	638	n/a	No	2	4.50%
	4200 Boca Chica Boulevard	1970's / n/a		2BR / 1BA	32	42.10%	Market	$540	934	n/a	No	0	0.00%
	Brownsville, TX 78521												
	Cameron County												
					76	100%						2	2.60%
16	Tulane Apartments	Garden	Market	1BR / 1BA	64	100.00%	Market	$450	600	n/a	Yes-3HH	0	0.00%
	425 North Expressway	1966 / n/a											
	Brownsville, TX 78520												
	Cameron County				64	100%						0	0.00%
17	Villa Madrid Apartments	Garden	Market	1BR / 1BA	68	39.50%	Market	$475	666	n/a	No	0	0.00%
	2727 Old Alice Road	1974 / n/a		2BR / 1BA	36	20.90%	Market	$550	895	n/a	No	0	0.00%
	Brownsville, TX 78521			2BR / 1.5BA	36	20.90%	Market	$550	875	n/a	No	0	0.00%
	Cameron County			2BR / 2BA	30	17.40%	Market	$595	975	n/a	No	0	0.00%
				3BR / 2BA	2	1.20%	Market	$650	1,235	n/a	Yes	0	0.00%
					172	100%						0	0.00%
18	Villas De San Miguel	Various	Market	2BR / 1.5BA (Townhouse)	8	25.00%	Market	$675	1,200	n/a	Yes	0	0.00%
	628 Lindale Drive	n/a / n/a		2BR / 2BA (Garden)	24	75.00%	Market	$600	1,000	n/a	Yes	0	0.00%
	Brownsville, TX 78521												
	Cameron County				32	100%						0	0.00%

Rent and Square Footage Ranking

Rent and Square Footage Ranking

2008 LIHTC Maximum Allowable Gross Rent Limits							
Bedrooms	30%	40%	50%	60%	80%	100%	FMR
Efficiency	$228	$305	$381	$457	$610	$762	$423
1 Bedroom	$245	$327	$408	$490	$698	$872	$488
2 Bedroom	$294	$392	$490	$588	$784	$980	$559
3 Bedroom	$340	$453	$566	$680	$872	$1,090	$691
4 Bedroom	$379	$506	$632	$759	$942	$1,177	$781
5 Bedroom	$418	$558	$698	$837	$1,012	$1,265	-

The average studio-bedroom market rate rent for the surveyed comparables is $409. The one-bedroom market rate rents for the surveyed comparables range from $395 to $779, with an average rent of $527. The two-bedroom market rate rents for the surveyed comparables range from $445 to $964, with an average rent of $646. The three-bedroom market rate rents for the surveyed comparables range from $525 to $1,010, with an average rent of $689. The average four-bedroom market rate rents for the surveyed comparables is $650. The studio-bedroom average market rent of $409 is above the LIHTC maximum allowable rent limits at 30, 40 and 50 percent AMI, but below the maximum allowable rent limits at 60, 80 and 100 percent of AMI, as well as the fair market rent. The one-bedroom average market rent of $527 is above the LIHTC maximum allowable rent limits at 30, 40, 50 and 60 percent of AMI, as well as the fair market rent but below the maximum allowable rent limits at 80 and 100 percent of AMI. The two-bedroom average market rent of $646 is above the LIHTC maximum allowable rent limits at 30, 40, 50 and 60 percent of AMI, as well as the fair market rent, but is below the LIHTC maximum allowable rents at 80 and 100 percent of AMI. The three-bedroom average market rent of $689 is above the LIHTC maximum allowable rents at 30, 40, 50 and 60 percent of AMI, but is below the maximum allowable rent limits at 80 and 100 percent of AMI, as well as the fair market rent. The four-bedroom average market rent of $650 is above the LIHTC maximum allowable rents at 30, 40 and 50 percent AMI, but below the maximum allowable rent limits at 60, 80 and 100 percent of AMI, as well as the fair market rent.

Market Supply Conclusion

We identified 34 market rate multifamily developments in the South Cameron County Submarket, but were only able to interview 18 of the properties.

The majority of the market rate units in the Submarket are two-bedroom units, followed by one-bedroom units and three-bedroom units. Small unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.64 and is projected to decrease slightly by 2012 to 3.63. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 37 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Market data, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

The surveyed market rate properties in the West Cameron County Submarket offer a moderate amount of in-unit and community amenities. Four of the 18 surveyed properties offer security features of some kind.

One of the market rate comparables is currently offering concessions. Brazos on Colony Apartments is offering $100 off the first month's rent for all units. Concessions do not appear to be common in the market. Six of the 18 surveyed family LIHTC properties currently maintain waiting lists. Waiting lists range in size from three households to 15 households for one-, two- and three-bedroom units. Two of the surveyed market rate comparables were able to provided absorption information. La Mansion Del Paseo opened in 2001 and reported an absorption pace of 12 units per month, for an absorption period of seven months. Las Palmas Apartments opened in 2002 and reported an absorption pace of 10 units per month, for an absorption period of approximately 14 months. Annual turnover rates reported range from nine percent to 40 percent, with an average of 26.4 percent. Vacancy rates range from zero percent to 8.7 percent, with an average vacancy rate of 2.3 percent, which is considered excellent.

MARKET RATE SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior-oriented market rate developments in the Submarket using Novogradac's online database, observations in the field, various Internet search methods, and interviews with local housing providers, property managers, and city and county planning and development officials. There were no identifiable senior market rate properties in the West Cameron County Submarket. Based on the lack of available data, we did not complete a market rate senior market analysis. There are no proposed or under construction market rate properties in the South Cameron County Submarket.

SUBSIDIZED FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction family-oriented subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

We identified 11 family subsidized properties and one family LIHTC/subsidized property in the Submarket, but were only able to interview six properties.

The following map illustrates the location of the surveyed subsidized comparables in the Submarket.

SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Ancira Apartments	Brownsville	Public Housing – Family
2	Bougainvillea Apartments	Brownsville	Public Housing – Family
3	Buena Vida Apartments	Brownsville	Public Housing – Family
4	Tropical Gardens at Boca Chica	Brownsville	LIHTC/Section 8 - Family
5	Victoria Gardens	Brownsville	Public Housing – Family
6	Rockwell Manor Apartments	Brownsville	Section 8 - Family

Subsidized Multifamily Market

The following pictures identify the surveyed subsidized family properties in the Submarket.

Ancira Apartments

Bougainvillea Apartments

Buena Vida Apartments

Tropical Gardens at Boca Chica

Victoria Gardens

Rockwell Manor Apartments

Excluded Properties

The following table illustrates excluded family subsidized properties in the Submarket. We have only excluded properties that we were unable to contact either in person or over the phone or properties that are fully furnished and/or corporate apartments.

Name	Location	Type	Reason for Exclusion
Candlewick Townhomes	Brownsville	Section 8 – Family	Could not contact
El Santander	Brownsville	Section 8 – Family	Could not contact
Los Ebanos Apartments	Brownsville	Section 8 – Family	Could not contact

Proposed/Under Construction

We attempted to contact Yolanda Santa Maria in the Public Housing office of the Cameron County Housing Authority both in person and over the phone to determine if there are any public housing developments under construction or in the planning stages in the Submarket. As of the date of this report, our attempts have been unsuccessful.

Unit Mix

The following table illustrates the unit mix in the family subsidized rental property market. It should be noted that Ancira Apartments, Buena Vida Apartments and Victoria Gardens were unable to provide complete unit mixes and have been excluded from this analysis.

Unit Mix - Subsidized Family		
Unit Type	**Total Units**	**Percent**
1 BR	48	20.5%
2 BR	80	34.2%
3 BR	90	38.5%
4 BR	16	6.8%
Total	**234**	**100%**

The majority of the subsidized units in the Submarket are three-bedroom units, followed by two-bedroom units. Large unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.64 and is projected to decrease slightly by 2012 to 3.63. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, there are a large number of schools in the Submarket, suggesting that there is a high concentration of families in the area. Demographic estimates show that approximately 37 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Though there is a lack of sufficient subsidized family developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

Unit Size

There is an insufficient amount of subsidized multi-family development in the Submarket, on which to base an effective analysis of unit size. It should be noted that Bougainvillea Apartments and Victoria Gardens were unable to provide unit sizes. However, the following table illustrates the existing unit sizes in the subsidized rental property market.

Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
1 BR	559	1,096	723
2 BR	682	1,450	961
3 BR	950	1,664	1,174
4 BR	1,142	1,142	1,142

The surveyed subsidized properties in the Submarket had a one-bedroom average unit size of 723 square feet, a two-bedroom average unit size of 961 square feet, a three-bedroom average unit size of 1,174 and a four-bedroom average unit size of 1,142 square feet.

Common and In-Unit Amenities

	Ancira Apartments	Bougainvillea	Buena Vida	Tropical Gardens At Boca Chica	Victoria Gardens	Rockwell Manor Apartments
Comp #	1	2	3	4	5	6
Property Information						
Property Type	Garden	Garden	Duplex	Garden (2 stories)	Garden	Garden
Year Built / Renovated	1960's / n/a	1930's / n/a	1930's / n/a	2006 / n/a	1930's / n/a	1972 / 2008
Market (Conv.)/Subsidy Type	@30% (Public Housing)	@30% (Public Housing)	@30% (Public Housing)	@50%, @60%, Market, Section 8 (Public Housing)	@30% (Public Housing)	Section 8
In-Unit Amenities						
Balcony/Patio	no	no	no	yes	no	no
Blinds	yes	no	no	yes	no	yes
Cable/Satellite/Internet	no	no	no	yes	no	no
Carpeting	no	no	no	yes	no	no
Central A/C	no	no	no	yes	no	yes
Coat Closet	no	no	no	yes	no	no
Dishwasher	no	no	no	yes	no	yes
Exterior Storage	no	no	no	yes	no	no
Ceiling Fan	no	no	no	yes	no	no
Garbage Disposal	no	no	no	yes	no	yes
Microwave	no	no	no	yes	no	no
Oven	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes
Walk-In Closet	no	no	no	yes	no	no
Window A/C	yes	yes	no	no	yes	no
Washer/Dryer hookup	no	yes	yes	yes	yes	no
Property Amenities						
Business Center/Computer Lab	no	no	no	yes	no	no
Carport	no	no	no	yes	no	yes
Clubhouse/Meeting Room/Community Room	no	no	no	yes	no	no
Exercise Facility	no	no	no	yes	no	yes
Central Laundry	yes	no	no	yes	no	yes
Off-Street Parking	yes	no	no	yes	no	yes
On-Site Management	no	no	no	yes	no	yes
Picnic Area	no	no	no	yes	no	no
Playground	no	no	no	yes	no	yes
Sport Court	no	no	no	yes	no	no
Swimming Pool	no	no	no	yes	no	no
Services						
Afterschool Program	no	no	no	yes	no	no
Security						
Limited Access	no	no	no	yes	no	no
Patrol	no	no	no	yes	no	no
Perimeter Fencing	no	no	no	yes	no	no
Video Surveillance	no	no	no	yes	no	no
Premium Amenities						
Other Amenities						
Other	n/a	n/a	n/a	n/a	n/a	n/a

The existing subsidized family properties in the South Cameron County Submarket offer limited in-unit and community amenities. The surveyed subsidized comparables offer no services, no security features and no premium amenities, with the exception of Tropical Gardens at Boca Chica, a LIHTC/Section 8/Market property. A basic appliance package is provided at all properties, with washer/dryer connections offered at four properties.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit type, for the surveyed properties. It should be noted that Ancira Apartments, Buena Vida Apartments and Victoria Gardens were unable to provide vacancy by unit type and have been excluded from this analysis.

Weighted Vacancy - Subsidized Family			
Unit Type	**Total Units**	**Vacant Units**	**Percent Vacant**
1 BR	48	0	0.0%
2 BR	80	1	1.3%
3 BR	90	0	0.0%
4 BR	16	0	0.0%
Total	**234**	**1**	**0.4%**

Absorption

Tropical Gardens at Boca Chica opened in 2006 and reported an absorption rate of 26 units per month, for an absorption period of approximately six months.

Waiting List

Tropical Gardens at Boca Chica maintains a waiting list of 28 households for the one-bedroom Section 8 units, 35 households for the two-bedroom Section 8 units and 16 households for the three-bedroom Section 8 units. The remaining surveyed subsidized developments draw tenants from the Brownsville Housing Authority Public Housing and Section 8 waiting list, which currently has 521 households on it and is between 6 months and a year in wait time. Based on the extensive waiting list for Public Housing and Section 8, we anticipate significant future demand for very low income affordable housing.

Vacancy Levels

The following table summarizes overall vacancy levels at the surveyed properties.

Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Ancira Apartments	Public Housing	45	0	0.0%
Bougainvillea Apartments	Public Housing	50	1	2.0%
Buena Vida Apartments	Public Housing	N/A	1	N/A
Tropical Gardens at Boca Chica	LIHTC/Section 8	58	0	0.0%
Victoria Gardens	Public Housing	46	2	4.3%
Rockwell Manor Apartments	Section 8	126	0	0.0%
Total		**267**	**4**	**1.5%**

Vacancy rates range from zero percent to 4.3 percent, with an average vacancy rate of 1.5 percent, which is considered excellent.

Concessions
None of the subsidized family properties in the market are offering concessions.

Turnover
The following table illustrates turnover information in the market.

Property Name	Rent Structure	Turnover
Ancira Apartments	Public Housing	N/A
Bougainvillea Apartments	Public Housing	24%
Buena Vida Apartments	Public Housing	16%
Tropical Gardens at Boca Chica	LIHTC/Section 8	9%
Victoria Gardens	Public Housing	15%
Rockwell Manor	Section 8	N/A
Total		**16.0%**

Annual turnover rates reported range from nine percent to 24 percent, with an average of 16.0 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Ancira Apartments	Garden	@30% (Public Housing)	1BR / 1BA	N/A	N/A	@30%	$335	600	n/a	Yes	0	N/A
	24 E. Washington Street	1960's / n/a		2BR / 1BA	N/A	N/A	@30%	$472	750	n/a	Yes	0	N/A
	Brownsville, TX 78520			3BR / 1BA	N/A	N/A	@30%	$535	950	n/a	Yes	0	N/A
	Cameron County												
					45	100%						0	0.00%
2	Bougainvillea	Garden	@30% (Public Housing)	1BR / 1BA	20	40.00%	@30%	$300	N/A	n/a	Yes	0	0.00%
	753 W. Washington	1930's / n/a		2BR / 1BA	24	48.00%	@30%	$365	N/A	n/a	Yes	1	4.20%
	Brownsville, TX 78520			3BR / 1BA	6	12.00%	@30%	$425	N/A	n/a	Yes	0	0.00%
	Cameron County												
					50	100%						1	2.00%
3	Buena Vida	Duplex	@30% (Public Housing)	1BR / 1BA	N/A	N/A	@30%	$300	1,096	n/a	Yes	0	N/A
	1419 E. Tyler	1930's / n/a		2BR / 1BA	N/A	N/A	@30%	$365	1,450	n/a	Yes	1	N/A
	Brownsville, TX 78520			3BR / 1BA	N/A	N/A	@30%	$425	1,664	n/a	Yes	0	N/A
	Cameron County												
						100%						1	N/A
4	Tropical Gardens At Boca Chica	Garden	@50%, @60%, Market, Section 8 (Public Housing)	1BR / 1BA	24	15.20%	@60%	$400	638	yes	10 HH	0	0.00%
	250 Ash Street	(2 stories)		1BR / 1BA	2	1.30%	Market	$557	638	n/a	No	0	0.00%
	Brownsville, TX 78521	2006 / n/a		1BR / 1BA	10	6.30%	Section 8	$300	638	n/a	28 HH	0	0.00%
	Cameron County			2BR / 2BA	7	4.40%	@50%	$380	960	yes	9 HH	0	0.00%
				2BR / 2BA	33	20.90%	@60%	$478	960	yes	8 HH	0	0.00%
				2BR / 2BA	3	1.90%	Market	$650	960	n/a	1 HH	0	0.00%
				2BR / 2BA	24	15.20%	Section 8	$325	960	n/a	35 HH	0	0.00%
				3BR / 2BA	7	4.40%	@50%	$434	1,120	yes	3 HH	0	0.00%
				3BR / 2BA	21	13.30%	@60%	$548	1,120	yes	3 HH	0	0.00%
				3BR / 2BA	3	1.90%	Market	$790	1,120	n/a	No	0	0.00%
				3BR / 2BA	24	15.20%	Section 8	$350	1,120	n/a	16 HH	0	0.00%
					158	100%						0	0.00%
5	Victoria Gardens	Garden	@30% (Public Housing)	1BR / 1BA	N/A	N/A	@30%	$300	N/A	n/a	Yes	0	N/A
	1809 Grant Street	1930's / n/a		2BR / 1BA	N/A	N/A	@30%	$365	N/A	n/a	Yes	1	N/A
	Brownsville, TX 78521			3BR / 1BA	N/A	N/A	@30%	$425	N/A	n/a	Yes	1	N/A
	Cameron County												
					46	100%						2	4.30%
6	Rockwell Manor Apartments	Garden	Section 8	1BR / 1BA	18	14.30%	Section 8	N/A	559	n/a	Yes	0	0.00%
	2735 Rockwell Circle	1972 / 2008		2BR / 1BA	32	25.40%	Section 8	N/A	682	n/a	Yes	0	0.00%
	Brownsville, TX 78521			3BR / 2BA	60	47.60%	Section 8	N/A	961	n/a	Yes	0	0.00%
	Cameron County			4BR / 2BA	16	12.70%	Section 8	N/A	1,142	n/a	Yes	0	0.00%
					126	100%						0	0.00%

Rent and Square Footage Ranking

PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$536
Two-bedroom	$615
Three-bedroom	$760
Four-bedroom	$860

There is an insufficient amount of subsidized multifamily developments in the Submarket, on which to base an effective rental rate analysis. As the surveyed subsidized properties are Public Housing and Section 8 developments, tenants can pay from zero up to 30 percent of their gross annual income towards rent. The rental rates quoted above are “flat rents”. The flat rents at the surveyed subsidized properties are well below the payment standards for Cameron County. According to the Housing Authority of Brownsville, the Public Housing and Section 8 waiting list is 521 households long, indicating significant demand for very low income affordable housing.

Subsidized Family Supply Conclusion

We identified 11 family subsidized properties and one family LIHTC/subsidized property in the Submarket, but were only able to interview six properties.

The majority of the subsidized units in the Submarket are three-bedroom units, followed by two-bedroom units. Large unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.64 and is projected to decrease slightly by 2012 to 3.63. However, the Submarket’s household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Additionally, there are a large number of schools in the Submarket, suggesting that there is a high concentration of families in the area. Demographic estimates show that approximately 37 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Though there is a lack of sufficient subsidized family developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

The existing subsidized family properties in the South Cameron County Submarket offer limited in-unit and community amenities. The surveyed subsidized properties offer no security features and no premium amenities, with the exception of Tropical Gardens at Boca Chica, a LIHTC/Section 8/Market property. A basic appliance package is provided at all properties, with washer/dryer connections offered at four properties.

None of the surveyed comparables are offering concessions. Tropical Gardens at Boca Chica reported an absorption rate of 26 units per month, for an absorption period of approximately six months. Tropical Gardens at Boca Chica maintains a waiting list of 28 households for the one-bedroom Section 8 units, 35 households for the two-bedroom Section 8 units and 16 households for the three-bedroom Section 8 units. The remaining surveyed subsidized developments draw tenants from the Brownsville Housing Authority Public Housing and Section 8 waiting list, which currently has 521 households on it and is between 6 months and a year in wait time. Based on the extensive waiting list for Public Housing and Section 8, we anticipate significant future demand for very low income affordable housing. Annual turnover rates reported range from nine percent to 24 percent, with an average of 16.0 percent. Vacancy rates range from zero percent to 4.3 percent, with an average vacancy rate of 1.5 percent, which is considered excellent.

There is an insufficient amount of subsidized multi-family development in the Submarket, on which to base an effective rental rate analysis. As the surveyed subsidized properties are Public Housing and Section 8 developments, tenants can pay from zero up to 30 percent of their gross annual income towards rent. The flat rents at the surveyed subsidized properties are well below the payment standards for Cameron County. According to the Housing Authority of Brownsville, the Public Housing and Section 8 waiting list is 521 households long, indicating significant demand for very low income affordable housing.

SUBSIDIZED SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

There are three existing senior Section 8 subsidized developments located in the South Cameron County Submarket. Casa de Amigos I is a senior targeted subsidized development which consists of one- and two-bedroom units and is located in Brownsville. Casa Del Mar Apartments is a senior targeted subsidized development which consists of one-bedroom units and is located in Brownsville. Lindale Village Apartments is a senior targeted subsidized development which consists of one-bedroom units and is located in Brownsville. Despite numerous attempts to contact these properties both in person and over the phone, our attempts have been unsuccessful as of the date of this report. There are no other existing senior targeted subsidized developments in this Submarket. Based on the lack of available data, no analysis was made of the senior subsidized market as the single subsidized senior development was unavailable.

There are no proposed or under construction subsidized senior properties in the South Cameron County Submarket.

DEMAND ANALYSIS

AFFORDABLE HOUSING DEMAND ANALYSIS

As outlined in the study requirements, our estimate of demand for affordable rental housing in the South Cameron County Submarket is based on current households and is presented by household size, income level and targeted population. Existing income-qualified renter households are further refined to account for household growth over a five-year projection period, percentage of rent-overburdened households, percentage of households residing in substandard housing, percentage of households in overcrowded housing, and the Submarket's turnover rate. Additionally, we have adjusted our demand estimates to account for accommodation of affordable housing demand through any planned, proposed or unstabilized LIHTC units in the Submarket.

The number of income-qualified renter households is calculated for each of six income cohorts: less than 30 percent of AMI, 31 to 40 percent of AMI, 41 to 50 percent of AMI, 51 to 60 percent of AMI, 61 to 80 percent of AMI and 81 to 100 percent of AMI. With the use of demographics provided by HISTA, we are able to examine each of these six income groups by household size to include one-, two-, three- and four-person households and households with five or more persons. This insures that income-qualified households will not be double counted. Separate analyses are presented for all renter households and senior renter households, defined as age 55 and older.

There is very limited demographic and income data for colonias households available through the census and other government agencies. For this reason, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand accounted for through the analysis of Census data.

DEMAND FROM EXISTING HOUSEHOLDS

Number of Existing Households for the Current Year

The total number of households in the South Cameron County Submarket in 2007 is 53,806 and the total number of households in 2012 is projected to be 60,471. The total number of households age 55 and older in the Submarket for 2007 is 17,493, with a 2012 projection of 21,370 households. This is a beginning point for our analysis.

Number of Renters

Information provided to us by ESRI indicates that of the occupied housing units, renter households make up approximately 34.4 percent of the occupied housing unit households in the South Cameron County Submarket in 2007. For seniors age 55 and older, the percentage of renters is 23.0 percent.

Maximum Income Guidelines

Maximum income guidelines for tax credit properties are determined by HUD and are based on the area's Average Income. Typically, minimum income levels are calculated based on the assumption that lower income families should pay no more than 35 percent of their income to gross rent. Often times, lower income families pay a higher percentage of income as rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high income households. In order to avoid overstating potential demand this analysis assumes that none of the income bands will overlap. For example, the maximum income for a one-person household at 30 percent of AMI is considered the minimum income for a one-person household in the income range between 31 percent and 40 percent of AMI. A minimum

income of zero dollars is used in calculating demand from households earning 30 percent of AMI or less.

The minimum and maximum household eligible income ranges for the South Cameron County Submarket (Brownsville-Harlingen, TX MSA) are detailed in the table on the following page.

INCOME LIMITS

Household Size	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	< 30% AMI		*31% - 40% AMI*		*41% - 50% AMI*		*51% - 60% AMI*		*61% - 80% AMI*		*81% - 100% AMI*	
1 Person	$0	$9,150	$9,150	$12,200	$12,200	$15,250	$15,250	$18,300	$18,300	$24,400	$24,400	$30,500
2 Person	$0	$10,500	$10,500	$13,960	$13,960	$17,450	$17,450	$20,940	$20,940	$27,920	$27,920	$34,900
3 Person	$0	$11,800	$11,800	$15,680	$15,680	$19,600	$19,600	$23,520	$23,520	$31,360	$31,360	$39,200
4 Person	$0	$13,100	$13,100	$17,440	$17,440	$21,800	$21,800	$26,160	$26,160	$34,880	$34,880	$43,600
5+ Person	$0	$14,150	$14,150	$18,840	$18,840	$23,550	$23,550	$28,260	$28,260	$37,680	$37,680	$47,100

Rent-Overburdened Households

Households are determined to be rent-overburdened if they are paying more than 35 percent of household income as rent. In the South Cameron County Submarket, approximately 33.8 percent of households, including senior households, are considered rent-overburdened.

Substandard Housing

Substandard housing is generally defined as housing units identified in the Census that lack complete plumbing facilities. According to Census 2000 estimates, approximately 2.0 percent of units in the Submarket are determined to be substandard.

Overcrowded Housing

A housing unit is considered overcrowded if there are more than 1.00 persons per room. According to a report issued in 2002 by the Fannie Mae Foundation, Census 2000 data indicates that the southwestern United States, which includes Texas, has a higher than average incidence of households living in overcrowded housing units. The report further concludes that while Texas and California contain less than one-fifth of the nation's households, these two states account for two-fifths of overcrowded households. In the South Cameron County Submarket, it is estimated that 26.3 percent of households are living in overcrowded units.

Movership or Turnover Rate

There are numerous sources of information regarding turnover rate, or the percent of renter households who move in a year. The most reliable source is that of the market participants in the Submarket. As discussed in the *Housing Supply Analysis* section, we attempted to interview comparable properties regarding information the turnover rate experienced on an annual basis. The average annual turnover rate for the stabilized family LIHTC properties surveyed in the Submarket is approximately 16.7 percent.

Attempts to contact the three identified senior LIHTC properties in this Submarket were unsuccessful as of the date of this report. Additionally, despite several attempts, we have been unable to contact the one senior subsidized property identified in the Submarket. Therefore, for the purpose of this analysis, we have used the average of all senior LIHTC and subsidized properties identified and surveyed in the MSA. This average turnover rate is 24 percent.

Unstabilized Rental Units - Existing and Proposed

To our knowledge, there are no proposed or under construction subsidized or LIHTC properties in the South Cameron County Submarket. Therefore, no units were deducted from the senior demand analysis.

Annual Income-Qualified Renter Demand

Provided below are calculations of the total number of existing income-qualified renter households in the South Cameron County Submarket in 2007 and 2012. Two analyses have been presented. The first calculates total demand, both currently present and moving into the market, adjusted for income eligibility and renter status, as well as the percentage of rent-overburdened households and substandard and overcrowded housing units. An additional calculation, which accounts for all of the previous variables and incorporates the turnover rate, is also provided.

Note that in the subsequent tables, the total number of income-qualified renter households is not equal to the total number of renter households. This is due to the fact that we have only analyzed households earning between zero and 100 percent of the AMI. There are additional renter households in the Submarket with annual incomes greater than 100 percent of the AMI.

Again, this analysis avoids overstating demand by avoiding overlapping income bands. It should be noted that the percentage of rent overburdened households may also include some of the households that are living in substandard and/or overcrowded housing units. This would result in some potential overlap. This analysis assumes that rent overburdened households, households living in substandard housing and households in overcrowded units each represent a separate component of demand. As these are quantifiable sources of demand, the sum of these calculations results in a maximum number of income-qualified renter households.

The calculations of potential household demand by income cohort and household size for all households and senior households are shown in the following tables:

2007 All Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	3,522	1,637	152	178	178	230	180
2 person	3,158	943	304	306	259	262	192
3 person	3,272	1,143	343	347	234	408	244
4 person	3,548	1,175	351	305	238	412	308
5+person	5,007	1,897	615	464	439	595	308
Total	18,506	6,796	1,765	1,601	1,348	1,907	1,232
Number of Income-Qualified Renter Households		**6,796**	**1,765**	**1,601**	**1,348**	**1,907**	**1,232**
X Percentage of Rent-Overburdened (33.8%)		2298	597	541	456	645	417
X Percentage of Substandard Housing (2%)		136	35	32	27	38	25
X Percentage of Overcrowded Housing (26.3%)		1787	464	421	355	502	324
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**4,221**	**1,097**	**994**	**837**	**1,185**	**765**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**4,221**	**1,097**	**994**	**837**	**1,185**	**765**

2012 All Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	4,094	1,903	177	207	207	267	209
2 person	3,431	1,025	330	333	281	285	208
3 person	3,577	1,250	375	379	256	446	266
4 person	4,044	1,339	400	348	271	469	351
5+person	5,560	2,107	683	515	487	661	342
Total	20,706	7,624	1,965	1,782	1,502	2,128	1,376
Number of Income-Qualified Renter Households		**7,624**	**1,965**	**1,782**	**1,502**	**2,128**	**1,376**
X Percentage of Rent-Overburdened (33.8%)		2578	665	603	508	720	465
X Percentage of Substandard Housing (2%)		152	39	36	30	43	28
X Percentage of Overcrowded Housing (26.3%)		2005	517	469	395	560	362
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**4,736**	**1,221**	**1,107**	**933**	**1,322**	**855**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**4,736**	**1,221**	**1,107**	**933**	**1,322**	**855**

2007 All Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	3,522	1,637	152	178	178	230	180
2 person	3,158	943	304	306	259	262	192
3 person	3,272	1,143	343	347	234	408	244
4 person	3,548	1,175	351	305	238	412	308
5+person	5,007	1,897	615	464	439	595	308
Total	18,506	6,796	1,765	1,601	1,348	1,907	1,232
Number of Income-Qualified Renter Households		**6,796**	**1,765**	**1,601**	**1,348**	**1,907**	**1,232**
X Percentage of Rent-Overburdened (33.8%)		2298	597	541	456	645	417
X Percentage of Substandard Housing (2%)		136	35	32	27	38	25
X Percentage of Overcrowded Housing (26.3%)		1787	464	421	355	502	324
X Percentage of Estimated Turnover (16.7%)		1135	295	267	225	319	206
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**5,356**	**1,391**	**1,262**	**1,062**	**1,503**	**971**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**5,356**	**1,391**	**1,262**	**1,062**	**1,503**	**971**

2012 All Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	4,094	1,903	177	207	207	267	209
2 person	3,431	1,025	330	333	281	285	208
3 person	3,577	1,250	375	379	256	446	266
4 person	4,044	1,339	400	348	271	469	351
5+person	5,560	2,107	683	515	487	661	342
Total	20,706	7,624	1,965	1,782	1,502	2,128	1,376
Number of Income-Qualified Renter Households		**7,624**	**1,965**	**1,782**	**1,502**	**2,128**	**1,376**
X Percentage of Rent-Overburdened (33.8%)		2578	665	603	508	720	465
X Percentage of Substandard Housing (2%)		152	39	36	30	43	28
X Percentage of Overcrowded Housing (26.3%)		2005	517	469	395	560	362
X Percentage of Estimated Turnover (16.7%)		1273	328	298	251	355	230
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**6,009**	**1,549**	**1,405**	**1,184**	**1,677**	**1,085**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**6,009**	**1,549**	**1,405**	**1,184**	**1,677**	**1,085**

2007 Senior Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,935	1,281	119	82	82	71	34
2 person	1,065	423	126	127	102	68	43
3 person	454	115	47	47	35	64	48
4 person	351	73	34	29	21	32	29
5+person	418	91	37	42	45	45	36
Total	4,223	1,984	363	326	285	280	190
Number of Income-Qualified Renter Households		**1,984**	**363**	**326**	**285**	**280**	**190**
X Percentage of Rent-Overburdened (33.8%)		671	123	110	97	95	64
X Percentage of Substandard Housing (2%)		40	7	7	6	6	4
X Percentage of Overcrowded Housing (26.3%)		522	95	86	75	74	50
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**1,232**	**225**	**203**	**177**	**174**	**118**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**1,232**	**225**	**203**	**177**	**174**	**118**

2012 Senior Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	2,255	1,493	139	95	95	82	40
2 person	1,194	474	141	142	114	76	48
3 person	562	143	58	58	43	79	59
4 person	511	106	50	42	31	46	42
5+person	577	126	51	57	63	63	49
Total	5,099	2,342	439	394	346	346	238
Number of Income-Qualified Renter Households		**2,342**	**439**	**394**	**346**	**346**	**238**
X Percentage of Rent-Overburdened (33.8%)		792	148	133	117	117	80
X Percentage of Substandard Housing (2%)		47	9	8	7	7	5
X Percentage of Overcrowded Housing (26.3%)		616	115	104	91	91	63
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**1,455**	**273**	**245**	**215**	**215**	**148**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**1,455**	**273**	**245**	**215**	**215**	**148**

2007 Senior Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	1,935	1,281	119	82	82	71	34
2 person	1,065	423	126	127	102	68	43
3 person	454	115	47	47	35	64	48
4 person	351	73	34	29	21	32	29
5+person	418	91	37	42	45	45	36
Total	4,223	1,984	363	326	285	280	190
Number of Income-Qualified Renter Households		**1,984**	**363**	**326**	**285**	**280**	**190**
X Percentage of Rent-Overburdened (33.8%)		671	123	110	97	95	64
X Percentage of Substandard Housing (2%)		40	7	7	6	6	4
X Percentage of Overcrowded Housing (26.3%)		522	95	86	75	74	50
X Percentage of Estimated Turnover (24%)		476	87	78	69	67	46
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**1,708**	**313**	**281**	**246**	**241**	**163**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**1,708**	**313**	**281**	**246**	**241**	**163**

2012 Senior Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	2,255	1,493	139	95	95	82	40
2 person	1,194	474	141	142	114	76	48
3 person	562	143	58	58	43	79	59
4 person	511	106	50	42	31	46	42
5+person	577	126	51	57	63	63	49
Total	5,099	2,342	439	394	346	346	238
Number of Income-Qualified Renter Households		**2,342**	**439**	**394**	**346**	**346**	**238**
X Percentage of Rent-Overburdened (33.8%)		792	148	133	117	117	80
X Percentage of Substandard Housing (2%)		47	9	8	7	7	5
X Percentage of Overcrowded Housing (26.3%)		616	115	104	91	91	63
X Percentage of Estimated Turnover (24%)		562	105	95	83	83	57
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**2,017**	**378**	**339**	**298**	**298**	**205**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**2,017**	**378**	**339**	**298**	**298**	**205**

Demand Analysis Conclusions

All Households

The analysis of income-qualified renter households in the South Cameron County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households. It is estimated that by 2012, there will be an additional 828 renter households earning below 30 percent of the AMI. When this number is refined to account for households paying more than 35 percent of income as rent, households living in substandard units, households living in overcrowded conditions and turnover, there is potential demand from 653 of these households. With no additional planned subsidized or LIHTC units, and near 100 percent occupancy of existing affordable units, it is highly likely that there will be a continuing need for affordable housing in the Submarket.

Senior Households

Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. In fact, senior households account for nearly 30 percent of the potential demand in the Submarket for units at less than 30 percent of the AMI. With no additional LIHTC or subsidized units for seniors planned, there is likely a continuing need for additional affordable senior housing units in this Submarket.

3. CENTRAL CAMERON COUNTY SUBMARKET ANALYSIS

CENTRAL CAMERON COUNTY SUBMARKET DEMOGRAPHIC CHARACTERISTICS AND TRENDS

The primary market area is defined as the Central Cameron County Submarket, which is bounded to the north by Fresnol Road, FM 1561 and General Brant Road; to the east by San Roman Road and Old Port Isabel Road; to the south by US Highway 77 and FM 511; and to the west by Nelson Road/Cosey Road. The following map illustrates the boundaries of the Submarket as defined above.

Central Cameron County Submarket Map

The Central Cameron County Submarket includes the cities of Los Fresnos, Laureles and Rio Hondo. This Submarket is characterized primarily by vacant land and small communities proximate to limited locational amenities and essential services. The predominant form of housing in this Submarket is owner-occupied single-family homes in poor to very good condition and less than 5 to 40 years in age. There is limited multi-family development in fair to very good condition and five to 20 years in age.

Local Government

As previously mentioned, the West Hidalgo County Submarket includes the cities of Los Fresnos, Laureles and Rio Hondo.

Los Fresnos, Texas is a city in Cameron County and operates under a mayor-council form of government with four elected council members. According to the U.S. Census, Los Fresnos is comprised of a land area of 2.5 square miles and had a 2000 population of 4,512.

Rio Hondo, Texas is a city in Cameron County and operates under a mayor-council form of government. According to the U.S. Census, Rio Hondo is comprised of a land area of 1.5 square miles and had a 2000 population of 1,942.

Laureles, Texas is a census-designated place (CDP) in Cameron County. According to the U.S. Census, Laureles is comprised of a land area of 4.9 square miles and had a 2000 population of 3,285.

Employment by Industry

The table on the following page illustrates employment by industry for the Central Cameron County Submarket and Brownsville-Harlingen, TX MSA in 2007.

2007 EMPLOYMENT BY INDUSTRY				
	Central Cameron County Submarket		Brownsville-Harlingen, TX MSA	
Occupation	Number	Percent Employed	Number Employed	Percent Employed
Agric/Forestry/Fishing/Hunting	321	3.25%	1,880	1.45%
Mining	8	0.08%	313	0.24%
Construction	961	9.72%	10,941	8.43%
Manufacturing	722	7.30%	10,172	7.84%
Wholesale Trade	233	2.36%	4,016	3.09%
Retail Trade	1,084	10.96%	15,389	11.86%
Transportation/Warehousing	329	3.33%	5,516	4.25%
Utilities	141	1.43%	1,059	0.82%
Information	64	0.65%	1,382	1.07%
Finance/Insurance	235	2.38%	3,623	2.79%
Real Estate/Rental/Leasing	186	1.88%	3,257	2.51%
Prof/Scientific/Tech Services	227	2.30%	3,794	2.92%
Mgmt of Companies/Enterprises	0	0.00%	0	0.00%
Admin/Support/Waste Mgmt Srvcs	384	3.88%	4,438	3.42%
Educational Services	1,769	17.88%	19,838	15.29%
Health Care/Social Assistance	1,125	11.37%	17,690	13.63%
Arts/Entertainment/Recreation	94	0.95%	1,446	1.11%
Accommodation/Food Services	1,002	10.13%	10,434	8.04%
Other Services (excl Publ Adm)	508	5.14%	7,728	5.96%
Public Administration	498	5.03%	6,849	5.28%
Total Employment	**9,891**	**100.0%**	**129,765**	**100.0%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The top four employment sectors in the Central Cameron County Submarket are the educational services, health care/social assistance, retail trade and construction sectors. Approximately 50 percent of people in Central Cameron County work in these four industries. The Central Cameron County Submarket has a larger number of persons employed in the health care/social assistance, construction and educational services sectors and a smaller number of people employed in the retail trade sectors, relative to the MSA. Although, educational services and health care/social services are typically stable sectors of the economy, industries such as retail trade and construction are particularly susceptible to fluctuations in the health of the economy. The large number of people employed in the retail trade and construction industries could negatively impact employment in the Central Cameron County Submarket, due to the current national economic downturn. However, the strong presence of the educational services and health care/social assistance industries should help bolster the economic stability of the Central Cameron County Submarket.

It should be noted, that the health care/social assistance, construction, retail trade and educational services sectors all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create an abundance of demand for affordable rental housing in the Submarket.

Commute Patterns for the Central Cameron County Submarket
The following table shows the commute times for the Central Cameron County Submarket.

TRAVEL TIME TO WORK

Travel Time	Workers age 16+
< 5 min	295
5-9 min	746
10-14 min	684
15-19 min	998
20-24 min	1,389
25-29 min	590
30-34 min	1,918
35-39 min	126
40-44 min	205
45-59 min	429
60-89 min	160
90+ min	123
Average Travel Time	24.4 minutes

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

The average reported commute time of 24.4 minutes is the highest of the four Submarkets in the MSA. This submarket encompasses the rural area between Harlingen and Brownsville. Local workers commuting to jobs in either city are likely responsible for the longer than average commute times.

POPULATION, HOUSEHOLD, AND INCOME TRENDS – SUBMARKET AND MSA

The following section provides an analysis of the demographic characteristics within the Central Cameron County Submarket and Brownsville-Harlingen, TX MSA. Data such as population, households and growth patterns are studied, to determine if the Brownsville-Harlingen, TX MSA and the Central Cameron County Submarket are areas of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population in the Central Cameron County Submarket and Brownsville-Harlingen, TX MSA from 1990 through 2012.

Total Population				
Year	Central Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	14,325	-	260,120	-
2000	23,481	6.39%	335,227	2.89%
2007	28,236	2.79%	395,867	2.50%
2012	31,693	2.45%	440,440	2.25%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

Growth in the Submarket has been slightly faster than growth in the MSA in all years of analysis. This is likely due to the largely undeveloped nature of the Central Cameron County Submarket. The majority of population growth in the MSA is located near the U.S. – Mexico border. However, both the Submarket and the MSA are showing strong growth from 2007 through 2012, although the MSA will grow at a slightly slower rate than the Submarket from 2007 through 2012. The strong growth in the Submarket and the MSA is a positive indicator of the need for the affordable housing and likely why so many individuals are employed in the construction sector in the Submarket.

Population by Age

The following graph illustrates population by age in the Submarket and MSA for 1990 through 2012. It should be noted that the current population by age distribution in the MSA is similar to national averages.

Population by Age Group				
Central Cameron County Submarket				
Age Cohort	**1990**	**2000**	**2007**	**2012**
0-4	1,205	2,100	2,731	3,038
5-9	1,439	2,408	2,446	2,855
10-14	1,519	2,501	2,559	2,667
15-19	1,512	2,268	2,613	2,652
20-24	943	1,483	2,199	2,415
25-29	908	1,556	1,922	2,326
30-34	972	1,599	1,919	2,010
35-39	989	1,630	1,876	1,915
40-44	864	1,548	1,760	1,946
45-49	728	1,337	1,814	1,899
50-54	610	1,133	1,516	1,889
55-59	507	896	1,314	1,745
60-64	550	807	928	1,313
65-69	547	698	846	905
70-74	434	599	657	765
75-79	326	478	541	607
80-84	167	273	347	408
85+	105	169	247	339
Total	**14,325**	**23,483**	**28,235**	**31,694**
Brownsville-Harlingen, TX MSA				
Age Cohort	**1990**	**2000**	**2007**	**2012**
0-4	23,151	31,744	39,821	44,060
5-9	25,049	32,315	35,155	39,109
10-14	26,812	30,761	33,638	36,880
15-19	26,585	29,914	32,307	35,577
20-24	19,529	23,783	30,033	32,250
25-29	18,911	23,906	29,569	31,634
30-34	18,981	22,498	27,241	29,311
35-39	17,854	22,257	25,412	26,832
40-44	15,504	21,060	23,668	26,198
45-49	11,371	19,220	23,367	25,247
50-54	9,804	16,577	21,725	24,268
55-59	9,290	12,468	18,317	23,730
60-64	9,764	11,349	13,415	18,513
65-69	9,418	10,925	11,705	13,297
70-74	7,168	10,205	10,349	10,866
75-79	5,509	7,889	9,157	9,194
80-84	3,218	4,559	6,040	7,093
85+	2,202	3,797	4,948	6,381
Total	**260,120**	**335,227**	**395,867**	**440,440**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

Households

The following table is a summary of the total households in the Submarket and MSA from 1990 to 2012.

Total Number of Households				
Year	Central Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	4,031	-	73,278	-
2000	6,573	6.31%	97,267	3.27%
2007	7,955	2.90%	115,756	2.62%
2012	8,956	2.52%	129,335	2.35%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

Similar to the rate of population growth, the household growth rates of the Submarket and MSA have both been strong through 2007; however, household growth in the Submarket slowed significantly from 2000 to 2007. Household growth in the MSA and Submarket is expected to slow slightly from 2007 through 2012.

Average Household Size

The following table illustrates the average household size for the Submarket and MSA from 2000 to 2012.

Average Household Size				
Year	Central Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	3.57	-	3.40	-
2007	3.55	-0.08%	3.38	-0.08%
2012	3.54	-0.06%	3.37	-0.06%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

The average household size in the Submarket is slightly larger than the MSA, and both are larger than the national average size of 2.59. The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the Submarket, but especially the MSA as a whole.

Median Household Income Levels

The table below illustrates Median Household Income in the Submarket and MSA.

Median Household Income				
Year	Central Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	23,773	-	26,156	-
2007	28,616	2.81%	31,956	3.06%
2012	32,818	2.94%	36,654	2.94%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

The median household income in the Submarket was approximately 11.7 percent lower than the median household income in the MSA in 2007. The median household income in the Submarket is projected to grow at a slightly faster rate from 2007 through 2012 than the previous seven years. The lower median income level indicates increasing need for affordable housing in the Submarket.

Household Income

The following tables illustrate household income distribution in both the Submarket and MSA.

Household Income Distribution - Central Cameron County Submarket				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	1,518	19.1%	1,420	15.9%
$10,000-$14,999	614	7.7%	710	7.9%
$15,000-$19,999	646	8.1%	645	7.2%
$20,000-$24,999	648	8.1%	603	6.7%
$25,000-$29,999	728	9.2%	695	7.8%
$30,000-$34,999	624	7.8%	673	7.5%
$35,000-$39,999	465	5.8%	666	7.4%
$40,000-$44,999	328	4.1%	443	4.9%
$45,000-$49,999	294	3.7%	286	3.2%
$50,000-$59,999	603	7.6%	695	7.8%
$60,000-$74,999	567	7.1%	766	8.6%
$75,000-$99,999	507	6.4%	686	7.7%
$100,000-	245	3.1%	345	3.9%
$125,000-	94	1.2%	173	1.9%
$150,000-	58	0.7%	104	1.2%
$200,000-	12	0.2%	34	0.4%
$250,000-	4	0.1%	9	0.1%
$500,000+	0	0.0%	1	0.0%
Total	**7,955**	**100%**	**8,954**	**100%**

Household Income Distribution - Brownsville-Harlingen, TX MSA				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	19,926	17.2%	18,319	14.2%
$10,000-$14,999	9,503	8.2%	10,397	8.0%
$15,000-$19,999	8,172	7.1%	8,373	6.5%
$20,000-$24,999	8,502	7.3%	7,684	5.9%
$25,000-$29,999	8,361	7.2%	9,164	7.1%
$30,000-$34,999	7,999	6.9%	7,707	6.0%
$35,000-$39,999	6,364	5.5%	8,379	6.5%
$40,000-$44,999	5,894	5.1%	6,000	4.6%
$45,000-$49,999	5,031	4.3%	4,951	3.8%
$50,000-$59,999	9,112	7.9%	11,052	8.5%
$60,000-$74,999	9,673	8.4%	11,902	9.2%
$75,000-$99,999	7,445	6.4%	11,075	8.6%
$100,000-	4,608	4.0%	5,741	4.4%
$125,000-	2,027	1.8%	3,482	2.7%
$150,000-	1,471	1.3%	2,440	1.9%
$200,000-	724	0.6%	1,163	0.9%
$250,000-	785	0.7%	1,144	0.9%
$500,000+	159	0.1%	362	0.3%
Total	**115,756**	**100%**	**129,335**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

As illustrated, approximately 35 percent of the population in the Submarket and 32.5 percent of the population in the MSA earned below $20,000 in 2007. By 2012, the population earning below $20,000 in the Submarket and MSA is expected to decrease slightly to approximately 31 percent and 28.7 percent, respectively, but in both instances, a significant portion of the population are projected to earn less than $20,000. This data provides strong support for affordable rental housing in the Submarket and MSA.

Senior Demographic Trends

Among those demographics discussed are trends in population, number of households, age, and income. In addition to analyzing overall demographic trends, we have also separately analyzed and discussed trends specific to the senior subpopulation, which includes those 65 years of age and older. The majority of age-restricted properties offer units to seniors ages 55, 62, or 65 and older. Despite the varying age restrictions at senior properties, property managers typically report that the average age of residents to be over 55 years of age. Therefore, for the purposes of this analysis, we have included demographic characteristics of the senior population ages 55 and over.

Senior Population

The table below illustrates senior population trends in the Submarket and MSA from 2000 through 2012.

Total Senior Population (55+)				
	Central Cameron County Submarket		Brownsville - Harlingen, TX MSA	
Year	Number	Annual Change	Number	Annual Change
1990	2,636	-	46,569	-
2000	3,920	4.9%	61,192	3.1%
2007	4,880	3.4%	73,931	2.9%
2012	6,082	4.9%	89,074	4.1%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

As the table illustrates, similar to the general population trends, the senior population in both the Submarket and the MSA increased between 2000 and 2007. Senior population growth in the Central Cameron County Submarket increased at a faster rate than the MSA from 2000 and 2007. Senior population growth in both the Central Cameron County Submarket and the MSA is expected to grow at a similar rate from 2007 through 2012.

The strong projected growth in the senior population in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years. Additionally, the increasing senior populations, (typically one- and two-person households) may be a contributing factor to the projected decline in the average household size within the Submarket from 2007 to 2012.

Senior Households

The table below illustrates senior household trends in the Submarket and MSA from 2000 through 2012.

Total Number of Senior Households (55 +)				
Year	Central Cameron County Submarket		Brownsville - Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	2,315	-	35,359	-
2007	2,825	3.0%	42,259	2.7%
2012	3,451	4.4%	50,724	4.0%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Similar to senior population estimates and projections, senior household growth is expected to be positive through 2012. However in contrast to senior population estimates, the household growth rate is expected to increase significantly through 2012. The strong projected growth in the senior households in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years.

Senior Median Household Income

The following table illustrates the median household incomes in the Submarket, MSA, and nation from 2007 to 2012 for both all households and specifically for senior households.

MEDIAN HOUSEHOLD INCOME

Year	Brownsville-Harlingen, TX MSA		Central Cameron County Submarket		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
			All Ages			
2007	$31,956	-	$28,616	-	$53,154	-
2012	$36,654	2.94%	$32,818	2.94%	$62,503	3.52%
			Age 55+			
2007	$28,614	-	$28,748	-	$32,710	-
2012	$34,145	3.87%	$32,901	2.89%	$41,086	5.12%

Source: ESRI Business Demographics 2007; Novogradac and Company LLP, July, 2008

As the above table illustrates, the median senior household incomes in the MSA and USA are below those of all households. However, in the Central Cameron County Submarket, the median senior household income is above that of all households in both 2007 and 2012. Of the three areas of analysis, the median senior household income is lowest in the MSA and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally.

Senior Household Income

The tables below illustrate senior household income in the Submarket and MSA for 2007 and 2012.

Household Income Distribution - Central Cameron County Submarket (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	739	26.2%	819	23.7%
$15,000-$24,999	449	15.9%	452	13.1%
$25,000-$34,999	512	18.1%	550	15.9%
$35,000-$49,999	364	12.9%	507	14.7%
$50,000-$74,999	478	16.9%	637	18.5%
$75,000-$99,999	116	4.1%	186	5.4%
100,000-$149,999	139	4.9%	236	6.8%
150,000-$199,999	25	0.9%	48	1.4%
200,000-$249,999	3	0.1%	11	0.3%
250,000-$499,999	0	0.0%	4	0.1%
$500,000+	0	0.0%	1	0.0%
Total	**2,825**	**100%**	**3,451**	**100%**

Household Income Distribution - Brownsville - Harlingen, TX MSA (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	12,432	29.4%	12,846	25.3%
$15,000-$24,999	5,986	14.2%	6,015	11.9%
$25,000-$34,999	5,232	12.4%	5,755	11.3%
$35,000-$49,999	5,879	13.9%	7,291	14.4%
$50,000-$74,999	6,327	15.0%	8,438	16.6%
$75,000-$99,999	2,657	6.3%	4,394	8.7%
100,000-$149,999	2,386	5.6%	3,640	7.2%
150,000-$199,999	597	1.4%	1,084	2.1%
200,000-$249,999	339	0.8%	558	1.1%
250,000-$499,999	351	0.8%	526	1.0%
$500,000+	73	0.2%	177	0.3%
Total	**42,259**	**100%**	**50,724**	**100%**

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Both the Submarket and MSA have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,000. Among these locations, the Submarket has the largest percentage of seniors earning less than $35,000 annually. Approximately 60.2 percent of those 55 and older in the Submarket are earning under $35,000 per year. This is attributable primarily to the Submarket's high percentage of senior households earning below $15,000 annually and the rural nature of the submarket. The Submarket features significantly more senior households in these income brackets when compared to the MSA. By 2012, all areas of analysis will have seen decreases in the number of seniors earning less than $35,000 annually. However, within the Submarket and MSA, it is estimated that 52.7 and 48.5 percent of seniors will still be earning less than $35,000 annually for these two areas, respectively. It should be noted that these estimates are most likely a function of inflation rather than a demographic trend. Furthermore, the majority of senior households within the PMA will be earning less than $25,000, which is below the current AMI. This indicates that affordable housing for the senior population will remain in demand.

Tenure

The following table is a summary of the senior tenure patterns of the housing stock in the Submarket and MSA for 2000 through 2012.

Tenure Patterns - Elderly Population (Age 55+)								
	Central Cameron County Submarket				Brownsville-Harlingen, TX MSA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	2,048	88.5%	267	11.5%	28,551	80.7%	6,808	19.3%
2007	2,499	88.5%	326	11.5%	34,122	80.7%	8,137	19.3%
2012	3,053	88.5%	398	11.5%	40,958	80.7%	9,766	19.3%
Source: ESRI Demographics 2007; Novogradac & Company LLP, August 2008								

As the above table illustrates, the senior housing market is dominated by owner-occupied units. The Submarket has a significantly smaller percentage of senior renter-occupied units when compared to the national average (28 percent, not shown above) and the MSA. The small percentage of renter-occupied senior households is not unusual in rural submarkets, where owner-occupied housing is predominant among a reduced population

Senior Demographic Conclusion

The median senior household incomes in the MSA and USA are below those of all households. However, in the Central Cameron County Submarket, the median senior household income is above that of all households in both 2007 and 2012. Of the three areas of analysis, the median senior household income is lowest in the MSA and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally. Both the MSA and Submarket significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,000. Approximately 60.2 percent of those 55 and older in the Submarket are earning under $35,000 per year. This is attributable primarily to the Submarket's high percentage of senior households earning below $15,000 annually and the rural nature of the Submarket. The Submarket features significantly more senior households in these income brackets when compared to the MSA and national averages. The national average of senior households earning below $50,000 annually is 64 percent.

LOCAL MARKET INFORMATION

Central Cameron County Submarket
The following sections will provide an analysis of the local market characteristics within the Submarket.

Healthcare
There are no hospitals or urgent care clinics located in the in the Central Cameron County Submarket. The primary major medical providers within proximity to the Central Cameron County Submarket are the Valley Baptist Medical Center and the Harlingen Medical Center, both in Harlingen. The closest hospital to the Central Cameron County Submarket is the Valley Baptist Medical Center, located approximately 5.8 miles east of the Submarket.

Transportation
The Central Cameron County Submarket is served by the Valley International Airport, which is located approximately 5.7 miles east of the Submarket, in Harlingen, Texas. The Valley International Airport provides non-stop flights to Dallas-Love Field, Houston-Hobby, Houston-Intercontinental and Austin via Continental Airlines, ExpressJet Airlines and Southwest Airlines.

Highway access to the West Hidalgo County Submarket can be accomplished via US Highway 77. US Highway 77 runs north/south from Sioux City, Iowa to Brownsville, Texas.

Education
The Central Cameron County Submarket is served by the Los Fresnos Consolidated Independent School District and the Rio Hondo Independent School District. The Los Fresnos Consolidated Independent School District has eight elementary schools, three middle schools and one high school. The Rio Hondo Independent School District has one elementary school (Grades PreK-2), one intermediate school (Grades 3-5), one middle school and one high school. The nearest universities are located in Brownsville and Harlingen. The University of Texas at Brownsville (UTB) and Texas Southmost College (TSC) are located in Brownsville, approximately 7.0 miles east of the Central Cameron County Submarket. The partnership between UTB and TSC offers Certificates and Associate, Bachelor and Graduate degrees in liberal arts, the sciences and professional programs.

Public Transportation
The Central Cameron County Submarket does not offer public transportation.

Employment Centers

There are a limited number of employment centers in the Central Cameron County Submarket. The majority of employment centers are located in Brownsville and Harlingen. It should be noted that the number of employees for the Brownsville major employers was not available at the time of this report. The largest employers in the cities of Brownsville and Harlingen include the following:

Brownsville Top Ten Employers

Rank	Company	Industry
1	Brownsville Independent School District	Education
2	AMFELS	Manufacturing
3	University of Texas at Brownsville	Education
4	Cameron County	Government
5	Wal-Mart	Retail
6	City of Brownsville	Government
7	Convergys Corp.	Call Center
8	HEB Food Stores	Retail
9	Valley Regional Medical Center	Healthcare
10	Valley Baptist Medical Center	Healthcare

Source: Brownsville Economic Development Corporation, Real Estate Center Market Overview 2008: July2008

Harlingen Top Ten Employers

Rank	Company	Industry	Employees
1	Harlingen CISD	Education	2,582
2	Valley Baptist Medical Center	Healthcare	1,962
3	Vicki Roy Home Health	Healthcare	978
4	Advanced Call Center Technologies	Call center	865
5	Dish Network	Call center	842
6	City of Harlingen	Government	555
7	Texas State Technical College	Education	534
8	Harlingen Medical Center	Healthcare	463
9	West Corporation	Call Center	425
10	HEB	Grocery/Retail	363

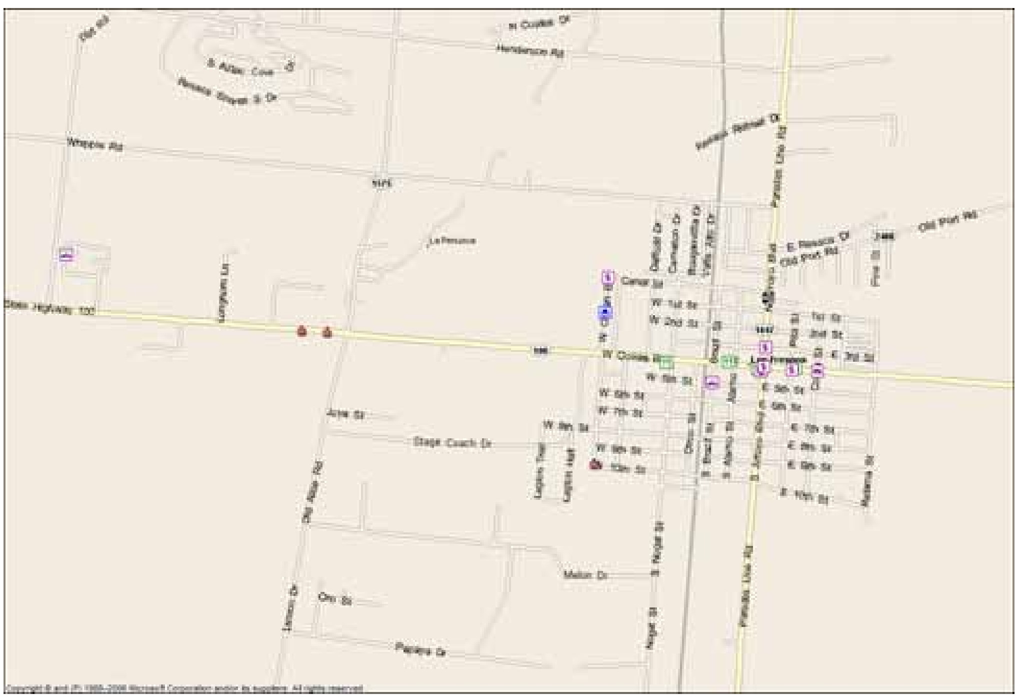
Source: Harlingen Economic Development Corporation, Real Estate Center Market Overview 2008: July2008

Identifiable employers within the Submarket include the Los Fresnos Consolidated Independent School District, City of Los Fresnos, Rio Hondo Independent School District, City of Rio Hondo, Subway, Dairy Queen, Jalisco’s Mexican Restaurant, Los Fresnos Police Departments, Diamond Shamrock and Julia’s Restaurant.

Proximity to Local Services

There are a moderate number of locational amenities in the Central Cameron County Submarket. The majority of locational amenities are located in and surrounding the City of Los Fresnos and Rio Hondo, Texas.

Source: Novogradac and Company LLP, July 2008.



	Bank		School
	United States Post Office		Hospital
	Fire Station		Airport
	Restaurant		Police Station
	Hotel/Motel		College/University
	Grocery/Supermarket		Gas Station

HOUSING SUPPLY ANALYSIS

CENTRAL CAMERON COUNTY SUBMARKET HOUSING SUPPLY ANALYSIS

Age of the Housing Stock

The following table presents the age of the housing stock in the Central Cameron County Submarket.

AGE OF HOUSING STOCK IN THE CENTRAL CAMERON COUNTY SUBMARKET

Years	Number of Units	Percent of Housing Stock
1999-3/2000	455	5.64%
1995-1998	1,219	15.12%
1990-1994	941	11.67%
1980-1989	2,166	26.87%
1970-1979	1,565	19.41%
1960-1969	729	9.04%
1950-1959	357	4.43%
1940-1949	280	3.47%
1939 and Before	349	4.33%
Total	**8,061**	**100.00%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

The majority of the housing stock (73.07 percent) in the Central Cameron County Submarket was constructed from 1970 through 1998. This Submarket is characterized primarily by vacant land and small communities proximate to limited locational amenities and essential services. The predominant form of housing in this Submarket is owner-occupied single-family homes in poor to very good condition and less than 5 to 40 years in age. There is limited multi-family development in fair to very good condition and five to 20 years in age.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2007 for Cameron County, Texas. Data was not available for 2008. Building Permit Activity was not available by Submarket.

BUILDING PERMITS: Cameron County, TX - 1997 to 2007				
Year	**Single-family and Duplex**	**Three and Four-Family**	**Five or More Family**	**Total Units**
1997	1,601	40	257	1,898
1998	1,400	166	161	1,727
1999	1,058	229	150	1,437
2000	2,086	121	150	2,357
2001	1,595	142	102	1,839
2002	2,211	136	475	2,822
2003	3,200	81	163	3,444
2004	2,203	198	213	2,614
2005	1,981	197	116	2,294
2006	2,670	74	261	3,005
2007	1,800	131	138	2,069
Total	**21,805**	**1,515**	**2,186**	**25,506**
Average	**1,982**	**138**	**199**	**2,319**

There were 2,186 “5+ units” building permits issued in Cameron County from 1997 to 2007. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2007, at 85 percent, while “5+ units” building permits constitute approximately 8.6 percent of all permits issued from 1997 through 2007. The small percentage of multifamily permits issued indicates demand for multi-family housing of all kinds.

Interviews

Cameron County Housing Authority

We spoke with Guadalupe Garcia with the Cameron County Housing Authority. According to Ms. Garcia, the Housing Authority is allocated 1,080 Housing Choice Vouchers and 1,006 vouchers are currently in use. Ms. Garcia estimated that there were 878 households on the waiting list as of July 2008 and the waiting list is currently open. The current payment standards for one-, two-, three-, and four-bedroom units are listed below.

PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$536
Two-bedroom	$615
Three-bedroom	$760
Four-bedroom	$860

Los Fresnos Housing Authority

We spoke with Carmen Silva, Director of the Los Fresnos Housing Authority. According to Ms. Silva, the housing authority has 102 Housing Choice Vouchers designated for the city of Los Fresnos. All 102 vouchers are currently in use. The waiting list is currently closed and has approximately 100 households on it. There are approximately six senior households on the waiting list. The housing authority owns three public housing developments in Los Fresnos, for a total of 38 units. These developments are discussed in detail in the subsidized supply analysis section later in this report. The payment standards for the Los Fresnos Housing Authority are below:

PAYMENT STANDARDS

Units	Payment Standards
Studio	$423
One-bedroom	$488
Two-bedroom	$559
Three-bedroom	$691
Four-bedroom	$781

Los Fresnos and Rio Hondo Planning and Development

We attempted to contact the planning departments of the cities of Los Fresnos and Rio Hondo to determine if there are any multifamily developments under construction or coming down the pipeline in the Submarket. Despite numerous attempts to contact the planning departments both in person and over the phone, our attempts have been unsuccessful as of the date of this report. However, based on our physical site inspection of the Submarket, there do not appear to be any multifamily developments under construction or in the planning stages in the Submarket at this time.

LIHTC SUPPLY
There are no existing LIHTC developments in this Submarket. Based on the lack of available data, we did not complete a LIHTC family or senior supply analysis.

Proposed/Under Construction
According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there are no LIHTC family or senior properties that have received an allocation in the Submarket.

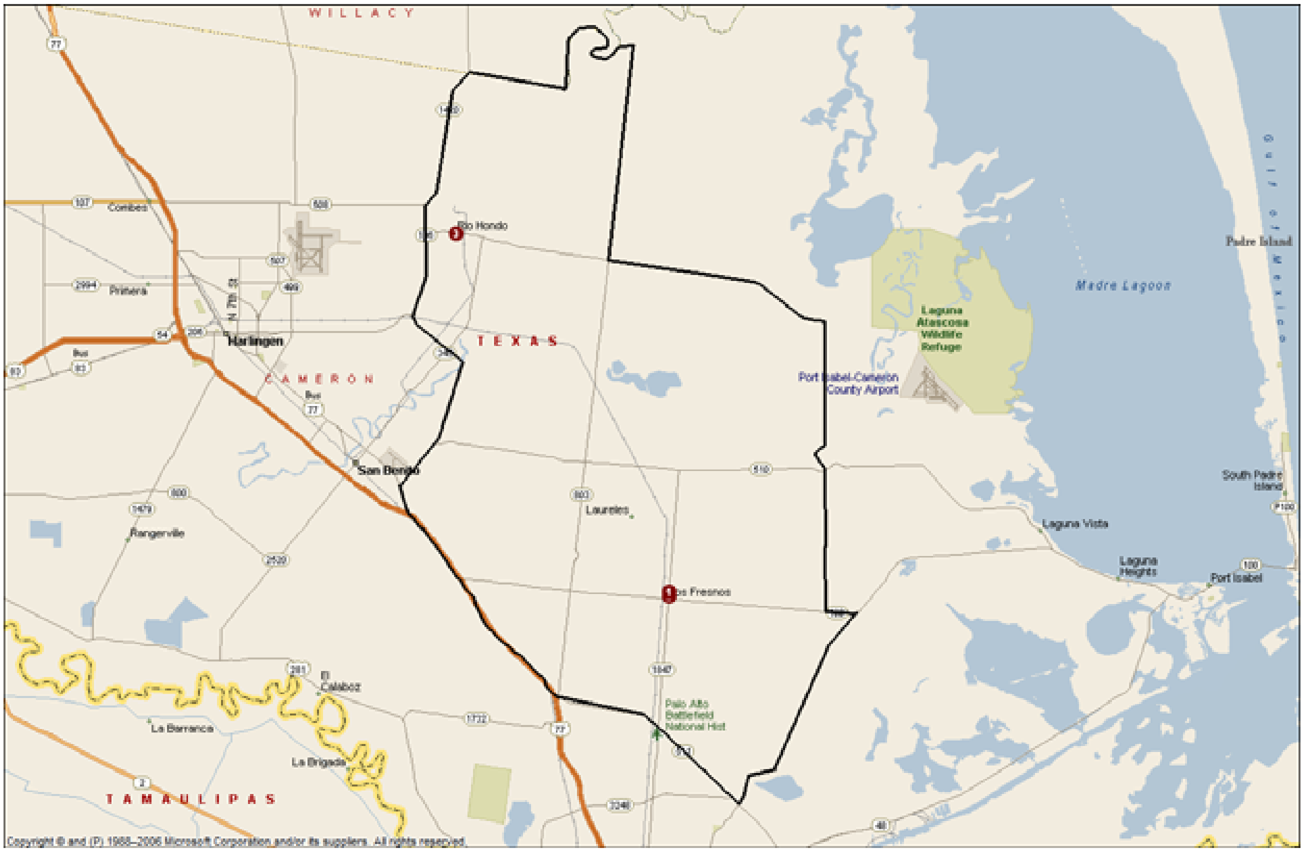
MARKET RATE SUPPLY
There are no existing market rate developments in the Submarket. Based on the lack of available data, we did not complete a market rate family or senior supply analysis.

Proposed/Under Construction
We attempted to contact the planning departments of the cities of Los Fresnos and Rio Hondo to determine if there are any multifamily developments under construction or coming down the pipeline in the Submarket. Despite numerous attempts to contact the planning departments both in person and over the phone, our attempts have been unsuccessful as of the date of this report. However, based on our physical site inspection of the Submarket, there do not appear to be any multifamily developments under construction or in the planning stages in the Submarket at this time.

SUBSIDIZED FAMILY SUPPLY
We attempted to identify all existing, proposed, and under construction family-oriented subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

We identified and interviewed three family subsidized properties in the Submarket, Loma Linda Apartments, Villa de Carmen and Rio Hondo Village.

The following map illustrates the location of the surveyed subsidized family comparables in the Submarket.



SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Loma Linda Apartments	Los Fresnos	Public Housing – Family
2	Villa De Carmen	Los Fresnos	Public Housing – Family
3	Rio Hondo Village	Rio Hondo	Section 8 - Family

Subsidized Multifamily Market

The following pictures identify the surveyed subsidized family properties in the Submarket.


Loma Linda Apartments


Villa De Carmen


Rio Hondo Village

Excluded Properties

We were able to interview all identified family subsidized properties in the Submarket and have not excluded any properties.

Proposed/Under Construction

According to Carmen Silva, Director of the Los Fresnos Housing Authority, there are not public housing units under construction or in the planning stages in the Submarket.

Unit Mix
The following table illustrates the unit mix in the family subsidized rental property market.

Unit Mix - Subsidized Family		
Unit Type	**Total Units**	**Percent**
1 BR	8	9.9%
2 BR	26	32.1%
3 BR	41	50.6%
4 BR	6	7.4%
Total	**81**	**100%**

The majority of the subsidized units in the Submarket are three-bedroom units, followed by two-bedroom units. Large unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.55 and is projected to decrease slightly by 2012 to 3.54. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 37 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Though there is a lack of sufficient subsidized family developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

Unit Size
The following table illustrates the existing unit sizes in the subsidized family rental property market.

Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
1 BR	725	725	725
2 BR	800	824	812
3 BR	987	1,100	1,029
4 BR	1,200	1,788	1,494

The surveyed family subsidized properties in the Submarket had a one-bedroom average unit size of 725 square feet, a two-bedroom average unit size of 812 square feet, a three-bedroom average unit size of 1,029 and a four-bedroom average unit size of 1,494 square feet.

Common and In-Unit Amenities

	Loma Linda Apartments	Villa De Carmen	Rio Hondo Village
Comp #	1	2	3
Property Information			
Property Type	Garden		Various
Year Built / Renovated	1964 / n/a	1988 / n/a	1977 / n/a
Market (Conv.)/Subsidy Type	@30% (Public Housing)	@30% (Public Housing)	Section 8
In-Unit Amenities			
Balcony/Patio	no	no	yes
Blinds	no	no	yes
Carpeting	yes	yes	no
Central A/C	no	yes	yes
Coat Closet	no	no	yes
Exterior Storage	no	no	yes
Ceiling Fan	no	no	yes
Oven	yes	yes	yes
Refrigerator	yes	yes	yes
Washer/Dryer hookup	yes	yes	yes
Property Amenities			
Central Laundry	no	no	yes
Off-Street Parking	yes	yes	yes
On-Site Management	no	no	yes
Playground	no	no	yes
Services			
Security			
Perimeter Fencing	no	no	yes
Premium Amenities			
Other Amenities			
Other	n/a	n/a	n/a

The existing subsidized family properties in the South Cameron County Submarket offer limited in-unit and community amenities. Washer/dryer hookups are common in the market. A basic appliance package is provided at all properties.

By-Unit Weighted Vacancy

The following table illustrates vacancy by unit type, for the surveyed properties.

Weighted Vacancy - Subsidized Family			
Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	8	0	0.0%
2 BR	26	0	0.0%
3 BR	41	0	0.0%
4 BR	6	0	0.0%
Total	**81**	**0**	**0.0%**

Absorption

None of the surveyed subsidized family comparables were able to provide absorption information.

Waiting List

Loma Linda Apartments and Villa De Carmen draw tenants from the Los Fresnos Housing Authority Public Housing waiting list, which currently has 25 households on it. Rio Hondo Village maintains a waiting list of approximately 20 households for all unit types. Based on the waiting lists for Public Housing and Section 8 units, we anticipate significant future demand for very low income affordable housing.

Vacancy Levels

All surveyed subsidized family properties have a vacancy rate of zero percent, which is indicative of significant demand for very low income affordable housing.

Concessions

None of the subsidized family properties in the market are offering concessions.

Turnover

The following table illustrates turnover information in the market.

Property Name	Rent Structure	Turnover
Loma Linda Apartments	Public Housing	10%
Villa De Carmen	Public Housing	12%
Rio Hondo Village	Section 8	24%
Total		**15.3%**

Annual turnover rates reported range from 10 percent to 24 percent, with an average of 15.3 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Loma Linda Apartments	Garden	@30%	2BR / 1BA	6	33.30%	@30%	N/A	800	n/a	Yes	0	0.00%
	500 N. Arroyo	1964 / n/a	(Public Housing)	3BR / 1BA	12	66.70%	@30%	N/A	1,100	n/a	Yes	0	0.00%
	Los Fresnos, TX 78566												
	Cameron County												
					18	100%						0	0.00%
2	Villa De Carmen	n/a	@30%	3BR / 1BA	10	71.40%	@30%	N/A	1,000	n/a	Yes	0	0.00%
	2nd Street @ Arroyo	1988 / n/a	(Public Housing)	4BR / 2BA	4	28.60%	@30%	N/A	1,200	n/a	Yes	0	0.00%
	Los Fresnos, TX 78566												
	Cameron County												
					14	100%						0	0.00%
3	Rio Hondo Village	Various	Section 8	1BR / 1BA (Duplex)	8	16.30%	Section 8	$491	725	n/a	20HH Total	0	0.00%
	901 S Reynolds Street	1977 / n/a		2BR / 1BA (Duplex)	20	40.80%	Section 8	$542	824	n/a	20HH Total	0	0.00%
	Rio Hondo, TX 78583			3BR / 1BA (Duplex)	19	38.80%	Section 8	$675	987	n/a	20HH Total	0	0.00%
	Cameron County			4BR / 1.5BA (Single)	2	4.10%	Section 8	$790	1,788	n/a	20HH Total	0	0.00%
					49	100%						0	0.00%

Rent and Square Footage Ranking

CAMERON COUNTY HOUSING AUTHORITY PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$536
Two-bedroom	$615
Three-bedroom	$760
Four-bedroom	$860

There is an insufficient amount of subsidized family development in the Submarket, on which to base an effective rental rate analysis. Loma Linda and Villa De Carmen were unable to provide rents; however, as they are Public Housing developments, tenants can pay from zero up to 30 percent of their gross annual income towards rent. Rio Hondo Village was able to provide "flat rents". The flat rents at Rio Hondo Village are well below the payment standards for Cameron County.

Subsidized Family Supply Conclusion

We identified and interviewed three family subsidized properties in the Submarket, Loma Linda Apartments, Villa de Carmen and Rio Hondo Village.

The majority of the subsidized units in the Submarket are three-bedroom units, followed by two-bedroom units. Large unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.55 and is projected to decrease slightly by 2012 to 3.54. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 37 percent of the population in 2007 was age 19 years or younger. This trend is expected to remain stable through 2012. Though there is a lack of sufficient subsidized family developments on which to base an effective analysis, demographic projections and anecdotal evidence indicate a possible unmet demand for larger bedroom types.

The existing subsidized family properties in the South Cameron County Submarket offer limited in-unit and community amenities. Washer/dryer hookups are common in the market. A basic appliance package is provided at all properties.

None of surveyed comparables are offering concessions. None of the surveyed subsidized family comparables were able to provide absorption information. Loma Linda Apartments and Villa De Carmen draw tenants from the Los Fresnos Housing Authority Public Housing waiting list, which currently has 25 households on it. Rio Hondo Village maintains a waiting list of approximately 20 households for all unit types. Based on the waiting lists for Public Housing and Section 8 units, we anticipate significant future demand for very low income affordable housing. Annual turnover rates reported range from 10 percent to 24 percent, with an average of 15.3 percent. All surveyed subsidized family properties have a vacancy rate of zero percent, which is indicative of significant demand for very low income affordable housing.

There is an insufficient amount of subsidized family development in the Submarket, on which to base an effective rental rate analysis. Loma Linda and Villa De Carmen were unable to provide

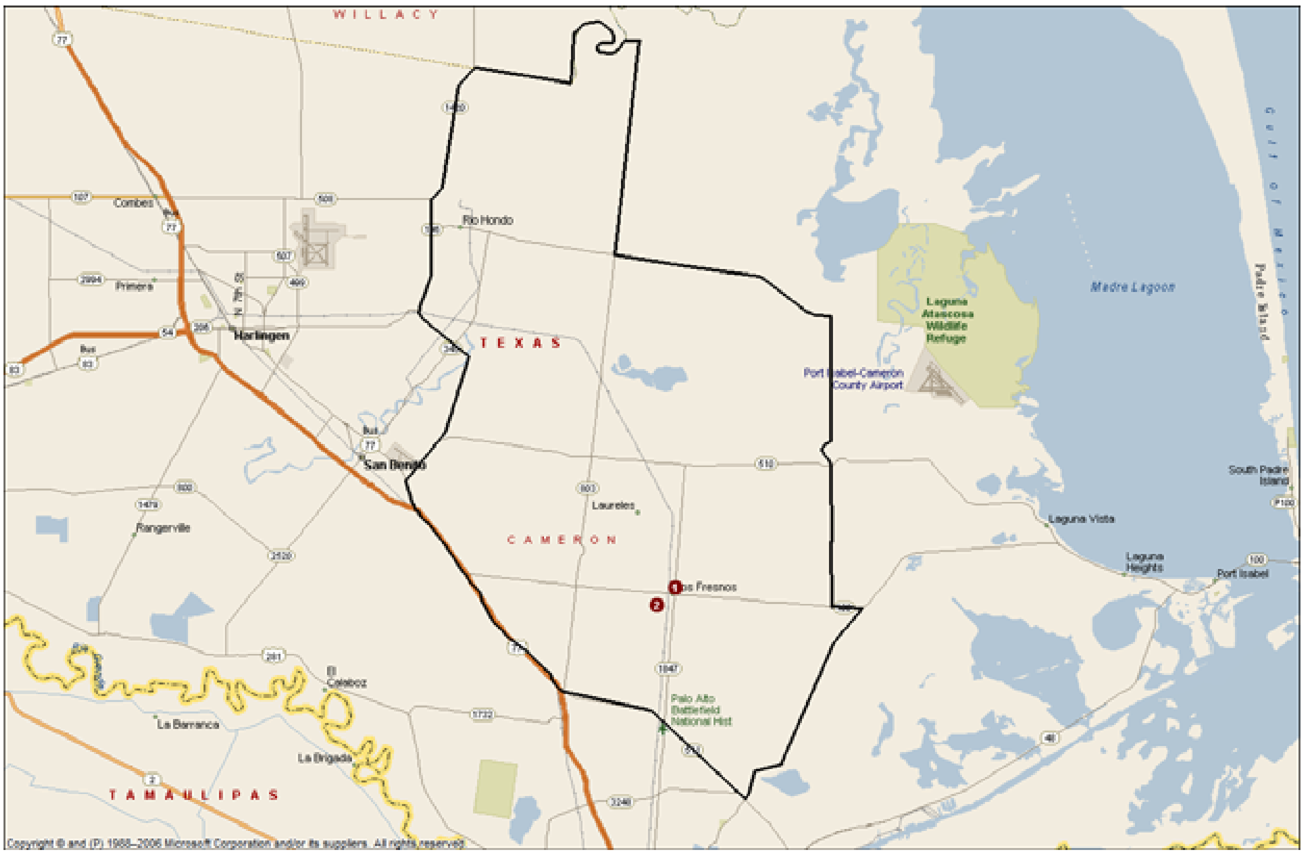
rents; however, as they are Public Housing developments, tenants can pay from zero up to 30 percent of their gross annual income towards rent. Rio Hondo Village was able to provide “flat rents”. The flat rents at Rio Hondo Village are well below the payment standards for Cameron County.

SUBSIDIZED SENIOR SUPPLY

We attempted to identify all existing, proposed, and under construction senior subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

We identified and interviewed two senior subsidized properties in the Submarket, Hibiscus Apartments and Raintree Apartments.

The following map illustrates the location of the surveyed subsidized senior comparables in the Submarket.



SURVEYED PROPERTIES			
Number	**Name**	**Location**	**Type**
1	Hibiscus Apartments	Los Fresnos	Public Housing – Senior
2	Raintree Apartments	Los Fresnos	USDA - Senior

Subsidized Senior Market
The following pictures identify the surveyed subsidized senior properties in the Submarket.


Hibiscus Apartments


Raintree Apartments

Excluded Properties
We were able to interview all identified senior subsidized properties in the Submarket and have not excluded any properties.

Proposed/Under Construction
According to Carmen Silva, Director of the Los Fresnos Housing Authority, there are no public housing units under construction or in the planning stages in the Submarket.

Unit Mix

The following table illustrates the unit mix in the senior subsidized rental property market.

Unit Mix - Subsidized Family		
Unit Type	**Total Units**	**Percent**
1 BR	28	73.7%
2 BR	10	26.3%
Total	**38**	**100%**

The majority of the subsidized units in the Submarket are one-bedroom units, followed by two-bedroom units. Smaller unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.55 and is projected to decrease slightly by 2012 to 3.54. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 17 percent of the population in 2007 was age 55 years or older. This trend is expected to remain stable through 2012.

Unit Size

The following table illustrates the existing unit sizes in the subsidized senior rental property market.

Unit Type	Surveyed Min	Surveyed Max	Surveyed Average
1 BR	500	500	500
2 BR	700	750	725

The surveyed senior subsidized properties in the Submarket had a one-bedroom average unit size of 500 square feet and a two-bedroom average unit size of 725 square feet.

Common and In-Unit Amenities

	Hibiscus Apartments	Raintree Apartments
Comp #	1	2
Property Information		
Property Type	(age-restricted)	Garden (age-restricted)
Year Built / Renovated	1964 / n/a	1987 / n/a
Market (Conv.)/Subsidy Type	@30% (Public Housing)	Rural Development
In-Unit Amenities		
Blinds	no	yes
Carpeting	yes	no
Oven	yes	yes
Refrigerator	yes	yes
Window A/C	yes	yes
Washer/Dryer hookup	yes	no
Property Amenities		
Central Laundry	no	yes
Off-Street Parking	no	yes
Services		
Security		
Premium Amenities		
Other Amenities		
Other	n/a	n/a

The existing subsidized senior properties in the Central Cameron County Submarket offer limited in-unit and community amenities. A basic appliance package is provided at all properties.

By-Unit Weighted Vacancy
The following table illustrates vacancy by unit type, for the surveyed properties.

Weighted Vacancy - Subsidized Senior			
Unit Type	Total Units	Vacant Units	Percent Vacant
1 BR	28	0	0.0%
2 BR	10	0	0.0%
Total	**38**	**0**	**0.0%**

Absorption
None of the surveyed subsidized senior comparables were able to provide absorption information.

Waiting List
Hibiscus Apartments draws tenants from the Los Fresnos Housing Authority Public Housing waiting list, which currently has 25 households on it. Raintree Apartments maintains a waiting list of approximately 15 households for all unit types. Based on the waiting lists for Public Housing and Section 8 units, we anticipate significant future demand for very low income affordable housing.

Vacancy Levels
All surveyed subsidized senior properties have a vacancy rate of zero percent, which is indicative of significant demand for very low income affordable housing.

Concessions
None of the subsidized senior properties in the market are offering concessions.

Turnover
The following table illustrates turnover information in the market.

Property Name	Rent Structure	Turnover
Hibiscus Apartments	Public Housing	50%
Raintree Apartments	USDA	10%
Total		**30%**

Annual turnover rates reported range from 10 percent to 50 percent, with an average of 30 percent.

Rental Rate Analysis

The rental rates displayed below have been adjusted for concessions.

Comp #	Project	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Hibiscus Apartments Hibiscus @ Arroyo Los Fresnos, TX 78566 Cameron County	n/a (age-restricted) 1964 / n/a	@30% (Public Housing)	2BR / 1BA	6	100.00%	@30%	N/A	750	n/a	Yes	0	0.00%
					6	100%						0	0.00%
2	Raintree Apartments 801 S. Mesquite Los Fresnos, TX 78566 Cameron County	Garden (age-restricted) 1987 / n/a	Rural Development	1BR / 1BA	28	87.50%	Rural Development	N/A	500	n/a	Yes	0	0.00%
				2BR / 0BA	4	12.50%	Rural Development	N/A	700	n/a	Yes	0	0.00%
					32	100%						0	0.00%

Rent and Square Footage Ranking

CAMERON COUNTY HOUSING AUTHORITY PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$536
Two-bedroom	$615
Three-bedroom	$760
Four-bedroom	$860

There is an insufficient amount of subsidized senior development in the Submarket on which to base an effective rental rate analysis. Hibiscus Apartments and Raintree Apartments were unable to provide rents; however, as they are Public Housing developments, tenants can pay from zero up to 30 percent of their gross annual income towards rent.

Subsidized Family Supply Conclusion

We identified and interviewed two senior subsidized properties in the Submarket, Hibiscus Apartments and Raintree Apartments.

The majority of the subsidized units in the Submarket are one-bedroom units, followed by two-bedroom units. Smaller unit types are currently prevalent in the Submarket. Demographic projections show that the average household size in the Submarket in 2007 was 3.55 and is projected to decrease slightly by 2012 to 3.54. However, the Submarket's household size is still significantly larger than the national average of 2.59 and just slightly larger than that of the MSA. Demographic estimates show that approximately 17 percent of the population in 2007 was age 55 years or older. This trend is expected to remain stable through 2012.

The existing subsidized senior properties in the Central Cameron County Submarket offer limited in-unit and community amenities. A basic appliance package is provided at all properties.

None of surveyed comparables are offering concessions. None of the surveyed subsidized family comparables were able to provide absorption information. Hibiscus Apartments draws tenants from the Los Fresnos Housing Authority Public Housing waiting list, which currently has 25 households on it. Raintree Apartments maintains a waiting list of approximately 15 households for all unit types. Based on the waiting lists for Public Housing and Section 8 units, we anticipate significant future demand for very low income affordable housing. Annual turnover rates reported range from 10 percent to 50 percent, with an average of 30 percent. All surveyed subsidized senior properties have a vacancy rate of zero percent, which is indicative of significant demand for very low income affordable housing.

There is an insufficient amount of subsidized senior development in the Submarket on which to base an effective rental rate analysis. Hibiscus Apartments and Raintree Apartments were unable to provide rents; however, as they are Public Housing developments, tenants can pay from zero up to 30 percent of their gross annual income towards rent.

DEMAND ANALYSIS

AFFORDABLE HOUSING DEMAND ANALYSIS

As outlined in the study requirements, our estimate of demand for affordable rental housing in the Central Cameron County Submarket is based on current households and is presented by household size, income level and targeted population. Existing income-qualified renter households are further refined to account for household growth over a five-year projection period, percentage of rent-overburdened households, percentage of households residing in substandard housing, percentage of households in overcrowded housing, and the Submarket's turnover rate. Additionally, we have adjusted our demand estimates to account for accommodation of affordable housing demand through any planned, proposed or unstabilized LIHTC units in the Submarket.

The number of income-qualified renter households is calculated for each of six income cohorts: less than 30 percent of AMI, 31 to 40 percent of AMI, 41 to 50 percent of AMI, 51 to 60 percent of AMI, 61 to 80 percent of AMI and 81 to 100 percent of AMI. With the use of demographics provided by HISTA, we are able to examine each of these six income groups by household size to include one-, two-, three- and four-person households and households with five or more persons. This insures that income-qualified households will not be double counted. Separate analyses are presented for all renter households and senior renter households, defined as age 55 and older.

There is very limited demographic and income data for colonias households available through the census and other government agencies. For this reason, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand accounted for through the analysis of Census data.

DEMAND FROM EXISTING HOUSEHOLDS

Number of Existing Households for the Current Year

The total number of households in the Central Cameron County Submarket in 2007 is 7,955 and the total number of households in 2012 is projected to be 8,956. The total number of households age 55 and older in the Submarket for 2007 is 2,825, with a 2012 projection of 3,451 households. This is a beginning point for our analysis.

Number of Renters

Information provided to us by ESRI indicates that of the occupied housing units, renter households make up approximately 17.1 percent of the occupied housing unit households in the Central Cameron County Submarket in 2007. For seniors age 55 and older, the percentage of renters is 11.5 percent.

Maximum Income Guidelines

Maximum income guidelines for tax credit properties are determined by HUD and are based on the area's Average Income. Typically, minimum income levels are calculated based on the assumption that lower income families should pay no more than 35 percent of their income to gross rent. Often times, lower income families pay a higher percentage of income as rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high income households. In order to avoid overstating potential demand this analysis assumes that none of the income bands will overlap. For example, the maximum income for a one-person household at 30 percent of AMI is considered the minimum income for a

one-person household in the income range between 31 percent and 40 percent of AMI. A minimum income of zero dollars is used in calculating demand from households earning 30 percent of AMI or less.

