BOARD BOOK
OF July 22, 2021

Leo Vasquez III, Chair

Paul Braden, Vice-Chair

Sharon Thomason, Member

Ajay Thomas, Member

Brandon Batch, Member

Kenny Marchant, Member

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT**

Fiscal Year 2021 (September 1, 2020, through August 31, 2021)

Owner Financing and Down Payment

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

Programs:

- Single Family Homeownership

Expended Funds: $2,016,087,297
Total Households Served: 10,178

Energy Related Assistance

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

Programs:

- Comprehensive Energy Assistance Program (CEAP)
    - Weatherization Assistance Program (WAP) , Expended Funds: $128,711,463

Total Households Served: 117,007

Multifamily New Construction

- Affordable rental units financed and developed

Programs:

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

Expended Funds: $136,910,094
Total Households Served: 6,215

Homelessness Services

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

Programs:

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

Expended Funds: $15,844,690
Total Individuals Served: 23,807

Multifamily Rehab Construction

- Affordable rental units financed and rehabilitated

Programs:

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

Expended Funds: $143,307,406
Total Households Served: 3,150

Supportive Services

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

Program:

- Community Services Block Grant Program (CSBG)

Expended Funds: $51,241,773
Total Individuals Served: 312,150

Owner Rehabilitation Assistance

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

Programs:

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

Expended Funds: $9,019,587

- Total Households Served: 158

Rental Assistance

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

Programs:

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

Expended Funds: $8,225,438
Total Households Served: 4,519

Single Family Development

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

Programs:

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

Expended Funds: $1,740,300
Total Households Served: 38

Total Expended Funds: 2,511,088,049
Total Households Served: 477,222

All FY2021 data as reported in TDHCA's 2021 performance measures.

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

** Administered through the federally funded HOME Investment Partnerships Program*
*** Does not include federal pandemic response funds*

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING

A G E N D A
9:00 AM
July 22, 2021

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

Governing Board Webinar registration:
https://attendee.gotowebinar.com/register/4304573045331225614

Dial-in number: +1 (562) 247-8422, access code 215-755-705 (persons who use the dial-in number and access code without registering online will only be able to hear the Board meeting and will not be able to ask questions or provide comments). Note, this meeting will be proceeding as a videoconference under Tex. Gov't Code §551.127, as modified by waiver.

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

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

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

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

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

CONSENT AGENDA

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

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

EXECUTIVE

a) Presentation, discussion, and possible action on Board meeting minutes summaries for June 17, 2021 — **Beau Eccles**, General Counsel

ASSET MANAGEMENT

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

01032	Cantibury Pointe	Lubbock
03136	Tigoni Villas	San Antonio
04154	Plainview Vistas	Plainview

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

98112	Park Glen Apartments	Midland
18087	Residences of Long Branch	Rowlett
20042	The Commons at St. Anthony's	Amarillo

d) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning the resolution of a contract issue regarding Provision at West Bellfort (HTC #16258 / CMTS #5236)

BOND FINANCE

e) Presentation, discussion, and possible action on Inducement Resolution No. 21-035 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority — **Teresa Morales**, Director of Multifamily Bonds

MULTIFAMILY FINANCE

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

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

b) Report on Activities Related to the Department's Response to COVID-19 Pandemic — **Brooke Boston**, Deputy Director of Programs

c) Report on the Department's 3rd Quarter Investment Report in accordance with the Public Funds Investment Act — **Joe Guevara**, Director of Financial Administration

d) Report on the Department's 3rd Quarter Investment Report relating to funds held under Bond Trust Indentures — **Monica Galuski**, Director of Bond Finance

ACTION ITEMS

ITEM 3: EXECUTIVE

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

b) Presentation, Discussion and Possible Approval of Direct Awards of Emergency Rental Assistance Funds to Select Recipients for Housing Stabilization Services

Brooke Boston
Deputy Director
of Programs

ITEM 4: SINGLE FAMILY & HOMELESS PROGRAMS

Abigail Versyp
Director of Single Family
and Homeless Programs

a) Presentation, discussion, and possible action on State Fiscal Year 2021 Ending Homelessness Fund Awards

b) Presentation, discussion, and possible action on State Fiscal years 2020 and 2021 Homeless Housing and Services Program Reallocations and Extension Requests

c) Presentation, discussion, and possible action on State Fiscal Year 2022 Homeless Housing and Services Program Awards

d) Presentation, discussion, and possible action on the 2022-2023 Texas Housing Trust Fund Biennial Plan

ITEM 5:ASSET MANAGEMENT

Rosalio Banuelos
Director of Asset
Management

Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for Springs Apartments (HTC #18614)

ITEM 6: MULTIFAMILY FINANCE

Marni Holloway
Director of
Multifamily Finance

a) Presentation, discussion and possible action regarding eligibility under 10 TAC §11.101(b)(1)(C) related to Ineligibility of Developments within Certain School Attendance Zones for Villas at Shriner's Point (#21612) in San Angelo

b) Presentation, discussion, and possible action on the Second Amendment to the 2021-1 Multifamily Direct Loan Notice of Funding

c) Presentation, discussion, and possible action regarding awards of Direct Loan funds from the 2021-1 Multifamily Direct Loan Notice of Funding Availability to 9% Housing Tax Credit Layered Applications

21114	The Reserves at Holdsworth
21131	Boulevard 61

d) Presentation, discussion, and possible action regarding timely filed appeals

21039	Uvalde Villas
21069	Dahlia Villas
21104	Heritage Heights at Abilene
21136	Oaklawn Place
21185	Weslaco Village Apartments
21206	Woodcrest
21215	Torrington Silver Creek
21235	Inn Town Lofts
21286	Blue Sky at Hawks Creek
21290	Fish Pond at Alice

e) Presentation, discussion, and possible action confirming obligations for those properties recommended for an award of competitive low income housing tax credits that sought and were awarded one point for committing at least an additional 2% of the total Units to Persons referred from the Continuum of Care or local homeless service providers to be made available for those experiencing homelessness under 10 TAC §11.9(c)(6) related to Residents with Special Housing Needs

21003	Tomball Senior Village	Tomball
21004	Skyline at Cedar Crest	Dallas
21006	Westheimer Garden Villas	Houston

21007	Retta Street Lofts	Fort Worth
21015	Embree Eastside	Garland
21020	Huntington at Bay Area	Houston
21024	Freedom's Path at Waco	Waco
21026	Vista at Park Place	Houston
21030	Abilene Pioneer Crossing	Abilene
21032	Royal Gardens Lufkin	Lufkin
21033	Beaumont Pioneer Crossing	Beaumont
21035	Manson Place	Houston
21048	Price Lofts	Brownsville
21051	Canyon Lofts	Canyon
21052	Del Rio Lofts	Del Rio
21053	Reserve at Shiloh	Garland
21054	Reserve at Palestine	Palestine
21061	Magnolia Lofts	Fort Worth
21063	Parker Apartments	Austin
21064	Fiesta Trails	San Antonio
21070	Saison North	Austin
21075	June West	Austin
21081	Kiva East	Dallas
21087	The Versia	Irving
21092	Scenic Park Apartments	Tyler
21093	Parkside on Carrier	Grand Prairie
21100	Hawthorn Terrace	Houston
21101	Longview Crossing	Longview
21113	San Angelo Crossing	San Angelo
21114	The Reserves at Holdsworth	Kerrville
21121	Paige Estates	Waco
21130	Sun Pointe	El Paso
21131	Boulevard 61	Houston
21132	OST Lofts	Houston
21139	Cypress Creek Apartment Homes at Forest Lane	Dallas
21145	Mariposa Apartment Homes at Communications Parkway	Plano
21158	Juniper Pointe Apartments	Kaufman
21177	Carver Ridge Apartments	Hutto
21186	Palms at Blucher Park	Corpus Christi
21187	Village at Perrin Beitel	San Antonio
21208	Parmore Jupiter Road	Plano
21245	The Rushmore	Houston
21261	The Ponderosa	Alice
21264	Acadia Terrace	Houston
21274	Avanti Legacy Violet Parc	McAllen
21276	Avanti Legacy Springfield	Laredo
21289	Snowden Apartments	San Antonio
21292	Campanile on Minimax	Houston
21305	Jackson Road Apartments	McAllen
21317	San Angelo Terrace	San Angelo

f) Presentation, discussion, and possible action regarding awards from the 2021 State Competitive Housing Credit Ceiling and approval of the waiting list for the 2021 Competitive Housing Tax Credit Application Round

21003	Tomball Senior Village	Tomball
21004	Skyline at Cedar Crest	Dallas
21006	Westheimer Garden Villas	Houston
21007	Retta Street Lofts	Fort Worth
21015	Embree Eastside	Garland
21017	Hughes House	Fort Worth
21020	Huntington at Bay Area	Houston
21024	Freedom's Path at Waco	Waco
21026	Vista at Park Place	Houston
21030	Abilene Pioneer Crossing	Abilene
21032	Royal Gardens Lufkin	Lufkin
21033	Beaumont Pioneer Crossing	Beaumont
21035	Manson Place	Houston
21038	Houston 150 Bayou Apartments	Houston
21048	Price Lofts	Brownsville
21051	Canyon Lofts	Canyon
21052	Del Rio Lofts	Del Rio
21053	Reserve at Shiloh	Garland
21054	Reserve at Palestine	Palestine
21061	Magnolia Lofts	Fort Worth
21063	Parker Apartments	Austin
21064	Fiesta Trails	San Antonio
21070	Saison North	Austin
21075	June West	Austin
21081	Kiva East	Dallas
21087	The Versia	Irving
21092	Scenic Park Apartments	Tyler
21093	Parkside on Carrier	Grand Prairie
21100	Hawthorn Terrace	Houston
21101	Longview Crossing	Longview
21113	San Angelo Crossing	San Angelo
21114	The Reserves at Holdsworth	Kerrville
21116	Sweetwater Station	Sweetwater
21117	Montrose Valley Apartments	Belton
21118	Cherry Village Apartments	Belton
21119	Cedar Grove Estates I and II	Buckholts; Rosebud
21121	Paige Estates	Waco
21130	Sun Pointe	El Paso
21131	Boulevard 61	Houston
21132	OST Lofts	Houston
21139	Cypress Creek Apartment Homes at Forest Lane	Dallas
21145	Mariposa Apartment Homes at Communications Parkway	Plano
21148	William Booth Apartments	Houston
21150	Big Lake Seniors Apartments	Big Lake
21151	Colorado City Apartments	Colorado City

21156	Bayshore Manor and Bay View Apartments	Palacios
21157	Katy Manor Apartments	Katy
21158	Juniper Pointe Apartments	Kaufman
21164	Town Oaks Apartments	Kenedy
21166	Mountain View Estates	El Paso
21175	Wells Manor	Wells
21176	Mill Run	Elkhart
21177	Carver Ridge Apartments	Hutto
21186	Palms at Blucher Park	Corpus Christi
21187	Village at Perrin Beitel	San Antonio
21189	Village at Boyer	San Antonio
21208	Parmore Jupiter Road	Plano
21220	Longview Square	Longview
21228	El Jardin	Brownsville
21245	The Rushmore	Houston
21261	The Ponderosa	Alice
21264	Acadia Terrace	Houston
21274	Avanti Legacy Violet Parc	McAllen
21276	Avanti Legacy Springfield	Laredo
21283	Hemley Palms	Vinton
21289	Snowden Apartments	San Antonio
21292	Campanile on Minimax	Houston
21305	Jackson Road Apartments	McAllen
21312	SavannahPark of Keene	Keene
21317	San Angelo Terrace	San Angelo
21318	Cypress Creek Temple	Temple

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

EXECUTIVE SESSION

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

Leo Vasquez
Chair

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

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

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

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

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

OPEN SESSION

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

ADJOURN

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

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

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

CONSENT AGENDA

1a

BOARD ACTION REQUEST

BOARD SECRETARY

JULY 22, 2021

Presentation, discussion, and possible action on Board meeting minutes summary for June 17, 2021

RECOMMENDED ACTION

Approve the Board meeting minutes summary for June 17, 2021

RESOLVED, that the Board meeting minutes summary for June 17, 2021, is hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
June 17, 2021

On Thursday, the seventeenth day of June 2021, at 9:04 a.m., the regular meeting of the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or the Department) was held online via telephone and web link.

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

- Leo Vasquez, Chair
- Paul Braden, Vice Chair
- Brandon Batch
- Kenny Marchant
- Ajay Thomas
- Sharon Thomason

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

1) New member Mr. Marchant confirmed that prior to this meeting he had completed his statutorily required training program. Chairman Vasquez welcomed Mr. Marchant to the Governing Board as an official voting member.

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

3) Action Item 3 – Presentation, discussion, and possible action on the election from the board membership of an assistant presiding officer (or "Vice Chair") of the Governing Board for the upcoming biennium pursuant to Tex. Gov't Code §2306.030 – was presented by Chairman Vasquez. The Board unanimously elected Mr. Braden as assistant presiding officer or Vice Chair of the governing board.

4) Action Item 4(a) – Executive Director's Report – was presented by Bobby Wilkinson, TDHCA Executive Director. The Board heard the report and took no further action.

5) Action Item 4(b) – Presentation, discussion, and possible action to authorize the issuance of the Housing Stabilization Services Notice of Funding Availability and publication in the Texas Register – was presented by Brooke Boston, TDHCA Deputy Director of Programs. The Board unanimously approved staff recommendation to authorize the issuance of the NOFA and publish it in the Texas Register.

6) Action Item 5 – Report on the meeting of the Internal Audit and Finance Committee – was presented by Ms. Thomason, TDHCA Board Audit and Finance Committee Chair. The Board heard the report and took no further action.

7) Action Item 6(a) – Approval of the FY 2022 Operating Budget – was presented by Joe Guevara, TDHCA Director of Financial Administration. The Board unanimously adopted staff recommendation to approve the operating budget.

8) Action Item 6(b) – Approval of the FY 2022 Housing Finance Division Budget – was presented by Mr. Guevara. The Board unanimously adopted staff recommendation to approve the housing finance division budget.

9) Action Item 7(a) – Presentation, discussion, and possible action approving a plan to be submitted to the U.S. Department of the Treasury with respect to administration of the Homeowner Assistance Fund, established pursuant to the American Rescue Plan Act, for the State of Texas, and to accept public comment on the plan – was presented by Monica Galuski, TDHCA Director of Bond Finance. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the draft plan and grant to the executive director and his designees the authority and discretion on behalf of the Department to complete and modify the draft plan and submit it to Treasury by the appropriate due date.

- Mr. John Fleming, Texas Mortgage Bankers Association, testified in support of staff recommendation

10) Action Item 7(b) – Presentation, discussion, and possible action on Resolution No. 21-031 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject – was presented by Ms. Galuski. The Board unanimously approved staff recommendation to adopt the resolution.

11) Action Item 7(c) – Report on the closing of the Department's Residential Mortgage Revenue Bonds, Series 2021A and Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable) – was presented by Michelle Straley, TDHCA Senior Financial Analyst. The Board heard the report and took no further action.

12) Action Item 7(d) – Presentation, discussion and possible action on Resolution No. 21-032 regarding Amendments to Funding Loan Agreements relating to certain Governmental Lender Notes issued by the Department – was presented by Teresa Morales, TDHCA Director of Multifamily Bonds. The Board unanimously approved staff recommendation to adopt the resolution.

13) Action Item 7(e) – Presentation, discussion and possible action on Resolution No. 21-033 amending previously adopted resolution relating to the Issuance of a Governmental Note for Caroline Lofts Series 2021 and the re-issuance of a Determination Notice of 4% Housing Tax

Credits – was presented by Ms. Morales. The Board unanimously approved staff recommendation to adopt the resolution and re-issue the determination notice.

14) Action Item 8(a) – Presentation, discussion, and possible action regarding a waiver of 10 TACc§11.101(b)(5) of the 2021 Qualified Allocation Plan relating to Common Amenities for El Rosario Homes (#21423) in Mission and La Merced Homes (#21424) in Mercedes – was presented by Ms. Morales. The Board unanimously approved staff recommendation to grant the waiver request for both applications.

15) Action Item 8(b) – Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(ii) of the Qualified Allocation Plan (QAP) and the issuance of a Determination Notice for 4% Housing Tax Credits for Yager Flats (#21435) – was presented by Ms. Morales. The Board unanimously approved staff recommendation to grant the waiver request and issue the determination notice.

16) Action Item 8(c) – Presentation, discussion, and possible action on a waiver relating to 10 TAC §11.101(b)(1)(B)(i) relating to Ineligibility of Elderly Developments for Historic Oaks of Allen Parkway Village in Houston – was presented by Ms. Morales. The Board unanimously approved staff recommendation to grant the waiver request for the application.

17) Action Item 8(d) – Presentation, Discussion, and Possible Action on a waiver relating to 10 TAC §11.101(b)(2) of the Qualified Allocation Plan (QAP), related to Development Size Limitations for Narrows Apartments in Hutto – was presented by Ms. Morales. The Board unanimously approved staff recommendation to grant the waiver request for the application.

18) Action Item 8(e) – Presentation, discussion and possible action regarding eligibility under 10 TAC §11.101(b)(1)(C) related to Ineligibility of Developments within Certain School Attendance Zones for Villas at Shriner's Point (#21612) in San Angelo – was pulled from the agenda.

19) Action Item 8(f) – Presentation, discussion, and possible action regarding the issuance of a Determination Notice for 4% Housing Tax Credits for Westmoreland Station (#21417) in Dallas – was presented by Ms. Morales with additional information from Mr. Wilkinson. Following public comment (listed below), the Board unanimously approved staff recommendation to issue the determination notice.

- Darryl Baker, Fair Share for All Dallas, testified in opposition to staff recommendation
- Chris Applequist, Generation Housing Partners, testified in support of staff recommendation
- Stan Aten, Dallas resident, testified in opposition to staff recommendation

20) Action Item 8(g) – Report on requests to re-issue Determination Notices for 2021 Non-competitive 4% Housing Tax Credit applications due to the impact of increased construction costs – was presented by Ms. Morales with additional information from Mr. Wilkinson. The

Board heard the report and public comment (listed below) and directed staff to continue research on the item.

- Reagan Maechling, Enterprise Housing Credit Investments, provided comments on the item
- Dru Childre, LDG Development, provided comments on the item
- Barry Palmer, Coats Rose law firm, provided comments on the item

21) Chairman Vasquez took up agenda items not in order as presented and Marni Holloway, TDHCA Director of Multifamily Finance, with additional information from Mr. Wilkinson and Mr. Eccles, presented Action Item 8(i) – Presentation, discussion and potential action of a waiver of requirements under 10 TAC 11.8(b)(2)(B) related to Notification Recipients. Following public comment (listed below), the Board unanimously approved staff recommendation to grant the aforementioned waiver.

- Matt Gillam, Overland Property Group, testified in opposition to staff recommendation
- Alyssa Carpenter, consultant, testified in opposition to staff recommendation
- Tracey Fine, National Church Residences, testified in support of staff recommendation
- Adam Horton, Trinity Housing Development, testified in opposition to staff recommendation
- Sarah Anderson, consultant, testified in opposition to staff recommendation

22) Action Item 8(h) – Presentation, discussion and possible action on timely filed appeals for 21128 Fisher Street Apartments, Houston; and 21131 Boulevard 61, Houston – was presented by Ms. Holloway with additional information from Mr. Wilkinson. Following public comment (listed below), the Board unanimously approved staff recommendation to deny both appeals.

- Zach Rosenberg, SBP and the applicant for 21128, testified in opposition to staff recommendation
- Janine Sisak, DMA Development and the applicant for 21131, testified in opposition to staff recommendation
- Alyssa Carpenter, consultant, testified in support of staff recommendation on 21131
- Sarah Anderson, consultant, testified in support of staff recommendation on 21131

23) The Board returned to the order of the agenda as presented and took up Action Item 8(j) – Report of Third Party Request for Administrative Deficiency under 10 TAC §11.10 of the 2021 Qualified Allocation Plan. Ms. Holloway presented the item with additional information from Mr. Wilkinson and Mr. Eccles. The Board heard the report and public comment (listed below) and directed staff to further review the 21230 Calle del Norte application.

- Jeff Beckler (developer), Alyssa Carpenter (consultant), Robbye Meyer (Arx Advantage), Donna Rickenbacker (consultant), and Michael Tamez (Madhouse Development) all provided comments on the item

24) Action Item 8(k) – Presentation, discussion, and possible action to issue a list of approved Applications for 2021 Housing Tax Credits (HTC) in accordance with Tex. Gov't Code §2306.6724(e) – was presented by Ms. Holloway. The Board unanimously approved staff recommendation to issue the list of approved applications as presented.