The minimum and maximum household eligible income ranges for the Central Cameron County Submarket (Brownsville-Harlingen, TX MSA) are detailed in the table on the following page.

INCOME LIMITS

Household Size	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	< 30% AMI		*31% - 40% AMI*		*41% - 50% AMI*		*51% - 60% AMI*		*61% - 80% AMI*		*81% - 100% AMI*	
1 Person	$0	$9,150	$9,150	$12,200	$12,200	$15,250	$15,250	$18,300	$18,300	$24,400	$24,400	$30,500
2 Person	$0	$10,500	$10,500	$13,960	$13,960	$17,450	$17,450	$20,940	$20,940	$27,920	$27,920	$34,900
3 Person	$0	$11,800	$11,800	$15,680	$15,680	$19,600	$19,600	$23,520	$23,520	$31,360	$31,360	$39,200
4 Person	$0	$13,100	$13,100	$17,440	$17,440	$21,800	$21,800	$26,160	$26,160	$34,880	$34,880	$43,600
5+ Person	$0	$14,150	$14,150	$18,840	$18,840	$23,550	$23,550	$28,260	$28,260	$37,680	$37,680	$47,100

Rent-Overburdened Households
Households are determined to be rent-overburdened if they are paying more than 35 percent of household income as rent. In the Central Cameron County Submarket, approximately 24.1 percent of households, including senior households, are considered rent-overburdened.

Substandard Housing
Substandard housing is generally defined as housing units identified in the Census that lack complete plumbing facilities. According to Census 2000 estimates, approximately 3.9 percent of units in the Submarket are determined to be substandard. Of the four Cameron County Submarkets, the Central Cameron County Submarket has the highest percentage of substandard units.

Overcrowded Housing
A housing unit is considered overcrowded if there are more than 1.00 persons per room. According to a report issued in 2002 by the Fannie Mae Foundation, Census 2000 data indicates that the southwestern United States, which includes Texas, has a higher than average incidence of households living in overcrowded housing units. The report further concludes that while Texas and California contain less than one-fifth of the nation's households, these two states account for two-fifths of overcrowded households. In the Central Cameron County Submarket, it is estimated that 23.7 percent of households are living in overcrowded units.

Movership or Turnover Rate
There are numerous sources of information regarding turnover rate, or the percent of renter households who move in a year. The most reliable source is that of the market participants in the Submarket. As discussed in the *Housing Supply Analysis* section, we attempted to interview comparable properties regarding information the turnover rate experienced on an annual basis. There are no family LIHTC properties identified in the Submarket. Therefore, we have used the average annual turnover rate for the subsidized family properties surveyed in the Submarket, which is 15.3 percent.

We were unable to identify any senior LIHTC properties in this Submarket. Therefore, for the purpose of this analysis, we have used the Submarket's average subsidized turnover rate of 30 percent.

Unstabilized Rental Units - Existing and Proposed
To our knowledge, there are no proposed or under construction subsidized or LIHTC properties in the Central Cameron County Submarket. Therefore, no units were deducted from the demand analysis.

Annual Income-Qualified Renter Demand
Provided below are calculations of the total number of existing income-qualified renter households in the Central Cameron County Submarket in 2007 and 2012. Two analyses have been presented. The first calculates total demand, both currently present and moving into the market, adjusted for income eligibility and renter status, as well as the percentage of rent-overburdened households and substandard and overcrowded housing units. An additional calculation, which accounts for all of the previous variables and incorporates the turnover rate, is also provided.

Note that in the subsequent tables, the total number of income-qualified renter households is not equal to the total number of renter households. This is due to the fact that we have only analyzed households earning between zero and 100 percent of the AMI. There are additional renter households in the Submarket with annual incomes greater than 100 percent of the AMI.

Again, this analysis avoids overstating demand by avoiding overlapping income bands. It should be noted that the percentage of rent overburdened households may also include some of the households that are living in substandard and/or overcrowded housing units. This would result in some potential overlap. This analysis assumes that rent overburdened households, households living in substandard housing and households in overcrowded units each represent a separate component of demand. As these are quantifiable sources of demand, the sum of these calculations results in a maximum number of income-qualified renter households.

The calculations of potential household demand by income cohort and household size for all households and senior households are shown in the following tables:

2007 All Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	267	137	13	13	13	11	6
2 person	193	49	22	22	19	25	24
3 person	241	82	21	21	18	33	18
4 person	287	102	23	24	25	52	34
5+person	373	159	44	30	27	32	46
Total	1,361	528	122	110	103	153	128
Number of Income-Qualified Renter Households		**528**	**122**	**110**	**103**	**153**	**128**
X Percentage of Rent-Overburdened (24.1%)		127	30	27	25	37	31
X Percentage of Substandard Housing (3.9%)		21	5	4	4	6	5
X Percentage of Overcrowded Housing (23.7%)		125	29	26	24	36	30
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**273**	**63**	**57**	**53**	**79**	**66**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**273**	**63**	**57**	**53**	**79**	**66**

2012 All Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	324	166	15	16	16	14	8
2 person	209	53	23	24	21	28	26
3 person	274	93	24	24	21	37	21
4 person	320	113	26	27	28	58	38
5+person	441	187	52	36	32	37	54
Total	1,567	612	140	127	118	174	147
Number of Income-Qualified Renter Households		**612**	**140**	**127**	**118**	**174**	**147**
X Percentage of Rent-Overburdened (24.1%)		147	34	31	28	42	35
X Percentage of Substandard Housing (3.9%)		24	5	5	5	7	6
X Percentage of Overcrowded Housing (23.7%)		145	33	30	28	41	35
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**316**	**72**	**66**	**61**	**90**	**76**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**316**	**72**	**66**	**61**	**90**	**76**

2007 All Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	267	137	13	13	13	11	6
2 person	193	49	22	22	19	25	24
3 person	241	82	21	21	18	33	18
4 person	287	102	23	24	25	52	34
5+person	373	159	44	30	27	32	46
Total	1,361	528	122	110	103	153	128
Number of Income-Qualified Renter Households		**528**	**122**	**110**	**103**	**153**	**128**
X Percentage of Rent-Overburdened (24.1%)		127	30	27	25	37	31
X Percentage of Substandard Housing (3.9%)		21	5	4	4	6	5
X Percentage of Overcrowded Housing (23.7%)		125	29	26	24	36	30
X Percentage of Estimated Turnover (15.3%)		81	19	17	16	23	20
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**354**	**82**	**74**	**69**	**103**	**86**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**354**	**82**	**74**	**69**	**103**	**86**

2012 All Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	324	166	15	16	16	14	8
2 person	209	53	23	24	21	28	26
3 person	274	93	24	24	21	37	21
4 person	320	113	26	27	28	58	38
5+person	441	187	52	36	32	37	54
Total	1,567	612	140	127	118	174	147
Number of Income-Qualified Renter Households		**612**	**140**	**127**	**118**	**174**	**147**
X Percentage of Rent-Overburdened (24.1%)		147	34	31	28	42	35
X Percentage of Substandard Housing (3.9%)		24	5	5	5	7	6
X Percentage of Overcrowded Housing (23.7%)		145	33	30	28	41	35
X Percentage of Estimated Turnover (15.3%)		94	21	19	18	27	22
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**410**	**94**	**85**	**79**	**117**	**98**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**410**	**94**	**85**	**79**	**117**	**98**

2007 Senior Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	174	110	10	7	7	8	5
2 person	64	34	7	7	5	3	3
3 person	31	10	5	5	2	2	0
4 person	19	0	0	0	0	2	4
5+person	7	0	0	2	2	1	1
Total	294	154	22	21	17	16	13
Number of Income-Qualified Renter Households		**154**	**22**	**21**	**17**	**16**	**13**
X Percentage of Rent-Overburdened (24.1%)		37	5	5	4	4	3
X Percentage of Substandard Housing (3.9%)		6	1	1	1	1	1
X Percentage of Overcrowded Housing (23.7%)		36	5	5	4	4	3
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**80**	**11**	**11**	**9**	**8**	**7**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**80**	**11**	**11**	**9**	**8**	**7**

2012 Senior Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	221	140	13	9	9	10	7
2 person	70	37	8	8	6	3	3
3 person	38	12	6	6	2	3	0
4 person	23	0	0	0	0	2	5
5+person	8	0	0	2	3	1	1
Total	361	189	27	25	20	19	16
Number of Income-Qualified Renter Households		**189**	**27**	**25**	**20**	**19**	**16**
X Percentage of Rent-Overburdened (24.1%)		46	7	6	5	5	4
X Percentage of Substandard Housing (3.9%)		7	1	1	1	1	1
X Percentage of Overcrowded Housing (23.7%)		45	6	6	5	5	4
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**98**	**14**	**13**	**10**	**10**	**8**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**98**	**14**	**13**	**10**	**10**	**8**

2007 Senior Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	174	110	10	7	7	8	5
2 person	64	34	7	7	5	3	3
3 person	31	10	5	5	2	2	0
4 person	19	0	0	0	0	2	4
5+person	7	0	0	2	2	1	1
Total	294	154	22	21	17	16	13
Number of Income-Qualified Renter Households		**154**	**22**	**21**	**17**	**16**	**13**
X Percentage of Rent-Overburdened (24.1%)		37	5	5	4	4	3
X Percentage of Substandard Housing (3.9%)		6	1	1	1	1	1
X Percentage of Overcrowded Housing (23.7%)		36	5	5	4	4	3
X Percentage of Estimated Turnover (30%)		46	7	6	5	5	4
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**126**	**18**	**17**	**14**	**13**	**11**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**126**	**18**	**17**	**14**	**13**	**11**

2012 Senior Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	221	140	13	9	9	10	7
2 person	70	37	8	8	6	3	3
3 person	38	12	6	6	2	3	0
4 person	23	0	0	0	0	2	5
5+person	8	0	0	2	3	1	1
Total	361	189	27	25	20	19	16
Number of Income-Qualified Renter Households		**189**	**27**	**25**	**20**	**19**	**16**
X Percentage of Rent-Overburdened (24.1%)		46	7	6	5	5	4
X Percentage of Substandard Housing (3.9%)		7	1	1	1	1	1
X Percentage of Overcrowded Housing (23.7%)		45	6	6	5	5	4
X Percentage of Estimated Turnover (30%)		57	8	8	6	6	5
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**154**	**22**	**20**	**16**	**16**	**13**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**154**	**22**	**20**	**16**	**16**	**13**

Demand Analysis Conclusions

All Households

As will the other Submarkets, the analysis of income-qualified renter households in the Central Cameron County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that over 26 percent of households in the Submarket earn less than $15,000 annually. Currently, there are no LIHTC units serving the affordable housing needs of residents in the Submarket. The 81 units of subsidized housing for families in the Submarket are 100 percent occupied, with waiting lists reported. This evidence, along with the analysis of income-qualified renter households, indicates that there is a persistent need in the Submarket for additional affordable housing units targeting families. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households.

Senior Households

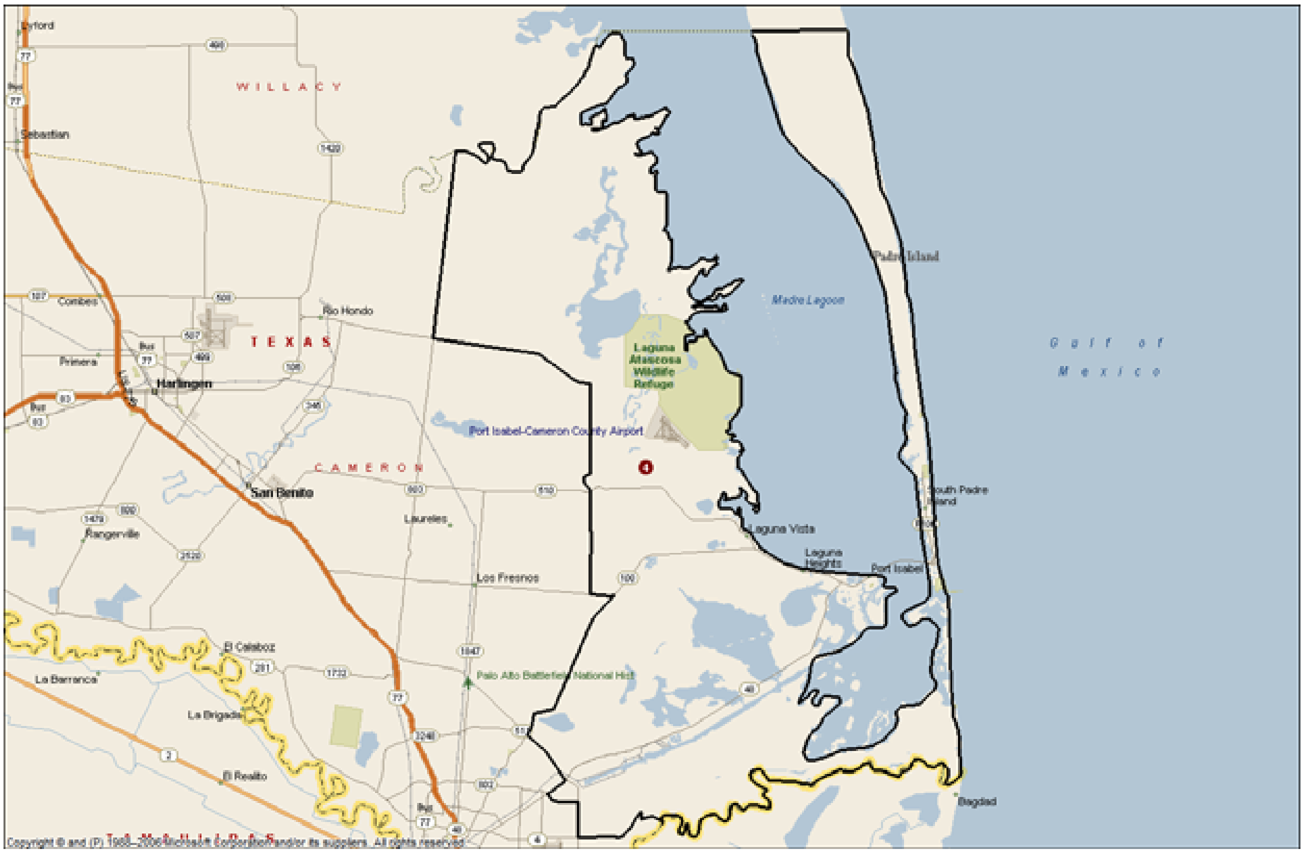
Demand from income-qualified senior renter households generally mirrors that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI. Similarly, there are no LIHTC units and only 38 subsidized units serving low-income senior households in the Central Cameron County Submarket and an increase in income-qualified senior renter households projected through 2012. With no additional LIHTC units planned, and waiting lists reported at the two existing subsidized senior developments, there is likely an unmet need for additional affordable senior housing units in this Submarket.

4. EAST CAMERON COUNTY SUBMARKET ANALYSIS

EAST CAMERON COUNTY SUBMARKET DEMOGRAPHIC CHARACTERISTICS AND TRENDS

The primary market area is defined as the East Cameron County Submarket, which is bounded to the north by General Brant Road; to the east by the Gulf of Mexico; to the south by the Cameron County line and to the west by San Roman Road and Old Port Isabel Road. The following map illustrates the boundaries of the Submarket as defined above.

East Cameron County Submarket Map



The East Cameron County Submarket includes the communities/cities of Laguna Vista, Laguna Heights, Port Isabel and South Padre Island. This Submarket is characterized primarily by areas of limited development proximate to limited locational amenities and essential. The predominant form of housing in this Submarket is owner-occupied single-family homes in poor to very good condition and less than five to 40 years in age. There is a limited amount of multi-family development in fair to good condition and less than five to 30 years in age.

Local Government

As previously mentioned, the East Cameron County Submarket includes the communities/cities of Laguna Vista, Laguna Heights, Port Isabel and South Padre Island.

Laguna Vista, Texas is a town in Cameron County. According to the U.S. Census, Laguna Vista is comprised of a land area of 2.2 square miles and had a 2000 population of 1,658.

Laguna Heights, Texas is a census-designated place in Cameron County. According to the U.S. Census, Laguna Heights is comprised of a land area of 0.3 square miles and had a 2000 population of 1,990.

Port Isabel, Texas is a city in Cameron County. According to the U.S. Census, Port Isabel is comprised of a land area of 2.9 square miles and had a 2000 population of 4,865.

South Padre Island, Texas is a resort community in Cameron County. According to the U.S. Census, South Padre Island is comprised of a land area of 1.9 square miles and had a 2000 population of 2,422.

Employment by Industry

The table on the following table illustrates employment by industry for the East Cameron County Submarket and Brownsville-Harlingen, TX MSA in 2007.

2007 EMPLOYMENT BY INDUSTRY				
	East Cameron County Submarket		Brownsville-Harlingen, TX MSA	
Occupation	**Number**	**Percent Employed**	**Number Employed**	**Percent Employed**
Agric/Forestry/Fishing/Hunting	219	2.70%	1,880	1.45%
Mining	30	0.37%	313	0.24%
Construction	610	7.52%	10,941	8.43%
Manufacturing	421	5.19%	10,172	7.84%
Wholesale Trade	260	3.20%	4,016	3.09%
Retail Trade	891	10.98%	15,389	11.86%
Transportation/Warehousing	358	4.41%	5,516	4.25%
Utilities	88	1.08%	1,059	0.82%
Information	44	0.54%	1,382	1.07%
Finance/Insurance	231	2.85%	3,623	2.79%
Real Estate/Rental/Leasing	399	4.92%	3,257	2.51%
Prof/Scientific/Tech Services	230	2.83%	3,794	2.92%
Mgmt of Companies/Enterprises	0	0.00%	0	0.00%
Admin/Support/Waste Mgmt Srvcs	328	4.04%	4,438	3.42%
Educational Services	973	11.99%	19,838	15.29%
Health Care/Social Assistance	603	7.43%	17,690	13.63%
Arts/Entertainment/Recreation	248	3.06%	1,446	1.11%
Accommodation/Food Services	1,334	16.44%	10,434	8.04%
Other Services (excl Publ Adm)	519	6.40%	7,728	5.96%
Public Administration	328	4.04%	6,849	5.28%
Total Employment	**8,114**	**100.0%**	**129,765**	**100.0%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The top four employment sectors in the East Cameron County Submarket are the accommodation/food services, educational services, retail trade and construction industries. Approximately 46.9 percent of people in East Cameron County work in these four industries. The East Cameron County Submarket has a larger number of persons employed in the accommodation/food services industry and a smaller number of people employed in the educational services, retail trade and construction industries, relative to the MSA. Although, educational services is a typically stable sector of the economy, industries such as accommodation/food services, retail trade and construction are particularly susceptible to fluctuations in the health of the economy. The large number of people employed in the accommodation/food services, retail trade and construction industries could negatively impact employment in the East Cameron County Submarket, due to the current national economic downturn. However, the strong presence of the educational services industry should help bolster the economic stability of the East Cameron County Submarket.

It should be noted, that the accommodation/food services, construction, retail trade and educational services sectors all tend to provide lower paying jobs, as well as a broad range of incomes. Thus, these industries should create an abundance of demand for affordable rental housing in the Submarket.

Commute Patterns for the East Cameron County Submarket
The following table shows the commute times for the East Cameron County Submarket.

TRAVEL TIME TO WORK

Travel Time	Workers age 16+
< 5 min	450
5-9 min	906
10-14 min	1,137
15-19 min	1,235
20-24 min	744
25-29 min	174
30-34 min	706
35-39 min	147
40-44 min	170
45-59 min	188
60-89 min	113
90+ min	141
Average Travel Time	20.6 minutes

Source: ESRI Demographics, 2007; Novogradac & Company LLP, August 2008

Although this Submarket is quite rural and located away from major employment centers in Harlingen and Brownsville, a large share of workers report commute times between 10 and 19 minutes. This indicates that people may be living and working close to jobs in Post Isabel and South Padre Island.

POPULATION, HOUSEHOLD, AND INCOME TRENDS – SUBMARKET AND MSA

The following section provides an analysis of the demographic characteristics within the East Cameron County Submarket and Brownsville-Harlingen, TX MSA. Data such as population, households and growth patterns are studied, to determine if the Brownsville-Harlingen, TX MSA and the East Cameron County Submarket are areas of growth or contraction. Note that data provided by ESRI is effective as of July 1, 2007. Data from the U.S. Census has an effective date of March 1, 2000. Therefore, an adjustment of 7.25 years has been made between the 2000 and 2007 demographics to account for the four month difference.

Population

The table below illustrates population in the East Cameron County Submarket and Brownsville-Harlingen, TX MSA from 1990 through 2012.

Total Population				
Year	East Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	12,151	-	260,120	-
2000	18,603	5.31%	335,227	2.89%
2007	23,328	3.50%	395,867	2.50%
2012	26,591	2.80%	440,440	2.25%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Growth in the Submarket has been faster than growth in the MSA in all years of analysis. The majority of population growth in the MSA is located near the U.S. – Mexico border. However, both the Submarket and the MSA are showing strong growth from 2007 through 2012, although the Submarket will grow at a faster rate than from 2007 through 2012. The strong growth in the Submarket and the MSA is a positive indicator of the need for the affordable housing.

Population by Age

The following graph illustrates population by age in the Submarket and MSA for 1990 through 2012. It should be noted that the current population by age distribution in the MSA is similar to national averages.

Population by Age Group				
East Cameron County Submarket				
Age Cohort	1990	2000	2007	2012
0-4	947	1,491	1,982	2,238
5-9	953	1,599	1,761	2,032
10-14	923	1,499	1,769	1,912
15-19	900	1,456	1,665	1,950
20-24	1,191	1,279	1,592	1,739
25-29	1,211	1,269	1,510	1,613
30-34	1,171	1,370	1,514	1,610
35-39	844	1,228	1,646	1,497
40-44	680	1,179	1,388	1,802
45-49	523	1,117	1,416	1,579
50-54	474	1,013	1,343	1,537
55-59	526	922	1,321	1,697
60-64	558	920	1,179	1,484
65-69	520	841	1,114	1,266
70-74	379	691	851	1,038
75-79	189	447	689	748
80-84	107	189	380	521
85+	55	91	209	327
Total	**12,151**	**18,601**	**23,329**	**26,590**
Brownsville-Harlingen, TX MSA				
Age Cohort	1990	2000	2007	2012
0-4	23,151	31,744	39,821	44,060
5-9	25,049	32,315	35,155	39,109
10-14	26,812	30,761	33,638	36,880
15-19	26,585	29,914	32,307	35,577
20-24	19,529	23,783	30,033	32,250
25-29	18,911	23,906	29,569	31,634
30-34	18,981	22,498	27,241	29,311
35-39	17,854	22,257	25,412	26,832
40-44	15,504	21,060	23,668	26,198
45-49	11,371	19,220	23,367	25,247
50-54	9,804	16,577	21,725	24,268
55-59	9,290	12,468	18,317	23,730
60-64	9,764	11,349	13,415	18,513
65-69	9,418	10,925	11,705	13,297
70-74	7,168	10,205	10,349	10,866
75-79	5,509	7,889	9,157	9,194
80-84	3,218	4,559	6,040	7,093
85+	2,202	3,797	4,948	6,381
Total	**260,120**	**335,227**	**395,867**	**440,440**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Households

The following table is a summary of the total households in the Submarket and MSA from 1990 to 2012.

Total Number of Households				
Year	East Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
1990	3,685	-	73,278	-
2000	6,112	6.59%	97,267	3.27%
2007	7,610	3.38%	115,756	2.62%
2012	8,667	2.78%	129,335	2.35%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

Similar to the rate of population growth, the household growth rates of the Submarket and MSA have both been strong through 2007; however, household growth in the Submarket slowed significantly from 2000 to 2007. Household growth in the MSA and Submarket is expected to slow slightly from 2007 through 2012.

Average Household Size

The following table illustrates the average household size for the Submarket and MSA from 2000 to 2012.

Average Household Size				
Year	East Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	2.95	-	3.40	-
2007	2.99	0.19%	3.38	-0.08%
2012	3.00	0.07%	3.37	-0.06%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The average household size in the Submarket is slightly smaller than the MSA, but both are larger than the national average size of 2.59. The large average household size is anticipated to remain relatively stable through the 2012, which will keep demand high for larger unit types in the Submarket, but especially the MSA as a whole.

Median Household Income Levels

The table below illustrates Median Household Income in the Submarket and MSA.

Median Household Income				
Year	East Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	27,920	-	26,156	-
2007	34,255	3.13%	31,956	3.06%
2012	38,978	2.76%	36,654	2.94%

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The median household income in the Submarket was approximately 6.7 percent higher than the median household income in the MSA in 2007. The median household income in the Submarket is projected to grow at a slower rate from 2007 through 2012 than the previous seven years, as in the MSA. The lower median income level indicates increasing need for affordable housing.

Household Income

The following tables illustrate household income distribution in both the Submarket and MSA.

Household Income Distribution - East Cameron County Submarket				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	978	12.9%	893	10.3%
$10,000-$14,999	530	7.0%	593	6.8%
$15,000-$19,999	529	7.0%	519	6.0%
$20,000-$24,999	600	7.9%	508	5.9%
$25,000-$29,999	570	7.5%	658	7.6%
$30,000-$34,999	687	9.0%	571	6.6%
$35,000-$39,999	432	5.7%	724	8.4%
$40,000-$44,999	359	4.7%	416	4.8%
$45,000-$49,999	289	3.8%	315	3.6%
$50,000-$59,999	541	7.1%	626	7.2%
$60,000-$74,999	672	8.8%	761	8.8%
$75,000-$99,999	592	7.8%	817	9.4%
$100,000-	378	5.0%	491	5.7%
$125,000-	107	1.4%	291	3.4%
$150,000-	119	1.6%	154	1.8%
$200,000-	104	1.4%	118	1.4%
$250,000-	107	1.4%	165	1.9%
$500,000+	16	0.2%	49	0.6%
Total	**7,610**	**100%**	**8,669**	**100%**

Household Income Distribution - Brownsville-Harlingen, TX MSA				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$10,000	19,926	17.2%	18,319	14.2%
$10,000-$14,999	9,503	8.2%	10,397	8.0%
$15,000-$19,999	8,172	7.1%	8,373	6.5%
$20,000-$24,999	8,502	7.3%	7,684	5.9%
$25,000-$29,999	8,361	7.2%	9,164	7.1%
$30,000-$34,999	7,999	6.9%	7,707	6.0%
$35,000-$39,999	6,364	5.5%	8,379	6.5%
$40,000-$44,999	5,894	5.1%	6,000	4.6%
$45,000-$49,999	5,031	4.3%	4,951	3.8%
$50,000-$59,999	9,112	7.9%	11,052	8.5%
$60,000-$74,999	9,673	8.4%	11,902	9.2%
$75,000-$99,999	7,445	6.4%	11,075	8.6%
$100,000-	4,608	4.0%	5,741	4.4%
$125,000-	2,027	1.8%	3,482	2.7%
$150,000-	1,471	1.3%	2,440	1.9%
$200,000-	724	0.6%	1,163	0.9%
$250,000-	785	0.7%	1,144	0.9%
$500,000+	159	0.1%	362	0.3%
Total	**115,756**	**100%**	**129,335**	**100%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

As illustrated, approximately 26.9 percent of the population in the Submarket and 32.5 percent of the population in the MSA earned below $20,000 in 2007. By 2012, the population earning below $20,000 in the Submarket and MSA is expected to decrease slightly to approximately 23.1 percent and 28.7 percent, respectively, but in both instances, a significant portion of the population are projected to earn less than $20,000. This data provides strong support for affordable rental housing in the Submarket and MSA.

Senior Demographic Trends

Among those demographics discussed are trends in population, number of households, age, and income. In addition to analyzing overall demographic trends, we have also separately analyzed and discussed trends specific to the senior subpopulation, which includes those 65 years of age and older. The majority of age-restricted properties offer units to seniors ages 55, 62, or 65 and older. Despite the varying age restrictions at senior properties, property managers typically report that the average age of residents to be over 55 years of age. Therefore, for the purposes of this analysis, we have included demographic characteristics of the senior population ages 55 and over.

Senior Population

The table below illustrates senior population trends in the Submarket and MSA from 2000 through 2012.

Total Senior Population (55+)				
	East Cameron County Submarket		Brownsville-Harlingen, TX MSA	
Year	Number	Annual Change	Number	Annual Change
1990	2,334	-	46,569	-
2000	4,101	7.6%	61,192	3.1%
2007	5,743	5.5%	73,931	2.9%
2012	7,081	4.7%	89,074	4.1%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

As the table illustrates, similar to the general population trends, the senior population in both the Submarket and the MSA increased between 2000 and 2007. Senior population growth in the East Cameron County Submarket increased at a significantly faster rate the MSA from 2000 and 2007. Senior population growth in both the East Cameron County Submarket and the MSA is expected to grow at a similar rate from 2007 through 2012.

The strong projected growth in the senior population in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years. Additionally, the increasing senior populations, (typically one- and two-person households) may be a contributing factor to the projected decline in the average household size within the Submarket from 2007 to 2012.

Senior Households

The table below illustrates senior household trends in the Submarket and MSA from 2000 through 2012.

Total Number of Senior Households (55 +)				
Year	East Cameron County Submarket		Brownsville-Harlingen, TX MSA	
	Number	Annual Change	Number	Annual Change
2000	2,416	-	35,359	-
2007	3,284	5.0%	42,259	2.7%
2012	4,026	4.5%	50,724	4.0%

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Similar to senior population estimates and projections, senior household growth is expected to be positive through 2012. The strong projected growth in the senior households in all areas of analysis is an indicator that age-restricted housing will be in strong demand in upcoming years.

Senior Median Household Income

The following table illustrates the median household incomes in the Submarket, MSA, and nation from 2007 to 2012 for both all households and specifically for senior households.

MEDIAN HOUSEHOLD INCOME

Year	Brownsville-Harlingen, TX MSA		East Cameron County Submarket		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
		All Ages				
2007	$31,956	-	$34,255	-	$53,154	-
2012	$36,654	2.94%	$38,978	2.76%	$62,503	3.52%
		Age 55+				
2007	$28,614	-	$38,216	-	$32,710	-
2012	$34,145	3.87%	$47,315	4.76%	$41,086	5.12%

Source: ESRI Business Demographics 2007; Novogradac and Company LLP, July, 2008

As the above table illustrates, the median senior household incomes in the MSA and USA are below those of all households. However, in the East Cameron County Submarket, the median senior household income is above that of all households in both 2007 and 2012. Of the three areas of analysis, the median senior household income is lowest in the MSA and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally.

Senior Household Income

The tables below illustrate senior household income in the Submarket and MSA for 2007 and 2012.

Household Income Distribution - East Cameron County (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	652	19.9%	667	16.6%
$15,000-$24,999	429	13.1%	384	9.5%
$25,000-$34,999	388	11.8%	398	9.9%
$35,000-$49,999	437	13.3%	654	16.2%
$50,000-$74,999	608	18.5%	739	18.4%
$75,000-$99,999	289	8.8%	413	10.3%
100,000-$149,999	287	8.7%	485	12.0%
150,000-$199,999	59	1.8%	79	2.0%
200,000-$249,999	58	1.8%	70	1.7%
250,000-$499,999	65	2.0%	99	2.5%
$500,000+	12	0.4%	38	0.9%
Total	**3,284**	**100%**	**4,026**	**100%**

Household Income Distribution - Brownsville-Harlingen, TX MSA (Age 55+)				
Income Cohort	2007		2012	
	Number	Percentage	Number	Percentage
<$15,000	12,432	29.4%	12,846	25.3%
$15,000-$24,999	5,986	14.2%	6,015	11.9%
$25,000-$34,999	5,232	12.4%	5,755	11.3%
$35,000-$49,999	5,879	13.9%	7,291	14.4%
$50,000-$74,999	6,327	15.0%	8,438	16.6%
$75,000-$99,999	2,657	6.3%	4,394	8.7%
100,000-$149,999	2,386	5.6%	3,640	7.2%
150,000-$199,999	597	1.4%	1,084	2.1%
200,000-$249,999	339	0.8%	558	1.1%
250,000-$499,999	351	0.8%	526	1.0%
$500,000+	73	0.2%	177	0.3%
Total	**42,259**	**100%**	**50,724**	**100%**

Source: ESRI Demographics 2007; Novogradac & Company LLP, July 2008

Both the Submarket and MSA have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,000. Among these locations, the MSA has the largest percentage of seniors earning less than $35,000 annually. Approximately 56 percent of those 55 and older in the MSA are earning under $35,000 per year. This is attributable primarily to the MSA's high percentage of senior households earning below $15,000 annually. The MSA features significantly more senior households in these income brackets when compared to the Submarket. By 2012, all areas of analysis will have seen decreases in the number of seniors earning less than $35,000 annually. However, within the Submarket and MSA, it is estimated that 36 and 48.5 percent of seniors will still be earning less than $35,000 annually for these two areas, respectively. It should be noted that these estimates are most likely a function of inflation rather than a demographic trend. Furthermore, the majority of senior households within the MSA will be earning less than $25,000, which is below the current AMI. This indicates that affordable housing for the senior population will remain in demand.

Tenure

The following table is a summary of the senior tenure patterns of the housing stock in the Submarket and MSA for 2000 through 2012.

Tenure Patterns - Elderly Population (Age 55+)								
	East Cameron County Submarket				Brownsville-Harlingen, TX MSA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	2,014	83.4%	402	16.6%	28,551	80.7%	6,808	19.3%
2007	2,738	83.4%	546	16.6%	34,122	80.7%	8,137	19.3%
2012	3,356	83.4%	670	16.6%	40,958	80.7%	9,766	19.3%
Source: ESRI Demographics 2007; Novogradac & Company LLP, August 2008								

As the above table illustrates, the senior housing market is dominated by owner-occupied units. The Submarket has a significantly smaller percentage of senior renter-occupied units when compared to the national average (28 percent, not shown above) and the MSA. The small percentage of renter-occupied senior households is not unusual in rural submarkets, where owner-occupied housing is predominant among a reduced population.

Senior Demographic Conclusion

The median senior household incomes in the MSA and USA are below those of all households. However, in the East Cameron County Submarket, the median senior household income is above that of all households in both 2007 and 2012. Of the three areas of analysis, the median senior household income is lowest in the MSA and highest nationally. Similar to projected median household income growth for all households, the median household income growth for senior households is expected to be strongest nationally. Both the MSA and Submarket have significant portions of the senior population with household incomes lower than the Area Median Income (AMI) of $31,000. Approximately 56 percent of those 55 and older in the MSA are earning under $35,000 per year. This is attributable primarily to the MSA’s high percentage of senior households earning below $15,000 annually. The MSA features significantly more senior households in these income brackets when compared to the Submarket and national averages. The national average of senior households earning below $50,000 annually is 64 percent.

LOCAL MARKET INFORMATION

East Cameron County Submarket
The following sections will provide an analysis of the local market characteristics within the Submarket.

Healthcare
There are no hospitals or urgent care clinics located in the East Cameron County Submarket. The primary major medical providers within proximity to the Central Cameron County Submarket are the Valley Regional Medical center and the Valley Baptist Health System. Valley Regional Medical center is a new 214-bed acute care hospital located in Brownsville. Valley Regional is a designated Trauma Center and offers services such as Emergency Care, Neonatal Intensive Care, Neurosurgery, Cardiac Surgery and Orthopedic Surgery. The hospital underwent an expansion during 2004, which added a second Intensive Care Unit and 16 medical and surgical beds. Valley Baptist Health System is one of the largest in South Texas with more than 800 beds. Valley Baptist has locations in Brownsville and Harlingen and offers Cardiovascular Services, Day Surgery, Home Health, Hospice, Intensive Care Units, Emergency Departments, Outpatient Services, Pediatrics and Radiology.

Transportation
The East Cameron County Submarket is served by the Brownsville South Padre International Airport, which is located approximately 17 miles east of the City of Port Isabel, in Brownsville, Texas. The Brownsville South Padre International Airport provides non-stop flights to Houston-Intercontinental via Continental Airlines.

Education
The East Cameron County Submarket is served by the Port Isabel School District. The Port Isabel School District has two elementary schools, one middle school and one high school. The University of Texas at Brownsville (UTB) and Texas Southmost College (TSC) are located in close proximity to the East Cameron County Submarket. The partnership between UTB and TSC offers Certificates and Associate, Bachelor and Graduate degrees in liberal arts, the sciences and professional programs.

Public Transportation
The East Cameron County Submarket does not offer public transportation.

Employment Centers

There are a limited number of employment centers in the East Cameron County Submarket. The majority of employment centers are located in Brownsville and Harlingen. It should be noted that the number of employees for the Brownsville major employers was not available at the time of this report. The largest employers in the cities of Brownsville and Harlingen include the following:

Brownsville Top Ten Employers

Rank	Company	Industry
1	Brownsville Independent School District	Education
2	AMFELS	Manufacturing
3	University of Texas at Brownsville	Education
4	Cameron County	Government
5	Wal-Mart	Retail
6	City of Brownsville	Government
7	Convergys Corp.	Call Center
8	HEB Food Stores	Retail
9	Valley Regional Medical Center	Healthcare
10	Valley Baptist Medical Center	Healthcare

Source: Brownsville Economic Development Corporation, Real Estate Center Market Overview 2008: July2008

Harlingen Top Ten Employers

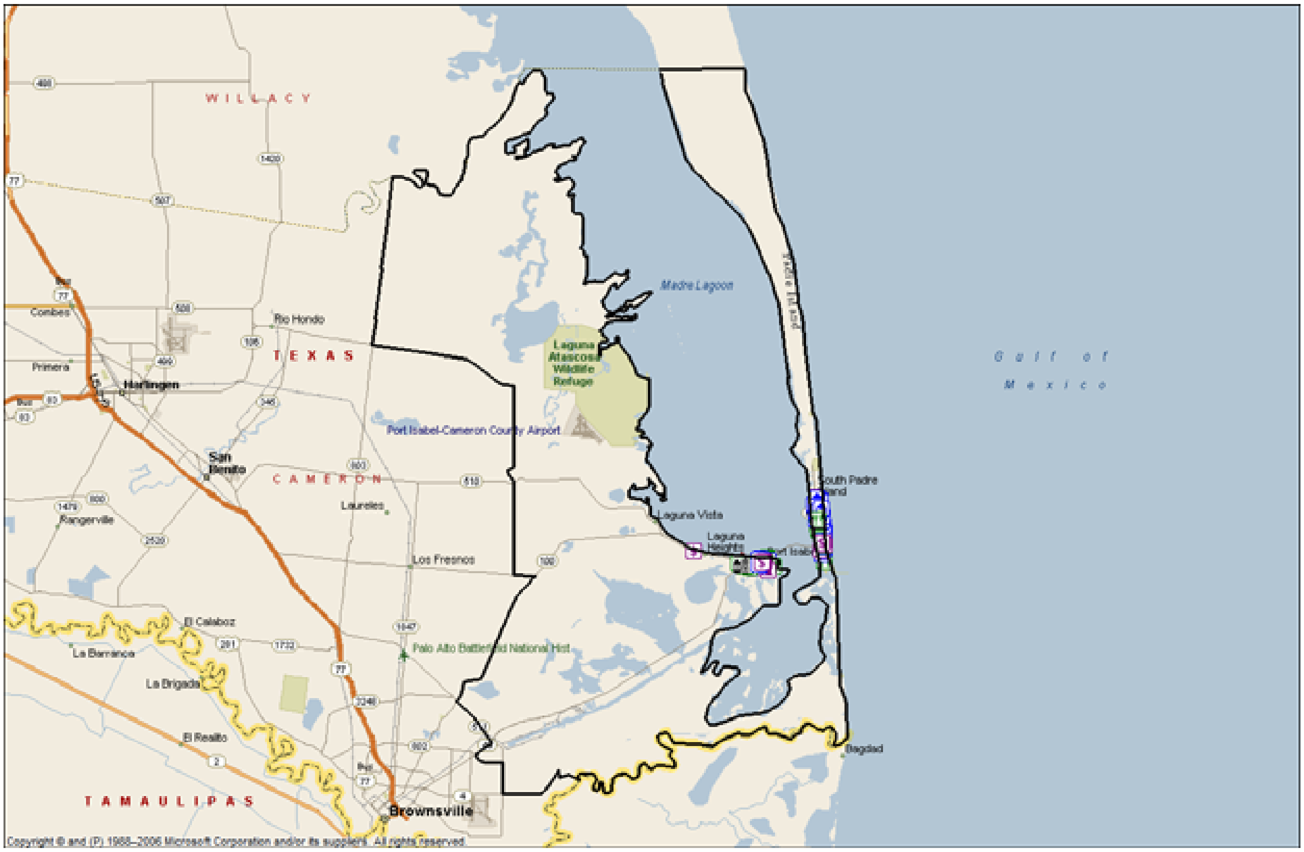
Rank	Company	Industry	Employees
1	Harlingen CISD	Education	2,582
2	Valley Baptist Medical Center	Healthcare	1,962
3	Vicki Roy Home Health	Healthcare	978
4	Advanced Call Center Technologies	Call center	865
5	Dish Network	Call center	842
6	City of Harlingen	Government	555
7	Texas State Technical College	Education	534
8	Harlingen Medical Center	Healthcare	463
9	West Corporation	Call Center	425
10	HEB	Grocery/Retail	363

Source: Harlingen Economic Development Corporation, Real Estate Center Market Overview 2008: July2008

Identifiable employers within the Submarket include the Port Isabel Independent School District, City of Port Isabel, Port Isabel Police Department, South Padre Island Police Department, United States Post Office, HEB, Holiday Inn and Dairy Queen.

Proximity to Local Services

There are a moderate number of locational amenities in the East Cameron County Submarket. The majority of locational amenities are located in and surrounding South Padre Island, Texas.



Source: Novogradac and Company LLP, July 2008.


Michigan St
Harding St
Pennsylvania Ave
W North Shore Dr
Oklahoma St
Tarpon Ave
Bass Ave
E Adams St
E Madison St
W Morrow St
Sea Shell Blvd
Sand Dollar Dr
Port Rd


South Padre Island
Gulf Blvd
E Adams St

Bank	School
United States Post Office	Hospital
Fire Station	Airport
Restaurant	Police Station
Hotel/Motel	College/University
Grocery/Supermarket	Gas Station

HOUSING SUPPLY ANALYSIS

EAST CAMERON COUNTY SUBMARKET HOUSING SUPPLY ANALYSIS

Age of the Housing Stock

The following table presents the age of the housing stock in the East Cameron County Submarket.

AGE OF HOUSING STOCK IN EAST CAMERON COUNTY SUBMARKET		
Years	**Number of Units**	**Percent of Housing Stock**
1999-3/2000	324	2.69%
1995-1998	1,293	10.74%
1990-1994	1,628	13.52%
1980-1989	4,492	37.32%
1970-1979	2,848	23.66%
1960-1969	892	7.41%
1950-1959	286	2.38%
1940-1949	139	1.15%
1939 and Before	136	1.13%
Total	**12,038**	**100.00%**

Source: ESRI Demographics, 2007; Novogradac & Company LLP, July 2008

The majority of the housing stock (85.24 percent) in the East Cameron County Submarket was constructed from 1970 through 1998. This Submarket is characterized primarily by areas of limited development proximate to limited locational amenities and essential. The predominant form of housing in this Submarket is owner-occupied single-family homes in poor to very good condition and less than five to 40 years in age. There is a limited amount of multi-family development in fair to good condition and less than five to 30 years in age.

Building Permit Activity

The following table depicts residential building activity from 1997 to 2007 for Cameron County, Texas. Data was not available for 2008. Building Permit Activity was not available by Submarket.

BUILDING PERMITS: Cameron County, TX - 1997 to 2007				
Year	**Single-family and Duplex**	**Three and Four-Family**	**Five or More Family**	**Total Units**
1997	1,601	40	257	1,898
1998	1,400	166	161	1,727
1999	1,058	229	150	1,437
2000	2,086	121	150	2,357
2001	1,595	142	102	1,839
2002	2,211	136	475	2,822
2003	3,200	81	163	3,444
2004	2,203	198	213	2,614
2005	1,981	197	116	2,294
2006	2,670	74	261	3,005
2007	1,800	131	138	2,069
Total	**21,805**	**1,515**	**2,186**	**25,506**
Average	**1,982**	**138**	**199**	**2,319**

There were 2,186 “5+ units” building permits issued in Cameron County from 1997 to 2007. Single-family and duplex permits make up the vast majority of all permits issued from 1997 to 2007, at 85 percent, while “5+ units” building permits constitute approximately 8.6 percent of all permits issued from 1997 through 2007. The small percentage of multifamily permits issued indicates demand for multi-family housing of all kinds.

Interviews

Cameron County Housing Authority

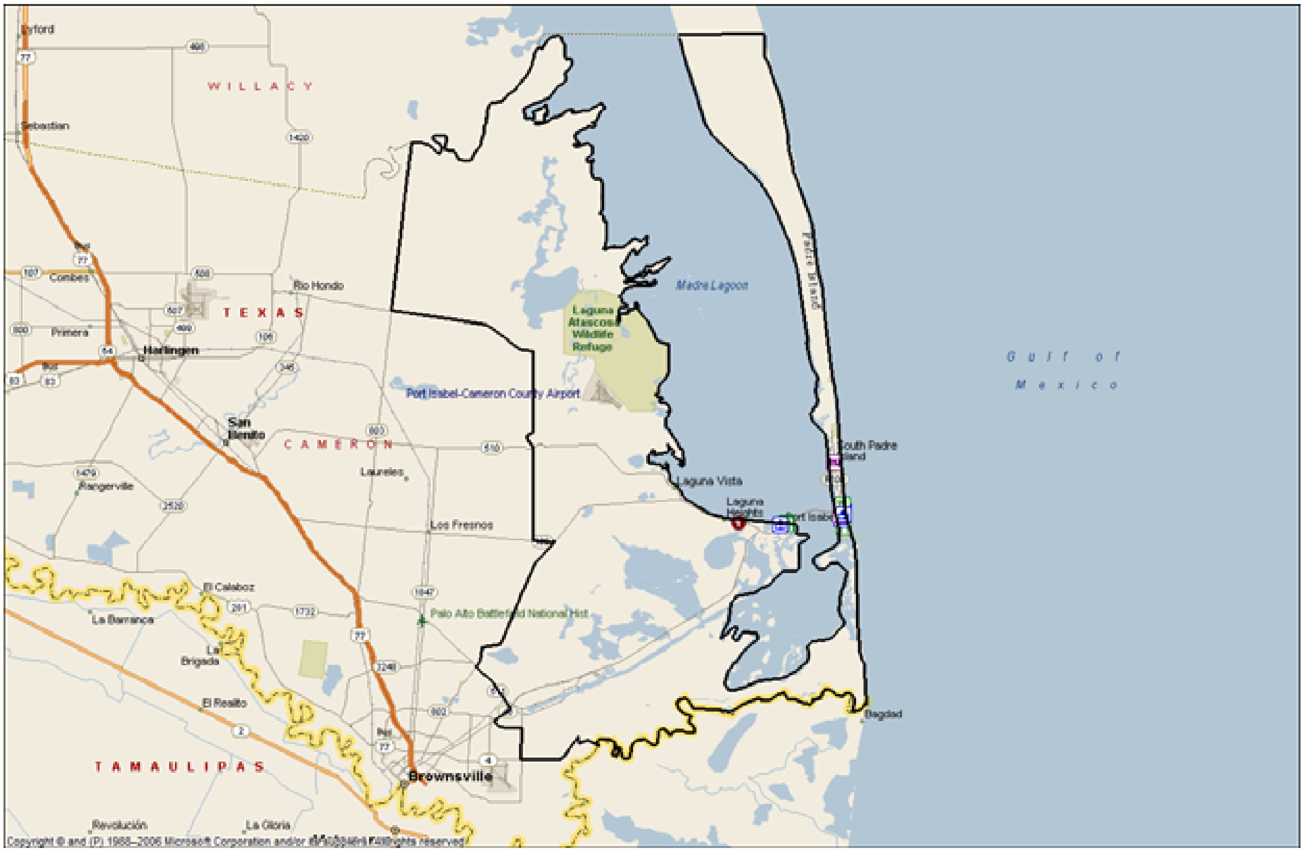
We spoke with Guadalupe Garcia with the Cameron County Housing Authority. According to Ms. Garcia, the Housing Authority is allocated 1,080 Housing Choice Vouchers and 1,006 vouchers are currently in use. Ms. Garcia estimated that there were 878 households on the waiting list as of July 2008 and the waiting list is currently open. The current payment standards for one-, two-, three-, and four-bedroom units are listed below.

PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$536
Two-bedroom	$615
Three-bedroom	$760
Four-bedroom	$860

LIHTC FAMILY SUPPLY

We were able to identify two LIHTC family properties in the Submarket, Bahia Palms Apartments and Beacon Bay Townhomes. We were able to obtain information for one property, Beacon Bay Townhomes. The map below shows the location of Beacon Bay Townhomes.



Beacon Bay Townhomes, located in Port Isabel, was allocated in 2000 and built in 2001. According to the property manager, the property sustained significant damage from Hurricane Dolly in July 2008 and approximately 50 percent of the 76 units are currently off-line. The manager noted that occupancy prior to the hurricane was 100 percent and there was a waiting list with 20 households for all units. Beacon Bay Townhomes offers one-, two- and three-bedroom units at 50 and 60 percent of AMI. All of the rents, with the exception of the three-bedroom units at 60 percent of AMI, are below the Cameron County Housing Authority's payment standards. The 2008 maximum allowable LIHTC rents for Cameron County are below:

2008 LIHTC Maximum Allowable Gross Rent Limits

Bedrooms	30%	40%	50%	60%	80%	100%	FMR
Efficiency	$228	$305	$381	$457	$610	$762	$423
1 Bedroom	$245	$327	$408	$490	$698	$872	$488
2 Bedroom	$294	$392	$490	$588	$784	$980	$559
3 Bedroom	$340	$453	$566	$680	$872	$1,090	$691
4 Bedroom	$379	$506	$632	$759	$942	$1,177	$781
5 Bedroom	$418	$558	$698	$837	$1,012	$1,265	-

Beacon Bay Townhomes is not achieving maximum allowable LIHTC rents for any of the units at 50 and 60 percent AMI. The property reported an annual turnover rate of 15 percent and was unable to provide absorption information. There are no concessions currently being offered. The property offers a basic in-unit and community amenity package, but does not offer any security features or premium services. A photo of Beacon Bay Townhomes is shown below.

Beacon Bay Townhomes

Excluded Properties

We excluded one LIHTC family property, Bahia Palms, because we were unable to contact the property. Bahia Palms, located in Laguna Vista, was allocated in 2004. The property offers 64 LIHTC units. No other information was available at the time of this report.

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there are no LIHTC family properties that have received an allocation in the Submarket.

LIHTC SENIOR SUPPLY

There are no existing senior LIHTC developments in the Submarket. Based on the lack of available data, we did not complete a senior LIHTC supply analysis.

Proposed/Under Construction

According to the 2008 Property Inventory published by the Texas Department of Housing and Community Affairs, there are no LIHTC senior properties that have received an allocation in the Submarket.

MARKET RATE SUPPLY

There are no existing market rate developments in the Submarket. Based on the lack of available data, we did not complete a market rate family or senior supply analysis.

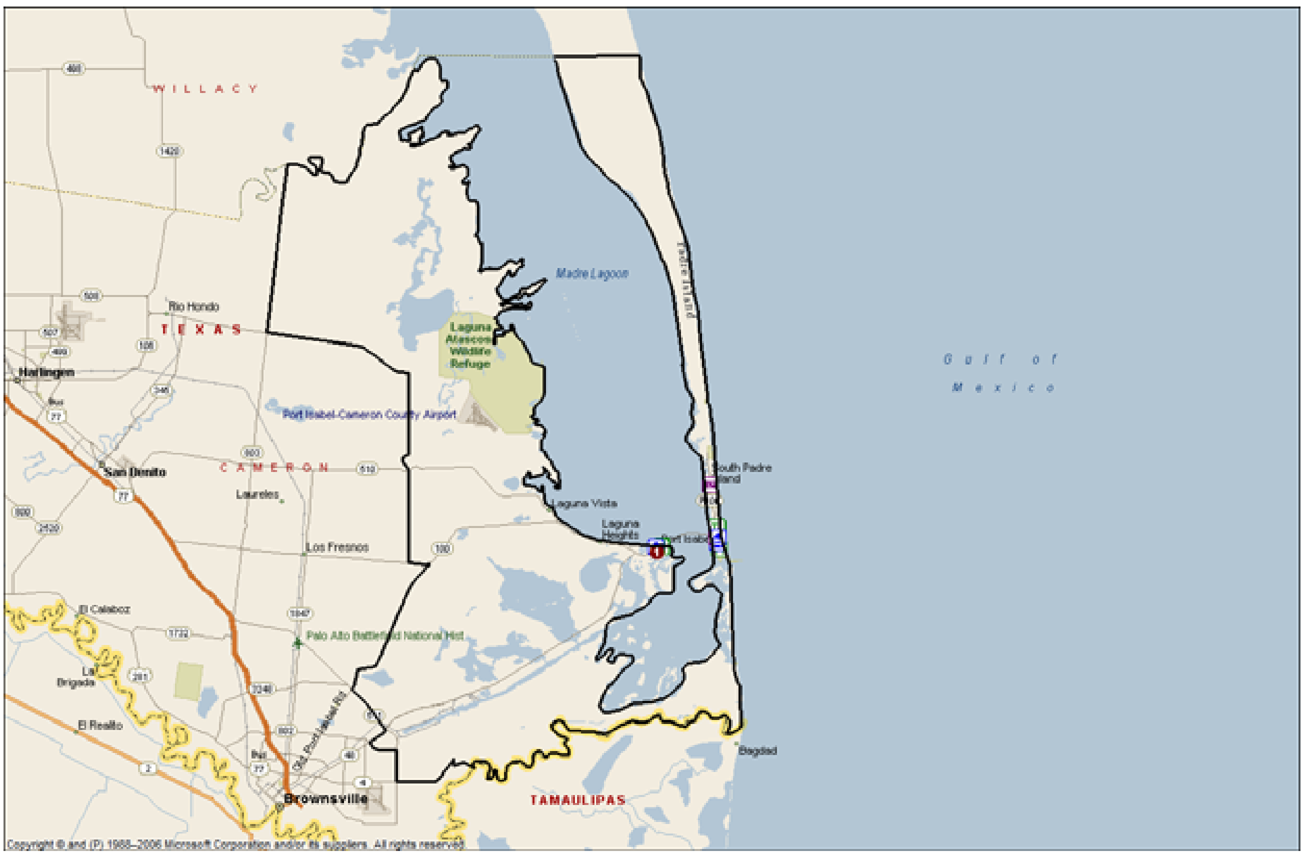
Proposed/Under Construction

We attempted to contact the planning departments of the cities of Port Isabel and South Padre Island to determine if there are any multifamily developments under construction or coming down the pipeline in the Submarket. Despite numerous attempts to contact the planning departments both in person and over the phone, our attempts have been unsuccessful as of the date of this report. However, based on our physical site inspection of the Submarket, there do not appear to be any multifamily developments under construction or in the planning stages in the Submarket at this time.

SUBSIDIZED FAMILY SUPPLY

We attempted to identify all existing, proposed, and under construction family-oriented subsidized developments in the Submarket using Novogradac's online database, HUD's online rental housing search database, the USDA's online rental housing search database, observations in the field, various Internet search methods, and interviews with local housing authorities, housing providers, property managers, and city planning and development officials.

We identified and interviewed one family subsidized property in the Submarket, Villa Madre Apartments. The map below shows the location of Villa Madre Apartments:



Villa Madre Apartments, located in Port Isabel, is a family Section 8 property built in 1970. The property offers one-, two- and three-bedroom apartments at 522 square feet, 722 square feet and 800 square feet, respectively. The property has a total of 52 units and is currently 100 percent occupied, with a waiting list. According to the property manager, the contract rents are $435 for a one-bedroom, $524 for a two-bedroom and $608 for a three-bedroom. All of the rents are below the

Cameron County Housing Authority's payment standards. The 2008 payment standards for the Cameron County Housing Authority are below:

PAYMENT STANDARDS

Units	Payment Standards
One-bedroom	$536
Two-bedroom	$615
Three-bedroom	$760
Four-bedroom	$860

Villa Madre Apartments reported an annual turnover rate of 20 percent and was unable to provide absorption information. There are no concessions currently being offered. The property offers a very limited in-unit and community amenity package and does not offer any security features or premium services. A photo of Villa Madre Apartments is shown below.

Villa Madre Apartments

Excluded Properties

We were able to obtain information on the one subsidized family property in the Submarket; therefore, we have not excluded any family subsidized properties.

SUBSIDIZED SENIOR SUPPLY

There are no existing senior subsidized developments in the Submarket. Based on the lack of available data, we did not complete a subsidized senior supply analysis.

DEMAND ANALYSIS

AFFORDABLE HOUSING DEMAND ANALYSIS

As outlined in the study requirements, our estimate of demand for affordable rental housing in the East Cameron County Submarket is based on current households and is presented by household size, income level and targeted population. Existing income-qualified renter households are further refined to account for household growth over a five-year projection period, percentage of rent-overburdened households, percentage of households residing in substandard housing, percentage of households in overcrowded housing, and the Submarket's turnover rate. Additionally, we have adjusted our demand estimates to account for accommodation of affordable housing demand through any planned, proposed or unstabilized LIHTC units in the Submarket.

The number of income-qualified renter households is calculated for each of six income cohorts: less than 30 percent of AMI, 31 to 40 percent of AMI, 41 to 50 percent of AMI, 51 to 60 percent of AMI, 61 to 80 percent of AMI and 81 to 100 percent of AMI. With the use of demographics provided by HISTA, we are able to examine each of these six income groups by household size to include one-, two-, three- and four-person households and households with five or more persons. This insures that income-qualified households will not be double counted. Separate analyses are presented for all renter households and senior renter households, defined as age 55 and older.

There is very limited demographic and income data for colonias households available through the census and other government agencies. For this reason, it is likely that the percentage of substandard and overcrowded housing units, as reported by the Census and used in our demand analysis, does not reflect the prevalence of substandard and overcrowded housing throughout the colonias. These households may represent potential demand for affordable housing beyond the demand accounted for through the analysis of Census data.

DEMAND FROM EXISTING HOUSEHOLDS

Number of Existing Households for the Current Year

The total number of households in the East Cameron County Submarket in 2007 is 7,610 and the total number of households in 2012 is projected to be 8,667. The total number of households age 55 and older in the Submarket for 2007 is 3,284, with a 2012 projection of 4,026 households. This is a beginning point for our analysis.

Number of Renters

Information provided to us by ESRI indicates that of the occupied housing units, renter households make up approximately 30.6 percent of the occupied housing unit households in the East Cameron County Submarket in 2007. For seniors age 55 and older, the percentage of renters is 16.6 percent.

Maximum Income Guidelines

Maximum income guidelines for tax credit properties are determined by HUD and are based on the area's Average Income. Typically, minimum income levels are calculated based on the assumption that lower income families should pay no more than 35 percent of their income to gross rent. Often times, lower income families pay a higher percentage of income as rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high income households. In order to avoid overstating potential demand this analysis assumes that none of the income bands will overlap. For example, the maximum income for a one-person household at 30 percent of AMI is considered the minimum income for a one-person household in the income range between 31 percent and 40 percent of AMI. A minimum

income of zero dollars is used in calculating demand from households earning 30 percent of AMI or less.

The minimum and maximum household eligible income ranges for the East Cameron County Submarket (Brownsville-Edinburg, TX MSA) are detailed in the table on the following page.

INCOME LIMITS

Household Size	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	< 30% AMI		*31% - 40% AMI*		*41% - 50% AMI*		*51% - 60% AMI*		*61% - 80% AMI*		*81% - 100% AMI*	
1 Person	$0	$9,150	$9,150	$12,200	$12,200	$15,250	$15,250	$18,300	$18,300	$24,400	$24,400	$30,500
2 Person	$0	$10,500	$10,500	$13,960	$13,960	$17,450	$17,450	$20,940	$20,940	$27,920	$27,920	$34,900
3 Person	$0	$11,800	$11,800	$15,680	$15,680	$19,600	$19,600	$23,520	$23,520	$31,360	$31,360	$39,200
4 Person	$0	$13,100	$13,100	$17,440	$17,440	$21,800	$21,800	$26,160	$26,160	$34,880	$34,880	$43,600
5+ Person	$0	$14,150	$14,150	$18,840	$18,840	$23,550	$23,550	$28,260	$28,260	$37,680	$37,680	$47,100

Rent-Overburdened Households

Households are determined to be rent-overburdened if they are paying more than 35 percent of household income as rent. In the East Cameron County Submarket, approximately 25.9 percent of households, including senior households, are considered rent-overburdened.

Substandard Housing

Substandard housing is generally defined as housing units identified in the Census that lack complete plumbing facilities. According to Census 2000 estimates, approximately 1.3 percent of units in the Submarket are determined to be substandard.

Overcrowded Housing

A housing unit is considered overcrowded if there are more than 1.00 persons per room. According to a report issued in 2002 by the Fannie Mae Foundation, Census 2000 data indicates that the southwestern United States, which includes Texas, has a higher than average incidence of households living in overcrowded housing units. The report further concludes that while Texas and California contain less than one-fifth of the nation's households, these two states account for two-fifths of overcrowded households. In the East Cameron County Submarket, it is estimated that 18.4 percent of households are living in overcrowded units.

Movership or Turnover Rate

There are numerous sources of information regarding turnover rate, or the percent of renter households who move in a year. The most reliable source is that of the market participants in the Submarket. As discussed in the *Housing Supply Analysis* section, we attempted to interview comparable properties regarding information the turnover rate experienced on an annual basis. The average annual turnover rate for the stabilized family LIHTC properties surveyed in the Submarket is approximately 15 percent.

We were unable to identify any senior LIHTC or subsidized properties in this Submarket. Therefore, for the purpose of this analysis, we have used the average of all senior LIHTC and subsidized properties identified and surveyed in the MSA. This average turnover rate is 24 percent.

Unstabilized Rental Units - Existing and Proposed

To our knowledge, there are no proposed or under construction subsidized or LIHTC properties in the East Cameron County Submarket. Therefore, no units were deducted from the demand analysis.

Annual Income-Qualified Renter Demand

Provided below are calculations of the total number of existing income-qualified renter households in the East Cameron County Submarket in 2007 and 2012. Two analyses have been presented. The first calculates total demand, both currently present and moving into the market, adjusted for income eligibility and renter status, as well as the percentage of rent-overburdened households and substandard and overcrowded housing units. An additional calculation, which accounts for all of the previous variables and incorporates the turnover rate, is also provided.

Note that in the subsequent tables, the total number of income-qualified renter households is not equal to the total number of renter households. This is due to the fact that we have only analyzed households earning between zero and 100 percent of the AMI. There are additional renter households in the Submarket with annual incomes greater than 100 percent of the AMI.

Again, this analysis avoids overstating demand by avoiding overlapping income bands. It should be noted that the percentage of rent overburdened households may also include some of the households that are living in substandard and/or overcrowded housing units. This would result in some potential overlap. This analysis assumes that rent overburdened households, households living in substandard housing and households in overcrowded units each represent a separate component of demand. As these are quantifiable sources of demand, the sum of these calculations results in a maximum number of income-qualified renter households.

The calculations of potential household demand by income cohort and household size for all households and senior households are shown in the following tables:

2007 All Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	646	163	15	40	40	70	64
2 person	471	102	41	41	38	57	33
3 person	376	59	28	28	28	50	26
4 person	309	109	44	34	20	27	20
5+person	528	141	65	58	59	107	26
Total	2,330	573	193	202	184	311	170
Number of Income-Qualified Renter Households		**573**	**193**	**202**	**184**	**311**	**170**
X Percentage of Rent-Overburdened (25.9%)		149	50	52	48	81	44
X Percentage of Substandard Housing (1.3%)		7	3	3	2	4	2
X Percentage of Overcrowded Housing (18.4%)		106	36	37	34	57	31
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**262**	**88**	**92**	**84**	**142**	**77**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**262**	**88**	**92**	**84**	**142**	**77**

2012 All Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	787	198	18	49	49	85	78
2 person	522	113	46	46	42	63	37
3 person	440	69	33	33	32	59	31
4 person	327	116	47	36	21	29	21
5+person	553	147	68	61	62	112	27
Total	2,630	643	212	225	206	348	194
Number of Income-Qualified Renter Households		**643**	**212**	**225**	**206**	**348**	**194**
X Percentage of Rent-Overburdened (25.9%)		167	55	58	53	90	50
X Percentage of Substandard Housing (1.3%)		8	3	3	3	5	3
X Percentage of Overcrowded Housing (18.4%)		118	39	41	38	64	36
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**293**	**97**	**103**	**94**	**159**	**88**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**293**	**97**	**103**	**94**	**159**	**88**

2007 All Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	646	163	15	40	40	70	64
2 person	471	102	41	41	38	57	33
3 person	376	59	28	28	28	50	26
4 person	309	109	44	34	20	27	20
5+person	528	141	65	58	59	107	26
Total	2,330	573	193	202	184	311	170
Number of Income-Qualified Renter Households		**573**	**193**	**202**	**184**	**311**	**170**
X Percentage of Rent-Overburdened (25.9%)		149	50	52	48	81	44
X Percentage of Substandard Housing (1.3%)		7	3	3	2	4	2
X Percentage of Overcrowded Housing (18.4%)		106	36	37	34	57	31
X Percentage of Estimated Turnover (15%)		86	29	30	28	47	25
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**348**	**117**	**122**	**112**	**189**	**103**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**348**	**117**	**122**	**112**	**189**	**103**

2012 All Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	787	198	18	49	49	85	78
2 person	522	113	46	46	42	63	37
3 person	440	69	33	33	32	59	31
4 person	327	116	47	36	21	29	21
5+person	553	147	68	61	62	112	27
Total	2,630	643	212	225	206	348	194
Number of Income-Qualified Renter Households		**643**	**212**	**225**	**206**	**348**	**194**
X Percentage of Rent-Overburdened (25.9%)		167	55	58	53	90	50
X Percentage of Substandard Housing (1.3%)		8	3	3	3	5	3
X Percentage of Overcrowded Housing (18.4%)		118	39	41	38	64	36
X Percentage of Estimated Turnover (15%)		96	32	34	31	52	29
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**390**	**129**	**136**	**125**	**211**	**118**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**390**	**129**	**136**	**125**	**211**	**118**

2007 Senior Households – Without Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	277	115	11	24	24	40	34
2 person	194	58	17	17	13	9	10
3 person	56	9	4	4	9	18	8
4 person	29	6	0	1	3	3	3
5+person	51	1	1	8	11	5	0
Total	607	188	33	55	61	74	54
Number of Income-Qualified Renter Households		**188**	**33**	**55**	**61**	**74**	**54**
X Percentage of Rent-Overburdened (25.9%)		49	9	14	16	19	14
X Percentage of Substandard Housing (1.3%)		2	0	1	1	1	1
X Percentage of Overcrowded Housing (18.4%)		35	6	10	11	14	10
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**86**	**15**	**25**	**28**	**34**	**25**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**86**	**15**	**25**	**28**	**34**	**25**

2012 Senior Households – Without Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	346	143	13	30	30	50	42
2 person	244	73	21	21	17	12	12
3 person	69	12	5	5	11	22	10
4 person	50	10	0	2	5	4	5
5+person	70	2	2	12	16	7	0
Total	778	240	41	70	79	95	69
Number of Income-Qualified Renter Households		**240**	**41**	**70**	**79**	**95**	**69**
X Percentage of Rent-Overburdened (25.9%)		62	11	18	20	25	18
X Percentage of Substandard Housing (1.3%)		3	1	1	1	1	1
X Percentage of Overcrowded Housing (18.4%)		44	8	13	15	17	13
X Percentage of Estimated Turnover (30%)		72	12	21	24	29	21
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**181**	**31**	**53**	**60**	**72**	**52**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**181**	**31**	**53**	**60**	**72**	**52**

2007 Senior Households – With Turnover

Household Size	Total Renters - Baseline Year (2007)	Income-Qualified Renters - Baseline Year (2007)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	277	115	11	24	24	40	34
2 person	194	58	17	17	13	9	10
3 person	56	9	4	4	9	18	8
4 person	29	6	0	1	3	3	3
5+person	51	1	1	8	11	5	0
Total	607	188	33	55	61	74	54
Number of Income-Qualified Renter Households		**188**	**33**	**55**	**61**	**74**	**54**
X Percentage of Rent-Overburdened (25.9%)		49	9	14	16	19	14
X Percentage of Substandard Housing (1.3%)		2	0	1	1	1	1
X Percentage of Overcrowded Housing (18.4%)		35	6	10	11	14	10
X Percentage of Estimated Turnover (24%)		45	8	13	15	18	13
Gross Number of Existing Income-Qualified Renter Households - Baseline Year		**131**	**23**	**38**	**42**	**52**	**38**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Baseline Year		**131**	**23**	**38**	**42**	**52**	**38**

2012 Senior Households – With Turnover

Household Size	Total Renters - Five Year Projection (2012)	Income-Qualified Renters - Five Year Projection (2012)					
		≤ 30% AMI	31% - 40% AMI	41% - 50% AMI	51% - 60% AMI	61% - 80% AMI	81% - 100% AMI
1 person	346	143	13	30	30	50	42
2 person	244	73	21	21	17	12	12
3 person	69	12	5	5	11	22	10
4 person	50	10	0	2	5	4	5
5+person	70	2	2	12	16	7	0
Total	778	240	41	70	79	95	69
Number of Income-Qualified Renter Households		**240**	**41**	**70**	**79**	**95**	**69**
X Percentage of Rent-Overburdened (25.9%)		62	11	18	20	25	18
X Percentage of Substandard Housing (1.3%)		3	1	1	1	1	1
X Percentage of Overcrowded Housing (18.4%)		44	8	13	15	17	13
X Percentage of Estimated Turnover (24%)		58	10	17	19	23	17
Gross Number of Existing Income-Qualified Renter Households - Five Year Projection		**167**	**29**	**49**	**55**	**66**	**48**
Less Existing and Planned Unstablized Competing Units		*0*	*0*	*0*	*0*	*0*	*0*
Net Total Number of Existing Income-Qualified Renter Households - Five Year Projection		**167**	**29**	**49**	**55**	**66**	**48**

Demand Analysis Conclusions

All Households

The analysis of income-qualified renter households in the East Cameron County Submarket indicates that the need for affordable housing is greatest among households earning less than 30 percent of AMI. This is not unexpected given that nearly 20 percent of households in the Submarket earn less than $15,000 annually. Demand at the 30 percent through 60 percent AMI levels is somewhat less. The number of income-qualified renter households at the 61 to 80 percent AMI level is the second largest in the Submarket. Through 2012, demand from income-qualified renter households is expected to increase among all income levels, with the highest growth among the very lowest income households. With no planned or proposed affordable housing units in the submarket, there may be moderate demand for additional affordable housing serving the very lowest income households.

Senior Households

Demand from income-qualified senior renter households is similar to that of all households. Again, most of the affordable housing demand for seniors in the Submarket appears to be among households earning less than 30 percent of AMI, with senior households accounting for nearly 33 percent of the demand at the lowest income levels in the Submarket. With no identified subsidized units for seniors in the submarket and none planned, there is likely an unmet need for a small number of affordable senior housing units in this Submarket.

ATTACHMENT 16

Relating to Agency Performance Evaluation

16. A copy of the agency's current internal audit plan.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INTERNAL AUDIT PLAN
FISCAL YEAR 2009 (REVISED)

INTERNAL AUDITS		
Project	**General Objectives**	**Estimated Completion Date**
CDBG Disaster Recovery Program (carryover from FY2008)	Phase II: Testing of Set Ups and Draws To assess whether the Department's payment and draw processing provides reasonable assurance that sub-recipient requests for reimbursement of expenditures: ➢ comply with applicable laws, regulations, policies, and contract provisions, ➢ are adequately supported (including support for allowable activities, costs and eligibility to participate in the program), ➢ are properly posted to the accounting and program systems, and ➢ are properly authorized or approved. *(Note: This project was delayed from FY 2007 in order to have a sufficient number of payments to test.)*	CANCELLED – The State Auditor's Office tested set ups and draws as part of their follow-up audit of the Disaster Recovery Program.
HOME Program – Loan Servicing and Recycling of Program Income	To determine: ➢ if loan servicing results in the maximum affordability period, ➢ loans are completed in compliance with relevant laws, regulations, and policies, and ➢ the amount of program income that has been recycled over the past three years.	Completed in April 2009
CDBG Disaster Recovery Program (carryover from FY2008)	Phase III: Sub-recipient Monitoring • To evaluate the sub-recipient monitoring procedures, processes and on-site visits to assess whether the program ensures that sub-recipients: ➢ comply with applicable laws, regulations, program rules, and contract terms, ➢ operate within expenditure budgets and limits, ➢ expend administration and program funds at allowable rates, and ➢ meet contract performance goals. • To assess whether monitoring results are communicated to sub-recipients and any findings or exceptions are noted, tracked and monitored until resolved.	CANCELLED – The State Auditor's Office tested sub-recipient monitoring as part of their follow-up audit of the Disaster Recovery Program.

INTERNAL AUDITS		
Project	**General Objectives**	**Estimated Completion Date**
Self-Assessment of the Internal Audit Division's Quality Assurance Program	To conduct the self-assessment of the internal audit division as required by the *International Standards for the Professional Practice of Internal Auditing* (*Standards*) and to determine if the internal audit division: ➢ Completes audit working papers in accordance with the *Standards*, ➢ Has developed and implemented policies and procedures that comply with the *Standards*, and ➢ Performs ongoing quality assurance and monitoring as required by the *Standards*. *Note: This project was added as a result of the January 2009 revision to the Standards and is a requirement for all internal audit functions.*	Completed in May 2009
4% Non-Competitive Housing Tax Credit Program	To review the 4% Non-Competitive Housing Tax Credit Program for the 2008 tax application cycle to: ➢ identify significant risks, ➢ evaluate whether there are adequate controls in place to address the risks, and ➢ determine whether the Department has complied with all program requirements.	Moved from June 2009 to August 2009 to allow the Multifamily staff additional time to complete the tax credit cycle
Section 8 – Housing Choice Voucher Program	To review the Section 8 Housing Choice Voucher Program to determine if: ➢ The revised rules, policies and procedures adequately address the significant risks and compliance requirements associated with the program, ➢ The program is operated in compliance with the newly revised rules, policies and procedures, ➢ The processes for awarding local provider contracts and distributing Section 8 vouchers results in a fair and equitable process, and ➢ the program is functioning as intended.	Cancelled - The Section 8 Housing Choice Voucher Program rules, policies and procedures have not yet been revised.
Follow-up on the Fall 2008 Audits of the Bootstrap and Self Help Center Programs	To follow-up on the fall 2008 internal audits of the Bootstrap and Self-Help Center Programs to determine the progress made by the Office of Colonia Initiatives in implementing the audit recommendations. *(Note: This audit was requested by the board at the December 2008 audit committee meeting.)*	July 2009

OTHER ACTIVITIES These are required activities that are part of Internal Audit's overall responsibilities.		
Follow-Up on Status of Prior Internal Audit Issues	To independently verify corrective actions taken by management in response to prior internal audit issues. Follow-up projects will be pursued during the course of current related audits when the issues have been reported as implemented by management. We will also prioritize and evaluate issues that have been reported as implemented on an ongoing basis (as time allows.)	Ongoing
Tracking the Status of Prior Audit Issues	To track the status of prior audit issues for management/board reporting purposes.	Ongoing
Fraud Hotline	To provide tracking, follow-up and disposal of issues identified as a result of fraud hotline communications.	Ongoing
FY 2009 Annual Audit Plan	To develop an annual audit plan for FY 2010 as required by the Texas Internal Auditing Act.	September 2009
FY 2008 Annual Internal Audit Report	To prepare an annual internal auditing report for FY 2008 pursuant to the Texas Internal Auditing Act.	November 2008 - Completed
Internal Audit Charter	To revise the Internal Audit Division's charter to comply with new standards set by the Institute for Internal Auditing.	January 2009 - Completed
Coordinate External Auditors	To coordinate and assist external auditors. This includes attending entrance and exit conferences, providing information, audit reports and working papers, and coordinating with management to ensure a prompt and accurate response to draft audit reports.	As Needed
Prepare for Peer Review	To complete the peer review self-assessment and prepare for the required fall 2009 peer review of the internal audit division.	October 2009
Support ARRA Efforts	To provide support for the Department in reviewing issues related to the American Recovery and Reinvestment Act (ARRA) funds, and to support and advise the Department's management in developing internal controls over the ARRA funds. This includes serving as the point of contact for the Government Accountability Office (GAO) in their review of the ARRA funds.	Ongoing

ATTACHMENT 17

Relating to Agency Performance Evaluation

17. A copy of the agency's current strategic plan.

- TDHCA Strategic Plan for the Fiscal Years 2009-13 Period

AGENCY STRATEGIC PLAN

FOR THE FISCAL YEARS 2009–13 PERIOD

BY

The Texas Department of Housing and Community Affairs

Board Chair	Term	Home Town
Mr. C. Kent Conine	9/14/1997 – 1/31/2013	Dallas, Texas

Date of Submission
July 11, 2008

SIGNED: ______________________________
Michael Gerber, TDHCA Executive Director

APPROVED: ______________________________
C. Kent Conine, TDHCA Board Chair

Prepared by the TDHCA Housing Resource Center
PO Box 13941, Austin, TX 78711-3941
Phone: (512) 475-3976 Fax: (512) 469-9606 email: info@tdhca.state.tx.us

TABLE OF CONTENTS

INTRODUCTION

"Beginning in 1991, Texas embarked on a comprehensive strategic planning process for all state agencies within the executive branch of government. House Bill 2009, Seventy-second Legislature, Regular Session, 1991, which inaugurated the process, established the requirements and time frame under which Texas completed its first planning cycle.

House Bill 2009 was subsequently codified as Chapter 2056 of the Government Code.

In 1993, Chapter 2056 of the Government Code was amended to consolidate certain planning requirements and to change the required planning horizon from six years to five years (i.e., the second year of the current biennium and the next two biennia). Agencies must complete and submit plans every two years; however, they may engage in planning on a continual basis and may adjust plans internally as changing conditions dictate.

Strategic planning is a long-term, iterative, and future oriented process of assessment, goal setting, and decision-making that maps an explicit path between the present and a vision of the future. It includes a multiyear view of objectives and strategies for the accomplishment of agency goals. Clearly defined outcomes and outputs provide feedback that leads to program performance that influences future planning, resource allocation, and operating decisions. The strategic planning process incorporates and sets direction for all agency operations.

A Strategic Plan is a formal document that communicates an agency's goals, directions, and outcomes to various audiences, including the Governor and the Legislature, client and constituency groups, the general public, and the agency's employees." [1]

The Texas Department of Housing and Community Affairs (TDHCA or Department) Strategic Plan for Fiscal Years 2009–2013 (the Plan) outlines its approach to addressing the affordable housing and community service needs of lower income Texans. The Plan was developed within the context of the State's overall goals and budget to generate specific outcomes that tie directly to the Department's budget structure. TDHCA will use the Plan to help meet needs of the citizens of Texas through sound, transparent, accountable, and effective actions.

[1] From the "Introduction" to the Instructions for Preparing and Submitting Agency Strategic Plans Fiscal Years 2009-2013.

STATEWIDE VISION, MISSION, AND PHILOSOPHY

THE VISION FOR TEXAS STATE GOVERNMENT

"Working together, I know we can accomplish our mission and address the priorities of the people of Texas. My administration is dedicated to creating greater opportunity and prosperity for our citizens, and to accomplish that mission, I am focused on the following critical priorities:

- *Assuring open access to an educational system that not only guarantees the basic core knowledge necessary productive citizens but also emphasizes excellence and accountability in all academic and intellectual undertakings;*
- *Creating and retaining job opportunities and building a stronger economy that will lead to more prosperity our people and a stable source of funding for core priorities;*
- *Protecting and preserving the health, safety, and well-being of our citizens by ensuring healthcare is accessible and affordable and by safeguarding our neighborhoods and communities from those who intend us harm;*
- *Providing disciplined, principled government that invests public funds wisely and efficiently. I appreciate your commitment to excellence in public service."*

RICK PERRY
Governor of Texas[2]

THE MISSION OF TEXAS STATE GOVERNMENT

"Texas state government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

Aim high...we are not here to achieve inconsequential things!" [3]

THE PHILOSOPHY OF TEXAS STATE GOVERNMENT

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise we will promote the following core principles:

- *First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.*
- *Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.*
- *Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities.*
- *Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a*

[2] Instructions for Preparing and Submitting Agency Strategic Plans Fiscal Years 2009-2013.
[3] Instructions for Preparing and Submitting Agency Strategic Plans Fiscal Years 2009-2013.

sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.

- *Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.*
- *State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse, and providing efficient and honest government. Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.*[4]

Descriptions of ways TDHCA works to fulfill the Vision, Mission, and Philosophy of Texas State Government are provided in the following section which details TDHCA's impact on the corresponding statewide goals and benchmarks for Texas State Government.

[4] Instructions for Preparing and Submitting Agency Strategic Plans Fiscal Years 2009-2013.

RELEVANT STATEWIDE GOALS AND BENCHMARKS

TDHCA's strategies directly or peripherally impact the following statewide goals and associated benchmarks.

EDUCATION - PUBLIC SCHOOLS

Priority Goal

To ensure that all students in the public education system acquire the knowledge and skills to be responsible and independent Texans by:

- ensuring students graduate from high school and are ready for college, a two-year institution, other post-secondary training, or the workforce;
- continuing to develop reading, math, and science skills at appropriate grade level through graduation; and
- demonstrating exemplary performance in foundation subjects.

Benchmarks

- High school graduation rate
- Percent of students who demonstrate satisfactory performance on the Texas Assessment of Knowledge and Skills
- Percent of students from third grade and above who are able to read at or above grade level
- Percent of students from third grade and above who perform at or above grade level in math
- Percent of students who achieve mastery of the foundation subjects of reading, English language arts, math, social studies, and science

The provision of affordable and safe housing affects family stability and childhood outcomes. Residing in substandard housing exposes families to hazards such as lead paint that can limit lifelong educational and economic achievement.[5] The presence of dust, molds, and roach allergens in the home increases the incidence of asthma and allergies which leads to increased absences from school. The inability to make rent or mortgage payments on a consistent basis means families may frequently move in response to changes in the family's financial situation. Disruptive moves during childhood and adolescence negatively impact school performance.[6] When families struggle to satisfy their daily needs, school performance declines. Overcrowded housing conditions also adversely impact childhood development. Ensuring that students have stable living environments is crucial to their success at school.

TDHCA addresses the priority goals and benchmarks in the following ways.

- TDHCA activities result in lower rental and mortgage payments for families, repairs to and replacement of substandard housing, and reduced utility payments. This assistance helps

5 Centers for Disease Control, "Blood Lead Level in Young Children 1996-1999," Morbidity and Mortality Weekly (December 22, 2000).

6 Robert Haveman, Barbara Wolf, and James Spaulding, "Childhood Events and Circumstances Influencing High School Completion," Demography 28:1 (1991): 133-57. U.S. General Accounting Office, Elementary School Children: May Change Schools Frequently, Harming Their Education (Washington, D.C.: GAO/HEHS-94-45, 1994).

families provide a safe and stable home environment for their children – conditions that are conducive to promoting educational achievement.

- In addition to providing housing that is safe, decent, and affordable, TDHCA activities often provide supportive services and amenities that are geared towards helping educate children. Examples of this assistance include supportive services provided by rental housing developments and community action agencies that TDHCA has funded. Such services include class room space and equipment, nutrition, after school care, computer training, and health and human services care for children that help eliminate barriers to educational success.
- Through the Emergency Shelter Grants Program TDHCA funds organizations providing homelessness prevention activities by assisting families that are homeless or threatened with homelessness.

HEALTH AND HUMAN SERVICES

Priority Goal

To promote the health, responsibility, and self-sufficiency of individuals and families by:

- making public assistance available for those most in need through an efficient and effective system; and
- continuing to create partnerships with local communities, advocacy groups, and the private and not-for-profit sectors.

Benchmarks

- Percent of long-term care clients served in the community
- Percent of adult welfare participants in job training who enter employment
- Percent of Texas population receiving food stamps
- Incidence of confirmed cases of abuse, neglect, or death of children, the elderly, or spouses per 1,000 population
- Rate of substance abuse and alcoholism among Texans
- Percent of people completing vocational rehabilitation services and remaining employed

TDHCA addresses the priority goals and benchmarks in the following ways.

- Housing opportunities for people with disabilities are often restricted by low incomes. The 2000 census estimates that 553,934 disabled individuals over age five live below the poverty level in Texas. Many people with disabilities may be unable to work, and receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits as their principal source of income. TDHCA's rental assistance vouchers provided through the US Department of Housing and Urban Development's (HUD) HOME and Housing Choice Voucher (Section 8) programs can be used to help people live independently and remain in their own homes. To help persons with special needs own their own homes, TDHCA has made available HOME Program funds to help persons with disabilities purchase a home, access homebuyer education, access down payment and closing cost assistance, and receive funding for architectural barrier removal.
- TDHCA's multifamily properties offer valuable services to tenants that range from job training programs, computer labs, and literacy programs, to matched savings plans that can be used to fund educational opportunities. Local community action agencies funded through

TDHCA's Community Services Block Grant Program, Comprehensive Energy Assistance Program, and other community affairs programs provide essential services, including access to child care, transportation, job training and employment services, utility assistance, and educational programs. These activities are of great value to persons trying to improve their chance of getting and keeping a job and help promote long term self sufficiency.

- Battered women who live in poverty are often forced to choose between staying in abusive relationships or homelessness. According to the National Coalition for the Homeless, half of women with children experiencing homelessness left their last place of residence because of domestic violence. In 2006, there were 186,868 reported family violence incidents in Texas. Through TDHCA's community services programs, many victims of domestic violence are able to access shelter and supportive services that help them become self sufficient.
- The US Conference of Mayors survey reports that 30 percent of homeless persons has an addiction disorder.[7] The Texas Department of State Health Services reports that, of adult clients admitted to TCADA-funded programs in 2006, 12 percent were homeless.[8] Homeless persons with substance abuse problems may require supportive services. Through the Emergency Shelter Grants Program (ESGP), TDHCA funds organizations that provide shelter and related services for homeless persons, as well as intervention services to persons threatened with homelessness. Activities include renovating buildings for use as shelters; medical and psychological counseling; assistance in obtaining permanent housing; and homeless prevention services, such as rent and utility assistance. In addition, the TDHCA Housing Tax Credit program has funded Single Room Occupancy developments that serve the extremely low-income population that is previously homeless or at risk of homelessness.

ECONOMIC DEVELOPMENT

Priority Goal

To provide an attractive economic climate for current and emerging industries that fosters economic opportunity, job creation, capital investment, and infrastructure development by:

- promoting a favorable and fair system to fund necessary state services;
- addressing transportation needs;
- promoting a favorable business climate; and
- developing a well trained, educated, and productive workforce.

Benchmarks

- Number of employees in targeted industry sectors
- Number of new non-government, non-farm jobs created
- Per capita gross state product
- Texas unemployment rate
- Number of Texans receiving job training services

[7] National Coalition for the Homeless, *Who is Homeless?*
[8] Texas Department of State Health Services, "Characteristics of Adult Clients at Admission to State-Funded Treatment Programs by Drug Type" http://www.dshs.state.tx.us/sa/Research/statewide-totals/ (accessed May 30, 2008).

The provision of affordable housing also has an economic impact on communities. As is the case with market rate real estate production, an economic benefit accompanies the construction of affordable housing. Construction directly creates jobs, wages, and tax revenues. It also provides indirect economic benefits as the construction creates demand for goods and services. According to a study by the National Association of Home Builders,[9] the construction of:

- 100 single-family homes generates 284 full-time local jobs; $16 million in local income; and $1.8 million in taxes and other revenue for local governments.
- 100 multifamily units generates 133 full-time local jobs; $7 million in local income; and $710,000 in taxes and other revenue for local governments.

The economic growth of communities can be adversely impacted when job growth is not matched with corresponding growth in affordable housing opportunities. For businesses, the ability to attract and retain labor is partly dependent on the availability of decent and affordable housing.[10] As expressed at many TDHCA public hearings, affordable housing's affect on economic development is of particular concern to rural areas. The relative geographic isolation of some rural communities means they cannot rely on nearby communities for housing that can help support their growth opportunities.

A report from the Joint Center for Housing Studies of Harvard University[11] sums it up well:
"Housing is just as important to communities, because livability and competitiveness go hand in hand. Communities that can attract and retain investment and labor are more likely to succeed in the evolving global economy. Simply put, a suitable living environment is a precursor to economic vitality. So, too, is decent housing. Housing that is excessively costly for the local workforce undermines workers' ability to afford the basic necessities of food, clothing, childcare, health care, and education.

Communities that want to be competitive or regain their competitiveness must provide housing for the full range of workers, from middle-income households and high-end earners to those in the moderate- and lower income range. Achieving a jobs-housing balance that preserves economic diversity is key to success."

TDHCA addresses the priority goals and benchmarks in the following ways.

- The following table shows TDHCA funding allocated during fiscal year 2007 and the corresponding number of housing units to be built or rehabilitated. As described above, this activity has a significant economic impact in the communities where the construction will occur.