25) Action Item 8(l) – Presentation, discussion and possible action regarding eligibility under 10 TAC §11.101(b)(1)(C) related to Ineligibility of Developments within Certain School Attendance Zones for 800 Middle in Houston – was presented by Ms. Holloway. Following public comment (listed below), the Board unanimously denied staff recommendation to find the development site ineligible and, as a result, determined the site as eligible. *Please also note that Board Member Thomas departed from the meeting during this item and Board Member Marchant departed from the meeting after this item was voted on.*

- Mark Thiele, Houston Housing Authority, testified in opposition to staff recommendation
- Joseph E. Williams, Sr., Phillis Wheatley High School, testified in opposition to staff recommendation
- Jason Arechiga, NRP Group, testified in opposition to staff recommendation
- Stephanie Ballard, Houston Housing Authority Board, testified in opposition to staff recommendation

26) Action Item 8(m) – Presentation, discussion, and possible action regarding the approval for publication in the Texas Register of the 2021-3 Multifamily Direct Loan Notice of Funding Availability – was presented by Ms. Holloway. Following public comment (listed below), the Board unanimously approved staff recommendation to publish the NOFA in the Texas Register.

- Deepak Sulakhe, OM Housing, provided comments on the item
- Bobby Bowling, Tropicana Development, provided comments on the item
- Janine Sisak, DMA Development, provided comments on the item
- Nathan Kelley, Blazer, provided comments on the item

27) Action Item 9 – Presentation, discussion, and possible action on an appeal of Galveston County Community Action Council's terminated application to administer the Comprehensive Energy Assistance Program in Brazoria, Fort Bend, Galveston, and Wharton counties – was presented by Gavin Reid, TDHCA Manager of Planning and Training, with additional information from Mr. Wilkinson and Mr. Eccles. The Board unanimously approved staff recommendation to deny the appeal.

28) Action Item 10(a) – Presentation, discussion, and possible action regarding a resolution of a dispute concerning the Carryover Agreement for 16258 Provision at West Bellfort, Sugar Land – was presented by Rosalio Banuelos, TDHCA Director of Asset Management. The Board unanimously approved staff recommendation to grant staff the authority to draft an agreed

final order to be presented to the Board at a future meeting and to resolve the condition, as described and presented in the item.

29) Action Item 10(b) – Presentation, discussion, and possible action on timely filed appeal under the Department's Multifamily Program Rules for 95007 The Heights at Post Oak Apartments, Houston – was presented by Mr. Banuelos. Following public comment (listed below), the Board unanimously approved the appeal denying staff recommendation to not approve the appeal.

- Barry Palmer, Coats Rose law firm and representing the applicant, testified in opposition to staff recommendation
- Tamea Dula, Coats Rose law firm and representing the applicant, testified in opposition to staff recommendation
- Elliott Aronson, representing VBC Pines, testified in opposition to staff recommendation
- Victor Russell, The 33-53 Williams Foundation, provided comments on the item

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

There being no further business to come before the Board, the meeting adjourned at 3:07 p.m. The next meeting is set for Thursday, July 8, 2021.

____
Secretary

Approved:

____
Chair

1b

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

JULY 22, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Cantibury Pointe (HTC #01032)

RECOMMENDED ACTION

WHEREAS, Cantibury Pointe (the Development) received a 9% Housing Tax Credit (HTC) award in 2001 to construct 144 multifamily units in Lubbock, Lubbock County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal (ROFR) to purchase the Development over a two-year ROFR period;

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

WHEREAS, Cantibury Pointe OTM Harmony LP (the Development Owner or Owner) requests to amend the Land Use Restriction Agreement (LURA) for the Development to incorporate changes made to Tex. Gov't Code §2306.6725 and §2306.6726 in 2015; and

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

NOW, therefore, it is hereby

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

BACKGROUND

Cantibury Pointe received a 9% HTC award in 2001 for the new construction of 144 multifamily units, with 108 HTC designated, in Lubbock, Lubbock County. In a letter dated on May 21, 2021, Robert Barolak, representative for the Development Owner, requested approval to amend the HTC LURA related to the ROFR provision.

In 2001, the Housing Tax Credit application allotted five points to the Development Owner in exchange for a two-year ROFR period. Upon completion of the Development, the Owner entered into a Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Tax Credits recorded in Lubbock County on December 5, 2003.

The additional use restrictions in the current HTC LURA require, among other things, a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization or to the Department, if at any time after the 15th year of the Compliance Period the Owner decides to sell the property. The property is currently in the 19th year of the 40-year Extended Use Period specified in the LURA. However, the Owner desires to exercise its rights under Tex. Gov't Code §2306.6726 to amend the LURA to allow for a 180-day ROFR period

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

The Development Owner has complied with the amendment and notification requirements under 10 TAC §10.405(b). The Development Owner held a video / telephonic public hearing on the matter on June 17, 2021. The attendee list indicates no residents participated. No public comment was received regarding the requested amendment.

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

CANTIBURY POINTE OTM HARMONY, LP
152 West 57th Street, 60th Floor
New York, NY 10019

May 21, 2021

VIA HAND DELIVERY
Mr. Rene Ruiz
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 01032; Cantibury Pointe (the "**Property**")

Dear Mr. Ruiz:

The undersigned, being the General Partner (herein so called) of Cantibury Pointe OTM Harmony, LP., a Texas limited partnership (the "**Partnership**") and the current owner of the Property. This letter constitutes request for a material LURA amendment in order to modify the two-year Right of First Refusal ("**ROFR**") period.

Request to Amend ROFR Period

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

LURA Amendment

In accordance with Section 10.405(b) of the Rules, the Partnership, is delivering a fee in the amount of $3,000. In addition, the Partnership commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials as to these proposed amendments. The Partnership will proceed to set a date and time for the public hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the Partnership requests staff recommendation in support of this request to be considered at the next available TDHCA Board meeting.

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

Sincerely,

CANTIBURY POINTE OTM HARMONY LP
a Texas limited partnership

By: OTM Cantibury Pointe GP, LLC
a Texas limited liability company,
its general partner

By: ______________________________
Robert Barolak, Authorized Representative

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

JULY 22, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Tigoni Villas (HTC #03136)

RECOMMENDED ACTION

WHEREAS, Tigoni Villas (the Development) received a 9% Housing Tax Credit (HTC) award in 2003 to construct 140 multifamily units in San Antonio, Bexar County;

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

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

WHEREAS, Tigoni Villas, L.P. (the Development Owner or Owner) requests to amend the LURA for the Development to incorporate changes made to Tex. Gov't Code §2306.6725 and §2306.6726 in 2015; and

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

NOW, therefore, it is hereby

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

BACKGROUND

Tigoni Villas received a 9% HTC award in 2003 to construct 140 multifamily units in San Antonio, Bexar County. In a letter dated June 7, 2021, Cathy Graugnard, representative for the Development Owner, requested approval to amend the HTC LURA related to the ROFR provision.

In 2003, the Housing Tax Credit application allotted five points to the Development Owner in exchange for a two-year ROFR period. Upon completion of the Development, the Owner entered into a Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits recorded in Bexar County on March 21, 2006, and amended via First Amendment to Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits recorded April 1, 2011.

The additional use restrictions in the current HTC LURA require, among other things, a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization or to the Department, if at any time after the 15th year of the Compliance Period the Owner decides to sell the property. The Development is currently in the 16th year of the 40-year Extended Use Period. However, the Owner desires to exercise its rights under Tex. Gov't Code §2306.6726 to amend the LURA to allow for a 180-day ROFR period.

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

The Development Owner has complied with the amendment and notification requirements under 10 TAC §10.405(b). The Development Owner held a telephonic public hearing on the matter on July 5, 2021. An attendee list and meeting minutes with resident comments were provided. The attendee list indicates one resident participated. No public comment was received regarding the requested amendment.

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

TIGONI VILLAS, L.P.
1527 West Sunshine Drive
San Antonio, Bexar County, Texas 78228

June 7, 2021

VIA ELECTRONIC DELIVERY
Ms. Dee Patience
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 03136; Tigoni Villas (the "**Property**")

Dear Ms. Patience:

The undersigned, being the current owner of the Property (the "**Owner**"), is submitting this letter to request a material LURA amendment in order to modify the two-year Right of First Refusal ("**ROFR**") period.

Request to Amend ROFR Period

In 2015, Texas Government Code Section 2306.6726 was amended to allow for a 180-day ROFR period. Currently, the LURA for this Property requires a two-year ROFR period. Section 10.405(b)(2)(E) of the Post Award and Asset Management Requirements allows for a LURA amendment in order to conform a ROFR to the amended provisions of Section 2306.6726. Therefore the Owner, requests a LURA amendment to eliminate the two-year ROFR period and replace it with the 180-day ROFR period.

LURA Amendment

In accordance with Section 10.405(b) of the Post Award and Asset Management Requirements, the Owner is delivering a fee in the amount of $2,500.00. In addition, the Owner commits to hold a public hearing, as required by the Rules, and to notify all residents and lenders. The Owner will proceed to set a date and time for the public hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the Owner requests staff recommendation in support of this request to be considered at the next available TDHCA Board meeting.

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

Sincerely,

TIGONI VILLAS, L.P.,
a Texas limited partnership

By: Tigoni Villas GP, L.L.C.,
a Texas limited liability company,
its general partner

By: Cathy Graugnard
Cathy Graugnard, President

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

JULY 22, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Plainview Vistas (HTC #04154)

RECOMMENDED ACTION

WHEREAS, Plainview Vistas (the Development) received a 9% Housing Tax Credit (HTC) award in 2004 to construct 76 multifamily units in Plainview, Hale County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal (ROFR) to purchase the Development over a two-year ROFR period;

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

WHEREAS, Plainview Vistas, LP (the Development Owner or Owner) requests to amend the Land Use Restriction Agreement (LURA) for the Development to incorporate changes made to Tex. Gov't Code §2306.6725 and §2306.6726 in 2015; and

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

NOW, therefore, it is hereby

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

BACKGROUND

Plainview Vistas received a 9% HTC award in 2004 for the new construction of 76 multifamily units with 60 HTC designated in Plainview, Hale County. In a letter dated June 7, 2021, Cathy Graugnard, representative for the Development Owner, requested approval to amend the HTC LURA related to the ROFR provision.

In 2004, the Housing Tax Credit application allotted five points to the Development Owner in exchange for a two-year ROFR period. Upon completion of the Development, the Owner entered into a Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Tax Credits recorded in Hale County on November 8, 2005.

The additional use restrictions in the current HTC LURA require, among other things, a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization or to the Department, if at any time after the 15th year of the Compliance Period the Owner decides to sell the property. The property is currently in the 16th year of the 40-year Extended Use Period specified in the LURA. However, the Owner desires to exercise its rights under Tex. Gov't Code §2306.6726 to amend the LURA to allow for a 180-day ROFR period.