[9] National Association of Homebuilders, "The Local Impact of Homebuilding," http://www.nahb.org/generic.aspx?sectionID=784&genericContentID=35601 (Accessed 5/30/08).
[10] Center for Housing Policy, "Paycheck to Paycheck", http://www.nhc.org/chp/p2p/ (Accessed 5/30/08)
[11] Jack F. Kemp, Kent W. Colton, Henry G. Cisneros, Nicolas P. Retsinas, *Opportunity and Progress, A Bipartisan Platform For National Housing Policy, Special Preview Edition (*Cambridge, Massachusetts: Joint Center for Housing Studies of Harvard University, 2004), 3.

Household Type	Activity	Committed Funds	# of Units Constructed or Renovated
Renter	New Construction	$168,850,824	9,081
	Rehab. Construction	$36,490,721	3,517
Owner	Rehabilitation Assistance	$21,172,691	378

- In addition to the economic benefits derived from constructing housing units with the help of TDHCA resources, as described in the "Health and Human Services" goals and benchmarks section of this report, the rental development and community services programs help persons in need by providing essential employment related services. These services include access to computers, the internet, child care, transportation, job training and employment services, and education services.
- Local governments, organizations, and developers receiving TDHCA funds typically use local labor and companies to complete the work, thus supporting the local economy. For example, local community action agencies operating the Weatherization Assistance Program use local contractors to make energy efficient repairs and improvements.

REGULATORY

Priority Goal

To ensure Texans are effectively and efficiently served by high-quality professionals and businesses by:

- implementing clear standards;
- ensuring compliance;
- establishing market-based solutions; and
- reducing the regulatory burden on people and business.

Benchmarks

- Percent of state professional licensee population with no documented violations
- Percent of new professional licensees as compared to the existing population
- Percent of documented complaints to professional licensing agencies resolved within six months
- Percent of new and renewed professional licenses issued via internet
- Percent of state financial institutions and credit providers rated "safe and sound" and/or in compliance with state requirements
- Percent increase in utilization of the state business portal

TDHCA addresses the priority goals and benchmarks in the following ways.

- TDHCA's Portfolio Management and Compliance Division (PMC), in coordination with agency programs, ensures that compliance with federal and state programs is achieved. PMC focuses on maintaining required long term affordability standards, justifying tenant income certification records. PMC also works closely with the program areas to ensure that applicants for funding who have previously received assistance from TDHCA are in compliance with the terms and requirements of those contracts.

- The Manufactured Housing Division (MHD) licenses and regulates those who manufacture, sell, broker, and install manufactured homes. MHD issues and maintains records on manufactured home ownership and location, inspects manufactured home installations, and investigates and oversees the resolution of consumer complaints. It maintains offices in Austin, Dallas/Ft. Worth, Houston, San Antonio, Lubbock, Tyler, Waco, and Edinburg, as well as offers professional license renewals through Texas Online. The Manufactured Housing Division also licenses and inspects migrant farmworker housing facilities and assist the Compliance Division in inspecting TDHCA-monitored multifamily properties.
- Regarding the soundness of financial institutions and credit providers, the Financial Service, Bond Finance, and Single Family Finance Production divisions offer current and future first time home buyers the ability to purchase homes at below market rate with down payment assistance without affecting state debt. Standard & Poor's has awarded TDHCA Bonds with the highest bond rating as a result of efficient and effective accounting practices and for having a low cost of issuance per bond.

GENERAL GOVERNMENT

Priority Goal

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

- supporting effective, efficient, and accountable state government operations;
- ensuring the state's bonds attain the highest possible bond rating; and
- conservatively managing the state's debt.

Benchmarks

- Total state spending per capita
- Percent change in state spending, adjusted for population and inflation
- Ratio of federal dollars received to federal tax dollars paid
- Number of state employees per 10,000 population
- Number of state services accessible by internet
- Total savings realized in state spending by making reports/documents/processes available on the internet
- Affordability of homes as measured by the Texas Housing Affordability Index

TDHCA addresses the priority goals and benchmarks in the following ways.

- TDHCA ensures that all programs follow the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times accessible to both working and non-working persons. A database has been developed that includes citizen and nonprofit organizations, local governments, state legislators, public housing authorities, and local public libraries so that, when a public hearing or public comment period is scheduled, all interested parties are notified. Additionally, pertinent information is posted in the Texas Register, in Breaking Ground (the TDHCA newsletter), and on TDHCA's website. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, email, and, in some cases, directly at the TDHCA website.

- TDHCA values and relies on community input to direct resources to meet its goals and objectives. In an effort to provide the public with an opportunity to more effectively give input on TDHCA's policies, rules, planning documents, and programs, TDHCA has consolidated most of its public hearings related to policy and rule development. Each year, a hearing on all TDHCA programs will be held in each State Service Region the Department uses for planning and reporting purposes. After the regional hearings are held, a separate Board hearing is held specifically on the State Low Income Housing Plan, TDHCA's key annual planning and policy document, so comment may be provided directly to the Board. Staff is available at each hearing to answer questions and lend technical assistance to attendees.
- All TDHCA program funds are distributed and used with the intention of delivering the highest possible level of assistance. Before being recommended to the Board for approval, all multifamily housing production applications are thoroughly underwritten by the Real Estate Analysis Division to ensure the proposed activity is both financially feasible and uses the minimum required amount of assistance. All of the Department's internal operations are thoroughly scrutinized by funding source reporting requirements, internal and external audits, and the LBB budgeting and performance measurement system to provide for the most efficient and effective provision of services.
- In support of the agency mission, TDHCA has a strong commitment to providing the citizens of Texas open, online access to information about every agency program and service through detailed web pages, a posted library of agency publications, and customer search tools to find local assistance providers for buying homes, renting, home repair and weatherization, and utility bill payments.
- The TDHCA Interactive page is the website's portal to online services. In addition to the services mentioned above, the Interactive page provides a link to the Manufactured Housing online database of ownership, license, installation, and inspections records. It also includes a Contractor Tools section, which provides both housing and community affairs program subrecipients access to systems for reporting and maintaining contract and compliance data.
- Virtually every report or document that TDHCA produces is available on the website. In the six months from November 2007 to April 2008, the public website received approximately 218,000 visitors. During the same period visitors requested an estimated 627,000 pages including PDF document files. The Manufactured Housing online database garnered an estimate number of 32,000 visitors and 450,200 page requests by Web visitors for the period. In addition, the Division of Policy and Public Affairs' Information Clearinghouse accommodated a total amount of 25,300 visitors and 23,170 page requests.
- Through the Central Database project, TDHCA automated the processes associated with contract management, draw requests, and compliance reporting. TDHCA housing program personnel administer 2,252 contracts in the TDHCA Contract System (515 contracts with a status other than closed), and over 1,600 accounts are in place for subrecipients who submit electronic contract activity setups and draw requests. Additionally, there are currently 2,463 accounts in place for property owners and managers who submit online status reports on 1,964 active properties with over 216,958 units through the Compliance Monitoring and Tracking System.

- While TDHCA's activities do not directly impact the Texas housing affordability index, which is based on local area income levels and home prices, its single family loan products certainly allow many more people to buy their own home then would otherwise be possible.

TDHCA MISSION

To help Texans achieve an improved quality of life through the development of better communities.

TDHCA PHILOSOPHY

CUSTOMERS

- Advocacy: The Department will actively encourage, support, and promote an improved quality of life for extremely low, very low, low, and moderate income Texans.
- Service: The Department will be responsive to every constituent request and provide every customer with prompt, courteous service.
- Partnership: The Department will foster an atmosphere that is conducive to encouraging and forming public and private partnerships that are responsive to the needs of extremely low, very low, low, and moderate income Texans.
- Equity: The Department will establish processes for the public's full participation in programs and the fair allocation of resources.
- Respect: The Department believes in the worth of all persons and their need for decent, safe, and affordable housing.

OPERATIONS

- Integrity: The Department will conduct business openly, free of bias, and according to the highest ethical and professional standards.
- Accountability: The Department will be answerable and responsive to the Texas Legislature, external customers/consumers, and its various funding sources.
- Efficiency: The work of the Department will be accomplished in the most direct, cost-effective manner.
- Leveraging: Each program will encourage the public and private sector to contribute additional resources that maximize the economic impact of and expand the level of assistance provided by state and federal dollars.

STAFF

- Quality: Each employee will strive for excellence in the work performed.
- Creativity: Department staff will continually seek innovative methods for performing work in their respective fields.
- Respect: The Department recognizes that its employees are the critical element in accomplishing its mission and goals. Therefore, it pledges to support their continued professional development and provide opportunities for reward based on their performance. In doing so, it also pledges to promote a collaborative and positive work environment for all employees.

EXTERNAL/INTERNAL ASSESSMENT

I. OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

A. Statutory Basis

Chapter 2306 of the Texas Government Code outlines the functions of TDHCA as follows:

Sec. 2306.001. Purposes. The purposes of the department are to:

1) *assist local governments in*
   A) *providing essential public services for their residents; and*
   B) *overcoming financial, social, and environmental problems;*
2) *provide for the housing needs of individuals and families of low and very low income and families of moderate income;*
3) *contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income;*
4) *assist the governor and the legislature in coordinating federal and state programs affecting local government;*
5) *inform state officials and the public of the needs of local government;*
6) *serve as the lead agency for:*
   A) *addressing at the state level the problem of homelessness in this state;*
   B) *coordinating interagency efforts to address homelessness; and*
   C) *addressing at the state level and coordinating interagency efforts to address any problem associated with homelessness, including hunger.*
7) *serve as a source of information to the public regarding all affordable housing resources and community support services in the state.*

B. Historical Perspective

The following events have shaped TDHCA's current organizational structure and program responsibilities.

- In 1991, the 72nd Texas Legislature created TDHCA from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant (CDBG) Program from the Texas Department of Commerce.
- On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program.
- On September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department.
- On September 1, 2001, in accordance with House Bill 7, the CDBG and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (ORCA). However, TDHCA, through an interagency contract with ORCA, administers 2.5 percent of the CDBG funds used for the Self-Help Centers along the Texas-Mexico border.
- Also on September 1, 2001, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

- In a recent effort to improve efficiency and effectiveness, the Department implemented a significant reorganization of certain housing related activities and administrative structures.
- TDHCA's programs continue to evolve in response to statutory changes, federal program changes, and public participation.

C. Affected Populations

As established by §2306.001(2), TDHCA is to "provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income…" Per Section 2306.004, individuals and families of the following:

- "extremely low income" earn not more than 30 percent of the area median income or applicable federal poverty line, as determined under Section 2306.123 or Section 2306.1231.
- "very low income" earn not more than 60 percent of the area median income or applicable federal poverty line, as determined under Section 2306.123 or Section 2306.1231.
- "low income" earn not more than 80 percent of the area median income or applicable federal poverty line, as determined under Section 2306.123 or Section 2306.1231,

Section 2306.004 also defines ""Family of moderate income" to be a family:

"(A) that is determined by the board to require assistance, taking into account:

(i) the amount of the total income available for housing needs of the individuals and families;

(ii) the size of the family;

(iii) the cost and condition of available housing facilities;

(iv) the ability of the individuals and families to compete successfully in the private housing market and to pay the amounts required by private enterprise for sanitary, decent, and safe housing; and

(v) standards established for various federal programs determining eligibility based on income; and

(B) that does not qualify as a family of low income."

For the single family bond funded loans, moderate income would include homebuyers with household incomes up to 115 percent of the area median family income and 140 percent of the area median family income for targeted areas.

Within these income categories, there are households that have special needs which further complicate their ability to find housing. The US Department of Housing and Urban Development (HUD) has designated the homeless, persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, and public housing residents as special needs populations requiring special attention. TDHCA also considers colonia residents and migrant farmworkers to be special needs populations with unique needs.

The varying state and federal income categories can cause some confusion when TDHCA reports on the income levels of its assistance recipients in documents with different audiences such as the State Low Income Housing Plan, LBB Performance Measures, and the HUD Consolidated Planning documents.

D. Main Functions

To achieve its mission, TDHCA provides the following types of assistance.

Housing and Community Services Assistance

Types of housing and community services assistance may include:

- housing assistance for individual households (homebuyer mortgage and down payment assistance, home repair, and rental payment assistance);
- funding for the development of apartments (new construction or rehabilitation of rental units);
- energy assistance (utility payments or home weatherization activities);
- assistance for homeless persons and emergency relief for individuals or families in crisis poverty (transitional housing, energy assistance, home weatherization, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and other emergency assistance); and
- capacity building assistance (training and technical assistance, assistance with operating costs, and predevelopment loans to help local housing organizations develop housing).

With the exception of most of its community services assistance, TDHCA's funding resources are awarded through formal, published processes. As such, funding is distributed to entities that, in turn, provide assistance to households in need. This distribution is done using a number of techniques.

- Almost all housing development, rehabilitation, and rental assistance related funding is awarded through formal request for proposals and notices of funding availability.
- First time homebuyer mortgage and down payment assistance is allocated through a network of participating lenders.
- Community services funds are predominantly allocated through a network of community based organizations who receive their funding on an annual, ongoing basis.

Funding for the services listed above include the US Department of Housing and Urban Development (HUD), US Department of Treasury (DoT), US Department of Health and Human Services (DHHS), and US Department of Energy (DoE), and Texas general revenue funds.

Manufactured Housing Activities

TDHCA's Manufactured Housing Division (MHD)[12] administers the Texas Manufactured Housing Standards Act. The act ensures that manufactured homes are well-constructed and

[12] The Manufactured Housing Division is an independent entity within TDHCA that is administratively attached, but has its own Board of Directors and Executive Director.

safe, are installed correctly, that consumers are provided fair and effective remedies, and that measures are taken to provide economic stability for the Texas manufactured housing industry. MHD's services include issuances of Statement of Ownership and Location (SOL) research; training and license issuances to individuals for manufactured housing manufacturing, retailing, rebuilding, installations, broker, or sales; records and releases on tax and mortgage liens; installation inspections; consumer complaints; and federal oversight under a cooperative agreement with HUD.

Information Resources

TDHCA is a housing and community services informational resource for individuals, local governments, the Legislature, community organizations, advocacy groups, and members of the housing development community. Examples of information it provides include: general information on TDHCA activities, US Census data analysis, and consumer information on available housing and supportive service assistance statewide. A primary method by which this information is made available is TDHCA's interactive consumer assistance website at http://www.tdhca.state.tx.us/assist_main.htm.

In all of its activities, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process. *Table 1. Summary of TDHCA Functions* briefly describes the activities assisted by and households served by each TDHCA program.

E. Public Perception

TDHCA is seen as a financial and administrative resource that helps provide essential services and affordable housing opportunities to Texans who qualify for this assistance based on their income level. Additionally, the Department is seen as a resource for educational materials and technical assistance for housing, housing related, and community services matters.

A common misperception is that TDHCA has regulatory authority over all aspects of housing throughout the state, from homeowners associations to the home building industry. As a result, requests are often made to intercede in issues that are not related to departmental business. There is also some confusion regarding the roles, duties, and jurisdictions of TDHCA and federal, state, and local housing agencies. TDHCA staff seeks to clarify the Department's role through its website and publications, and by directing inquiries to appropriate service providers.

TDHCA is perceived as an organization that focuses on providing affordable housing assistance to very low income and low income persons and families. The basic structures of its largest multifamily rental funding sources, Housing Tax Credit and Multifamily Bond programs, mainly serve households at or below 50 and 60 percent of the area median income. Those developments that are able to utilize very limited funds from another affordable housing program, such as the HOME program, are often able to reach households with even lower incomes.

Table 1: Summary of TDHCA Functions

Activity	Program	Program Description	Eligible Households
Multifamily Development	HOME Investment Partnerships Program (HOME)	Loans or grants to develop or preserve affordable rental housing	<80% AMFI
	Housing Trust Fund (HTF)	Loans or grants for rental housing development, predevelopment, and other industry innovations	<80% AMFI
	Housing Tax Credit (HTC)	Tax credits to develop or preserve affordable rental housing	<60% AMFI
	Multifamily Bond (MFB)	Loans to develop or preserve affordable rental housing	<60% AMFI
	Community Development Block Grant (CDBG)	Targeted disaster recovery assistance to preserve affordable rental housing	<80% AMFI
Rental Assistance	HOME Program	Loans for entities to provide tenant-based rental assistance for two years	<80% AMFI
	Section 8 Housing Choice Vouchers	Acts as a public housing authority to offer tenant-based rental assistance vouchers in certain areas	<50% AMFI
Single Family Development	HOME Program	Loans or grants for entities to construct single family housing and offer down payment assistance	<80% AMFI
	Colonia Model Subdivision	Loans for Community Housing Development Organizations (CHDOs) to develop residential subdivisions as an alternative to colonias	<60% AMFI
Home Purchase Assistance and Home Repair Assistance	Contract for Deed Conversion Initiative	Facilitates colonia-resident ownership by converting contracts for deed into traditional mortgages	<60% AMFI
	Grant Assistance	Grants in conjunction with the First Time Homebuyer Program for down payment and closing costs	<80% AMFI
	HOME Program	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	HOME Program	Loans and grants for entities to provide home repair assistance	<80% AMFI
	Lone Star Loan	Market-rate loans with second liens for down payment assistance	<115% AMFI
	Mortgage Credit Certificate	Annual tax credit based on the interest paid on the homebuyer's mortgage loan	<115% AMFI
	Texas Bootstrap Loan	Funds entities to offer owner-builder loans programs	<60% AMFI
	Texas First Time Homebuyer	Low-interest loans for first time homebuyers	<115% AMFI
	Community Development Block Grant (CDBG)	Targeted disaster recovery funding to provide home repair assistance	<80% AMFI
Homebuyer Education	Colonia Consumer Education Services	Homebuyer education offered through Colonia Self-Help Centers and Office of Colonia Initiatives (OCI) field offices	<115% AMFI (All)
	Texas Statewide Homebuyer Education	Training for nonprofits to provide homebuyer education	<115% AMFI (All)
Community Affairs Activities	Community Services Block Grant (CSBG)	Funds local agencies to provide essential services and poverty programs	<50% AMFI
	Emergency Shelter Grants (ESGP)	Funds entities to provide shelter and related services to the homeless	<30% AMFI (Homeless)
	Comprehensive Energy Assistance (CEAP)	Funds local agencies to offer energy education, financial assistance, and HVAC replacement	<50% AMFI
	Weatherization Assistance (WAP)	Funds local agencies to provide minor home repairs to increase energy efficiency	<50% AMFI
Manufactured Housing	Manufactured Housing Division	Regulates the manufactured housing industry. Licenses manufactured housing professionals, titles homes, inspects homes, and investigates manufactured housing complaints.	All

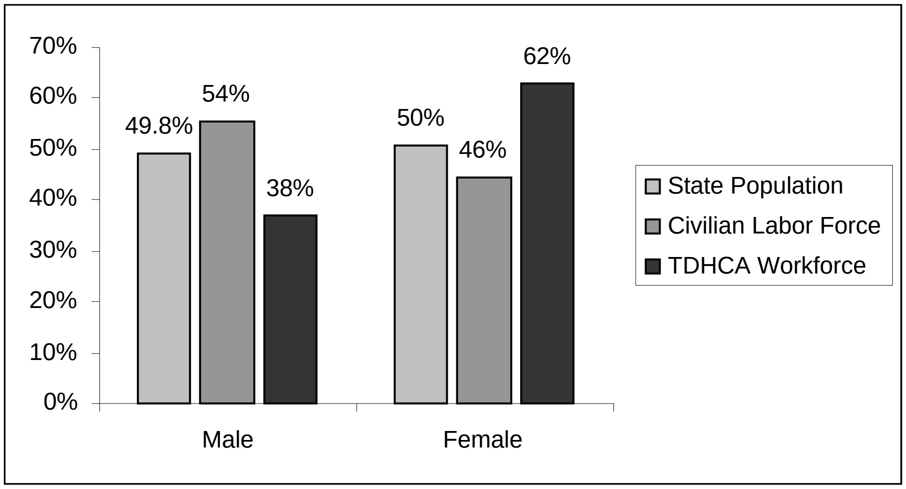
At times, a conflict exists between the actual characteristics of and the public perception of "affordable housing." This conflict is fed by some public perceptions as to the residents' income levels and employment status; construction quality, design, and density of the developments; and socio-economic impacts on the surrounding neighborhood. TDHCA is sometimes perceived as placing affordable rental housing in neighborhoods without adequately addressing the concerns of area residents. Because the development of any type of housing involves partnerships between the community, developers, and government, the Board and TDHCA staff go to great lengths to encourage developers to communicate and work with neighborhood groups to ensure their voice is heard throughout the process. TDHCA takes seriously its obligation to evaluate community input on funding decisions, including making neighborhood input a scoring criterion for the HTC Program. Public comment is solicited throughout the state as part of the housing application process, and public comment is taken before and during each Board meeting. This comment is balanced with the goal of ensuring that low income Texans have opportunities to live in desirable parts of their community with access to the area's employment, educational, health, and social amenities.

II. ORGANIZATIONAL ASPECTS

A. Size and Composition of Workforce

As of May 1, 2008, TDHCA had a total headcount of 285 employees. The agency is authorized to have 298 total full-time equivalents (FTEs). Additionally, TDHCA was allocated funds for the Community Development Block Grant (CDBG) disaster recovery program as part of the disaster relief efforts after Hurricane Rita. There are 12 FTEs that are budgeted for this program currently. Out of the 285 employees there are 10 FTEs allocated as part of the CDBG disaster recovery relief program. These FTEs are not counted as part of the FTE cap per Article IX under "federally funded" rule but are included in the FTE count for EEO reporting purposes. These FTEs are considered temporary positions and will be part of TDHCA for at least the next biennium or until federal disaster funds are expended.

The following charts profile TDHCA's workforce and include both full-time and part-time employees. The TDHCA workforce is comprised of 38 percent males and 62 percent females. As shown in the table below, the TDHCA workforce has a higher representation of female workers than the state population and civilian workforce.



Workforce by Age

Approximately 62 percent of TDHCA's workforce is over the age of 40. This indicates that the workforce has a high level of overall work experience. TDHCA continues to be successful in the recruitment and retention of employees in this age group. The average age of TDHCA employees is 44.

Employee Tenure

Approximately 46 percent of TDHCA employees have less than 5 years of TDHCA service, 25 percent with 6-10 years of experience, 23 percent with 11-15 years of experience, and 6.3 percent with more than 15 years experience. The average number of years of service for Department employees is 11 years. TDHCA continually strives to ensure that employees are appropriately compensated; to improve internal communications through a variety of venues; to promote training and career development; and coordinate employee service recognition activities to motivate employees and to improve employee retention.

Age

Age Group	Population	Percentage
Under 30	21	7.4%
30-39	87	31%
40-49	84	29.4%
50 – 59	77	27%
60 and over	16	5.6%
Total	285	

As of April 30, 2008

Employee Tenure

Tenure Range	# of Employees	% of Total
<1 year	35	12.3%
1 – 5	97	34%
6 – 10	71	25%
11 – 15	66	23%
16 – 20	11	3.9%
21 – 25	3	1.1%
26 – 30	2	07%
30 +	-	-
Totals	285	100%

As of April 30, 2008

TDHCA's Workforce and the Statewide Civilian Workforce

The tables and charts that follow compare the percentage of African American, Hispanic, and Female TDHCA employees (as of April 30, 2008) to the statewide civilian workforce as reported by the Texas Workforce Commission Civil Rights Division. Overall, the race and ethnic composition of the TDHCA workforce is very diverse and exceeds the state percentages.

However, there are four areas where TDHCA's Equal Employment Opportunity (EEO) employment percentages are less than the state's percentages:

- Female Technicians (The presence of under-representation in this category is thought to be caused in large part by the small number of employees in this category).
- Female-Official/Administration (This category shows a slight under-representation, less than one percent, for females as compared to the state).
- African American-Official Administration
- African-American Technicians

TDHCA targets recruitment resources that reach out to the workforce in the under-represented categories so that the applicant pool represents the ethnicity and gender to meet EEO goals of the state.

Description of TDHCA Workforce by Ethnicity and Gender

	African American		Hispanic		White		Other		Total	
Equal Employment Opportunities (EEO) Categories*	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
A - Administrators and Officials	-	-	3		9	7	-	-	12	7
P - Professionals	7	22	19	54	31	56	1	6	58	138
T - Technician	3	-	8	2	21	5	-	-	32	7
Q - Para-professionals	1	4	-	6	-	3	-	-	1	13
C - Administrative Support	2	3	0	6	3	2	-	-	5	12
Total by Race/Ethnicity & Gender	13	29	30	68	64	74	1	6	108	177
Percent of Total by Race/Ethnicity & Gender (%)	5	10	11	24	29	26	0.4	2	38	62
Total by Race/Ethnicity	42		98		138		7		285	
Pct of Total by Race/Ethnicity	15%		34%		48%		2%			

*A – Administrators and Officials: directors, employees establishing broad policy and exercising responsibility for execution of those policies.

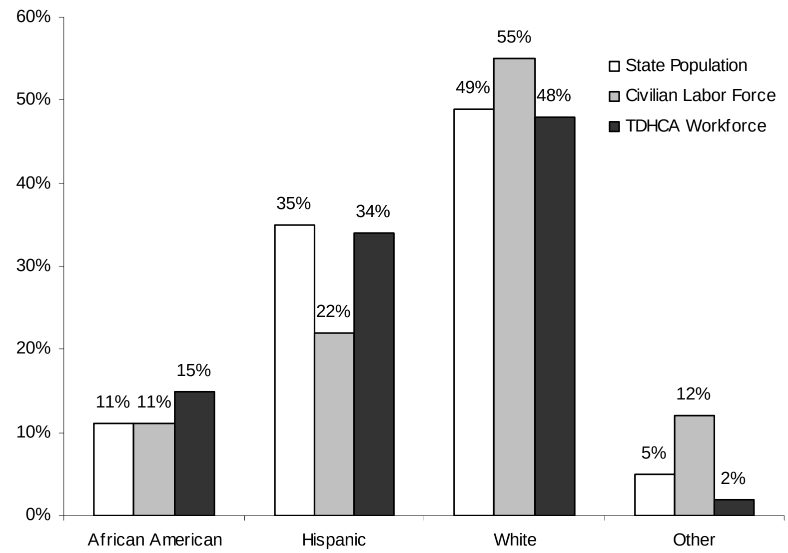
P – Professionals: accountants: systems analysts, attorneys, occupations requiring specialized training or education.

T – Technician: computer technicians, occupations requiring basic scientific or technical knowledge.

Q – Para-professionals: persons performing some of the duties of professionals in a supportive role.

C – Administrative Support: these include clerical payroll clerks, legal assistants, office machine operators, statistical clerks, and bookkeepers.

Comparison of TDHCA Workforce by Race/Ethnicity to State Population and Civilian Workforce



Source: US Census, 2006 American Community Survey; TDHCA Human Resources Data; Uniform Statewide Payroll System (2008 data); and Bureau of Labor Statistics (2004)

TDHCA's workforce is in close correlation to the State population by race and ethnicity.

Comparison of TDHCA EEO and Statewide Employment Statistics

	% African American		% Hispanic		% Females	
Job Category	TDHCA	State	TDHCA	State	TDHCA	State
Officials/Administrators	-	6.6%	16%	14.2%	37%	37.3%
Professionals	15%	8.3%	37.2%	13.4%	70.4%	53.2%
Technicians	7.6%	12.4%	25.6%	20.2%	17.9%	53.8%
Para-Professionals	35.7%	13.8%	42.8%	40.70%	92.8%	39%
Administrative Support	29.4%	11.2%	35.2%	24.10%	70.5%	64.7%

Source: TDHCA Human Resources Data and Bureau of Labor Statistics, Geographic Profile, 2004 for the state of Texas.

Agency Turnover

Percent of Workforce Eligible to Retire

Of the current 285 employees, there are 17 employees or 6 percent who are currently eligible to retire under the "Rule of Eighty". Ten of these employees are from the Manufactured Housing Division and all of these employees work in the field offices as Inspectors. Within the next biennium there will be 11 additional employees eligible to retire under the "Rule of Eighty". This will be a total of 10 percent employees eligible for retirement.

Of the current 285 employees there will be 8 employees or 3 percent that will be eligible to retire as a result of reaching the age of sixty with five years of service in the next biennium.

It should be noted that TDHCA currently has six retiree rehires. Management is aware of the impact they will have on the loss of knowledge and skill base and is continually looking at methods to replace this knowledge through:

- Employee Development
- Mentoring Program
- Cross divisional training

Projected Employee Turnover Rate over the Next Five Years
In FY2007 the turnover rate for TDHCA was at its lowest point in comparison to the previous turnover rates. As shown by the chart below, TDHCA's turnover rates have historically been under the state turnover rates and have fluctuated.

Historical Employee Turnover Rate

Entity	FY2003	FY2004	FY2005	FY2006	FY2007
Statewide Turnover	18.2%	42.1%	19.1%	17.9%	19.2%
TDHCA Turnover	16.6%	13.4%	15%	12.5%	8.6%

Source: SAO E-Class as of 4/21/08. Turnover rates include interagency transfers.

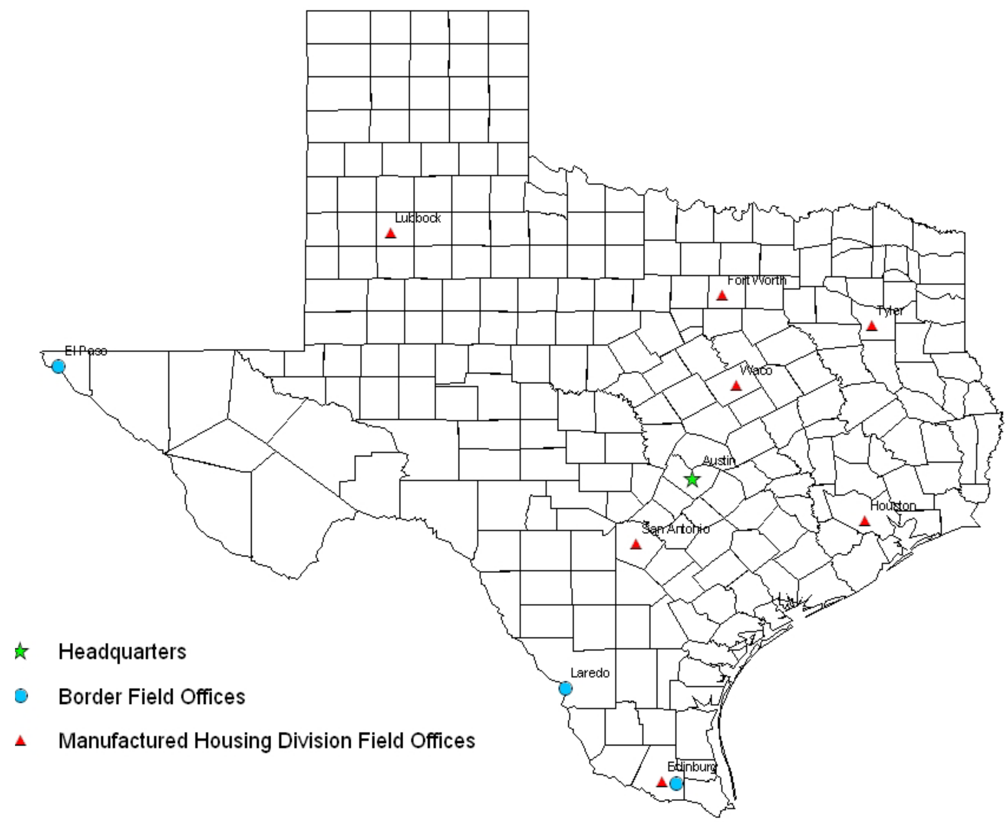
B. Organizational Structure and Process
TDHCA is organized under four divisions that report to the Executive Director: Administration, Programs, Legal Services, and Public Affairs. Within the Programs Division, activities are organized under the following categories: Community Affairs, Office of Colonia Initiatives, HOME, Homeownership, Multifamily Finance Production, Real Estate Analysis, and Housing Resource Center. Within the Administration Division, activities are organized under the following categories: Administrative Support, Bond Finance, Financial Administration, Information Systems, and Portfolio Management and Compliance (PMC). The Internal Audit Division reports directly to the Board. The Manufactured Housing Division operates within TDHCA as an administratively attached but independent entity. An organizational chart of the Department is provided as Appendix B.

TDHCA's Executive Director is employed by the Board with the approval of the Governor. The Executive Director is responsible for administering the work of the Department. The seven-member Governing Board, appointed by the Governor with advice and consent of the Senate, works with the Executive Director to develop policies and programs to meet the needs of the mission and goals of the Department.

C. Geographical Location of Agency

TDHCA's headquarters is located in the state owned State Insurance Building Annex at 221 East 11th Street, Austin, TX 78701. The Office of Colonia Initiatives has Border Field Offices located in Edinburg, El Paso, and Laredo. The Manufactured Housing Division has field offices located throughout the state in Dallas-Ft. Worth, Edinburg, Houston, Lubbock, San Antonio, Tyler, and Waco.

Figure 1: TDHCA Locations



D. Location of Service Populations and Regions

TDHCA is committed to equitably and effectively serving citizens in all areas of the state. For its general planning and reporting purposes, a 13 region geographic configuration of the state's 254 counties is used. These state service regions, which were developed by the Texas Comptroller of Public Accounts, are referenced in §2306.111(d) of the Texas Government Code which calls for the regional allocation of TDHCA's HOME, HTC, and HTF funding. A map of the regions are shown below in Figure 2.

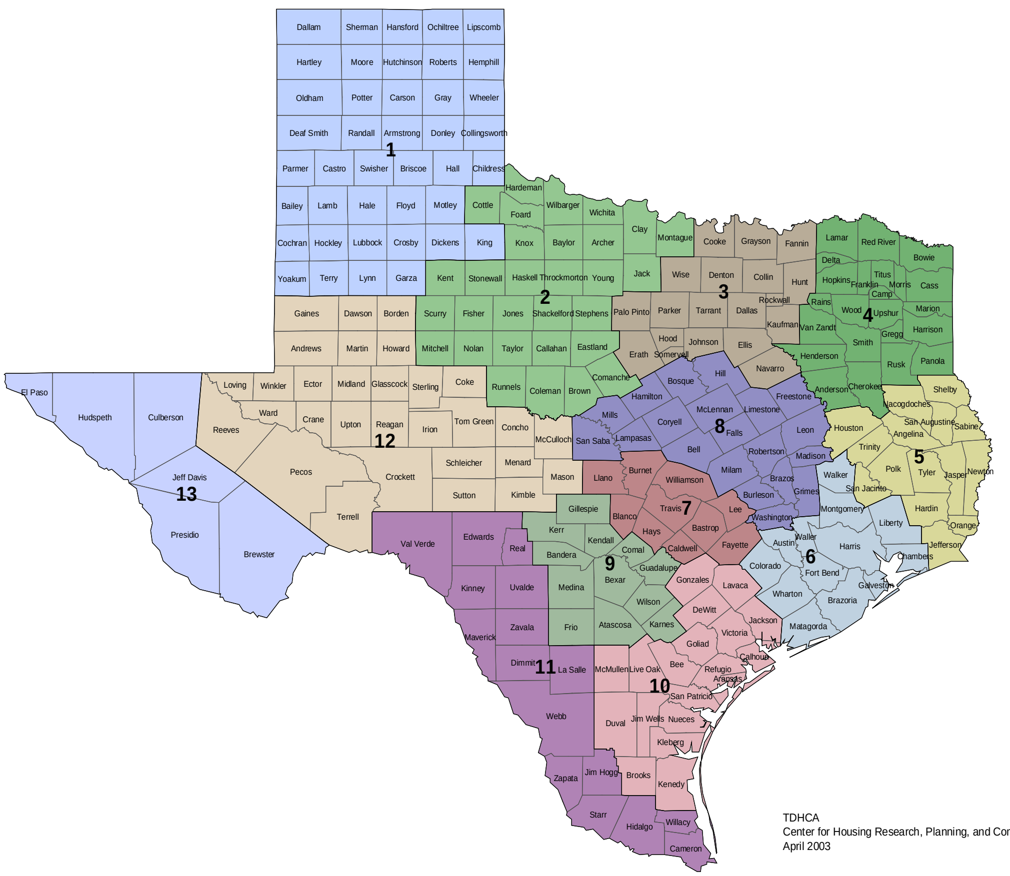
TDHCA funding is regionally allocated via the following:

- HOME, HTC, and HTF funding is allocated by formula to be distributed within each region. It should be noted that in some instances funding from these programs that is used to fulfill federal, state, or board mandated set-asides may be exempted from the regional distribution formula.

- MFB financing is allocated statewide based on a lottery method controlled by the Texas Bond Review Board.
- Community Affairs funding for the Emergency Shelter Grants Program, Community Services Block Grant, Comprehensive Energy Assistance Program, and Weatherization Assistance Program funding is allocated statewide through a network of subcontractors. Each subcontractor receives a funding allocation based on the level of need within the counties they serve. There may be multiple subcontractors within each region.
- A statewide network of participating lenders is used to distribute the single family bond financing. The final distribution of funding is based on consumer demand.

As described below, a wide variety of program regulations, market conditions, and legislative requirements affect TDHCA's statewide resource distribution.

Figure 2: TDHCA Service Regions



Colonias

TDHCA has specific policy goals, strategies, and programs designed to support the improvement of living conditions of colonia and border residents along the Texas-Mexico border region. A “colonia,” Spanish for “neighborhood” or “community,” is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing. This includes a lack of basic services such as potable water, adequate sewage systems, drainage, streets, utilities, paved roads, and plumbing. As discussed in detail in the “III. Fiscal Aspects” section of the Plan beginning on page 32, there are a number of Legislative Riders that dedicate specific amounts of TDHCA funding to serve these communities.

Rural and Urban Needs

As the migration of population and industries continues to urban and suburban areas, the less-populous areas of the state are faced with an aging housing stock and households with lower incomes than their urban or suburban counterparts. To address the income disparity and reduced access to housing and community services resources (e.g., larger communities and regions have greater access to bonds, a large tax base, and investment capital) in less-populous areas, TDHCA gives focused consideration to rural areas when developing its housing programs and the rules that govern these programs.

Specific examples of how TDHCA addresses rural needs include:

- It is legislatively required that 95 percent of the TDHCA HOME funding be allocated to non-participating jurisdiction areas. Because participating jurisdictions (PJs), which are larger metropolitan cities and more populous counties, receive HOME program funds directly from HUD, TDHCA directs its HOME program allocation to non-PJ areas of the state. The remaining 5 percent of HOME funds may be expended in any area of the state, but only if it funds an activity that serves persons with disabilities.
- §§2306.111(d) and 2306.1115 require that the regional allocation formula used to distribute HOME, HTC, and HTF funding consider existing housing need and available resources to meet this need in rural and urban areas.
- TDHCA and ORCA jointly administer the HTC Program rural allocation. ORCA helps develop and approves all thresholds, scoring, and underwriting criteria for the rural allocation. The resulting joint outreach, training, and rural area capacity building efforts help increase participation in the rural set-aside.
- The TDHCA Section 8 Housing Choice Voucher Program specifically serves households in small cities and rural communities that are not served by similar local or regional housing voucher programs.

Regional Allocation Plans

As required by federal or state laws, depending on the program, TDHCA has developed regional allocation formulas for many of its programs. These formulas are based on objective measures of need and available resources that help ensure an equitable distribution of funding across the state.

2008 HOME, HTC, and HTF Regional Allocation Formula

Sections 2306.111(d) and 2306.1115 of the Texas Government Code require that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, HTC, and HTF funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. Within each region, the RAF further targets funding to rural and urban areas.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data; respond to public comment; and better assess regional housing needs and available resources. The RAF is submitted annually for public comment.

Slightly modified versions of the RAF are used for HOME, HTC, and HTF because the programs have different eligible activities, households, and geographical service areas. For example, because 95 percent of HOME funding must be set aside for non-PJs, the HOME RAF only uses need and available resource data for non-PJs.

For the 2008 fiscal year, the RAF uses the following 2000 US Census data to calculate this regional need distribution:

- Poverty: Number of persons in the region who live in poverty.
- Cost Burden: Number of households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.
- Overcrowded Units: Number of occupied units with more than one person per room.
- Units with Incomplete Kitchen or Plumbing: Number of occupied units that do not have all of the following: sink with piped water; range or cook top and oven; refrigerator, hot and cold piped water, flush toilet, and bathtub or shower.

There are a number of other funding sources that can be used to address affordable housing needs. To mitigate any inherent inequities in the regional allocation of these funds, the RAF compares each region’s level of need to its level of resources. For the 2008 RAF, resources from the following sources were used: HTC, HTF, HUD (HOME, Housing Opportunities for Persons with AIDS (HOPWA), public housing authority (PHA) capital funding, and Section 8 funding), Bond Financing, and United States Department of Agriculture (USDA) housing programs.

2008 Emergency Shelter Grants Program (ESGP) Allocation Formula

ESGP funds are reserved according to the percentage of poverty population identified in each of the 13 state service regions. The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region. Any application that receives a score below 70 percent of the highest raw score from the region is not considered for funding.

2008 Community Service Block Grant (CSBG) Allocation Formula

Allocations to the 46 CSBG–eligible entities are based on two factors: (1) the number of persons living in poverty within the designated service delivery area for each organization and (2) a calculation of population density. Poverty population is given 98 percent weight, and the ratio of inverse population density is given 2 percent weight. The formula also includes a base award for each organization before the factors are applied, as well as a floor, or minimum award. In FY 2008, the Department will utilize the 2000 Census population figures at 125 percent of poverty, a base of $50,000, and a floor at $150,000.

2008 Comprehensive Energy Assistance Program (CEAP) and Weatherization Assistance Program (WAP) Allocation Formula

The allocation formula for the Comprehensive Energy Assistance and Weatherization Assistance programs uses the following five factors and corresponding weights to distribute its funds by county: county non-elderly poverty household factor (40 percent); county elderly poverty household factor (40 percent); county inverse poverty household density factor (5 percent); county median income variance factor (5 percent); and county weather factor (10 percent).

Other Factors that Affect the Distribution of Funds

In order to simplify the application process and direct monies quickly to address rural needs, HOME funds are awarded through an 'open-cycle' (first-come, first-served) application process. Under the 2008 HOME Investment Partnership Program rules, threshold criteria incentivizes income targeting, uses the Affordable Housing Needs Score (AHNS), requires a minimal match contribution and is conditioned on successful completion of previous HOME awards. Additionally, this process includes a review of past performance requiring good standing with the Department at the time of award. If applicants have received awards previously and have been deobligated due to non-performance of a contract, they are ineligible to receive funds from the HOME program for a period no less than 12 months. This process ensures the integrity of the RAF as required by Chapter 2306, compliance with federal program regulations, and state program rules. By incentivizing those applicants targeting lower income populations and utilizing the AHNS, the Department is able to ensure that the neediest Texans receive program benefit.

For applications that involve HTCs, applicants must receive a resolution from the local governing body for approval to add new units if the application is proposing new construction that is within one mile of an existing development that has received an allocation of Housing Tax Credits or Private Activity Bonds for new construction within the last three years and that serves the same population type (elderly/elderly or family/family). This applies to applications proposing New Construction and Adaptive Reuse in counties with over one million in population. Additionally, applications proposing development in a city or county that has more than twice the state average per capita of affordable housing units supported by Housing Tax Credits or Private Activity Bonds must receive a resolution from the local governing body for approval to develop in that city or county. This applies to applications proposing New Construction, Adaptive Reuse, and Acquisition/Rehabilitation.

E. Human Resource Strengths and Weaknesses

The following is an outline of human resource strengths and weaknesses in the areas of training, experience, compensation/benefits, turnover rates, impact of early retirements, succession planning, strength of policy, etc.

Human Resources Strengths

- The Department's turnover for fiscal year 2007 (8.6%) was at its lowest point in comparison to the previous fiscal years and in comparison to fiscal year 2007 state turnover rate of 17.4%. The low turnover rate indicates that staff is committed to its clients and to the Department in carrying out its mission and goals.
- The Department is committed to providing staff with opportunities to attend continuing education courses to enhance their educational background and skills. The Department recently increased the amount of financial assistance for employees who are interested in pursuing under graduate and post graduate education.
- The Department's workforce has a depth of institutional knowledge of the programs. Staff has demonstrated a strong commitment to its clients and customers in providing public service to Texas communities and advocacy groups.
- The Department has a highly diverse workforce which creates an environment of higher employee morale, increases creativity, and leads to a higher retention of employees.
- The average staff tenure for the Department is 11 years. The Department has employees with in-depth institutional knowledge and highly skilled technical staff in the areas of housing finance and federal programs.

Human Resources Weaknesses

- The Department needs to improve its current method of evaluating staff as part of the annual performance review process. The Department will focus on securing a new system next fiscal year that will provide objective means to measure staff performance.
- While the Department has made great stride in equitable and fair pay among staff, this continues to be an area of weakness. The Department continues to address this issue through continued review of salary actions, reviewing salaries for pay equity, and granting pay equity adjustment.
- The Manufactured Housing Division has a projected retirement of at least 11 employees currently. Should this staff decide to retire the Division does not have a plan on how to recruit and fill these positions immediately.
- The Department is currently understaffed relative to our FTE cap of 298.

F. Capital Assets

Strengths and Weaknesses

Technological capital asset strengths include:

- Secure, low cost, high performance, and highly available gigabit local area network and high speed wide area network (WAN). TDHCA's WAN, implemented in 2003, is part of the TEX-AN telecommunications service and allows seven Manufactured Housing and three OCI regional offices to connect to the TDHCA local area network.
- Third party enterprise business applications, including PeopleSoft Financials 8.8, Mitas Automated Accounting and Loan Administration software, HAPPY Section 8 software, and custom enterprise business applications, including contract systems for housing and community affairs programs and the Compliance Monitoring and Tracking System.
- Supported personal computer and laptop operating systems, office productivity software, and other specialized end user software installed as required for each Department employee.
- A mixture of mid-range and low-end servers that house TDHCA business applications.
- A small, well designed, server room facility that is shared with the Office of the Comptroller of Public Accounts.

Technological capital asset weaknesses include:

Current use of an end-of-life legacy system for the Manufactured Housing Division (MHD). However, TDHCA is on schedule with its FY 2008-2009 Manufactured Housing System Upgrade project. TDHCA plans to launch the new system in FY 2009.

The system will support all major MHD business functions, including titling, installation and tracking, tax lien processing, licensing, and consumer complaint activities. Key Manufactured Housing System Upgrade goals are to:

- rebuild the system on a platform and with a design that resolves current difficulties in maintaining the system,
- Web-enable services such as submitting titling applications, tax liens, and notices of installations, and
- expand the use of Texas Online beyond manufactured housing license renewals to include providing customers the ability to pay for new licenses and pay titling fees online.

Needs and Prioritization

Throughout the FY 2009-2013 time period, TDHCA will focus on the following technology initiatives in support of Department objectives:

- Manufactured Housing System Upgrade (FY 2008-2009 capital budget project)
- PeopleSoft Financials version upgrades to stay up-to-date with the Office of the Comptroller of Public Accounts Integrated Statewide Accounting System (ISAS) version of PeopleSoft Financials
- Yearly upgrades of the Mitas Automated Accounting and Loan Servicing systems
- Frequent upgrades of the HAPPY Housing Pro Section 8 System
- IT security and disaster preparedness
- Web site enhancements to provide customers easier access to information

- Enhancement projects for the Department's custom systems
- Continued technical support for Department employees and external customers

G. Agency Use of Historically Underutilized Businesses

It is TDHCA's policy to demonstrate a good faith effort to provide procurement and contracting opportunities for all minority-owned and women-owned businesses. TDHCA understands and recognizes the challenges that occur during the bid process for these businesses. Therefore, it is committed to the recruitment and promotion of Historically Underutilized Businesses (HUBs) in all procurement processes. TDHCA's General Policies and Procedures for Historically Underutilized Businesses is referenced in Texas Administrative Code, Title 10, Part 1, Chapter 1, SubChapter A, Rule §1.6. A Department HUB Coordinator has also been designated, in accordance with Section 2161.062, Government Code.

TDHCA continues to achieve the state goals for procurement awards to HUBs and subcontracting of HUB vendors through staff education on procurement policy rules and procedures, and through aggressively recruiting and assisting HUB businesses. TDHCA also participates in vendor forums during the fiscal year, both exhibiting and co-hosting forums.

H. Key Organizational Events and Areas of Change and Impact on Organization

In the second quarter of FY 2007, TDHCA reorganized several divisions to realign certain programs by funding stream. All components of the HOME Investment Partnerships Program, including multifamily and single family finance, and aspects of program monitoring and compliance, were reconsolidated under the new HOME Program Division. This division also manages the Housing Trust Fund. TDHCA's other single-family housing programs, including the First Time Homebuyer Program, Mortgage Credit Certificate Program, Texas Loan Star Program, and Texas Statewide Homebuyer Education Program, are administered by the Texas Homeownership Division.

I. Use and Anticipated Use of Consultants and Contractors

To effectively achieve its mission, TDHCA will continue to use consultants and contract workers in areas where their unique skills and experience represents the most effective use of the State's resources. Three divisions that expect the greatest ongoing use of consultants are Portfolio Management and Compliance, Information Systems, and Bond Finance.

Portfolio Management and Compliance (PMC)

TDHCA monitored the FDIC's Affordable Housing Program under a Memorandum of Understanding. The day to day oversight of the properties was outsourced to Monitoring Data Systems Inc. In April of 2008, TDHCA provided the FDIC with notice of termination of the MOU effective September 1, 2008. Therefore, the Department will no longer contract with Monitoring Data Systems Inc. The full time employee positions that were dedicated to this function will monitor TDHCA funded properties.

The Internal Revenue Service requires State Housing Finance Agencies to use local health, safety, and building codes or the Uniform Physical Condition Standards to assess the physical condition of HTC developments. In Texas, building codes vary from city to city and many areas do not have code enforcement at all. To ensure a uniform inspection standard is used state wide, the Department has elected to use Uniform Physical Condition Standards inspections for tax credit developments. Since March of 2005 TDHCA outsourced the Uniform Physical Condition Standards through a competitive process. In January of 2008, TDHCA contracted with two firms to provide these services; Onsite Insight and the Inspection Group.

TDHCA monitors received training in the Uniform Physical Condition Standards inspection protocol in November of 2007 to diminish dependence on an outside contractor. In the future, TDHCA staff will be conducting the bulk of these inspections. Only high risk developments will be outsourced until sufficient internal expertise and experience is attained.

In the past, TDHCA worked with ICF Consulting, Inc. to increase staff and administrator capacity in the HOME program. TDHCA staff has not needed the assistance of ICF in the last year. It is not anticipated that technical assistance will be needed from ICF in the future.

Information Systems (IS) Division

TDHCA's Information Systems Division makes limited, targeted use of consultants for approved capital budget projects and software development support. In the current biennium, the Department has employed one contract developer to assist in the support of PeopleSoft Financials 8.8 and two contract developers to help support the Community Affairs Contract System and the Community Development Block Grant module of the Housing Contract System. Additionally, the Department plans to utilize two contract developers for the Manufactured Housing Systems Upgrade, a FY 2008-2009 capital budget project. Consultants are used for projects and support in cases where specialized skills or additional staffing are needed for a specific timeframe.

Bond Finance

The Bond Finance division uses the following types of consultants:

- Bond Counsel – A nationally recognized law firm or firms experienced in the issuance of mortgage revenue bonds.
- Financial Advisor – Typically an investment banking firm experienced in issuance of mortgage revenue bonds.
- Master Servicer/Administrator – A financially sound bank or trust company experienced in tax compliance review and loan servicing for tax-exempt single family mortgage revenue bond programs.
- Disclosure Counsel – A law firm experienced in securities laws particularly as it relates to disclosure of information by securities issuers to the private markets.
- Rating Agencies – A national rating agency which analyzes bond issues and assigns a rating to them to indicate to prospective bondholders the investment quality of the issue.

- Interest Rate Swap Advisor – Primarily monitors interest rate swaps used to hedge single family mortgage revenue bonds.
- Guaranteed Investment Contract Broker – Provides reinvestment services for single family mortgage revenue bond issues, single family commercial paper issues, and/or multifamily mortgage revenue bond issues.

III. FISCAL ASPECTS

A. Size of Budget

The following chart provides historical funding levels by goal. Goal A: Affordable Housing includes appropriated and non-appropriated resources as below described. The non-appropriated HTCs, single family, and multifamily non-appropriated amounts are estimates in fiscal years 2008–2009.

One significant change in the bill pattern was associated with Goal B. Over the 2002–03 biennium, ORCA was created with the passage of House Bill 7 (77th Legislative, Regular Session). With the creation of ORCA, CDBG funds, CDBG general revenue (GR) Match, and GR associated with Local Government Services were shifted from TDHCA to ORCA. This reduced TDHCA's federal funds by $167,090,099 and GR funds by $2,955,133 (Article IX, Section 10.95, and Contingency for House Bill 7). The funding amounts for Goal B for 2006-2009 represent funding for TDHCA's OCI and Housing Resource Center divisions.

Table 9: Appropriated Funds

	2004	*2005*	*2006*	*2007*	*2008*	*2009*
Goal A: Affordable Housing	$63,200,684	$57,193,100	$60,085,072	$56,500,789	$51,740,565	51,772,518
Goal B: Colonia Service Centers (Pre 79th Leg.)	$713,186	$680,177	$-	$-	$-	$-
Goal B: Info. & Tech. Assist. (Post 79th Leg.)	$-	$-	$1,354,939	$1,357,663	$1,447,412	$1,450,647
Goal C: Poor and Homeless	$79,457,061	$79,379,015	$83,059,961	$83,002,846	$84,766,853	$84,762,697
Goal D: Ensure Compliance	$3,072,650	$2,991,874	$4,240,709	$4,278,876	$4,006,867	$3,983,682
Goal E: Manufactured Housing	$4,804,136	$4,824,009	$3,840,814	$3,840,815	$4,473,928	$4,630,222
Goal F: Indirect Administration	$6,690,989	$6,700,482	$6,389,609	$6,317,595	$6,171,621	$6,216,236
Total Appropriated Funds	$157,938,706	$151,768,657	$158,971,104	$155,298,584	$152,607,246	$152,816,002

Source: General Appropriation Bills, 78th through 80th Legislative Sessions

Table 10: Non-Appropriated Funds for Goal A, Affordable Housing

	2004	*2005*	*2006*	*2007*	*2008*	*2009*
Funding Amount	$438,225,000	$390,925,000	$471,680,000	$399,495,000	394,125,000	$343,000,000

Table 11: Non-Appropriated Funding Detail

	2004	*2005*	*2006*	*2007*	*2008*	*2009*
HTCs	$61,000,000	$61,000,000	$63,000,000	63,000,000	63,000,000	63,000,000
Multifamily Bond Funds	$130,000,000	$150,000,000	150,000,000	150,000,000	89,000,000	90,000,000
Single Family Bond Funds	$247,225,000	$179,925,000	$258,680,000	$186,495,000	$242,125,000	$190,000,000
Total Non-Appropriated Funds	$438,225,000	$390,925,000	$471,680,000	$399,495,000	394,125,000	$343,000,000

Table 12: Total, All Funds

	2004	*2005*	*2006*	*2007*	*2008*	*2009*
Funding Amount	$596,163,706	$542,693,657	$630,651,104	$554,793,584	$546,732,246	$495,816,002

B. Method of Finance

The methods of finance for appropriated funds since the fiscal year (FY) 04–05 biennium are shown below.

Table 13: Methods of Finance

	2004	*2005*	*2006*	*2007*	*2008*	*2009*
Federal Funds	$131,040,487	$130,979,680	$135,505,609	$135,387,385	$128,733,144	$128,697,779
Appropriated Receipts	$14,480,704	$14,353,145	$15,460,458	$15,418,498	$16,586,560	$16,787,596
General Revenue (GR)	$11,484,471	$5,485,384	$7,109,007	$3,596,671	$7,219,287	$7,262,372
Earned Federal Funds	$850,077	$867,481	$813,030	$813,030	$-	$-
Interagency Contracts	$82,967	$82,967	$83,000	$83,000	$68,255	$68,255
Total Appropriated Funds	$157,938,706	$151,768,657	$158,971,104	$155,298,584	$152,607,246	$152,816,002

Source: General Appropriation Bills 78th through 80th Legislative Sessions

Federal Funds: These funds are the Department's primary appropriated funding source. Federal funds make up 84 percent of the total funds appropriated to the Department in the 2008–2009 biennium. As such, these funding levels are subject to change to reflect priorities at the federal level. Short term expectations for each of the funding sources is described in "VII. Impact of Federal Statutes/ Regulations, Description of Current and Anticipated Federal Activities," Page 61. HUD and DHHS are TDHCA's largest federal grantor agencies.

Appropriated Receipts: These funds represent approximately 11 percent of the total funds appropriated to the Department. The funds are comprised of fees collected to administer the Department's housing programs or from its regulation of the manufactured housing industry. Compliance and application fee revenues provide a method of finance to support and administer the HTC Program. Fees to issue Mortgage Revenue Bonds are used to support programs and other indirect administrative costs. The Manufactured Housing Division also generates revenue through fee collections. The majority of the fees collected are pursuant to the issuance of titles, licenses and from installation inspections. The Legislature allocates the fees to the Department as Appropriated Receipts and General Revenue.

General Revenue: These funds make up 5 percent of total funds appropriated to the Department. The HTF is the primary program receiving GR funds and is the only affordable housing program funded by State funds.

Earned Federal Funds: As of the 2008-2009 biennium, these funds are regarded as General Revenue under the General Appropriations Act and are therefore not reflected as a separate Method of Finance.

Interagency Contracts: This source, which is less than 1 percent of the Department's funding, currently supports Goal B: Colonia Service Centers and originate from ORCA.

The Department applies for new federal funding as it becomes available. Should it receive additional federal funds, FTE and travel waiver requests may be submitted, depending on the increased workload new federal programs require. Currently, the Department has complied with FTE and travel limitations as set forth in the appropriation bills.

C. Per Capita and Other States' Comparisons

The majority of funding for TDHCA comes either directly from the federal government or through federally authorized tax credits or bonds. In general, funding amounts for these programs are based on a state's population. For this reason Texas, the second most populous state in the nation, receives a relatively large amount of federal funds. In contrast, when comparing levels of state appropriations through trust funds or other designated sources, Texas falls far behind the rest of the country. For 2006, the most recent year with comparable data, the State of Texas appropriated approximately $3 million to provide for the HTF. Using the U.S. Census Bureau's state population estimate of 23,507,783, Texas' per capita spending on affordable housing is $0.13. Table 14 provides comparisons of state-appropriated housing funds from the other five largest states in the nation.

Table 14: Comparison of State Per Capita (Sorted by State Funding Level)

State	*2006 Population*	*2006 State Funding*	*Per Capita Spending*
California	36,457,549	$35,901,613	$0.98
New York	19,306,183	$100,200,000	$5.19
Florida	18,089,889	$442,892,623	$24.48
Illinois	12,831,970	$82,850,000	$6.46
Pennsylvania	12,440,621	$25,000,000	$2.01
Texas	23,507,783	$3,049,869	$0.13

Sources: US Census Bureau; *Factbook: 2006 National Council of State Housing Agencies Annual Survey Results*, State Housing Finance Agencies.

D. Budgetary Limitations

Statutory and Federal Restrictions

State and federal statutes and regulations place many restrictions on the use of TDHCA funds. These restrictions affect a wide variety of program characteristics including limitations on eligible household income levels and allowable rents, maximum loan sizes, and funding allocation scoring and distribution criteria. Additionally, these programs have complex portfolio management and compliance requirements. A few specific examples of budgetary directives found in federal and state statute and regulations that regulate the use of specific funding include:

- 24 Code of Federal Regulations, Section 92.300(a)(1), requires that 15 percent of total HOME Investment Partnerships Program funds be reserved for use by community housing development organizations (CHDOs).
- §2306.111(c) requires that 95 percent of the TDHCA HOME funding be allocated to non-participating jurisdiction areas. Because participating jurisdictions (PJs), which are larger metropolitan cities and more populous counties, receive HOME program funds directly from HUD, TDHCA directs its HOME program allocation to non-PJ areas of the state. The remaining 5 percent of HOME funds may be expended in any area of the state, but only if it funds an activity that serves persons with disabilities.
- §2306.111(d) requires that the regional allocation formula used to distribute HOME, HTC, and HTF funding, consider existing housing need and available resources to meet this need in rural and urban areas.
- Section 2306.7581(a-1), Texas Government Code, requires the Department to provide $3 million per year in Housing Trust Funds toward the Texas Bootstrap Home Loan (“Owner-Builder”) Program.

Appropriations Riders

The Department will fully comply with all caps on funding and FTEs. The following section describes the Riders from the 2008-2009 Bill Pattern (Article VII, 3-7, General Appropriations Act, 80th Regular Session, and House Bill 1)

“Rider 1: Performance Measure Targets. The following is a listing of the key performance measure target levels for the Department of Housing and Community Affairs. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Department of Housing and Community Affairs. In order to achieve the objectives and service standards established by this Act, the Department of Housing and Community Affairs shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

	2008	**2009**
A. Goal: AFFORDABLE HOUSING		
Outcome (Results/Impact):		
% of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	0.91%	0.87%
% of Households/Individuals of Very Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	0.28%	0.27%
% of Households/Individuals of Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	3.15%	3.02%
% of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	0.10%	0.08%
A.1.1. Strategy: MRB PROGRAM - SINGLE FAMILY		
Output (Volume):		
# of Households Assisted with Single Family Mortgage Revenue Bond Funds	2,016	1,716
A.1.2. Strategy: HOME PROGRAM - SINGLE FAMILY		
Output (Volume):		
# of Households Assisted with Single Family HOME Funds	1,255	1,255
A.1.3. Strategy: HTF – SINGLE FAMILY		
Output (Volume):		
# of Households Assisted through the Single Family HTF Program	228	209
A.1.4. Strategy: SECTION 8 RENTAL ASSISTANCE		
Output (Volume):		
# of Households Assisted through Statewide Housing Assistance Payments Program	1,494	1,494
A.1.5. Strategy: FEDERAL TAX CREDITS		
Output (Volume):		
# of Households Assisted through the HTC Program	12,261	11,779
A.1.6. Strategy: HOME PROGRAM – MULTIFAMILY		
Output (Volume):		
# of Households Assisted with Multifamily HOME Funds	500	526
A.1.8. Strategy: MRB PROGRAM-MULTIFAMILY		
Output (Volume):		
# of Households Assisted through the Multifamily MRB Program	2,393	2,217
B. Goal: INFORMATION & TECHNICAL ASSISTANCE		
B.1.1. Strategy: HOUSING RESOURCE CENTER		
Output (Volume):		
# of Information and Technical Assistance Requests Completed	4,900	4,900
B.2.1. Strategy: COLONIA SERVICE CENTERS		
Output (Volume):		
# of On-site Technical Assistance Visits Conducted Annually from the Field Offices	800	800

C. Goal: POOR AND HOMELESS PROGRAMS		
Outcome (Results/Impact):		
% of Persons in Poverty That Received Homeless and Poverty-related Assistance	12.32%	12.32%
% of Very Low Income Households Receiving Energy Assistance	4.12%	4.12%
C.1.1. Strategy: POVERTY-RELATED FUNDS		
Output (Volume):		
# of Persons Assisted through Homeless and Poverty-related Funds	512,244	512,244
# of Persons Assisted That Achieve Incomes above Poverty Level	2,200	2,200
# of Shelters Assisted	73	73
C.2.1. Strategy: ENERGY ASSISTANCE PROGRAMS		
Output (Volume):		
# of Households Assisted through the Comprehensive Energy Assistance Program	51,502	51,502
# of Dwelling Units Weatherized by the Department	3,004	2,960
D. Goal: ENSURE COMPLIANCE		
D.1.1. Strategy: MONITOR HOUSING REQUIREMENTS		
Output (Volume):		
Total # of Onsite Reviews Conducted	915	965
D.1.2. Strategy: MONITOR CONTRACT REQUIREMENTS		
Output (Volume):		
Total # of Monitoring Reviews Conducted	12,715	12,765
E. Goal: MANUFACTURED HOUSING		
Outcome (Results/Impact):		
% of Consumer Complaint Inspections Conducted within 30 Days of Request	100%	100%
% of Complaints Resulting in Disciplinary Action	15%	15%
E.1.1. Strategy: TITLING AND LICENSING		
Output (Volume):		
# of Manufactured Housing Statements of Ownership and Location Issued	90,000	90,000
# of Licenses Issued	4,000	4,000
E.1.2. Strategy: INSPECTIONS		
Output (Volume):		
# of Routine Installation Inspections Conducted	6,000	6,000
Explanatory:		
# of Installation Reports Received	20,000	20,000
E.1.3. Strategy: ENFORCEMENT		
Output (Volume):		
# of Complaints Resolved	1,250	1,250
Efficiencies:		
Average Time for Complaint Resolution (Days)	180	180
Explanatory:		
# of Jurisdictional Complaints Received	1,200	1,200

"Rider 2: Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by agency management to be in the best interest of the State of Texas.

Item	*2008*	*2009*
Acquisition of Information Resource Technologies		
(1) Manufactured Housing Systems Upgrade	$175,000	$175,000
(2) Purchase of Information Technologies-Scheduled Replacement of Items	$200,000	$190,000
Total, Acquisition of Information Resource Technologies	$375,000	$365,000
Total, Capital Budget	$375,000	$365,000

Method of Financing (Capital Budget):

Community Affairs Federal Fund No. 127	$55,998	$71,382
Appropriated Receipts	$319,002	$293,618
Total, Method of Financing	$375,000	$365,000

"Rider 3: Low/Moderate Income Housing Construction. Out of the funds appropriated above, no less than $500,000 each year of the biennium shall be expended on low/moderate income housing construction in enterprise zone areas.

"Rider 4: Appropriations Limited to Revenue Collections. Fees, fines, and other miscellaneous revenues as authorized and generated by the agency shall cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal E, Manufactured Housing, the cost of the appropriations required for manufactured housing consumer claims payments according to the Occupations Code § 1201, Manufactured Housing Standards Act, as well as the "other direct and indirect costs" associated with this goal, appropriated elsewhere in this Act. "Other direct and indirect costs" for Goal E, Manufactured Housing, are estimated to be $911,408 for fiscal year 2008 and $956,749 for fiscal year 2009. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

"Rider 5: Housing Assistance. To the extent allowed by state and federal program guidelines the department shall adopt an annual goal to apply no less than $30,000,000 of the funds available from the Housing Trust Fund, HOME Program, Section 8 Program, and Housing Tax-Credit Program's total housing funds toward housing assistance for individuals and families earning less than 30 percent of the Area Median Family Income (AMFI). No less than 20 percent of the funds available from the Housing Trust Fund, HOME Program, Section 8 Program, and Housing Tax-Credit Program shall be spent for individuals and families earning between 31 percent and 60 percent of the area median family income. To the extent allowed by state and federal program guidelines in those counties where the area median family income is lower than the state average median family income, the department shall use the average state median income in interpreting this rider. The department shall provide an annual report to the Legislative Budget Board documenting its expenditures in each income category.

"Rider 6: Conversions of Executory Contracts.
a. Out of the funds appropriated above, the department shall spend not less than $4,000,000 for the biennium for the sole purpose of contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income. It is the intent of the Legislature that the department shall make a good-faith effort to complete at least 200 contract for deed conversions by August 31, 2009.

b. The Department of Housing and Community Affairs shall provide a quarterly report to the Legislative Budget Board detailing the number of, and cost for each, contract for deed conversions completed.

"Rider 7: Bond Refinancing. The department shall transfer any funds acquired through refinancing of bonds to the Housing Trust Fund. The first $3,000,000 each fiscal year in savings from the refinancing of any bonds shall be used to fund mortgage loans under the Bootstrap Self-Help Housing Loan Program.

"Rider 8: Colonia Set-Aside Program Allocation. The Office of Rural Community Affairs shall allocate 2.5 percent of the yearly allocation of Community Development Block Grant (CDBG) monies to support the operation of the Colonia Self-Help Centers and shall transfer such funds to the Department of Housing and Community Affairs on September 1 each year of the biennium.

Consistent with federal rules and regulations, the funds provided from ORCA to the Colonia Self-Help Center in El Paso county shall be used to provide internet access and training for parents and their children attending elementary schools in colonias, to establish technology centers within those elementary school libraries, to purchase wireless devices and laptop computers to loan out from the technology centers, and improve internet access for students and parents.

"Rider 9: Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments. Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from the General Revenue Fund are included above in Strategy A.1.3, Housing Trust Fund - Single Family, estimated to be $900,000 each year.

"Rider 10: Housing Trust Fund Deposits to the Texas Treasury Safekeeping Trust Company.
a. Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund - Single Family, $2,503,295 in fiscal year 2008 and $2,503,296 in fiscal year 2009 shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, at the beginning of each fiscal year. The amounts to be transferred in fiscal years 2008 and 2009 include an estimated $900,000 in each fiscal year from interest earnings and loan repayments received, identified above in Rider 9, Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments.

b. Out of funds appropriated above in Strategy A.1.7, Housing Trust Fund - Multifamily, $187,000 in fiscal year 2008 and $187,000 in fiscal year 2009 shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, at the beginning of each fiscal year.

c. Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from the General Revenue Fund shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, for the same purpose.

d. The Department of Housing and Community Affairs shall provide an annual report to the Legislative Budget Board, the House Appropriations Committee, and the Senate Finance Committee no later than October 1 detailing the agency's plan to expend funds from the Housing Trust Fund during the current fiscal year.

e. Notwithstanding limitations on appropriation transfers contained in the General Provisions of this Act, the Department of Housing and Community Affairs is hereby authorized to direct agency resources and transfer such amounts appropriated above, not to exceed $2,500,000 in General Revenue each fiscal year, between Strategy A.1.3, Housing Trust Fund - Single Family and Strategy A.1.7, Housing Trust Fund - Multifamily.

f. Out of funds appropriated above in Strategy A.l.3, Housing Trust Fund - Single Family and Strategy A.1.7, Housing Trust Fund - Multifamily, an amount not to exceed $2,500,000 in both strategies in fiscal year 2008 and an amount not to exceed $2,500,000 in fiscal year 2009 in both strategies above amounts required in Sections (a) and (b) of this rider, shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, no later than October 1 of each fiscal year.

“Rider 11: Mortgage Revenue Bond Program. The Department of Housing and Community Affairs shall operate the First-Time Homebuyer Mortgage Revenue Bond Program in a manner that maximizes the creation of very low-income single family housing by ensuring that at least 30 percent of the lendable bond proceeds are set aside for a period of one year for individuals and families at 60 percent and below the area median family income (AMFI), while assuring the highest reasonable bond rating. In an effort to facilitate the origination of single family mortgage loans to individuals and families at 60 percent and below the AMFI, the department shall utilize down payment and closing cost assistance or other assistance methods.

“Rider 12: Additional Appropriated Receipts.
a. Except during an emergency as defined by the Governor, no appropriation of appropriated receipts in addition to the estimated amounts above may be expended by the Department of Housing and Community Affairs unless:

(1) the department's governing board files a finding of fact along with a written plan outlining the source, use, and projected impact of the funds on performance measures with the Legislative Budget Board and the Governor and indicating that additional appropriations are required to maintain adequate levels of program performance; and,

(2) neither the Legislative Budget Board nor the Governor issue a written disapproval not later than 10 business days within receipt of the finding of fact and the written plan.

b. This provision does not apply to appropriated receipts included in the amounts appropriated above that are collected under Object Codes 3719 and 3802. Appropriated receipts collected under these revenue object codes are governed under provisions found in Article IX, Sec 8.03 and Article IX Sec 12.02.

“Rider 13: Manufactured Homeowner Consumer Claims. Included above in Goal E, Manufactured Housing, the Manufactured Housing Division of the Department of Housing and Community Affairs is appropriated an amount required for the purpose of paying manufactured housing consumer claims from Appropriated Receipts according to the Occupations Code Chapter 1201, Manufactured Housing Standards Act, from Statement of Ownership and Location (SOL) issuance fees involving manufactured housing that are collected during the 2008-09 biennium. No General Revenue is appropriated for the payment of these claims.

“Rider 14: CDBG Disaster Reporting Requirement. The Department of Housing and Community Affairs shall provide a quarterly report to the Governor, the Legislative Budget Board, the House Appropriations Committee, the Senate Finance Committee and to those members of the Legislature representing counties eligible for Community Development Block Grant (CDBG) Disaster funding, detailing the receipt and expenditures of CDBG disaster funds received by the Department.

"Rider 15: Affordable Housing Research and Information Program. Out of funds appropriated above in Strategy B.l.l, Housing Resource Center, the Department of Housing and Community Affairs shall conduct the Affordable Housing Research and Information Program with the assistance of the Office of Rural Community Affairs, to the extent allowed by state law, in order to avoid a duplication of effort. It is the intent of the Legislature that no funds shall be transferred between the Department of Housing and Community Affairs and the Office of Rural Community Affairs for this purpose."

E. Degree to which Current Budget Meets Current and Expected Needs

In FY 2007, TDHCA was able to assist 0.89 percent of the State's 2,298,318 Very Low Income, Low Income, and moderate households in need. It served about 13.6 percent of the State's 4,172,890 persons whose income is less than 125 percent of the poverty level. As discussed in detail in "IV. Service Population Demographics", page 42, the state's level of housing need is only expected to increase in the future given current funding levels and economic conditions.

F. Capital and/or Leased Needs Due for Renewal

The 2009 projection is $13,944 for an OCI field office in Edinburg, and $23,720 for Manufactured Housing field office leases in Houston, Lubbock and Tyler. The Manufactured Housing Division also leases postage meters for their field offices for $4,512 annually.

The Department's personal computers and laptops are composed of some hardware which will be replaced in future fiscal years in accordance with the Department's personal computer replacement schedule. The schedule calls for four years of use prior to replacement in most cases.

Projected capital improvement needs for the FY 2010-2011 biennium will be described on a project-by-project basis in the TDHCA Information Technology Detail, which will be submitted along with TDHCA's FY 2010-2011 Legislative Appropriations Request in August 2008.

IV. SERVICE POPULATION DEMOGRAPHICS

Overview

This section identifies how population groups TDHCA serves are expected to change within the timeframe of this Strategic Plan. The analysis includes information on historical population characteristics, current characteristics, and future trends.

Information in this section is primarily obtained from the US Census and Texas State Data Center (TSDC) reports and tabulations. The TSDC prepares population projections according to four scenarios: the zero migration scenario, which assumes that growth occurs through natural (birth and death) increases; the one-half 1990-2000 (0.5) migration scenario, which assumes rates of migration equal one-half of the 1990s rate; the 1990-2000 (1.0) migration scenario, which assumes a migration rate equal to the 1990s; and the 2000-2002 migration scenario, which takes into account post-2000 growth.[13] Comparing projections, the TSDC 0.5 migration scenario most closely resembles the projections prepared by the US Census, so TDHCA is using data from this TSDC scenario in the Strategic Plan. This is also the scenario most recommended by the TSDC for use in long-term planning.

Because of methodology differences between these sources, exact figures may vary between sources. For example, Texas population projections for 2010 are 24,330,612 from the TSDC 0.5 migration scenario, 24,648,888 from the US Census. However, the two figures differ by only 318,276, or approximately 1% of the highest projected total population.

Additionally, this section contains a significant amount of information from the Center for Demographic and Socioeconomic Research and Education (Center), which is the lead entity for the TSDC, and the Office of the State Demographer. The Center's *Texas Challenge in the Twenty-First Century* publication has projection data for a variety of subjects and scenarios, and is a comprehensive source for many factors affecting the state.

Overall Population Growth

Historically, Texas has been one of the fastest growing states in the nation. According to US Census data, the Texas population expanded by nearly a quarter (22.8 percent) between 1990 and 2000, far exceeding the national growth average of 13.2 percent for the same decade. The increase in state population by 3,865,310 persons was the largest of any decade in Texas history. More than one of every nine persons added to the population of the United States in the 1990s was added in Texas.

For 2000, the US Census reported that 20,851,820 individuals lived in Texas, second only to California in terms of total state population. According to July 2004 estimates compiled by the US Census, Texas's population had grown by 7.9 percent since April 2000 to 22,490,022 people, again exceeding the national growth rate of 4.3 percent for the same period.

For the 2009-2013 Strategic Plan period, both sources estimate that the Texas population will increase by at least 1.37 percent each year. The US Census projects a 6.28 percent growth rate from 2009 to 2013, while the TSDC 0.5 migration scenario projects a 6.05 percent growth rate.

[13] Texas State Data Center, Populations Estimates and Projections Program, "2006 Methodology for Texas Population Projections," (October 2006) http://txsdc.utsa.edu/tpepp/2004projections/2004_txpopprj_method.php.

Table 15: Texas Population Projections: 10-Year Period 2008-2018

Year	US Census Projection	Annual Change		TSDC 0.5 Projection	Annual Change	
		Number	Percent		Number	Percent
2008	23,898,665			23,614,468		
2009	24,273,816	375,151	1.57%	23,971,476	357,008	1.51%
2010	24,648,888	375,072	1.55%	24,330,612	359,136	1.50%
2011	25,026,846	377,958	1.53%	24,692,184	361,572	1.49%
2012	25,409,783	382,937	1.53%	25,056,035	363,851	1.47%
2013	25,797,428	387,645	1.53%	25,421,611	365,576	1.46%
2014	26,189,495	392,067	1.52%	25,788,872	367,261	1.44%
2015	26,585,801	396,306	1.51%	26,156,715	367,843	1.43%
2016	26,986,249	400,448	1.51%	26,525,347	368,632	1.41%
2017	27,391,070	404,821	1.50%	26,894,510	369,163	1.39%
2018	27,800,543	409,473	1.49%	27,264,177	369,667	1.37%
2009-2013		1,523,612	6.28%		1,450,135	6.05%

Sources: US Census, TSDC

Future population trends point to continued rapid growth. The US Census projects that the population in Texas will reach 33,317,744 in 2030, which represents a 59.8 percent change from 2000 figures, and more than double the projected national growth rate of 29.2 percent.[14]

These population projections have a major effect on the need for housing. According to the 2000 US Census, Texas had a 90.6 percent housing occupancy rate. Without the construction of new units and/or the rehabilitation of existing substandard and future substandard units, the need for decent and affordable housing will be significant.

In terms of disability status, the 2000 US Census found 3.6 million people with some type of long lasting condition of disability in Texas, representing 19.2 percent of the total non-institutionalized population aged 5 and older. The Center projects that the total number of incidences involving disabilities will increase by 202.2 percent from 2000 to 2040.[15]

Aging Population

According to the 2000 US Census, 2,072,532 persons, or 9.9 percent of the total Texas population, are age 65 or older. The Census projected that, for 2005, individuals age 65 and older totaled 2,268,604 and comprised 10.0 percent of the total Texas population.

[14] US Census, "Interim Projections: Ranking of Census 2000 and Projected 2030 State Population and Change 2000 to 2030," http://www.census.gov/population/projections/PressTab1.xls.

[15] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas*, by Steve H. Murdock et. al. (Texas A&M University System, December 2002), 139, http://txsdc.utsa.edu/download/pdf/TxChall2002.pdf.

There is an identified aging trend in Texas. In 1980, the median age was 28.0; in 1990, the median age was 30.8; and in 2000, the median age was 32.2.[16] Furthermore, it is assumed that this trend will continue, with nearly one-in-five individuals (nearly 20 percent) with an age of 65 or older by the middle of this century.

Population projections point to an increased aging population in Texas. Comparing age groups, individuals 65 and older are projected to be the population with the highest growth. An increasingly older population leads to growth in owner-occupied housing because older households tend to have higher rates of homeownership.[17] Furthermore, with an increasingly elderly population over age 65, home repair programs, including those that include home modifications for accessibility, may grow in demand.

An American Association of Retired Persons study found that 90 percent of elderly persons expressed a desire to stay in their own homes as long as possible.[18] Of all elderly households, 80 percent own their own homes.[19] In general, more elderly homeowners live in older homes than the majority of the population; in 2005, the median year of construction for homes owned by elderly households was 1966.[20] Due to their age, homes owned by the elderly are often in need of repair, weatherization, and energy assistance.

For those persons who cannot or do not wish to remain in their own homes, TDHCA multifamily development activities help provide affordable rental units. In many cases, these units are part of apartment developments specifically designed for and occupied by older households. These developments have design features, amenities, and supportive services geared to their specific needs and preferences.

[16] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 16.
[17] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 144.
[18] Texas Department on Aging, Office of Aging Policy and Information, *The State of Our State on Aging* (Austin, TX: Texas Department on Aging, December 2002), 19, http://www.dads.state.tx.us/news_info/publications/studies/SOSHighRez.pdf .
[19] US Department of Health and Human Services, Administration on Aging, *A Profile of Older Americans: 2003* (US Department of Health and Human Services), 11, http://www.aoa.dhhs.gov/prof/Statistics/profile/2003/2003profile.pdf
[20] US Department of Health and Human Services, “A Profile on Older Americans”, http://www.aoa.gov/prof/statistics/profile/profiles.asp (Accessed 5/30/08).

Table 16: Texas Population by Age Group: 10-Year Period 2008-2018

Year	0-17	Annual Change Number	Annual Change Percent	18-24	Annual Change Number	Annual Change Percent
2008	6,594,289			2,465,998		
2009	6,687,664	93,375	1.42%	2,487,428	21,430	0.87%
2010	6,785,408	97,744	1.46%	2,504,460	17,032	0.68%
2011	6,889,979	104,571	1.54%	2,517,981	13,521	0.54%
2012	7,003,380	113,401	1.65%	2,528,448	10,467	0.42%
2013	7,123,330	119,950	1.71%	2,535,205	6,757	0.27%
2014	7,246,675	123,345	1.73%	2,540,266	5,061	0.20%
2015	7,376,218	129,543	1.79%	2,535,506	-4,760	-0.19%
2016	7,508,513	132,295	1.79%	2,532,069	-3,437	-0.14%
2017	7,639,597	131,084	1.75%	2,535,322	3,253	0.13%
2018	7,762,744	123,147	1.61%	2,553,765	18,443	0.73%
2009-2013		435,666	6.51%		47,777	1.92%

Year	25-64	Annual Change Number	Annual Change Percent	65+	Annual Change Number	Annual Change Percent
2008	12,393,611			2,444,767		
2009	12,582,055	188,444	1.52%	2,516,669	71,902	2.94%
2010	12,771,637	189,582	1.51%	2,587,383	70,714	2.81%
2011	12,954,759	183,122	1.43%	2,664,127	76,744	2.97%
2012	13,102,550	147,791	1.14%	2,775,405	111,278	4.18%
2013	13,252,187	149,637	1.14%	2,886,706	111,301	4.01%
2014	13,406,107	153,920	1.16%	2,996,447	109,741	3.80%
2015	13,561,194	155,087	1.16%	3,112,883	116,436	3.89%
2016	13,717,895	156,701	1.16%	3,227,772	114,889	3.69%
2017	13,867,455	149,560	1.09%	3,348,696	120,924	3.75%
2018	14,006,204	138,749	1.00%	3,477,830	129,134	3.86%
2009-2013		670,132	5.33%		370,037	14.70%

Source: US Census

Race and Ethnicity

Texas is experiencing a shift toward racial and ethnic diversity. During the 1980s, the White population increased by 10.1 percent, but by only 7.6 percent during the 1990s; the Black population increased by 16.8 percent during the 1980s and 22.5 percent during the 1990s; the Hispanic population increased by 45.4 percent during the 1980s and 53.7 during the 1990s; and the Other racial/ethnic population increased by 88.8 percent during the 1980s and 81.2 percent during the 1990s.[21] The 2000 US Census found that the racial composition of the state was 52 percent White, 32 percent Hispanic, 12 percent Black, and 4 percent Other.

[21] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, xxv.

Future projections point to a shift from a majority White population to a majority of other racial and ethnic groups. According to TSDC projections using the 0.5 migration scenario, Whites are expected to comprise 50 percent of the total Texas population in 2009, and 49.4 percent of the total population in 2011. The White population is expected to grow by only 0.5 percent from 2009 to 2013, while the Hispanic population is expected to grow by 6.7 percent during this period.

This racial shift is expected to have important implications on Texas households as a whole. Because of the rapid growth of Hispanic and Other populations, the expected result is a higher proportion of married-couple and married-couple-with-children households.[22] As for income, unless the wealth of non-White populations changes, the income distributions of households will shift towards lower income categories because of the rapid growth of Hispanic and Black populations, which tend to have lower incomes.[23] Furthermore, the growth of non-White populations, which tend to have higher rates of rentership, is projected to fuel the need for rental housing.[24]

[22] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 60.
[23] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 87.
[24] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 144.

Table 17: Texas Population by Race and Ethnicity: 2008-2018

Year	Total Population	White	Percent	Hispanic	Percent	Black	Percent	Other	Percent
2008	22,444,524	11,296,578	50.33%	7,791,534	34.71%	2,589,334	11.54%	767,078	3.42%
2009	22,625,789	11,315,150	50.01%	7,926,700	35.03%	2,608,554	11.53%	775,385	3.43%
2010	22,802,947	11,331,872	49.69%	8,060,601	35.35%	2,627,276	11.52%	783,198	3.43%
2011	22,976,138	11,346,778	49.39%	8,193,230	35.66%	2,645,510	11.51%	790,620	3.44%
2012	23,145,223	11,359,813	49.08%	8,324,719	35.97%	2,663,109	11.51%	797,582	3.45%
2013	23,310,014	11,370,878	48.78%	8,454,974	36.27%	2,679,950	11.50%	804,212	3.45%
2014	23,470,288	11,379,849	48.49%	8,583,964	36.57%	2,696,021	11.49%	810,454	3.45%
2015	23,625,627	11,386,500	48.20%	8,711,641	36.87%	2,711,138	11.48%	816,348	3.46%
2016	23,776,005	11,390,625	47.91%	8,838,109	37.17%	2,725,286	11.46%	821,985	3.46%
2017	23,921,512	11,392,219	47.62%	8,963,594	37.47%	2,738,436	11.45%	827,263	3.46%
2018	24,062,378	11,391,199	47.34%	9,088,371	37.77%	2,750,527	11.43%	832,281	3.46%

Population Change by Number and Percent

2009-2013		55,728	0.49%	528,274	6.66%	71,396	2.74%	28,827	3.72%

Source: TSDC

Income

According to the 2000 US Census, the median household income in 1999 was $39,927, which was less than the national median of $41,994. Historically, the median income in Texas has tended to grow. In 1999 dollars, the Census reports that, in 1969, the household median income in Texas was $29,535; in 1979, the median income was $35,744; and in 1989, the median income was $35,246.[25] The 2006 American Community Survey administered by the US Census reports that the median household income (in 2006 dollars) was $44,922.

The Center has computed projected incomes in Texas for 2000, 2010, 2020, 2030, and 2040. Projections based on the 0.5 migration scenario are provided for 2000, 2010, and 2020 below, and demonstrate an increasing proportion of the population with incomes below $40,000. The authors state that the median household income will actually decline by $5,061 between 2000 and 2040 (in 2000 constant dollars) based on the 0.5 migration scenario.[26] This decline is attributed to the rapid increase of Hispanic and Black populations and assumes that the socioeconomic gap between these groups and Whites will not change.

[25]US Census, "Table S1: Median Household Income by State: 1969,1979,1989, 1999, http://www.census.gov/hhes/www/income/histinc/state/state1.html

[26]Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 95.

Table 18: Household Income in Texas by Income Category: 2000, 2010, and 2020

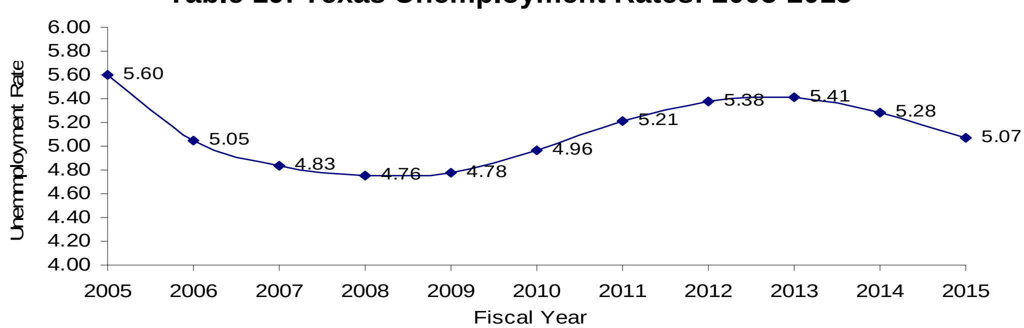
	2000		2010		2020	
Income Level	Households	Percent	Households	Percent	Households	Percent
$ < 10,000	766,818	10.37%	955,412	10.83%	1,218,416	11.70%
10,000 - 14,999	490,683	6.64%	609,119	6.91%	774,050	7.43%
15,000 - 19,999	486,167	6.58%	602,598	6.83%	753,896	7.24%
20,000 - 24,999	517,230	7.00%	635,750	7.21%	779,300	7.48%
25,000 - 29,999	502,547	6.80%	613,060	6.95%	741,510	7.12%
30,000 - 34,999	493,044	6.67%	595,664	6.75%	710,347	6.82%
35,000 - 39,999	445,211	6.02%	534,047	6.06%	631,032	6.06%
40,000 - 44,999	416,276	5.63%	496,321	5.63%	580,765	5.58%
45,000 - 49,999	357,312	4.83%	424,119	4.81%	493,081	4.73%
50,000 - 59,999	636,916	8.61%	748,513	8.49%	858,280	8.24%
60,000 - 74,999	722,043	9.77%	837,711	9.50%	942,578	9.05%
75,000 - 99,999	705,480	9.54%	805,588	9.13%	888,233	8.53%
100,000 - 124,999	362,413	4.90%	412,025	4.67%	450,347	4.32%
125,000 - 149,999	173,454	2.35%	194,563	2.21%	210,353	2.02%
150,000 - 199,999	153,444	2.08%	171,121	1.94%	184,276	1.77%
200,000+	164,316	2.22%	183,108	2.08%	198,719	1.91%
Total	7,393,354	100.00%	8,818,719	100.00%	10,415,183	100.00%

Source: Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 106-107

If this projection towards lower incomes does indeed occur, then the need for housing and other assistance will be great. A higher proportion of households at the lowest levels will place an even higher demand on social services, energy assistance, and rental assistance programs. In terms of homeownership, the Office of the Comptroller predicts that the prime interest rate will generally increase from 5.7 percent in 2005 to 8 percent in 2010.[27] Lower incomes and the higher cost of borrowing money may push the dream of homeownership out of reach for many more households in the future.

A major factor influencing income is the unemployment rate. According to the Comptroller's Spring 2006 Fiscal Year Economic Forecast, the unemployment rate is projected to increase during the 2009-2013 planning period. Unemployment affects the demand for services, including rental assistance, energy assistance, and emergency financial assistance.

Table 19: Texas Unemployment Rates: 2005-2015



Source: Texas Office of the Comptroller

[27] Texas Office of the Comptroller, "Spring 2006 Fiscal Year Economic Forecast," http://www.window.state.tx.us/ecodata/fcst06spr/ (accessed May 17, 2006).

Poverty

The 2000 US Census reported that 15.4 percent of persons in Texas were below the poverty level, which was significantly higher than the national rate of 12.4 percent. According to the 2006 American Community Survey, the poverty rate for Texas is 16.9 percent compared to the national rate of 13.3 percent. Analyzing past Census data, Texas has historically had a poverty rate higher than that of the national average.

Based on Center for Demographic and Socioeconomic Research and Education projections for 2000, 2010, 2020, 2030, and 2040, the rate of families in poverty will increase. Projections based on the 0.5 migration scenario are provided for 2000, 2010, and 2020 below.

Table 20: Texas Families in Poverty: 2000, 2010, and 2020

	2000		2010		2020	
Family Type	Number	Percent	Number	Percent	Number	Percent
Family households	598,325	11.4%	783,058	12.3%	983,798	13.1%
Married couples	300,238	7.5%	401,877	8.4%	516,708	9.2%
With own children	207,093	10.3%	283,781	11.5%	364,502	12.7%
No own children	93,145	4.7%	118,096	5.1%	152,206	5.5%
Other families	298,087	23.7%	381,181	24.5%	467,090	24.9%
Male householders, no spouse	47,931	15.0%	63,005	15.6%	79,359	16.0%
With own children	31,134	19.8%	40,696	20.8%	50,174	21.9%
No own children	16,797	10.3%	22,309	10.6%	29,185	10.9%
Female householders, no spouse	250,156	26.7%	318,176	27.7%	387,731	28.1%
With own children	201,475	35.7%	256,149	37.0%	306,053	38.3%
No own children	48,681	13.0%	62,027	13.6%	81,678	14.0%

Source: Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 117

Increasing poverty populations will increase the demand for social services and emergency assistance, including rental assistance, energy assistance, and health and human services. In fact, the Center for Demographic and Socioeconomic Research and Education projects that the enrollment for Temporary Assistance for Needy Families, Food Stamps, and Medicaid will greatly increase between 2000 and 2040.[28]

Population Distribution

The US Office of Management and Budget classifies areas as metropolitan statistical areas (MSAs) based on US Census data. These MSAs are comprised of core counties that have a high population density and surrounding counties that have economic integration with the core counties. Non-MSA counties are primarily rural. There are 25 designated MSAs in Texas that cover 77 of the 254 total counties, see Figure 3: Texas MSA Counties below.

In 2000, of the 20,851,820 people residing in the state, 86.1 percent resided in MSAs and 13.9 percent resided in non-MSAs. For year 2008, the TSDC, using its 0.5 migration scenario, projected that 86.8 percent of the population is living in MSAs compared to 13.2 percent

[28] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 329.

residing in non-MSAs. This trend of MSA growth is projected to occur in the long term. In 2015, it is projected that 87.3 percent of the population will reside in the current MSA counties, and only 12.7 percent of the population will reside in non-MSA counties. For the 2007-2011 planning period, the population in MSA areas is expected to increase by 1,316,209 or 6.5 percent, whereas the population in non-MSA areas is expected to increase by only 116,043, or 3.75 percent.

Figure 3: Texas MSA Counties

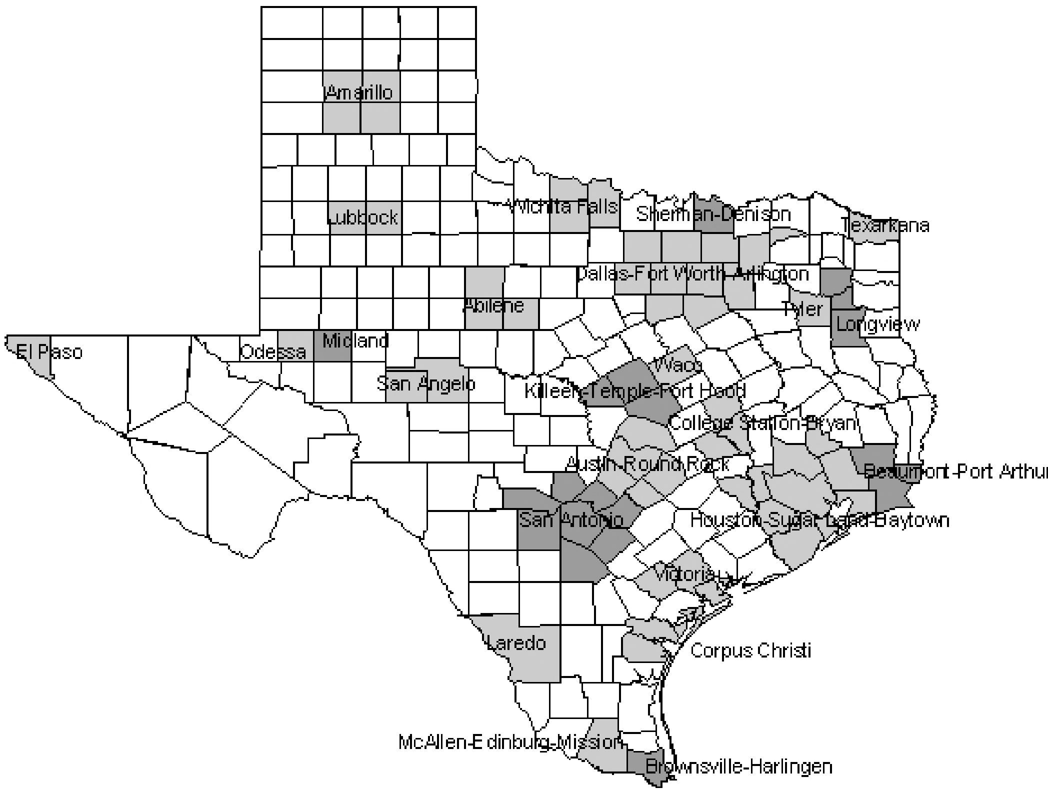


Table 21: Texas MSA and Non-MSA Population Projections: 2005-2009

MSA	2000	2005	2006	2007	2008	2009
Abilene	160,245	165,602	166,787	167,913	169,033	170,099
Amarillo	226,522	240,416	243,253	246,094	248,951	251,792
Austin-Round Rock	1,249,763	1,407,732	1,439,102	1,470,416	1,501,978	1,533,677
Beaumont-Port Arthur	385,090	395,275	397,272	399,245	401,324	403,471
Brownsville-Harlingen	335,227	374,529	382,615	390,794	399,097	407,212
College Station-Bryan	184,885	195,836	198,042	200,371	202,716	205,125
Corpus Christi	403,280	430,784	436,573	442,154	447,889	453,777
Dallas-Fort Worth-Arlington	5,161,544	5,668,679	5,772,996	5,878,313	5,983,434	6,089,460
El Paso	679,622	740,525	752,896	765,712	778,317	791,208
Houston-Sugar Land-Baytown	4,715,407	5,121,573	5,206,679	5,291,382	5,376,766	5,462,566
Killeen-Temple-Fort Hood	330,714	361,316	367,488	373,592	379,608	385,568
Laredo	193,117	226,847	233,782	240,821	248,087	255,354
Longview	194,042	200,411	201,871	203,310	204,776	206,211
Lubbock	249,700	263,147	265,155	267,125	269,231	271,247
McAllen-Edinburg-Mission	569,463	656,899	675,038	693,506	712,102	730,790
Midland	116,009	119,829	120,746	121,716	122,656	123,678
Odessa	121,123	126,658	127,911	129,141	130,402	131,657
San Angelo	105,781	109,731	110,560	111,381	112,190	112,984
San Antonio	1,711,703	1,830,229	1,853,729	1,877,150	1,900,717	1,924,663
Sherman-Denison	110,595	114,162	114,964	115,763	116,515	117,317
Texarkana	89,306	90,159	90,377	90,550	90,722	90,878
Tyler	174,706	181,254	182,700	184,107	185,602	187,152
Victoria	111,663	117,772	119,029	120,307	121,504	122,771
Waco	213,517	221,410	223,435	225,428	227,498	229,583
Wichita Falls	151,524	155,789	156,592	157,415	158,262	159,050

	2000	2005	2006	2007	2008	2009
Total MSA	17,944,548	19,516,564	19,839,592	20,163,706	20,489,377	20,817,290
Percent	86.06%	86.52%	86.61%	86.69%	86.77%	86.84%
Total Non-MSA	2,907,272	3,039,463	3,067,635	3,096,203	3,125,131	3,154,172
Percent	13.94%	13.48%	13.39%	13.31%	13.23%	13.16%
State of Texas	20,851,820	22,556,027	22,907,227	23,259,909	23,614,508	23,971,462

Source: TSDC

In addition to a greater share of the population, these metropolitan areas also generally have a greater share of industry and jobs, which leaves less-populous areas with dilapidated housing stock and households with lower incomes. According to the US Department of Housing and Urban Development, the FY 2005 median income for Texas Metropolitan areas was $55,500 compared to $42,400 for non-metropolitan areas.[29] The 2000 Census estimated this gap to be $47,961 for metro areas and $36,724 for non-metro areas.

[29]HUD, FY 2005 HUD Income Limits Briefing Materials, 26, http://www.huduser.org/datasets/il/il05/briefing-materials.pdf (accessed May 17, 2006).

Table 22: Texas MSA and Non-MSA Population Projections: 2010-2015

MSA	2010	2011	2012	2013	2014	2015
Abilene	171,132	172,130	173,089	173,993	174,821	175,621
Amarillo	254,636	257,455	260,282	263,093	265,864	268,653
Austin-Round Rock	1,565,466	1,597,777	1,630,412	1,663,329	1,696,447	1,729,970
Beaumont-Port Arthur	405,539	407,506	409,561	411,552	413,563	415,460
Brownsville-Harlingen	415,569	424,050	432,313	440,864	449,208	457,563
College Station-Bryan	207,519	209,895	212,211	214,517	216,811	219,130
Corpus Christi	459,482	465,287	471,112	476,754	482,551	488,183
Dallas-Fort Worth-Arlington	6,197,537	6,305,654	6,415,441	6,526,542	6,638,796	6,751,742
El Paso	803,967	816,863	829,469	842,162	854,897	867,435
Houston-Sugar Land-Baytown	5,548,714	5,636,463	5,724,714	5,813,112	5,903,156	5,993,067
Killeen-Temple-Fort Hood	391,552	397,441	403,346	409,176	414,919	420,718
Laredo	262,823	270,282	277,865	285,619	293,501	301,411
Longview	207,689	209,193	210,691	212,192	213,640	215,133
Lubbock	273,268	275,184	277,016	278,753	280,410	281,971
McAllen-Edinburg-Mission	749,868	769,405	789,145	808,871	829,083	849,980
Midland	124,658	125,669	126,666	127,660	128,625	129,574
Odessa	132,875	134,121	135,336	136,534	137,721	138,820
San Angelo	113,763	114,471	115,147	115,805	116,405	116,960
San Antonio	1,947,929	1,971,212	1,994,779	2,018,550	2,041,207	2,064,284
Sherman-Denison	118,083	118,860	119,657	120,430	121,163	121,919
Texarkana	91,017	91,181	91,281	91,385	91,468	91,549
Tyler	188,622	190,175	191,724	193,232	194,804	196,328
Victoria	124,036	125,306	126,590	127,966	129,218	130,496
Waco	231,711	233,794	235,878	237,924	239,910	241,913
Wichita Falls	159,822	160,541	161,322	162,027	162,765	163,411

	2010	2011	2012	2013	2014	2015
Total MSA	21,147,277	21,479,915	21,815,047	22,152,042	22,490,953	22,831,291
Percent	86.92%	86.99%	87.07%	87.14%	87.21%	87.29%
Total Non-MSA	3,183,366	3,212,246	3,240,966	3,269,593	3,297,917	3,325,470
Percent	13.08%	13.01%	12.93%	12.86%	12.79%	12.71%
State of Texas	24,330,643	24,692,161	25,056,013	25,421,635	25,788,870	26,156,761

Source: TSDC

V. Technological Developments

A. Impact of Technology on Current Operations

The business of the Department continues to be enhanced by technology. Today, almost all agency services have a Web component. By using the TDHCA Interactive link on the agency Web site, households in need can directly access systems that support housing, community services, energy assistance, and manufactured housing information and services.

The Department's custom-designed applications are created using a combination of Oracle PL/SQL and Java. Both development languages are Web-enabled; the latter is platform independent and license free. The database platform that backs new development work is

Oracle. Agency operations are greatly impacted by new development work, which involves redesigning, integrating, and converting legacy applications to a Web-based environment.

TDHCA's financial management systems are PeopleSoft Financials and the Mitas Automated Accounting and Loan Servicing systems. In cooperation with the Office of the Comptroller of Public Accounts, the Department upgraded to the current Integrated Statewide Accounting System version of PeopleSoft Financials in FY 2007. The Mitas Loan Servicing system was implemented on September 1, 2003, and replaced and integrated the functions of four systems on separate platforms.

The Department supports both its internal and external technology-based services through a combination of Sun Solaris, Linux, FreeBSD, and Windows servers and gigabit-per-second enabled Cisco networking equipment. TDHCA's computing environment includes multiple Web, application, email, file, and database servers that work together to form the Department's Internet presence and to meet internal computing and network needs. Workgroup collaboration is facilitated by file sharing; intranet pages and postings; shared databases; and MS Exchange features such as email, Outlook WebAccess, calendars, and scheduling.

B. Impact of Anticipated Technological Advances

In the FY 2009-2013 time period, TDHCA's Information Systems Division will continue to focus on the Department's mission, goals, and objectives. All current and future projects involving technology will support the business of the agency, and the Department will continue to make use of technology described in this and past Strategic Plans.

C. Degree of Agency Automation and Telecommunications

The Department's Internet and intranet Web servers continue to serve as front-ends used to disseminate information to the public and employees and as places to update and maintain the Department's data in a dynamic fashion. A number of applications have been converted from legacy systems into a Web format, making these applications accessible using a Web browser. They can be accessed from the network or remotely using any Internet connection.

TDHCA's financial management system closely follows Office of the Comptroller of Public Accounts procedures to simplify interfaces and data exchange between the two agencies. Additionally, financial information is shared with other agency applications through interfaces and real-time database links.

Using desktop management software, TDHCA's Information Systems Division (ISD) can automatically deploy software applications, quickly rebuild PCs and laptops, and electronically obtain hardware and software inventory from individual workstations. These products allow staff to control personal computer configurations more effectively and provide faster support to Department employees.

Any agency employee can electronically submit a help desk request for a hardware or software problem. These requests are assigned according to the nature of the problem to be handled by appropriate ISD staff. Project and software enhancement requests go through a formal change control process that requires originating division director and then steering committee approval.

As technology and TDHCA systems evolve, ISD continuously aims to improve ease of data access, provide secure data exchanges, and increase the cost effectiveness of information technology solutions. In these efforts, ISD management works with senior management and the steering committee to ensure alignment with business objectives and proper IT governance.

D. Anticipated Need for Automation

The Department renews its software and hardware maintenance contracts and disaster recovery services on a yearly basis. The planned FY 2009 contracts for server hardware and software installed on servers are listed in the Department's Planned Procurement Schedule.

The Department leases one T-1 circuit for Internet services and ten fractional T-1 circuits for TDHCA's regional offices through the Department of Information Resources.

Budgeted costs for planned IT acquisitions, contracts, and service renewals will be detailed in the TDHCA Information Technology Detail and Legislative Appropriations Request. Actual costs are maintained in the Department's financial management system.

E. Technology Initiative Alignment

"Technology Initiative Alignment" is the strategic alignment of technology initiatives with agency business needs and priorities. This alignment promotes collaboration between the agency's business and IT leaders, and promotes innovative technology solutions that enable the agency to achieve its objectives. The agency's governance structure guides the creation of technology initiatives to ensure that these initiatives align with the agency's business needs and priorities. Additionally, strategically aligning agency technology initiatives with the statewide technology objectives in the State Strategic Plan (The Texas Transformation) drives economies of scale, increases interoperability among the state's information systems, and promotes interagency collaboration.

TDHCA TECHNOLOGY INITIATIVE ALIGNMENT					
TECHNOLOGY INITIATIVE	RELATED AGENCY OBJECTIVE	RE-LATED SSP STRATEGY/ (IES)	STATUS	ANTICIPATED BENEFIT(S)	INNOVATION, BEST PRACTICE, BENCH-MARKING
Improve security policies and practices.	All goals/objectives.	3-1	Planned	Decreases the risk of unintended access to agency information.	Benchmarking: TDHCA will use online DIR IT Security and National Institute of Standards and Technology resources.
Maintain, upgrade, secure, and enhance TDHCA's programmatic and financial systems for managing loans and grants.	Goal/Objective 1-1. Increase Availability of Safe/Decent/Affordable Housing – Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing	3-1 4-2 5-1	Current	Ensures that agency systems for managing loans and grants are in alignment with changing business processes, financial transactions are securely exchanged with the Comptroller's Office and other organizations, and program participants have the ability to report to TDHCA online.	
Redesign TDHCA Web site to provide customers easier access to information.	Goal/Objective 2-1. Provide Information and Assistance – Provide Information and Assistance for Housing and Community Services	4-1 5-1	Current	Provides visitors easier access to information by asking them to select a customer type.	Benchmarking: TDHCA conducted a review of Web sites of other housing finance agencies, Texas state agencies, and businesses.
Host and maintain the Texas Interagency Council for the Homeless Web site.	Goal/Objective 3-1. Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs – Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year	4-4	Current	Assists the council in fulfilling major functions, including helping coordinate the delivery of services for the homeless in Texas and maintaining a central resource and information center for the homeless.	
Maintain, upgrade, secure, and enhance TDHCA's monitoring systems.	Goal/Objective 4-1. Ensure Compliance with Program Mandates – Monitor Developments & Subrecipient Contracts for Compliance	3-1 5-1	Current	Reduces paper processing through online reporting by property managers; increases efficiency through an enterprise architecture in which common data elements are shared with other agency systems.	

Deploy a new Manufactured Housing System that supports all major MH business functions and provides customers with the ability to retrieve MH information and submit forms and associated payments online.	Goal/Objective 5-1. Regulate Manufactured Housing Industry – Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other	1-3 4-1 5-1	Current	Provides MH customers with increased access and flexibility; reduces data entry required by MH staff.	Best Practice: Use of Texas Online for all online payments.

VI. Economic Variables

This section identifies key economic variables affecting the Department's activities. This discussion includes: a brief description of each variable, the extent to which each variable affects service populations; potential changes to each variable; and possible responses to address these changes.

Foreclosures

The recent nationwide increase in home foreclosures is seen as an unintended side effect of extending homeownership opportunities to higher risk households with limited incomes and wealth.[30] According to RealtyTrac, a real estate statistics firm, the number of homes in some stage of foreclosure increased 112% in the first quarter of 2008 compared to the same quarter in 2007.[31] The same report indicated that Texas had the 17th highest rate of foreclosure filings in the nation for this quarter. Texas experienced a 28.8% increase in foreclosure filings this quarter over the same quarter in 2007. Nearly all of the state's largest metropolitan areas, including Dallas, Fort Worth/Arlington, Houston/Baytown/Sugar Land, Austin/Round Rock, San Antonio, and McAllen/Edinburg, shouldered significant increases in the rate of filings during this period.

The current housing predicament could have a variety of implications. A glut of owners losing their homes adds to the number of households competing for low-cost rentals. At the same time, increasing foreclosures threaten renters living in foreclosed properties with sudden eviction, according to a report from Harvard University's Joint Center for Housing Studies.

In response to this homeownership crisis, TDHCA has joined with NeighborWorks America, as well as representatives from local governments, the financial industry, and the non-profit sector to form the Texas Foreclosure Prevention Task Force. The primary activity of the Task Force is to raise awareness about the nationally endorsed bilingual Homeowner's HOPE Hotline (1-888-995-HOPE) available to homeowners struggling with their mortgage payments. Additionally, the Task Force supports the outreach efforts of local foreclosure

[30] "America's Rental Housing: The Key to a Balanced National Policy," Harvard University Joint Center for Housing Studies. April 30, 2008.
[31] "U.S. Foreclosure Activity Increases 23 Percent in First Quarter," RealtyTrac. April 29, 2008. www.realtytrac.com/ContentManagement/PressRelease.aspx

prevention initiatives and monitors mortgage default patterns and trends in Texas through ongoing research to support timely intervention.

The households assisted through TDHCA's low-interest mortgages and down payment programs are verified for credit worthiness and to ensure that the household can comfortably afford the mortgage. Furthermore, all TDHCA mortgages are stable 30-year, fixed rate mortgages, which help households to avoid the pitfalls of adjustable rate loans.

Tightened Lending Standards

In the wake of the nationwide subprime mortgage and home foreclosure crisis, banks and other lending institutions have tightened their lending standards and terms. In a survey conducted by the Federal Reserve in January 2008, more than half of banks said they had toughened lending requirements even on loans to borrowers with strong credit.[32] This trend limits the availability of home loans to borrowers, particularly those with weaker credit histories. Additionally, a return to higher down payment requirements has reintroduced a hurdle that had been reduced for some homebuyers in recent years by low down payment loans.[33] A March 2008 assessment by the Associated Press, based on industry data and interviews with lenders, estimated that lending standards are now the strictest they have been "in 20 years."[34]

The Department's down payment assistance and low interest home mortgage loan programs help very low and low income Texans overcome obstacles to homeownership. Down payment assistance is available through the Department's Texas First Time Homebuyer Program to qualified applicants and the American Dream Downpayment Initiative, administered by the HOME Division. Additionally, the Department's Texas State Homebuyer Education Program certifies providers who offer classes to prospective buyers.

Energy Costs

Energy costs often constitute the largest single housing expense after food and shelter for lower income families. For low-income households, utility costs often consume 17 percent or more of annual gross incomes and account for nearly one-fourth of total housing costs. More than 60 percent of TDHCA Energy Assistance applicant households spend more than 30 percent of household incomes on home energy. Increasing energy costs increase the demand for energy-related assistance. Between 2003 and 2007, the average benefit amount for home energy in Texas increased an average of 16 percent, from $359 in 2003 to $598 in 2007. That trend could increase the 2008 average household benefit amount to more than $700.

[32] "The January 2008 Senior Loan Officer Opinion Survey on Bank Lending Practices," The Federal Reserve. http://www.federalreserve.gov/boarddocs/SnLoanSurvey/200801/default.htm
[33] "Lending Standards Tighten For Many," Texas Real Estate Center, March 2008. http://recenter.tamu.edu/mnews/newsSearch.asp?MODE=RECON&CID=2077
[34] "Lending Standards As Strict As 20 Years Ago," Associated Press, March 22, 2008. http://www.heraldextra.com/content/view/259795/18/

Texas residential electricity prices rose an estimated 31 percent after the 2005 hurricanes, Katrina and Rita, and another 36 percent in 2006. As a preferred fuel for generating electricity, the price of natural gas directly affects the price of electricity. Moderating natural gas prices in 2007 can be credited for a 9-10 percent decrease in residential electricity prices. Nevertheless, something else again happened in the first 4 months of 2008. Natural gas prices increased by approximately 65 percent -- to about $11 per 1,000 cubic feet (mcf) – between December 2007 and April 2008.

TDHCA Energy Assistance programs, funded by the U.S. Department of Health and Human Services' Low-Income Home Energy Assistance Program (LIHEAP), assist low and very low-income households make short-term home energy payments, weatherize homes, make other home energy efficiency improvements, and otherwise encourage home energy efficiency. LIHEAP and U.S. Department of Energy (DOE) grants enable TDHCA to assist about 5-6% of the income-eligible population – households with incomes at or below 125% of federal poverty guidelines (adjusted annually).

TDHCA will continue to effectively administer its Low-Income Home Energy Assistance Program and DOE Weatherization Assistance programs to help with the needs created by rising home energy costs.

Rental Submarket Characteristics

TDHCA's rental development activities are directly affected by submarket rent levels and vacancy rates as these issues affect the feasibility of all rental housing developments. Therefore, changes in the rental market directly impact what types of development are feasible and where affordable units can be built. To address local concerns over concentration issues, local governments may create standards and regulations within their consolidated planning documents that limit the amount of affordable housing that may be constructed within their community and provide the local governing entity the ability to increase the quantity of affordable housing above the level approved in the plan through the passing of a resolution.

A specific example of how the Department's activities are affected by market characteristics can be found in the allocation of mortgage revenue bond funds. The Department issues tax-exempt and taxable multifamily mortgage revenue bonds to fund loans to for-profit and qualifying nonprofit 501(c)(3) organizations to finance the costs of acquiring, constructing and equipping of affordable rental housing units. As with all of the Department's rental activities, properties financed through this program are subject to income and rent restrictions for lower income tenants and persons with special needs, tenant service programs, quality and amenity threshold criteria and other requirements as determined by the Department and its governing Board. While these developments are similar to those funded by Housing Tax Credits (HTC) (and are eligible to receive tax credits along with the bonds), the bond programs and the HTC program are administered and allocated differently.

- The Private Activity Bond Program is administered by the Texas Bond Review Board utilizing local and state qualified bond issuers, initially through a non-competitive lottery process. Due to the participation of other bond issuers, the Department has less control over where developments are located. Because the Department is the only HTC allocating agency for the state, developers must also apply to the Department for the HTC portion of the bond transaction. Therefore the Department attempts to assist local governing entities with submarket concentration issues as a result of the allocation of the HTC portion of the bond truncation through the use of various controls including, but not limited to, a one mile statutory limitation that restricts the new construction of affordable housing within one mile of another affordable housing development; another statutory restriction that prohibits the new construction of affordable housing in cities or counties that currently contain two times the state average of affordable housing on a per capita basis without the approval of the local governing entity; and the Department's policy to not exceed a twenty-five percent capture rate related to market demand and available housing units.

- Unlike the HTC program, the use of these funds is not financially feasible statewide without additional financial support through other funding sources. As compared to HTCs, the bonds have higher administrative costs due to the complexity of the transaction. The funding structure also requires higher rent levels in order to achieve a feasible cash flow. Because the higher rents are required, the bond transactions primarily occur in the state's four largest metropolitan areas (Dallas/Fort Worth, Austin, San Antonio, and Houston). Because the transactions are harder to structure, the desirability of sites in certain "qualified" census tracts that are designated by the Treasury to receive additional credits is increased. Again, this can add to submarket concentration concerns.

Destruction of Homes and Displacement of Populations Due to Natural Disasters

In August 2005, Texas absorbed more than 500,000 evacuees from the Gulf Coast areas devastated by Hurricane Katrina. Based on anecdotal evidence, state officials estimate 125,000 evacuees still reside in Texas, two and half years after the hurricane. The majority of this evacuee population remains in the Houston area. In September 2005, the Texas Coast was directly hit by Hurricane Rita. More than 75,000 homes in the 29 affected counties suffered major damage or were destroyed.[35] The effort to fully repair the damage in this region continues today.

The Community Development Block Grant (CDBG) Disaster Recovery programs administered through TDHCA address damage caused by Hurricane Rita with some programs targeted to Katrina evacuees offered through the City of Houston and Harris County.

[35] Office of the Governor, *Texas Rebounds*, (Austin, TX: Office of the Governor, February 2006).

Factors Affecting Developers

Recent turmoil in the housing and financial markets has also had a ripple affect on the developers of low-income housing. Developers utilizing the Housing Tax Credit program have encountered a contracting market for those credits, since uncertainties in the housing market and the volatility of the mortgage market have reduced investor activity. Housing developers are also experiencing an adverse shift in terms and availability on loans for land acquisition, land development, and construction, according to a report by the National Association of Homebuilders.[36]

Additional factors putting pressure on developers are increasing construction costs and the rising cost of utilities due to higher energy costs. Because utility costs are deducted from Housing Tax Credit program rent limits, utilities reduce the amount of rent that can be collected from each unit. Developers face a problem when utility costs rise faster than rent limits, and net rental income is reduced. Tax credit rent limits have been stagnant in many areas of the country, partly due to changes made by HUD for determining area median incomes. Rising expenses, such as construction and insurance costs, also compound this issue.

VII. Impact of Federal Statutes/ Regulations

A. Role of Federal Involvement

Of TDHCA's program funding, 95 percent comes directly from the Federal Government. Since almost all of its funds are derived from federal sources, TDHCA activities and the corresponding beneficiaries have been and continue to be dictated by federal statutes. A brief description of each of those sources is provided below.

B. Description of Current and Anticipated Federal Activities

Community Development Block Grant Program (CDBG)

Source: US Department of Housing and Urban Development

Statute: 42 USCA § 5301 *et seq*.

Regulations: 24 CFR part 570

Purpose: The primary purpose of CDBG is to develop viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for low and moderate income persons. While ORCA administers the state's formula allocation of CDBG funds, TDHCA, as lead agency, and ORCA are jointly administering CDBG funding provided for rebuilding after Hurricane Rita. ORCA also provides CDBG funds for the operation of seven Colonia Self-Help Centers. A second allocation of $428.6 million in supplemental CDBG disaster recovery funding was allocated by the federal government to further hurricane recovery efforts. This round of funding is currently being administered by TDHCA and ORCA, with a large portion of the funds distributed through a third party project management firm, ACS State and Local Solutions.

[36] "Credit Tightening On Builder Loans Threatens To Prolong Housing Downturn," National Association of Homebuilders, April 30, 2008. http://www.nahb.org/news_details.aspx?newsID=7060

Community Services Block Grant Program (CSBG)

Source: US Department of Health and Human Services

Statute: 42 USCA § 9901 *et seq*.

Purpose: CSBG funds provide administrative support to the Community Action Network (Network) in Texas, organizations serving migrant seasonal farmworkers, and Native Americans. CSBG funds provide support which enables the Network to operate a comprehensive array of programs that address needs of low-income persons in the areas of education, nutrition, emergency services, employment, housing, health, income management, programs to assist persons obtain self-sufficiency, and information and referral services to link persons with other services available in the community. In many rural areas of the State, the Community Action Agency is one of a handful of organizations providing emergency services and services which help transition persons out of poverty into self-sufficiency.

Status: The FY 2008 Health and Human Services Appropriations Act (PL 109-149) provided $643 million for the CSBG, an increase of 3.65% from FY 2007. The Administration's budget requests for FY 2008 proposed elimination of the CSBG program. Texas will receive $31.3 million in CSBG funds in FY 2008. A cut or loss of funding of CSBG would have a devastating impact on estimated 481,598 low income persons in Texas who are served annually by programs supported with CSBG funds. Due to the availability of CSBG funds in 2007, the Network in Texas was able to leverage approximately $511million dollars of state, local, and private funds and resources.

Emergency Shelter Grants Program (ESGP)

Source: US Department of Housing and Urban Development

Statute: 42 USCA § 11371 *et seq.*

Regulations: 24 CFR part 576

Purpose: The purpose of the ESGP program is to rehabilitate or convert buildings for use as emergency shelters for the homeless, to pay certain operating expenses and essential services in connection with emergency shelters for the homeless, and to provide homeless prevention activities.

Status: The U.S. Department of Housing and Urban Development's Community Planning and Development Program (CPD) 2008 allocations for the Community Development Block Grant; HOME Investment Partnership, including the American Dream Downpayment Initiative; Housing Opportunities for Persons with AIDS (HOPWA); and Emergency Shelter Grants (ESG) totaled $385 million. Texas received $11 million in ESG funds and of this, the Texas Department of Housing and Community Affairs received $5.26 million.

Home Investment Partnerships Program (HOME)

Source: US Department of Housing and Urban Development

Statute: 42 USC §§ 12701-12839

Regulations: 24 CFR Part 92

Purpose: The HOME Investment Partnerships Program provides housing assistance for Low Income, Very Low Income, and Extremely Low Income people through homebuyer/downpayment assistance, tenant-based rental assistance, new construction or rehabilitation of owner-occupied housing and investment in the acquisition and/or new construction or rehabilitation of affordable multifamily housing. Status: The FY 2008 HUD Appropriations Act (PL 110-161) provides approximately $1.7 billion for the HOME program, an approximate three percent (3%) decline in allocation compared to FY 2007. For FY 2008, TDHCA anticipates receiving $40,043,285, a combined $39,776,588 in HOME Investment Partnership Program funds and $266,637 in American Dream Downpayment Initiative (ADDI) funding to be distributed by HOME program staff.

Housing Tax Credit Program (HTC)

Source: US Treasury Department

Statute: 26 USCA § 42 (Internal Revenue Code of 1986, as amended)

Purpose: The HTC program provides credits against federal income taxes for owners of qualified low income rental housing projects and the allocation of available tax credit amounts.

Status: It is projected based on the per capita allocation formula that the state will receive $63,000,000 in Housing Tax Credits in 2008 ($48 million in competitive credits and $15 million in non-competitive credits associated with tax exempt bond financing).

Mortgage Revenue Bond Programs (MRBs)

Source: US Treasury Department

Statute: 26 USCA § 143 (Internal Revenue Code of 1986, as amended)

Purpose: Under the MRB program, the Department issues mortgage revenue bonds to help lower income working families buy their first homes with low interest loans. It includes a multifamily bond program and several single family bond programs.

Status: It is projected that the MRB program will receive $89,000,000 in 2008. The actual part of this amount that will be utilized may change significantly based on market conditions in the parts of the state where the bonds are supported by income levels and allowable rents.

Low Income Home Energy Assistance Program (LIHEAP)

Source: US Department of Health and Human Services

Statute: 42 USCA § 8621

Purpose: The LIHEAP program provides direct financial assistance for energy needs of low income persons through the Comprehensive Energy Assistance Program (CEAP), and to partially fund the Weatherization Assistance Program (see below).

Status: The Health and Human Services (HHS) received appropriated funds from the Consolidated Appropriations Act, 2008 (P.L. 110-161), which provided $1.98 billion for LIHEAP. The Administration has proposed reducing LIHEAP funding to $1.7 billion in FY 2009. Texas will receive approximately $44.16 million in LIHEAP funding for FY 2009. If LIHEAP is cut to $1.7 billion for FY 2009, Texas' share is likely to drop to $37.81 million.

Weatherization Assistance Program (WAP)

Source: US Department of Energy (DOE) and US Department of Health and Human Services

Statute: 42 USCA § 6861

Regulations: 10 CFR part 440

Purpose: WAP provides residential weatherization and other cost-effective energy-related home repair to increase the energy efficiency of dwellings owned or occupied by low income persons.

Status: The FY 2008 DOE award to the State of Texas is $5,549,413. The Department estimates the proposed funding for FY 2009 to be level funding at approximately $5.5 million. The WAP receives approximately 15% of the LIHEAP allocation.

Section 8 Housing Assistance Program (Section 8)

Source: US Department of Housing and Urban Development

Statute: 42 USCA § 1437f

Regulations: 24 CFR 882.101 *et seq.*

Purpose: Section 8 provides rent subsidy vouchers to families and individuals, including the elderly and persons with disabilities, whose annual gross income does not exceed 50 percent of HUD's median income guidelines. The statewide program is designed specifically for needy families in small cities and rural communities not served by similar local or regional programs.

Status: The FY 2008 HUD Appropriations Act (PL 110-161) provides $15.9 billion for the Section 8 program. TDHCA, which administers 1,064 vouchers out of 144,000 in the state, will receive approximately $5.6 million for FY 2008 activities.

VIII. Other Legal Issues

The Texas Legislature has given local governments significant discretion over applications in areas where a potential over concentration of HTC units may exist. The Department works to ensure that local governments are aware of possible TDHCA funding awards in their community through an extensive notification process. With the provision of these notifications, local officials and community organizations are encouraged to comment on the need and impact of the development on local community. Such comments are considered in the final approval of the Board of the application.

In some programs, state and local support for an application is part of the scoring criteria in the application process. The Department's Multifamily Bond applications include scoring criteria that provides "points" for public comment from local officials. HTC and MRB applications receive points for receiving a commitment for local funding or in-kind contributions (i.e., donations of land, waivers of fees such as building permits, water and sewer tap fees or similar contributions) that would benefit the development. Applicants may also receive points for developing in locations with city or county-sponsored zones or districts or rehabilitating an existing Residential Development that is part of a Community Revitalization Plan.

Local governments control each applicant's ability to provide evidence of proper zoning for the development site and consistency with local consolidated planning documents. In instances where the property is not currently zoned for housing, the local government may deny a requested zoning change which would make the development ineligible for consideration.

Local governments have significant input on applications in their local areas.

- For applications that involve HTCs, applicants must receive a resolution from the local governing body for approval to add new units if the application is proposing new construction that is within one mile of an existing development that has received an allocation of Housing Tax Credits or Private Activity Bonds for new construction within the last three years and that serves the same population type (elderly/elderly or family/family). This applies to applications proposing New Construction and Adaptive Reuse in counties with over one million in population.
- Additionally, applications proposing development in a city or county that has more than twice the state average per capita of affordable housing units supported by Housing Tax Credits or Private Activity Bonds must receive a resolution from the local governing body for approval to develop in that city or county. This applies to applications proposing New Construction, Adaptive Reuse, and Acquisition / Rehabilitation.

While they do not impact TDHCA directly, the following local governmental issues can be barriers to the provision of affordable housing.

- Zoning provisions: A municipality's zoning authority governs the type and direction of growth within their boundaries. Ordinances may be passed to encourage affordable housing through measures such as lowering minimum lot sizes, decreasing building set-back requirements, and lowering minimum square footages of homes. However, ordinances that prohibit these types of activities can drive land and construction costs up to the point that affordable housing cannot be built.
- Impact Fees and Development Fees: As a condition of permit approval, municipalities may assess fees to pay for infrastructure costs. These impact fees increase the cost of developing all types of housing including affordable housing.

IX. Self-Evaluation and Opportunities For Improvement

A. Effectiveness and Efficiency of the Department

Performance Measures

This section discusses TDHCA's performance with measures established by the 80th Legislature or by the Department. Goals one through five were established by the General Appropriations Act through interactions between TDHCA, the LBB, and the Legislature.

GOAL 1: TDHCA will increase and preserve the availability of safe, decent and affordable housing for very low, low, and moderate income persons and families.

Strategy 1.1
Provide mortgage financing and homebuyer assistance through the Single Family Mortgage Revenue Bond Program

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of single family households assisted through the First Time Homebuyer Program	1,727	2,727	158%	2,016

Explanation of Variance: Loan originations were higher in 2007 than anticipated due to the receipt of additional volume cap. Additionally, increased market interest rates generated higher demand for the Department's lower interest rate products.

Strategy 1.2
Provide funding through the HOME Program for affordable single family housing

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of single family households assisted with HOME funds	1,834	413	22.5%	1,255

Explanation of Variance: The total number of assisted units was lower than anticipated in 2007 due to a biennial funding cycle for 2006-2007 which resulted in fewer applications for the homebuyer assistance and tenant-based rental assistance activities.

Strategy 1.3
Provide funding through the HTF program for affordable single family housing

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of single family households assisted through the Housing Trust Fund	100	115	115%	228

Explanation of Variance: Performance was higher than anticipated in 2007 due to the closing out of previous fiscal year contracts and an elevated amount of technical assistance provided by the Department to ensure that the nonprofit organizations are meeting their performance benchmarks.

Strategy 1.4
Provide tenant-based rental assistance through Section 8 certificates

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of multifamily households assisted with tenant-based rental assistance	2,100	1,064	51%	1,494

Explanation of Variance: The targeted number was developed prior to a change in how the U.S. Department of Housing and Urban Development provides Section 8 Housing Assistance Program (HAP) funds. Provided funds are no longer based on the number of Housing Choice Vouchers available. In addition, the target was developed prior to the transfer of 560 vouchers to a local public housing authority.

Strategy 1.5 Provide federal tax credits to develop rental housing				
Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of multifamily households assisted with HTCs	18,832	12,998	69%	12,291

Explanation of Variance: Approximately $3.7 million credits out of the 2007 credit allocation were awarded to developments that had previously received credits in 2004. These additional credits were due to substantial increases in construction costs associated with hurricane disasters. Because of the increase in construction costs, fewer units are produced on an annual basis.

Strategy 1.6 Provide funding through the HOME Program for affordable multifamily housing				
Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of multifamily households assisted with HOME funds	647	144	22.3%	500

Explanation of Variance: The HOME and Housing Tax Credit programs operated concurrent application cycles. Due to the competitiveness of the cycle, not all applicants that applied for both sources of funds were competitive in the Housing Tax Credit round and eligible for an award. Therefore, the awarding of HOME funds was limited to those applications that were competitive and received a Housing Tax Credit award.

Strategy 1.7 Provide funding through the Housing Trust Fund for affordable multifamily housing				
Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of multifamily households assisted through the Housing Trust Fund	255	0	0%	784

Explanation of Variance: The 2007 funding for the HTF was utilized to meet the statutorily required minimum of $3,000,000 funding for the Bootstrap Loan Program.

Strategy 1.8 Provide funding through the Mortgage Revenue Bond Program for affordable multifamily housing				
Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of households assisted through the Mortgage Revenue Bond Program	3,500	2,997	86%	2,393

Explanation of Variance: Due to overall market and economic conditions, the bond program has not been as attractive as it has been in the past. This lead to a reduction in the applications submitted. In the past, the Department has received several applications towards the end of the year which enable the Department to CarryForward additional allocation into the following year. In 2006, the Department did not receive additional applications at the end of the year and therefore did not have the additional allocation to CarryForward into 2007. This reduced the total amount of bond allocation issued by the Department. The increase in construction costs also affected the bond program, by reducing the number of units produced due to higher costs.

GOAL 2: TDHCA will promote improved housing conditions for extremely low, very low, and low income households by providing information and technical assistance.

Strategy 2.1
Provide information and technical assistance to the public through the Public Affairs Division and the Housing Resource Center

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of information and technical assistance requests completed	5,400	3,824	70.8%	4,900

Explanation of Variance: A new toll free number for the entire agency has resulted in more calls being directly routed to the appropriate division instead of being forwarded to the Housing Resource Center. The Department has also continued to improve its website so that potential requests can be resolved via the internet instead of through the Housing Resource Center.

Strategy 2.2
To provide technical assistance to colonias through field offices

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of on-site technical assistance visits conducted annually from the field offices	600	963	160.5%	800

Explanation of Variance: Technical assistance visits to units of local government and nonprofit organizations continued to increase due to various changes to the programs administered through the field offices.

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target*
Number of colonia residents receiving assistance	1,700	827	48.6%	7,650

Explanation of Variance: The Border Field Offices focus on empowering the non-profit organizations to work with the colonia residents on a one-on-one basis. The units of local government and non-profit organizations provide the direct assistance to colonia residents on behalf of the Department. Therefore, the number of direct contacts between the Department and the colonia residents has decreased.

*Note that the definition of the measure has changed for 2008 and now includes assistance provided through the Colonia Self-Help Centers as well as the Colonia field offices.

Strategy Measure (C)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of entities and/or individuals receiving informational resources	1,200	631	52.5%	1,000

Explanation of Variance: Marketing of Colonia Initiatives, including the number of entities and/or individuals requesting and receiving information resources is a key performance goal. These figures were expected to increase upon the release of the Texas Bootstrap Loan Program NOFA in 2007. However, the new Texas Bootstrap Reservation System has delayed the release of the NOFA.

GOAL 3: TDHCA will improve living conditions for the poor and homeless and reduce the cost of home energy for very low income Texans.

Strategy 3.1
Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of persons assisted through homeless and poverty related funds.	440,000	565,822	128.6%	512,244

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). The Department revised the reporting procedures for CSBG subrecipients allowing subrecipients to report all individuals assisted by all programs operated by the CSBG subrecipient. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds.

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of persons assisted that achieve incomes above poverty level.	2,000	3,087	154.4%	2,200

Explanation of Variance: Each year, CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG contractors will assist more persons to transition out of poverty. However, it is difficult to estimate several years in advance how many persons CSBG subrecipients will enroll in self-sufficiency case management programs and how many of them will complete the program and finally transition out of poverty.

Strategy Measure (C)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of shelters assisted through the Emergency Shelter Grant Program.	70	76	108.5%	73

Explanation of Variance: This measure represents the number of contracts issued under the Emergency Shelter Grants Program (ESGP). At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded. It is difficult to determine how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score.

Strategy 3.2
Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy related emergencies.

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of households assisted through the Comprehensive Energy Assistance Program.	63,200	83,529	132%	51,502

Explanation of Variance: High home energy prices contributed to higher demand for energy assistance.

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of dwelling units weatherized through the Weatherization Assistance Program.	4,800	5,404	112%	3,004

Explanation of Variance: The Department is above target for the year as a result of advantageous weather enabling higher weatherization production.

GOAL 4: TDHCA will ensure compliance with the Texas Department of Housing and Community Affairs' federal and state program mandates.

Strategy 4.1
The Portfolio Management and Compliance Division will monitor and inspect for Federal and State housing program requirements.

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Total number of monitoring reviews conducted.	4,554	5,555	122%	5,072

Explanation of Variance: More onsite monitoring reviews were scheduled than were anticipated.

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target
Total number of units administered	237,195	229,744	96.9%	242,766

Strategy 4.2
The Portfolio Management and Compliance Division will administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Total number of monitoring reviews conducted	9,220	11,474	124.5%	12,715

Explanation of Variance: All monitoring requests received by the Department require a review. Monitoring reviews include set up and draw reviews. As contracts near their expiration date, contractors submit more set up and draw reviews in order to complete them before contract expiration. Because several contracts expired during the quarter, the Department received a larger number of draw requests than projected.

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of contracts administered	350	358	102.3%	430

GOAL 5: To protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

Strategy 5.1
Provide titling and licensing services in a timely and efficient manner.

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of manufactured housing statements of ownership and location issued.	89,000	86,035	96.7%	90,000

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of licenses issued	4,435	2,602	58.7%	4,000

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Strategy 5.2
Conduct inspections of manufactured homes in a timely manner.

Strategy Measure (A)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of routine installation inspections conducted	8,000	4,603	57.5%	6,000

Explanation of Variance: The Department has experienced a higher level of non-routine inspection activity including an increased amount of affordable housing property inspections and complaint/investigative inspections. In addition, there have been several inspectors out on extended leave due to injuries. Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of installation inspections received. The actual year-to-date inspection rate is 30.76%.

Strategy Measure (B)	2007 Target	2007 Actual	% of Goal	2008 Target
Number of non-routine installation inspections conducted	2,500	2,100	84%	2,200

Explanation of Variance: Education and enforcement keep the number of inspections with deviations low, which is desirable.

Strategy 5.3
To process consumer complaints, conduct investigations, and take administrative actions to protect the general public and consumers.

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Number of complaints resolved	1,700	1,052	61.9%	1,250

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped to reduce the number of complaints officially received, which reduces the number of complaints resolved.

Goals Six through eight are established in legislation as riders to TDHCA's appropriations, as found in the General Appropriations Act.

GOAL 6: TDHCA will target its housing finance programs resources for assistance to extremely low income households.*

Strategy 6.1
The housing finance divisions shall adopt an annual goal to apply $30,000,000 of the division's total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income.	$30,000,000	$19,535,526	65.12%	$30,000,000

Explanation of Variance: Fewer Section 8 vouchers and a lower than anticipated number of units assisted by the HOME program contributed to the 2007 performance for this target. HUD transferred a large number of Section 8 vouchers to a large consortium and also adjusted the methodology for distributing Section 8 funds. Both of these contributed to the lower than anticipated assistance for households earning less than 30 percent of median family income. In addition, a double funding cycle for the HOME single family funds resulted in fewer applications for 2007, the second year of the double year cycle.

Note: For more information, see Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.

GOAL 7: TDHCA will target its housing finance resources for assistance to very low income households.*

Strategy 7.1
The housing finance divisions shall adopt an annual goal to apply no less than 20% of the division's total housing funds toward housing assistance for individuals and families earning between 31% and 60% of median family income.

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Percent of housing finance division funds applied towards housing assistance for individuals and families earning between 31% and 60% of median family income.	20%	50.5%	253%	20%

Explanation of Variance: The majority of TDHCA housing programs serve households under 60% of median family income.

GOAL 8: TDHCA will provide contract for deed conversions for families who reside in a colonia and earn 60 percent or less of the applicable area median family income

Strategy 8.1
Help colonia residents become property owners by converting their contracts for deed into traditional mortgages.

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Amount of TDHCA funds applied towards contract for deed conversions for colonia families earning less than 60% of median family income.	$2,000,000	$0	0%	$2,000,000

Explanation of Variance: TDHCA has delayed the release of additional funds pending changes to encourage the efficient allocation of program funds. TDHCA has updated the program rules and anticipates the release of a NOFA for the 2006 and 2007 funding in FY 2008.

Note: For more information, see Rider 11 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.

The following TDHCA-designated goal addresses the housing needs of persons with special needs.

GOAL 9: TDHCA will work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs.

Strategy 9.1
Dedicate no less than 20% of the HOME project allocation for applicants that target persons with special needs.

Strategy Measure	2007 Target	2007 Actual	% of Goal	2008 Target
Percent of the HOME project allocation awarded to applicants that target persons with special needs.	20%	24%	122%	20%

Strategy 9.2:
Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

Strategy Activities:

- Assist counties and local governments in assessing local needs for persons with special needs.
- Work with State and local providers to compile a statewide database of available affordable and accessible housing.
- Set up a referral service to provide this information at no cost to the consumer.
- Promote awareness of the database to providers and potential clients throughout the State through public hearings, the TDHCA web site as well as other provider web sites, TDHCA newsletter, and local informational workshops.

Strategy 9.3:
Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.

Strategy Activities:

- Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
- Continue working with agencies, advocates, and other interested parties in the development of programs that will address the needs of persons with special needs.

- Increase the awareness of potential funding sources for organizations to access, to serve special needs populations, through the use of TDHCA planning documents, web site, and newsletter.

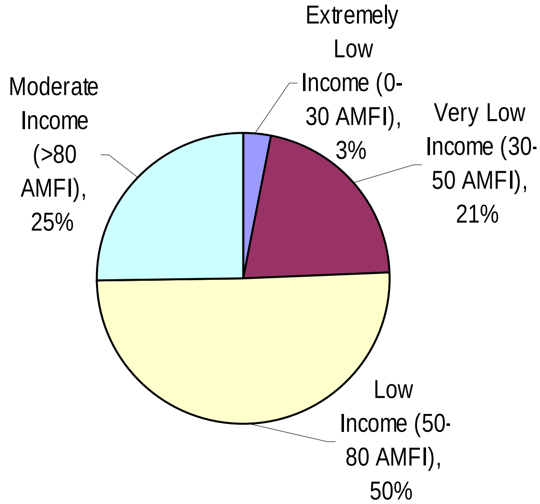
Strategy 9.4:
Discourage the segregation of persons with special needs from the general public.

Strategy Activities:
- Increase the awareness of the availability of conventional housing programs for persons with special needs.
- Support the development of housing options and programs, which enable persons with special needs to reside in noninstitutional settings.

Serving Critical Populations

As shown in the figures below, the distribution of TDHCA's housing resources in fiscal year 2007 showed a clear prioritization of assistance to individuals and households with the lowest incomes. The vast majority of households served by the Department were classified as extremely low income, very low income, and extremely low income.

Total Funding by Income Level, FY 2007



Total Households Served by Income Level, FY 2007

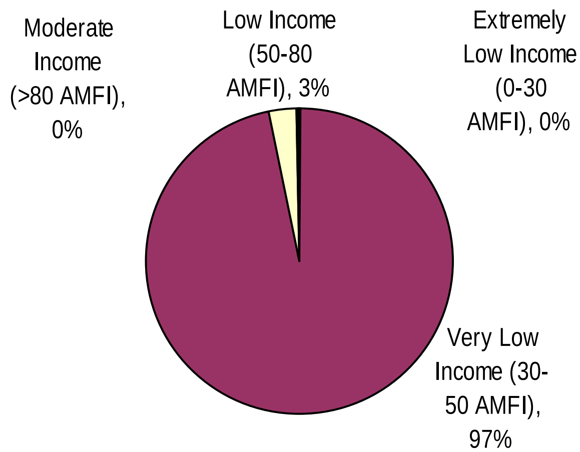


Table 23: TDHCA Funding and Households/Persons Served by Income Category, FY 2007 - All Activities

Income Type	Committed Funds	# of Households or Individuals Served*	% of Committed Funds	% of Households or Individuals Served
ELI (0-30 AMFI)	$19,605,793	1,491	3%	0%
Very Low Income (30-50 AMFI)	$136,010,258	682,277	21%	98%
Low Income (50-80 AMFI)	$321,261,371	12,732	50%	2%
Moderate Income and Up (>80 AMFI)	$162,494,849	1269	25%	0%
Total for All Incomes	$639,372,271	697,769	100%	100%

*Includes ESG and CSBG, which are allocated to individuals.

Industry Best Practices

TDHCA is an active member of the following housing and community service industry groups.

- National Council of State Housing Agencies. This organization is comprised of housing finance agencies from of every state, the District of Columbia, Puerto Rico, and the Virgin Islands, and more than 350 profit and nonprofit firms in the affordable housing field. In addition to being a good source of research information on these agencies' activities, this organization holds a number of conferences and training sessions throughout the year where its members meet to discuss best practices and success stories.
- National Association for State Community Services Programs. Membership in this organization includes state administrators of both the CSBG and WAP. The organization was created to provide research, analysis, training and technical assistance to state CSBG and WAP offices, the Community Action Network, community action agencies and state associations, in order to increase their capacity to prevent and reduce poverty.
- National Energy Assistance Directors' Association. Membership in this organization consists of state administrators and tribal directors of the LIHEAP. The organization is the primary educational and policy organization for the state and tribal directors of the LIHEAP. The organization also works closely with the National Association for State Community Services Programs, representing the state weatherization program offices and the National Association of State Energy Officials to more effectively share ideas on the delivery of state energy services through the Energy Programs Consortium.

Insights Gained and Implemented Programmatic Changes

The Department undergoes regular audits and monitoring reviews including reviews by its Internal Auditing Division, its external certified independent auditors, its funding source agencies, and the SAO.

Independent audits of its financial statements are conducted on an annual basis, regular audits of its major federal programs in connection with Federal Single Audits coordinated by the SAO, various monitoring reviews of its federal programs by its Federal funding agencies, as well as reviews of particular functions or processes by its internal auditors.

Other periodic oversight reviews of TDHCA's activities include:

- State Office of Risk Management reviews of physical safety practices.
- Comptroller of Public Accounts reviews of compliance with state laws and rules concerning expenditures and processing requirements of the uniform statewide accounting system.
- State Energy Conservation Office reviews of the administration of these funds.

The results of these audits and reviews have improved TDHCA's controls designed to: achieve the objectives and goals of the agency, comply with program rules and regulations, and safeguard the Department's assets. Some specific examples include:

- Quality assurance and control procedures have been enhanced for the Section 8 program to better: assess participant eligibility, protect voucher holder rights, ensure that reasonable rents are charged, and calculate utility allowances. Processes and controls have been added to ensure the proper execution of property owner contracts, the satisfaction of housing quality standards, and timely deficiency correction. Additionally, access to computer systems has been improved to protect the quality of the Section 8 data, to ensure that transactions cannot be passed on for payment without proper approval, and to protect the systems against unauthorized changes to computer code and data.
- Enhancements have been made to the RAF to consider required available housing resources to address statutory requirements relating to the allocation of HOME, HTC, and HTF program dollars.
- The risk assessment process used to identify high-risk subrecipients for field monitoring visits has been enhanced to include a complete population of subrecipients to be considered, standard operating procedures and documentation standards.
- The review of Federal Single Audits performed on its subrecipients has been enhanced to better use the information for monitoring planning purposes. Controls have been improved to ensure audit findings are forwarded to and considered by staff responsible for performing risk assessments of subrecipients for identifying high-risk subrecipients that warrant greater monitoring attention. Processes have been improved to ensure that corrective actions for audit findings are taken in a more timely fashion, when appropriate, and that management decisions are issued in a timely fashion. The Department has made its single audit review process more efficient by limiting the extent of its review to that which is required by the Federal Single Audit Act.

- The Department has improved its time accounting procedures to ensure employees salaries are properly allocated to federal programs.

TDHCA has also implemented a risk management program to accomplish similar objectives to its oversight audits and reviews. While the program was designed to ensure compliance with Executive Order RP36, July 2004, relating to preventing, detecting, and eliminating fraud, waste and abuse, it is also designed to identify, prioritize, assess, document, report, monitor and address other financial, operating, and legal risks of the Department.

HOME Contract Administration

The Department has made significant recent progress in the administration of the HOME Program.

- In December 2003, the TDHCA Contract System was rolled out. The system allows administrators to enter draw information, itemize costs, set up contract activities (project setups), enter match information, enter project completion report data, and view programmatic and financial information associated with their contracts in real time. The system gathered a substantial amount of contract information that was not previously captured, which provided an opportunity to run reports on contractual performance and real time program beneficiary information. This system has significantly helped the Department improve program efficiency and more effectively track and monitor contract performance.
- Procedures designed to further improve efficiency and accountability in HOME program administration have been implemented. These procedures include analyzing commitments and expenditures through data analysis and added incentives for administrators to perform according to contractual terms.
- A concerted effort has been made to update, add, and correct information previously entered in HUD's Integrated Disbursement and Information System. This system is the mechanism used by HUD to produce the HUD score card, which reports on performance in the areas of HOME commitment, expenditure, leveraging, low-income benefit, and rental assistance. Access to HUD's system has been appropriately restricted to preclude individuals from having the ability to both initiate and approve draw downs of HOME funds, which might result in disbursement of funds in error or without proper authorization.
- The Department has improved its environmental compliance and enforcement program over the HOME program to ensure compliance with HUD regulations.
- Controls have been added to ensure that LBB performance measurement information for the number of households the HOME program serves by income level is adequately supported and retained.
- TDHCA also analyzed the processes and mechanisms in place from a programmatic view point. From this review, it completed multiple projects designed to provide better guidance to Administrators and staff. The result is improved program compliance. Some of these projects include development of: new and updated manuals, a technical assistance function, and plans to address areas of program administration weakness.

The combination of these activities ensures that the Department satisfies HOME program requirements and ensures that funds are spent accountably.

B. Agency Characteristics Requiring Improvement

Communication Regarding the Need for Affordable Housing

While statistics and anecdotal evidence support the enormous need for affordable housing, the Department has determined that additional efforts need to be made to communicate that need to public officials and organizations that can help to address this need in their communities. To that end, staff has made a strong effort to meet with elected officials and neighborhood groups to help them understand TDHCA's programs and processes and how to participate in those processes effectively. The Department has also established general and specific program email distribution lists to announce funding opportunities, hearings, or other events within the Department.

Communication with Customers

From the 2008 Report of Customer Service, 72 percent of respondents stated that they were satisfied with their experience with TDHCA and 69 percent said TDHCA staff responded to their emails and voice messages in a timely manner. However, 19 percent disagreed with the statement that TDHCA automated phone system is easy to navigate and helps them reach the correct division or individual when they call. Staff believes that a primary reason for the dissatisfaction rate is caused by a lengthy phone menu for the automated system. Staffing limitations have also led to lengthy wait times experienced by some callers to the Manufactured Housing telephone line. TDHCA is constantly making changes to improve the telephone systems, including updating the menu of the automated phone system and will work to increase satisfaction with the system in the future.

C. Key Obstacles

A number of macro issues that present obstacles to TDHCA's ongoing efforts are below provided in alphabetical order.

Fiscal: The largest obstacle TDHCA faces is the limited amount of financial resources available for affordable housing. Even with all of its resources, TDHCA can serve only about 1 percent of those in need. The most apparent obstacle to meeting underserved housing needs in Texas is a severe shortage of affordable housing stock. There is a corresponding shortage of funding sources to maintain and increase this housing stock. With few exceptions, every housing program administered by TDHCA receives far more applications than could be funded from available resources. This is evidence that there is significant interest on the part of both the nonprofit and for-profit sectors to produce the housing that is needed. While layering, leveraging, and partnering helps to stretch available funds, there is no amount of innovation that will overcome this lack of funding.

Geographic: Only the Manufactured Housing Division has a somewhat statewide presence with its field office locations in Dallas-Ft. Worth, Edinburg, Houston, Lubbock, San Antonio, Tyler, and Waco. While OCI has field offices located in two of the state service regions along the Texas-Mexico border, there are no field offices for housing and community development activities in any of the state's other 11 regions. Due to fiscal and FTE constraints that make the provision of local field offices unfeasible, it is very difficult to establish and maintain a regional and local presence in a state as large as Texas.

Lack of Organizational Capacity: A lack of organizational capacity, in both experience and financial resources, often makes it difficult for smaller communities to address their affordable housing issues. As compared to larger metropolitan areas, these communities have fewer resources that can be used a matching funds, staff members (if any) to put together an application and oversee an application is funding is obtained.

Local Opposition to Affordable Housing: It is a common perception that affordable housing helps contribute to overcrowded schools, increased crime rates, traffic congestion, and general neighborhood deterioration that will lower the surrounding property values. As a result, developments requesting funding from TDHCA can experience significant opposition. TDHCA continues to work to educate the general public on affordable housing issues and encourages developers to interact directly with neighborhood organizations throughout the application process. This educational process is done with such tools as the public hearing process, TDHCA's website and publications, and the application scoring criteria for rental development funding.

Technological: Since TDHCA was created in 1991, its program data has tended to be stored and accessed in a number of separate databases. These separate data sources have been an obstacle to effective agency operations. Through the Central Database project, TDHCA has managed to consolidate much of this data into a single source. This has allowed for processes associated with contract management, draw requests, and compliance reporting to be automated. Nevertheless, gaps still remain in unifying TDHCA's 15-plus programs' varying reporting requirements, report formats, and data storage methods have made performance reporting and analysis difficult. A Central Database project to consolidate many of the various databases is ongoing.

D. Opportunities

Human Resources

<u>Retention Programs</u>

In an effort to ensure employees are fairly and equitably compensated, a recent Department-wide classification audit was conducted by the State Auditor's Office to determine misclassifications for the Department. The audit found only 8 positions that required reclassification and pay scale adjustment. Additionally, the Department has purchased wage surveys to compare the organization to its peers nationally. Pay studies will continue to analyze, study, and identify areas of concern. Such studies help to ensure that employees are compensated at rates that are comparable with what they would earn elsewhere.

Internal Communications

The Department has strengthened internal efforts to ensure that communications to employees increase through the development of an agency-wide Intranet communication page called the TDHCA Electronic Water Cooler, a quarterly agency newsletter, quarterly *HR Herald* newsletter, increased division and section meetings, agency-wide communication memos as the need arises, and Departmental agency-wide communications meetings. An events planning committee is also active to help coordinate events that will work to build morale and to recognize employee achievements.

Organizational Training and Employee Development

In February 2008, TDHCA participated in an Organizational Excellence Survey sponsored by the University of Texas. The survey helps TDHCA leadership by providing information about work force issues that impact the quality of service ultimately delivered its customers. The data provide information not only about employees' perceptions of the effectiveness of their own organization, but also about employees' satisfaction with their employer. This will help management work to address TDHCA's strengths and weaknesses as seen through the eyes of its employees. Results of this survey are described in Appendix F.

In 2007 TDHCA convened a committee of staff members to study the options for an employee mentoring program at the Department. Such a program would pair employees with more-senior staff members with the goal of improving cross-divisional communication and employee morale. The proposed program is still under consideration.

Technology

Throughout the FY 2009-2013 time period, TDHCA will focus on the following technology initiatives in support of Department objectives:

- Manufactured Housing System Upgrade (FY 2008-2009 capital budget project)
- PeopleSoft Financials version upgrades to stay up-to-date with the Office of the Comptroller of Public Accounts Integrated Statewide Accounting System (ISAS) version of PeopleSoft Financials
- Yearly upgrades of the Mitas Automated Accounting and Loan Servicing systems
- Frequent upgrades of the HAPPY Housing Pro Section 8 System
- IT security and disaster preparedness
- Web site enhancements to provide customers easier access to information
- Enhancement projects for the Department's custom systems
- Continued technical support for Department employees and external customers

The internet, through the TDHCA list serve and website, continues to offer new opportunities to communicate directly with the department's customers. A recent example of the use of online technology is the use of a low cost, efficient online surveying program from a company called Survey Monkey. In May 2008, this survey instrument was used to conduct the paperless 2008 Customer Service Survey.

Political

The Department welcomes the opportunity to engage in discussions with all members of the Texas Legislature regarding matters of affordable housing and community affairs. More specifically, the Department would like to increase the members' awareness of these matters as well as legislative district-specific information on funding totals and purposes within each district. Economic development in the state also relies heavily upon the existence and availability of affordable housing and the Department seeks to convey this idea to the Legislature. The increased dialogue between the Department and the state's policy-makers would provide more complete information for the Legislature as they deliberate on the important matters of affordable housing and community affairs.

E. Working with Federal, State, and Local Entities to Achieve Success

Because the efficiency of service provision and the capacity of available resources to create successful housing and housing-related endeavors can be greatly increased through partnerships with federal, state, regional, and local organizations, TDHCA strives to develop and maintain partnerships with a wide variety of groups.

Coordination with Federal Agencies

As discussed in detail in the “Description of Current and Anticipated Federal Activities” contained in Section VII, TDHCA works with a number of Federal organizations to allocate its funding. These organizations include the US Department of Housing and Urban Development, US Department of the Treasury, the US Department of Health and Human Services, and the US Department of Energy. TDHCA works to establish effective working relationships with these organizations’ personnel at both the national and regional level. In addition to ensuring that planning and oversight efforts are accomplished successfully, these partnerships leads to joint marketing of programs, cross program client referrals, and technical assistance with workshops and other training efforts.

As a provider of services to rural Texas communities, TDHCA has an ongoing relationship with USDA Rural Development. Collaborations have been achieved through several TDHCA programs (HTC, HTF, HOME) in the form of multifamily developments and single family homeownership initiatives.

Coordination with State Agencies

Below is a listing of state agencies that TDHCA works with on an ongoing basis.

- Office of Rural Community Affairs (ORCA): TDHCA and ORCA have entered into an interagency contract to jointly administer the rural regional allocation of the HTC Program. TDHCA and ORCA jointly provide outreach and training to promote rural area capacity building, develop threshold requirements and scoring criteria for the rural applications, and score the applications. ORCA also participates in the site inspection of rural developments proposed under the rural allocation. TDHCA and ORCA coordinate services in seven Colonia Self-Help Centers to provide housing and technical assistance to improve the quality of life for colonia residents.

- Texas Interagency Council for the Homeless: TDHCA serves as a member of, and provides administrative support to, the Texas Interagency Council for the Homeless—a council comprised of six member state agencies.
- Texas Department of Aging and Disability Services (DADS): TDHCA, in cooperation with the DADS, the Texas Health and Human Services Commission, and local PHAs, administers a housing voucher pilot program developed by HUD, the DHHS, and the Institute on Disability at the University of New Hampshire. “Project Access” helps low income persons with disabilities transition from nursing facilities into the community by providing access to affordable housing.
- Texas State Affordable Housing Corporation (TSAHC): TDHCA works with TSAHC to share data and information in the development of the State of Texas Low Income Housing Plan and Annual Report. TSAHC also performs asset management activities, including on-site inspections and financial feasibility reviews, for TDHCA MFB properties, as well as manages the bank account for the TDHCA Texas Statewide Homebuyer Education Program.

Coordination with Local and Regional Governments and Other Organizations

Most recently in 2006, TDHCA conducted a major outreach effort to better understand local needs for specific types of funding and services. This outreach was in the form of a Community Needs Survey that was made available online to community leaders across the state. These leaders included state senators and representatives, city mayors and county judges, city managers, housing and community development departments, US Department of Agriculture regional offices, public housing authorities, councils of governments, community action agencies, and HOPWA administrative agencies.

This survey provided the respondents with opportunity to describe their community's specific housing, assistance, and community development issues. The survey findings will help determine how to most effectively use existing resources, help develop future assistance programs, and will be used as a description of local need in TDHCA planning documents. This data is particularly useful to the Department because it helps inform decisions on what activities will be particularly encouraged through the application process. For example, the survey results help determine whether or not a higher percentage of funding should be dedicated towards new versus rehab multifamily development or if more funding is needed for owner occupied rehabilitation than down payment assistance. Knowing what kind of assistance is in great demand allows set aside amounts and scoring priorities in the program rules to be adjusted accordingly.

Organizations that TDHCA continues to partner with across the state include the following.

- Local Utility Companies: Partnerships with financial commitments between the Weatherization Assistance Program and Southwestern Electric Power Company, Southwestern Public Service Company, Entergy, and El Paso Electric, provide energy conservation measures to very low and extremely low income utility customers.
- NeighborWorks America. TDHCA continues to contract with NeighborWorks America to facilitate the Texas Statewide Homebuyer Education Program training. The program also

collaborates with several other partners including TSAHC, JP Morgan Chase, Fannie Mae, the Texas Home of Your Own Coalition, and Texas C-BAR to implement the trainings.

- Texas Association of Realtors: In December 2004, the Department entered into a partnership with the Texas Association of Realtors and Fannie Mae to develop an educational outreach campaign to help first time homebuyers access low-cost mortgage financing.
- Texas Homeless Network: TDHCA collaborates with the Texas Homeless Network through TDHCA's work on the Texas Interagency Council on Homelessness to build the capacity of homeless coalitions across the State of Texas, enabling them to become more effective in the communities they serve.
- Texas Loan Star Program: Through a partnership between TDHCA and CitiMortgage, the Texas Loan Star Program provides financing for a market-rate, 30-year first lien mortgage loan for qualifying borrowers residing in the state of Texas. In addition, the program provides financing for closing costs up to 8 percent of the mortgage amount through a 20-year second lien mortgage loan. As little as $500 is required from the borrowers' own funds towards the transaction.

F. Access to Key Resources

Technological

Open source software will continue to have a positive impact on the Department's IT architecture. TDHCA's IS Division has made evaluation of this alternative, which is free of software licensing costs, a standard part of the process of selecting technical products to meet agency operational needs.

Community/Business Resources

There is an existing network of local service providers which represent a substantial community resource. TDHCA will continue to work closely to help support the ongoing efforts of the following types of organizations: community action agencies, community development corporations, PHAs, CHDOs, faith-based organizations, nonprofit and for-profit entities. The dedicated efforts of these organizations allow the State to make the most of limited funding.

Employees' Attitudes and Possibilities for Change

In February of 2008, TDHCA participated in the Survey of Organizational Excellence sponsored by the University of Texas with a response rate of 85 percent. This survey forms the basis of the following observations concerning TDHCA's strengths and weaknesses according to the employees of the Department:

In reviewing the following sections, the following scoring categorizations are useful:

- Scores of 400 or higher indicate areas of substantial strength.
- Scores above 300 indicate employees perceive the issue more positively than negatively.

- Scores below 300 indicate employees perceive the issue more negatively than positively.
- Scores below 200 indicate areas of concern for the Department. They should receive immediate attention. No items in the TDHCA survey scored below the 200 range.

In comparison to the 2005 Survey or Organizational Excellence the Department scores improved. The chart below shows the comparison of scores for 2005 versus 2008. All the scores increased in 2008 with the exception of one score that remained the same.

Score Legend

♦	5 highest scores
◊	5 lowest scores

CONS#	CONSTRUCT NAME	SCORE 2005	SCORE 2008	POINTS DEVIATED
1	Supervisor Effectiveness	◊ 330	◊ 348	+18
2	Fairness	343	362	+19
3	Team Effectiveness	◊ 327	◊ 345	+18
4	Diversity	342	364	+22
5	Fair Pay	◊ 274	◊ 302	+28
6	Physical Environment	♦ 377	♦ 377	Same
7	Benefits	359	373	+14
8	Employment Development	352	♦ 377	+25
9	Change Oriented	◊ 334	◊ 348	+14
10	Goal Oriented	346	362	+16
11	Holographic	343	353	+10
12	Strategic	♦ 384	♦ 386	+2
13	Quality	♦ 375	♦ 388	+13
14	Internal	◊ 326	◊ 333	+7
15	Availability	♦ 369	373	+4
16	External	♦ 373	♦ 376	+3
17	Job Satisfaction	362	367	+5
18	Time and Stress	356	368	+12
19	Burnout	358	368	+10
20	Empowerment	351	362	+11

Areas of Strength

The Department's strengths lie in the perception employees have according to the following: Qualify, Strategic, Physical Environment, Employee Development, and External. They are discussed below in the order of scores received, from highest to lowest.

- ***Quality (388):*** Describes the degree to which the quality principles, such as customer service and continuous improvement are a part of the organizational culture.
- ***Strategic (386):*** This reflects employees' thinking about how the Department's Strategic Orientation culture responds to external influences that should a play a role in defining the mission, vision, services and products. This implies the ability of the Department to seek out and work with relevant external entities.
- ***Physical Environment (377):*** Describes the employees' perceptions of the total work atmosphere and the degree to which employees believe it is a "safe" working

environment. This category addresses the "feel" of the workplace as perceived by the employee.

Note: The surveying effort occurred after the Department's move to a new building with substantially different working environment and parking situation.

- ***Employee Development: (377)*** This category is an assessment of the priority given to employee's personal and job growth. It provides insight into whether the culture of the organization sees human resources as the most important resource or as one of many resources. It directly addresses the degree to which the organization is seeking to maximize gains from investment in employees.
- ***External (376):*** This category looks at how information flows into the Department from external sources, and conversely, how information flows from inside the organization to external constituents. It addresses the ability of Department staff to synthesize and apply external information to work performed by the Department.

Areas of Concern

Areas where TDHCA did not score as high were Fair Pay, Internal Communication, Team Effectiveness, Supervisor Effectiveness, and Change Orientation issues as described below from lowest score to highest scores. While Fair Pay is the lowest score, it is still viewed as more positive than negative.

- ***Fair Pay (302)***: Fair Pay is a common negative perception across most, if not all, state agencies. This category addresses perceptions of the overall compensation package offered by the Department. It describes how well the compensation package "holds up" when employees compare it to similar jobs in other organizations.
- ***Internal (333):*** This captures the flow of communication within the Department from the top down, bottom up, and across divisions. It addresses the extent to which communication exchanges are open and candid and move the Department toward goal achievement.
- ***Team Effectiveness (345):*** This describes employees' perceptions of the people within the Department with whom they work on a daily basis to accomplish their jobs (the work group or team). Also, it gathers data about how effective employees think their work group is as well as the extent to which the Department's environment supports cooperation among employees.
- ***Supervisor Effectiveness (348):*** This category provides insight into the nature of supervisory relationships in the Department, including the quality of communications, leadership, thoroughness, and fairness that employees perceive exists between supervisors and them. This category helps organizational leaders determine the extent to which supervisory relationships are a positive element of the organization.
- ***Change Oriented (348)*****:** This category describes employees' perceptions of the Department's capability and readiness to change based on new information and ideas. It also addresses the Department's aptitude to process information timely and to act upon it effectively. Most importantly, it also examines the organization's capacity to draw upon, develop, and utilize the strengths of all in the Department for improvement.

Strategies for Improvement

The Department will continue to capitalize on the information derived from the 2008 Survey of Organizational Excellence.

Improving Areas of Concern

- ***Fair Pay***: While Fair Pay continues to be the lowest scoring category for the Department this category has improved based on the last survey score. There have been many ways the Department has addressed fair pay to include:
    - Review of all pay actions for equity among similar positions.
    - Providing each Division Director with equity reports for the division and an equity report for Department positions.
    - A Department-wide classification audit was conducted by the State Auditor's Office to determine misclassifications for the Department. There were only 8 positions that needed to be reclassified as part of this audit. The Department requires that employee classifications be reviewed during each employee annual performance review to ensure that position classifications are appropriate.
    - The Department participated in a National Housing Organization Compensation Survey. This survey allows the Department to review salaries of other similar positions in comparison to Department salaries.

Enhancing Strengths

- The Department is committed to instilling a culture of diversity, transparency, professionalism, and integrity. The Department will continue to analyze organizational development through review of program organizational structure to ensure that processes and program goals and objectives are being met with the most streamlined measures and are functioning effectively and efficiently.
- The Department will continue to have open communications with staff and will promote an environment that allows employees to improve their skills and abilities through continuing education, external training, in-house training, and other training resources as needed.

TDHCA GOALS, OBJECTIVES, AND STRATEGIES AND THE ASSOCIATED OUTCOME, EFFICIENCY, EXPLANATORY, AND OUTPUT MEASURES

Goal 1.
To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families.

Objective 1.
Make loans, grants, and incentives available to fund eligible housing activities and preserve/create single and multifamily units for very low, low, and moderate income households.

Outcome Measures
1. Percent of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance
2. Percent of Households/Individuals of Very Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance
3. Percent of Households/Individuals of Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance
4. Percent of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance
5. Percent of Multifamily Rental Units Benefiting Very Low, Low and Moderate Income Households
6. Percent of Single Family Finance Division Funding for Affordable Housing Assistance that is Allocated within Established Time Frames
7. Percent of Multifamily Finance Division Funding for Affordable Housing Assistance that is Allocated within Established Time Frames

Strategy 1.
Provide federal mortgage loans, through the department's Mortgage Revenue Bond (MRB) Program, which are below the conventional market interest rates to very low, low, and moderate income homebuyers.

Efficiency Measures
1. Average Loan Amount per Household Assisted through the First Time Homebuyer Program
2. Average Loan Amount per Household Assisted through the Down Payment Assistance Program
3. Average Loan/Grant Amount per Household Assisted with New Construction Activities
4. Average Loan/Grant Amount per Household Assisted with Rehabilitation Activities
5. Average Amount per Household Assisted the Mortgage Credit Certificate Program

Explanatory Measures
1. Number of Households Assisted through the First Time Homebuyer Program
2. Number of Households Assisted through the Down Payment Assistance Program
3. Number of Households Assisted through New Construction Activities
4. Number of Households Assisted through Rehabilitation Activities
5. Number of Households Assisted through the Mortgage Credit Certificate Program

Output Measures
1. Number of Households Assisted with Single Family Mortgage Revenue Bond Funds

Strategy 2.
Provide federal housing loans and grants through the HOME Investment Partnership (HOME) Program for very low and low income families, focusing on the construction of single family housing in rural areas of the state through partnerships with the private sector.

Efficiency Measures
1. Average Amount per Household for New Construction Activities
2. Average Amount per Household for Rehabilitation Activities
3. Average Amount per Household Assisted with CHDO Mortgage Financing and Homebuyer Assistance Funds
4. Average Amount per Household Assisted with Non-CHDO Mortgage Financing and Homebuyer Assistance Funds
5. Average Amount per Household Receiving Tenant-based Rental Assistance

Explanatory Measures
1. Number of Households Assisted through New Construction Activities
2. Number of Households Assisted through Rehabilitation Activities
3. Number of Households Assisted through CHDO Mortgage Financing/Homebuyer Assistance
4. Number of Households Assisted through Non-CHDO Mortgage Financing/Homebuyer Assist
5. Number of Households Assisted through Tenant-based Rental Assistance

Output Measures
1. Number of Households Assisted with Single Family HOME Funds

Strategy 3.
Provide state housing loans and grants through the HTF for very low and low income households.

Efficiency Measures
1. Average Amount per Household for New Construction Activities
2. Average Amount per Household for Rehabilitation Activities

Explanatory Measures
1. Number of Households Assisted through New Construction Activities
2. Number of Households Assisted through Rehabilitation Activities

Output Measures
1. Number of Households Assisted through the Single Family HTF Program

Strategy 4.
Provide federal rental assistance through Section 8 certificates and vouchers for very low income households.

Efficiency Measures
1. Average Amount Tenant-based Rental Assistance per Household

Output Measures
1. Number of Households Assisted through Statewide Housing Assistance Payments Program

Strategy 5.
Provide federal tax credits to develop rental housing for very low and low income households.

Efficiency Measures
1. Average Amount of Credits per Household for New Construction Activities
2. Average Total Development Costs per Household for New Construction Activities
3. Average Amount of Credits per Household for Rehabilitation Activities
4. Average Total Development Costs per Household for Rehabilitation Activities

Explanatory Measures
1. Number of Households Assisted through New Construction Activities
2. Number of Households Assisted through Rehabilitation Activities

Output Measures
1. Number of Households Assisted through the HTC Program

Strategy 6.
Provide federal housing loans and grants through the HOME Investment Partnership (HOME) Program for very low and low income families, focusing on the construction of multifamily housing units in rural areas of the state through partnerships the private sector.

Efficiency Measures
1. Average Amount per Household for CHDO New Construction Activities
2. Average Total Development Costs per Household for CHDO New Construction Activities
3. Average Amount per Household for Non-CHDO New Construction Activities
4. Average Total Development Costs per Household for Non-CHDO New Construction Activities
5. Average Amount per Household for CHDO Rehabilitation/Acquisition Activities
6. Average Total Development Costs per Household for CHDO Rehabilitation/Acquisition Act
7. Average Amount per Household for Non-CHDO Rehabilitation/Acquisition Activities
8. Average Total Development Costs per Household for Non-CHDO Rehabilitation/Acquisition Activities

Explanatory Measures
1. Number of Households Assisted through CHDO New Construction Activities
2. Number of Households Assisted through Non-CHDO New Construction Activities
3. Number of Households Assisted through CHDO Rehabilitation/Acquisition Activities
4. Number of Households Assisted through Non-CHDO Rehabilitation/Acquisition Activities

Output Measures
1. Number of Households Assisted with Multifamily HOME Funds

Strategy 7.
Provide state housing loans and grants through the HTF for very low and low income households.

Efficiency Measures
1. Average Amount per Household for New Construction Activities
2. Average Total development Costs per Household for New Construction Activities
3. Average Amount per Household for Rehabilitation Activities
4. Average Total Development Costs per Household for Rehabilitation Activities

Explanatory Measures
1. Number of Households Assisted through New Construction Activities
2. Number of Households Assisted through Rehabilitation Activities

Output Measures
1. Number of Households Assisted through the Multifamily HTF Program

Strategy 8.
Provide federal mortgage loans through the department's Mortgage Revenue Bond (MRB) program for the acquisition, restoration, construction and preservation of multifamily rental units for very low, low and moderate income families.

Efficiency Measures
1. Average Amount per Household for New Construction Activities
2. Average Total Development Costs per Household for New Construction Activities
3. Average Amount per Household for Rehabilitation/Acquisition Activities
4. Average Total Development Costs per Household for Rehabilitation Activities

Explanatory Measures
1. Number of Households Assisted through New Construction Activities
2. Number of Households Assisted through Rehabilitation Activities

Output Measures
1. Number of Households Assisted through the Multifamily Mortgage Revenue Bond Program

Goal 2.
Promote improved housing conditions for extremely LI, VLI, and low income households by providing information and technical assistance.

Objective 1.
Provide information and technical assistance regarding affordable housing resources and community support services.

Outcome 1.
Percent of Short Term and Long Term Information and Technical Assistance Requests Fulfilled within Established Time Frames

Strategy 1.
Provide information and technical assistance to the public through the Housing Resource Center

Output Measures
1. Number of Information and Technical Assistance Requests Completed
2. Number of Short Term Information and Technical Assistance Requests Completed
3. Number of Long Term Information and Technical Assistance Requests Completed

Objective 2.
Promote and enhance homeownership opportunities along with the development of safe neighborhoods and effective community services for colonia residents and/or residents of LI, VLI, and ELI along the Texas-Mexico border.

Strategy 1.
Assist colonias, border communities, and non-profits through Department programs, Border Field Offices, and Colonia Self-Help Centers.

Output Measures
1. Number of Technical Assistance Contacts and Visits Conducted by Border Field Offices
2. Number of Colonia Residents Receiving Technical Assistance Annually through the Colonia Field Offices
3. Number of Entities and/or Individuals Receiving Informational Resources

Goal 3.
Improve living conditions for the poor and homeless and reduce cost of home energy for very low income Texans.

Objective 1.
To ease hardships of poverty and homelessness for 16 percent of the population of very low income persons each year.

Outcome Measures
1. Percent of persons in Poverty That Received Homeless and Poverty-related Assistance
2. Percent of Emergency Shelters Assisted
3. Percent of persons Assisted That Achieve Incomes above Poverty Level

Strategy 1.
Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

Efficiency Measures
1. Average Agency Administrative Cost per person Assisted

Explanatory Measures
1. Total Number of Emergency Shelters
2. Total Number of persons in Poverty

Output Measures

1. Number of persons Assisted through Homeless and Poverty-related Funds
2. Number of persons Assisted That Achieve Incomes above Poverty Level
3. Number of Shelters Assisted

Objective 2.
To reduce cost of home energy for 6 percent of very low income households each year at or below 125 percent of poverty

Outcome 1.
Percent of Very Low Income Households Receiving Energy Assistance

Strategy 1.
Administer state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and general assistance to very low income households for heating and cooling expenses and energy-related emergencies.

Efficiency Measures
1. Average Cost per Household Served
2. Average Cost per Home Weatherized

Explanatory Measures
1. Number of Very Low Income Households Eligible for Energy Assistance

Output Measures
1. Number of Households Assisted through the Comprehensive Energy Assistance Program
2. Number of Dwelling Units Weatherized by the Department

Goal 4.
Ensure compliance with Department of Housing and Community Affairs federal and state program mandates.

Objective 1.
Administer and monitor housing developments and subrecipient contracts to determine compliance with federal and state program requirements.

Outcome Measures
1. Percent of Multifamily and/or Single Family Rental Properties Monitored Annually
2. Percent of Contracts Administered Annually by the PMC Division
3. Percent of Properties Monitored by the PMC Division that are in Material Non-compliance

Strategy 1.
Monitor and inspect for federal and state housing program requirements.

Efficiency Measures
1. Average Cost to Monitor a Rental Property

Explanatory Measures
1. Total Number of Developments in the Compliance Monitoring Portfolio
2. Total Number of Units Administered

Output Measures
1. Total Number of Monitoring Reviews Conducted
2. Total Number of Desk Reviews Conducted
3. Total Number of Onsite Reviews Conducted
4. Total Number of Information and Technical Assistance Requests Completed
5. Total Number of Application-related Instruments Processed

Strategy 2.
Administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

Efficiency Measures
1. Average Cost to Monitor a Contract

Explanatory Measures
1. Number of Contracts Administered

Output Measures
1. Total Number of Monitoring Reviews Conducted
2. Number of Single Audit Reviews Conducted
3. Total Number of Desk Reviews Conducted
4. Total Number of Onsite Reviews Conducted
5. Total Number of Information and Technical Assistance Requests Completed

Goal 5.
Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

Objective 1.
Operate a regulatory system to ensure responsive handling of Statement of Ownership and Location and license applications, inspection reports, and complaints as follows: 25 percent installation inspections; 97 percent of applications within established timeframes; and 99 percent of consumer complaint inspections within 30 calendar days of a request.

Outcome Measures
1. Percent of Applications Processed within Established Time Frames
2. Percent of Consumer Complaint Inspections Conducted within 30 Days of Request
3. Percent of Complaints Resulting in Disciplinary Action
4. Percent of Documented Complaints Resolved within Six Months
5. Recidivism Rate for Those Receiving Disciplinary Action

Strategy 1.
Provide services for Statement of Ownership and Location and licensing in a timely and efficient manner.

Efficiency Measures
1. Average Cost per Manufactured Housing Statement of Ownership and Location Issued

Explanatory Measures

1. Number of Manufactured Homes of Record in Texas

Output Measures
1. Number of Manufactured Housing Statements of Ownership and Location Issued
2. Number of Licenses Issued

Strategy 2.
Conduct inspections of manufactured homes in a timely and efficient manner.

Efficiency Measures
1. Average Cost per Inspection

Explanatory Measures
1. Number of Installation Reports Received
2. Number of Installation Inspections with Deviations

Output Measures
1. Number of Routine Installation Inspections Conducted
2. Number of Non-routine Inspections Conducted

Strategy 3.
Process consumer complaints, conduct investigations, and take administrative actions to protect general public and consumers.

Efficiency Measures
1. Average Cost per Complaint Resolved
2. Average Time for Complaint Resolution (Days)

Explanatory Measures
1. Number of Jurisdictional Complaints Received

Output Measures
1. Number of Complaints Resolved

Strategy 4.
Provide for the processing of occupational licenses, registrations, or permit fees through TexasOnline. Estimated and nontransferable.