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

The Development Owner has complied with the amendment and notification requirements under 10 TAC §10.405(b). The Development Owner held a telephonic public hearing on the matter on June 24, 2021. The attendee list indicates no residents participated. No negative public comment was received regarding the requested amendment.

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

PLAINVIEW VISTAS, L.P.
1401 West 33rd Street
Plainview, Hale County, Texas 79072

June 7, 2021

VIA ELECTRONIC DELIVERY
Mr. Rene Ruiz
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 04154; Plainview Vistas (the "**Property**")

Dear Mr. Ruiz:

The undersigned, being the current owner of the Property (the "**Owner**"), is submitting this letter to request a material LURA amendment in order to modify the two-year Right of First Refusal ("**ROFR**") period.

Request to Amend ROFR Period

In 2015, Texas Government Code Section 2306.6726 was amended to allow for a 180-day ROFR period. Currently, the LURA for this Property requires a two-year ROFR period. Section 10.405(b)(2)(E) of the Post Award and Asset Management Requirements allows for a LURA amendment in order to conform a ROFR to the amended provisions of Section 2306.6726. Therefore the Owner, requests a LURA amendment to eliminate the two-year ROFR period and replace it with the 180-day ROFR period.

LURA Amendment

In accordance with Section 10.405(b) of the Post Award and Asset Management Requirements, the Owner is delivering a fee in the amount of $2,500.00. In addition, the Owner commits to hold a public hearing, as required by the Rules, and to notify all residents and lenders. The Owner will proceed to set a date and time for the public hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the Owner requests staff recommendation in support of this request to be considered at the next available TDHCA Board meeting.

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

Sincerely,

PLAINVIEW VISTAS, L.P.,
a Texas limited partnership

By: Plainview Vistas GP, L.L.C.,
a Texas limited liability company,
its general partner

By: Cathy Graugnard
Cathy Graugnard, President

1c

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

JULY 22, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Park Glen Apartments (HTC #98112)

RECOMMENDED ACTION

WHEREAS, Park Glen Apartments (the Development) received a 9% Housing Tax Credit (HTC) award in 1998 to construct 160 multifamily units in Midland, Midland County;

WHEREAS, HDC Park Glen Partners, Ltd. (the Development Owner or Owner) is requesting approval for a 57.59% increase in the residential density as a result of a reduction in site acreage, going from 18.80 acres to 11.93 acres, due to the proposed release of 6.87 acres of undeveloped land to be sold;

WHEREAS, Board approval is required for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F), and the Owner has complied with the amendment requirements therein;

WHEREAS, the requested change does not materially alter the Development in a negative manner, and would not have adversely affected the selection of the Application; and

WHEREAS, the 6.87 acres of undeveloped land does not have any buildings subject to IRS continued use requirements, there are no common areas or land subject to state law requirements or conditions of mitigation, nor does the undeveloped land provide ingress/egress or other support to the 11.93 acres;

NOW, therefore, it is hereby

RESOLVED, that the Board find that there is good cause for the material amendment to the application for Park Glen Apartments to be approved as presented to this meeting, and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Park Glen Apartments received a 9% HTC award in 1998 for the new construction of 160 multifamily units in Midland, Midland County. In a letter dated June 7, 2021, Deborah A. Griffin, representative for the Development Owner, requested approval for a change in the acreage and residential density noted in the original Application.

The land that is subject to the terms of the LURA is approximately 18.80 acres and consist of Tract I at 6.87 acres and Tract II at 11.93 acres. All of the buildings, parking areas, driveways, ingress/egress, and all other improvements utilized in connection with the operation of the Development are located on the 11.93 acre tract. The 6.87-acre adjacent tract is vacant land and does not contain any improvements, has not been landscaped or cleared of debris, and is not used by the tenants of the Development. The ownership wishes to release the vacant land from the LURA so that it can be sold at market value and subsequently developed. This change in acreage will technically increase the residential density of the Development by 57.59%. Board approval is required for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F).

The Owner has stated that because the records are dated, archived and not in electronic form, it is difficult to determine why the vacant land was originally included in the LURA but believes that the vacant land was never intended to be part of the Development and encumbered by the LURA. The Owner has not listed the vacant land for sale, does not currently have a contract for sale, nor does it have any offers to buy the vacant land at this time.

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

Staff recommends the Board find good cause to approve the requested material amendment to the Application.

HDC PARK GLEN PARTNERS, LTD.
f/k/a Aslan Housing Partners XIII, Ltd.
2300 Camp Drive
Midland, Texas 79701

June 7, 2021

VIA ELECTRONIC DELIVERY

Ms. Lee Ann Chance
Mr. Rene Ruiz
Multifamily Asset Management
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Park Glen Apartments (the "**Apartment Complex**")
HDC Park Glen Partners, Ltd. (the "**Partnership**")
TDHCA File No. 98112

Dear Ms. Chance and Mr. Ruiz:

The Partnership is the current owner of the Apartment Complex, and Park Glen, L.L.C., a Texas limited liability company, is the general partner (the "**General Partner**") of the Partnership. The Apartment Complex is subject to the terms of the Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits dated as of December 4, 2000, recorded in the Official Public Records of Midland County, Texas as Document Number 20754, Volume 1828, Page 388 (the "**LURA**"). This letter constitutes a request for a material HTC Application amendment and a corresponding LURA amendment in order to remove a portion of the land from the encumbrance of the LURA.

Background Information

The land that is subject to the terms of the LURA consists of approximately 18.80 acres (the "**Land**"). All of the buildings, parking areas, driveways, and all other improvements utilized in connection with the operation of the Apartment Complex are located on 11.93 acres of the Land contained in Tract II identified in the LURA (the "**Apartment Property**"). The remaining approximately 6.87 acres is a vacant tract of land contained in Tract I identified in the LURA (the "**Vacant Land**"). Although the Vacant Lot is adjacent to the Apartment Property, the Vacant Land does not contain any improvements, has not been landscaped or cleared of debris, and is not used by the tenants of the Apartment Complex in any way.

The HTC Application was filed and tax credits were awarded in 1998. Because the records are dated, archived and not in electronic form, it is difficult to determine why the Vacant Land was originally included in the LURA. The Partnership wishes to release the Vacant Land from the LURA so that it can be sold at market value and subsequently developed. The Partnership has not listed the Vacant Land for sale, does not currently have a contract for sale, nor does it have any offers to buy the Vacant Land at this time.

Attached hereto as Exhibit A is a plat dated November 30, 1988, and recorded in Cabinet F, Page 156 of the Plat Records of Midland County, Texas, indicating the original footprint of the Apartment Property and Vacant Land; attached hereto as Exhibit B is a recent survey of the Vacant Land, showing the boundaries of the parcel requested to be removed; and attached hereto as Exhibit C is a Google satellite view of the Apartment Property and the Vacant Land, further illustrating the footprint of the Apartment Complex and the boundaries of the Vacant Land. Based on the exhibits presented, it is clear that the Vacant Land was never intended to be part of the Apartment Property and encumbered by the LURA.

Amendment to Application – Change to Development Site Acreage

The release of the Vacant Land will result in a change to the Land acreage described in the HTC Application for the Apartment Complex, and results in a modification to the residential density of more than 5%. Therefore, given that the Vacant Land does not provide any benefit to the Apartment Complex or its tenants, has never been part of the Apartment Complex or its amenities, and has never been used in any way by the tenants, the Partnership respectfully requests that the HTC Application for the Apartment Complex be amended to reflect such modification.

Release of the Vacant Land from the LURA

Upon the Department's review and the Board's approval of the amendment to the HTC Application reflecting the modification in residential density, the Partnership respectfully requests that the Vacant Land be released from the LURA, and that the legal description currently attached to the LURA be revised as set forth in Exhibit E attached hereto and be inserted in lieu thereof. Exhibit D attached hereto is a recent title commitment indicating the current legal description of the Land.

Application and LURA Amendment

The removal of the Vacant Land from the LURA will not impact the Apartment Complex, the ingress/egress to the Apartment Complex, or the tenants of the Apartment Complex in any way. There is no financial impact to the tenants of the Apartment Complex, the Partnership, or the management and maintenance of the Apartment Complex. Therefore, the Partnership respectively requests that Vacant Land be removed from the restrictions enforced under the LURA as those restrictions on the Vacant Land were never needed for the operation and use of the Apartment Complex. The fee in the amount of $2,500 will be delivered simultaneously with the electronic filing of this amendment request.

[Remainder of page intentionally left blank.]

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

Sincerely,

HDC PARK GLEN PARTNERS, LTD.,
a Texas limited partnership

By: Park Glen, L.L.C., a Texas limited liability company, its General Partner

By: Deborah A. Griffin
Deborah A. Griffin
President

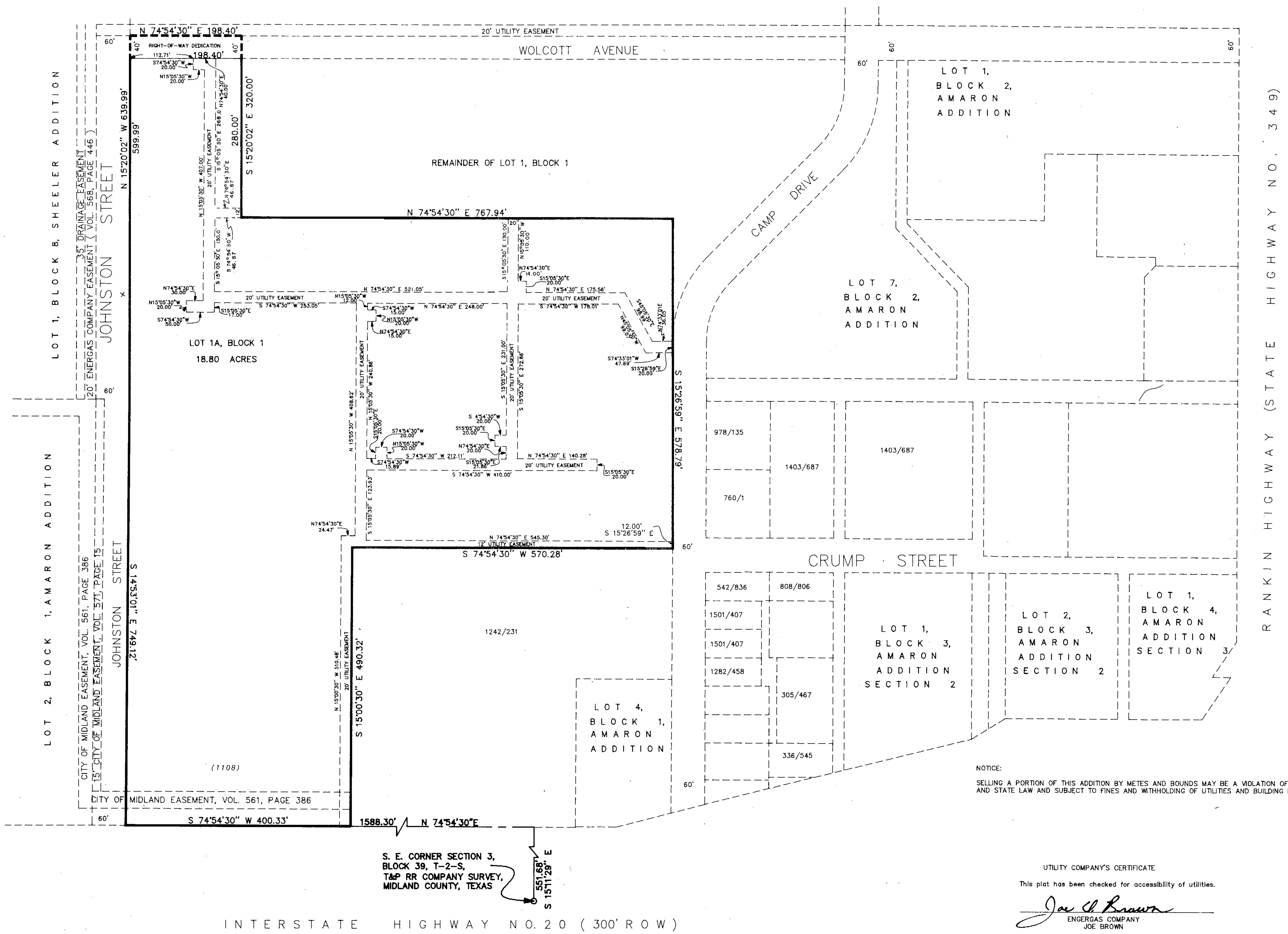
cc: Cynthia L. Bast, Esq.
Victoria de Lisle, Esq.

EXHIBIT A - PLAT

AMARON ADDITION, SECTION 4

A REPLAT OF A 11.936 ACRE TRACT OUT OF LOT 1 AND ALL OF LOT 3, BLOCK 1, AMARON ADDITION LOCATED IN SECTION 3, BLOCK 39, T-2-S, T&P RR SURVEY, MIDLAND COUNTY, TEXAS

SCALE 1' = 100'



NOTICE:

SELLING A PORTION OF THIS ADDITION BY METES AND BOUNDS MAY BE A VIOLATION OF CITY ORDINANCE AND STATE LAW AND SUBJECT TO FINES AND WITHHOLDING OF UTILITIES AND BUILDING PERMITS.

OWNER:

ASLAN REAL ESTATE, LTD.
1017 ELM STREET
SUITE 109
CARROLLTON, TEXAS 75006

UTILITY COMPANY'S CERTIFICATE

This plat has been checked for accessibility of utilities.

Joe C. Brown
ENGERGAS COMPANY
JOE BROWN

Harvey Shuler
TU ELECTRIC
HARVEY SHULER

Anthony C. Thatcher
SOUTHWESTERN BELL TELEPHONE COMPANY
TONY THATCHER

COX COMMUNICATIONS
MICHAEL GETZ

CAP ROCK ELECTRIC COOPERATIVE, INC.
ULEN NORTH, JR.

OWNER'S CERTIFICATE

THE STATE OF TEXAS
COUNTY OF MIDLAND

WHEREAS, I, ROBERT H. VOELKER, as President of ASLAN HOUSING PARTNERS XIII, LTD., By: Aslan-Midland Housing Partners, Ltd., its general partner, By: Aslan Real Estate, Ltd., its general partner, By: Caspian Real Estate, L.C., its general partner, as the record owner of a 18.80 acre tract of land out of Section 3, Block 39, T-2-S, T & P RR Company Survey, Midland County, Texas, and more particularly described as follows:

FIELD NOTES OF A 18.80 ACRE TRACT OF LAND, LOCATED IN SECTION 3, BLOCK 39, T-2-S, T & P RR COMPANY SURVEY, MIDLAND COUNTY, TEXAS:

BEGINNING at a point in the northern boundary of Interstate 20 and the southeastern corner of Lot 3, Block 1, Amaron Addition, as recorded in Cabinet "C", Page 142, Midland County Plat Records, located in Section 3, Block 39, T-2-S, T & P RR Company Survey, Midland County, Texas, for the southeast corner this tract, from which the southeast corner of said Section 3 bears N 74°54'30" E, 1588.30 feet and S 15°11'29" E, 551.68 feet;

THENCE S 74°54'30" W, along the common boundary of said Lot 3 and Interstate No. 20, 400.33 feet to a set 1/2-inch iron rod in the southwest corner of said Lot 3 and the southeast corner of Lot 2 of said Block 1, for the southwest corner this tract;

THENCE N 14°53'01" W, along the common boundary of said Lot 3 and Lot 2, 749.12 feet to a found 3/4-inch iron rod in the northwest corner of said Lot 3 and in the southern boundary of Lot 1 of said Block 1 for a corner this tract;

THENCE N 15°20'02" W, 639.99 feet to a set 1/2-inch iron rod for a corner this tract;

THENCE N 74°54'30" E, 198.40 feet to a set 1/2-inch iron rod for a corner this tract;

THENCE S 15°20'02" E, 320.00 feet to a set 1/2-inch iron rod for a corner this tract;

THENCE N 74°54'30" E, 767.94 feet to a set 1/2-inch iron rod for the northeast corner this tract;

THENCE S 15°26'59" E, 578.79 feet to a set 1/2-inch iron rod in the southern boundary of said Lot 1 for a corner this tract;

THENCE S 74°54'30" W, along the southern boundary of said Lot 1, 570.28 feet to a found 1/2-inch iron rod in the eastern boundary of Lot 3 for a corner this tract;

THENCE S 15°00'30" E, along the eastern boundary of said Lot 3, 490.32 feet to the Place of Beginning and containing 18.80 acres of land.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

THAT, I, ROBERT H. VOELKER, as President of ASLAN HOUSING PARTNERS XIII, LTD., By: Aslan-Midland Housing Partners, Ltd., its general partner, By: Aslan Real Estate, Ltd., its general partner, By: Caspian Real Estate, L.C., its general partner, do hereby adopt this plat designating the hereinabove described property as "AMARON ADDITION, SECTION 4", an addition to the City of Midland, Midland County, Texas, and do hereby dedicate to the public use forever the streets, alleys and easements shown thereon.

THAT, I, ROBERT H VOELKER, as President of ASLAN HOUSING PARTNERS XIII, LTD., By: Aslan-Midland Housing Partners, Ltd., its general partner, By: Aslan Real Estate, Ltd., its general partner, By: Caspian Real Estate, L.C., its general partner, do hereby adopt this plat designating the hereinabove described property as "AMARON ADDITION, SECTION 4," an addition to the City of Midland, Midland County, Texas, and do hereby give an easement of egress and ingress to the City of Midland for garbage and trash collection and location and maintenance of trash containers, and condition said easement that no construction shall commence on said lot or lots until the exact location of said containers therewith have been selected and approved by the Director of Utilities.

WITNESS my hand at Midland, Texas, this the 30th day of November, 1998.

ASLAN HOUSING PARTNERS XIII, LTD.
By: Aslan-Midland Housing Partners, Ltd., its general partner
By: Aslan Real Estate, Ltd., its general partner
By: Caspian Real Estate, L.C., its general partner

ROBERT H. VOELKER, President

ACKNOWLEDGEMENT

THE STATE OF TEXAS
COUNTY OF DALLAS

Before me, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared ROBERT H. VOELKER as President of ASLAN HOUSING PARTNERS XIII, LTD., By: Aslan-Midland Housing Partners, Ltd., its general partner, By: Aslan Real Estate, Ltd., its general partner, By: Caspian Real Estate, L.C., its general partner, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act as owner, and that he executed the same as the act for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this 30 day of Nov., 1998.

Carol C O'Neal
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

CAROL C O'NEAL
Notary Public State of Texas
My Commission Expires 4-16-00

SURVEYOR'S CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS:

That I, Max W. Richardson, a Registered Professional Land Surveyor of the State of Texas, do hereby certify that I prepared this plat from an actual and accurate survey of the land and that the corner monuments shown thereon were properly placed under my personal supervision, in accordance with the Subdivision Regulations of the City of Midland, Texas.

Max W. Richardson
Max W. Richardson, R.P.L.S.
Registration Number - 3506

CERTIFICATE OF APPROVAL

This is to certify that the above and foregoing plat of "AMARON ADDITION, SECTION 4", was approved by proper action of the City Planning and Zoning Commission of the City of Midland, Texas on this 21st day of December, 1998.

SIGNED: ____
RICHARD J. GANEM - CHAIRMAN

ATTEST: ____
CAMERON WALKER - SECRETARY

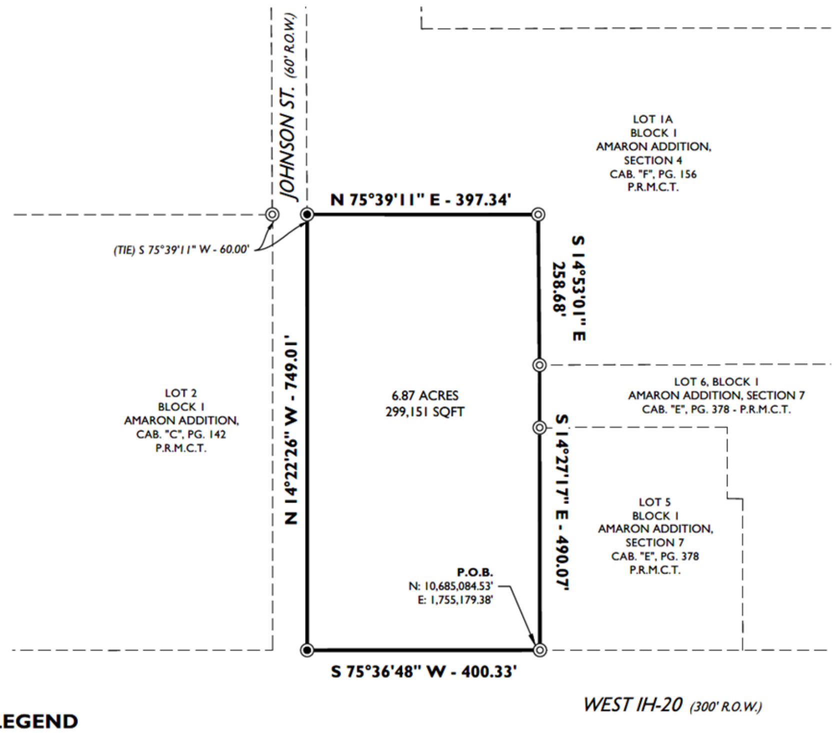
PLAT FILED FOR RECORD
MIDLAND COUNTY, TEXAS
NO. 1571 CABINET F
DATE 1-26-99 PAGE 156