Goal 6.
Indirect administrative and support costs.

Objective 1.
Indirect administrative and support costs.

Strategies
1. Central administration.
2. Information resource technologies.
3. Operating/support.

TECHNOLOGY INITIATIVE ALIGNMENT

"Technology Initiative Alignment" is the strategic alignment of technology initiatives with agency business needs and priorities. This alignment promotes collaboration between the agency's business and IT leaders, and promotes innovative technology solutions that enable the agency to achieve its objectives. The agency's governance structure guides the creation of technology initiatives to ensure that these initiatives align with the agency's business needs and priorities. Additionally, strategically aligning agency technology initiatives with the statewide technology objectives in the State Strategic Plan (The Texas Transformation) drives economies of scale, increases interoperability among the state's information systems, and promotes interagency collaboration.

TDHCA TECHNOLOGY INITIATIVE ALIGNMENT

TECHNOLOGY INITIATIVE	RELATED AGENCY OBJECTIVE	RE-LATED SSP STRATEGY/ (IES)	STATUS	ANTICIPATED BENEFIT(S)	INNOVATION, BEST PRACTICE, BENCH-MARKING
Improve security policies and practices.	All goals/objectives.	3-1	Planned	Decreases the risk of unintended access to agency information.	Benchmarking: TDHCA will use online DIR IT Security and National Institute of Standards and Technology resources.
Maintain, upgrade, secure, and enhance TDHCA's programmatic and financial systems for managing loans and grants.	Goal/Objective 1-1. Increase Availability of Safe/Decent/Affordable Housing – Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing	3-1 4-2 5-1	Current	Ensures that agency systems for managing loans and grants are in alignment with changing business processes, financial transactions are securely exchanged with the Comptroller's Office and other organizations, and program participants have the ability to report to TDHCA online.	
Redesign TDHCA Web site to provide customers easier access to information.	Goal/Objective 2-1. Provide Information and Assistance – Provide Information and Assistance for Housing and Community Services	4-1 5-1	Current	Provides visitors easier access to information by asking them to select a customer type.	Benchmarking: TDHCA conducted a review of Web sites of other housing finance agencies, Texas state agencies, and businesses.
Host and maintain the Texas Interagency Council for the Homeless Web site.	Goal/Objective 3-1. Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs – Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year	4-4	Current	Assists the council in fulfilling major functions, including helping coordinate the delivery of services for the homeless in Texas and maintaining a central resource and information center for the homeless.	

Maintain, upgrade, secure, and enhance TDHCA's monitoring systems.	Goal/Objective 4-1. Ensure Compliance with Program Mandates – Monitor Developments & Subrecipient Contracts for Compliance	3-1 5-1	Current	Reduces paper processing through online reporting by property managers; increases efficiency through an enterprise architecture in which common data elements are shared with other agency systems.	
Deploy a new Manufactured Housing System that supports all major MH business functions and provides customers with the ability to retrieve MH information and submit forms and associated payments online.	Goal/Objective 5-1. Regulate Manufactured Housing Industry – Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other	1-3 4-1 5-1	Current	Provides MH customers with increased access and flexibility; reduces data entry required by MH staff.	Best Practice: Use of Texas Online for all online payments.

APPENDIX A. DESCRIPTION OF TDHCA'S PLANNING PROCESS

TDHCA's planning process involves a comprehensive approach that includes cooperation, assessment, analysis, and public input. The agency's planning process is used for activities such as developing or revising a rule, creating required state or federal reporting documents, and establishing long-term planning documents. This process centers around forming agency policies and programs on the basis of reliable data, staff expertise, and informed public input from consumers, advocates, housing providers, and legislative members.

In general, the planning process involves the following steps:
1. review of legislative and/or regulatory requirements,
2. development of a timeline,
3. data collection
4. analysis and policy development,
5. legal and executive review,
6. public comment acceptance and response
7. board review and approval (if appropriate), and
8. implementation.

The development of policy for a planning document is used as an example in the following discussion. The planning process begins with the review of the legislative and/or regulatory requirements by legal staff and the appropriate divisional staff. After the requirements are determined, divisional staff will establish a timeline for the planning process through implementation.

A focused effort is made to collect information required to develop the draft policy. Appropriate staff is consulted for their expertise and to request any required supporting TDHCA data. A round table discussion with members of the public may be held to insure that a variety of viewpoints on the relevant issues are obtained. Relevant demographic, economic, and subjective data is also typically assembled from outside sources. This data is obtained from a wide variety of appropriate sources, such as the US Census, Texas State Data Center, Real Estate Center, surveys, and interviews.

The assembled data are then analyzed and used to develop preliminary policies to address the identified need. These policies are developed to be consistent with the goals, objectives, and performance measures as outlined in the TDHCA Plan and reported to the LBB and the Governor's Office of Budget, Planning, and Policy. After the draft policy has been developed, a document is drafted to communicate it to all stakeholders. The draft is then reviewed by legal and executive staff, and is also approved by the TDHCA Board. Any outstanding issues are resolved, and the document (or a summary of the document) is published in the *Texas Register* for public comment. Announcements about the document and the public comment period are also sent out over the agency's list serve and by any legislatively required means.

While quantifying the housing needs of Texas is vital to the TDHCA planning process, it is also essential to reconcile the data with local needs to establish regional priorities. Because of this, the next phase of planning revolves around dialogue with consumers and interested parties. All data and resulting conclusions are made available to the public followed by public comment periods and public hearings.

In addition to the many special topic hearings held each year, TDHCA holds a set of consolidated public hearings annually (Consolidated Hearings) to cover all aspects of the Department's services and the provision of those services. The Consolidated Hearings are held throughout the state in cities selected to reach all regions of Texas. The hearings ensure that TDHCA customers have direct contact with agency staff. The discussions at the public hearings focus on the state's affordable housing and community service needs, agency programs, and agency policies as outlined in the draft *State of Texas Low Income Housing Plan and Annual Report* and the *State of Texas Consolidated Plan*.

TDHCA strongly encourages public involvement in the agency's policy development process. In addition to public hearings, written comment is accepted by mail and e-mail during the public comment periods. At the close of the public comment period, public input is reviewed and reasoned responses are developed. All public comment, both written comment and the hearing transcripts, is published on the agency website with the reasoned responses.

After all information is compiled, policies developed, and public comment is taken, the planning document is finalized. General agency policies are outlined in the *State of Texas Low Income Housing Plan*. Individual programs may have specific documents that govern their activities (i.e., the Qualified Allocation Plan for the HTC Program).

Where required by statute or the Board, documents are brought before the Department's Board for approval. The Department's Board meets once a month to review funding and policy recommendations and reports. All department policies are brought before the Board and are open for public comment at the meeting. The final document is posted for public review seven days before the meeting. Action is taken on the item by the Board. If approved, the policy will be implemented.

For the programs that are competitive and open to various nonprofit and for-profit entities, the Department holds application and implementation workshops. These workshops are used to inform program customers of the services available from TDHCA, as well as train organizations on the implementation of the programs for which they have successfully applied. These workshops present the public the opportunity to address program policies.

In addition to the planning process for rules, policies, and reports, TDHCA also has additional tools it uses for agency planning. One tool used is performance measurement. Performance measurement allows the agency to review its effectiveness. Agency and program effectiveness feeds into the strategic planning process by showing goals that have been met and by showing areas that need additional attention.

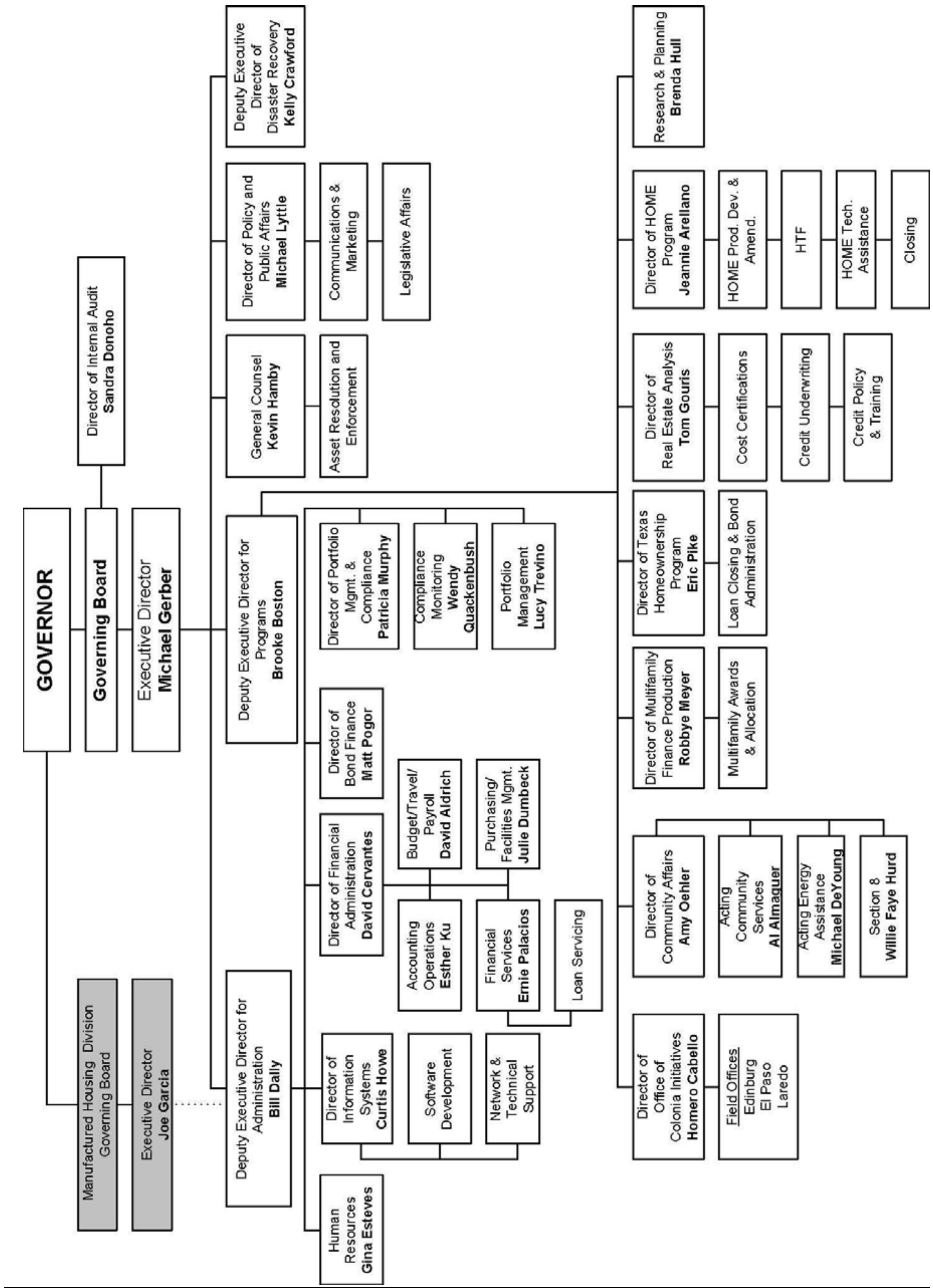
TDHCA also uses the Legislative Appropriations Request as a planning component. Funding by agency strategy allows the agency to express the priorities of the strategic plan in financial terms. Strategies, which are ways to accomplish key objectives, become the basic building blocks for the budgeting and expenditure of state funds. Objectives, strategies, and measures funded in the LAR relate specifically to the primary functions or areas of the agency.

TDHCA has recently implemented a new Strategic Planning Steering Committee (the Committee). The Committee is comprised of senior level staff with experience and expertise in all aspects of the programs and policies of the Department. The goal of the Committee is to provide the Executive team of the Department with recommendations regarding agency-wide short- and long-term planning and policy making decisions. The Committee will also assist in helping to ensure consistency and accuracy in the Department's planning and policy documents. The Committee has been very involved in the development of the 2010-2011 Legislative Appropriations Request, including detailed review of proposed budget structure changes, exceptional items, rider changes, performance measure targets and strategy level budget development. The Committee will continue to review and make recommendations throughout the upcoming planning process including the development of the *State of Texas Consolidated Plan* and the *State of Texas Low Income Housing Plan and Annual Report.*

Finally, TDHCA uses enterprise risk management as part of the agency's planning process. Risk management identifies and measures critical operational, strategic, and environmental risks. The process involves the following steps: identify key processes, identify risks that threaten key processes, rate severity and probability of each risk, and decide what internal controls can be used to avoid/reduce risk. The results of this assessment are then used to implement risk mitigation. This activity is an important component of strategic planning because it helps to clarify the agency's key processes and ensure that they are successfully maintained.

TDHCA continues to work toward a comprehensive approach to planning, focusing on its missions, goals, and objectives, and establishing meaningful performance measures to report its progress toward those goals and objectives.

APPENDIX B. CURRENT ORGANIZATIONAL CHART



APPENDIX C. FIVE-YEAR PROJECTIONS FOR OUTCOMES

Key Outcome Measures are shown in bold.

1 Increase Availability of Safe/Decent/Affordable Housing	2008	2009	2010	2011	2012	2013
1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing						
% of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance	0.74%	0.74%	0.72%	0.71%	0.71%	0.71%
% of Households/Individuals of Very Low Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance	0.26%	0.25%	0.26%	0.26%	0.26%	0.26%
% of Households/Individuals of Low Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance	2.43%	2.39%	2.36%	2.35%	2.35%	2.35%
% of Households/Individuals of Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance	0.16%	0.13%	0.11%	0.11%	0.11%	0.11%
% of Multi-family Rental Units Benefiting Very Low, Low and Moderate Income Households	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of Single Family Finance Division Funding for Affordable Housing Assistance that Is Allocated Within Established Time Frames	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of Multifamily Finance Division Funding for Affordable Housing Assistance that Is Allocated Within Established Time Frames	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2 Provide Information and Technical Assistance						
1 Provide Info & Technical Assistance for Housing and Community Services						
% of Short Term and Long Term Information and Technical Assistance Requests Fulfilled Within Established Time Frames	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs						
1 Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year						
% of Persons in Poverty that Received Homeless and Poverty-related Assistance	12.35%	12.38%	12.35%	12.35%	12.35%	12.35%
% of Emergency Shelters Assisted	8.34%	8.23%	8.23%	8.23%	8.23%	8.23%
% of Persons Assisted that Achieve Incomes above Poverty Level	0.08%	0.07%	0.07%	0.07%	0.07%	0.07%
2 Reduce Cost of Home Energy for 6% of Very Low Income Households						
% of Very Low Income Households Receiving Energy Assistance	4.12%	4.11%	3.85%	3.85%	3.85%	3.85%
4 Ensure Compliance with Program Mandates						
1 Monitor Developments and Subrecipient Contracts for Compliance						
% of Multifamily and/or Single Family Rental Properties Monitored Annually	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of Contracts Administered Annually by the PMC Division	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of Properties Monitored by the PMC Division that Are in Material Non-compliance	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

5 Regulate Manufactured Housing Industry	2008	2009	2010	2011	2012	2013
1 Operate a Regulatory System Ensure Responsive SOL/Licensing/Other						
% of Applications Processed within Established Time Frames	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of Consumer Complaint Inspections Conducted within 30 Days of Request	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of Complaints Resulting in Disciplinary Action	15.00%	15.00%	20.00%	20.00%	20.00%	20.00%
% of Documented Complaints Resolved within Six Months	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Recidivism Rate for those Receiving Disciplinary Action	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

APPENDIX D. LIST OF MEASURE DEFINITIONS

OUTCOME MEASURE DEFINITIONS

1.1.1 Outcome

Definition: The percentage of households/individuals of very low, low, and moderate income that need housing and subsequently receive housing or housing related assistance represents services provided by the Housing Trust program, the HOME program, the Section 8 program, the HTC program, the Single Family Bond program, and the MFB program.

Data Limitations: The Department contracts with local entities to administer it's various housing programs. The intake, eligibility review and actual service is provided at the local level. The reporting of households served is provided by the contracted entity. Reported performance is considered reliable.

Data Source: The number of households served is maintained by each housing program and reported quarterly. Data is entered by staff and maintained in the agency's computer system.

Methodology: The percent of households assisted is based on: (numerator) an actual count of households/individuals using TDHCA's housing programs and (denominator) the most recent census data of Texans who need affordable housing.

Purpose: This measure addresses the extent to which services are provided by all housing programs and calculates the level of service compared to the need. This measure is important because it identifies the total population in need and of that population identifies how many households/individuals the housing programs were able to serve.

1.1.2 Outcome

Definition: The percentage of very low income households receiving housing assistance represents services provided by the Housing Trust program, the HOME program, the Section 8 program, the HTC program, the Single Family Bond program, and the MFB program.

Data Limitations: The Department contracts with local entities to administer it's various housing programs. The intake, eligibility review and actual service is provided at the local level. The reporting of households served is provided by the contracted entity. Reported performance is considered reliable.

Data Source: The number of very low income households served is maintained by each housing program and reported quarterly. Data is entered by staff and maintained in the agency's computer system.

Methodology: The percent of households of very low income served with housing or housing related assistance is based on: (numerator) an actual count of households/individuals using TDHCA's housing programs and (denominator) the most recent census data of very low income Texans who need affordable housing.

Purpose: The measure addresses the extent to which services are provided by all housing programs for very low income and calculates the level of service provided to the very low income population.

1.1.3 Outcome

Definition: The percentage of low income households receiving housing assistance represents services provided by the Housing Trust program, the HOME program, the Section 8 program, the HTC program, the Single Family Bond program, and the MFB program.

Data Limitations: The Department contracts with local entities to administer it's various housing programs. The intake, eligibility review and actual service is provided at the local level. The reporting of households served is provided by the contracted entity. Reported performance is considered reliable.

Data Source: The number of low income households served is maintained by each housing program and reported quarterly. Data is entered by staff and maintained in the agency's computer system.

Methodology: The percent of households of low income served with housing or housing related assistance is based on: (numerator) an actual count of households/individuals using TDHCA's housing programs and (denominator) the most recent census data of low income Texans who need affordable housing.

Purpose: The measure addresses the extent to which services are provided by all housing programs for low income and calculates the level of service provided to the low income population. This measure is important because it identifies, of the number of low income, how many low income households/individuals the housing programs were able to serve.

1.1.4 Outcome

Definition: The percentage of moderate income households receiving housing assistance represents services provided by the Single Family Bond program.

Data Limitations: The Department contracts with a Master Servicer to maintain data of households served. The intake, eligibility review and actual service is provided at the local level. The reporting of households served is provided by the Master Servicer. Reported performance is considered reliable.

Data Source: The number of moderate income households served is maintained by the Single Family Bond program and reported quarterly. Data is provided by the Master Servicer, entered by staff and maintained in the agency's computer system.

Methodology: The percent of households of moderate income served with housing or housing related assistance is based on: (numerator) an actual count of moderate income households/individuals using TDHCA's housing programs and (denominator) the most recent census data of moderate income Texans who need affordable housing.

Purpose: The measure addresses the extent to which services are provided by the Single Family Bond program, which is the only housing program serving the moderate income population. This measure is important because it identifies, of the number of moderate income, how many moderate income households/individuals the Single Family Bond program was able to serve.

1.1.5 Outcome

Definition: Under the multifamily bond programs, developers/borrowers can designate either 20% of the units in each property at 50% area median family income or 40% of the units at 60% area median family income. It is not possible to determine on a projection basis the overall percentage of units within these categories that will be financed in a given year.

Data Limitations: The number of units available for very low and low income households is reported by the project developer. Performance depends on the allocation of volume cap by state lottery conducted by the Texas Bond Review Board.

Data Source: The number of very low and low income households served is maintained by the MFB program and reported quarterly. Data is entered by staff and maintained in the agency's computer system.

Methodology: To calculate the percentage of units financed at the end of the year for any category, divide the number of total units within each category by the number of total units financed.

Purpose: The measure addresses the number of units in a development that have been designated for very low and low income families. This measure is important because it measures how effectively the MFB program has been in providing rental units to very low and low income households/individuals.

1.1.6 Outcome

Definition: This measure tracks the percentage of funds allocated by the single family finance division within established time frames.

Data Limitations: No limitations.

Data Source: The allocation of funds is tracked by the division for each separate program. Data is entered by staff and maintained in the agency's computer system.

Methodology: The percent of funds allocated on time will be based on (numerator) total funds to be allocated by the deadline established for each program and (denominator) the total amount of funds allocated.

Purpose: To ensure that the agency is distributing housing funds from several sources in a timely manner.

1.1.7 Outcome

Definition: This measure that tracks the percentage of funds allocated by the multifamily finance division within established time frames.

Data Limitations: No limitations

Data Source: The allocation of funds is tracked by the division for each separate program. Data is entered by staff and maintained in the agency's computer system.

Methodology: The percent of funds allocated on time will be based on (numerator) total funds allocated by the deadline established for each program and (denominator) the total amount of funds allocated.

Purpose: To ensure that the agency is distributing housing funds from several sources in a timely manner.

2.1.1 Outcome

Definition: This measure tracks the percentage of information and technical assistance requests completed within established time frames by the Center for Housing Research, Planning, and Communications.

Data Limitations: No limitations

Data Source: The receipt and response to requests is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The percent of requests completed on time will be based on (numerator) total requests completed by the deadline established and (denominator) the total amount of requests completed.

Purpose: To ensure that the Department is responding to consumer information and technical assistance requests in a timely manner.

3.1.1 Outcome

Definition: The percentage of very low income persons (persons at or below 125% of poverty) receiving assistance divided by the total number of persons at or below 125% of poverty in Texas. Information on the number of persons assisted is submitted to the Department by subrecipients.

Data Limitations: No limitations of data.

Data Source: The percent of very low income persons (at or below 125% of poverty) that received assistance through all Community Services programs as reported in the monthly performance reports submitted to the Department by subrecipients. Subrecipients track the data manually on a daily basis and submit it to the Department in a monthly performance report.

Methodology: Based on the monthly performance reports submitted by subrecipients, the Department determines the percent of very low income persons served by dividing the total number of low income persons (at or below 125% of poverty) by the total number of persons at or below 125% of poverty in Texas: 4,172,890 as per 2000 US Census. Monthly performance information is entered in the Department's database and maintained by the Department.

Purpose: The measure identifies the percent of the very low income population (persons at or below 125% of poverty) assisted by Community Services programs. This measure is important because it identifies the impact Community Services programs have had on the target population.

3.1.2 Outcome

Definition: The percent of emergency shelters assisted is based on the number of shelters/service providers assisted through ESGP funds during the fiscal year. Each project funded through ESGP subrecipients is counted as a shelter assisted.

Data Limitations: No limitations of data.

Data Source: The total number of shelters is determined by counting the number of shelters/services providers included in the ESGP mailing list maintained by the Community Services section. The Department counts each project funded through ESGP subrecipients as a shelter assisted. The Department tracks this information from contract records.

Methodology: The percent of emergency shelters assisted is based on the number of shelters/service providers assisted through ESGP funds during the fiscal year divided by the number of homeless shelters/service providers that exist in Texas.
Purpose: The measure identifies the percent of all homeless shelters/service providers in Texas that receive assistance in a fiscal year. This measure is important because it indicates how effective the program has been in providing assistance to emergency shelters in the State.

3.1.3 Outcome
Definition: The percent of persons assisted in the CSBG program that achieve incomes above 125% of poverty is the number of persons assisted that achieve incomes above 125% of poverty, and maintain that income level for a minimum of 90 days, divided by the total number of persons at or below 125% of poverty in Texas.
Data Limitations: No limitations.
Data Source: Subrecipients report this information in their monthly performance report The data is entered on the Department's database and maintained by the Department.
Methodology: The percentage of very low income persons (persons at or below 125% of poverty) maintaining that level of income for a minimum of 90 days divided by the total number of persons at or below 125% of poverty in Texas (4,172,890). Information on the number of persons assisted is submitted to the Department by subrecipients.
Purpose: Subrecipients are required to track the number of persons assisted that achieve incomes above 125% of poverty as a result of efforts by the subrecipients.

3.2.1 Outcome
Definition: The percentage of very low income households receiving energy assistance represents all Energy Assistance programs. Information on the number of households assisted is submitted to the Department by subrecipients.
Data Limitations: No limitations of data.
Data Source: The percent of very low income households that received energy assistance through all Energy Assistance programs is based on data reported in the Monthly Funding Financial Performance Reports and the Progress Expenditure/Monthly Fund Request Reports. According to the publication entitled "LIHEAP Home Energy Notebook for Fiscal Year 2001", issued April 7, 2003 to LIHEAP grantees by the Office of Community Services of the US Department of Health and Human Services, the number of income-eligible households for Texas is 1,324,059.
Methodology: The data is entered in an automated system and maintained by the Department. The percent of very low income households receiving energy assistance is calculated by dividing the number of very low income households receiving CEAP or WAP assistance by the most current census data representing the number of households at or below 125% of poverty in Texas (1,324,059 income-eligible households).
Purpose: The measure identifies the percent of the very low income population assisted by Energy Assistance programs. This measure indicates how effectively the Department has provided energy related services to the target population and the impact of the programs statewide.

4.1.1 Outcome

Definition: Measure represents the percentage of HTC (HTC), Affordable Housing Disposition, HOME, Tax-Exempt Bond, HTF, and other affordable housing rental projects monitored annually through on-site, in-depth, or desk reviews of tenant files. Onsite reviews also include a property and unit inspection.

Data Limitations: No limitations of data.

Data Source: Projects are monitored through on-site, in-depth, or desk reviews. Data is gathered from Departmental databases.

Methodology: The percent is derived by dividing the actual number of rental projects monitored by the total number of rental projects required to be monitored in the TDHCA Compliance portfolio.

Purpose: The Compliance section was formed to address long term compliance responsibilities of the various housing programs administered by TDHCA. The measure is important because it identifies the percent of projects monitored. Each program dictates the frequency and type of monitoring.

4.1.2 Outcome

Definition: The percent of contracts administered by PMC. Administration means ongoing contract administration activities and/or compliance monitoring reviews.

Data Limitations: No limitations

Data Source: Contracts are tracked through Department databases.

Methodology: The percent is derived by dividing the actual number of contracts administered by the number of contracts required to be administered in the contract portfolio.

Purpose: This measure identifies the percentage of contracts administered by PMC.

4.1.3 Outcome

Definition: Measure represents the percentage of HTC (HTC), Affordable Housing Disposition, HOME, Tax-Exempt Bond, HTF, and other affordable housing rental developments monitored that are determined to be in material non-compliance. Material non-compliance is identified through on-site monitoring reviews and in-depth desk reviews.

Data Limitations: No limitations.

Data Source: Information is tracked in Departmental databases.

Methodology: The percent is derived by dividing the total number of rental developments in material non-compliance by the number of rental developments monitored.

Purpose: This measure will report the developments that are in "material non-compliance" status.

5.1.1 Outcome

Definition: The percentage of Statement of Ownership & Location (SOL) and License applications processed within established time frames as opposed to those that are not.

Data Limitations: No limitations of data.

Data Source: Both the Statement of Ownership & Location and Licensing functional areas of the Manufactured Housing Division review a random selection of 25 or more applications (per month) within a reporting period.

Methodology: To obtain the percentage, divide the number of applications that are processed within the required time frame by the total number reviewed by random selection. The percentage is attained by combining the results of the SOL and Licensing functional areas. Information is manually prepared.

Purpose: Applications are processed within established time frames. The time frame for SOL applications is 10 working days; the time frame for Licensing applications is 7 working days. The importance is to measure the ability of the agency to process applications in a timely manner.

5.1.2 Outcome

Definition: The percentage of consumer complaint inspections conducted within 30 days is based on the number of consumer and industry requested inspections completed within 30 calendar days from the date that an inspection is requested.

Data Limitations: No limitations of data.

Data Source: Information is maintained in the Consumer Complaint Tracking System (CCTS).

Methodology: To obtain the percentage, divide the total number of inspections conducted within the required 30 calendar days by the total number of required inspections conducted within the reporting period.

Purpose: Consumer complaints must be addressed as required by the Act. The importance is to measure the ability of the agency to conduct consumer complaint inspections in a timely manner and to comply with the requirements set forth in the Act.

5.1.3 Outcome

Definition: The percentage of complaints that result in disciplinary action, including agreed orders, reprimands, warnings, suspensions, probation, revocation, restitution and/or penalties on which the board or executive director has acted when violations cannot be resolved informally.

Data Limitations: No limitations of data.

Data Source: Information is maintained in the Consumer Complaint Tracking System (CCTS).

Methodology: To obtain the percentage, divide the number of closed complaints with a disciplinary action by the total number of jurisdictional complaints closed.

Purpose: Efforts are made to informally resolve complaints. Violations of manufactured housing standards that cannot be resolved result in disciplinary actions. It is important that the consumers and the manufactured housing industry have an expectation that the agency will ensure fair and effective enforcement of the Act.

5.1.4 Outcome

Definition: The percentage of complaints resolved within a period of 6 months (183 days) or less from the date of receipt as opposed to complaints which take longer than six months to resolve.

Data Limitations: No limitations of data.

Data Source: Information is maintained in the Consumer Complaint Tracking System (CCTS).

Methodology: The number of jurisdictional complaints resolved within a period of six months (183 days) or less from the date of receipt divided by the total number of jurisdictional complaints resolved.

Purpose: Of the number of complaints resolved, the measure identifies those complaints that have been resolved within six months. It is important to ensure the timely enforcement of the Act, which is an agency goal.

5.1.5 Outcome

Definition: The recidivism rate for those receiving disciplinary action is the percentage of offenders who were repeat offenders during the most recent three-year period. A repeat offender is an individual or license holder with two or more disciplinary actions taken by the executive director or board within the current and preceding two fiscal years.

Data Limitations: No limitations of data.

Data Source: Information is maintained in the Consumer Complaint Tracking System (CCTS).

Methodology: To obtain the percentage, calculate the number of individuals or license holders against whom two or more disciplinary actions were taken by the executive director or board within the current and preceding two fiscal years divided by the total number of individuals or license holders receiving disciplinary actions within the current and preceding two fiscal years.

Purpose: The measure is intended to show how effectively the agency enforces its regulatory requirements and prohibitions. It is important that the agency enforce its act and rules strictly enough to ensure that consumers are protected from unsafe, incompetent and unethical practices by the license holder.

OUTCOME, EFFICIENCY, AND EXPLANATORY MEASURE DEFINITIONS

1.1.1.1 Efficiency

Definition: A measure that tracks the average First Time Homebuyer Program loan without down payment assistance amount per household assisted.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total amount of the loans will be summed and divided by the corresponding number of households.

Purpose: This measure identifies the costs and efficiency of loans without down payment assistance made through the First Time Homebuyer Program.

1.1.1.2 Efficiency

Definition: A measure that tracks the average First Time Homebuyer loan with down payment assistance per household assisted.

Data Limitations: No limitations

Data Source: The number and amounts of the loans are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of loans will be summed and divided by the corresponding number of loans.

Purpose: This measure identifies the costs and efficiency of loans with down payment assistance made through the First Time Homebuyer Program.

1.1.1.3 Efficiency

Definition: A measure that tracks the average amount of loans/grants for new construction utilizing single family bond funds.

Data Limitations: No limitations

Data Source: The numbers and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of loans/grants for new construction utilizing single family bond funds will be summed and divided by the projected number of households assisted through new construction utilizing single family bond funds.

Purpose: This measure identifies the costs associated with new construction utilizing single family bond funds.

1.1.1.4 Efficiency

Definition: A measure that tracks the average amount of loans/grants for rehabilitation utilizing single family bond funds.

Data Limitations: No limitations

Data Source: The numbers and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of loans/grants for rehabilitation utilizing single family bond funds will be summed and divided by the projected number of households assisted through rehabilitation utilizing single family bond funds.

Purpose: This measure identifies the costs associated with rehabilitation utilizing single family bond funds.

1.1.1.5 Efficiency

Definition: A measure that tracks the average Mortgage Credit Certificate (MCC) amount.

Data Limitations: There are no data limitations.

Data Source: The numbers and amounts of the MCCs are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of the MCCs will be summed and divided by the number of MCCs.

Purpose: This measure identifies the cost and efficiency of MCCs.

1.1.1.1 Explanatory
Definition: A measure that tracks the number of households receiving loans without down payment assistance through the First Time Homebuyer Program.
Data Limitations: No Limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number will be a count of loans without down payment assistance funded through the First Time Homebuyer Program.
Purpose: To track the amount households receiving loans without down payment assistance through the First Time Homebuyer Program.

1.1.1.2 Explanatory
Definition: A measure that tracks the number of households receiving loans with down payment assistance through the First Time Homebuyer Program.
Data Limitations: No limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number will be a count of loans with down payment assistance funded through the First Time Homebuyer Program. Performance is measured when loans are funded.
Purpose: To track the number of households receiving loans with down payment assistance through the First Time Homebuyer Program.

1.1.1.3 Explanatory
Definition: A measure that tracks the projected number of households assisted utilizing single family bond program funds for new construction.
Data Limitations: No limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number will be a count of projected households assisted through new construction utilizing single family bond funds. Performance is measured when loans are funded.
Purpose: To track the amount of households assisted through new construction activities utilizing single family bond funds.

1.1.1.4 Explanatory
Definition: A measure that tracks the projected number of households assisted through rehabilitation utilizing single family bond funds.
Data Limitations: No limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through rehabilitation utilizing single family bond funds. Performance is measured when loans are funded.
Purpose: To track the number of households assisted through rehabilitation activities utilizing single family bond funds.

1.1.1.5 Explanatory
Definition: A measure that tracks the number of Mortgage Credit Certificates (MCCs).
Data Limitations: There are no data limitations.
Data Source: The number of MCCs is tracked by the Single Family Finance Production Division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number will be a count of the issued MCCs.
Purpose: This measure identifies the number of households receiving MCCs.

1.1.1.1 Output
Definition: A measure that tracks the projected number of households assisted with single family mortgage revenue bond funds.
Data Limitations: No limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number will be a count of projected households assisted through the single family bond funds. Performance is measured when loans are funded.
Purpose: To track the total number of households assisted with single family mortgage revenue bond funds.

1.1.2.1 Efficiency
Definition: A measure that tracks the average amount per unit of single family HOME grants for new construction.
Data Limitations: No limitations
Data Source: The number and amounts of the grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The total dollar amount of new construction activities utilizing HOME funds will be totaled and divided by the projected number of units assisted through new construction utilizing HOME funds.
Purpose: This measure identifies the costs associated with new construction activities utilizing HOME funds.

1.1.2.2 Efficiency
Definition: A measure that tracks the average amount per household of loans/grants for rehabilitation utilizing single family HOME funds.
Data Limitations: No limitations
Data Source: The numbers and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total dollar amount of rehabilitation utilizing HOME funds will be summed and divided by the projected number of households assisted through rehabilitation utilizing HOME funds.
Purpose: This measure identifies the costs associated with rehabilitation utilizing HOME funds.

1.1.2.3 Efficiency
Definition: A measure that tracks the average amount per household of mortgage financing and homebuyer assistance grants utilizing single family HOME CHDO funds.
Data Limitations: No limitations
Data Source: The amounts of the financing and grants and number of units are tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The total dollar amount of mortgage financing and homebuyer assistance funds awarded utilizing HOME CHDO funds will be summed and divided by the projected number of units assisted through financing and homebuyer assistance activities.
Purpose: This measure identifies the costs associated with financing affordable housing utilizing HOME CHDO funds.

1.1.2.4 Efficiency
Definition: A measure that tracks the average amount per household of homebuyer assistance loans and/or grants utilizing single family HOME non-CHDO funds.
Data Limitations: No limitations
Data Source: The number and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The total dollar amount of homebuyer assistance loans/grants utilizing HOME non-CHDO funds will be summed and divided by the projected number of households assisted through homebuyer assistance activities.
Purpose: This measure identifies the costs associated with financing affordable housing and measures the efficiency of allocating HOME non-CHDO funds.

1.1.2.5 Efficiency
Definition: A measure that tracks the average amount per household of tenant based rental assistance utilizing HOME funds.
Data Limitations: No limitations
Data Source: The numbers and amounts are tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The total dollar amount of tenant based rental assistance utilizing HOME funds will be summed and divided by the projected number of households assisted through tenant based rental assistance utilizing HOME funds.
Purpose: This measure identifies the costs associated with tenant based rental assistance utilizing HOME funds.

1.1.2.1 Explanatory

Definition: A measure that tracks the projected number of households assisted utilizing single family HOME funds for new construction.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted utilizing HOME funds for new construction. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted utilizing HOME funds for new construction.

1.1.2.2 Explanatory

Definition: A measure that tracks the projected number of households assisted through single family HOME funds for rehabilitation.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through HOME funds for rehabilitation. Performance is measured when contracts are awarded or loans are funded.

Purpose: To track the number of households assisted through HOME funds for rehabilitation.

1.1.2.3 Explanatory

Definition: A measure that tracks the projected number of households assisted through single family HOME CHDO funds for mortgage financing and homebuyer assistance.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through HOME CHDO funds for mortgage financing and homebuyer assistance. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted through HOME CHDO funds for mortgage financing and homebuyer assistance.

1.1.2.4 Explanatory

Definition: A measure that tracks the projected number of households assisted through single family HOME non-Community Development Housing Organization (non-CHDO) funds for homebuyer assistance.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through HOME non-CHDO funds for financing and homebuyer assistance. Performance is measured when contracts are awarded.
Purpose: To track the number of households assisted through HOME non-CHDO funds for homebuyer assistance.

1.1.2.5 Explanatory
Definition: A measure that tracks the projected number of households assisted through HOME tenant based rental assistance.
Data Limitations: No limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number will be a count of projected households assisted through HOME tenant based rental assistance. Performance is measured when contracts are awarded.
Purpose: To track the number of households assisted through HOME tenant based rental assistance.

1.1.2.1 Output
Definition: A measure that tracks the projected number of households assisted through HOME funds in the single family finance division.
Data Limitations: No limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number will be a count of projected households assisted through HOME funds. Performance is measured when contracts are awarded.
Purpose: To track the amount of households assisted through single family HOME funds.

1.1.3.1 Efficiency
Definition: A measure that tracks the average amount per unit of loans/grants for new construction utilizing the HTF.
Data Limitations: No limitations
Data Source: The numbers and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The total dollar amount of loans/grants for new construction utilizing the HTF will be summed and divided by the projected number of households assisted through new construction utilizing the HTF.
Purpose: This measure identifies the costs associated with new construction utilizing the HTF.

1.1.3.2 Efficiency
Definition: A measure that tracks the average amount per unit of loans/grants for rehabilitation utilizing the HTF.
Data Limitations: No limitations

Data Source: The numbers and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The total dollar amount of loans/grants for rehabilitation utilizing the HTF will be summed and divided by the projected number of households assisted through rehabilitation utilizing the HTF.
Purpose: This measure identifies the costs associated with rehabilitation utilizing the HTF.

1.1.3.1 Explanatory
Definition: A measure that tracks the projected number of households assisted through new construction utilizing the HTF.
Data Limitations: No limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number will be a count of projected households assisted through new construction utilizing the HTF. Performance is measured when loans are funded.
Purpose: To track the number of households assisted through new construction utilizing the HTF.

1.1.3.2 Explanatory
Definition: A measure that tracks the projected number of households assisted through rehabilitation utilizing the HTF.
Data Limitations: No limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number will be a count of projected households assisted through rehabilitation utilizing the HTF. Performance is measured when loans are funded.
Purpose: To track the number of households assisted through rehabilitation utilizing the HTF.

1.1.3.1 Output
Definition: A measure that tracks the projected number of households assisted through the HTF in the single family finance division.
Data Limitations: No limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number will be a count of projected households assisted through HTF funds. Performance is measured when loans are funded.
Purpose: To track the amount of households assisted through single family HTF funds.

1.1.4.1 Efficiency
Definition: The average cost per household served represents an average of the local operators payments and TDHCA administrative expenditures.
Data Limitations: No limitations

Data Source: Expenditures are tracked through the Department's financial automated system.

Methodology: The average cost per household served is the sum of local operators payments and TDHCA administrative expenditures divided by the total number of contracts executed and managed, i.e., total new and renewed contracts added to the number of contracts in place September 1.

Purpose: The measure identifies the efficiency in costs to provide Section 8 services to a very low income household.

1.1.4.1 Output

Definition: The number of very low income households receiving rent supplements represents the total number of households participating in the Section 8 certificate program and the Housing Choice Voucher program.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected households assisted through Section 8 tenant based rental assistance. The performance figure reported for the first quarter represents the total number of households receiving Section 8 assistance as of September 1. Subsequent quarters report only new contracts executed for the reporting period.

Purpose: To track the amount of households assisted through Section 8 tenant based rental assistance.

1.1.5.1 Efficiency

Definition: A measure that tracks the projected average amount of credits per low income unit of new construction utilizing the HTC program.

Data Limitations: Federal regulations establish the amount of tax credits available.

Data Source: The projected number of low income units and amount of credits for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: This figure will be calculated by dividing the sum of total new construction tax credits awarded by the number of restricted units to be newly constructed. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to accurately reflect any awards that will not actually be utilized do to problems with the transaction.

Purpose: This measure identifies the subsidy associated with developing affordable housing units and measures the efficiency of allocating tax credits.

1.1.5.2 Efficiency

Definition: A measure that tracks the average total development costs per unit of new construction utilizing the HTC program.

Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The projected total number of units in the development and total development costs for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated by dividing the sum of total new construction development costs by the number of restricted units to be newly constructed. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to accurately reflect any awards that will not actually be utilized do to problems with the transaction.
Purpose: This measure identifies the total development costs associated with developing affordable housing units. Although useful to track, this measure is outside of the Department's control.

1.1.5.3 Efficiency
Definition: A measure that tracks the projected average amount of credits per rehabilitated and acquired low income unit utilizing HTCs.
Data Limitations: Federal regulations establish the amount of tax credits available.
Data Source: The projected number of low income units and amount of credits for rehabilitation and acquisition is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated by dividing the sum of total annual rehabilitation tax credits awarded by the number of restricted units to be rehabilitated. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to accurately reflect any awards that will not actually be utilized do to problems with the transaction.
Purpose: This measure identifies the subsidy associated with rehabilitating and acquiring affordable housing and measures the efficiency of allocating tax credits.

1.1.5.4 Efficiency
Definition: A measure that tracks the average total development costs per rehabilitated and acquired unit utilizing HTCs.
Data Limitations: Information is based on preliminary estimates by the applicants.
Data Source: The total development costs and the projected total number of units in the development is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated by dividing the sum of total rehabilitation development costs by the number of restricted units to be rehabilitated. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to

accurately reflect any awards that will not actually be utilized do to problems with the transaction.
Purpose: This measure identifies the total development costs associated with rehabilitating and acquiring affordable housing.

1.1.5.1 Explanatory
Definition: A measure that tracks the projected number of low income new construction units assisted through the HTC program.
Data Limitations: Federal regulations establish the amount of tax credits available.
Data Source: The projected number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated as the sum of all units to be newly constructed as proposed in awarded applications. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to accurately reflect any awards that will not actually be utilized do to problems with the transaction.
Purpose: To track the number of new construction units assisted through the HTC program.

1.1.5.2 Explanatory
Definition: A measure that tracks the projected number of low income rehabilitation and acquisition units assisted through the HTC program.
Data Limitations: Federal regulations establish the amount of tax credits available.
Data Source: The projected number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated as the sum of all units to be rehabilitated as proposed in awarded applications. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to accurately reflect any awards that will not actually be utilized do to problems with the transaction.
Purpose: To track the number of rehabilitation and acquisition units assisted through the HTC program.

1.1.5.1 Output
Definition: A measure that tracks the projected number of low income units financed through the multifamily division utilizing HTCs.
Data Limitations: No limitations
Data Source: The number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated as the sum of all units to be newly constructed or rehabilitated as proposed in awarded applications. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction

closes. At the close of the fiscal year, this data will be updated to accurately reflect any awards that will not actually be utilized do to problems with the transaction.
Purpose: To track the total amount of multifamily units assisted utilizing the HTC program.

1.1.6.1 Efficiency
Definition: A measure that tracks the projected average amount or loans/grants per low income unit of new construction utilizing HOME CHDO funds.
Data Limitations: No limitations
Data Source: The projected number of low income units and amount of funds utilized for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The total dollar amount of new construction assistance utilizing HOME CHDO funds will be summed and divided by the projected number of new construction low income units assisted utilizing HOME CHDO funds.
Purpose: This measure identifies the loan/grant amount associated with developing housing units and measures the efficiency of utilizing HOME CHDO funds.

1.1.6.2 Efficiency
Definition: A measure that tracks the projected average total development costs of HOME CHDO new construction.
Data Limitations: Information is based on preliminary estimates by the applicants.
Data Source: The projected total number of units in the development and total development costs for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This measure will be calculated by dividing the sum of HOME CHDO new construction total development costs estimated in awarded applications by the corresponding number of restricted units to be newly constructed.
Purpose: This measure identifies the total development costs associated with developing affordable housing units.

1.1.6.3 Efficiency
Definition: A measure that tracks the projected average amount per low income unit of new construction utilizing HOME non-CHDO funds.
Data Limitations: No limitations
Data Source: The projected number of low income units and amount of funds utilized for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated by dividing the amount of HOME Non-CHDO new construction funds awarded by the corresponding number of restricted units to be newly constructed.
Purpose: This measure identifies the loan/grant amount associated with developing affordable housing units and measures the efficiency of utilizing HOME non-CHDO funds.

1.1.6.4 Efficiency

Definition: A measure that tracks the average total development costs per unit of HOME non-CHDO new construction.

Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The projected total number of units in the development and total development costs for new construction is tracked by the division. Data is entered by staff and maintained in the agency’s computer system.

Methodology: This figure will be calculated by dividing the sum of HOME Non-CHDO total development costs estimated in awarded applications by the corresponding number of restricted units to be newly constructed.

Purpose: This measure identifies the total development costs associated with developing affordable housing units.

1.1.6.5 Efficiency

Definition: A measure that tracks the projected average amount per low income unit of rehabilitation and acquisition utilizing HOME CHDO funds.

Data Limitations: No limitations

Data Source: The projected number of low income units and amount of funds utilized for rehabilitation and acquisition is tracked by the division. Data is entered by staff and maintained in the agency’s computer system.

Methodology: This measure will be calculated by dividing the amount of HOME CHDO rehabilitation/acquisition funds awarded by the corresponding number of units to be rehabilitated or acquired. This figure will not include CHDO Operating Grants or Predevelopment Loans.

Purpose: This measure identifies the amount associated with the rehabilitation and acquisition of affordable housing units and measures the efficiency of utilizing HOME CHDO funds.

1.1.6.6 Efficiency

Definition: A measure that tracks the projected average total development costs of HOME CHDO rehabilitation and acquisition.

Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The projected total number of units in the development and total development costs for rehabilitation and acquisition is tracked by the division. Data is entered by staff and maintained in the agency’s computer system.

Methodology: This measure will be calculated by dividing the sum of HOME CHDO rehabilitation/acquisition total development costs estimated in awarded applications by the corresponding number of units to be rehabilitated or acquired. This figure will not include CHDO Operating Grants or Predevelopment Loans.

Purpose: This measure identifies the total development costs associated with the rehabilitation and acquisition of affordable housing units.

1.1.6.7 Efficiency

Definition: A non-key measure that tracks the projected average amount per low income unit of rehabilitation and acquisition utilizing HOME non-CHDO funds.

Data Limitations: No limitations

Data Source: The projected number of low income units and amount of funds utilized for rehabilitation and acquisition is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: This measure will be calculated by dividing the amount of HOME Non-CHDO rehabilitation/acquisition funds awarded by the corresponding number of units to be rehabilitated or acquired. This figure will not include CHDO Operating Grants or Predevelopment Loans.

Purpose: This measure identifies the amount associated with the rehabilitation and acquisition of affordable housing units and measures the efficiency of utilizing HOME non-CHDO funds.

1.1.6.8 Efficiency

Definition: A measure that tracks the average total development costs per unit of HOME non-CHDO rehabilitation and acquisition.

Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The projected total number of units in the development and total development costs for rehabilitation and acquisition is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The total development costs of rehabilitation and acquisition assistance utilizing HOME non-CHDO funds will be summed and divided by the projected total number of rehabilitation and acquisition units.

Purpose: This measure identifies the total development costs associated with the rehabilitation and acquisition of affordable housing units.

1.1.6.1 Explanatory

Definition: A measure that tracks the projected number of households assisted utilizing multifamily HOME CHDO funds for new construction.

Data Limitations: No limitations

Data Source: The projected number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: This figure will be calculated as the sum of all restricted units awarded HOME CHDO funds for new construction activities. This figure will not include CHDO Operating Grants or Predevelopment Loans.

Purpose: To track the number of households assisted utilizing HOME CHDO funds for new construction.

1.1.6.2 Explanatory

Definition: A measure that tracks the projected number of households assisted utilizing multifamily HOME non-CHDO (non-CHDO) funds for new construction.

Data Limitations: No limitations

Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated as the sum of all restricted units awarded HOME Non-CHDO funds for new construction activities.
Purpose: To track the number of households assisted through HOME non-CHDO funds for new construction.

1.1.6.3 Explanatory
Definition: A measure that tracks the projected number of households assisted utilizing multifamily HOME CHDO funds for rehabilitation and acquisition.
Data Limitations: No limitations
Data Source: The projected number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated as the sum of all restricted units awarded HOME CHDO funds for rehabilitation or acquisition activities. This figure will not include CHDO Operating Grants or Predevelopment Loans.
Purpose: To track the number of households assisted utilizing HOME CHDO funds for rehabilitation and acquisition.

1.1.6.4 Explanatory
Definition: A measure that tracks the projected number of households assisted utilizing multifamily HOME non-CHDO (non-CHDO) funds for rehabilitation and acquisition.
Data Limitations: No limitations
Data Source: The projected number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated as the sum of all restricted units awarded HOME Non-CHDO funds for rehabilitation or acquisition activities.
Purpose: To track the number of households assisted through HOME non-CHDO funds for rehabilitation and acquisition.

1.1.6.1 Output
Definition: A measure that tracks the projected number of households assisted through the multifamily division utilizing HOME funds.
Data Limitations: No limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated as the sum of all restricted units awarded HOME funds for rental development activities by the MF Division. This figure will not include CHDO Operating Grants or Predevelopment Loans.
Purpose: To track the total amount of multifamily units assisted utilizing HOME funds.

1.1.7.1 Efficiency
Definition: A measure that tracks the projected average loan/grant amount per low income unit of HTF (HTF) new construction.

Data Limitations: No limitations
Data Source: The projected number of low income units and amount of funds is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated by dividing the sum of all funds awarded for new rental development activities by the total number of estimated units as represented in applications to be newly constructed. This calculation may include wards for predevelopment loans, capacity building grants, and any other special initiative administered by the HTF.
Purpose: This measure identifies the average costs associated with developing affordable housing units and measures the efficiency of awarding HTF monies.

1.1.7.2 Efficiency
Definition: A measure that tracks the projected average total development costs per unit of HTF (HTF) new construction.
Data Limitations: Information is based on preliminary estimates by the applicants.
Data Source: The projected total number of units in the development and total development costs is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated by dividing the sum of total new development costs estimated in awarded applications by the projected number units to be newly constructed. This figure may include awards from the rental development, predevelopment, capacity building or any other special initiative administered by the Housing Trust Fund.
Purpose: This measure identifies the total development costs associated with developing affordable housing units.

1.1.7.3 Efficiency
Definition: A measure that tracks the average loan/grant amount per low income unit of HTF (HTF) rehabilitation and acquisition.
Data Limitations: No limitations
Data Source: The projected number of low income units and amount of funds is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated by dividing the sum of all funds awarded for rehabilitation rental development activities by the total number of estimated units as represented in applications to be rehabilitated. This calculation may include awards for predevelopment loans, capacity building grants, and any other special initiative administered by the HTF.
Purpose: This measure identifies the costs associated with rehabilitating and acquiring affordable housing units and measures the efficiency of awarding HTF monies.

1.1.7.4 Efficiency
Definition: A measure that tracks the average total development costs per unit of HTF (HTF) rehabilitation and acquisition activities.
Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The projected total number of units in the development and total development costs is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated by dividing the sum of total rehabilitation development costs estimated in awarded applications by the number of units to be rehabilitated. This calculation my include awards for predevelopment loans, capacity building grants, and any other special initiative administered by the HTF.
Purpose: This measure identifies the total development costs associated with rehabilitating and acquiring affordable housing units.

1.1.7.1 Explanatory
Definition: A measure that tracks the projected number of households assisted through new construction activities using the HTF (HTF) program.
Data Limitations: No limitations
Data Source: The projected number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated as the sum of all restricted units planned to be developed through new construction by applicants for rental development, predevelopment, capacity building, or any other program administered by the Housing Trust Fund. This calculation may income awards for predevelopment loans, capacity building grants, and any other special initiative administered by the Housing Trust Fund.
Purpose: To track the number of households assisted through new construction activities using the HTF program.

1.1.7.2 Explanatory
Definition: A measure that tracks the projected number of households assisted through rehabilitation and acquisition activities using the HTF (HTF) program.
Data Limitations: No limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated as the sum of all restricted units planned to be developed through rehabilitation by applicants for rental development, predevelopment, capacity building, or any other program administered by the Housing Trust Fund. This calculation may income awards for predevelopment loans, capacity building grants, and any other special initiative administered by the Housing Trust Fund.
Purpose: To track the number of households assisted through rehabilitation and acquisition using the HTF program.

1.1.7.1 Output
Definition: A measure that tracks the projected number of households assisted through the multifamily division utilizing the HTF (HTF) program.
Data Limitations: No limitations
Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: This figure will be calculated as the sum of all restricted units planned to be developed by applicants awarded funds for rental development. This calculation may include awards for predevelopment loans, capacity building grants, and any other special initiative administered by the Housing Trust Fund.
Purpose: To track the total amount of multifamily units assisted utilizing the HTF program.

1.1.8.1 Efficiency
Definition: A measure that tracks the projected average amount of bonds per low income unit of Mortgage Revenue Bond (MRB) new multifamily construction.
Data Limitations: No limitations
Data Source: The projected number of low income units and amount of bonds for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated by dividing the total value of mortgage revenue bonds awarded by the number of units to be newly constructed.
Purpose: This measure identifies the average amount of bonds associated with developing affordable housing and measures the efficiency of awarding multifamily MRB funds. Although useful to track, this measure is outside of the Department's control.

1.1.8.2 Efficiency
Definition: A measure that tracks the projected average total development costs per unit of Mortgage Revenue Bond (MRB) new multifamily construction.
Data Limitations: Information is based on preliminary estimates by the applicants.
Data Source: The projected total number of units in the development and total development costs for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated by dividing the sum of total development costs estimated in applications by the number of units to be newly constructed.
Purpose: This measure identifies the costs associated with developing affordable housing units.

1.1.8.3 Efficiency
Definition: A measure that tracks the projected average bond amount per low income unit of multifamily Mortgage Revenue Bond (MRB) rehabilitation and acquisition.
Data Limitations: No limitations
Data Source: The projected number of low income units and amount of bonds is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated by dividing the total value of mortgage revenue bonds awarded by the number of units to be rehabilitated.
Purpose: This measure identifies the average amount of bonds associated with rehabilitating and acquiring affordable housing and measures the efficiency of awarding multifamily MRB funds.

1.1.8.4 Efficiency
Definition: A measure that tracks the projected average total development costs per unit of multifamily Mortgage Revenue Bond (MRB) rehabilitation and acquisition.
Data Limitations: Information is based on preliminary estimates from the applicants.
Data Source: The projected total number of units in the development and amount of total development costs is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated by dividing the sum of total development costs estimated in applications by the number of units to be rehabilitated.
Purpose: This measure identifies the total development costs amount associated with rehabilitating and acquiring affordable housing units.

1.1.8.1 Explanatory
Definition: A measure that tracks the projected number of households assisted through new construction activities utilizing the multifamily Mortgage Revenue Bond (MRB) program.
Data Limitations: No limitations
Data Source: The projected number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated as the sum of all restricted units to be newly constructed as proposed in awarded applications.
Purpose: To track the number of households assisted through new construction units assisted utilizing multifamily MRB program.

1.1.8.2 Explanatory
Definition: A measure that tracks the projected number of households assisted through rehabilitation and acquisition activities utilizing the multifamily Mortgage Revenue Bond (MRB) program.
Data Limitations: No limitations
Data Source: The projected number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated as the sum of all restricted units to be rehabilitated as proposed in awarded applications.
Purpose: To track the number of households assisted through rehabilitation and acquisition activities utilizing the multifamily MRB program.

1.1.8.1 Output
Definition: A measure that tracks the projected number of low income units financed through the multifamily division utilizing mortgage revenue bond funds.
Data Limitations: No limitations
Data Source: The number of units is tracked by the division for each separate program. Data is entered by staff and maintained in the agency's computer system.
Methodology: This figure will be calculated as the sum of all restricted units to be newly constructed or rehabilitated as proposed in awarded applications.

Purpose: To track the total amount of low income multifamily units assisted utilizing mortgage revenue bond funds.

2.1.1.1 Output
Definition: A measure tracking the number of information and technical assistance requests completed by the Center for Housing Research, Planning, and Communications.
Data Limitations: No limitations
Data Source: The requests are tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number of requests received is a total of the requests entered into the division database.
Purpose: To track the consumer information and technical assistance requests received and fulfilled.

2.1.1.2 Output
Definition: A measure tracking the number of short term (completed by phone) information and technical assistance requests completed by the Center for Housing Research, Planning, and Communications.
Data Limitations: No limitations
Data Source: The requests are tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number of short term requests received is a total of the short term requests entered into the division database.
Purpose: To track the short term consumer information and technical assistance requests received.

2.1.1.3 Output
Definition: A measure tracking the number of long term (completed by email or mail) information and technical assistance requests completed by the Center for Housing Research, Planning, and Communications.
Data Limitations: No limitations
Data Source: The requests are tracked by the division. Data is entered by staff and maintained in the agency's computer system.
Methodology: The number of long term requests received is a total of the long term requests entered into the division database.
Purpose: To track the long term consumer information and technical assistance requests received.

2.2.1.1 Output
Definition: The number of technical assistance visits is based on actual on-site technical assistance visits conducted by the field offices' staff. Technical assistance visits includes: meeting with local governments (cities & counties) staff and nonprofits providing agency information on programs and services; follow-up on contract compliance measures with

Colonia Self-Help Centers; and general interview sessions with individuals to provide referral services to other office and agencies available to address issues of concern.
Data Limitations: No limitations.
Data Source: Actual on-site visits are reported by staff.
Methodology: On-site visits are manually tracked by staff and maintained in the Department's database.
Purpose: The purpose of the measure is to identify the level technical assistance provided to Colonia residents as required by Senate Bill 1509. This measure is important because it identifies the effectiveness of the program and compliance with legislative mandates.

2.2.1.2 Output
Definition: The number of Colonia residents receiving assistance annually through the Colonia Self-Help Centers. This includes the following types of assistance: housing rehabilitation, new construction, surveying and platting, construction skills training, tool library access for self-help construction, housing finance; credit and debt counseling, infrastructure constructions and access, and capital access for mortgages.
Data Limitations: Deviation from targeted performance could occur if participation of Colonia residents is lower than expected.
Data Source: Actual assistance provided.
Methodology: The Self Help Centers will provide a quarterly report on the assistance provided. This data will be maintained in the Department's records.
Purpose: This measure is important because it identifies the effectiveness of the program in providing assistance to Colonia residents with a wide array of services.

2.2.1.3 Output
Definition: The number of persons educated as a result of Senate Bill 336 is calculated by adding together the number of people: attending training/lectures, calling and/or receiving information; the number of publications distributed (newsletter, magazine, or paper), population viewing or hearing media public service spots (calculated by radio or TV station).
Data Limitations: Deviation from targeted performance could occur if participation of Colonia residents is lower than expected.
Data Source: Actual persons receiving services.
Methodology: Information is manually tracked by staff.
Purpose: The Office of Colonia Initiatives is responsible for developing and implementing the Contract For Deed Consumer Education Program (Senate Bill 336) for residents who purchase residential land under a contract for deed. This measure is important because it supports Senate Bill 336 and identifies the effectiveness of the program.

3.1.1.1 Efficiency
Definition: The average agency administrative cost per person assisted represents personnel costs, operating costs, capital expenditures and indirect expenditures as identified in the LAR. The Department's fiscal section calculates expenditures related to personnel, operations, capital items, and indirect costs.

Data Limitations: A possible limitation could be limitations on obtaining expenditure data for the reported period.
Data Source: The total number of persons served is gathered from the subrecipients' monthly performance reports.
Methodology: The efficiency measure is determined by dividing the total administrative expenditure of Community Service funds by the total number of clients served in Community Service programs.
Purpose: The purpose of the measure shows the efficiency in costs to administer the program.

3.1.1.1 Explanatory
Definition: Figure represents the estimated number of emergency shelters in Texas.
Data Limitations: There is no accurate way to count the actual number of emergency shelters in Texas.
Data Source: The estimated number of emergency shelters is based on the total number of entities on the ESGP mailing list less those entities that do not represent shelters.
Methodology: Number is estimated.
Purpose: The purpose of the measure is to identify the number of emergency shelters available to assist homeless individuals.

3.1.1.2 Explanatory
Definition: Figure represents the most recent census data.
Data Limitations: Information is collected every ten years.
Data Source: Information is obtained from the most recent census data.
Methodology: Number is actual.
Purpose: The purpose of the measure identifies the number of persons at or below 125% of poverty (4,172,890) and identifies the number of persons in need.

3.1.1.1 Output
Definition: This measure tracks the number of persons assisted through homeless and poverty related programs.
Data Limitations: A possible limitation could be subrecipients failing to submit required reports on a timely basis.
Data Source: Subrecipients track the data on a daily basis, incorporate it in a monthly performance report, and electronically submit the information to the Department. The monthly performance report information is entered in the Department database and maintained by the Department.
Methodology: Performance reported is actual number.
Purpose: The purpose of the measure is to identify the number of persons at or below 125% of poverty assisted by all Community Services programs.

3.1.1.2 Output
Definition: Measure relates to the number of persons assisted that achieve incomes above 125% of poverty level for a minimum of 90 days.

Data Limitations: A possible limitation could be subrecipients failing to submit required reports on a timely basis.
Data Source: The number of persons achieving incomes above 125% of poverty is reported in the subrecipients' monthly performance reports. Subrecipients are required to track the number of persons assisted that achieve incomes above the poverty level as a result of efforts by the subrecipients. Subrecipients report this information in their monthly performance report. The data is entered on the Department database and maintained by the Department.
Methodology: Performance reported is actual number.
Purpose: The purpose of the measure is to identify the number of persons the program has helped to achieve incomes above the poverty level.

3.1.1.3 Output
Definition: Measure relates to the number of shelters assisted through ESGP funds.
Data Limitations: No limitations on data.
Data Source: The Department tracks information from contract records. The Department tracks this information from contract records. Assistance to a shelter is reported only once a year during the quarter the contract is initiated.
Methodology: Performance reported is actual number. The Department counts each project funded through ESGP contractors as a shelter assisted.
Purpose: The purpose of the measure is to identify the effectiveness of the program and the number of shelters the program is able to fund.

3.2.1.1 Efficiency
Definition: The average cost per household served is calculated based on the number of households assisted by CEAP and WAP from the Monthly Funding Performance Report from subrecipients and the administrative expenditures report from TDHCA Budget and Accounting section.
Data Limitations: Performance reports received past the due date from subrecipients could result in incomplete data. Increase or decrease in funding could create a variance in the targeted goal.
Data Source: The average cost per household served is calculated based on the number of households assisted by CEAP and WAP from the subrecipient Monthly Funding Performance Report divided by the administrative expenditures as reported by TDHCA Budget and Accounting Section.
Methodology: Calculations are based on the total administrative expenditures including indirect cost for the Energy Assistance section divided by the total number of households served.
Purpose: The measure identifies the average administrative cost to provide service to a household.

3.2.1.2 Efficiency

Definition: The statewide average cost to weatherize a home includes the cumulative cost of labor, materials, and program support for all completed units in the state divided by the number of completed units.

Data Limitations: Increase or decrease in funding could create a variance in the targeted goal.

Data Source: Monthly expenditures and performance reports are entered by subrecipients through the Department's online reporting system.

Methodology: Calculations are based on the cumulative cost of labor, materials, and program support for all completed units in the state divided by the number of completed units.

Purpose: The measure identifies the average cost to perform weatherization on a home.

3.2.1.1 Explanatory

Definition: The number of very low income households income-eligible for energy assistance in Texas is determined based on the maximum eligibility limit of 125% of the Federal OMB poverty guidelines.

Data Limitations: No limitations.

Data Source: According to the publication entitled LIHEAP Home Energy Notebook for Fiscal Year 2001, issued on April 7, 2003 (via transmittal no. LIHEAP-IM-2003-7) to LIHEAP grantees by the Office of Community Services of the US Department of Health and Human Services, the number of very income-eligible households for LIHEAP grantees by the Office of Community Services of the US Department of Health and Human Services, the number of very income-eligible households for Survey (CPS) 1999-2001.

Methodology: Data represents an actual number.

Purpose: The purpose of the measure is to identify the eligibility population of the state. It is important because it identifies the level of need in the state.

3.2.1.1 Output

Definition: The number of households assisted through the Comprehensive Energy Assistance Program (CEAP) represents the number of unduplicated households receiving services under the four program components, consisting of co-pay, elderly/disabled Energy Crisis Program, and the heating and cooling systems components. Each of these program components provides stand-alone services. A household may be assisted by more than one component depending on needs.

Data Limitations: Targeted performance could be impacted by changes in funding levels, the price of energy and extremes in temperature.

Data Source: Monthly expenditures and performance reports are entered by subrecipients through the Department's online reporting system.

Methodology: Number is actual.

Purpose: The LIHEAP program provides direct financial assistance for energy needs of low income persons through the Comprehensive Energy Assistance Program (CEAP). The measure is important because it identifies the effectiveness of the CEAP program through the number of households receiving CEAP.

3.2.1.2 Output

Definition: The number of dwelling units weatherized is based on Monthly Progress Expenditure/Monthly Fund Request Reports submitted to the Department by the weatherization subrecipients.

Data Limitations: Targeted performance could be impacted by changes in funding levels.

Data Source: Monthly expenditures and performance reports are entered by subrecipients through the Department's online reporting system. Performance data from these reports is entered in an automated system and maintained by the Department. Performance figures represent an unduplicated number of weatherization units from the Department's DOE and LIHEAP Weatherization programs.

Methodology: The performance number reported represents the actual number of dwelling units weatherized.

Purpose: The WAP program provides residential weatherization and other cost-effective energy-related home repair to increase the energy efficiency of dwellings owned or occupied by low-income persons. The measure is important because it identifies the effectiveness of the program through the number of homes receiving weatherization services.

4.1.1.1 Efficiency

Definition: The average cost to monitor a rental development includes the resources needed to provide determination of program compliance and effectiveness of rental programs.

Data Limitations: No limitations.

Data Source: Expenditure data is maintained in the Department's automated information systems.

Methodology: The average cost is derived by dividing the total budgeted cost for rental development monitoring activities by the number of rental developments monitored.

Purpose: The measure identifies the average cost to monitor a rental development.

4.1.1.1 Explanatory

Definition: The total number of rental developments in the TDHCA compliance monitoring portfolio. This number represents the portfolio for which the PMC division is responsible. This includes developments monitored by on-site file review, desk review, a combination of onsite and desk reviews, or other compliance activities depending on program requirements. Program development totals vary throughout the year.

Data Limitations: No limitations.

Data Source: Program totals are maintained by the Department's databases.

Methodology: Figure represents actual number of developments in the compliance monitoring portfolio.

Purpose: The measure provides the total number of housing developments in the compliance monitoring portfolio.

4.1.1.2 Explanatory
Definition: Total number of housing units in the multi and single family rental developments monitored by the Department. The total number includes both restricted and unrestricted units. Units under construction as well as units available for lease are included in the total.
Data Limitations: No limitations.
Data Source: Unit totals are maintained by the Department's databases.
Methodology: Figure represents actual number of units constructed or rehabilitated.
Purpose: The measure provides information of the total rental units monitored by the Department.

4.1.1.1 Output
Definition: Measure represents the number of both onsite and desk reviews conducted under rental monitoring programs.
Data Limitations: No limitations.
Data Source: The data is gathered by program from Department data bases.
Methodology: Number is actual.
Purpose: The measure meets statutory and agency requirements.

4.1.1.2 Output
Definition: Measure represents the number of desk reviews conducted under rental programs. In addition to on-site reviews, monthly, quarterly, and-or annual compliance reporting is required. These reports are a vehicle for measuring overall and ongoing compliance with rent, income, and other controls and requirements. The frequency in the number of reports is determined by program requirement, and may vary depending on the level of compliance. Desk reviews conducted also include the review of Fair Housing Sponsor Reports, substantial construction certification reviews, construction inspection reviews, and other reviews.
Data Limitations: No limitations.
Data Source: The data is gathered by program from Department data bases.
Methodology: Number is actual.
Purpose: The measure meets statutory and agency requirements.

4.1.1.3 Output
Definition: Measure represents the number of on-site, in-depth desk reviews (done in lieu of on-site reviews for projects with 10 or less units), and 8609 inspections conducted under rental programs. The reviews provide the best measure of program compliance and effectiveness of affordable housing programs. The frequency of reviews is either statutorily or agency required, therefore the number meets or exceeds the specific program requirement.
Data Limitations: No limitations.
Data Source: The data is gathered by program from Department databases.
Methodology: The number reported is the actual number of reviews performed.
Purpose: The measure meets statutory and agency requirements.

4.1.1.4 Output

Definition: Measure represents the number of technical assistance calls, Open Records Requests, complaints and other public requests processed and the number of trainings conducted.

Data Limitations: No limitations.

Data Source: The data is gathered by program from Department databases.

Methodology: Number is actual.

Purpose: The measure meets statutory requirements and program objectives.

4.1.1.5 Output

Definition: Measure represents the number of application-related instruments processed, including Compliance Status Reports, Land Use Restriction Agreements, and application site inspections.

Data Limitations: No limitations.

Data Source: The data is gathered by program from Department databases.

Methodology: Number is actual.

Purpose: The measure meets statutory and agency requirements.

4.1.2.1 Efficiency

Definition: The average cost to administer a contract includes the resources needed for effective contract management.

Data Limitations: No limitations.

Data Source: Expenditure data is maintained in the Department's automated information systems.

Methodology: The average cost is derived by dividing the total budgeted cost for contract administration activities by the number of contracts administered.

Purpose: The measure identifies the average cost to administer a contract.

4.1.2.1 Explanatory

Definition: The total number of contracts administered by PMC. This number represents the portfolio of contract responsibility, whether or not a contract is processed and/or monitored through desk or onsite reviews, or other contract administration activities depending on program requirements. Measure includes contracts for all activities, including Single Family Rehabilitation; Tenant Based Rental Assistance, Rental Housing Development, Down-Payment Assistance, and other types of contract activity.

Data Limitations: No limitations

Data Source: Data on contracts administered is maintained in the Department's database.

Methodology: Figure represents actual number of contracts administered.

Purpose: The measure provides the total number of active contracts administered.

4.1.2.1 Output

Definition: Measure represents the number of onsite reviews, desk reviews, and single audit reviews conducted as part of contract administration in PMC.

Data Limitations: No limitations.

Data Source: The data is gathered from Department data bases.
Methodology: Number is actual.
Purpose: The measure meets statutory and program requirements.

4.1.2.2 Output
Definition: The number of desk reviews conducted of Federal and State grant sub-recipients. Single Audits are required annually if the federally mandated expenditure threshold is exceeded as defined by OMB Circular A-133. OMB Circular A-133 defines which single audit reports must be submitted to the pass-through agency. These reports are used to measure overall and ongoing compliance with program requirements, financial accountability of Federal and State grants and the overall internal controls of the sub-recipient.
Data Limitations: No limitations.
Data Source: The data is gathered from Department data bases.
Methodology: Number is actual.
Purpose: The measure meets statutory and program requirements.

4.1.2.3 Output
Definition: Measure represents the number of desk reviews conducted as part of contract administration in PMC. This measure includes setup, draw, desk, environmental, quality control, re-certification, amendment, revision and other desk reviews.
Data Limitations: No limitations.
Data Source: The data is gathered by program from Department data bases.
Methodology: Number is actual.
Purpose: The measure meets statutory and program requirements.

4.1.2.4 Output
Definition: Measure represents the number of financial and programmatic onsite monitoring reviews and the number of technical assistance onsite reviews conducted as part of contract administration in PMC.
Data Limitations: No limitations.
Data Source: The data is gathered by program from Department databases.
Methodology: The number reported is the actual number of onsite reviews conducted.
Purpose: The measure meets program requirements.

4.1.2.5 Output
Definition: Measure represents the number of technical assistance calls, Open Records Requests, complaints and other public requests processed and the number of trainings conducted.
Data Limitations: No limitations.
Data Source: The data is gathered by program from Department data bases.
Methodology: Number is actual.
Purpose: The measure meets statutory and program objectives.

5.1.1.1 Efficiency

Definition: The average cost to the Department of the processing of an Statement of Ownership and Location (SOL) application based on total funds expended and encumbered during the reporting period for the issuance of manufactured housing SOLs. Cost includes department overhead, salaries (permanent and temporary personnel), supplies, travel, postage, and other costs directly related to SOLs , including document review, handling, proofing, and notification.

Data Limitations: No limitations of data.

Data Source: The data is maintained in the USAS system.

Methodology: To obtain the average, divide the total funds by the total number of SOLs issued in a reporting period.

Purpose: The measure shows the efficiency in costs to issue a SOL.

5.1.1.1 Explanatory

Definition: The number of Manufactured Homes of record in Texas represents the total number of manufactured homes with an existing record in the official manufactured housing database that is maintained by the department.

Data Limitations: No limitations of data.

Data Source: Automated compilation through the Department’s Tracking System.

Methodology: Actual number.

Purpose: The measure represents the total number of manufactured homes in Texas for which the Department has an ownership and location record.

5.1.1.1 Output

Definition: The total number of manufactured housing Statements of Ownership and Location (SOL) issued for which a fee is charged (includes SOLs issued as a result of changes in ownership, location, lien information, election, and use).

Data Limitations: No limitations.

Data Source: Data is computer generated (Department's Tracking System) reports and accounting receipts.

Methodology: Number is actual.

Purpose: This measure identifies the total number of SOLs issued in a reporting period. It is important because it shows the workload associated with issuing SOLs.

5.1.1.2 Output

Definition: The total number of manufactured housing licenses issued to qualifying applicants (applicant types broker, installer, manufacturer, retailer, retailer/broker, retailer/broker/installer, retailer/installer, salvage rebuilder and salespersons). The number calculated includes reprints of and revisions to existing licenses.

Data Limitations: No limitations.

Data Source: Data is computer generated through the Licensing Tracking System.

Methodology: Number is actual.

Purpose: This measure identifies the total number of licenses issued in a reporting period. It is important because it shows the workload associated with issuing licenses.

5.1.2.1 Efficiency

Definition: The average cost to the Department of each inspection based on the total funds expended and encumbered during the reporting period to conduct or attempt inspections, including both installation and non-routine inspections. Cost includes department overhead, salaries (permanent and temporary personnel), supplies, travel; postage, and other costs directly related to the enforcement of the inspection function.

Data Limitations: No limitations.

Data Source: USAS, Installation Tracking System and Travel Database.

Methodology: To obtain the average, divide the total funds expended by the total number of routine and non-routine inspections (completed and/or attempted) within the reporting period.

Purpose: The measure identifies the cost efficiency to perform or attempt an inspection.

5.1.2.1 Explanatory

Definition: The total number of installation reports received within a reporting period. Installation reports are received from lenders, retailers, installers, consumers, and other sources.

Data Limitations: No limitations.

Data Source: Source: Installation Tracking System.

Methodology: Actual number.

Purpose: The measure provides information on the total number of installation reports received.

5.1.2.2 Explanatory

Definition: The total number of installation inspections with deviations documented. An inspector may list several violations on a single installation inspection, but it only accounts for one reported deviation.

Data Limitations: No limitations.

Data Source: Source: Installation Tracking System.

Methodology: Actual number.

Purpose: The measure provides information on the total number of installation inspections with deviations. The importance of this measure is to ensure that homes are installed in a safe manner to prevent injury to consumers and the general public.

5.1.2.1 Output

Definition: The total number of routine inspections conducted to inspect the anchoring and support systems of manufactured homes (includes reviewing installation report for completeness, inspecting stabilizing devices to confirm that the installer used approved materials, inspecting the home for proper installation, and verifying that the installer is licensed with TDHCA). Unsuccessful attempted inspections (identified as skirted, not accessible, unable to locate, or no unit at location) are not included in the number reported.

Data Limitations: No limitations.

Data Source: Collection of data is based on the Installation Tracking System.

Methodology: Number is actual.
Purpose: The measure identifies the total number of inspections performed (attempted inspections are not included) in a reporting period. It is important because it shows the workload for inspections.

5.1.2.2 Output
Definition: The total number of special/complex inspections performed upon request from the public, other regulated entities, or as part of a complaint investigation. Special inspections consist of, but are not limited to the following: consumer complaints, habitability, permanent foundations, SAA, and retailer monitoring.
Data Limitations: No limitations.
Data Source: Collection of data is based on the Inspector's Travel Voucher Database.
Methodology: The number is retrieved from the Travel Voucher Database by generating a report which lists the inspections conducted within the reporting period.
Purpose: The measure identifies the total number of inspections performed in a reporting period. It is important because it identifies inspections that result from unusual or special circumstances.

5.1.3.1 Efficiency
Definition: The average cost to the Department to resolve a complaint based on the total funds expended and encumbered during the reporting period for complaint processing, investigation, and resolution divided by the number of complaints resolved. Cost includes department overhead, salaries (permanent and temporary personnel), supplies, travel, postage, subpoena expenses, and other costs directly related to the agency's enforcement function.
Data Limitations: No limitations.
Data Source: Data is obtained from either a management report from the Department's Financial Administration Division or USAS, and the Consumer Complaint Tracking System.
Methodology: To obtain the average, divide the total funds expended by the total number of resolved complaints within the reporting period. Non-jurisdictional complaints (closed as DISJ) are not included in this measure.
Purpose: The measure identifies the efficiency in costs for resolving a complaint.

5.1.3.2 Efficiency
Definition: The average length of time to resolve a jurisdictional complaint, for jurisdictional complaints resolved during the reporting period. The number of days to reach a resolution is calculated from the initial date of receipt of a consumer complaint to the date closed.
Data Limitations: No limitations.
Data Source: CCTS.
Methodology: The total number of calendar days per jurisdictional complaint resolved, summed for all complaints resolved during the reporting period, that elapsed from receipt of a request for agency intervention to the date upon which final action on the complaint was taken (numerator) is, divided by the number of complaints resolved during the reporting

period (denominator). The calculation excludes complaints determined to be non-jurisdictional of the agency's statutory responsibilities.
Purpose: The measure tracks the average number of days spent to resolve a complaint. The measure is important because it shows how efficient the division has been in resolving complaints.

5.1.3.1 Explanatory
Definition: The total number of complaints received in a reporting period that are within the agency's jurisdiction of statutory responsibility.
Data Limitations: No limitations.
Data Source: The number is retrieved from the Consumer Complaint Tracking System.
Methodology: Actual number.
Purpose: The measure provides information on the total number of jurisdictional complaints. This measure is important to determine the division's workload.

5.1.3.1 Output
Definition: The total number of complaints resolved during the reporting period upon which final action was taken by the board or the Department through informal and formal means. Non-jurisdictional complaints (closed as DISJ) are not included in this measure.
Data Limitations: No limitations.
Data Source: Data is maintained in the Consumer Complaint Tracking System.
Methodology: Actual number.
Purpose: The measure shows the workload associated with resolving complaints. The measure is important because it also identifies consumer problems.

APPENDIX E. IMPLEMENTING THE TEXAS TRANSFORMATION

Managed Service Delivery

1. Has the agency considered use of managed services in order to focus more on its business needs?

1. Yes, in the last quarter of FY 2008, TDHCA plans to post an RFO for a hosted employee performance management system that would be completely maintained and supported by a vendor. Additionally, the Mitas Automated Accounting and Loan Servicing System is currently a managed service from an application support standpoint, and TDHCA is considering moving to a hosted solution so that the server environment would also be managed by the vendor. Finally, ACS contracts with TDHCA to manage a large portion of the Community Development Block Grant Disaster Recovery program, and the vendor is responsible for the information systems that support the parts of the program they manage.

Managed IT Supply Chain

2. Does the agency leverage and obtain additional value from the Information and Communications Technology (ICT) Cooperative Contracts program; for example, by further negotiating not-to-exceed pricing?

2. Yes, TDHCA utilizes the ICT Cooperative Contracts program for IT purchases whenever the product or service is available (which is almost all cases). For example, all contract programmers from FY 2005 forward have been hired using DIR's IT Staffing Services.

Security and Privacy

3. Describe the agency's strategies to align with the State Enterprise Security Plan (http://www.dir.state.tx.us/pubs/securityplan2007/index.htm).

3. Strategies that are currently in place to align with the State Enterprise Security Plan include the following:

- Use DIR's security testing services once per year.
- Use and maintain network security hardware and software to prevent intrusions.
- Maintain security policies and distribute them to users of agency systems.
- Report major incidents to DIR immediately and minor incidents through the monthly reporting process.
- Follow a structured account management process.

In June 2008, TDHCA will begin an IT security project which will result in improved policies and practices and new strategies such as a better security risk assessment process, intrusion detection, and portable device security.

4. Describe the agency's policies, practices and programs, implemented or planned, that comply with relevant statutes and administrative rules to ensure the privacy of confidential data. Consider federal privacy requirements (e.g., the Health Insurance Portability and Accountability Act or the Family Educational Rights and Privacy Act) that apply to the agency. List the organizational units (program, offices, IT, legal, etc.) that manage privacy functions. Describe any future plans for improvement.

4. The information maintained by TDHCA that has confidential elements includes some financial data and some household data for subrecipients of funds and program participants. The Department does not maintain medical data or student information. TDHCA addresses privacy through a combination of policies and procedures. Policies include a series of internal security-related SOPs, an IT security policy for vendors who maintain personally identifiable information of agency program participants, and IT security guidance documents for subrecipients of community services and energy assistance program funds. Procedures involve account management and access rights on each system with confidential data, the use of digital signatures and encryption in file transfers such as those between TDHCA and Texas Online and the Office of the Comptroller of Public Accounts, and network security at the router and firewall level.

In June 2008, TDHCA will begin an IT security project which will result in improved policies and practices and new strategies such as a better security risk assessment process, intrusion detection, and portable device security.

Technology Policy, Best Practices, and Partnerships

5. What current practices or plans are in place to improve usability and searchability of the agency's Web content? (2007 SSP, Strategy 4 1)

5. TDHCA is currently engaged in a Web site redesign project. The main goal of the project is to provide visitors with easier access to information by asking them to select their customer type. Additionally, the Web site currently includes a search engine.

6. What current practices or plans are in place to improve life cycle management of agency data and information? Include the agency's approach and ability to meet future open records and e-discovery requests. (2007 SSP, Strategy 4-1)

6. TDHCA's Records Management SOP contains agency policies and procedures for both hard copy and electronic records. The SOP defines records management terminology as well as storage, retrieval, and disposition policies. The Department's Records Retention Schedule (referenced in the SOP) defines the life cycle of each record and indicates whether the copy of record is in hard copy or electronic format.

TDHCA's approach to meeting open records and e-discovery requests is defined in the Department's Public Information Request (PIR) SOP. Some of the procedures related to PIRs include 1) logging and tracking the status of the request in the TDHCA's PIR System, 2) consulting the Legal Division and Office of the Attorney General as needed, 3) checking the Records Retention Schedule, 4) determining what information systems or paper files would be involved in responding to the request, 5) estimating costs, and 6) responding to the requestor within ten days of the request.

7. Describe agency methods and standards (federal, state, industry), implemented or planned, intended to enhance data sharing (i.e., improve interoperability) with other entities. (2007 SSP, Strategy 4-2)

7. TDHCA follows Office of the Comptroller of Public Accounts data sharing standards for exchanging financial information associated with contracts for the Community Development Block Grant Disaster Recovery, Community Services Block Grant, Comprehensive Energy Assistance Program, Emergency Shelters Grant Program, HOME, Housing Trust Fund, and Weatherization Assistance Program contracts. The Department follows Texas Online data sharing standards for exchanging Manufactured Housing license renewal payments and related information.

Core Missions

8. Does the agency have any plans to simplify or reduce the number of existing software platforms (e.g., operating systems, application development environments, database systems, office suites, other COTS applications)? If no, is the agency fully leveraging its technology to support both its current and future business environment?

8. Yes, TDHCA plans to reduce the number of operating system platforms in FY 2009, 2010, and 2011. The Department currently supports multiple desktop operating systems. In FY 2009, most desktop operating systems will be migrated to one platform. Additionally, application and network utility servers currently run on a mix of Windows Server (three versions), Solaris, Linux, and FreeBSD operating systems. TDHCA plans to eliminate some of these server platforms by FY 2011.

9. Describe any current or planned activities targeted at reducing the environmental resource consumption of technology equipment (recycling, consolidating, virtualizing, buying energy efficient equipment, etc.).

9. TDHCA plans to evaluate server virtualization options in FY 2009 with a goal of reducing the number of servers in use in future fiscal years.

APPENDIX F. WORKFORCE PLAN

INTRODUCTION

Each state agency is required to conduct a strategic planning staffing analysis and develop a workforce plan that follows guidelines developed by the State Auditor. This workforce plan addresses the agency's critical staffing and training needs, including the need for experienced employees to impart knowledge to their potential successors pursuant to Section 2056.002, Government Code.

AGENCY OVERVIEW

This section describes the mission, strategic goals, objectives, and business functions of the agency. Potential changes to these items over the next five years is also discussed.

TDHCA Mission

To help Texans achieve an improved quality of life through the development of better communities.

TDHCA Philosophy

Customers

- Advocacy: The Department will actively encourage, support, and promote an improved quality of life for extremely low, very low, low, and moderate income Texans.
- Service: The Department will be responsive to every constituent request and provide every customer with prompt, courteous service.
- Partnership: The Department will foster an atmosphere that is conducive to encouraging and forming public and private partnerships that are responsive to the needs of extremely low, very low, low, and moderate income Texans.
- Equity: The Department will establish processes for the public's full participation in programs and the fair allocation of resources.
- Respect: The Department believes in the worth of all persons and their need for decent, safe, and affordable housing.

Operations

- Integrity: The Department will conduct business openly, free of bias, and according to the highest ethical and professional standards.
- Accountability: The Department will be answerable and responsive to the Texas Legislature, external customers/consumers, and its various funding sources.
- Efficiency: The work of the Department will be accomplished in the most direct, cost-effective manner.
- Leveraging: Each program will encourage public and private sector participation and the use of additional resources to maximize economic impact.
- Diversity: The Department recognizes the need for a diverse working environment. The Department will strive to continue to recruit and retain a diverse workforce to reflect the diversity of Texas.

Staff

- Quality: Department staff will be committed in providing extraordinary services to it's customers and employees in the work they perform.
- Creativity: Department staff will continually seek innovative methods for performing work in their respective fields.
- Respect: The Department recognizes that its employees are the critical element in accomplishing its mission and goals. Therefore, it pledges to support their continued professional development and provide opportunities for reward based on their performance. In doing so, it also pledges to promote a collaborative and positive work environment for all employees.

TDHCA's Goals, Objectives, and Strategies to Fulfill its Mission

Goal 1.

To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families.

Objective 1. Make loans, grants, and incentives available to fund eligible housing activities and preserve/create single and multifamily units for very low, low, and moderate income households.

Strategy 1. Provide federal mortgage loans, through the department's Mortgage Revenue Bond (MRB) Program, which are below the conventional market interest rates to very low, low, and moderate income homebuyers.

Strategy 2. Provide federal housing loans and grants through the HOME Investment Partnership (HOME) Program for very low and low income families, focusing on the construction of single family housing in rural areas of the state through partnerships with the private sector.

Strategy 3. Provide state housing loans and grants through the HTF for very low and low income households.

Strategy 4. Provide federal rental assistance through Section 8 certificates and vouchers for very low income households.

Strategy 5. Provide federal tax credits to develop rental housing for very low and low income households.

Strategy 6. Provide federal housing loans and grants through the HOME Investment Partnership (HOME) Program for very low and low income families, focusing on the construction of multifamily housing units in rural areas of the state through partnerships the private sector.

Strategy 7. Provide state housing loans and grants through the HTF for very low and low income households.

Strategy 8. Provide federal mortgage loans through the department's Mortgage Revenue Bond (MRB) program for the acquisition, restoration, construction and preservation of multifamily rental units for very low, low and moderate income families.

Goal 2. Promote improved housing conditions for extremely LI, VLI, and low income households by providing information and technical assistance.

Objective 1. Provide information and technical assistance regarding affordable housing resources and community support services.

Strategy 1. Provide information and technical assistance to the public through the Center for Housing Research, Planning, and Communications.

Objective 2. Promote and enhance homeownership opportunities along with the development of safe neighborhoods and effective community services for colonia residents and/or residents of LI, VLI, and ELI along the Texas-Mexico border.

Strategy 1. Provide technical assistance to colonias through field offices.