RICHARDSON ENGINEERING, INC.
ENGINEERS • PLANNERS • SURVEYORS
110 W. LOUISIANA AVENUE, SUITE 150
MIDLAND, TEXAS
(915)570-9992 - (915)682-0588 - FAX (915)682-9417

SEPTEMBER, 1998
DRAWING: 1790\1790.DWG

EXHIBIT B
SURVEY

BOUNDARY SURVEY OF A 6.87 ACRE TRACT OF LAND OUT OF LOT 1A, BLOCK 1, AMARON ADDITION, SECTION 4, CITY AND COUNTY OF MIDLAND, TEXAS



F:\2021\21 0086-QUEST ASSET MANAGEMENT (CHRIS EVANS)-AMARON ADDITION 1B\DRAWINGS\BOUNDARY SURVEY\210086 - AMARONADDN_BOUNDARY SURVEY.DWG

LEGEND

- ◎ DENOTES 1/2" IRON ROD FOUND
- ◉ DENOTES SET 1/2" RPC
- ——— DENOTES BOUNDARY LINE
- — — — DENOTES EXISTING LOT LINES

FIELD NOTE DESCRIPTION OF A 6.87 ACRE TRACT OF LAND, SITUATED IN SECTION 3, BLOCK 39, TOWNSHIP 2 SOUTH, TEXAS and PACIFIC RAILWAY COMPANY SURVEY, MIDLAND COUNTY, TEXAS AND BEING A PORTION OF A CALLED 18.80 ACRE LOT 1A, BLOCK 1, OF THE AMARON ADDITION, SECTION 4, AND FILED AS DOCUMENT NUMBER 1571 IN CABINET F ON PAGE 156 OF THE PLAT RECORDS OF SAID MIDLAND COUNTY AND BEING PREVIOUSLY DEPICTED AS LOT 3, BLOCK 1, AMARON ADDITION, AND FILED AS DOCUMENT NUMBER 27764 IN CABINET C ON PAGE 142 OF SAID PLAT RECORDS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS;

BEGINNING AT N.(Y):10685084.53, E.(X):1755179.38, A ONE HALF INCH IRON ROD FOUND IN THE NORTH RIGHT OF WAY LINE OF INTERSTATE HIGHWAY 20 AT THE SOUTHWEST CORNER OF LOT 5, BLOCK 1, AMARON ADDITION SECTION 7 AND FILED IN CABINET E ON PAGE 378 OF SAID PLAT RECORDS, BEING THE MOST SOUTHERLY SOUTHEAST CORNER OF SAID LOT 1A, FOR THE SOUTHEAST CORNER HEREOF;

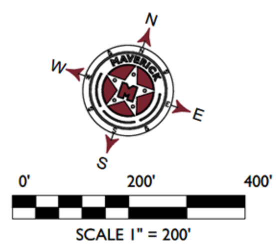
THENCE S.75°36'48"W., ALONG SAID RIGHT OF WAY, A RECORD DISTANCE OF 400.33 FEET TO A ONE HALF INCH IRON ROD WITH A RED PLASTIC CAP MARKED "MAVERICK FIRM#10194514" (RPC) SET AT THE SOUTHEAST CORNER OF A PROPOSED 60 FOOT WIDE ROAD FOR THE SOUTHWEST CORNER HEREOF;

THENCE N.14°22'26"W., ALONG SAID PROPOSED ROAD 749.01 FEET TO AN RPC SET, FROM WHICH A ONE HALF INCH IRON ROD BEARS S.75°39'11"W., 60.00 FEET FOR THE NORTHWEST CORNER HEREOF;

THENCE N.75°39'11"E., 397.34 FEET TO A ONE HALF INCH IRON ROD FOUND FOR THE NORTHEAST CORNER HEREOF;

THENCE S.14°53'01"E., 258.68 FEET TO A ONE HALF INCH IRON ROD FOUND FOR THE NORTHWEST CORNER OF LOT 6, BLOCK 1, SAID AMARON ADDITION SECTION 7, BEING AN INTERIOR CORNER OF SAID LOT 1A, FOR AN ANGLE CORNER HEREOF;

THENCE S.14°27'17"E., ALONG THE WEST LINE OF SAID LOTS 6 AND 5 A DISTANCE OF 490.07 FEET TO THE **POINT OF BEGINNING**, CONTAINING 299151 SQUARE FEET OR 6.87 ACRES OF LAND.



FLOOD NOTE: THIS PROPERTY IS IN ZONE X AND DOES NOT LIE WITHIN A SPECIAL FLOOD HAZARD AREA AS GRAPHICALLY SCALED ONTO FEMA MAP NO. 48329C0202F, DATED SEPTEMBER 16, 2005, PREPARED FOR MIDLAND COUNTY, TEXAS.

BASIS OF BEARING, COORDINATES AND DISTANCE ARE A LAMBERT CONICAL PROJECTION OF THE TEXAS COORDINATE SYSTEM, STATE PLANE GRID, TEXAS CENTRAL ZONE, NAD 83, WITH A CONVERGENCE ANGLE (THETA) OF -00°53'57.20" AND A COMBINED SCALE FACTOR OF 0.999895664 AT THE POINT OF BEGINNING.

TO QUEST ASSET MANAGEMENT; THIS SURVEY SUBSTANTIALLY COMPLIES WITH THE CURRENT TEXAS SOCIETY OF PROFESSIONAL LAND SURVEYORS MANUAL OF PRACTICE REQUIREMENTS FOR A CATEGORY 1B, CONDITION 3, TSPS STANDARD LAND SURVEY.

Gregory W. Shoults

GREGORY W. SHOULTS
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS NO. 5356

MAY 21, 2021

STATE OF TEXAS REGISTERED GREGORY W. SHOULTS 5356 PROFESSIONAL LAND SURVEYOR

MAVERICK
ENGINEERING / SURVEY / WATER RESOURCES
1909 West Wall Street, Suite "K"
Midland, Texas 79701
ENGINEER FIRM #: F-15089
SURVEY FIRM #: 10194514
Tel: (432) 262-0999 Fax: (432) 262-0989
www.Maverick-Eng.com

<u>EXHIBIT C</u>
GOOGLE SATELLITE VIEW

[Attached]

Google Maps

Imagery ©2021 Google, Map data ©2021 100 ft

<u>EXHIBIT D</u>
TITLE COMMITMENT

[Attached]

First American # Commitment	Commitment For Title Insurance T-7 ISSUED BY **First American Title Insurance Company**

THE FOLLOWING COMMITMENT FOR TITLE INSURANCE IS NOT VALID UNLESS YOUR NAME AND THE POLICY AMOUNT ARE SHOWN IN SCHEDULE A, AND OUR AUTHORIZED REPRESENTATIVE HAS COUNTERSIGNED BELOW.

We FIRST AMERICAN TITLE INSURANCE COMPANY will issue our title insurance policy or policies (the Policy) to You (the proposed insured) upon payment of the premium and other charges due, and compliance with the requirements in Schedule C. Our Policy will be in the form approved by the Texas Department of Insurance at the date of issuance, and will insure your interest in the land described in Schedule A. The estimated premium for our Policy and applicable endorsements is shown on Schedule D. There may be additional charges such as recording fees, and expedited delivery expenses.

This Commitment ends ninety (90) days from the effective date, unless the Policy is issued sooner, or failure to issue the Policy is our fault. Our liability and obligations to you are under the express terms of this Commitment and end when this Commitment expires.

First American Title Insurance Company

Dennis J. Gilmore, President

Greg L. Smith, Secretary

By its issuing agent, Republic Title of Texas, Inc.

Authorized Signature

REPUBLIC TITLE®

TEXAS TITLE INSURANCE INFORMATION

Title insurance insures you against loss resulting from certain risks to your title. The commitment for Title Insurance is the title insurance company's promise to issue the title insurance policy. The commitment is a legal document. You should review it carefully to completely understand it before your closing date.	El seguro de título le asegura en relaciõn a pérdidas resultantes de ciertos riesgos que pueden afectar el título de su propiedad. El Compromiso para Seguro de Título es la promesa de la compañía aseguradora de titulos de emitir la póliza de seguro de título. El Compromiso es un documento legal. Usted debe leerlo cuidadosamente y enterderlo completamente antes de la fecha para finalizar su transaccõn.

Your Commitment for Title Insurance is a legal contract between you and us. The Commitment is not an opinion or report of your title. It is a contract to issue you a policy subject to the Commitment's terms and requirements.
Before issuing a Commitment for Title Insurance (the Commitment) or a Title Insurance Policy (the Policy), the Title Insurance Company (the Company) determines whether the title is insurable. This determination has already been made. Part of that determination involves the Company's decision to insure the title except for certain risks that will not be covered by the Policy. Some of these risks are listed in Schedule B of the attached Commitment as Exceptions. Other risks are stated in the Policy as Exclusions. These risks will not be covered by the Policy. The Policy is not an abstract of title nor does a Company have an obligation to determine the ownership of any mineral interest.

- **MINERALS AND MINERAL RIGHTS** may not be covered by the Policy. The Company may be unwilling to insure title unless there is an exclusion or an exception as to Minerals and Mineral Rights in the Policy. Optional endorsements insuring certain risks involving minerals, and the use of improvements (excluding lawns, shrubbery and trees) and permanent buildings may be available for purchase. If the title insurer issues the title policy with an exclusion or exception to the minerals and mineral rights, neither this Policy, nor the optional endorsements, ensure that the purchaser has title to the mineral rights related to the surface estate.

Another part of the determination involves whether the promise to insure is conditioned upon certain requirements being met. Schedule C of the Commitment lists these requirements that must be satisfied or the Company will refuse to cover them. You may want to discuss any matters shown in Schedules B and C of the Commitment with an attorney. These matters will affect your title and your use of the land.
When your Policy is issued, the coverage will be limited by the Policy's Exceptions, Exclusions and Conditions, defined below.