Goal 3.

Improve living conditions for the poor and homeless and reduce cost of home energy for very low income Texans.

Objective 1. To ease hardships of poverty and homelessness for 16 percent of the population of very low income persons each year.

Strategy 1. Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

Objective 2. To reduce cost of home energy for 6 percent of very low income households each year at or below 125 percent of poverty

Strategy 1. Administer state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and general assistance to very low income households for heating and cooling expenses and energy-related emergencies.

Goal 4. Ensure compliance with Department of Housing and Community Affairs federal and state program mandates.

Objective 1. Administer and monitor housing developments and subrecipient contracts to determine compliance with federal and state program requirements.

Strategy 1. Monitor and inspect for federal and state housing program requirements.

Strategy 2. Administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

Goal 5. Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

Objective 1. Operate a regulatory system to ensure responsive handling of Statement of Ownership and Location and license applications, inspection reports, and complaints as follows: 25 percent installation inspections; 97 percent of applications within established timeframes; and 99 percent of consumer complaint inspections within 30 calendar days of a request.

Strategy 1. Provide services for Statement of Ownership and Location and licensing in a timely and efficient manner.

Strategy 2. Conduct inspections of manufactured homes in a timely and efficient manner.

Strategy 3. Process consumer complaints, conduct investigations, and take administrative actions to protect general public and consumers.

Strategy 4. Provide for the processing of occupational licenses, registrations, or permit fees through TexasOnline.

Core Business Functions

TDHCA business functions can be broadly grouped into three categories: providing housing and community services assistance, regulating the manufactured housing industry, serving as an informational resource. To ensure the success of the Department's efforts in these areas, a variety of supporting functions are required. These support areas include financial administration, human resources, information systems, portfolio management and compliance, policy and public affairs, purchasing, and real estate analysis.

Housing and Community Services Assistance

Types of housing and community services assistance include:

- housing assistance for individual households (homebuyer mortgage and down payment, home repair, and rental payment assistance);
- funding for the development of apartments (new construction or rehabilitation of rental units);
- energy assistance (utility payments or home weatherization activities);
- assistance for homeless persons and emergency relief for individuals or families in crisis poverty (transitional housing, energy assistance, home weatherization, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and other emergency assistance); and
- capacity building assistance (training and technical assistance, assistance with operating costs, and predevelopment loans to help local housing organizations develop housing).

Manufactured Housing Activities

TDHCA's Manufactured Housing Division is an independent entity within TDHCA. It is administratively attached, but it has its own Board of Directors. This division administers the Texas Manufactured Housing Standards Act. The act ensures that manufactured homes are well-constructed, safe, and installed correctly; that consumers are provided fair and effective remedies; and that measures are taken to provide economic stability for the Texas manufactured housing industry. Services of the Manufactured Housing Division include issuances of SOL research; training and license issuances to individuals for manufactured housing manufacturing, retailing, rebuilding, installations, broker, or sales; records and releases on tax and mortgage liens; installation inspections; consumer complaints; and federal oversight under a cooperative agreement with HUD.

Information Resources

TDHCA is an informational resource for individuals, federal, state, and local governments, the Legislature, community organizations, advocacy groups, housing developers, and supportive services providers. Examples of information provided includes: general information on TDHCA activities, application and implementation technical assistance, housing need data and analysis, and direct consumer information on available assistance statewide. This information is provided through a myriad of communication methods: a 1-800 phone line, publications and guidebooks, via email and the TDHCA website, public hearings, trainings and workshops, planning roundtables, field offices, mass mailings, television, radio, and print media, speaking engagements, and conferences.

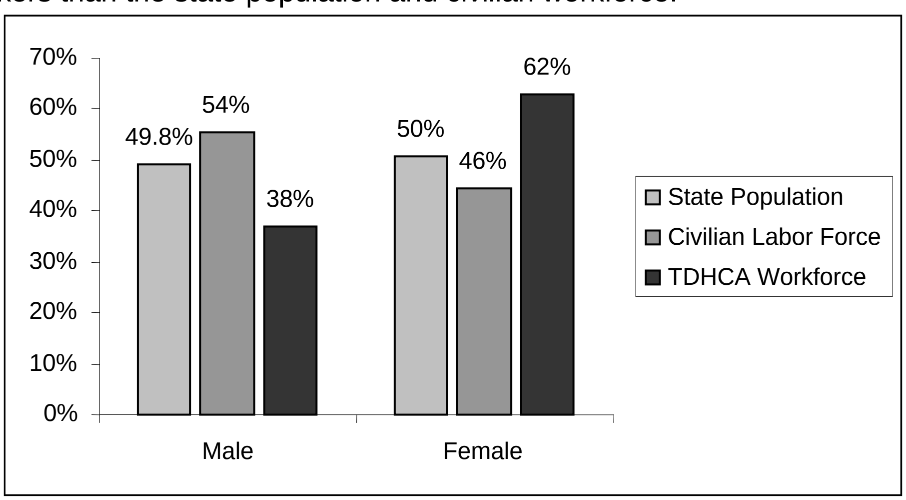
In all of its activities, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

Anticipated Changes to the Mission, Strategies, and Goals over the Next Five Years
The Department does not anticipate any significant changes of the mission, strategies and goals over the next five years.

CURRENT WORKFORCE PROFILE (SUPPLY ANALYSIS)
This section describes the agency's current workforce by assessing whether current employees have the knowledge, skills, and abilities needed to address critical business issues in the future.

Demographic Information
As of May 1, 2008, TDHCA had a total headcount of 285 employees. The agency is authorized to have 298 total full-time equivalents (FTEs). Additionally, TDHCA was allocated funds for the CDBG disaster recovery program as part of the disaster relief efforts after Hurricane Rita. There are 12 FTEs that are budgeted for this program currently. Out of the 285 employees there are 10 FTES allocated as part of the CDBG disaster recovery relief program. These FTEs are not counted as part of the FTE cap per Article IX under "federally funded" rule but are included in the FTE count for EEO reporting purposes. These FTEs are considered temporary positions and will be part of TDHCA for at least the next biennium or until federal disaster funds are expended.

The following charts profile TDHCA's workforce and include both full-time and part-time employees. The TDHCA workforce is comprised of 38 percent males and 62 percent females As shown in the table below, the TDHCA workforce has a higher representation of female workers than the state population and civilian workforce.



Workforce by Age

Approximately 62 percent of TDHCA's workforce is over the age of 40. This indicates that the workforce has a good level of overall work experience. TDHCA continues to be successful in the recruitment and retention of employees in this age group. The average age of TDHCA employees is 44.

Employee Tenure

Approximately 46 percent of TDHCA employees have less than 5 years of TDHCA service, 25 percent with 6-10 years of experience, 23 percent with 11-15 years of experience, and 6.3 percent with more than 15 years experience. The average number of years of service for Department employees is 11 years. TDHCA continually strives to ensure that employees are appropriately compensated; to improve internal communications through a variety of venues, to promote training and career development; and coordinate employee service recognition activities to motivate employees and to improve employee retention.

Age

Age Group	Population	Percentage
Under 30	21	7.4%
30-39	87	31%
40-49	84	29.4%
50 – 59	77	27%
60 and over	16	5.6%
Total	285	

As of April 30, 2008

Employee Tenure

Tenure Range	# of Employees	% of Total
<1 year	35	12.3%
1 – 5	97	34%
6 – 10	71	25%
11 – 15	66	23%
16 – 20	11	3.9%
21 – 25	3	1.1%
26 – 30	2	07%
30 +	-	-
Totals	285	100%

As of April 30, 2008

TDHCA's Workforce Compared with the Statewide Civilian Workforce

The tables and charts below compare the percentage of African American, Hispanic, and Female TDHCA employees (as of April 30, 2008) to the statewide civilian workforce as reported by the Texas Workforce Commission Civil Rights Division. Overall, the race and ethnic composition of the TDHCA workforce is very diverse and exceeds the state percentages.

However, there are four areas where TDHCA's Equal Employment Opportunity (EEO) employment percentages are less than the state's percentages:

- Female Technicians (The presence of under-representation in this category is thought to be caused in large part by the small number of employees in this category).
- Female-Official/Administration (This category shows a slight under-representation, less than one percent, for females as compared to the state).
- African American-Official Administration
- African-American Technicians

TDHCA targets recruitment resources that reach out to the workforce in the under-represented categories so that the applicant pool represents the ethnicity and gender to meet EEO goals of the state.

Description of TDHCA Workforce by Ethnicity and Gender

	African American		Hispanic		White		Other		Total	
Equal Employment Opportunities (EEO) Categories*	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
A - Administrators and Officials	-	-	3		9	7	-	-	12	7
P - Professionals	7	22	19	54	31	56	1	6	58	138
T - Technician	3	-	8	2	21	5	-	-	32	7
Q - Para-professionals	1	4	-	6	-	3	-	-	1	13
C - Administrative Support	2	3	0	6	3	2	-	-	5	12
Total by Race/Ethnicity & Gender	13	29	30	68	64	74	1	6	108	177
% of Total by Race/Ethnicity & Gender	5%	10 %	11 %	24 %	29 %	26 %	.4 %	2%	38 %	62 %
Total by Race/Ethnicity	42		98		138		7		285	
% of Total by Race/Ethnicity	15%		34%		48%		2%			

*A – Administrators and Officials: directors, employees establishing broad policy and exercising responsibility for execution of those policies.

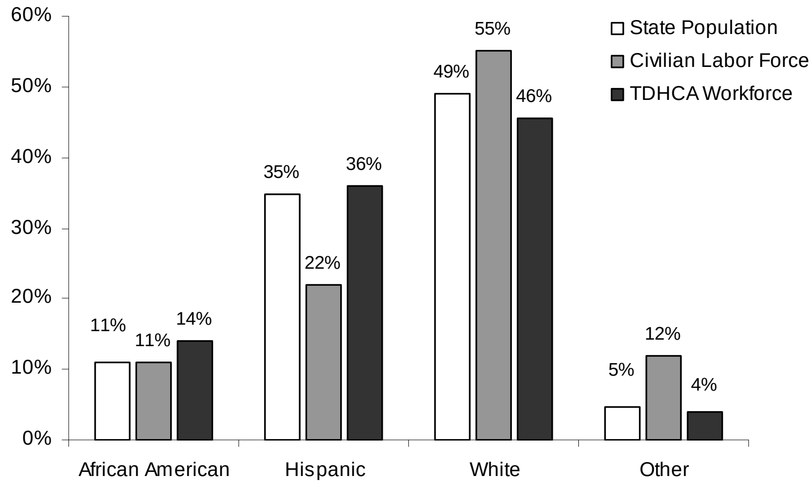
P – Professionals: accountants: systems analysts, attorneys, occupations requiring specialized training or education.

T – Technician: computer technicians, occupations requiring basic scientific or technical knowledge.

Q – Para-professionals: persons performing some of the duties of professionals in a supportive role.

C – Administrative Support: these include clerical payroll clerks, legal assistants, office machine operators, statistical clerks, and bookkeepers.

Comparison of TDHCA Workforce by Race/Ethnicity to State Population and Civilian Workforce



Source: US Census, 2006 American Community Survey; TDHCA Human Resources Data; Uniform Statewide Payroll System (2008 data); and Bureau of Labor Statistics (2004)

TDHCA's workforce is in close correlation to the State population by race and ethnicity.

Comparison of TDHCA EEO and Statewide Employment Statistics

	% African American		% Hispanic		% Females	
Job Category	TDHCA	State	TDHCA	State	TDHCA	State
Officials/Administrators	-	6.6%	16%	14.2%	37%	37.3%
Professionals	15%	8.3%	37.2%	13.4%	70.4%	53.2%
Technicians	7.6%	12.4%	25.6%	20.2%	17.9%	53.8%
Para-Professionals	35.7%	13.8%	42.8%	40.70%	92.8%	39%
Administrative Support	29.4%	11.2%	35.2%	24.10%	70.5%	64.7%

Source: TDHCA Human Resources Data and Bureau of Labor Statistics, Geographic Profile, 2004 for the state of Texas.

Agency Turnover

Percent of Workforce Eligible to Retire

Of the current 285 employees, there are 17 employees or 6 percent who are currently eligible to retire under the "Rule of Eighty". Ten of these employees are from the Manufactured Housing Division and all of these employees work in the field offices as Inspectors. Within the next biennium there will be 11 employees eligible to retire under the "Rule of Eighty". This will be a total of 10 percent employees eligible for retirement.

Of the current 285 employees there will be 8 employees or 3 percent that will be eligible to retire as a result of reaching the age of sixty with five years of service in the next biennium.
Source: Comptroller's Office of Public Accountants

It should be noted that TDHCA currently has six retiree rehires. Management is aware of the impact they will have on the loss of knowledge and skill base and is continually looking at methods to replace this knowledge through:

- Employee Development
- Mentoring Program
- Cross divisional training

Projected Employee Turnover Rate over the Next Five Years

In FY2007 the turnover rate for TDHCA was at its lowest point in comparison to the previous turnover rates. As shown by the chart below, TDHCA's turnover rates have historically been under the state turnover rates and have fluctuated.

Historical Employee Turnover Rate

Entity	FY2003	FY2004	FY2005	FY2006	FY2007
Statewide Turnover	18.2%	42.1%	19.1%	17.9%	19.2%
TDHCA Turnover	16.6%	13.4%	15%	12.5%	8.6%

Source: SAO E-Class as of 4/21/08. Turnover rates include interagency transfers.

Workforce Skills Critical to the Mission and Goals of the Agency

Due to the complexity and shear volume of regulations associated with the many funding programs the Department oversees, a depth of experience and skills are critical to accomplish the mission and goals of the Department that include:

- Mortgage and loan management
- Environmental science
- Underwriting
- Asset Management

Other critical skills the Department's workforce needs in order to effectively accomplish its business functions and provide a high level of customer service include:

- Leadership and management skills
- Analysis/research/planning/problem solving
- Financial management, financial analysis, and accounting expertise
- Knowledge of the legislative system
- Knowledge of the housing market industry
- Mentoring and coaching
- Marketing
- Multi-lingual
- Outreach and technical assistance
- Computer skills ranging from entry level data entry to highly skilled information systems programmers
- Customer service skills

- Investigative/inspection related knowledge
- Sophisticated oral and written communication skills
- Legal analysis

Use of Consultants

To effectively achieve its mission, TDHCA will continue to use consultants and contract workers in areas where their unique skills and experience represents the most effective use of the State's resources. Two divisions that expect the greatest ongoing use of consultants are IS, and Bond Finance.

ISD

TDHCA's Information Systems Division makes limited, targeted use of consultants for approved capital budget projects and software development support. In the current biennium, the Department has employed one contract developer to assist in the support of PeopleSoft Financials 8.8 and two contract developers to help support the Community Affairs Contract System and the Community Development Block Grant module of the Housing Contract System. Additionally, the Department plans to utilize two contract developers for the Manufactured Housing Systems Upgrade, an FY 2008-2009 capital budget project. Consultants are used for projects and support in cases where specialized skills or additional staffing are needed for a specific timeframe.

Bond Finance

Bond Finance uses the following types of consultants:

- Bond Counsel – A nationally recognized law firm or firms experienced in the issuance of mortgage revenue bonds.
- Financial Advisor – Typically an investment banking firm experienced in issuance of mortgage revenue bonds.
- Master Servicer/Administrator – A financially sound bank or trust company experienced in tax compliance review and loan servicing for tax-exempt single family mortgage revenue bond programs.
- Disclosure Counsel – A law firm experienced in securities laws particularly as it relates to disclosure of information by securities issuers to the private markets.
- Rating Agencies – A national rating agency which analyzes bond issues and assigns a rating to them to indicate to prospective bondholders the investment quality of the issue.
- Interest Rate Swap Advisor – Primarily monitors interest rate swaps used to hedge single family mortgage revenue bonds.
- Guaranteed Investment Contract Broker – Provides reinvestment services for single family mortgage revenue bond issues, single family commercial paper issues, and/or multifamily mortgage revenue bond issues.

FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS)

This section describes the Department's future business and staffing outlook. This analysis helps to identify trends, future influences, and challenges for the agency's business functions, new and at-risk business, and workforce composition.

Expected Workforce Changes Driven by Factors such as Changing Missions, Goals, Strategies, Technology, Work, Workloads, and Work Processes

A. Expected Workforce Changes

- Increase in workload of Uniform Physical Condition Inspections of multifamily housing units
- Increase in workload of compliance monitoring of multifamily housing units
- Retirement of employees with significant institutional knowledge and expertise
- Increased emphasis on technology upgrades to better serve the Department and it's customers
- Increased diversity in employee background, characteristics, and demographics
- Decrease in the CDBG disaster recovery staff as funds are expended
- Difficulty in attracting and retaining qualified applicants for certain positions that are impacted by the compensation compare to the private sector

Future Workforce Skills Needed

In addition to those skills described above in the "Workforce Skills Critical to the Mission and Goals of the Agency" section it is expected that the following skills will also be needed:

- Recruitment of multilingual employees to assist customers, translate documents, provide assistance at public hearings, conduct roundtables and gather public comment.
- As the Department continues to use technology to provide services to the Department and customers this will require advanced computer skills in systems design and analysis, web design and development, and the willingness to learn how to use more advanced technology systems.
- The PMC Division will need skilled inspectors to conduct multifamily housing units.
- Because of the projected retirement of employees within the next biennium the Department will need to recruit for highly skilled and experienced employees.

Anticipated Increase or Decrease in the Number of Employees Needed to Do the Work

It is anticipated that at least 4 additional FTEs will be needed to perform the work in the portfolio management and physical inspections unit within the PMC Division. Other workforce demands will be addressed with the current FTEs allocated to the Department. The Department does not expect a decrease in FTE's and any change in increased work loads will be addressed through streamlining of process and optimum use of technology.

Anticipated Use of Consultants

It is anticipated that the IS and Bond Finance divisions will continue to use consultants to complete their ongoing work in the roles above described in the Current Workforce profile section.

GAP ANALYSIS

Anticipated surplus or shortage of employees

Based on the workforce analysis it is anticipated there will be a shortage of institutional knowledge, skills and experience due to projected retirements. It is also anticipated that there may be a shortage of skilled inspectors for the Manufactured Housing Division based on the projected retirements for the field offices. The Manufactured Housing Division will need to determine how to fill Field Inspector positions and Field Management positions. The Department does not anticipate a surplus of employees.

Anticipated surplus or shortage of skills

Due to the changing workforce of the Department it is anticipated that there may be a shortage of the following skills:

- Employees with valued institutional knowledge, program knowledge, expertise, and experience
- IS staff with advanced technological skills and the ability to identify changing needs of the technology for the Department.
- Key management positions with the knowledge and skills to carry out the mission, goals and objectives of the Department
- Employees with skills to manage and work with a diverse and multi-generational working environment

STRATEGY DEVELOPMENT

This section describes strategies for workforce transition.

Specific Goals to Address Workforce Competency Gaps or Surpluses

To plan for TDHCA's future workforce needs, the following goals have been developed.

Gap	**Retention of institutional knowledge, program knowledge, expertise and experience**
Goal	To retain a workforce of institutional knowledge, program knowledge, expertise, and experience
Rationale	• There are 11 employees eligible to retiree that are within the

	Manufactured Housing Division and have extensive knowledge and skills as Inspectors • Transferring the knowledge of employees who are eligible to retire is critical to developing a skilled and experienced workforce • To develop and train staff to fill positions through attrition • To maintain a workforce that can carry out the mission, goals and objectives of the Department
Action Steps	• Work with senior management to identify key positions in their divisions and determine critical competencies and skills needed for those positions and how senior management will develop or recruit for these positions • Provide employee training to develop critical skills needed • Encourage management to provide employees who are seeking new challenges with opportunities for cross/rotational training • Implement the approved Mentoring Program • Encourage experienced employees to participate in the mentoring program • Encourage management to create training and development plans to increase competency in those employees that have demonstrated the potential and interest to assume higher level positions as vacancies occur • Establish recruitment resources that market specific to the housing industry to gain a diverse pool of applicants • Work with senior management to fill critical positions quickly • Continue to conduct the Organizational Excellence Survey to determine trends in employee satisfaction and address areas or trends that could be affecting employee turnover • Provide diversity training for Department staff periodically • Provide staff with flextime, telecommuting and other avenues to balance work and family needs.

Gap	**IS staff with advanced technology skills**
Goal	To provide the Department with technology that will increase efficiency of information for customers and staff, increase customer satisfaction, and provided streamlining of technology based programs
Rationale	• Training is needed to stay current with emerging technology

	There are increased requests for changes to IT systems to betters serve our customers and staff
Action Steps	• Continue to develop IT staff • Determine anticipated changes needed to systems and allow for training and staff development of new technologies • Cross functional training of IT staff • Develop plans for future needs of the Department web-based programs

Gap	**Key management positions with the knowledge and skills to carry out the mission, goals and objectives of the Department**
Goal	Develop a succession plan to identify key management positions and develop an applicant pool of potential candidates to fill these management positions
Rationale	Management in key positions is essential to carry out the goals and mission of the Department without interruption to the program areas
Action Steps	• Encourage employees currently in a Team Leader, Project Manager and Manager positions to attend training to increase leadership and management skills. • Promote employees when opportunities present themselves. • Conduct 360 surveys of management staff to identify gaps in leadership skills and focus on improving those skills • Identify key skills needed for key management positions and provide training opportunities, rotational/cross functional training Encourage management to mentor employee with the potential and desire for leadership roles

Gap	**Employees with skills to manage and work with a diverse and multi-generational working environment**
Goal	Ability to manage and lead a diverse workforce and continue to carry out the mission and goals of the Department
Rationale	As the workforce continues to change there is an increase in multi-generational and diverse backgrounds entering the workforce. Employees will need to be able to work with and manage people with differing opinions and work ethics and continue to recruit and retain employees
Action Steps	• Provide multi-generational training to employees and how to work as a team with differing views.

	• Conduct team building retreats • Continue to celebrate multi-cultural events at the Department to promote diversity and an opportunity for staff to participate in these events

APPENDIX G. SURVEY OF ORGANIZATIONAL EXCELLENCE RESULTS AND UTILIZATION PLANS

Employees' Attitudes and Possibilities for Change

In February of 2008, TDHCA participated in the Survey of Organizational Excellence sponsored by the University of Texas with a response rate of 85 percent. This survey forms the basis of the following observations concerning TDHCA's strengths and weaknesses according to the employees of the Department:

In reviewing the following sections, the following scoring categorizations are useful:

- Scores of 400 or higher indicate areas of substantial strength.
- Scores above 300 indicate employees perceive the issue more positively than negatively.
- Scores below 300 indicate employees perceive the issue more negatively than positively.
- Scores below 200 indicate areas of concern for the Department. They should receive immediate attention. No items in the TDHCA survey scored below the 200 range.

In comparison to the 2005 Survey or Organizational Excellence the Department scores improved. The chart below shows the comparison of scores for 2005 versus 2008. All the scores increased in 2008 with the exception of one score that remained the same.

Score Legend

♦	5 highest scores
◊	5 lowest scores

CONS#	CONSTRUCT NAME	SCORE 2005	SCORE 2008	POINTS DEVIATED
1	Supervisor Effectiveness	◊ 330	◊ 348	+18
2	Fairness	343	362	+19
3	Team Effectiveness	◊ 327	◊ 345	+18
4	Diversity	342	364	+22
5	Fair Pay	◊ 274	◊ 302	+28
6	Physical Environment	♦ 377	♦ 377	Same
7	Benefits	359	373	+14
8	Employment Development	352	♦ 377	+25
9	Change Oriented	◊ 334	◊ 348	+14
10	Goal Oriented	346	362	+16
11	Holographic	343	353	+10
12	Strategic	♦ 384	♦ 386	+2
13	Quality	♦ 375	♦ 388	+13
14	Internal	◊ 326	◊ 333	+7
15	Availability	♦ 369	373	+4
16	External	♦ 373	♦ 376	+3
17	Job Satisfaction	362	367	+5
18	Time and Stress	356	368	+12
19	Burnout	358	368	+10
20	Empowerment	351	362	+11

Areas of Strength

The Department's strengths lie in the perception employees have according to the following: Qualify, Strategic, Physical Environment, Employee Development, and External. They are discussed below in the order of scores received, from highest to lowest.

- ***Quality (388):*** Describes the degree to which the quality principles, such as customer service and continuous improvement are a part of the organizational culture.
- ***Strategic (386):*** This reflects employees' thinking about how the Department's Strategic Orientation culture responds to external influences that should a play a role in defining the mission, vision, services and products. This implies the ability of the Department to seek out and work with relevant external entities.
- ***Physical Environment (377):*** Describes the employees' perceptions of the total work atmosphere and the degree to which employees believe it is a "safe" working environment. This category addresses the "feel" of the workplace as perceived by the employee.

Note: The surveying effort occurred after the Department's move to a new building with substantially different working environment and parking situation.

- ***Employee Development: (377)*** This category is an assessment of the priority given to employee's personal and job growth. It provides insight into whether the culture of the organization sees human resources as the most important resource or as one of many resources. It directly addresses the degree to which the organization is seeking to maximize gains from investment in employees.
- ***External (376):*** This category looks at how information flows into the Department from external sources, and conversely, how information flows from inside the organization to external constituents. It addresses the ability of Department staff to synthesize and apply external information to work performed by the Department.

Areas of Concern

Areas where TDHCA did not score as high were Fair Pay, Internal Communication, Team Effectiveness, Supervisor Effectiveness, and Change Orientation issues as described below from lowest score to highest scores. While Fair Pay is the lowest score, it is still viewed as more positive than negative.

- ***Fair Pay (302)***: Fair Pay is a common negative perception across most, if not all, state agencies. This category addresses perceptions of the overall compensation package offered by the Department. It describes how well the compensation package "holds up" when employees compare it to similar jobs in other organizations.
- ***Internal (333):*** This captures the flow of communication within the Department from the top down, bottom up, and across divisions. It addresses the extent to which communication exchanges are open and candid and move the Department toward goal achievement.
- ***Team Effectiveness (345):*** This describes employees' perceptions of the people within the Department with whom they work on a daily basis to accomplish their jobs (the work group or team). Also, it gathers data about how effective employees think their work

group is as well as the extent to which the Department's environment supports cooperation among employees.

- ***Supervisor Effectiveness (348):*** This category provides insight into the nature of supervisory relationships in the Department, including the quality of communications, leadership, thoroughness, and fairness that employees perceive exists between supervisors and them. This category helps organizational leaders determine the extent to which supervisory relationships are a positive element of the organization.
- ***Change Oriented (348)*****:** This category describes employees' perceptions of the Department's capability and readiness to change based on new information and ideas. It also addresses the Department's aptitude to process information timely and to act upon it effectively. Most importantly, it also examines the organization's capacity to draw upon, develop, and utilize the strengths of all in the Department for improvement.

Strategies for Improvement

The Department will continue to capitalize on the information derived from the 2008 Survey of Organizational Excellence.

<u>Improving Areas of Concern</u>

- ***Fair Pay***: While Fair Pay continues to be the lowest scoring category for the Department this category has improved based on the last survey score. There have been many ways the Department has addressed fair pay to include:
  - Review of all pay actions for equity among similar positions.
  - Providing each Division Director with equity reports for the division and an equity report for Department positions.
  - A Department-wide classification audit was conducted by the State Auditor's Office to determine misclassifications for the Department. There were only 8 positions that needed to be reclassified as part of this audit. The Department requires that employee classifications be reviewed during each employee annual performance review to ensure that position classifications are appropriate.
  - The Department participated in a National Housing Organization Compensation Survey. This survey allows the Department to review salaries of other similar positions in comparison to Department salaries.

<u>Enhancing Strengths</u>

- The Department is committed to instilling a culture of diversity, transparency, professionalism, and integrity. The Department will continue to analyze organizational development through review of program organizational structure to ensure that processes and program goals and objectives are being met with the most streamlined measures and are functioning effectively and efficiently.
- The Department will continue to have open communications with staff and will promote an environment that allows employees to improve their skills and abilities through continuing education, external training, in-house training, and other training resources as needed.

APPENDIX H. HISTORICALLY UNDERUTILIZED BUSINESS PLAN

GOAL

The Texas Department of Housing and Community Affairs strives to provide procurement and contracting opportunities for all businesses, with efforts to maximize inclusion of minority and women owned businesses.

OBJECTIVE

The Department shall make a good faith effort to maximize the award of goods and services to HUBs in all facets of contracting, subcontracting, and purchases. Through all reasonable means, the Department strives to award procurement and subcontracting opportunities to minority and women owned businesses.

STRATEGY

The following programs have been developed and are part of TDHCA's good faith effort to achieve these goals:

- HUB Orientation/Assistance Package
- Actively participate in Economic Opportunity Forums (EOFs) enhancing the vendor knowledge of procurement opportunities at the Department.
- Utilization of the Electronic State Business Daily web-site provides opportunity to all HUBs and HUB subcontractors to acquire and participate in the Department's bid opportunities.
- Multiple Awards of single requisitions to enhance HUB vendor participation.
- Specifications, delivery dates, and guidelines are reasonable and concise.
- Ensuring that specifications and terms and conditions reflect the actual needs.
- Inclusion of contractors with reference list of Certified HUBs for subcontracting opportunities.
- Ensuring subcontracting plans are appropriately and accurately included in services and commodities contracts of which the value exceeds $100,000. Evaluation of the contractor compliance with subcontracting plans as applicable in contracts of $100,000 or greater.

OUTPUT MEASURES

Table I. HUB Goals and TDHCA Performance

Category	TDHCA Performance		TDHCA Goals for 2008
	2006	**2007**	
Heavy Construction	N/A	N/A	N/A
Building Construction	N/A	N/A	N/A
Special Trades Contracts	100%	N/A	20.0%
Professional Services Contracts	32.8%	39.9%	15.0%
Other Services Contracts	36.9%	60.2%	25.0%
Commodities Contracts	75.2%	85.9%	25.0%
Grand Total HUB Participation	42.6%	62.1%	

Table II. TDHCA Performance – Fiscal Year 2006

Category	TDHCA Performance		Percentage Spent With HUBS	Statewide Goal
	Total Dollar Amount Spent	Total Dollar Amount Spent With HUBS		
Heavy Construction	N/A	N/A	N/A	11.9%
Building Construction	N/A	N/A	N/A	26.1%
Special Trades Contracts	4,950.00	4,950.00	100%	57.2%
Professional Services Contracts	219,408.00	72,000.00	32.8%	20.0%
Other Services Contracts	2,648,163.00	979,327.00	36.9%	33.0%
Commodities Contracts	519,326.00	390,941.00	75.2%	12.6%
Grand Total Expenditures	3,391,848.00	1,447,218.00	42.6%	

B. TDHCA Performance – Fiscal Year 2007

Category	TDHCA Performance		Percentage Spent With HUBS	Statewide Goal
	Total Dollar Amount Spent	Total Dollar Amount Spent With HUBS		
Heavy Construction	N/A	N/A	N/A	11.9%
Building Construction	N/A	N/A	N/A	26.1%
Special Trades Contracts	N/A	N/A	N/A	57.2%
Professional Services Contracts	212,149.00	84,700.00	39.9%	20.0%
Other Services Contracts	1,974,614.00	1,189,822.00	60.2%	33.0%
Commodities Contracts	354,762.00	304,877.00	85.9%	12.6%
Grand Total Expenditures	2,541,526.00	1,579,399.00	62.1%	

EXTERNAL/INTERNAL ASSESSMENT

TDHCA continues to increase the use of HUBs through education of staff on procurement policy rules and procedures; through aggressively recruiting and educating prospective HUB businesses; assisting HUBs with the state HUB Certification program; and participation in EOFs with other state entities, local and federal entities and elected officials. Through participation in these Forums, TDHCA has developed new vendor relationships and continues to pursue new avenues for HUB participation. TDHCA has established and exceeded the previous years goals for procurement from HUB and subcontracting of HUB vendors.

APPENDIX I. LIST OF ABBREVIATIONS

AMFI	Area Median Family Income
CDBG	Community Development Block Grant
CEAP	Comprehensive Energy Assistance Program
CFNP	Community Food and Nutrition
CHDO	Community Housing Development Organization
CPA	Texas Comptroller of Public Accounts
CSBG	Community Services Block Grant
DADS	Texas Department of Aging and Disability Services
DHHS	US Department of Health and Human Services
DOE	US Department of Energy
DOT	US Department of Transportation
EEO	Equal Employment Opportunity
ELI	Extremely Low Income
FTE	Full-Time Employee
FY	Fiscal Year
GR	General Revenue
HOME	HOME Investment Partnerships Program
HOPWA	Housing Opportunities for Persons with AIDS
HTC	Housing Tax Credit
HTF	Housing Trust Fund
HUB	Historically Underutilized Business
HUD	US Department of Housing and Urban Development
IS	Information Systems
LAN	Local Area Network
LBB	Legislative Budget Board
LI	Low Income
LIHEAP	Low Income Home Energy Assistance Program
MFB	Multifamily Bond
MI	Moderate Income
MSA	Metropolitan Statistical Area
OCI	Office of Colonia Initiatives
ORCA	Office of Rural Community Affairs
PHA	Public Housing Authority
PJ	Participating Jurisdiction
PMC	Portfolio Management and Compliance
RAF	Regional Allocation Formula
SAO	State Auditor’s Office
SOL	Statement of Ownership and Location
SOP	Standard Operating Procedure
TDHCA	Texas Department of Housing and Community Affairs
TSAHC	Texas State Affordable Housing Corporation
TSDC	Texas State Data Center
USDA	US Department of Agriculture
VLI	Very Low Income
WAN	Wide Area Network
WAP	Weatherization Assistance Program

ATTACHMENT 18

Relating to Agency Performance Evaluation

18. A list of internal audit reports from FY 2005 – 2009 completed by or in progress at the agency.

TDHCA Internal Audit Reports (2005-2009)

Report Name	Division	Release Date
An Internal Audit Report – Compliance with the Texas Whistleblower Act	Legal/HR	06/15/05
An Internal Audit Report – Portfolio Monitoring and Compliance Subrecipient Monitoring – Risk Assessment	Portfolio Management/ Compliance Monitoring	08/05/05
Internal Auditing Report on the Office of Colonia Initiatives' Draw Processing and Subrecipient Monitoring Functions for the Contract for Deed Conversion Program	Office of Colonia Initiatives	06/02/06
Internal Auditing Report on Energy Assistance Weatherization Assistance Program	Community Affairs	12/20/06
Internal Auditing Report on the Office of Colonia Initiatives' Subrecipient Monitoring and Draw Processing Functions for the Self-Help Center Program	Office of Colonia Initiatives	08/31/06
Internal Auditing Report on CDBG Disaster Hurricane Recovery Program – Project/Program Plan	Rita Recovery	03/05/07
Internal Auditing Report on CDBG Hurricane Disaster Recovery Program – Control design Over Project Set-Up and Draw Processing Functions	Rita Recovery	05/01/07
Internal Auditing Report on the Manufactured Homeowner's Recovery Trust Fund	Manufactured Housing	05/31/07
Internal Audit Report on the 9% Competitive Housing Tax Credit Program – Compliance Review of Pre-Application and Notification Processes	Multifamily Finance Production	10/05/07
Internal Audit Report on the 9% Competitive Housing Tax Credit Program – Compliance Review of the Application and Award Processes	Multifamily Finance Production	12/12/07
Internal Audit Rpeort on the Draw Processing and Monitoring Functions of the Community Affairs Division's Community Services Block Grant and Emergency Shelter Grant Programs	Community Affairs	06/11/08
Internal Audit Report on the Office of Colonia Initiatives' Bootstrap Loan Program	Office of Colonia Initiatives	11/25/08
Internal Audit Report on the Office of Colonia Initiatives' Self-Help Center Program	Office of Colonia Initiatives	12/19/08
Internal Audit Report on Loan Servicing and Recycling of Program Income in the HOME Division	HOME	05/06/09
Report on the Internal Audit Division's Quality Assurance and Improvement Program	Internal Audit (self-assessment)	05/22/09
Follow-up Audit on the Office of Colonia Initiatives	Office of Colonia Initiatives	Currently Underway

ATTACHMENT 19

Relating to Agency Performance Evaluation

19. A list of State Auditor reports from FY 2005 – 2009 that relate to the agency or any of its functions.

SAO Reports on TDHCA (2005 to 2009)

Release Date	Report Number	Report Title
04/20/09	09-555	State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2008
03/25/09	09-024	A Special Investigations Unit Report on a Department of Housing and Community Affairs HOME Program Contract Awarded to the Lone Star Garden Development Corporation
08/14/08	08-043	An Audit Report on the Single Family Mortgage Revenue Bond Program at the Department of Housing and Community Affairs
04/16/08	08-555	State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2007
10/30/07	08-005	An Audit Report on Hurricane Recovery Funds Administered by the Department of Housing and Community Affairs and the Office of Rural Community Affairs
06/12/07	07-710	A Classification Compliance Review Report on the Department of Housing and Community Affairs
04/27/07	07-555	State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2006
03/29/07	07-709	A Classification Compliance Review Report on the State's Attorney, Assistant Attorney General, and General Counsel Positions
02/23/07	07-016	A Special Investigations Unit Report Regarding a Department of Housing and Community Affairs HOME Program Contract Awarded to the Harbor Lights Residence Council
03/23/06	06-026	A Review of State Entity and Community College District Compliance with the Public Funds Investment Act and Investment Reporting Requirements
03/16/06	06-555	State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2005
03/08/06	06-325	State of Texas Federal Portion of the Statewide Single Audit Report for the Fiscal Year Ended August 31, 2005
02/24/06	06-704	Workforce Planning Guide
02/13/06	06-703	A Report on State Employee Benefits as a Percent of Total Compensation
01/31/06	06-702	A Classification Compliance Review Report on the State's Inspector and Investigator Positions
07/29/05	05-047	An Audit Report on the Housing Trust Fund and HOME Investment Partnerships Programs at the Department of Housing and Community Affairs
03/29/05	05-555	State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2004

ATTACHMENT 20

Relating to Agency Performance Evaluation

20. A copy of any customer service surveys conducted by or for your agency in FY 2008.

- Report on the 2006 Community Needs Survey

REPORT ON THE
2006 COMMUNITY NEEDS SURVEY

Prepared by the

Division of Policy and Public Affairs
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, TX 78711-3941
Phone: (512) 475-3976
Fax: (512) 469-9606

February 2007

REPORT ON THE
2006 COMMUNITY NEEDS SURVEY

TABLE OF CONTENTS

INTRODUCTION

In 2006, the Texas Department of Housing and Community Affairs (TDHCA) conducted the 2006 TDHCA Community Needs Survey (CNS), which was designed to provide TDHCA with an understanding of housing and community assistance needs at the local level. The survey gave local officials and housing and community service professionals, who are most familiar with the unique characteristics of their communities, an opportunity to inform TDHCA about how their needs can be most effectively addressed. Data collected by the survey will serve as a valuable resource in program planning when determining how to best target funds and serve local communities.

CNS HISTORY

TDHCA developed and collected surveys in 2000 and 2003, which included approximately 200 and 27 questions respectively. The number of questions was reduced for the 2003 survey in the interest of brevity and to ensure the continuation of a high response rate. The 2000 CNS was distributed to approximately 1,450 mayors and county judges, and resulted in a 55 percent response rate. The 2003 CNS was mailed to over 2,000 cities, counties, local housing departments, US Department of Agriculture (USDA) field offices, public housing authorities, and councils of governments, with a response rate of 38.3 percent.

The 2000 and 2003 CNS results were used as a component of TDHCA's Affordable Housing Needs Score, which awards location points for the Housing Tax Credit, Housing Trust Fund, and HOME Investment Partnerships programs. Because of low response rates to these surveys, the Department has since removed the CNS component from the score due to limited population representation. The 2006 CNS will be used for informational purposes and as a guide when making programmatic decisions.

REPORT ON THE 2006 COMMUNITY NEEDS SURVEY

The *Report on the 2006 Community Needs Survey* contains analysis of data collected by the CNS. Survey responses will provide TDHCA with local and regional perspectives when considering programmatic changes. The results will also be incorporated into the *State of Texas Low Income Housing Plan and Annual Report* and US Department of Housing and Urban Development Consolidated Plans as resources describing local need.

SURVEY METHOD

Beginning in March 2006 and ending May 2006, the Department conducted an online 2006 CNS to examine housing and community service needs at the local level. TDHCA used an online survey software called Zoomerang (www.zoomerang.com) to develop a short survey that asked respondents about their community's need for housing, homeless assistance, community development, special needs populations, energy assistance, and other needs.

SURVEY QUESTIONS

The Survey contained 18 total questions, including an opportunity at the conclusion for the respondent to add comments. The first six questions asked the respondent for their contact information, including name, e-mail address, organization, city, county, and respondent type. The city, county, and respondent type fields were mandatory so that the Department could track which organizations and areas responded to the survey.

The remainder of the questions focused on subjects related to housing and community services needs. The Department developed questions and answer choices so that need could be gauged across assistance categories, as well as compare assistance types within program areas. Some questions asked the respondent to choose a single answer, some questions asked for rankings, and some asked for yes or no answers. In attempt to maximize the user-friendliness of the survey, TDHCA chose not to require answers for each question. This way respondents would not feel obligated to spend time answering questions they did not want to.

2006 CNS Questions

Question Subject	Question and Answer Choices
Name	Filled in by Respondent
E-mail Address	Filled in by Respondent
Organization	Filled in by Respondent
City	Filled in by Respondent
County	Filled in by Respondent
Respondent Type	Respondent chose from the following options: • State Representative • State Senator • Mayor • County Judge • City Manager • Housing/Planning Dept. • USDA Local Office • Public Housing Authority • Council of Governments • Community Action Agency • Housing Opportunities for Persons with AIDS (HOPWA) Agency
General Need	Rank your community's needs for the following types of general housing assistance activities from highest to lowest level of need (1 indicates the highest need). Each ranking number may be used only once across the set of activities. • Housing Assistance (Homebuyer Down Payment, Home Repair, and Rental Payment Assistance) • Development of Apartments (New Construction or Rehabilitation of Rental Units) • Energy Assistance (Utility Payments or Home Weatherization Activities) • Assistance for Homeless Persons

	• Capacity Building Assistance (Training and Technical Assistance, Assistance with Operating Costs, and Predevelopment Loans to Help Local Housing Organizations Develop Housing)
Housing Assistance	If there is a need for direct housing assistance to households in your community, which activity has the greatest need? (Select One) • Assistance to Purchase a Home • Home Repair Assistance • Rental Payment Assistance • There is a Minimal Need for Direct Housing Assistance in my Community • No Opinion
Development of Apartments	With regard to rental development in your area, which activity is most needed? (Select One) • Rehabilitation of Existing Rental Units • Construction of New Rental Units • The Need for Both Types of Rental Housing is Approximately the Same • There is a Minimal Need for Rental Housing Development in my Community • No Opinion
Energy Assistance	With regard to energy assistance, which activity is most needed? (Select One) • Educational Activities • Repair and Replacement of HVAC Equipment • Utility Payment Assistance • Weatherization and Minor Home Repairs to Increase Energy Efficiency • There is a Minimal Need for Energy Assistance in my Community • No Opinion
Assistance for Homeless Persons	If there is a homeless population in your community, which activity is most needed to address this population? (Select One) • Creation or Renovation of Short-Term, Emergency Shelters • Essential Services for the Homeless (Counseling, Job Training, Assistance in Obtaining Housing) • Homeless Prevention Services (Rent and Utility Assistance and Case Management) • Maintenance and Operation Costs for Homeless Facilities • There is a Minimal Need for Assistance for Homeless Persons in my Community • No Opinion
Capacity Building	If local housing organizations need assistance to increase their ability to apply for funding and develop affordable housing, which activity is most needed? (Capacity building activities help to increase the ability of local organizations to apply for funding and develop affordable housing.) (Select one) • Assistance with Operating Costs • Predevelopment Loans • Training and Technical Assistance • There is a Minimal Need for Capacity Building Assistance in my Community • No Opinion
Special Needs Populations	Which low income population is most in need of assistance in your community? (Select One) • Poverty-Level Households • Elderly Households • Persons with Disabilities • Persons with HIV/AIDS • Homeless Persons • No Opinion
Migrant Farm Workers	In there a need for migrant or seasonal farm worker housing in your area? • Yes • No • No Opinion
Fair Housing and	Is there a need for information and training on fair housing laws to help mitigate housing

Discrimination	discrimination occurring in your community? • Yes • No • No Opinion
Community Development	Rank your community's need for the following types of community development activities from highest to lowest level of need (1 indicates the highest need). Each ranking number may be used only once across the set of activities. • Public Infrastructure (Water, Sewer, Drainage, Street Improvements) • Economic Development (Job Creation or Retention) • Community Facilities (Community Centers and Parks) • Disaster Recovery for Damaged Infrastructure • Community Planning • Housing
Working with TDHCA	Do you need more detailed information on the affordable housing and community affairs programs offered by the Texas Department of Housing and Community Affairs? • Yes • No • No Opinion
Additional Comments	Filled in by Respondent

SURVEY TIMELINE

On Wednesday, March 1, 2006, TDHCA launched the survey on the website. Announcement postcards were initially mailed to the survey group, and subsequent electronic communication was used to further publicize the survey. The survey was available for completion until Friday, May 5, 2006.

ENTITIES SURVEYED

With the CNS, TDHCA's goal was to develop a better understanding of the housing and community services needs at the local level. As a result, TDHCA chose to survey local officials and housing and community service agencies because they are most familiar with the unique characteristics of their communities. TDHCA sent the CNS to the following individuals and entities: State Representatives (150 individuals), State Senators (31 individuals), Mayors (1,226 individuals), County Judges (254 individuals), City Managers (289 individuals), Housing/Planning Departments (43 entities), USDA Local Offices (31 entities), Public Housing Authorities (401 entities), Councils of Governments (24 entities), Community Action Agencies (47 entities), and Housing Opportunities for Persons with AIDS (HOPWA) agencies (33 entities).

In past surveys, TDHCA contacted state representatives and senators for support in encouraging local officials to fill out the survey. For the 2006 CNS, TDHCA decided to include these state representatives and senators in the survey respondent pool itself, as they have unique perspectives on and knowledge of issues affecting their districts. Furthermore, because as state representatives and senators they have an oversight responsibility of TDHCA, staff was interested in obtaining their ideas on housing and community affairs subjects.

Mayors, county judges, and city managers were surveyed due to their broad knowledge and involvement in local issues. Councils of governments also have broad knowledge and involvement in local issues, and many also administer local housing and community services programs. Housing and planning departments, USDA local offices, public housing authorities, and community action agencies were surveyed due to their specific involvement in housing and community affairs programs and services. HOPWA agencies were included because they administer US Department of Housing and Urban Development HOPWA dollars, which fund rental and emergency assistance activities for persons with HIV/AIDS, and have distinct perspectives as a health services provider.

SURVEY NOTICES

In early March 2006, TDHCA began the notification process to advertise the availability of the survey. This effort included distribution of postcards and e-mails to survey groups. This notification included a brief description of the survey and directed recipients to a website for more information and a link to the online survey. Additionally, The Texas Association of Regional Councils, Texas Municipal League, and the Texas State Office of the United States Department of Agriculture directly encouraged their members to respond to the survey at the request of TDHCA. Approximately, 2 weeks before the survey closed, a follow up postcard was sent to everyone who had not previously submitted the survey. State senators and representatives received a letter informing them of the survey, as well as a follow-up e-mail from TDHCA staff.

In order to limit the respondent pool to the targeted groups and ensure the reliability of response rates and data, TDHCA did not make the survey web address public. Only those individuals receiving the announcement postcard and subsequent reminders were given the address of the website needed to complete the survey.

E-mail notices and postcard mailings included the following language:

> The TDHCA Community Needs Survey just won't be the same without everyone's input. If you haven't already done so, please take a moment to complete the brief online survey at http://www.tdhca.state.tx.us/needs-survey.htm. This is your chance to tell us how to best address Texas' affordable housing and community development needs. The survey data will help determine the most effective use of existing resources and develop future assistance programs. If you have already completed the survey, thank you for your valuable time and input!

The survey was further publicized in the March 2006 edition of the TDHCA newsletter, *Breaking Ground*.

SURVEY RESPONSES

The Department received 434 responses to the CNS. Based on these responses, the Department received the following feedback.

RESPONSE RATES

TDHCA notified a total of 2,529 individuals and entities of the 2006 CNS. As of the close of the survey on Friday, May 5, 2006, TDHCA's survey software reported 434 completed surveys, which represents a 17.2 percent response rate.

Comparing respondent types, housing and planning departments had the highest response rate with 93 percent, while community action agencies were second at 76.6 percent.

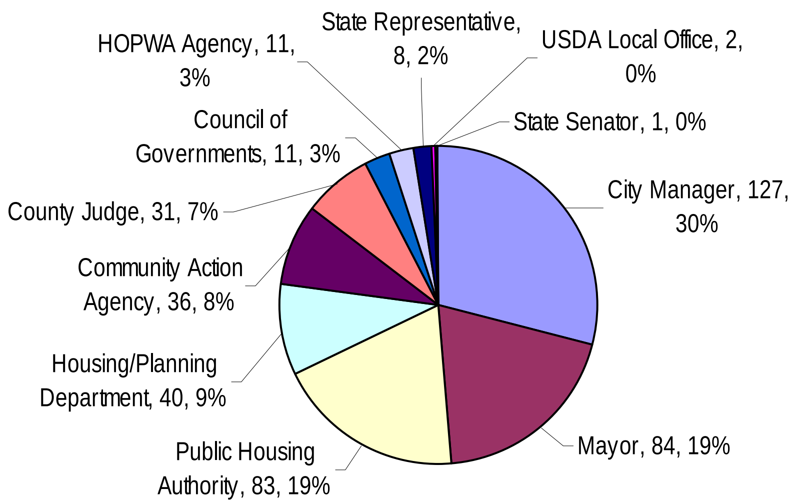
CNS Response Rate by Respondent Type

Respondent Type	Number of Organizations	Number of Responses	Response Rate
State Representative	150	8	5.3%
State Senator	31	1	3.2%
Mayor	1,226	84	6.9%
County Judge	254	31	12.2%
City Manager	289	127	43.9%
Housing/Planning Department	43	40	93.0%
USDA Local Office	31	2	6.5%
Public Housing Authority	401	83	20.7%
Council of Governments	24	11	45.8%
Community Action Agency	47	36	76.6%
HOPWA Agency	33	11	33.3%
Total	2,529	434	17.2%

RESPONDENT TYPE

TDHCA surveyed a variety of different individuals and entities involved in housing and community affairs activities in order to capture broad perspectives on the needs facing their communities. The chart below depicts the breakdown of CNS respondents according to respondent type. The greatest percentage of respondents was city managers, comprising 30 percent of the total respondent pool. State representatives and state senators were among the smallest percentages of the pool.

All Respondents by Type or Affiliation (434 Total)



City managers, mayors, and county judges, who together comprise a majority 56 percent of respondents, offer unique perspectives as they perform city service or are locally elected. Housing and planning departments, USDA local offices, public housing authorities, councils of governments, community action agencies, and HOPWA agencies, which together comprise 42 percent of respondents, offer the perspectives of service providers. This mix of respondents representing the general public as well as those representing people receiving assistance will provide balanced viewpoints of local need.

Results are organized by survey question, analyzed first by all survey respondents statewide, then by each region. Total percentages may not add due to rounding.

ALL RESPONDENTS

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. Overall, Housing Assistance Activities was the category most often ranked the highest, while Energy Assistance Activities was the next most likely to receive a priority rank. Assistance for Homeless Persons appeared to be the least relevant category to the respondents, with a majority ranking it as the least needed or giving no opinion on the category.

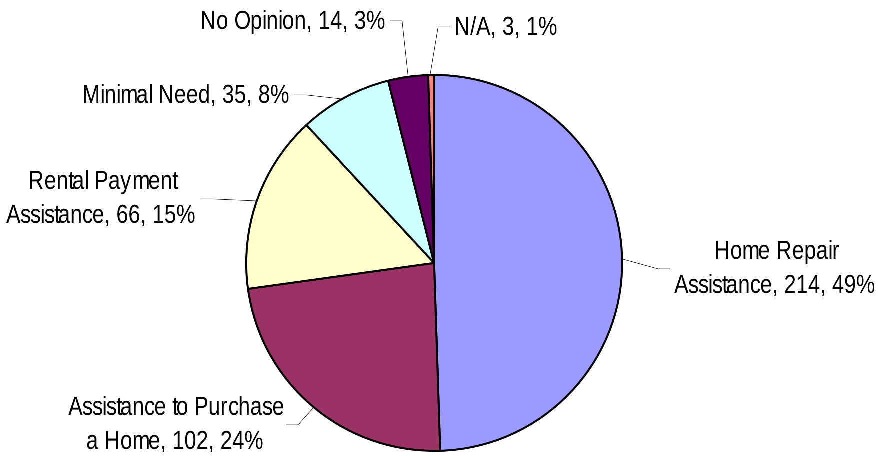
Ranking of Need for Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	47% 142	22% 68	18% 54	7% 22	1% 2	5% 15	100% 303
2. Development of Apartments	19% 60	20% 62	26% 81	15% 48	13% 42	8% 24	101% 317
3. Energy Assistance	22% 76	33% 112	25% 86	13% 43	3% 11	4% 12	100% 340
4. Assistance for Homeless Persons	6% 21	8% 27	13% 45	20% 71	39% 139	16% 56	102% 359
5. Capacity Building Assistance	13% 51	12% 50	17% 70	25% 102	21% 85	12% 47	100% 405

HOUSING ASSISTANCE

Of all respondents, almost half indicated home repair assistance as the greatest need in their respective communities. Home purchasing assistance was the next most selected, with a quarter of the responses. Less than 10 percent considered need for housing assistance to be minimal.

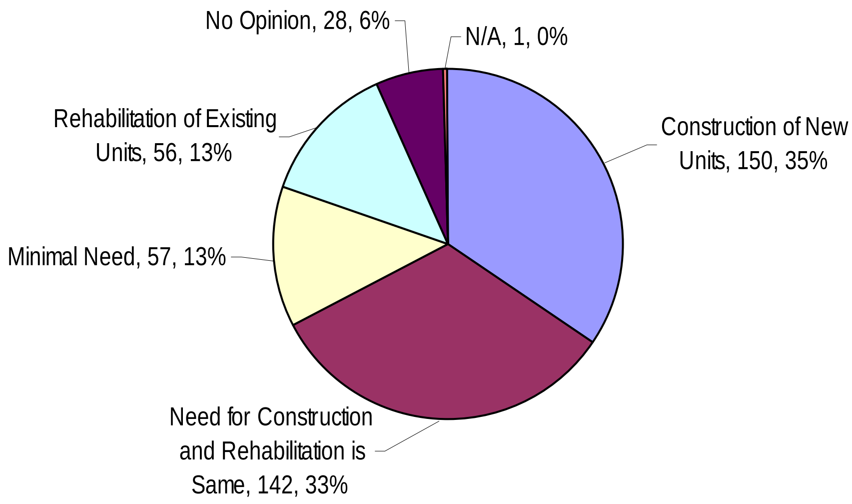
Housing Assistance Activity with Greatest Need (434 Respondents)



DEVELOPMENT OF RENTAL UNITS

A large majority of the total respondents, 68 percent, stated that new rental-unit construction was either the greatest overall need, or that it was equally as necessary as rehabilitation of existing units. A much smaller percentage indicated only rehabilitation as the most pressing need.

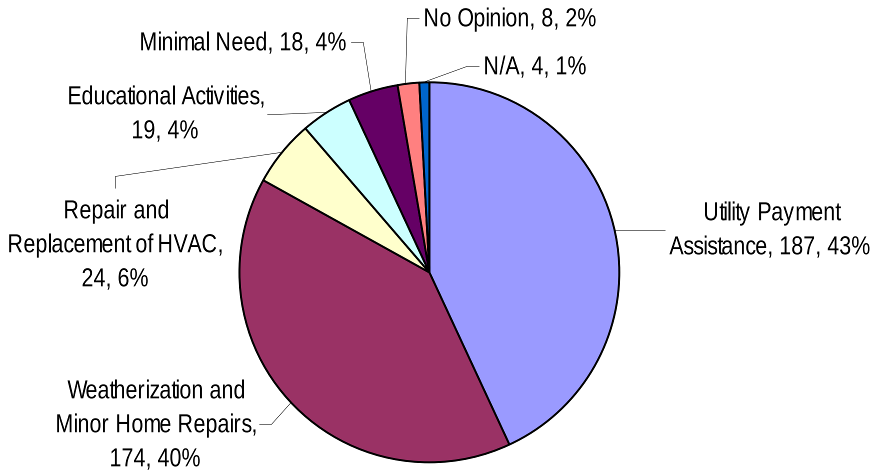
Rental Development Activity with Greatest Need (434 Respondents)



ENERGY ASSISTANCE

Utility payment assistance was the most commonly identified need amongst all respondents, while assistance with weatherization and minor home repairs was a close second. These two activities dominated the responses in this category.

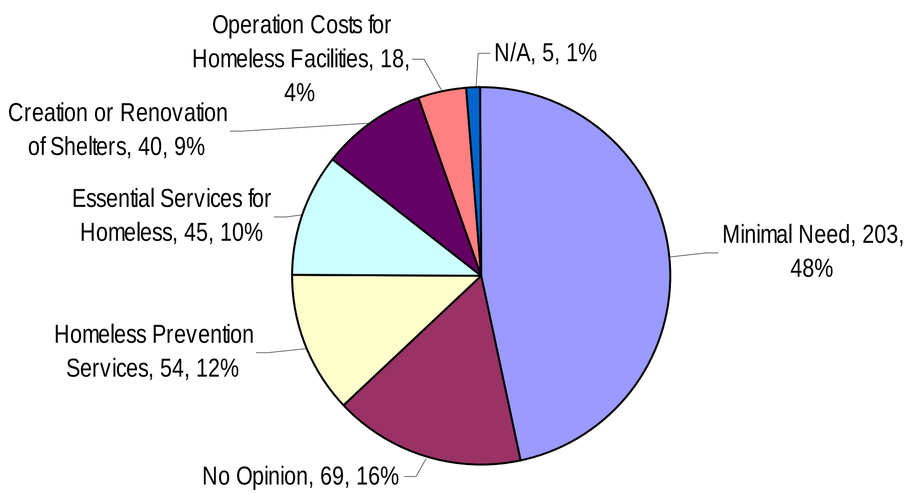
Energy Assistance Activity with Greatest Need (434 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

Most respondents statewide did not indicate a great necessity for homeless assistance activities. Almost half of all respondents said there was only a minimal need for such activities in their communities and another 16 percent had no opinion. Of the respondents who did identify need, a similar percentage indicated homeless prevention, essential services, and creation or renovation of shelters.

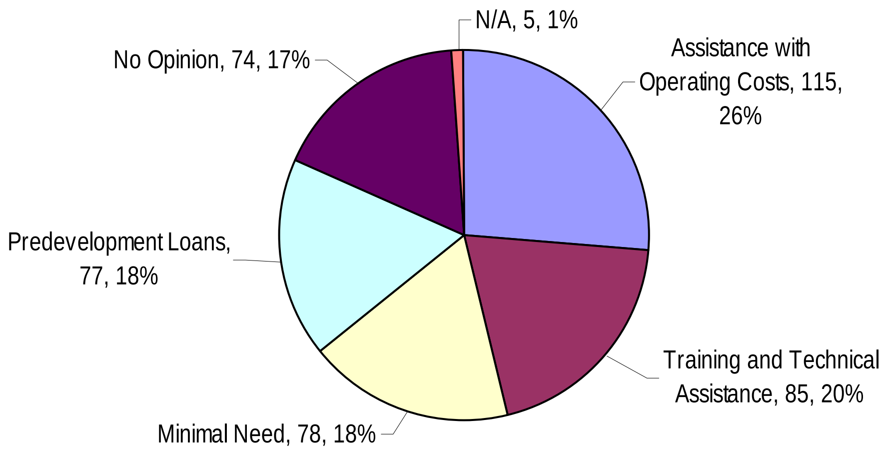
Homeless Assistance Activity with Greatest Need (434 Respondents)



CAPACITY BUILDING ASSISTANCE

Assistance with operating costs was selected by more than a quarter of the respondents as the most needed capacity building activity. Opinion was roughly divided evenly between the remaining activity categories, with a significant portion also indicating a minimal need or giving no opinion.

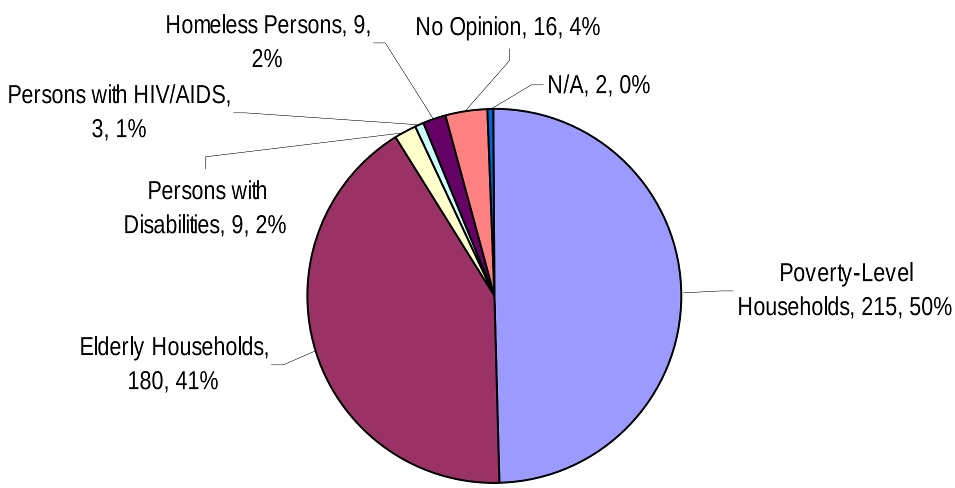
Capacity Building Activity with Greatest Need (434 Respondents)



SPECIAL NEEDS POPULATIONS

Of all respondents, half indicated poverty-level households as the population most in need of assistance in their communities. Elderly households was the second most selected group, indicated in more than 40 percent of the responses. These two population groups together dominated the responses in this category.

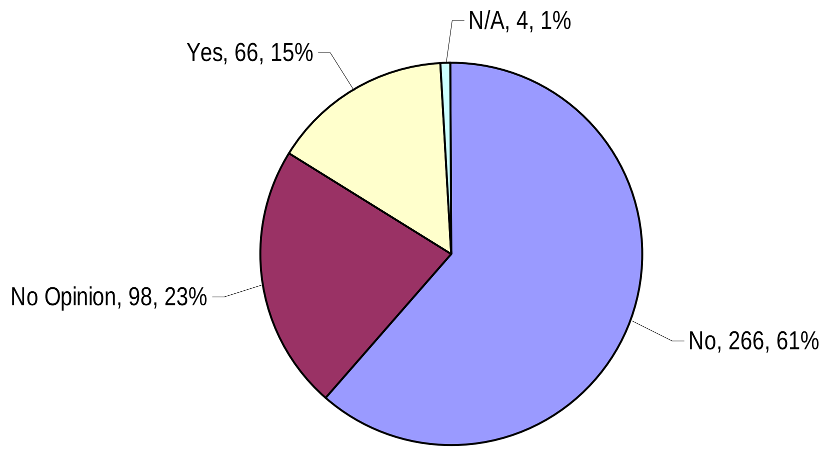
Population Most in Need of Assistance (434 Respondents)



MIGRANT FARM WORKERS

A significant majority of all respondents saw no need for migrant farm worker or seasonal housing in their communities. Only 15% stated that a need existed.

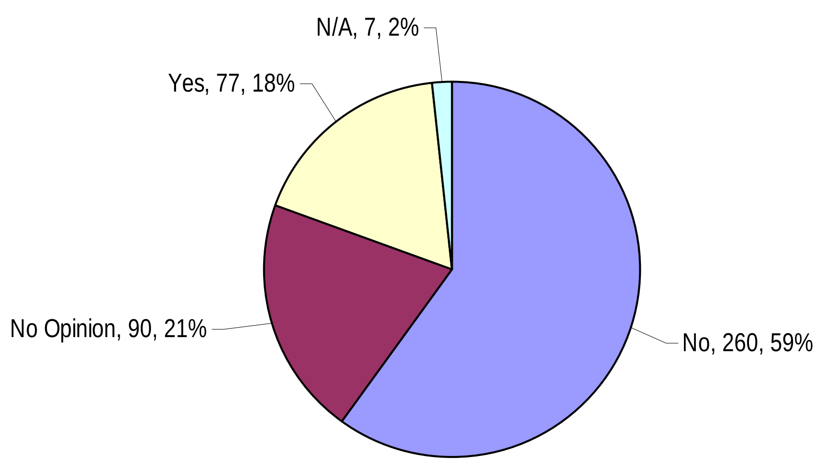
Need For Migrant Farm Worker Housing (434 Respondents)



FAIR HOUSING AND DISCRIMINATION

A majority of all respondents stated there was no need for training on fair housing laws in their communities. Only 18 percent said a need was present.

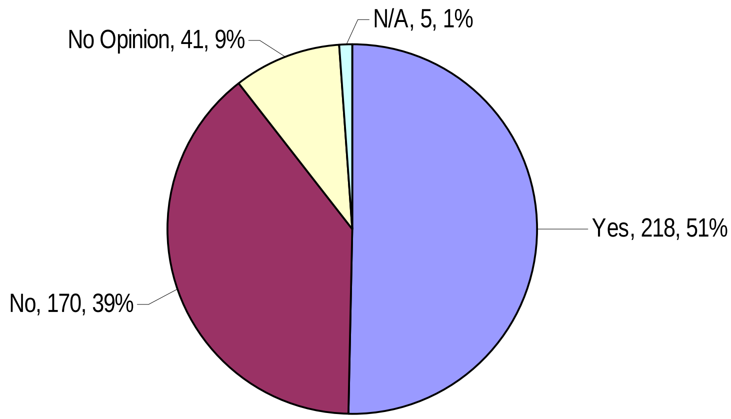
Need for Fair Housing Training (434 Respondents)



WORKING WITH TDHCA

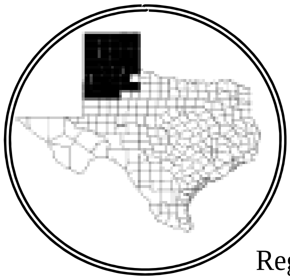
Just over half of all respondents said there was a need for information on the programs offered by TDHCA. At the same time, however, a large portion indicated they were sufficiently informed about the Department.

Need for Information from TDHCA (434 Respondents)



SUMMARY

Home repair assistance was the most commonly identified housing assistance need across the state, registering more support in the survey than home purchasing assistance. In the area of rental development, more respondents put an emphasis on new-unit construction than on rehabilitation of existing units. Utility payment assistance and weatherization assistance registered equal numbers of advocates in the survey, as both activities exceeded the other energy assistance options in number of responses. Most respondents statewide did not indicate a great necessity for homeless assistance activities. In terms of capacity building, assistance with operating costs was most commonly identified as the greatest need statewide. When assessing populations most in need of assistance, survey respondents indicated poverty-level and elderly populations ahead of other special needs groups by large margins. While some border regions were prominent exceptions, most statewide respondents did not point to a need for migrant farm worker housing or for fair housing training in their communities. Asked whether TDHCA needed to provide more information about its programs, respondents were relatively split down the middle. Half said more information was necessary, while the other half said no or expressed no opinion.



REGION 1

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. In Region 1, Housing Assistance and Energy Assistance Activities were the two categories most often ranked the highest by respondents. Energy Assistance appears to be a greater priority to respondents from the region than from the state as a whole. Assistance for Homeless Persons appears to be the least relevant category to the respondents, with a majority ranking it as the least needed or giving no opinion on the category.

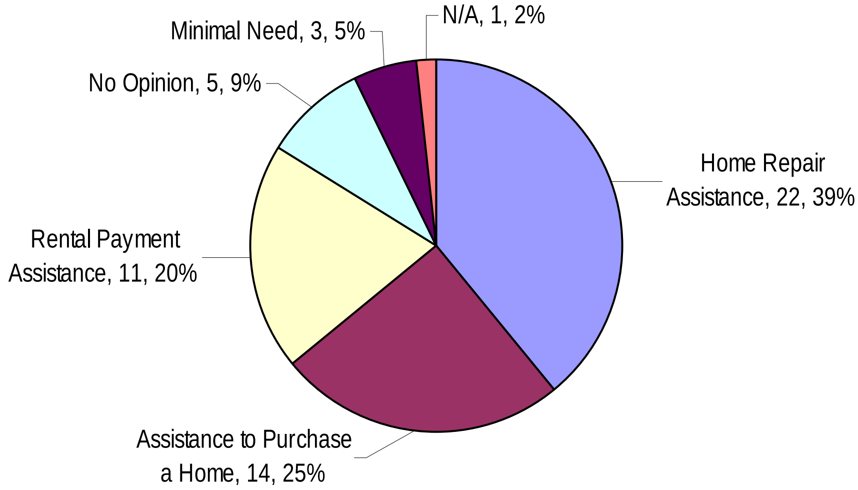
Ranking of Need for General Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	28% 11	33% 13	23% 9	13% 5	0% 0	5% 2	100% 40
2. Development of Apartments	24% 10	22% 9	27% 11	15% 6	10% 4	2% 1	100% 41
3. Energy Assistance	36% 17	21% 10	17% 8	17% 8	6% 3	2% 1	100% 47
4. Assistance for Homeless Persons	6% 3	6% 3	10% 5	19% 9	38% 18	21% 10	100% 48
5. Capacity Building Assistance	13% 7	11% 6	18% 10	18% 10	24% 13	16% 9	100% 55

HOUSING ASSISTANCE

Of all respondents, almost 40 percent indicated home repair assistance as the greatest need in their communities. Home purchasing assistance was the next most selected, with a quarter of the responses. Only 5 percent considered the need for housing assistance to be minimal.

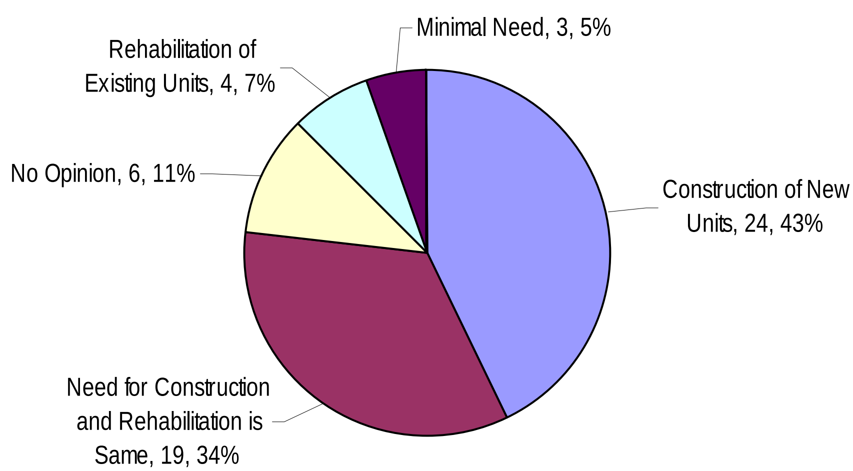
Housing Assistance Activities with Greatest Need (56 Respondents)



DEVELOPMENT OF RENTAL UNITS

Paralleling the responses received from the state as a whole, a large majority of the total respondents in Region 1 stated that new rental-unit construction was either the greatest overall need, or that it was equally as necessary as rehabilitation of existing units. A much smaller percentage indicated only rehabilitation as the most pressing need.

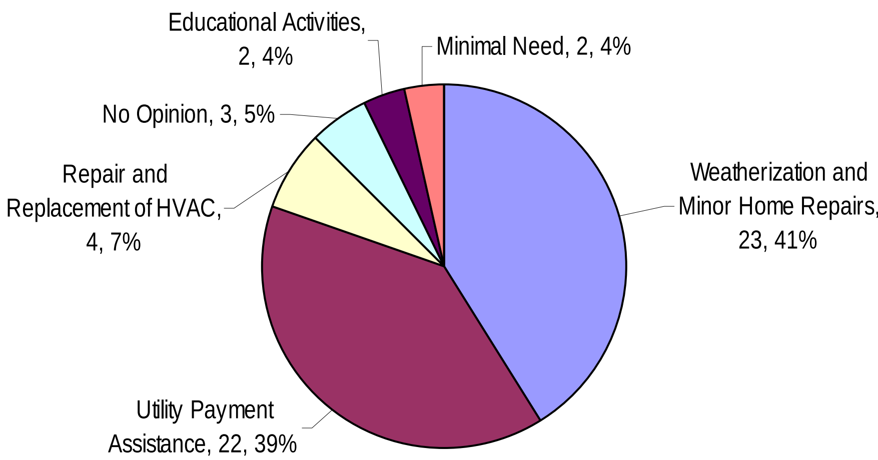
Rental Development Activity with Greatest Need (56 Respondents)



ENERGY ASSISTANCE

Assistance with weatherization and minor home repairs was the most commonly identified need amongst all respondents in the region, while Utility payment assistance was a close second. These two activities dominated the responses in this category, paralleling the responses from the state as a whole.

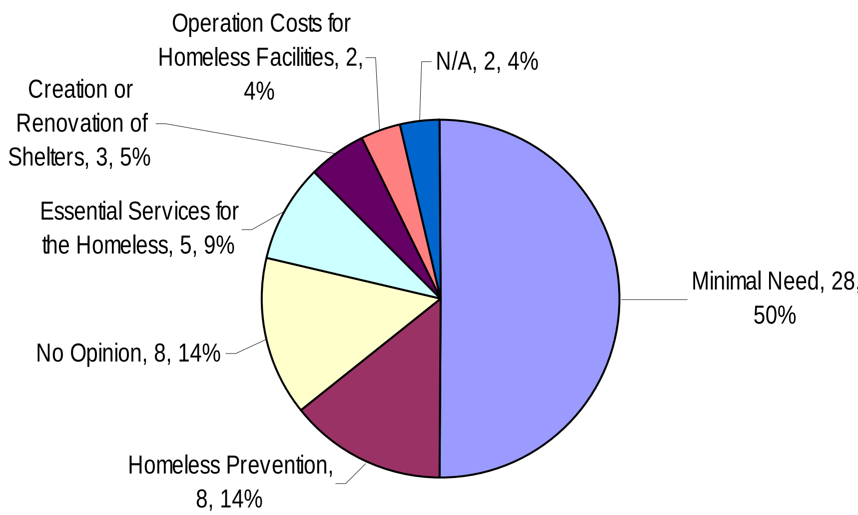
Energy Assistance Activity with Greatest Need (56 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

Like the state as a whole, most respondents in Region 1 did not indicate a pressing need for homeless assistance activities. Half of all respondents said there was only a minimal need for such activities in their communities and another 14 percent had no opinion. Of the respondents who did identify need, a similar number indicated homeless prevention and essential services.

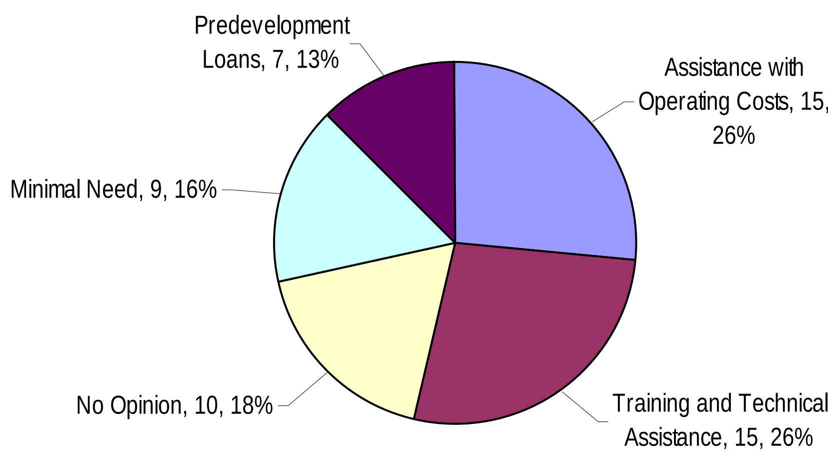
Homeless Assistance with Greatest Need (56 Respondents)



CAPACITY BUILDING

Of all respondents in Region 1, more than half selected either training and technical assistance or assistance with operating costs as the most needed capacity building activities, with both identified by 26 percent of the respondents. A significant portion also indicated a minimal need or gave no opinion.

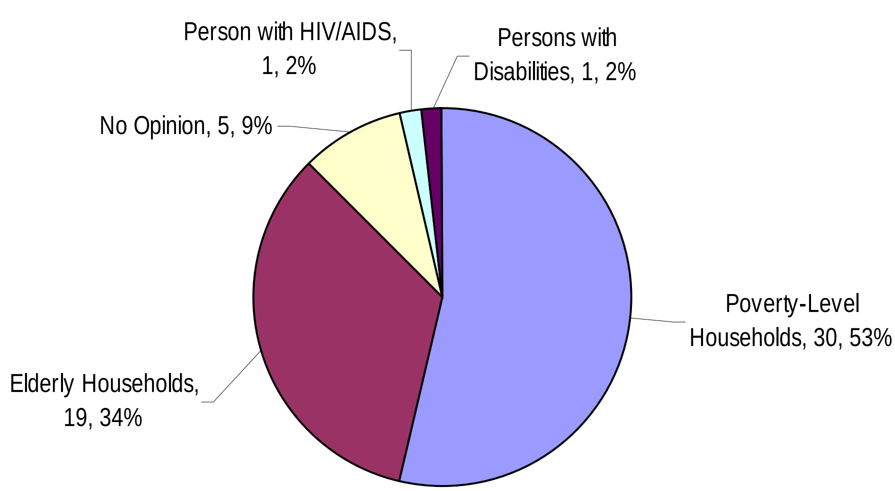
Capacity Building Activity with Greatest Need (56 Respondents)



SPECIAL NEEDS POPULATIONS

Of all respondents in the region, over half indicated poverty-level households as the population most in need of assistance in their communities. Elderly households was the second most popular choice, selected by more than one third of the respondents. These two population groups together dominated the responses in this category, paralleling the responses from the state as a whole.

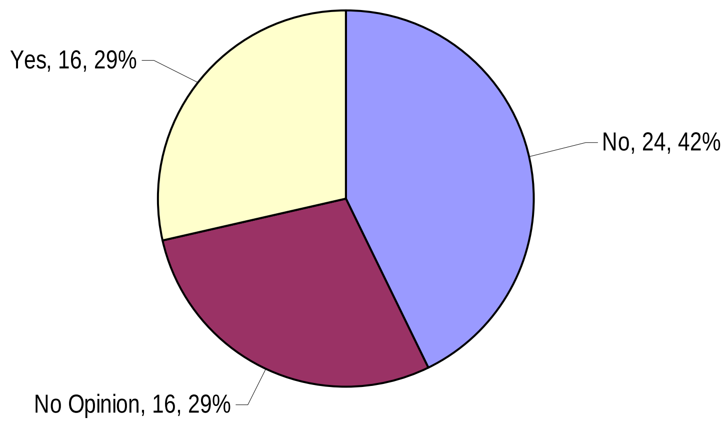
Population Most in Need of Assistance (56 Respondents)



MIGRANT FARM WORKERS

Although a large percent of respondents in the region said there was no need for migrant farm worker or seasonal housing in their communities, the percentage that did identify a need in the region, 29 percent, was significantly greater than the 15 percent of total statewide respondents who said there was a need.

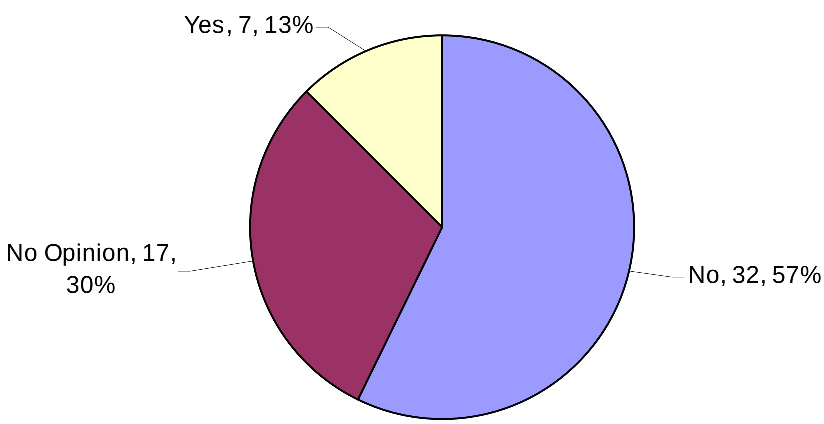
Need For Migrant Farm Worker Housing (56 Respondents)



FAIR HOUSING AND DISCRIMINATION

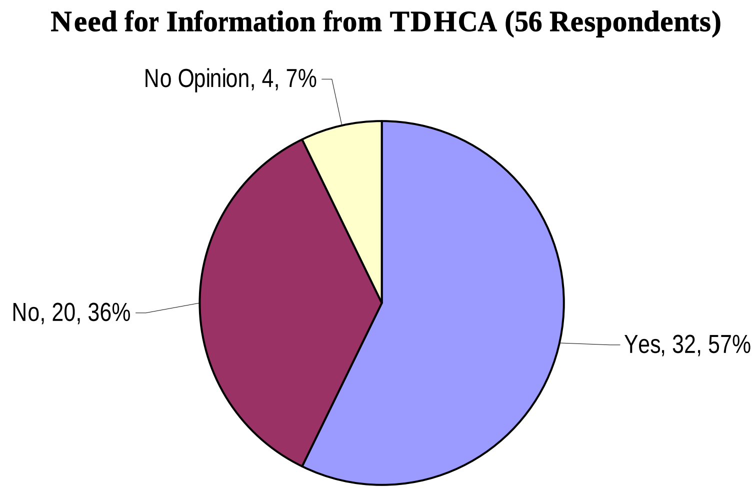
A majority of all respondents stated there was no need for training on fair housing laws in their communities. Only 13 percent stated a need was present.

Need for Fair Housing Training (56 Respondents)



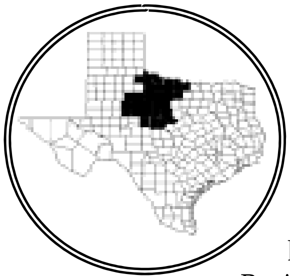
WORKING WITH TDHCA

Over half of all respondents said there was a need for more information on the programs offered by TDHCA. At the same time, however, more than a third indicated they were already sufficiently informed about the Department.



SUMMARY

The survey response from Region 1 generally mirrored that from the state as a whole. Region 1 differed, however, in the category of migrant farm worker housing. A higher percentage of respondents in this region said there was a need for such temporary housing than did respondents statewide.



REGION 2

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. In Region 2, Housing Assistance and Energy Assistance Activities were the two categories most often ranked the highest by respondents. Energy Assistance appears to be a greater priority to respondents from this region than from the state as a whole. Assistance for Homeless Persons appears to be the least relevant category to the respondents, with a majority ranking it as the least needed or giving no opinion on the category.

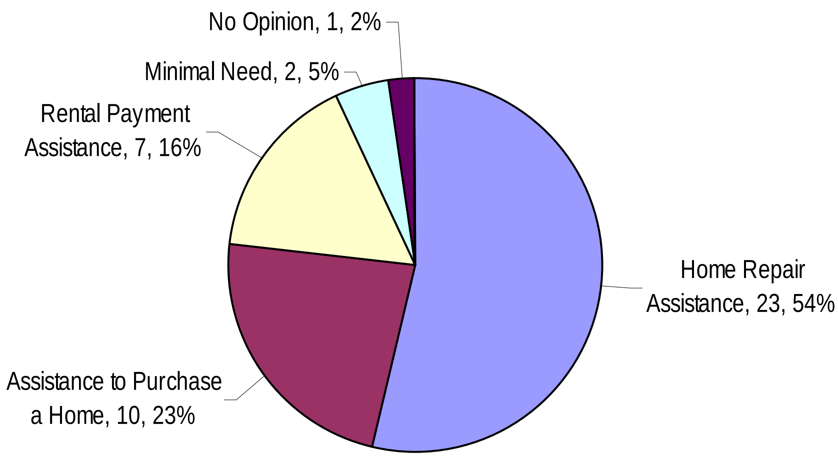
Ranking of Need for General Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	29% 7	29% 7	25% 6	4% 1	0%	13% 3	100% 24
2. Development of Apartments	21% 6	18% 5	25% 7	7% 2	18% 5	11% 3	100% 28
3. Energy Assistance	33% 11	30% 10	21% 7	6% 2	3% 1	6% 2	100% 33
4. Assistance for Homeless Persons	11% 4	3% 1	19% 7	16% 6	38% 14	14% 5	100% 37
5. Capacity Building Assistance	14% 6	12% 5	12% 5	24% 10	19% 8	19% 8	100% 42

HOUSING ASSISTANCE

Of all respondents in Region 2, more than half indicated home repair assistance as the greatest need in their respective communities. Home purchasing assistance was the next most selected, with nearly a quarter of the responses. Only 5 percent stated that there was a minimal need for housing assistance.

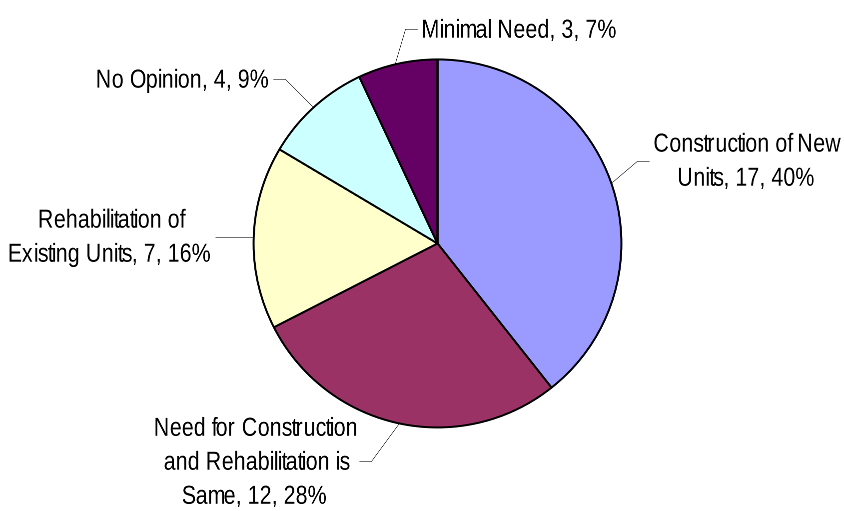
Housing Assistance Activity with Greatest Need (43 Respondents)



DEVELOPMENT OF RENTAL UNITS

Paralleling the responses received from the state as a whole, a large majority of the total respondents in Region 2 stated that new rental-unit construction was either the greatest overall need, or that it was equally as necessary as rehabilitation of existing units. A much smaller percentage indicated only rehabilitation as the most pressing need.

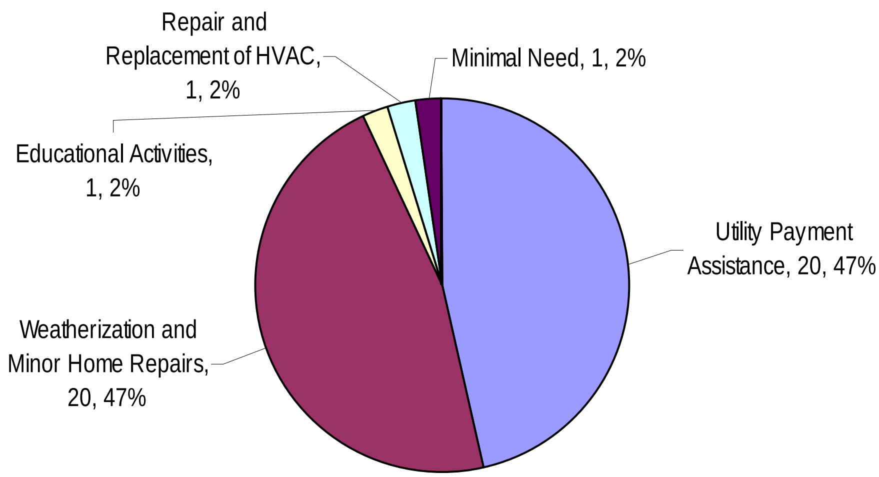
Rental Development Activity with Greatest Need (43 Respondents)



ENERGY ASSISTANCE

Utility payment assistance and assistance with weatherization and minor home repairs were identified as the greatest needs by equal percentages of respondents in the region. These two activities dominated the responses in this category, paralleling the state as a whole.

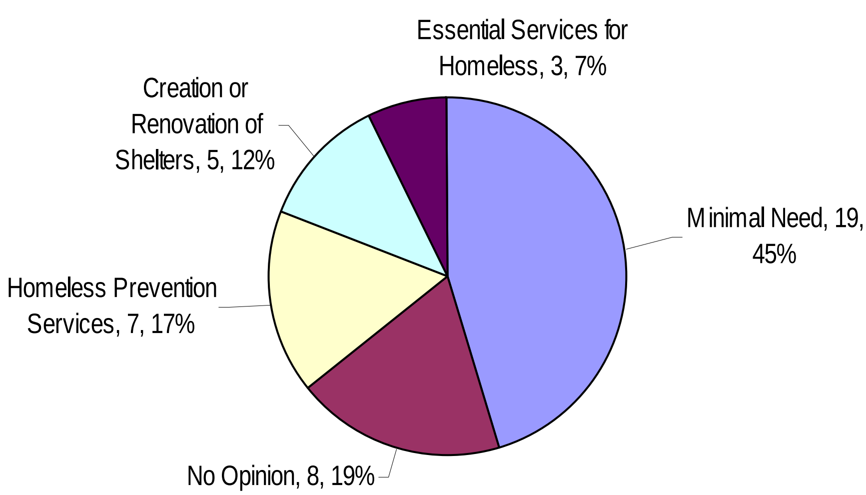
Energy Assistance Activity with Greatest Need (43 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

Like the state as a whole, most respondents in Region 2 did not indicate a pressing need for homeless assistance activities. Close to half of all respondents said there was only a minimal need for such activities in their communities and another 19 percent had no opinion. Of the respondents who did identify need, a similar number indicated creation or renovation of temporary shelters and homeless prevention.