- **EXCEPTIONS** are title risks that a Policy generally covers but does not cover in a particular instance. Exceptions are shown on Schedule B or discussed in Schedule C of the Commitment. They can also be added if you do not comply with the Conditions section of the Commitment. When the Policy is issued, all Exceptions will be on Schedule B of the Policy.
- **EXCLUSIONS** are title risks that a Policy generally does not cover. Exclusions are contained in the Policy but not shown or discussed in the Commitment.
- **CONDITIONS** are additional provisions that qualify or limit your coverage. Conditions include your responsibilities and those of the Company. They are contained in the Policy but not shown or discussed in the Commitment. The Policy Conditions are not the same as the Commitment Conditions.

You can get a copy of the policy form approved by the Texas Department of Insurance by calling the Title Insurance Company at 1-888-632-1642 or by calling the title insurance agent that issued the Commitment. The Texas Department of Insurance may revise the policy form from time to time.
You can also get a brochure that explains the policy from the Texas Department of Insurance by calling 1-800-252-3439.
Before the Policy is issued, you may request changes in the policy. Some of the changes to consider are:

- Request amendment of the "area and boundary" exception (Schedule B, paragraph 2). To get this amendment, you must furnish a survey and comply with other requirements of the Company. On the Owner's Policy, you must pay an additional premium for the amendment. If the survey is acceptable to the Company and if the Company's other requirements are met, your Policy will insure you against loss because of discrepancies or conflicts in boundary lines, encroachments or protrusions, or overlapping of improvements. The Company may then decide not to insure against specific boundary or survey problems by making special exceptions in the Policy. Whether or not you request amendment of the "area and boundary" exception, you should determine whether you want to purchase and review a survey if a survey is not being provided to you.
- Allow the Company to add an exception to "rights of parties in possession." If you refuse this exception, the Company or the title insurance agent may inspect the property. The Company may except to and not insure you against the rights of specific persons, such as renters, adverse owners or easement holders who occupy the land. The Company may charge you for the inspection. If you want to make your own inspection, you must sign a Waiver of Inspection form and allow the Company to add this exception to your Policy.

The entire premium for a Policy must be paid when the Policy is issued. You will not owe any additional premiums unless you want to increase your coverage at a later date and the Company agrees to add an Increased Value Endorsement.

CONDITIONS AND STIPULATIONS

1. If you have actual knowledge of any matter which may affect the title or mortgage covered by this Commitment, that is not shown in Schedule B, you must notify us in writing. If you do not notify us in writing, our liability to you is ended or reduced to the extent that your failure to notify us affects our liability. If you do notify us, or we learn of such matter, we may amend Schedule B, but we will not be relieved of liability already incurred.

2. Our liability is only to you, and others who are included in the definition of Insured in the Policy to be issued. Our liability is only for actual loss incurred in your reliance on this Commitment to comply with its requirements or to acquire the interest in the land. Our liability is limited to the amount shown in Schedule A of this Commitment and will be subject to the following terms of the Policy: Insuring Provisions, Conditions and Stipulations, and Exclusions.

First American

SCHEDULE A

Commitment For Title Insurance T-7

ISSUED BY

First American Title Insurance Company

Effective Date: **March 26, 2021** at 8:00 a.m.

GF No. **NCS-1059063-BOS1**

Commitment No. **NCS-1059063-BOS1**, issued **May 07, 2021**, at 8:00 a.m.

1. The policy or policies to be issued are:

   (a) OWNER'S POLICY OF TITLE INSURANCE (Form T-1)
   (Not applicable for improved one-to-four family residential real estate)
   Policy Amount: $1,000.00
   PROPOSED INSURED: A natural person or legal entity to be designated

   (b) TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE
   ONE-TO-FOUR FAMILY RESIDENCES (Form T-1R)
   Policy Amount: $
   PROPOSED INSURED:

   (c) LOAN POLICY OF TITLE INSURANCE (Form T-2)
   Policy Amount: $1,000.00
   PROPOSED INSURED:
   Proposed Borrower: A natural person or legal entity to be designated

   (d) TEXAS SHORT FORM RESIDENTIAL LOAN POLICY OF TITLE INSURANCE (Form T-2R)
   Policy Amount $
   PROPOSED INSURED:
   Proposed Borrower:

   (e) LOAN TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN (Form T-13)
   Binder Amount: $
   PROPOSED INSURED:
   Proposed Borrower:

   (f) OTHER
   Policy Amount: $
   PROPOSED INSURED:

2. The interest in the land covered by this Commitment is:

   FEE SIMPLE

3. Record title to the land on the Effective Date appears to be vested in:

   HDC PARK GLEN PARTNERS, LTD., formerly known as Aslan Housing Partners XIII, Ltd.

4. Legal description of land:

   See Exhibit "A" attached hereto and made a part hereof.

EXHIBIT "A"

LOT ONE A (1A), BLOCK ONE (1), AMARON ADDITION, SECTION 4, an addition to the City of Midland, Midland County, Texas, according to the map or plat thereof recorded in Cabinet F, Page 156, Plat Records of Midland County, Texas.

G.F. No. or File No. **NCS-1059063-BOS1**

EXCEPTIONS FROM COVERAGE

In addition to the Exclusions and Conditions and Stipulations, your Policy will not cover loss, costs, attorney's fees, and expenses resulting from:

1. The following restrictive covenants of record itemized below (We must either insert specific recording data or delete this exception):

   Restrictive covenants described in instrument recorded in Volume 1828, Page 388, Official Records, Midland County, Texas. Any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c), is deleted.

2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.

3. Homestead or community property or survivorship rights, if any, of any spouse of any insured. (Applies to the Owner's Policy only.)

4. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,

   a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or

   b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or

   c. to filled-in lands, or artificial islands, or

   d. to statutory water rights, including riparian rights, or

   e. to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.

   (Applies to the Owner's Policy only.)

5. Standby fees, taxes and assessments by any taxing authority for the year 2021, and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year. (If Texas Short Form Residential Loan Policy of Title Insurance (T-2R) is issued, that policy will substitute "which become due and payable subsequent to Date of Policy" in lieu of "for the year 2021 and subsequent years.")

6. The terms and conditions of the documents creating your interest in the land.

7. Materials furnished or labor performed in connection with planned construction before signing and delivering the lien document described in Schedule A, if the land is part of the homestead of the owner. (Applies to the Loan Title Policy Binder on Interim Construction Loan only, and may be deleted if satisfactory evidence is furnished to us before a binder is issued.)

8. Liens and leases that affect the title to the land, but that are subordinate to the lien of the insured mortgage. (Applies to Loan Policy (T-2) only.)

9. The Exceptions from Coverage and Express Insurance in Schedule B of the Texas Short Form Residential Loan Policy of Title Insurance (T-2R). (Applies to Texas Short Form Residential Loan Policy of Title Insurance (T-2R) only). Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Loan Policy of Title Insurance (T-2R).

10. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception):

    a. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.

    b. All encumbrances, violations, variations, or adverse circumstances affecting Title that would be disclosed by an accurate and complete land survey of the Land, including, without limitation, all visible and apparent easements or uses and all underground easements or uses, the existence of which may arise by unrecorded grant or by use. (May be amended or deleted upon approval of survey.)

    c. Rights, if any, of third parties with respect to any portion of the subject property lying within the boundaries of a public or private road. (May be amended or deleted upon approval of survey.)

    d. Rights of parties in possession and rights of tenants under any unrecorded leases or rental agreements. (May be amended or deleted upon execution of satisfactory affidavit with respect to parties in possession and tenants at closing.)

    e. Any and all building lines and/or easements as set forth on plat recorded in Cabinet F, Page 156, Plat Records, Midland County, Texas.

    f. Easement granted by Ed Erikson and wife, Mary A. Erikson to American Telephone and Telegraph Company, filed 02/14/1929, recorded in Volume 43, Page 405, Deed Records, Midland County, Texas.

    g. Easement granted by Lula Mae Wilmoth to Texas Electric Service Company, filed 10/31/1962, recorded in Volume 394, Page 183, Deed Records, Midland County, Texas.

    h. Easement granted by C D P Enterprises to City of Midland, Texas, filed 11/07/1972, recorded in Volume 561, Page 386, Deed Records, Midland County, Texas.

    i. Easement granted by CDP Enterrpises to City of Midland, Texas, filed 08/03/1973, recorded in Volume 571, Page 15, Deed Records, Midland County, Texas.

    j. Easement granted by John R. Daugherty, et al to Texas Electric Service Company, filed 08/10/1973, recorded in Volume 571, Page 251, Deed Records, Midland County, Texas.

    k. Easement granted by Aslan Housing Partners XIII, Ltd. to City of Midland, Texas, filed 06/09/1999, recorded in Volume 1680, Page 728, Deed Records, Midland County, Texas.

l. Easement granted by Aslan Housing Partners XIII, Ltd. to Texas Utilities Electric Company, filed 08/11/1999, recorded in Volume 1701, Page 639, Official Records, Midland County, Texas.

m. Terms, provisions, and conditions contained in instrument filed 11/03/2000, recorded in Volume 1820, Page 45, Official Records, Midland County, Texas.

n. Terms, provisions, and conditions contained in instrument filed 11/03/2000, recorded in Volume 1820, Page 48, Official Records, Midland County, Texas.

First American SCHEDULE C	Commitment For Title Insurance T-7 ISSUED BY **First American Title Insurance Company**

G.F. No. or File No. **NCS-1059063-BOS1**

Your Policy will not cover loss, costs, attorney's fees, and expenses resulting from the following requirements that will appear as Exceptions in Schedule B of the Policy, unless you dispose of these matters to our satisfaction, before the date the Policy is issued:

1. Documents creating your title or interest must be approved by us and must be signed, notarized and filed for record.

2. Satisfactory evidence must be provided that:

   - no person occupying the land claims any interest in that land against the persons named in paragraph 3 of Schedule A,

   - all standby fees, taxes, assessments and charges against the property have been paid,

   - all improvements or repairs to the property are completed and accepted by the owner, and that all contractors, sub-contractors, laborers, and suppliers have been fully paid, and that no mechanic's, laborer's or materialmen's liens have attached to the property,

   - there is legal right of access to and from the land,

   - (on a Loan Policy only) restrictions have not been and will not be violated that affect the validity and priority of the insured mortgage.

3. You must pay the seller or borrower the agreed amount for your property or interest.

4. Any defect, lien or other matter that may affect title to the land or interest insured, that arises or is filed after the effective date of this Commitment.

5. With respect to item 2 of Schedule C above, the Company will not except in any policies to be issued pursuant to this commitment to 'Lack of a right of access to and from the land'.