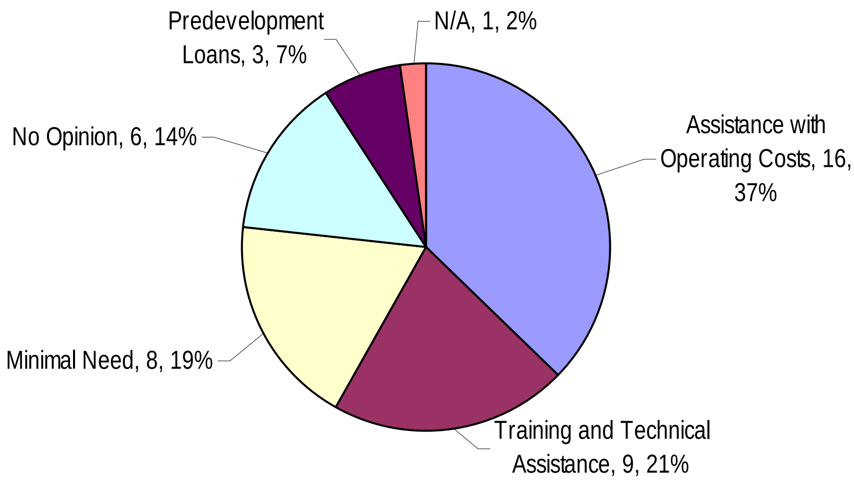
Homeless Assistance Activity with Greatest Need (43 Respondents)



CAPACITY BUILDING

Of all respondents in the region, more than half selected either training and technical assistance or assistance with operating costs as the most needed capacity building activities. A significant portion also indicated a minimal need or gave no opinion.

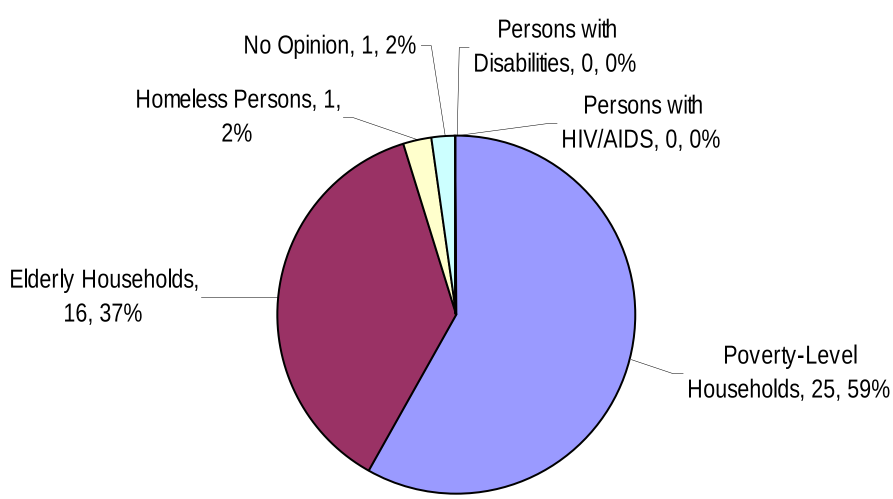
Capacity Building Activity with Greatest Need (43 Respondents)



SPECIAL NEEDS POPULATIONS

Of all respondents in the region, almost 60 percent indicated poverty-level households as the population most in need of assistance in their communities. Elderly households was the second most popular choice, selected by more than one third of the respondents. These two population groups together dominated the responses in this category, paralleling the responses from the state as a whole.

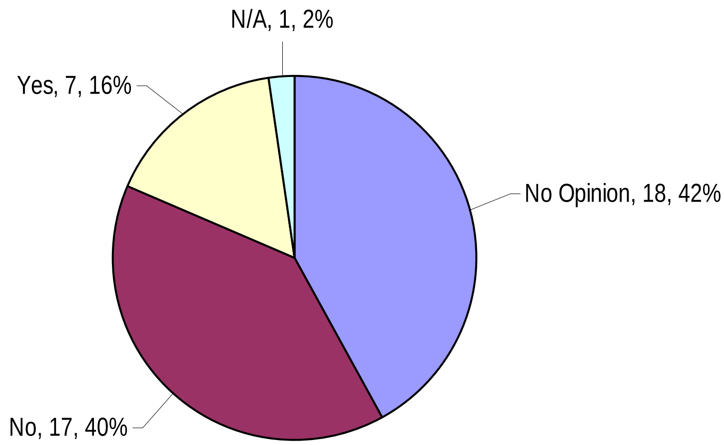
Population Most in Need of Assistance (43 Respondents)



MIGRANT FARM WORKERS

A much larger percentage of respondents from Region 2 had no opinion on the issue of migrant farm worker housing than respondents from the state as a whole. Another equally significant percentage saw no need in their communities for such temporary housing.

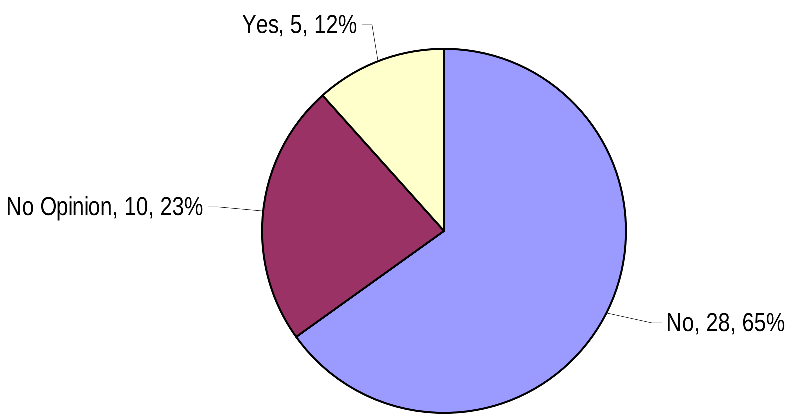
Need for Migrant Farm Worker Housing (43 Respondents)



FAIR HOUSING AND DISCRIMINATION

A majority of all respondents in the region stated there was no need for training on fair housing laws in their communities. Only 12 percent stated a need was present.

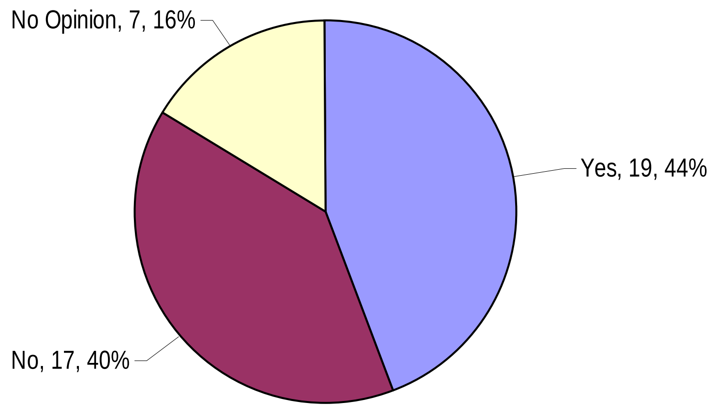
Need for Fair Housing Training (43 Respondents)



WORKING WITH TDHCA

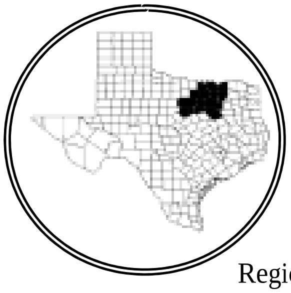
A large percentage of the region's respondents said there was a need for more information about the programs offered by TDHCA. At the same time, however, a similar portion indicated they were already sufficiently informed about the Department.

Need for Information from TDHCA (43 Respondents)



SUMMARY

The survey response from Region 2 generally mirrored that from the state as a whole. Region 2 differed, however, in the category of migrant farm worker housing. A much larger percentage of respondents from the region as compared to statewide had no opinion on the issue of migrant farm worker.



REGION 3

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. In Region 3, Housing Assistance Activities was the category most often ranked the highest by respondents, while Energy Assistance Activities was the next most likely to receive a priority rank. Assistance for Homeless Persons appeared to be the least relevant category to the respondents, with a majority ranking it as the least needed or giving no opinion on the category.

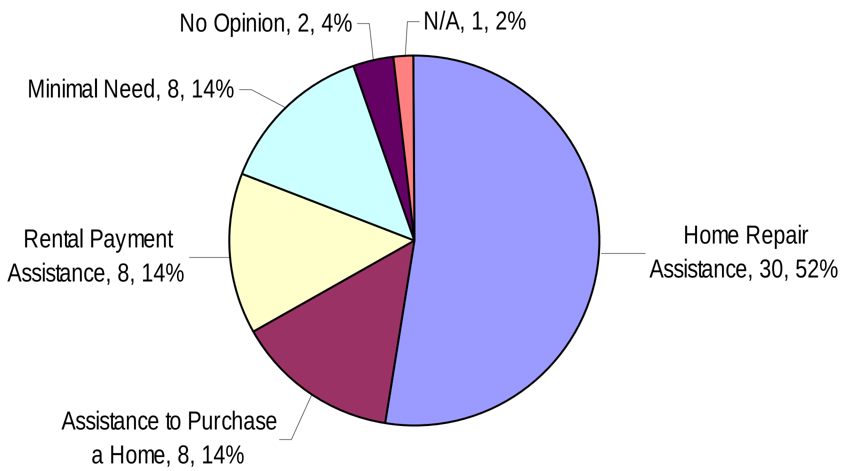
Ranking of Need for General Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	51% 20	21% 8	15% 6	5% 2	0%	8% 3	100% 39
2. Development of Apartments	5% 2	16% 6	22% 8	22% 8	19% 7	16% 6	100% 37
3. Energy Assistance	29% 14	29% 14	27% 13	10% 5	2% 1	2% 1	100% 48
4. Assistance for Homeless Persons	2% 1	7% 3	13% 6	17% 8	41% 19	20% 9	100% 46
5. Capacity Building Assistance	6% 3	15% 8	19% 10	24% 13	17% 9	20% 11	100% 54

HOUSING ASSISTANCE

Of all respondents, more than half indicated home repair assistance as the greatest need in their communities. Home purchasing assistance and rental payment assistance were both identified by equal, smaller percentages of the respondents.

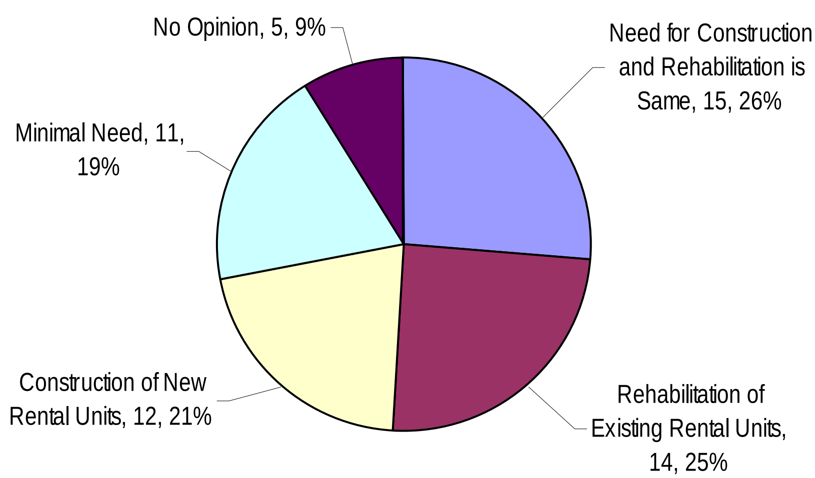
Housing Assistance Activity with Greatest Need (57 Respondents)



DEVELOPMENT OF RENTAL UNITS

Construction of new rental units appears to be a lesser priority to respondents in Region 3 than to those from the state as a whole. Only 47 percent of the region's respondents stated that new construction was either the greatest overall need, or that it was equally as necessary as rehabilitation of existing units, compared to 68 percent of the statewide respondents indicating the same opinion.

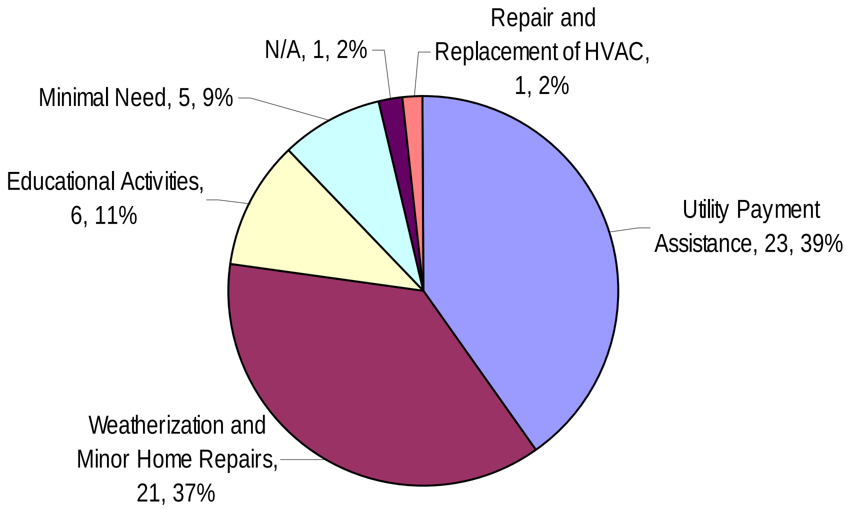
Rental Development Activity with Greatest Need (57 Respondents)



ENERGY ASSISTANCE

Utility payment assistance was the most commonly identified need amongst all Region 3 respondents, while assistance with weatherization and minor home repairs was a close second. These two activities dominated the responses in this category, paralleling the state as a whole.

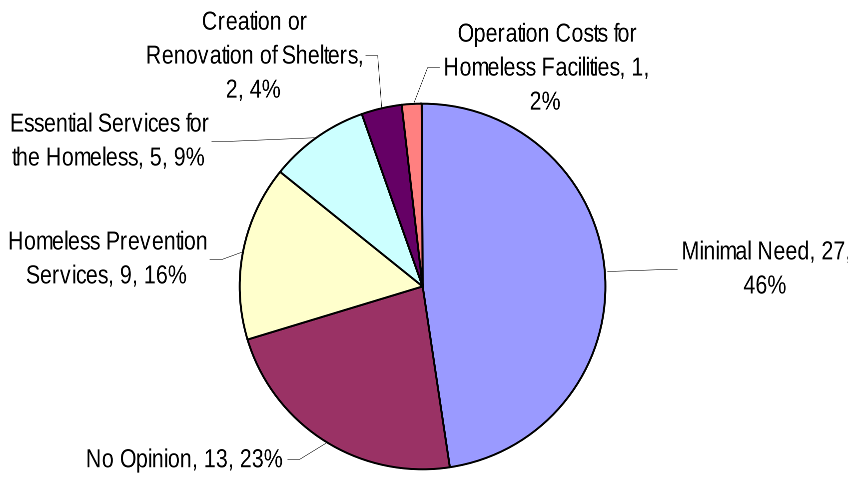
Energy Assistance Activity with Greatest Need (57 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

Like the state as a whole, most respondents in Region 3 did not indicate a pressing need for homeless assistance activities. Nearly half of all respondents said there was only a minimal need for such activities in their communities and another 23 percent had no opinion. Of the respondents who did identify a need, most indicated homeless prevention services.

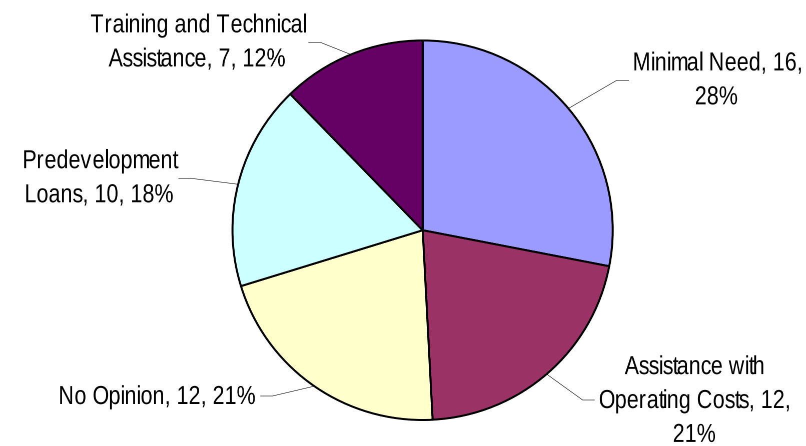
Homeless Assistance Activity with Greatest Need (57 Respondents)



CAPACITY BUILDING

Assistance with operating costs was the most identified capacity building activity in Region 3. However, a higher percentage of the region's respondents identified a minimal need or had no opinion than did respondents statewide.

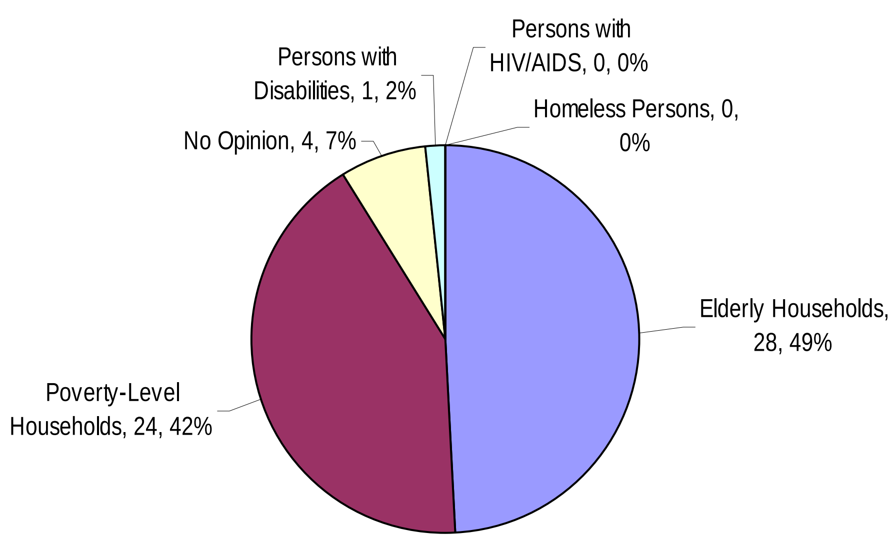
Capacity Building Activity with Greatest Need (57 Respondents)



SPECIAL NEEDS POPULATIONS

Of all respondents in the region, almost half indicated elderly households as the population most in need of assistance in their communities. Poverty-level households was the second most popular choice, selected by more than 40 percent of the respondents. These two population groups together dominated the responses in this category, paralleling the responses from the state as a whole.

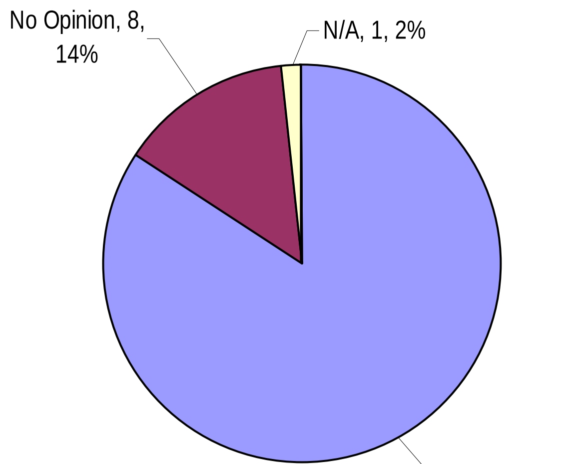
Population Most in Need of Assistance (57 Respondents)



MIGRANT FARM WORKERS

The vast majority of respondents in the region saw no need for migrant farm worker or temporary housing in their communities. While some respondents had no opinion on the issue, none said there was a need.

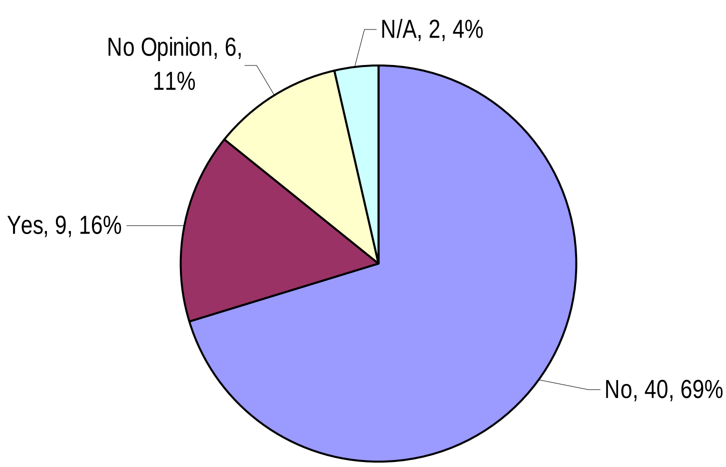
Need for Migrant Farm Worker Housing (57 Respondents)



FAIR HOUSING AND DISCRIMINATION

A majority of respondents in the region stated there was no need for training on fair housing laws in their communities. Only 16 percent stated a need was present.

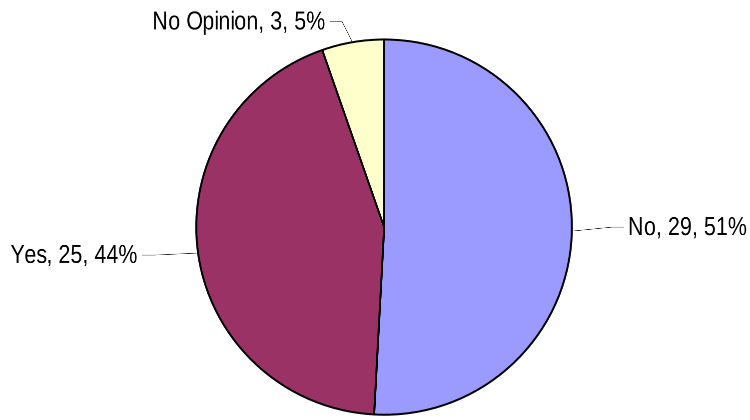
Need for Fair Housing Training (57 Respondents)



WORKING WITH TDHCA

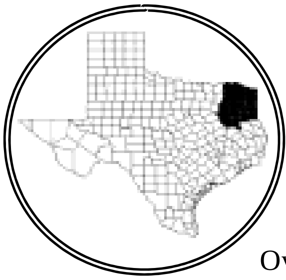
Just over half of all respondents said there was a need for more information on the programs offered by TDHCA. At the same time, however, a similarly large portion indicated they were already sufficiently informed about the Department.

Need for Information from TDHCA (57 Respondents)



SUMMARY

The survey response from Region 3 generally mirrored that from the state as a whole. Variances arose, however in several categories. For one, rehabilitation of existing rental units appears to be a greater priority to respondents in Region 3 than to those from the rest of the state. The region also contained the most respondents of any region who stated migrant farm worker housing was unnecessary in their communities.



REGION 4

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. Overall, Housing Assistance Activities was the category most often ranked the highest by the region's respondents, while Energy Assistance Activities was the next most likely to be selected as a top priority. Assistance for Homeless Persons appears to be the least relevant category to the respondents, with a majority ranking it as the least needed or giving no opinion on the category.

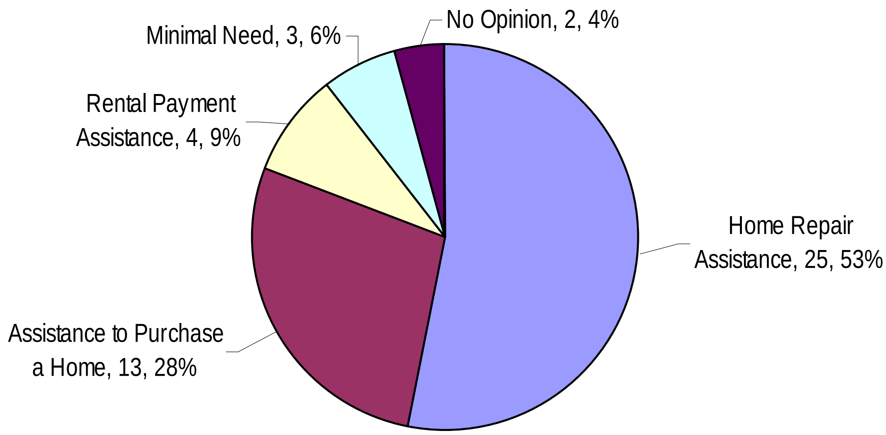
Ranking of Need for General Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	47% 15	19% 6	22% 7	6% 2	0%	6% 2	100% 32
2. Development of Apartments	15% 6	17% 7	29% 12	20% 8	7% 3	12% 5	100% 41
3. Energy Assistance	26% 10	33% 13	23% 9	10% 4	0%	8% 3	100% 39
4. Assistance for Homeless Persons	0%	12% 5	7% 3	22% 9	29% 12	29% 12	100% 41
5. Capacity Building Assistance	10% 4	10% 4	17% 7	24% 10	31% 13	10% 4	100% 42

HOUSING ASSISTANCE

Of all respondents in Region 4, more than half indicated home repair assistance as the greatest need in their respective communities. Home purchasing assistance was the next most selected, with over a quarter of the responses. Only 6 percent considered the need for housing assistance to be minimal.

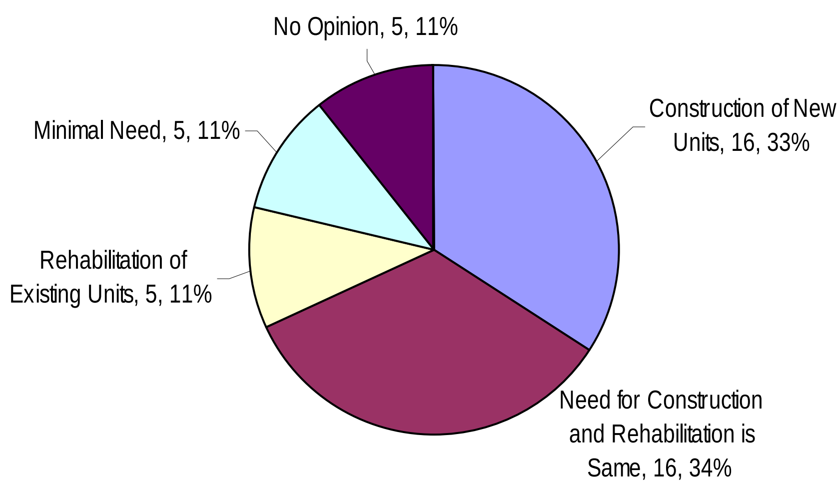
Housing Assistance with Greatest Need (47 Respondents)



DEVELOPMENT OF RENTAL UNITS

Paralleling the responses received from the state as a whole, a large majority of the total respondents in Region 4 stated that new rental-unit construction was either the greatest overall need, or that it was equally as necessary as rehabilitation of existing units. A much smaller percentage indicated only rehabilitation as the most pressing need.

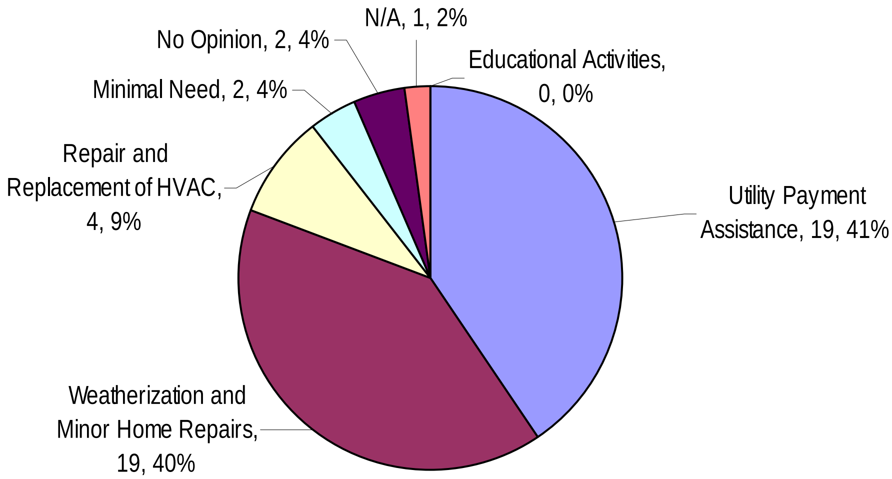
Rental Development with Greatest Need (47 Respondents)



ENERGY ASSISTANCE

Utility payment assistance was the most commonly identified need amongst all Region 4 respondents, while assistance with weatherization and minor home repairs was a close second. These two activities dominated the responses in this category, paralleling the state as a whole.

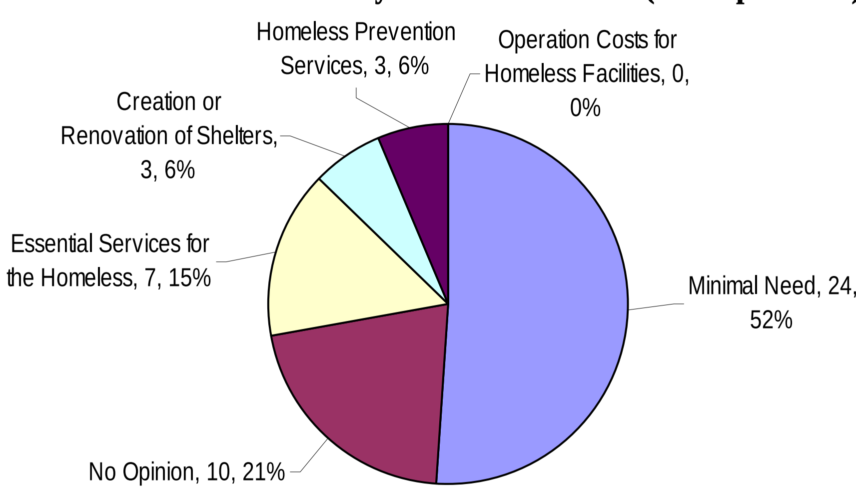
Energy Assistance Activity with Greatest Need (47 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

Like the state as a whole, most respondents in Region 4 did not indicate a pressing need for homeless assistance activities. More than half of all respondents said there was only a minimal need for such activities in their communities and another 21 percent had no opinion. Of the respondents who did identify a need, most indicated essential services.

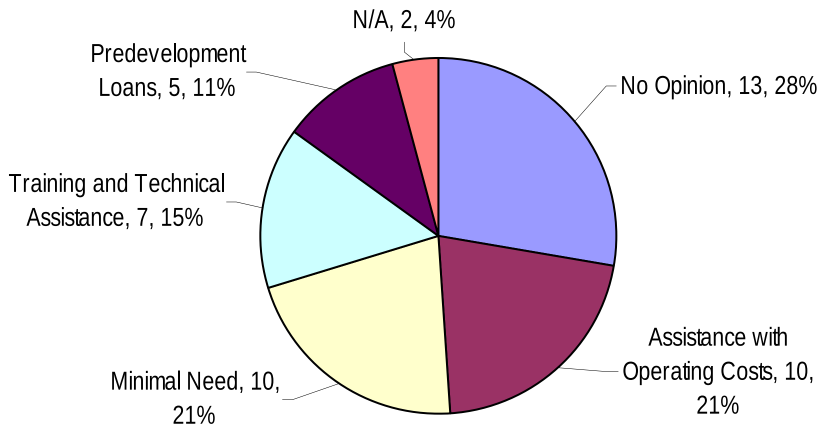
Homeless Assistance Activity with Greatest Need (47 Respondents)



CAPACITY BUILDING

Assistance with operating costs was the most identified capacity building activity in Region 4. However, a higher percentage of the region's respondents identified a minimal need or had no opinion than did respondents statewide.

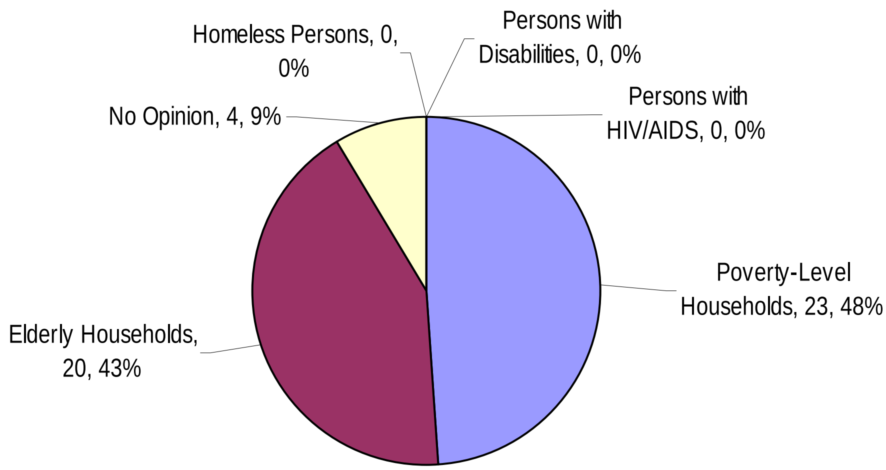
Capacity Building Activity with Greatest Need (47 Respondents)



SPECIAL NEEDS POPULATIONS

Of all respondents in the region, almost half indicated poverty-level households as the population most in need of assistance in their communities. Elderly households was the second most selected group, indicated in more than 40 percent of the responses. These two population groups together dominated the responses in this category, similar to responses from the state as a whole.

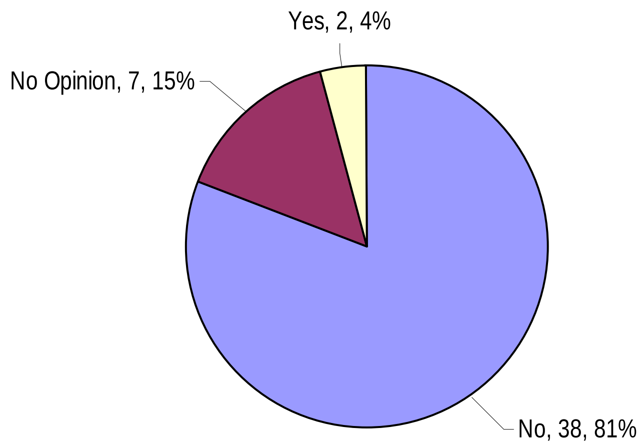
Population Most in Need of Assistance (47 Respondents)



MIGRANT FARM WORKERS

A significant majority of all respondents saw no need for migrant farm worker or seasonal housing in their communities. Only 4% stated that a need existed.

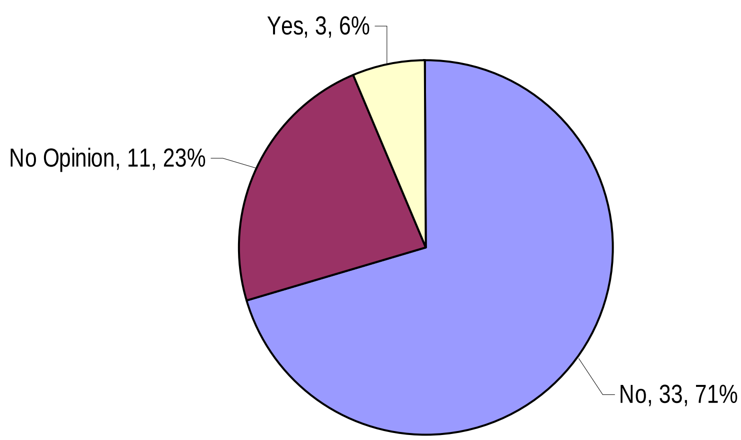
Need for Migrant Farm Worker Housing (47 Respondents)



FAIR HOUSING AND DISCRIMINATION

A majority of respondents in the region stated there was no need for training on fair housing laws in their communities. Only 6 percent stated a need was present.

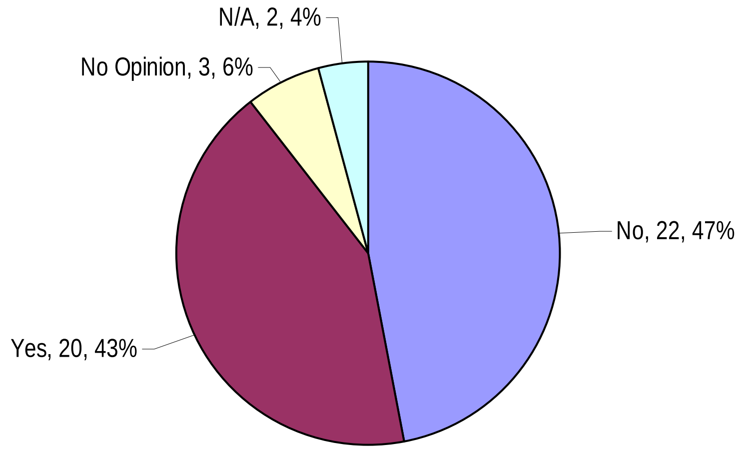
Need for Fair Housing Training (47 Respondents)



WORKING WITH TDHCA

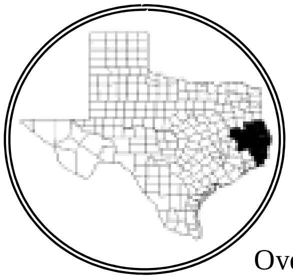
Just under half of all respondents said there was a need for more information on the programs offered by TDHCA. At the same time, however, a similarly large portion indicated they were already sufficiently informed about the Department.

Need for Information from TDHCA (47 Respondents)



SUMMARY

The survey response from Region 4 generally mirrored the response from the state as a whole. In Region 4, however, a higher percentage of respondents identified a minimal need for capacity building assistance or had no opinion on the subject than did most respondents statewide.



REGION 5

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. Overall, Housing Assistance Activities was the category most often ranked the highest by the region's respondents, while Energy Assistance Activities was the next most likely to be selected as a top priority. Assistance for Homeless Persons appears to be the least relevant category to the respondents, with a majority ranking it as the least needed or giving no opinion on the category.

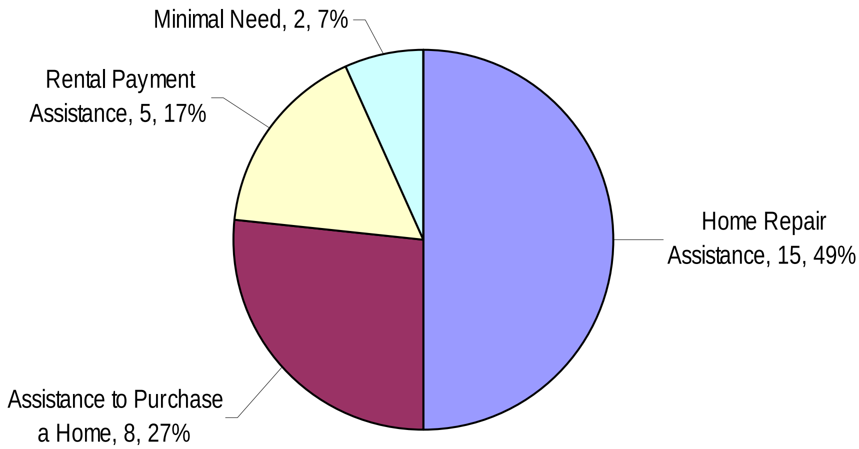
Ranking of Need for General Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	68% 17	20% 5	4% 1	4% 1	4% 1	0%	100% 25
2. Development of Apartments	17% 4	29% 7	38% 9	13% 3	4% 1	0%	24
3. Energy Assistance	13% 3	43% 10	17% 4	17% 4	9% 2	0%	23
4. Assistance for Homeless Persons	8% 2	0%	20% 5	20% 5	36% 9	16% 4	100% 25
5. Capacity Building Assistance	11% 3	7% 2	19% 5	33% 9	26% 7	4% 1	100% 27

HOUSING ASSISTANCE

Of all respondents in Region 2, nearly half indicated home repair assistance as the greatest need in their respective communities. Home purchasing assistance was the next most selected, more than a quarter of the responses. Only 7 percent considered the need for housing assistance to be minimal.

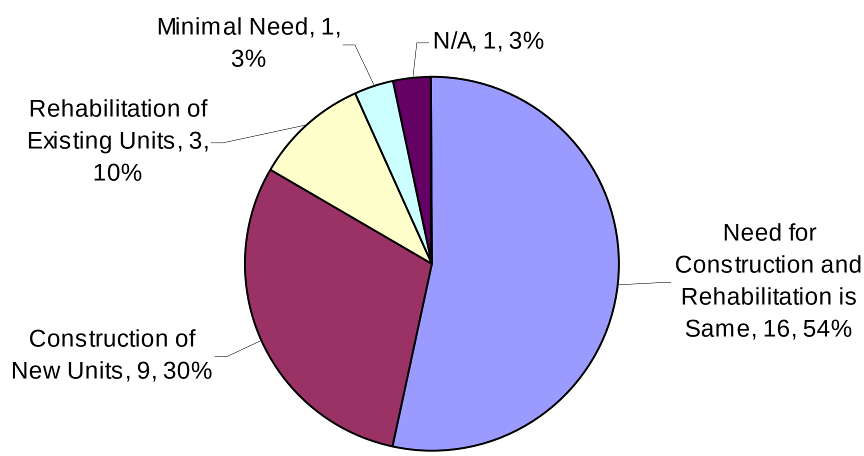
Housing Assistance Activity with Greatest Need (30 Respondents)



DEVELOPMENT OF RENTAL UNITS

Paralleling the responses received from the state as a whole, a large majority of the total respondents in Region 5 stated that new rental-unit construction was either the greatest overall need, or that it was equally as necessary as rehabilitation of existing units. A smaller percentage indicated only rehabilitation as the most pressing need.

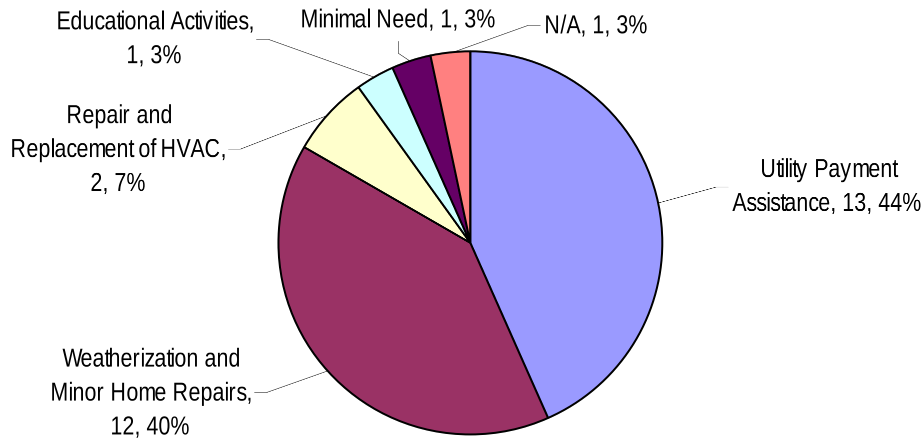
Rental Development Activity with Greatest Need (30Respondents)



ENERGY ASSISTANCE

Utility payment assistance and assistance with weatherization and minor home repairs were identified as the greatest needs by similar percentages of respondents in the region. These two activities dominated the responses in this category, paralleling the state as a whole.

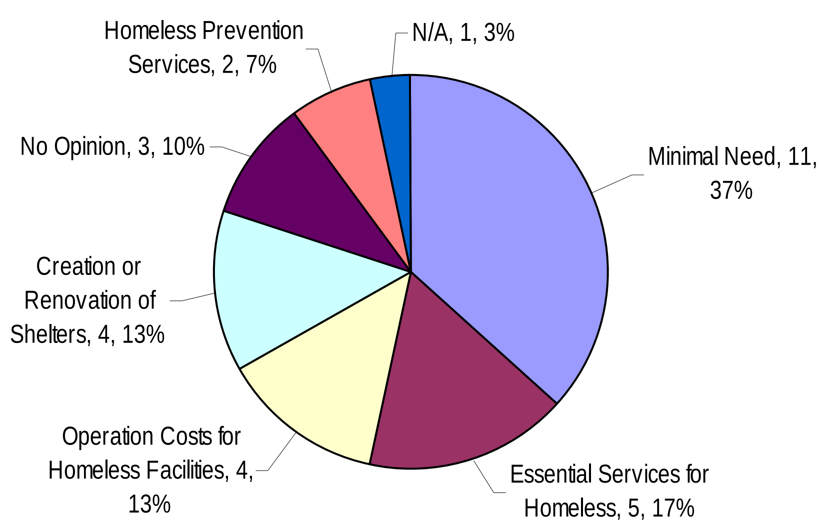
Energy Assistance Activity with Greatest Need (30 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

Homeless assistance appears to be a somewhat greater priority to respondents in Region 5 than to the state as a whole, with fewer respondents in the region dismissing homeless assistance as a minimal need than in most regions. Of those respondents who identified need, a similar number indicated essential services, facility operation costs, and creation or renovation of temporary shelters.

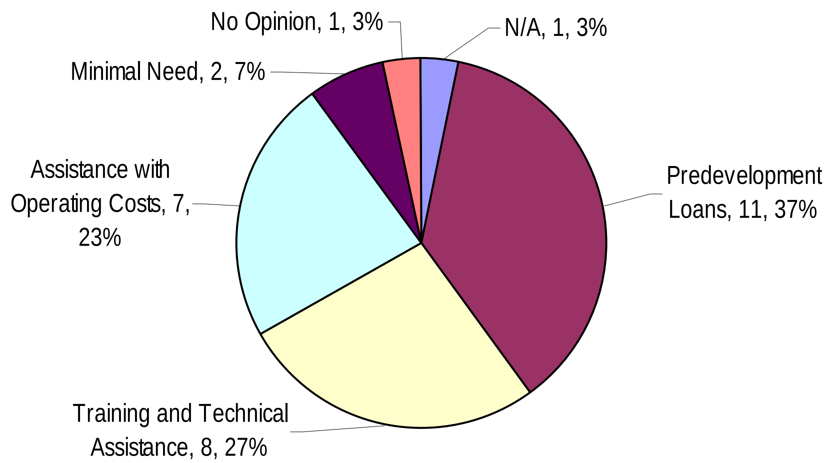
Homeless Assistance Activity with Greatest Need (30 Respondents)



CAPACITY BUILDING

Differing from the state as a whole, the most commonly identified capacity building need in Region 5 was Predevelopment loans. Operating cost assistance, the need chosen by most respondents across the state, was only the third most popular answer in this region.

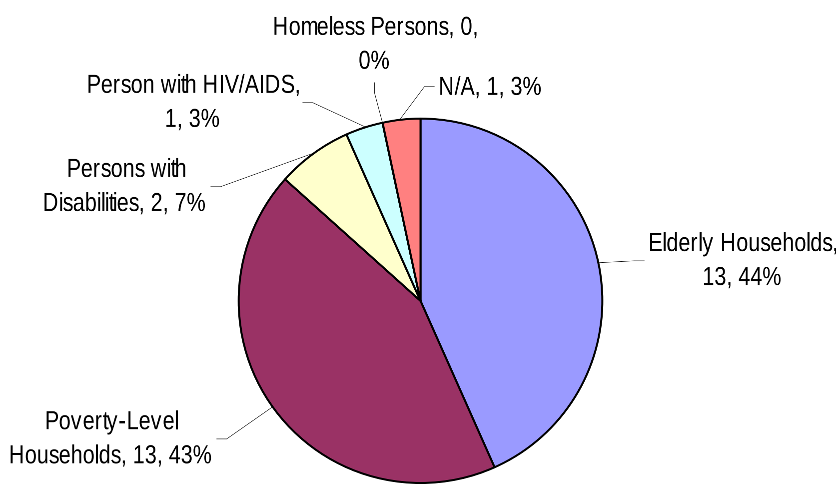
Capacity Building Activity with Greatest Need (30 Respondents)



SPECIAL NEEDS POPULATIONS

Equally substantial percentages of respondents indicated elderly and poverty-level households as the populations most in need of assistance in their communities. These two population groups together dominated the responses in this category, similar to the responses from the state as a whole.

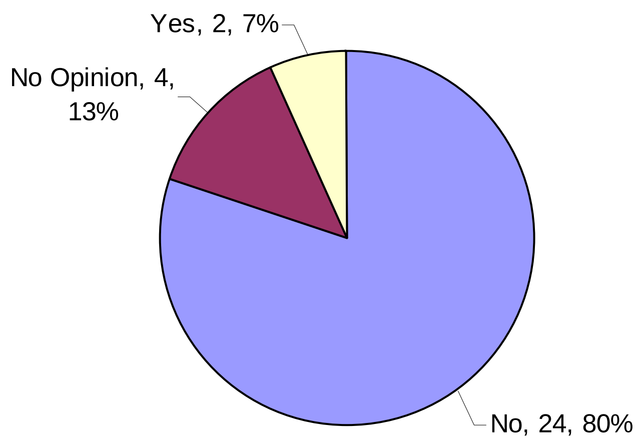
Population Most in Need of Assistance (30 Respondents)



MIGRANT FARM WORKERS

A significant majority of all respondents saw no need for migrant farm worker or seasonal housing in their communities. Only 15% stated that a need existed.

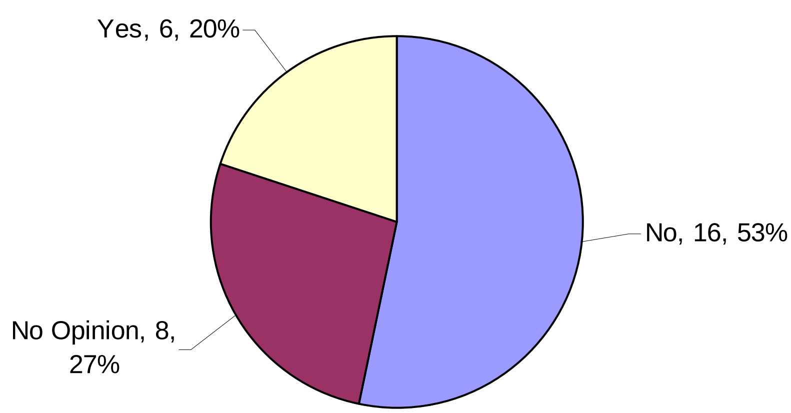
Need for Migrant Farm Worker Housing (30 Respondents)



FAIR HOUSING AND DISCRIMINATION

A majority of all respondents in the region stated there was no need for training on fair housing laws in their communities. 20 percent indicated a need was present.

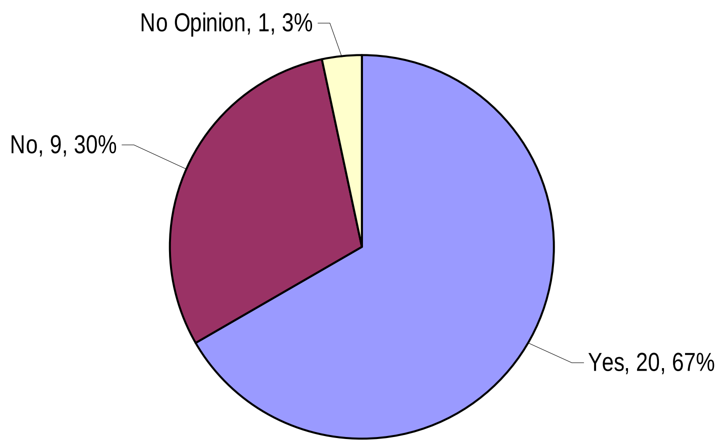
Need for Fair Housing Training (30 Respondents)



WORKING WITH TDHCA

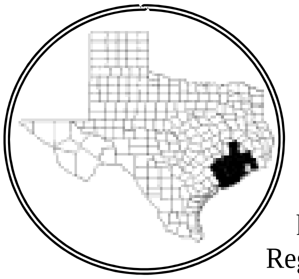
Differing from the state as a whole, in which about half of respondents stated there was a need for more information about TDHCA programs, in Region 5 this opinion was shared by more than two-thirds of respondents.

Need for Information from TDHCA (30 Respondents)



SUMMARY

The survey response from Region 5 generally mirrored response from the state as a whole. However, homeless assistance appears to be a somewhat greater priority to respondents in Region 5 than to the rest of the state, with fewer respondents in this region dismissing homeless assistance as a minimal need. Also differing from the state as a whole, the most commonly identified capacity building need in Region 5 was Predevelopment loans. Statewide, this option was only the fourth most popular capacity building answer choice.



REGION 6

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. In Region 3, Housing Assistance Activities was the category most often ranked the highest by respondents, while Energy Assistance Activities was the next most likely to receive a priority (1 or 2) rank. Assistance for Homeless Persons, the category most often assigned a low rank, appeared to be the least relevant to the respondents.

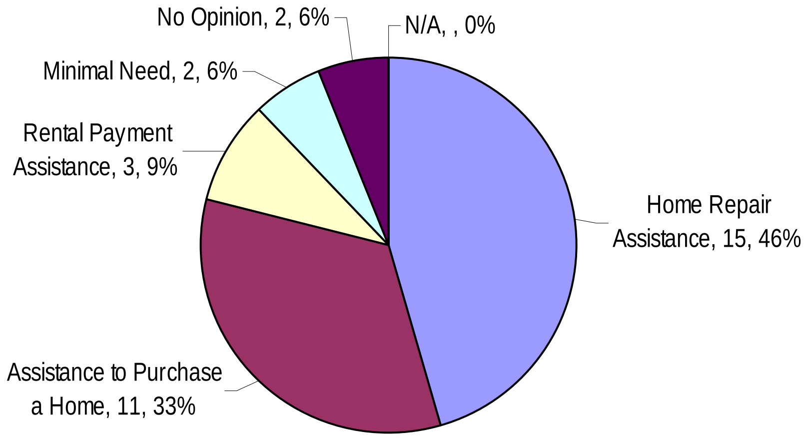
Ranking of Need for General Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	73% 16	14% 3	5% 1	0%	5% 1	5% 1	100% 22
2. Development of Apartments	14% 3	14% 3	27% 6	9% 2	23% 5	14% 3	100% 22
3. Energy Assistance	7% 2	41% 11	37% 10	7% 2	0%	7% 2	100% 27
4. Assistance for Homeless Persons	0%	8% 2	12% 3	38% 10	31% 8	12% 3	100% 26
5. Capacity Building Assistance	6% 2	18% 6	21% 7	24% 8	18% 6	12% 4	100% 33

HOUSING ASSISTANCE

Of all respondents, close to half indicated home repair assistance as the greatest need in their respective communities. Home purchasing assistance was the next most selected, with a third of the responses. Only 6 percent considered the need for housing assistance to be minimal.

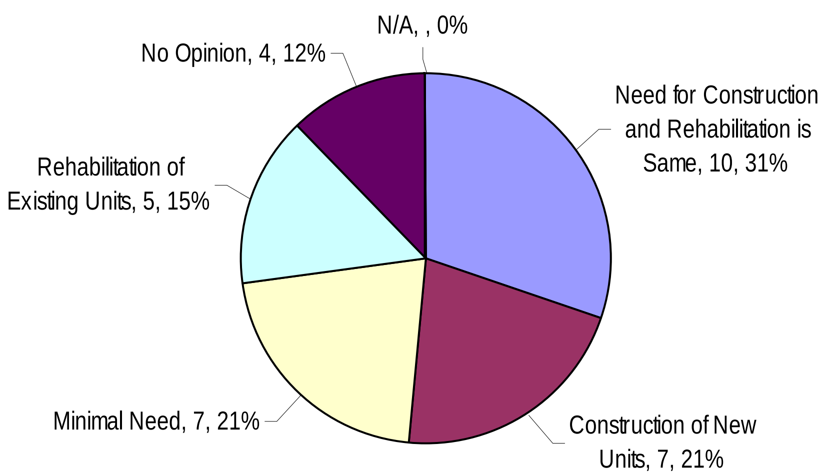
Housing Assistance Activity with Greatest Need (33 Respondents)



DEVELOPMENT OF RENTAL UNITS

Construction of new rental units and rehabilitation of existing units appear to be equally important to the respondents of Region 6. This differs from the response statewide, which favored new construction by a significant margin.

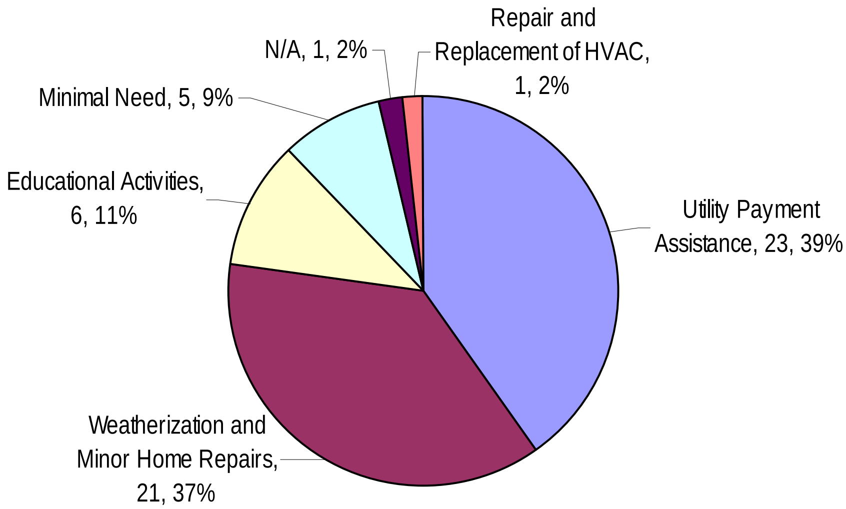
Rental Development Activity with Greatest Need (33 Respondents)



ENERGY ASSISTANCE

Utility payment assistance was the most commonly identified need amongst all Region 6 respondents, while assistance with weatherization and minor home repairs was a close second. These two activities dominated the responses in this category, similar to the state as a whole.

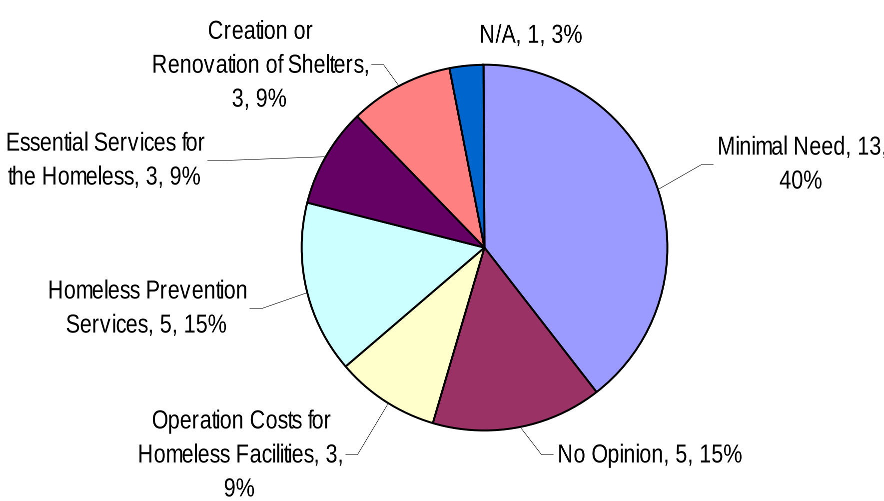
Energy Assistance Activity with Greatest Need (33 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

Like the state as a whole, most respondents in Region 6 did not indicate a pressing need for homeless assistance activities. More than half of all respondents either said there was only a minimal need for such activities or had no opinion on the issue. Of the respondents who did identify a need, most indicated homeless prevention services.

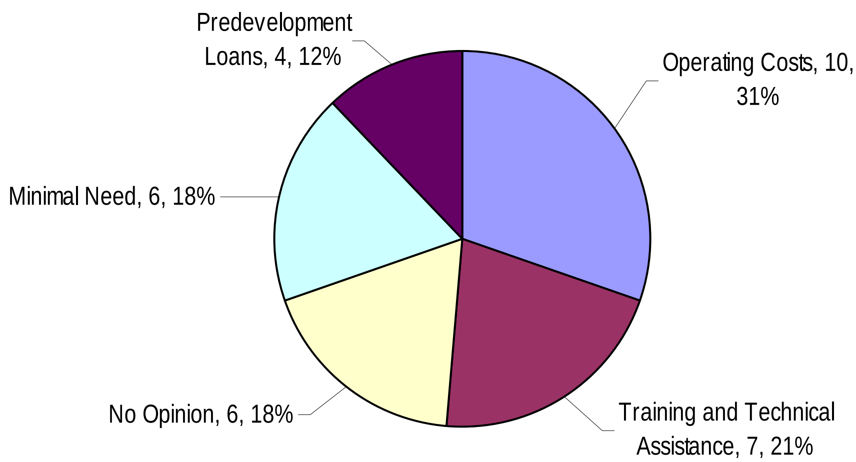
Homeless Assistance Activity with Greatest Need (33 Respondents)



CAPACITY BUILDING

Of all respondents in the region, more than half selected either training and technical assistance or assistance with operating costs as the most needed capacity building activities. A significant portion also indicated a minimal need or gave no opinion.

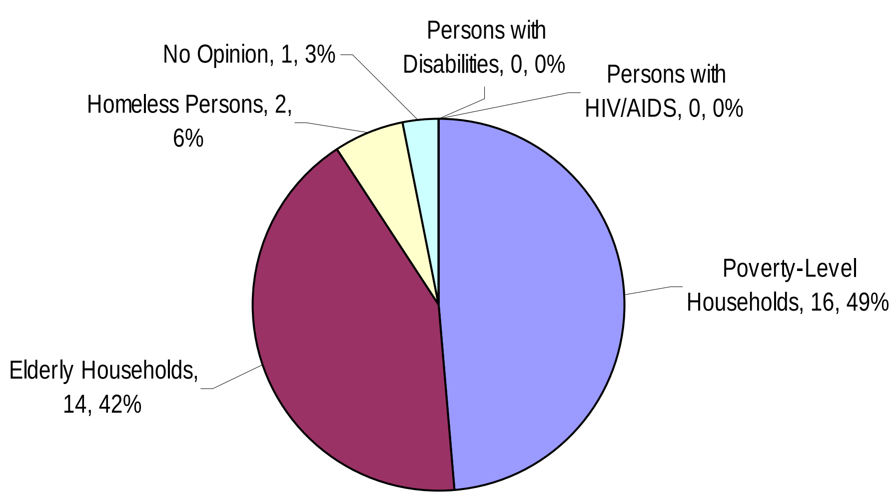
Capacity Building Activity with Greatest Need (33 Respondents)



SPECIAL NEEDS POPULATIONS

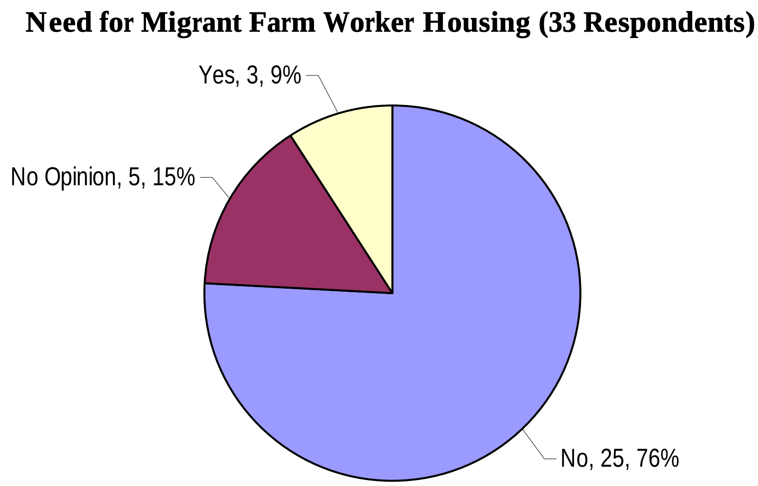
Of all respondents in the region, almost half indicated poverty-level households as the population most in need of assistance in their communities. Elderly households was the second most popular choice, indicated in more than 40 percent of the responses. These two population groups together dominated the responses in this category, paralleling the responses from the state as a whole.

Population Most in Need of Assistance (33 Respondents)



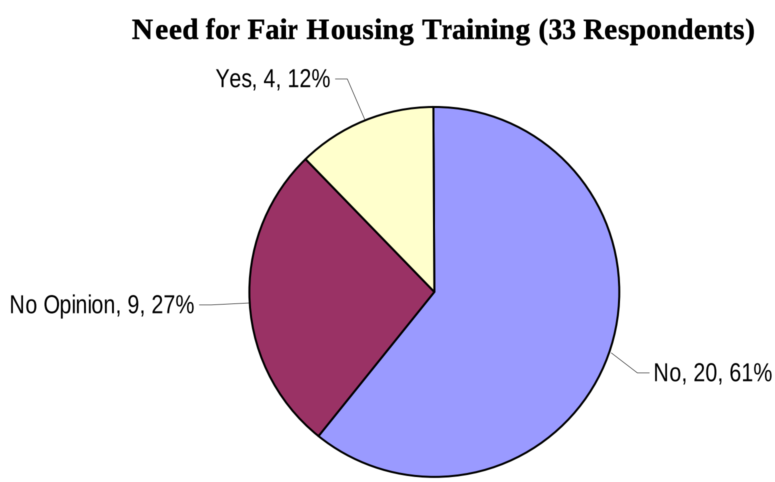
MIGRANT FARM WORKERS

A significant majority of the region's respondents saw no need for migrant farm worker or seasonal housing in their communities. Only 9% stated that a need existed.



FAIR HOUSING AND DISCRIMINATION

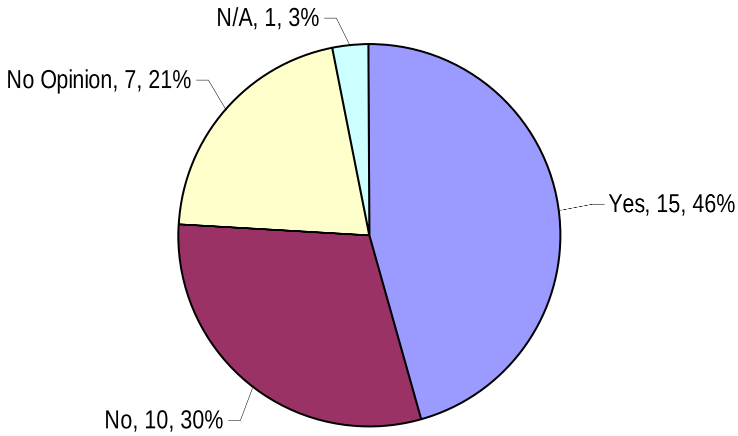
A majority of respondents in the region stated there was no need for training on fair housing laws in their communities. Only 12 percent stated a need was present.



WORKING WITH TDHCA

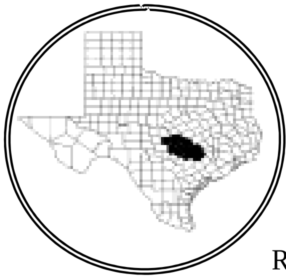
Differing from the statewide opinion, less than half of Region 6 respondents saw a need for more information about TDHCA programs. The majority said either there was no need or gave no opinion.

Need for Information from TDHCA (33 Respondents)



SUMMARY

The survey response from Region 6 generally mirrored response from the state as a whole. There was no strong divergence from the statewide response trends.



REGION 7

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. In Region 7, Development of Apartments and Housing Assistance Activities were the two categories most often ranked the highest by respondents. Development of Apartments appears to be a greater priority to respondents from the region than from the state as a whole. Assistance for Homeless Persons appears to be the least relevant category to the respondents, with a majority ranking it as the least needed or giving no opinion on the category.

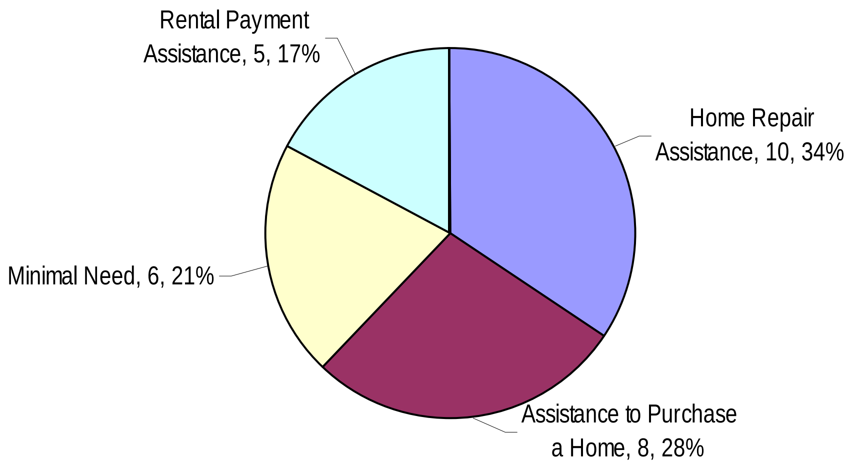
7.1. Ranking of Need for General Housing Assistance

	Number of responses per need rank, and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	27% 6	23% 5	36% 8	9% 2	0%	5% 1	100% 22
2. Development of Apartments	32% 7	32% 7	18% 4	9% 2	9% 2	0%	100% 22
3. Energy Assistance	14% 3	23% 5	36% 8	23% 5	5% 1	0%	100% 22
4. Assistance for Homeless Persons	0%	13% 3	9% 2	17% 4	57% 13	4% 1	100% 23
5. Capacity Building Assistance	21% 6	18% 5	7% 2	25% 7	29% 8	0%	100% 28

HOUSING ASSISTANCE

In Region 7, home repair assistance and home purchasing assistance were both indicated as the top need by similar percentages, each with around a third of the responses. The percentage of respondents stating that a minimal need existed for housing assistance was significantly higher than in the state as a whole.

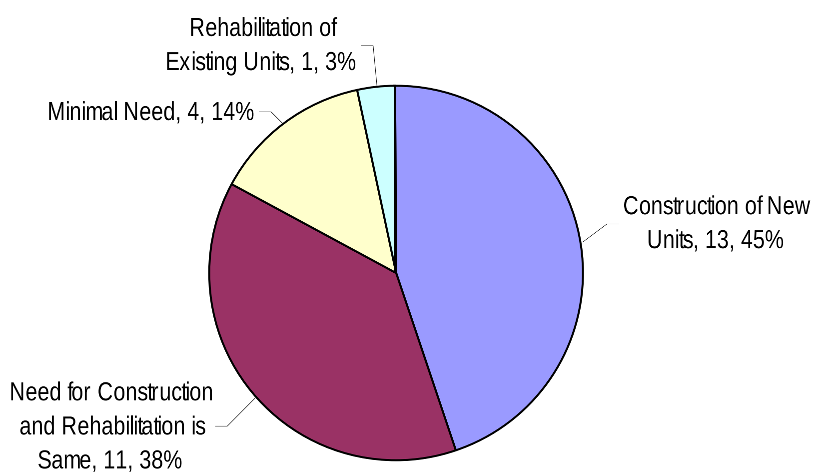
Housing Assistance with Greatest Need (29 Respondents)



DEVELOPMENT OF RENTAL UNITS

Paralleling the responses received from the state as a whole, a large majority of the total respondents in Region 7 stated that new rental-unit construction was either the greatest overall need, or that it was equally as necessary as rehabilitation of existing units. A much smaller percentage indicated only rehabilitation as the most pressing need.

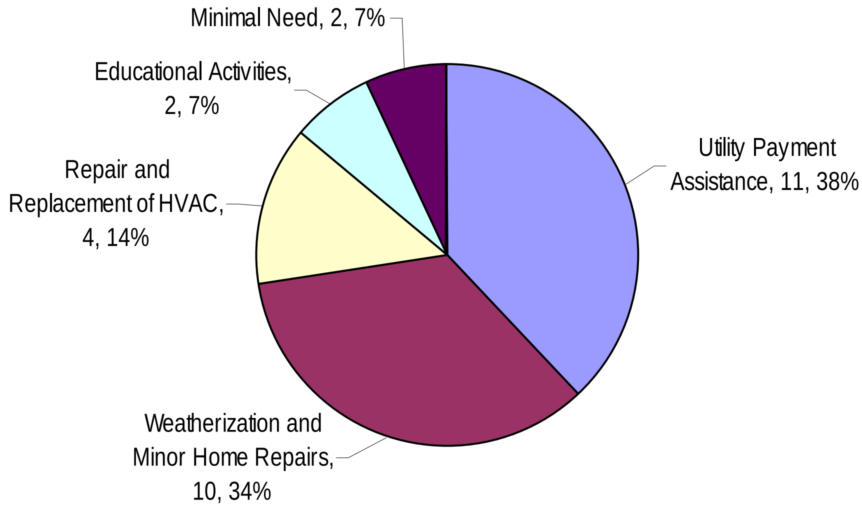
Rental Development with Greatest Need (29 Respondents)



ENERGY ASSISTANCE

Utility payment assistance was the most commonly identified need amongst all Region 7 respondents, while assistance with weatherization and minor home repairs was a close second. Paralleling the state as a whole, these two activities dominated the responses in this category.

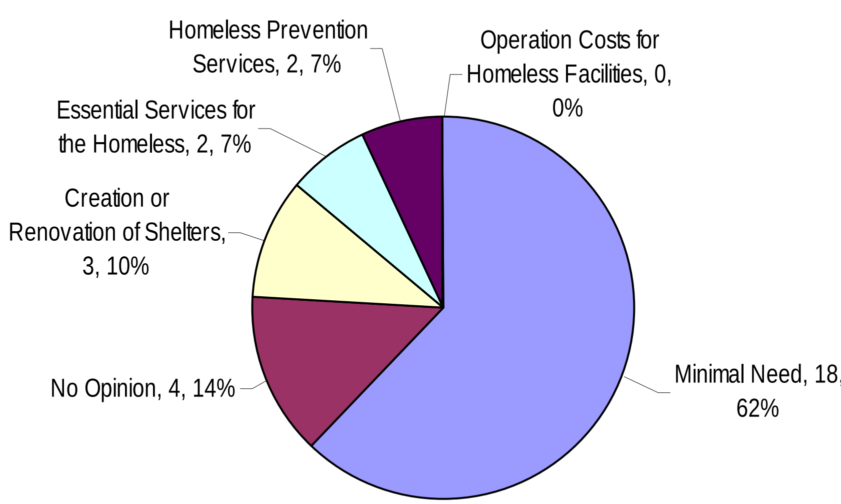
Energy Assistance Activity with Greatest Need (47 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

Like the state as a whole, most respondents in Region 7 did not indicate a pressing need for homeless assistance activities. More than 60 percent of all respondents said there was only a minimal need for such activities in their communities and another 14 percent had no opinion. Of the respondents who did identify a need, a similar number indicated homeless prevention, essential services, and creation or renovation of shelters.

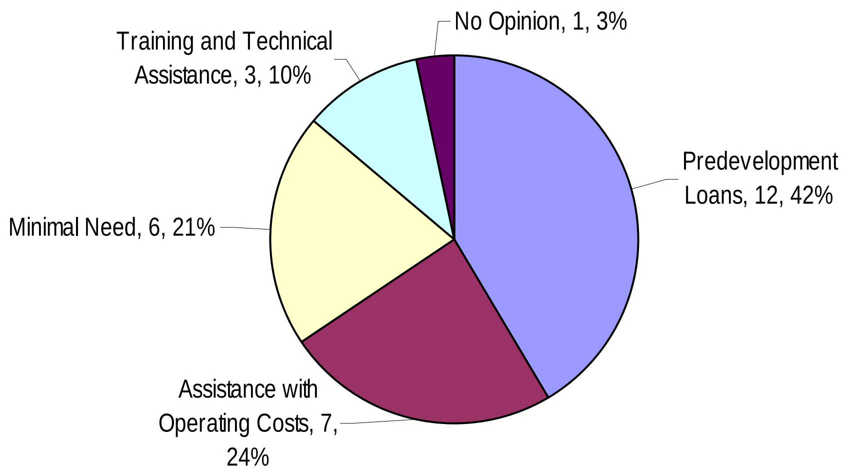
Homeless Assistance Activity with Greatest Need (47 Respondents)



CAPACITY BUILDING

Predevelopment loans appear to be a greater priority in Region 7 than in the state as a whole. Assistance with operating costs was also identified, as in most regions, by a significant percentage of respondents.

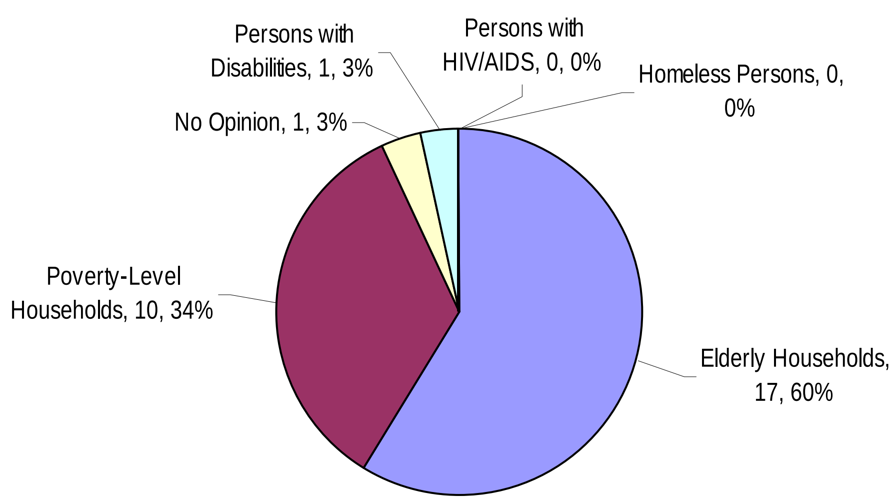
Capacity Building Activity with Greatest Need (29 Respondents)



SPECIAL NEEDS POPULATIONS

Of all respondents in the region, 60 percent indicated elderly households as the population most in need of assistance in their communities. Poverty-level households was the second most selected group, indicated in more than one third of the responses. These two population groups together dominated the responses in this category, paralleling the statewide results.

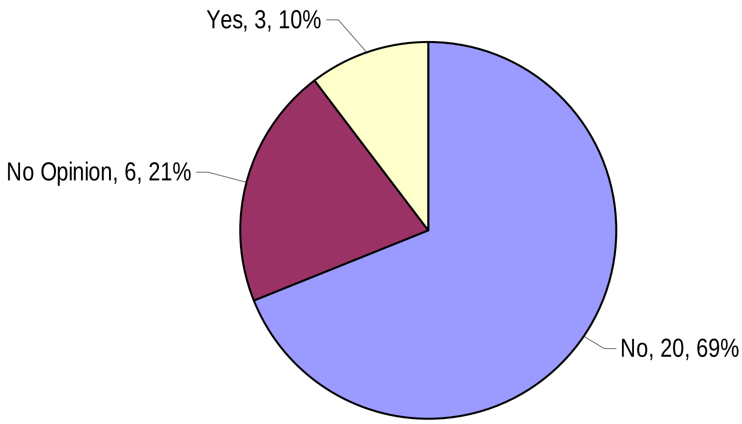
Population Most in Need of Assistance (29 Respondents)



MIGRANT FARM WORKERS

A significant majority of all respondents saw no need for migrant farm worker or seasonal housing in their communities. Only 10 percent stated that a need existed.

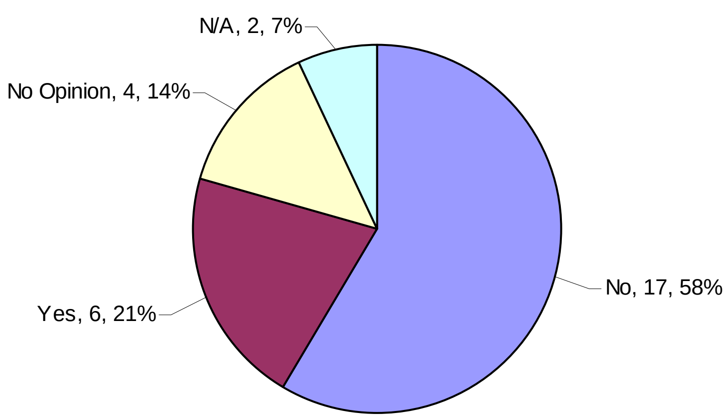
Need for Migrant Farm Worker Housing (29 Respondents)



FAIR HOUSING AND DISCRIMINATION

A majority of respondents in the region stated there was no need for training on fair housing laws in their communities. Only 7 percent stated a need was present.

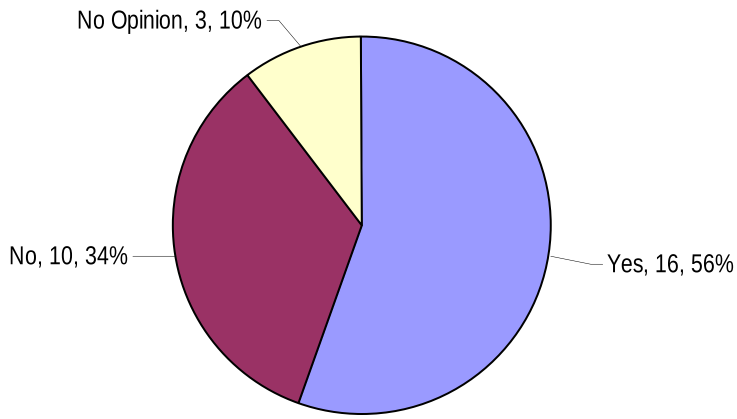
Need for Fair Housing Training (29 Respondents)



WORKING WITH TDHCA

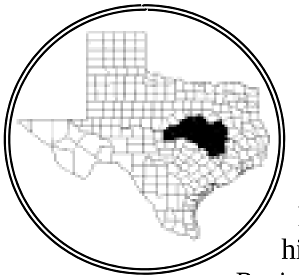
More than half of all respondents said there was a need for more information on the programs offered by TDHCA. At the same time, however, one third indicated they were already sufficiently informed about the Department.

Need for Information from TDHCA (29 Respondents)



SUMMARY

The survey response from Region 7 generally mirrored response from the state as a whole. A few variances, however, should be noted. In the question of housing assistance need, a significantly greater percentage of respondents in Region 7 than in the state as a whole answered that need was minimal. Additionally, assistance for elderly populations and predevelopment loans for capacity building both appear to be higher priorities in this region than they are statewide.



REGION 8

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. In Region 8, Housing Assistance and Energy Assistance Activities were the two categories most often ranked the highest by respondents. Assistance for Homeless Persons appeared to be the least relevant category to the respondents, with a majority ranking it as the least needed or giving no opinion on the category.

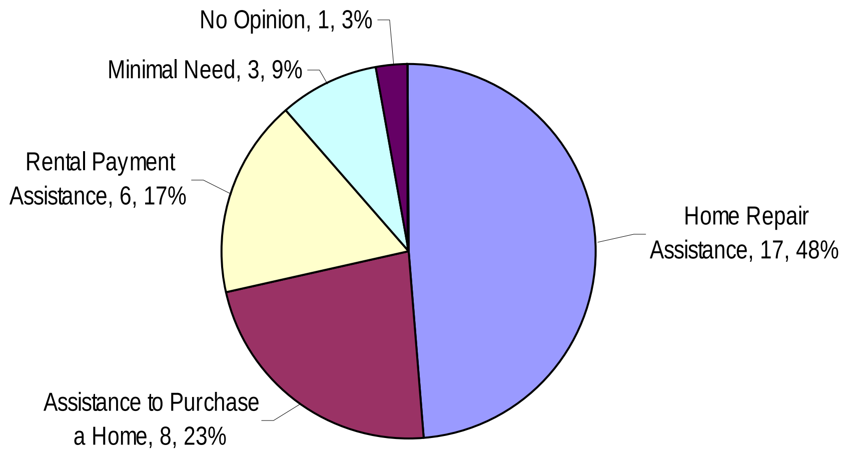
Ranking of Need for General Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	28% 7	16% 4	32% 8	16% 4	0%	8% 2	100% 25
2. Development of Apartments	18% 5	14% 4	25% 7	21% 6	11% 3	11% 3	100% 28
3. Energy Assistance	21% 6	32% 9	21% 6	14% 4	7% 2	4% 1	100% 28
4. Assistance for Homeless Persons	10% 3	7% 2	7% 2	23% 7	40% 12	13% 4	100% 30
5. Capacity Building Assistance	18% 6	9% 3	12% 4	24% 8	21% 7	15% 5	100% 33

HOUSING ASSISTANCE

Of all respondents, nearly half indicated home repair assistance as the greatest need in their communities. Home purchasing assistance and rental payment assistance were both identified by similar numbers of respondents.

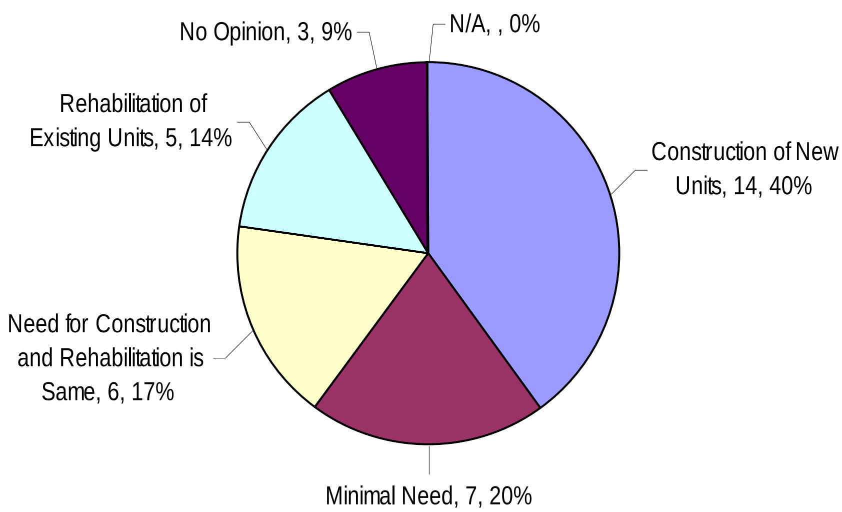
Housing Assistance Activity with Greatest Need (35 Respondents)



DEVELOPMENT OF RENTAL UNITS

A majority of the total respondents, 57 percent, stated that new rental-unit construction was either the greatest overall need, or that it was equally as necessary as rehabilitation of existing units. A significantly smaller percentage indicated only rehabilitation as the most pressing need.

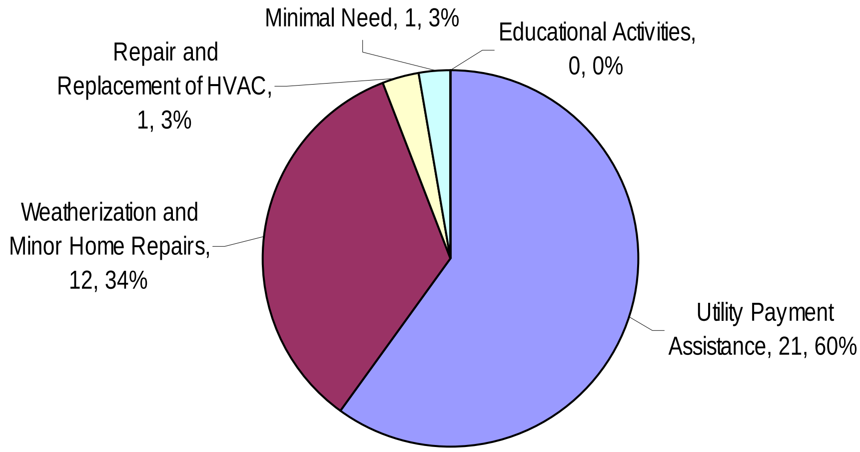
Rental Development Activity with Greatest Need (35 Respondents)



ENERGY ASSISTANCE

Utility payment assistance was the most commonly identified need amongst all Region 8 respondents, while assistance with weatherization and minor home repairs was next most popular response. These two activities dominated the responses in this category, paralleling responses from the state as a whole.

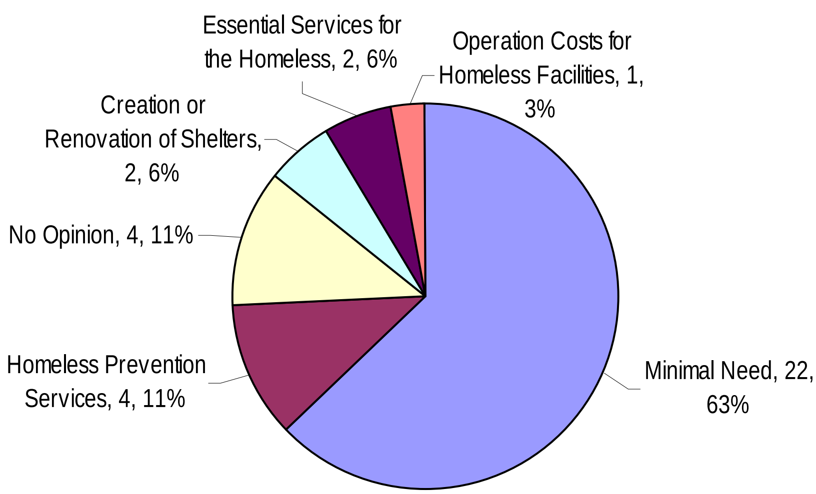
Energy Assistance Activity with Greatest Need (35 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

Like the state as a whole, most respondents in Region 8 did not indicate a pressing need for homeless assistance activities. Over 60 percent of all respondents said there was only a minimal need for such activities in their communities. Of the respondents who did identify a need, most indicated homeless prevention services.

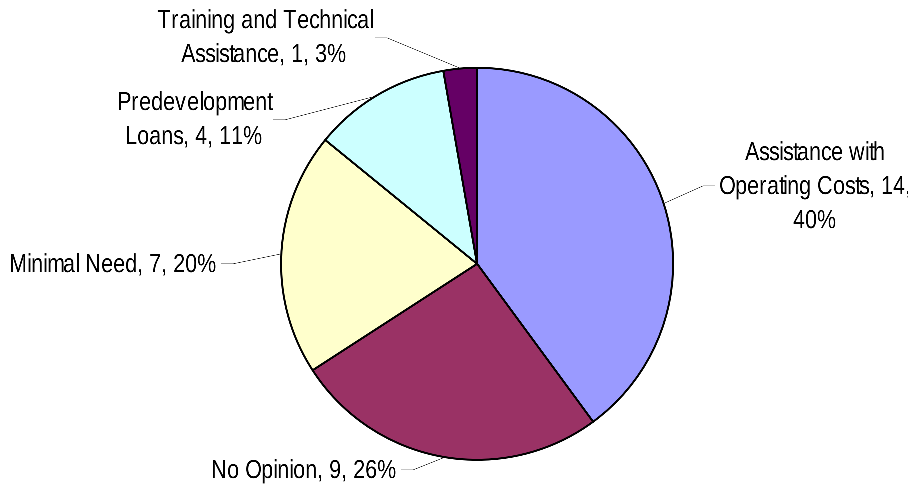
Homeless Assistance Activity with Greatest Need (35 Respondents)



CAPACITY BUILDING

Assistance with operating costs was the most identified capacity building activity in Region 8. However, a higher percentage of the region's respondents identified a minimal need or had no opinion than did respondents statewide.

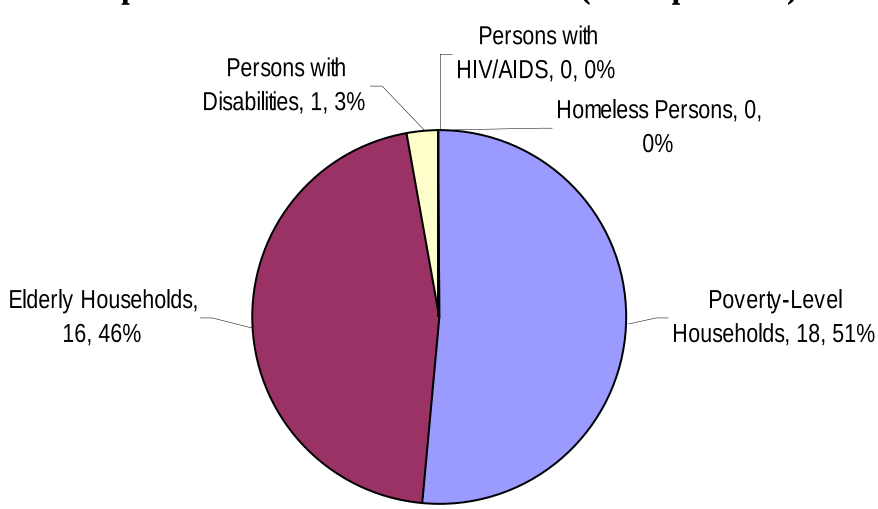
Capacity Building Activity with Greatest Need (35 Respondents)



SPECIAL NEEDS POPULATIONS

Of all respondents in the region, almost half indicated poverty-level households as the population most in need of assistance in their communities. Elderly households was the second most popular choice, selected by more than 40 percent of the respondents. These two population groups together dominated the responses in this category, paralleling the responses from the state as a whole.

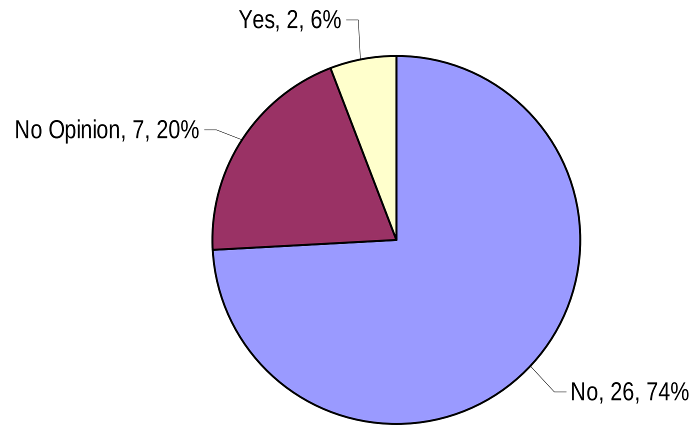
Population Most in Need of Assistance (35 Respondents)



MIGRANT FARM WORKERS

The vast majority of respondents in the region saw no need for migrant farm worker or temporary housing in their communities. Only 6 percent said a need existed.

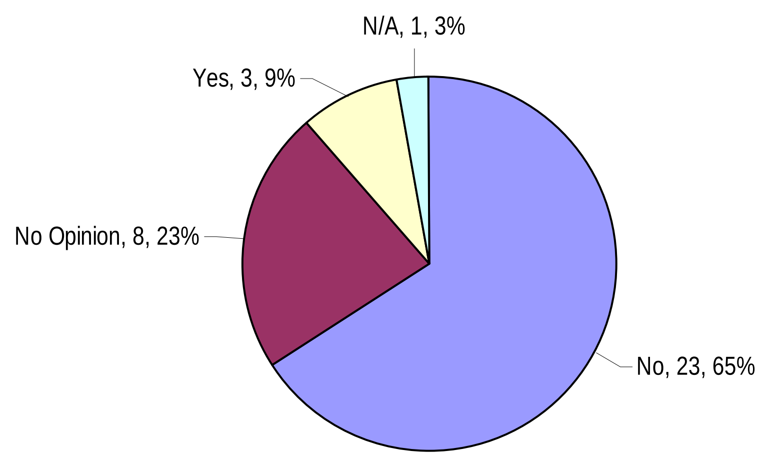
Need for Migrant Farm Worker Housing (35 Respondents)



FAIR HOUSING AND DISCRIMINATION

A majority of respondents in the region stated there was no need for training on fair housing laws in their communities. Only 9 percent stated a need was present.

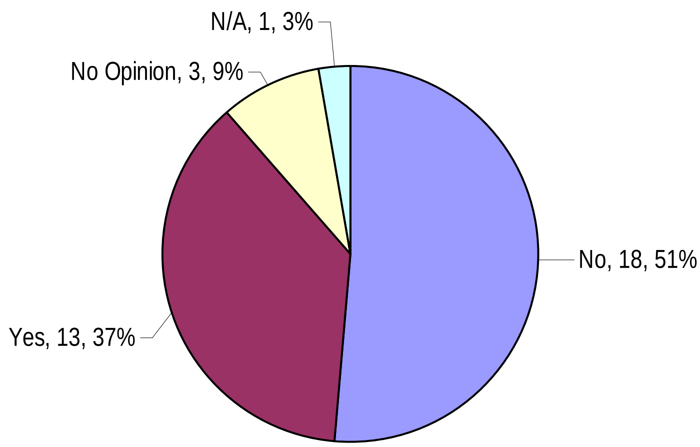
Need for Fair Housing Training (35 Respondents)



WORKING WITH TDHCA

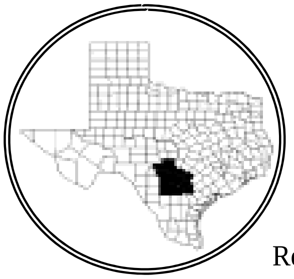
Just over half of all respondents indicated they were sufficiently informed about the programs offered by TDHCA. At the same time, however, a smaller but significant number said there was a need for more information.

Need for Information from TDHCA (35 Respondents)



SUMMARY

The survey response from Region 8 generally mirrored response from the state as a whole. The region differed slightly, however, in the category of capacity building. A higher percentage of the region's respondents identified a minimal need or had no opinion about capacity building activities than did respondents statewide.



REGION 9

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. In Region 9, Housing Assistance and Energy Assistance Activities were the two categories most often ranked the highest by respondents. Assistance for Homeless Persons appeared to be the least relevant category to the respondents, with a majority ranking it as the least needed or giving no opinion on the category.

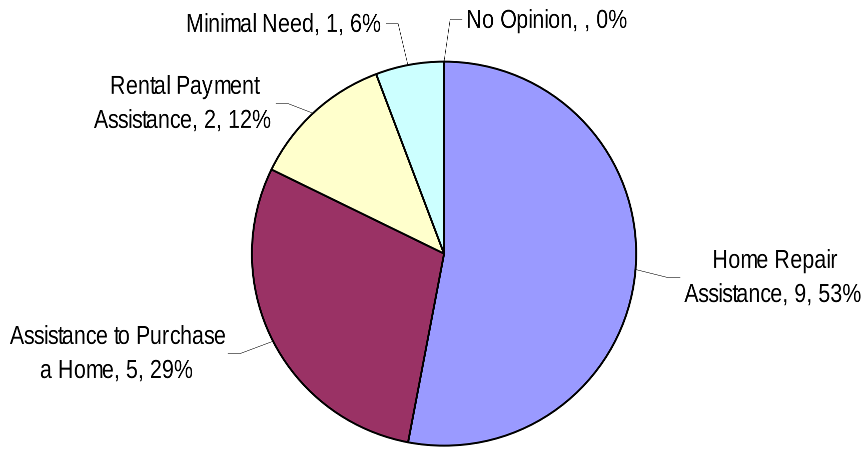
Ranking of Need for General Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	28% 7	16% 4	32% 8	16% 4	0%	8% 2	100% 25
2. Development of Apartments	18% 5	14% 4	25% 7	21% 6	11% 3	11% 3	100% 28
3. Energy Assistance	21% 6	32% 9	21% 6	14% 4	7% 2	4% 1	100% 28
4. Assistance for Homeless Persons	10% 3	7% 2	7% 2	23% 7	40% 12	13% 4	100% 30
5. Capacity Building Assistance	18% 6	9% 3	12% 4	24% 8	21% 7	15% 5	100% 33

HOUSING ASSISTANCE

Of all respondents, more than half indicated home repair assistance as the greatest need in their communities. Home purchasing assistance was the next most selected, with over one quarter of the responses. Only 6 percent considered the need for housing assistance to be minimal.

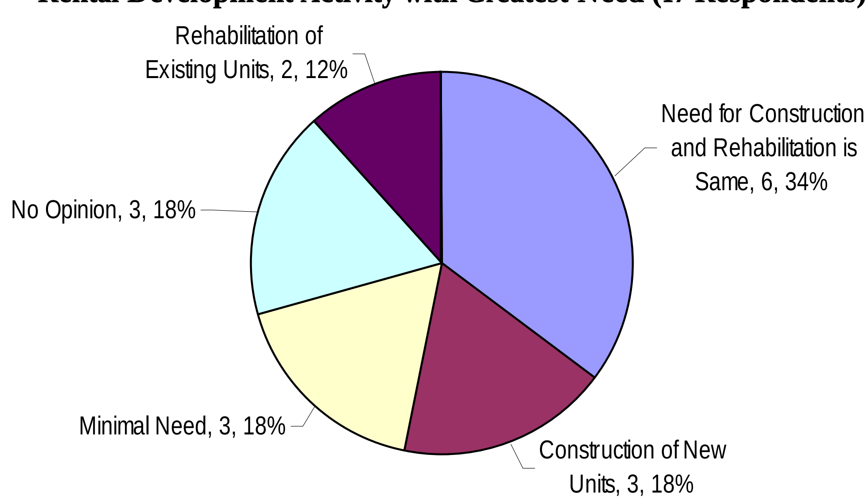
Housing Assistance Activity with Greatest Need (17 Respondents)



DEVELOPMENT OF RENTAL UNITS

Respondent opinion divided almost evenly between the greater importance of new construction of rental units or rehabilitation of existing units.

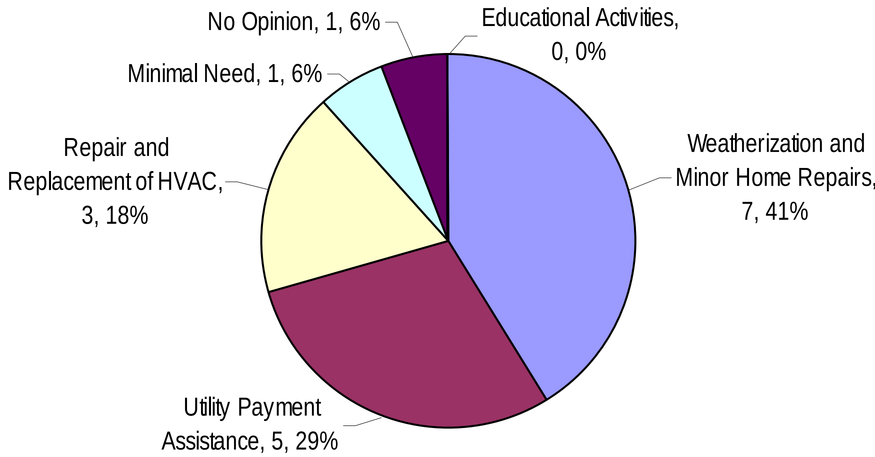
Rental Development Activity with Greatest Need (17 Respondents)



ENERGY ASSISTANCE

Assistance with weatherization and minor home repairs was the most commonly identified need amongst all Region 9 respondents, while utility payment assistance was the next most popular response.

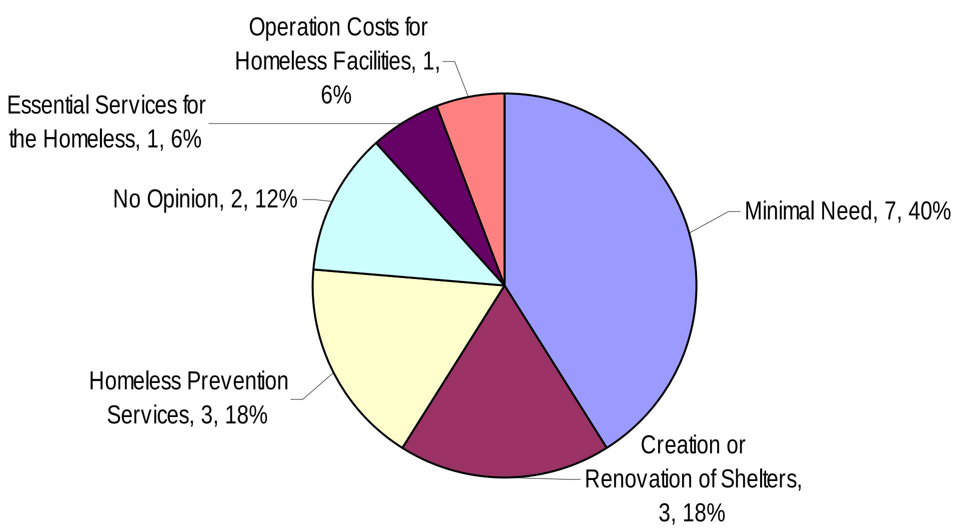
Energy Assistance Activity with Greatest Need (17 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

Like the state as a whole, most respondents in Region 9 did not indicate a pressing need for homeless assistance activities. More than half of all respondents said there was either a minimal need for such activities in their communities or had no opinion on the issue. Of the respondents who did identify a need, most indicated creation or renovation of shelters or homeless prevention services.

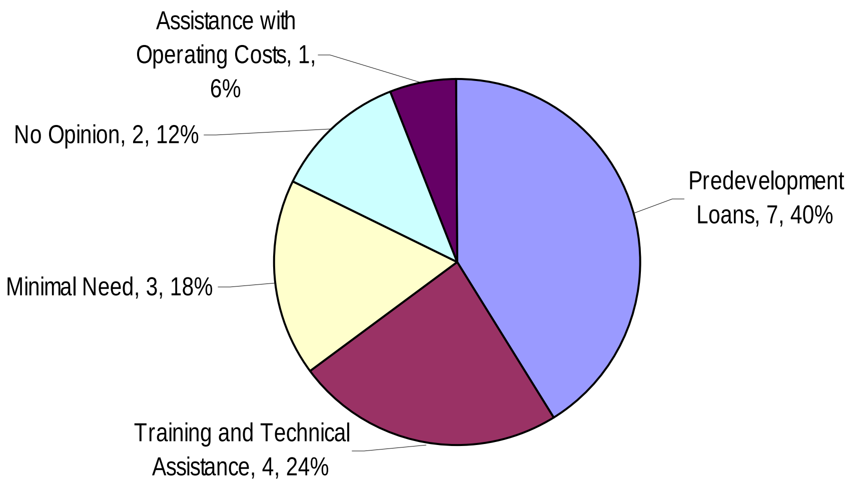
Homeless Assistance Activity with Greatest Need (17 Respondents)



CAPACITY BUILDING

Predevelopment loans, with 40% of the category's responses, appear to be a greater priority in Region 9 than in the state as a whole. Operating cost assistance, the need chosen by most respondents across the state, was only the fifth most popular answer in this region.

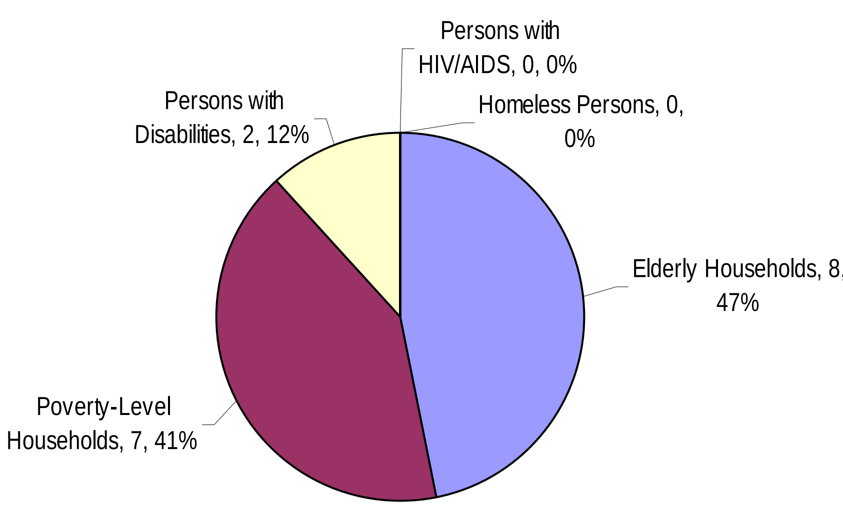
Capacity Building Activity with Greatest Need (17 Respondents)



SPECIAL NEEDS POPULATIONS

Of all respondents in the region, almost half indicated elderly households as the population most in need of assistance in their communities. Poverty-level households was the second most popular choice, selected by more than 40 percent of the respondents. These two population groups together dominated the responses in this category, paralleling the responses from the state as a whole.

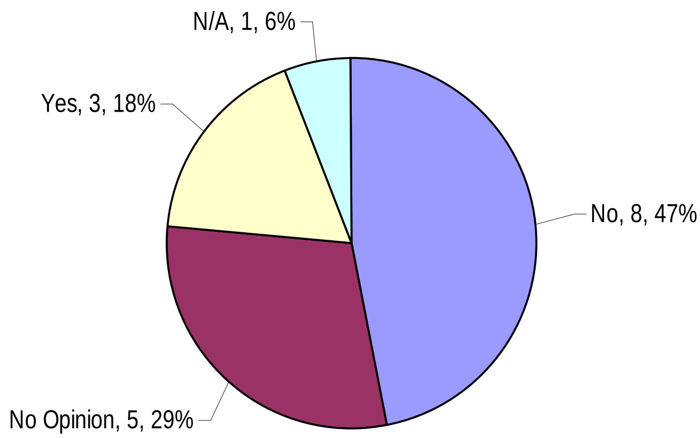
Population Most in Need of Assistance (17 Respondents)



MIGRANT FARM WORKERS

Almost half of respondents in the region saw no need for migrant farm worker or temporary housing in their communities. Another large percentage, about 30 percent, had no opinion on the issue.

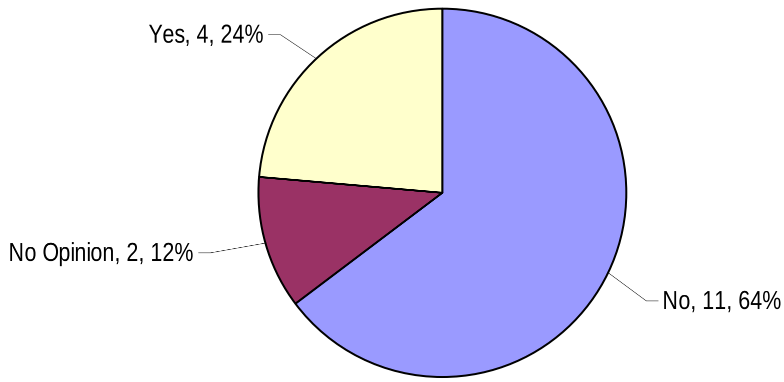
Need for Migrant Farm Worker Housing (17 Respondents)



FAIR HOUSING AND DISCRIMINATION

A majority of respondents in the region stated there was no need for training on fair housing laws in their communities, but about one quarter said such training was indeed needed. This distribution of opinion is similar to the responses from the state as a whole.

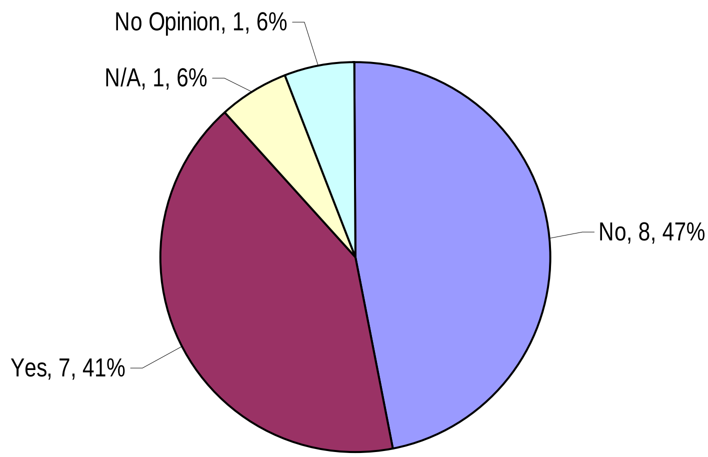
Need for Fair Housing Training (17 Respondents)



WORKING WITH TDHCA

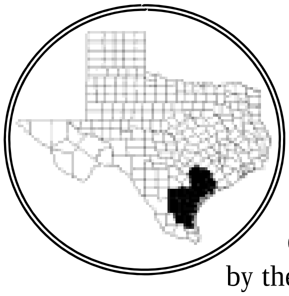
Almost half of all respondents indicated they were sufficiently informed about the programs offered by TDHCA. At the same time, however, a smaller but significant number said there was a need for more information.

Need for Information from TDHCA (17 Respondents)



SUMMARY

The survey response from Region 9 generally mirrored response from the state as a whole. The region differed slightly, however, in the category of capacity building. Predevelopment loans, chosen by 40% of the respondents, appear to be a greater priority in Region 9 than to those statewide.



REGION 10

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. Overall, Housing Assistance Activities was the category most often ranked the highest by the region's respondents, while Energy Assistance Activities was the next most likely to be selected as a top priority. Assistance for Homeless Persons appears to be the least relevant category to the respondents, with a majority ranking it as the least needed or giving no opinion on the category.

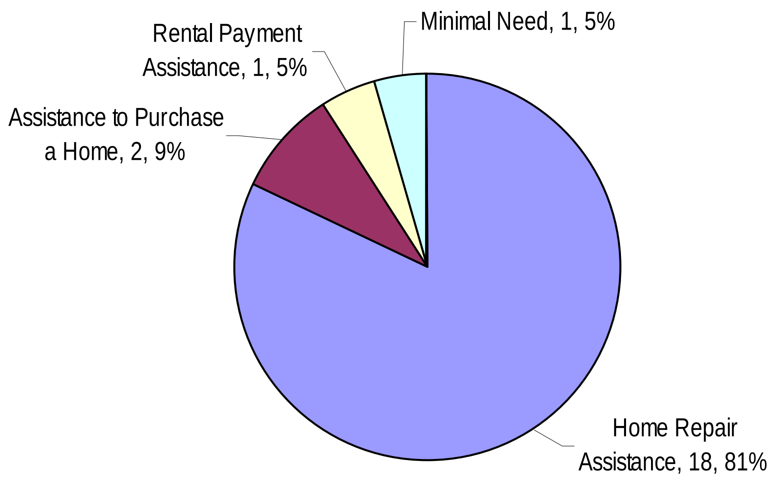
Ranking of Need for General Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	53% 8	20% 3	20% 3	7% 1	0%	0%	100% 15
2. Development of Apartments	19% 3	19% 3	31% 5	13% 2	13% 2	6% 1	100% 16
3. Energy Assistance	18% 3	41% 7	24% 4	18% 3	0%	0%	100% 17
4. Assistance for Homeless Persons	0%	17% 3	11% 2	11% 2	50% 9	11% 2	100% 18
5. Capacity Building Assistance	29% 6	0%	10% 2	33% 7	14% 3	14% 3	100% 21

HOUSING ASSISTANCE

More than 80 percent of Region 10's respondents identified home repair assistance as the greatest housing need, a figure comparatively greater than the 49 percent offering the same opinion statewide. Correspondingly, only a minor percentage of this region's respondents said that need for housing assistance was minimal.

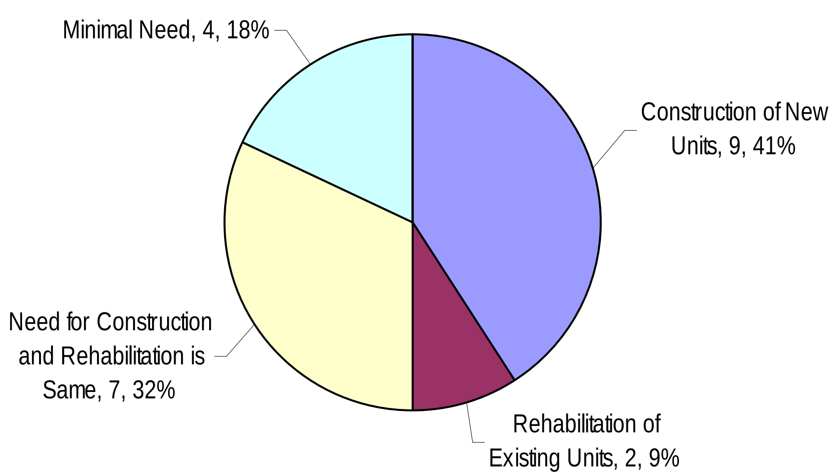
Housing Assistance Activity with Greatest Need (22 Respondents)



DEVELOPMENT OF RENTAL UNITS

A large majority of the total respondents, 73 percent, stated that new rental-unit construction was either the greatest overall need, or that it was equally as necessary as rehabilitation of existing units. A much smaller percentage indicated only rehabilitation as the most pressing need.

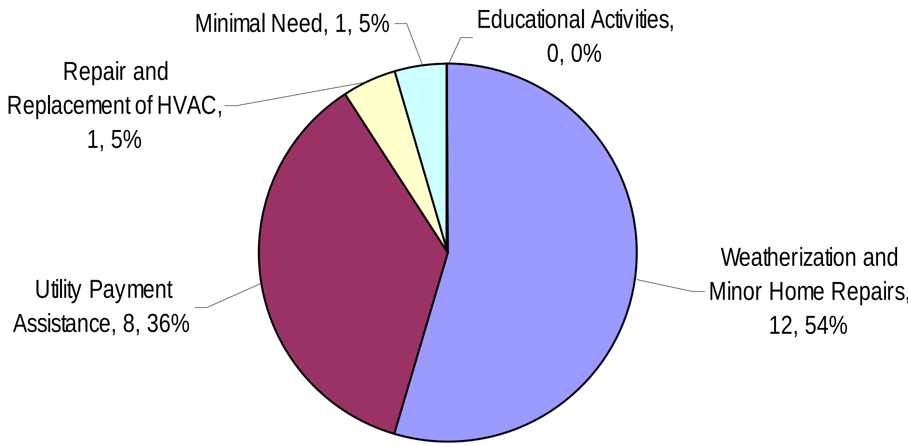
Rental Development Activity with Greatest Need (22 Respondents)



ENERGY ASSISTANCE

Assistance with weatherization and minor home repairs was the most commonly identified need amongst all Region 10 respondents, while utility payment assistance was the next most popular response. These two activities dominated the responses in this category, paralleling responses from the state as a whole.

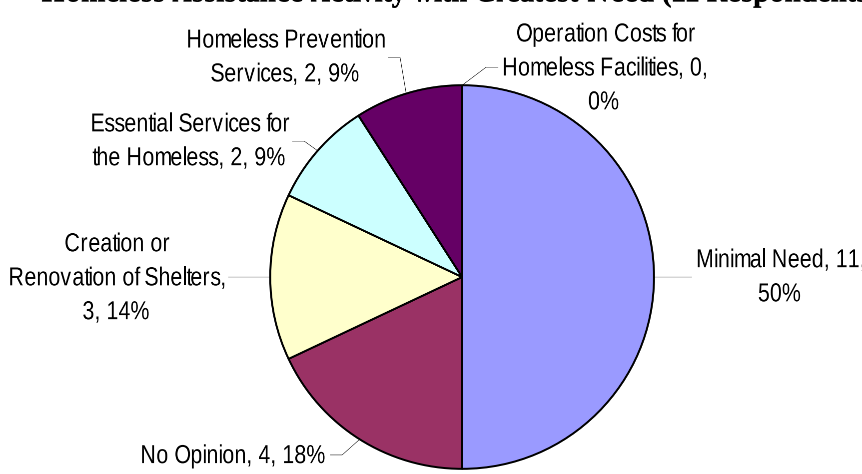
Energy Assistance Activity with Greatest Need (22 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

Like the state as a whole, most respondents in Region 10 did not indicate a pressing need for homeless assistance activities. Half of all respondents said there was only a minimal need for such activities in their communities. Smaller percentages indicated homeless prevention, essential services, and creation or renovation of shelters in similar numbers.

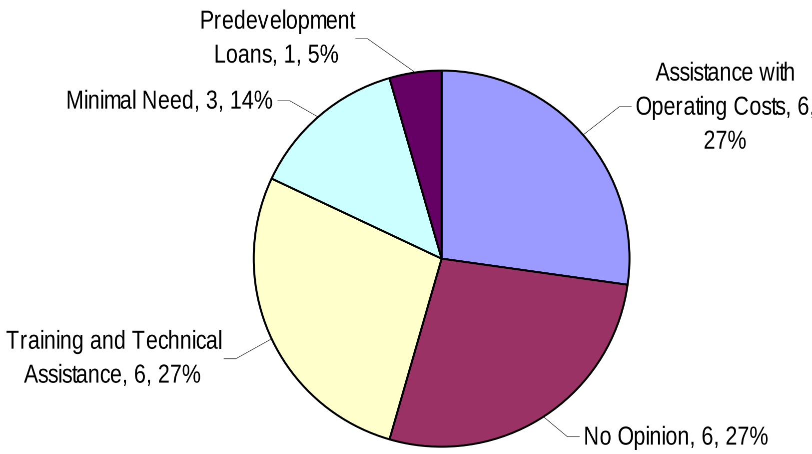
Homeless Assistance Activity with Greatest Need (22 Respondents)



CAPACITY BUILDING

Training and technical assistance and assistance with operating costs were the two most selected capacity building activities.

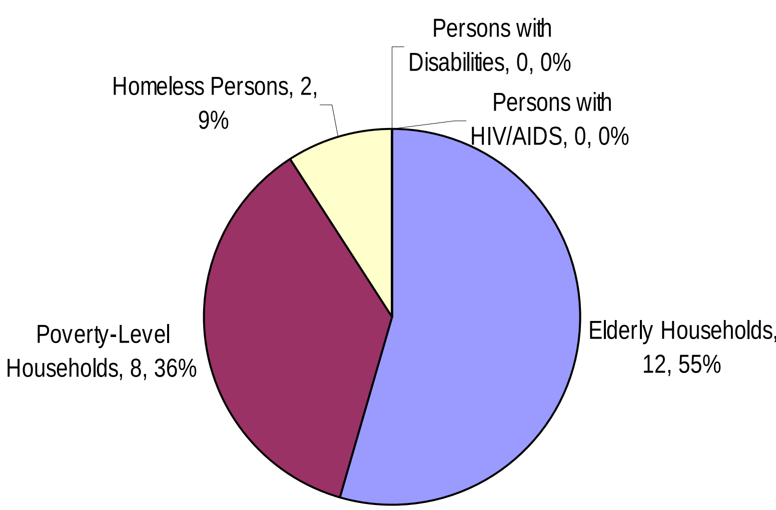
Capacity Building Activity with Greatest Need (22 Respondents)



SPECIAL NEEDS POPULATIONS

Of all respondents in the region, more than half indicated elderly households as the population most in need of assistance in their communities. Poverty-level households was the second most popular choice, selected by more than one third of the respondents. These two population groups together dominated the responses in this category, paralleling the responses from the state as a whole.

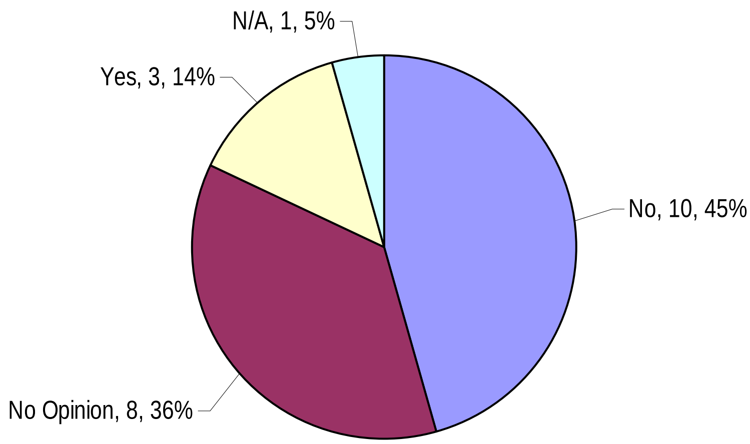
Population Most in Need of Assistance (22 Respondents)



MIGRANT FARM WORKERS

Similar to the response statewide, almost half of respondents in Region 10 saw no need for migrant farm worker or temporary housing in their communities. Another large percentage, more than one third, had no opinion on the issue.

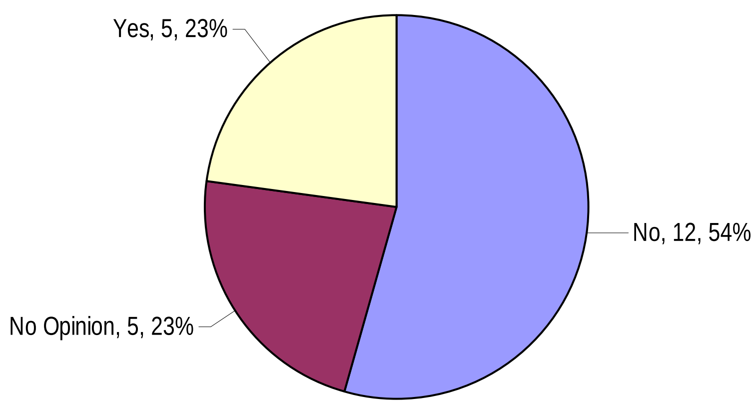
Need for Migrant Farm Worker Housing (22 Respondents)



FAIR HOUSING AND DISCRIMINATION

A majority of respondents in the region stated there was no need for training on fair housing laws in their communities, but about one quarter said such training was indeed needed. This distribution of opinion is similar to the responses from the state as a whole.

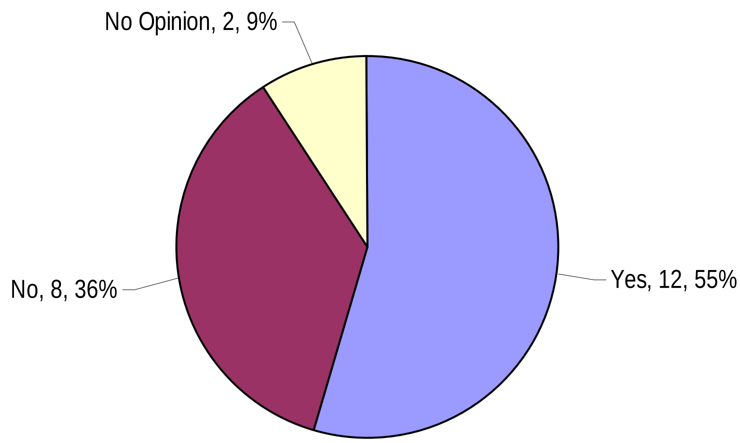
Need for Fair Housing Training (22 Respondents)



WORKING WITH TDHCA

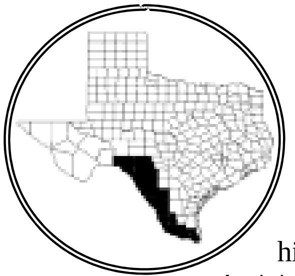
More than half of all respondents indicated there was a need for more information about the programs offered by TDHCA. At the same time, however, a smaller but significant number said they were already sufficiently informed.

Need for Information from TDHCA (22 Respondents)



SUMMARY

The survey response from Region 10 generally mirrored response from the state as a whole. Although a majority of respondents statewide identified home repair assistance as the most important housing need, the need for this type of assistance was particularly emphasized in Region 10. Respondents there indicated home repair assistance in a greater percentage than in any other region.



REGION 11

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. Overall, Housing Assistance Activities was the category most often ranked the highest by the region's respondents, while Energy Assistance and Rental Development Activities were the next most popular choices. Assistance for Homeless Persons, the category most likely to receive the lowest rank, appears to be the least relevant category to the respondents.

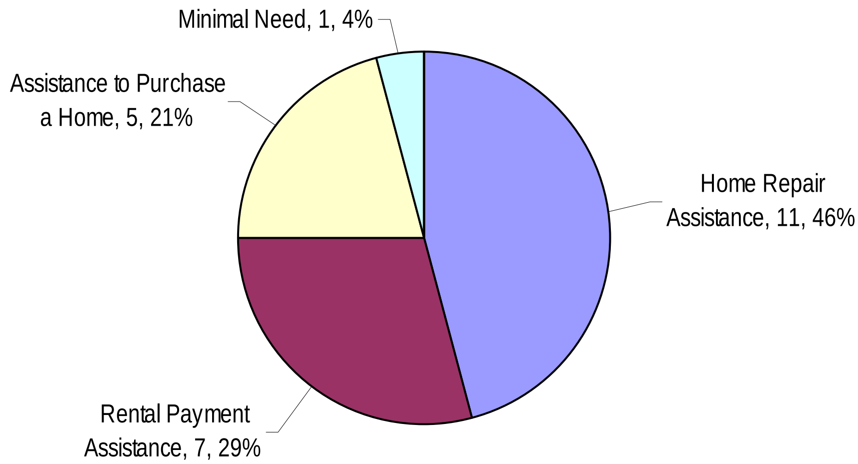
Ranking of Need for General Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	62% 8	15% 2	0%	15% 2	0%	8% 1	100% 13
2. Development of Apartments	31% 4	31% 4	31% 4	0%	8% 1	0%	100% 13
3. Energy Assistance	13% 2	47% 7	33% 5	0%	0%	7% 1	100% 15
4. Assistance for Homeless Persons	11% 2	6% 1	22% 4	22% 4	33% 6	6% 1	100% 18
5. Capacity Building Assistance	18% 4	18% 4	23% 5	18% 4	23% 5	0%	100% 22

HOUSING ASSISTANCE

Of all respondents in the region, almost half indicated home repair assistance as the greatest need in their respective communities. Rental Payment assistance was the next most selected, with more than one quarter of the responses. Only 4 percent stated that there was a minimal need for housing assistance.

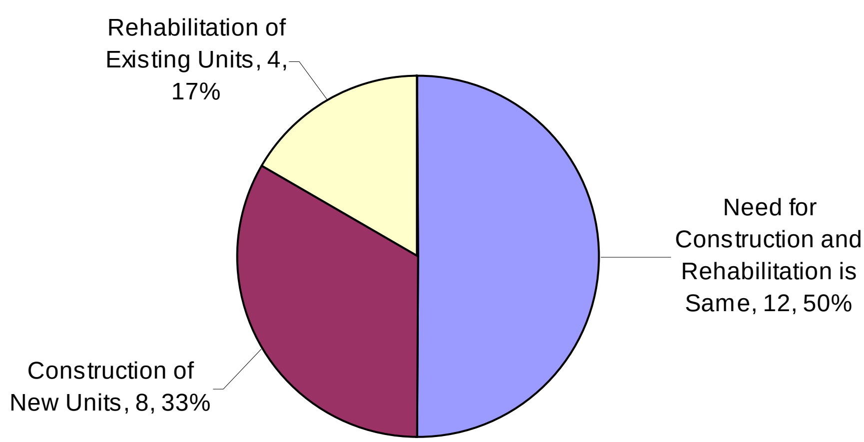
Housing Assistance Activity with Greatest Need (24 Respondents)



DEVELOPMENT OF RENTAL UNITS

A large majority of the total respondents, 83 percent, stated that new rental-unit construction was either the greatest overall need, or that it was equally as necessary as rehabilitation of existing units. A smaller percentage indicated only rehabilitation as the most pressing need.

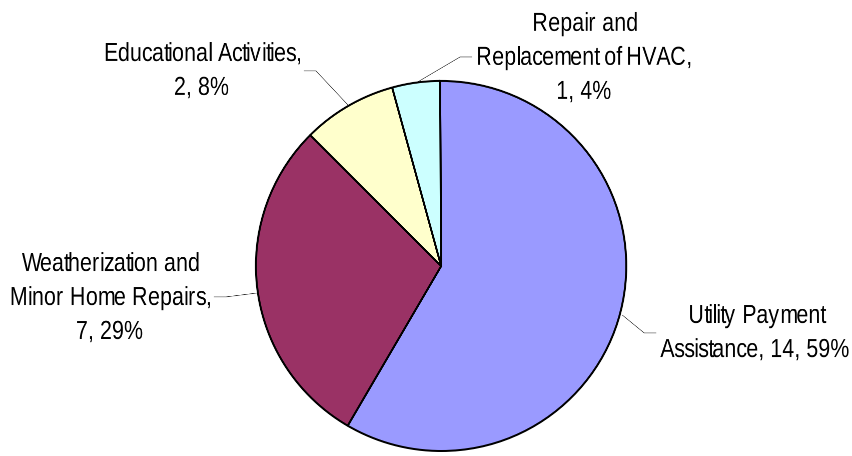
Rental Development Activity with Greatest Need (24 Respondents)



ENERGY ASSISTANCE

Utility payment assistance was the most commonly identified need amongst all respondents in the region, while assistance with weatherization and minor home repairs was a close second. These two activities dominated the responses in this category, paralleling responses from the state as a whole.

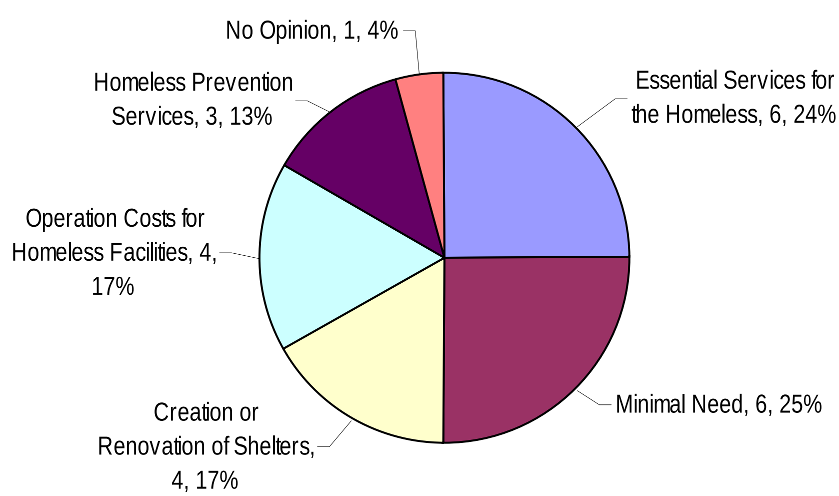
Energy Assistance Activity with Greatest Need (24 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

More respondents in Region 11 indicated a need for homeless assistance than did those in other regions. Only one quarter in Region 11 said there was a minimal need, compared to nearly 50 percent statewide. Additionally, similar numbers of Region 11 respondents identified facility operation costs, essential services, and creation or renovation of shelters as the most important needs.

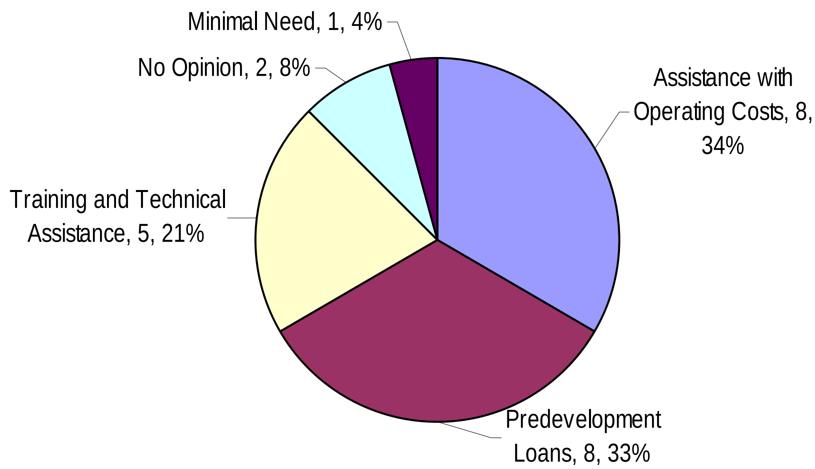
Homeless Assistance Activity with Greatest Need (24 Respondents)



CAPACITY BUILDING

Operating cost assistance and predevelopment loans were the two most selected capacity building activities. A significantly smaller percentage of respondents answered "there is a minimal need" or "no opinion" than in the state as a whole.

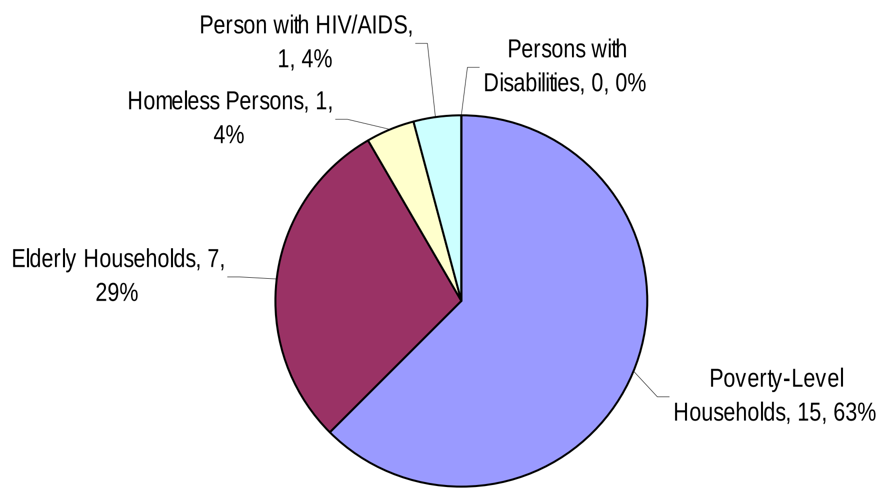
Capacity Building Activity with Greatest Need (24 Respondents)



SPECIAL NEEDS POPULATIONS

Of all respondents in the region, more than 60 percent indicated poverty-level households as the population most in need of assistance in their communities. Elderly households was the second most popular choice, selected by more than one quarter of the respondents. These two population groups together dominated the responses in this category, similar to the responses from the state as a whole.

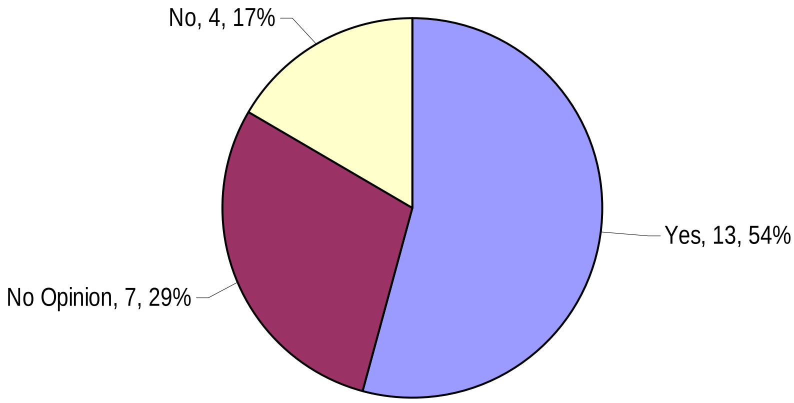
Population Most in Need of Assistance (24 Respondents)



MIGRANT FARM WORKERS

In stark contrast to overall statewide response, in which need for migrant farm worker housing was not given wide support, more than half of respondents in Region 11 indicated a need for such temporary housing in their communities.

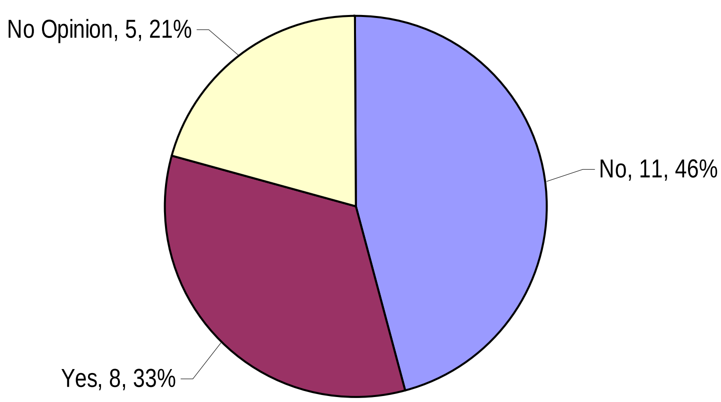
Need for Migrant Farm Worker Housing (24 Respondents)



FAIR HOUSING AND DISCRIMINATION

A larger percentage of the region's respondents (33 percent) identified a need for fair housing training than did respondents from the state as a whole (18 percent).

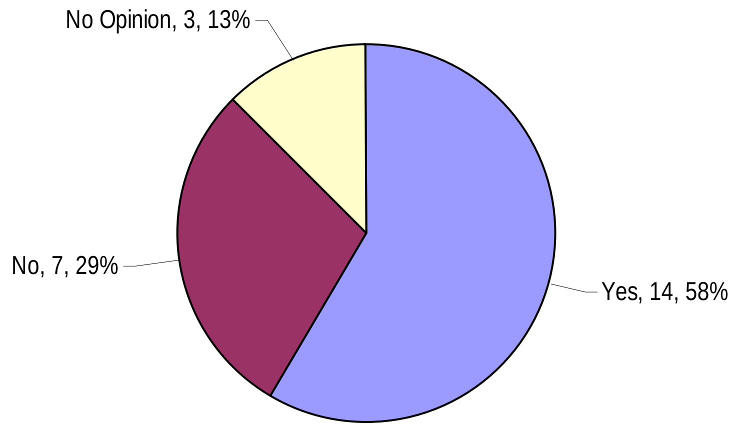
Need for Fair Housing Training (24Respondents)



WORKING WITH TDHCA

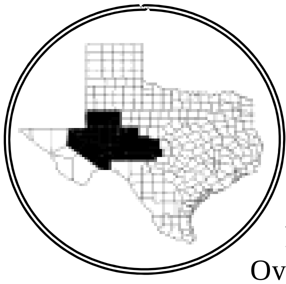
More than half of all respondents indicated there was a need for more information about the programs offered by TDHCA. At the same time, however, a smaller but significant number said they were already sufficiently informed.

Need for Information from TDHCA (24 Respondents)



SUMMARY

The survey response from Region 11 generally mirrored response from the state as a whole. However, the region differed in a few categories. First, in contrast with overall statewide response, more than half of respondents in this border region indicated a need for migrant farm worker housing. Also, larger percentages of the region's respondents identified needs for homeless assistance and fair housing training and than did respondents from the state as a whole.



REGION 12

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. Overall, Housing Assistance Activities was the category most often ranked the highest by the region's respondents, while Energy Assistance Activities was the next most likely to be selected as a top priority (ranked 1 or 2). Assistance for Homeless Persons appears to be the least relevant category to the respondents, with a majority ranking it as the least needed or giving no opinion on the category.

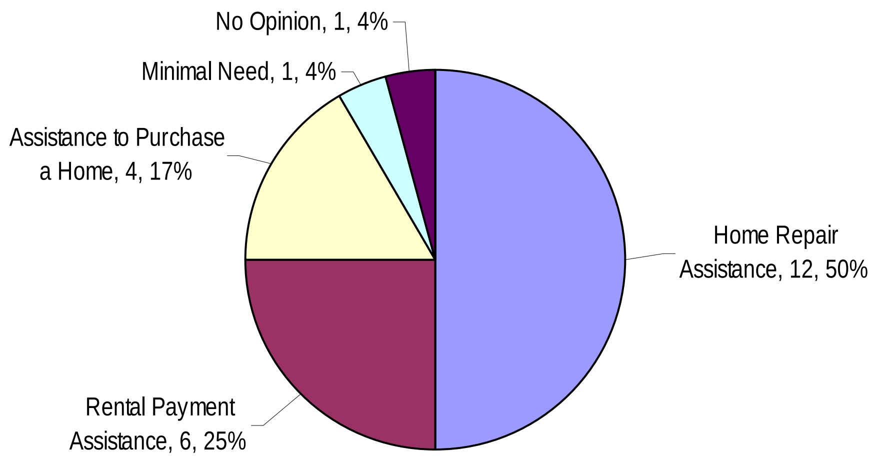
Ranking of Need for General Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	50% 10	30% 6	15% 3	5% 1	0%	0%	100% 20
2. Development of Apartments	30% 6	10% 2	10% 2	15% 3	25% 5	10% 2	100% 20
3. Energy Assistance	12% 2	41% 7	35% 6	12% 2	0%	0%	100% 17
4. Assistance for Homeless Persons	9% 2	5% 1	14% 3	18% 4	45% 10	9% 2	100% 22
5. Capacity Building Assistance	9% 2	18% 4	23% 5	27% 6	14% 3	9% 2	100% 22

HOUSING ASSISTANCE

Of all respondents in the region, half indicated home repair assistance as the greatest need in their respective communities. Rental Payment assistance was the next most selected, with one quarter of the responses. Only 4 percent stated that there was a minimal need for housing assistance.

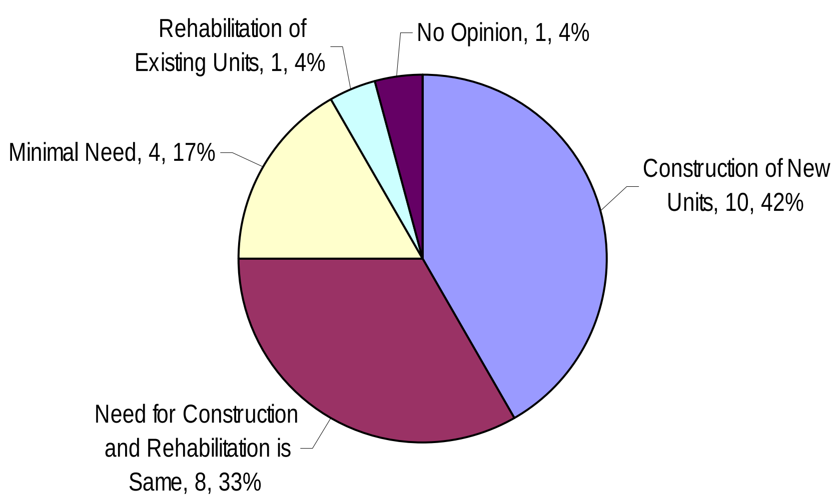
Housing Assistance Activity with Greatest Need (24 Respondents)



DEVELOPMENT OF RENTAL UNITS

A large majority of the total respondents, 75 percent, stated that new rental-unit construction was either the greatest overall need, or that it was equally as necessary as rehabilitation of existing units. A much smaller percentage indicated only rehabilitation as the most pressing need.

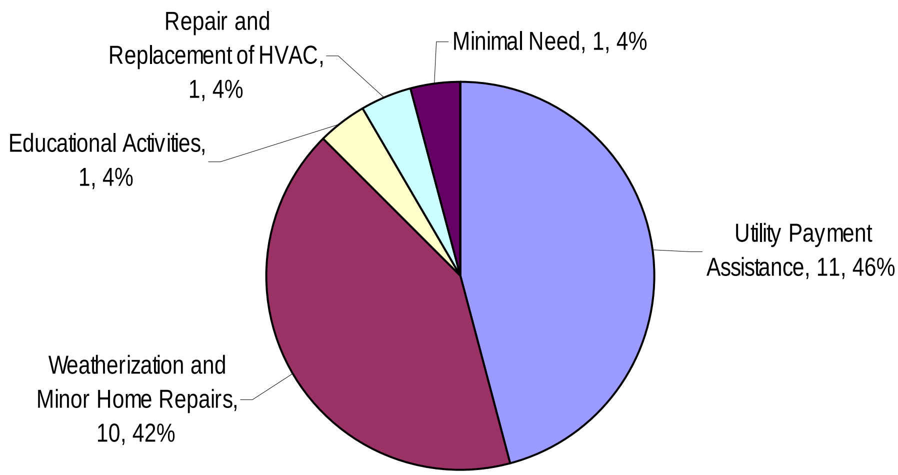
Rental Development Activity with Greatest Need (24 Respondents)



ENERGY ASSISTANCE

Utility payment assistance was the most commonly identified need amongst all respondents in the region, while assistance with weatherization and minor home repairs was a close second. These two activities dominated the responses in this category, paralleling responses from the state as a whole.

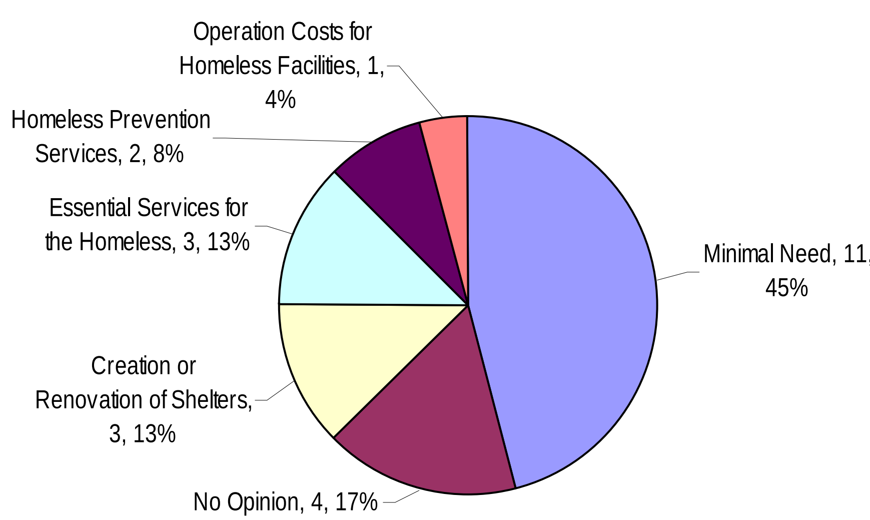
Energy Assistance Activity with Greatest Need (24 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

Like the state as a whole, most respondents in Region 12 did not indicate a pressing need for homeless assistance activities. Nearly half of all respondents said there was only a minimal need for such activities in their communities. Those who did identify need indicated essential services and creation or renovation of shelters in equal percentages.

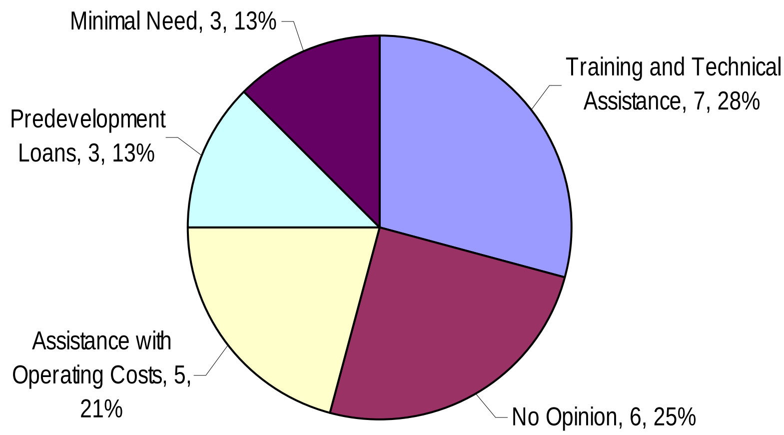
Homeless Assistance Activity with Greatest Need (24 Respondents)



CAPACITY BUILDING

Technical and training assistance and assistance with operating costs were the two most selected capacity building activities. At the same time, more than one third of respondents in the region stated need was minimal or gave no opinion on the issue.

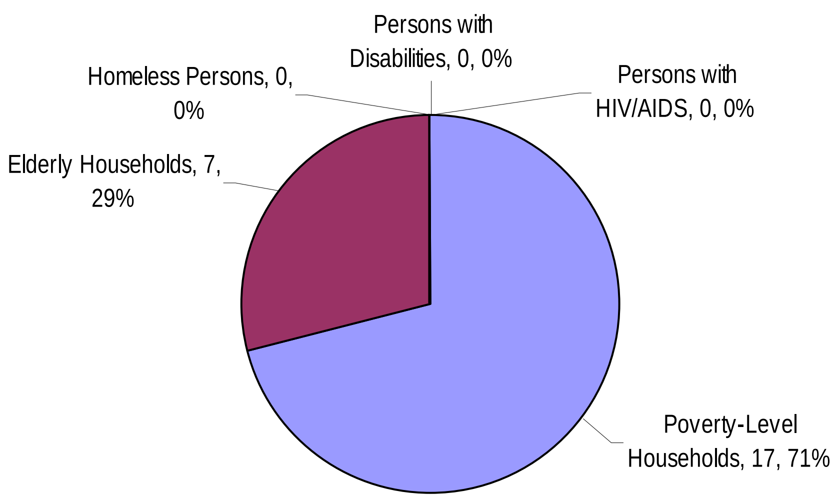
Capacity Building Activity with Greatest Need (24 Respondents)



SPECIAL NEEDS POPULATIONS

Of all respondents in the region, more than 70 percent indicated poverty-level households as the population most in need of assistance in their communities. Elderly households was the second most popular choice, selected by more than one quarter of the respondents. These two population groups together dominated the responses in this category, similar to the responses from the state as a whole.

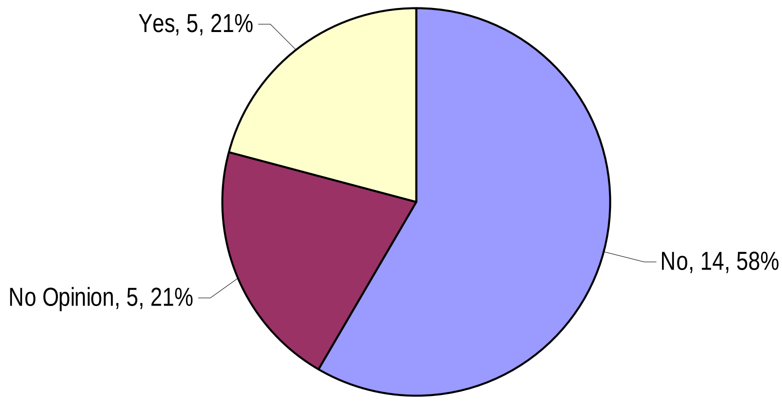
Population Most in Need of Assistance (24 Respondents)



MIGRANT FARM WORKERS

A majority of all respondents saw no need for migrant farm worker or seasonal housing in their communities. Less than one quarter stated that a need existed.

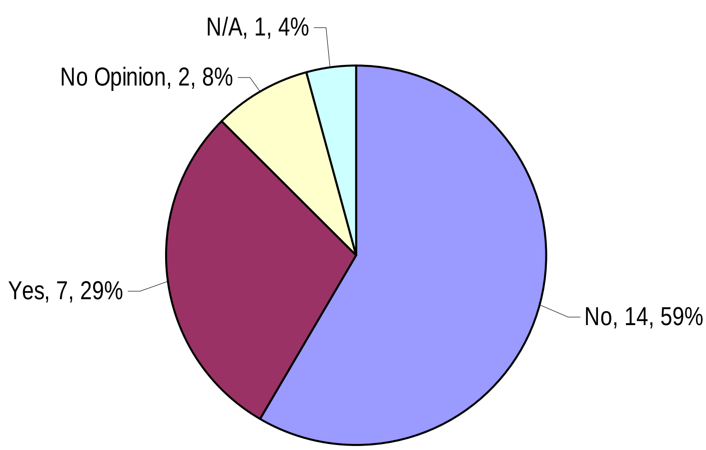
Need for Migrant Farm Worker Housing (24 Respondents)



FAIR HOUSING AND DISCRIMINATION

A majority of all respondents stated there was no need for training on fair housing laws in their communities. However, the percentage who stated there was indeed a need was higher in Region 12 than in the state as a whole.

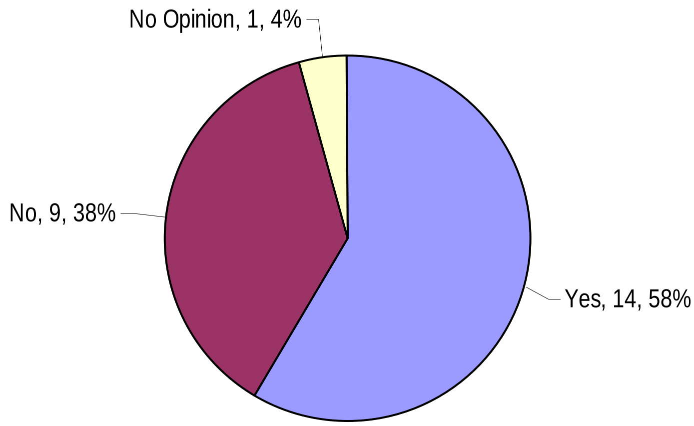
Need for Fair Housing Training (24Respondents)



WORKING WITH TDHCA

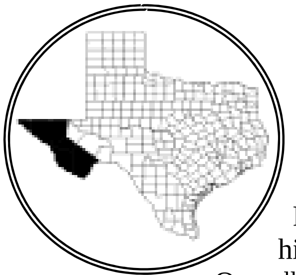
More than half of all respondents indicated there was a need for more information about the programs offered by TDHCA. At the same time, however, a smaller but significant number said they were already sufficiently informed.

Need for Information from TDHCA (24 Respondents)



SUMMARY

The survey response from Region 12 generally mirrored response from the state as a whole. One difference, however, was noteworthy in the special needs populations category. Although poverty-level households was the population most identified as in-need across the state, respondents in Region 12 pointed to poverty-level households in a greater percentage than in any other region.



REGION 13

GENERAL NEED

Respondents ranked five general categories of housing assistance activities from highest to lowest level of need, with 1 indicating the highest and 5 the lowest. Overall, Housing Assistance Activities was the category most often ranked the highest by Region 13's respondents, while Development of Apartments was the next most likely to be selected as a top priority. Assistance for Homeless Persons, the category most likely to receive the lowest rank, appears to be the least relevant category to the respondents.

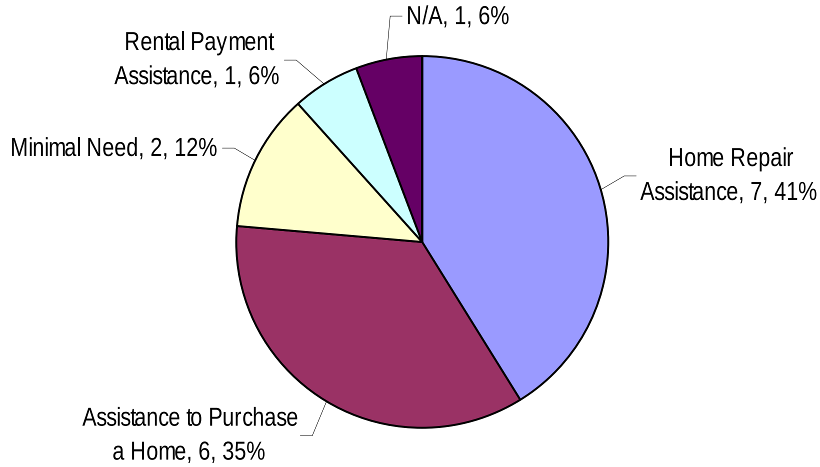
Ranking of Need for General Housing Assistance

	Number of responses per need rank (1 highest, 5 lowest), and percent of total responses within each activity						
Answer Choice	1	2	3	4	5	No Opinion	Total Responses
1. Housing Assistance	58% 7	33% 4	8% 1	0%	0%	0%	100% 12
2. Development of Apartments	43% 3	0%	29% 2	14% 1	14% 1	0%	100% 7
3. Energy Assistance	0%	56% 5	22% 2	22% 2	0%	0%	100% 9
4. Assistance for Homeless Persons	27% 3	9% 1	18% 2	9% 1	36% 4	0%	100% 11
5. Capacity Building Assistance	17% 2	8% 1	42% 5	17% 2	17% 2	0%	100% 12

HOUSING ASSISTANCE

Home repair assistance and rental payment assistance were the two most selected housing assistance needs in the region. This is similar to the responses from the state as a whole.

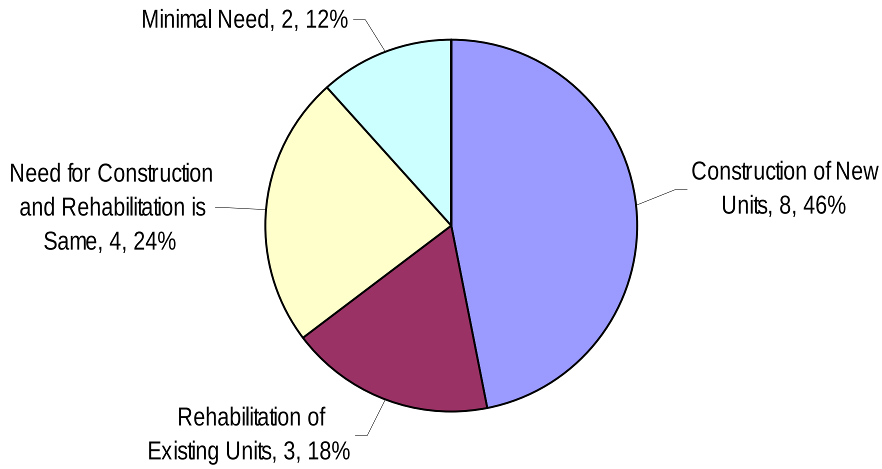
Housing Assistance Activity with Greatest Need (17 Respondents)



DEVELOPMENT OF RENTAL UNITS

A majority of the total respondents, 70 percent, stated that new rental-unit construction was either the greatest overall need, or that it was equally as necessary as rehabilitation of existing units. A much smaller percentage indicated only rehabilitation as the most pressing need.

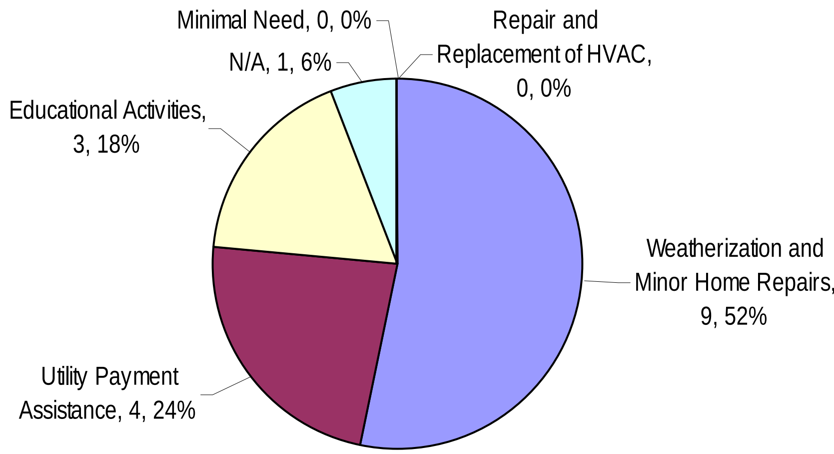
Rental Development Activity with Greatest Need (17 Respondents)



ENERGY ASSISTANCE

Differing from the other regions, a majority of Region 13's respondents identified weatherization and minor home repairs as the greatest energy assistance need in their communities. Utility payment assistance was the second most selected activity.

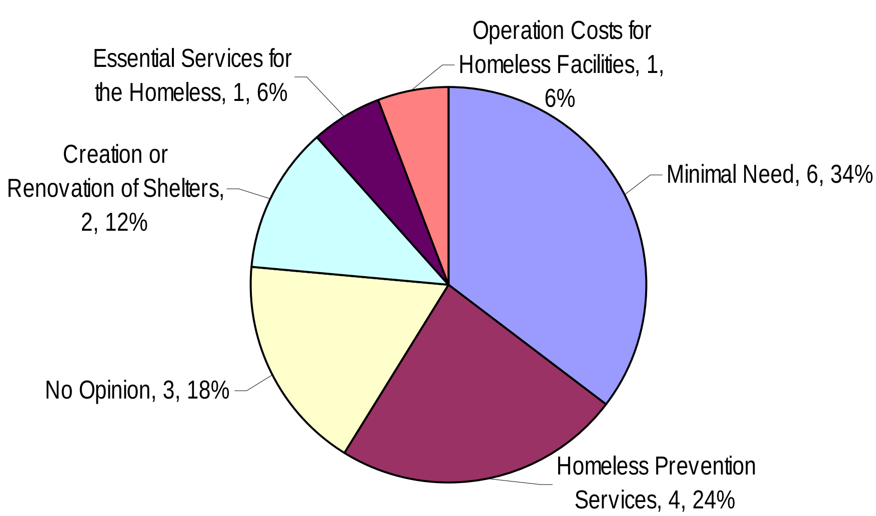
Energy Assistance Activity with Greatest Need (17 Respondents)



ASSISTANCE FOR HOMELESS PERSONS

More respondents in Region 13 indicated a need for homeless assistance than did those in most of the state. Only about one third in Region 13 said there was a minimal need, compared to nearly 50 percent statewide. Additionally, a quarter of Region 13 respondents identified homeless prevention services as the most important need.

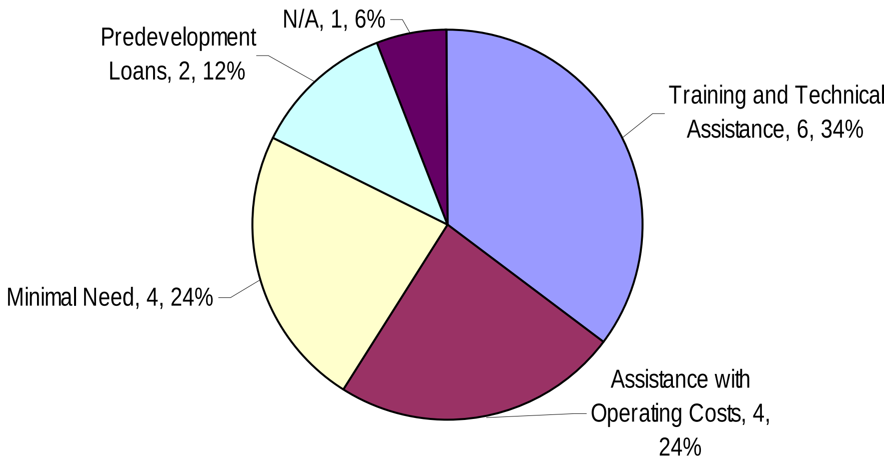
Homeless Assistance Activity with Greatest Need (17 Respondents)



CAPACITY BUILDING

Technical and training assistance and assistance with operating costs were the two most selected capacity building activities. At the same time, nearly a quarter of respondents in the region stated capacity building need was minimal.

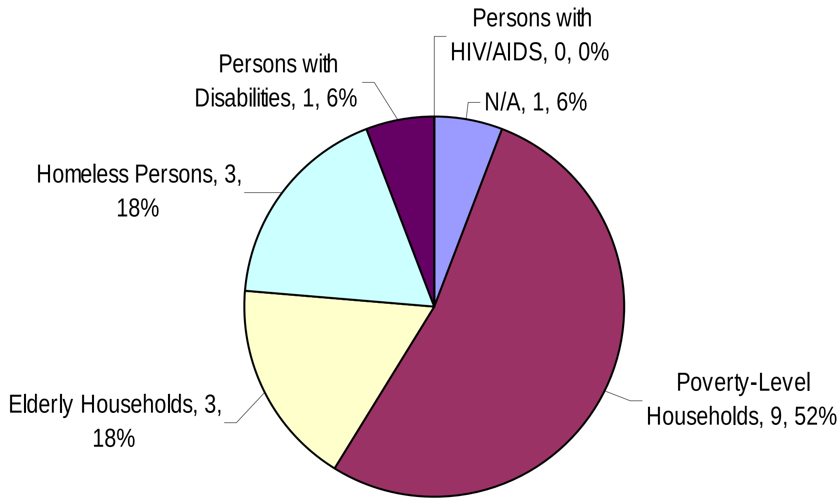
Capacity Building Activity with Greatest Need (17 Respondents)



SPECIAL NEEDS POPULATIONS

Of all respondents in the region, more than half indicated poverty-level households as the population most in need of assistance in their communities. Elderly households and homeless persons were the second most popular choices, selected by 18 percent each.

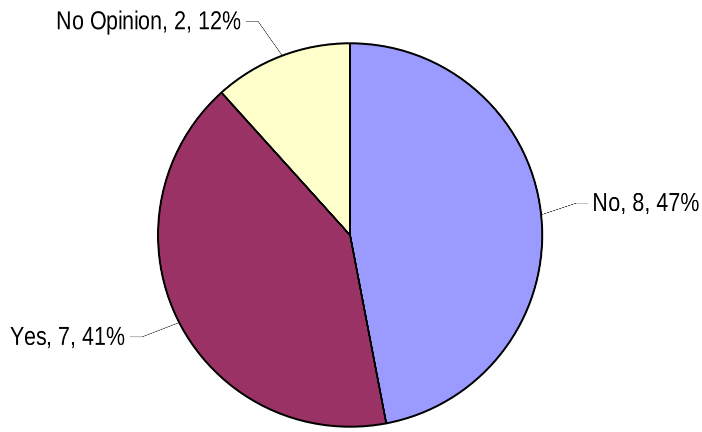
Population Most in Need of Assistance (17 Respondents)



MIGRANT FARM WORKERS

Similar percentages of respondents answered "yes" and "no" to the question of whether migrant farm worker housing was needed in the region. Even though there is no clear majority in either direction, this marks a significantly higher percentage or respondents indicating a need for this type of housing than is seen in the responses from the state as a whole.

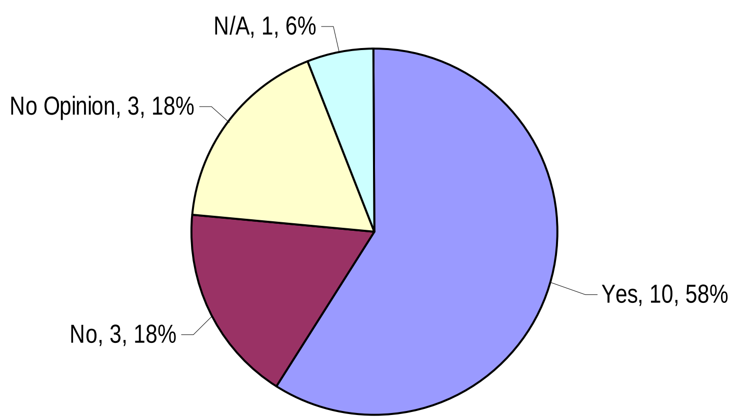
Need for Migrant Farm Worker Housing (17 Respondents)



FAIR HOUSING AND DISCRIMINATION

In stark contrast to overall statewide response, in which need for fair housing training was not given wide support, more than half of respondents in Region 13 indicated a need for such training in their communities.

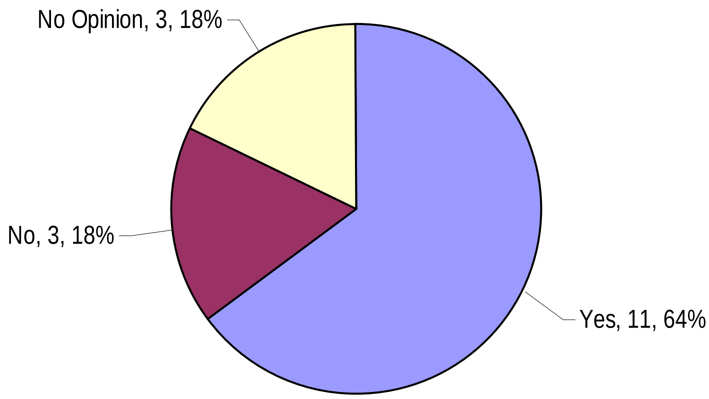
Need for Fair Housing Training (17Respondents)



WORKING WITH TDHCA

More than 60 percent of all respondents indicated there was a need for more information about the programs offered by TDHCA, the highest percentage of any region.

Need for Information from TDHCA (17 Respondents)



SUMMARY

The survey response from Region 13 generally mirrored response from the state as a whole. The region differed, however, in the category of Working with TDHCA. More respondents here than in any other region indicated there was a need for better information about the Department's programs. Also, in contrast to statewide opinion, more than half of respondents in Region 13 indicated a need for fair housing training.

SURVEY ANALYSIS

This section analyzes the findings of the survey. The analysis identifies changes that would improve the survey itself, a summary of findings regarding the quality of service provided, and Department improvements to be made in response to the survey.

SURVEY CHANGES

In general, TDHCA was satisfied with the quality of responses received. The questions reflected each customer service element, and answers enabled the Department to examine each customer area and make necessary changes. Approximately 41.2 percent of respondents filled out the “Additional Comments” question, which provided valuable insight from customers. The main change TDHCA would make to the survey is to reach a broader and more random sample population.

Because this survey only reached those who have e-mail or visit the website, future surveys will incorporate those who do not have such access. This might include surveying people over the phone when they call seeking information, mailing surveys to clients who received assistance from TDHCA subgrantees, and making surveys available to customers who visit the Department (such as individuals who visit the Manufactured Housing Division for title assistance). TDHCA would also specifically distribute the survey to organizations and developers utilizing TDHCA funds. A better sample population will also enable the Department to determine confidence levels so that a reliable statement that reflects all TDHCA customers can be determined. Furthermore, a fixed survey population will enable the Department to calculate a definite response rate.

SURVEY FINDINGS

TDHCA takes the Survey results seriously, and welcomes customer service comments on how it can improve its ratings in future surveys. Survey respondents expressed a 69 percent general satisfaction rate with TDHCA. The customer service element with the highest overall satisfaction rate was the Website, with 74 percent of respondents agreeing that the TDHCA website contains clear and accurate information (including forms and instructions) on programs, services, and events.

The customer service element with the highest percentage of “disagree” selections was Communications and Service Timeliness, both with 16 percent of respondents disagreeing with the statements, “I can easily and quickly reach a TDHCA staff member by phone or e-mail” and “My requests for information or assistance are answered in a timely manner.” Staff believes that a significant reason for higher dissatisfaction rates for these two elements is unfamiliarity with the new TDHCA main telephone line. Another factor is lengthy wait times experienced by some callers to the Manufactured Housing telephone line due to limited staffing. TDHCA is constantly making changes to improve the telephone systems and to improve satisfaction with the system.

CUSTOMER SERVICE IMPROVEMENTS

Over the past year, TDHCA has strived to improve how the Department interacts with its customers and distributes information. Improvements listed by customer service category and suggestions by survey respondents are included on the next few pages.

FACILITY

In December 2005, TDHCA relocated from its location at 5th Street and Sabine in commercial space to the State-owned space at 221 East 11th Street. Though this location is convenient to the State Capitol and other State agencies, this location does not have free parking nearby. A few survey responses mentioned that parking for the new building was an issue, especially due to metered spots and the difficulty in locating parking spaces for those with disabilities. While there are parking spots designated for people with disabilities at the building, TDHCA is generally unable to address parking issues.

Another comment concerned the lack of customer meeting space near the lobby of the building. TDHCA has found that, at times, there is a shortage of meeting rooms. Due to this, TDHCA's Staff Services Section has developed an online meeting room reservation system so that TDHCA staff can see which rooms are available for use and plan accordingly. There are four meeting rooms now available on the first floor near the lobby available for meeting with customers.

STAFF

A great majority of survey respondents agreed that TDHCA staff is knowledgeable and courteous. Some comments specifically named TDHCA staff members that have done an especially good job. These staff members are being presented with a certificate that emphasizes appreciation by a customer. A couple comments did mention that some divisions and staff members say or do one thing while another division or staff members does another. Another mentioned that, as a subgrantee, having multiple people work on a contract makes it difficult to receive information and answers. This report and the detailed comments are being provided to all directors and managers.

COMMUNICATIONS

In January 2006, TDHCA introduced a main toll-free number for consumers. In addition, an Automated Attendant system was implemented that enables callers to be connected directly with the division of their choice. The use of this system also eliminates the need for a dedicated employee to answer the main telephone line, but callers are still able to talk to an employee when exiting the system. Survey comments expressed frustration with the phone system and the inability to reach a live person. Since the system was implemented, TDHCA has made changes as problems and improvements have been identified, and will continue to do so as necessary.

The Manufactured Housing Division maintains a separate toll-free number, but this division also has a choice on the Automated Attendant system on the main TDHCA line. Many survey comments concerned telephone wait times for customers contacting the Manufactured Housing Division. Staff recognizes that, at certain times of the day, there may be a shortage of staff available to answer calls; however, full-time employees dedicated to customer service phone calls has been increased from five in FY 2005 to eight in FY 2006. Manufactured Housing staff work as quickly as possible to answer all phone calls, but customers are also encouraged to send their questions by e-mail. Customers are also able to visit the website for title, tax lien, license, and inspection records.

One comment specifically requested a staff directory for the website in order to contact individuals and divisions directly, rather than using the phone system. This directory is now available online.

WEBSITE

TDHCA strives to make all information and documents available on the website, as well as make website materials accessible to persons with vision impairments.

There was a mix of comments regarding the website; some wrote that the website was "great" and it was easy to find information, others wrote that the website was "not friendly," difficult to use, or that it was not updated. However, nearly 75 percent of respondents agreed that the website contains clear and accurate information.

TDHCA is constantly seeking ways to reorganize and improve the website so that it is easier for stakeholders, households seeking information, and industry professionals to locate information of interest. Various changes have been made to the website over the past year, which the Department believes are useful improvements.

In response to Hurricanes Katrina and Rita, the Department created a searchable database of rental properties for households seeking housing. TDHCA pulled information from other housing agencies so that the list contained properties from other funding sources in addition to TDHCA-funded rental properties. This database also included the number of vacant units at the property, as reported and updated by property managers. Due to the positive response to this system, TDHCA has kept the vacancy search online.

In addition, TDHCA has made improvements to its existing housing assistance search. For those searching for TDHCA-funded properties in their area, property owners are able to include information such as unit size, number of units, units with accessibility features, and vacancies in their search records.

In July 2004, the Manufactured Housing Division offered the ability to renew manufactured housing industry licenses online. This has streamlined the license process and has allowed industry professionals to receive their renewals quickly and easily. In addition, manufactured housing tax lien information was added to the website in June 2005, and the ability to search for tax liens on a home without an ownership record was added in April 2006.

The Department's newsletter, *Breaking Ground*, is also posted on the website. In March 2006, the newsletter went from being an Adobe PDF document posted to the website to an HTML webpage document. Staff believes that this reduces loading times for readers.

COMPLAINT-HANDLING PROCESS

A fairly high number of survey respondents chose that they were "neutral/unsure" how to file a complaint. Staff suspects that this response choice was high because many respondents have not had a reason to file a complaint, so they have not used the process. TDHCA currently has a link called "File a Complaint" on the front page of the website. Overall, TDHCA and the Manufactured Housing Division are pleased with the complaint processes and no changes have been implemented or are intended.

SERVICE PROMPTNESS

TDHCA strives to answer all phone calls, e-mails, and letters as quickly as possible. The majority of survey respondents agreed that requests for information and assistance are answered by TDHCA staff in a timely manner. However, this was one of the categories with the highest rate of "disagree" responses.

A few commenters noted that they have experienced lengthy waits for return phone calls. TDHCA is currently considering revising the TDHCA Compact with Texans to include specific Department policies and timelines for return calls and correspondence. These policies would be distributed to all staff members.

PRINTED INFORMATION

TDHCA produces various forms of written information including website text, printed and bound documents required by state and federal mandates, legal forms and documents for program compliance, titling and licensing documents for manufactured housing, and a variety of other documents.

While most survey respondents agreed that TDHCA documents are clear and accurate, a few noted that some forms were redundant or that they allowed for misinterpretation. TDHCA values these comments and is always looking for ways to improve its forms and applications.

TDHCA will implement a marketing and communications plan in 2007 that outlines the Department's overall communications policies and projects. This plan includes numerous printed information projects that the Department produces and distributes widely.