6. Require Affidavit as to Debts and Liens and Parties in Possession executed by owner at or prior to closing.

7. In accordance with Section 11.008 of the Texas Property Code, all deeds and deeds of trust transferring an interest in real property to or from an individual and disclosing that individual's social security number or driver's license number must include the following notice on the top of the first page of the instrument in 12 point bold or uppercase font: NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

8. Prior to closing, the Company must confirm whether the county recording office in which the Land is located has changed its access policies due to the COVID-19 outbreak. If recording has been restricted, specific underwriting approval is required; and, additional requirements or exceptions may be made.

9. Additional exceptions and/or requirements may be added when Company is advised of the exact nature and details of the subject transaction.

10. Require satisfactory evidence of authority to act on behalf of record owner.

11. Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing from HDC Park Glen Partners, Ltd. to Steven R. Martens, Trustee(s), dated 10/09/2003, filed 10/09/2003, recorded in Volume 2255, Page 356, Official Records, Midland County, Texas, securing a promissory note in the principal sum of $2,130,000.00, payable to Capri Capital Finance, LLC, and securing other indebtedness as described therein, if any.

    Assigned to Fannie Mae by instrument filed 10/09/2003, recorded in Volume 2255, Page 405, Official Records, Midland County, Texas.

12. Financing statement showing HDC Park Glen Partners, Ltd. as debtor, in favor of Fannie Mae as secured party, filed 10/09/2003, recorded in Volume 2255, Page 409, Official Records of Midland County, Texas.

    Said note further secured by UCC Financing Statement filed 04/11/2008, recorded in Volume 3025, Page 336, Official Records, Midland County, Texas.

    Said note further secured by UCC Financing Statement filed 07/12/2013, recorded in cc# 2013-16442, Official Records, Midland County, Texas.

    Said note further secured by UCC Financing Statement filed 05/22/2018, recorded in cc# 2018-14649, Official Records, Midland County, Texas.

First American	Commitment For Title Insurance T-7
	ISSUED BY
SCHEDULE D	**First American Title Insurance Company**

No:
GF-Number: NCS-1059063-BOS1

Pursuant to the requirements of Procedural Rule P-21 promulgated by the Commissioner of Insurance:

Shareholders owning, controlling or holding, either directly or indirectly, 10% or more of the shares of First American Title Insurance Company and all individuals partnerships, corporations, trusts or other entities owning ten percent (10%) or more of First American Title Insurance Company as of the last day of the year preceding the date hereinabove set forth are as follows: First American Title Insurance Company, a Nebraska Corporation - 100%, a wholly owned subsidiary of First American Corporation, a public company.

DIRECTORS of First American Title Insurance Company:
Dennis J. Gilmore, Mark J. Harmsworth, Parker S. Kennedy, Greg L. Smith

OFFICERS of First American Title Insurance Company:

President: Dennis J. Gilmore
Executive Vice President, Chief Financial Officer: Mark J. Harmsworth
Vice President, Secretary: Greg L. Smith
Executive Vice President, Business Director: John M. Hollenbeck
TITLE INSURANCE AGENCY: Republic Title of Texas, Inc. (Dallas, TX)
Shareholder, owner, partner or other person having, owning or controlling ten percent (10%) or more of the Title Insurance Title Agent:
First American Financial Corporation 100%

Shareholder, owner, partner or other person having, owning or controlling ten percent (10%) or more of an entity that has, owns or controls one percent (1%) or more Title Insurance Agent:

NONE

If the Title Insurance Agent is a corporation the following is a list of the members of the Board of Directors:
Chris M. Leavell, William A. Kramer, David A. Shuttee, Ward Willford, Bo Feagin, Peter Graf, David Kramer

If the Title Insurance Agent is a corporation, the following is a list of its officers:
William A. Kramer, Executive Chairman; David A. Shuttee, Executive Chairman; Ward Willford, Vice Chairman; Bo Feagin, President; Peter Graf, Executive Vice President and General Counsel; David Kramer, Executive Vice President; Lisa Murray, Senior Vice President and Chief Financial Officer.

You are entitled to receive advance disclosure of settlement charges in connection with the proposed transaction to which this commitment relates. Upon your request, such disclosure will be made to you. Additionally, the name of any person, firm or corporation receiving any sum from the settlement of this transaction will be disclosed on the closing or settlement statement.

You are further advised that the estimated title premium * is:

Owner Policy	$	TBD
Loan Policy	$	TBD
Endorsement Charges	$	TBD
Other	$	
Total	$	TBD

Of this total amount $ or 15.00% will be paid to the policy issuing Title Insurance Company; $ or 85.00% will be retained by the issuing Title Insurance Agent, and the remainder of the estimated premium will be paid to other parties as follows:

Amount	To Whom	For Services
$		
$		
$		

*The estimated premium is based upon information furnished to us as of the date of this Commitment for Title Insurance. Final determination of the amount of the premium will be made at closing in accordance with the Rules and Regulations adopted by the Commissioner of Insurance.

FIRST AMERICAN TITLE INSURANCE COMPANY

Commitment for Title Insurance Form (T-7)

DELETION OF ARBITRATION PROVISION

(Not applicable to the Texas Residential Owner's Policy)

ARBITRATION is a common form of alternative dispute resolution. It can be a quicker and cheaper means to settle a dispute with your Title Insurance Company. However, if you agree to arbitrate, you give up your right to take the Title Company to court and your rights to discovery of evidence may be limited in the arbitration process. In addition, you cannot usually appeal an arbitrator's award.

Your policy contains an arbitration provision (shown below). It allows you or the Company to require arbitration if the amount of insurance is $2,000,000 or less. If you want to retain your right to sue the Company in case of a dispute over a claim, you must request deletion of the arbitration provision before the policy is issued. You can do this by signing this form and returning it to the Company at or before the closing of your real estate transaction or by writing to the Company.
The arbitration provision in the Policy is as follows:

"Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is $2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of $2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction."

SIGNATURE DATE

First American	**Important Notice** ISSUED BY **First American Title Insurance Company**

IMPORTANT NOTICE *To obtain information or make a complaint:* *You may call First American Title Insurance Company's toll-free telephone number for information or to make a complaint at:* ***1-888-632-1642*** *You may also write to First American Title Insurance Company at:* ***1 First American Way*** ***Santa Ana, California 92707*** *You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:* ***1-800-252-3439*** *You may write the Texas Department of Insurance:* *P.O. Box 149104* *Austin, TX 78714-9104* *Fax: (512) 490-1007* *Web: http://www.tdi.texas.gov* *E-mail: ConsumerProtection@tdi.texas.gov* ***PREMIUM OR CLAIM DISPUTES:*** *Should you have a dispute concerning your premium or about a claim you should contact First American Title Insurance Company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.* ***ATTACH THIS NOTICE TO YOUR POLICY:*** *This notice is for information only and does not become a part or condition of the attached document.*	***AVISO IMPORTANTE*** *Para obtener información o para presentar una queja:* *Usted puede llamar al número de teléfono gratuito de First American Title Insurance Company's para información o para presentar una queja al:* ***1-888-632-1642*** *Usted también puede escribir a First American Title Insurance Company:* ***1 First American Way*** ***Santa Ana, California 92707*** *Usted puede comunicarse con el Departamento de Seguros de Texas para obtener información sobre compañías, coberturas, derechos, o quejas al:* ***1-800-252-3439*** *Usted puede escribir al Departamento de Seguros de Texas a:* *P.O. Box 149104* *Austin, TX 78714-9104* *Fax: (512) 490-1007* *Web: http://www.tdi.texas.gov* *E-mail: ConsumerProtection@tdi.texas.gov* ***DISPUTAS POR PRIMAS DE SEGUROS O RECLAMACIONES:*** *Si tiene una disputa relacionada con su prima de seguro con una reclamación , usted debe comunicarse con el First American Title Insurance Company primero. Si la disputa no es resuelta, usted puede comunicarse con el Departamento de Seguros de Texas.* ***ADJUNTE ESTE AVISO A SU PÓLIZA:*** *Este aviso es solamente para propósitos informativos y no se convierte en parte o en condición del documento adjunto.*
Form 50-TXNOTICE (5-27-15) Page 1 of 1	Mandatory Complaint Notice (6-1-15) Texas

<u>EXHIBIT E</u>
REVISED LEGAL DESCRIPTION

An 11.93 acre tract of land being a portion of LOT ONE A (1A), BLOCK ONE (1), AMARON ADDITION, SECTION 4, an addition to the City of Midland, Midland County, Texas, according to the map or plat thereof in Cabinet F, Page 156, Plat Records of Midland County, Texas.

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

JULY 22, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Residences of Long Branch (HTC #18087)

RECOMMENDED ACTION

WHEREAS, Residences of Long Branch (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2018 for the new construction of 76 multifamily units for the General population in Rowlett, Dallas County;

WHEREAS, Pedcor Investments-2017-CLXI, L.P. (the Development Owner or Owner) requests approval for a reduction in the Common Area from 4,363 to 3,622 square feet, representing a reduction of 741 square feet or 16.98% from the original design represented at Application;

WHEREAS, Board approval is required for a reduction of 3% or more in the square footage of the common areas as directed in Tex. Gov't Code §2306.6712(d)(4) and 10 TAC §10.405(a)(4)(D), and the Owner has complied with the amendment requirements therein;

WHEREAS, the amendment request also identifies minor changes to the site plan, which are deemed Notification Items under 10 TAC §10.405(a)(2)(B); and

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

NOW, therefore, it is hereby

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

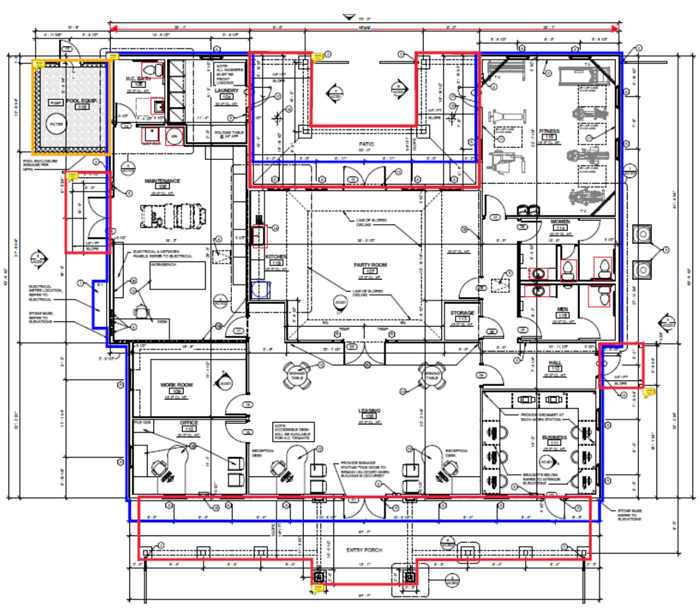
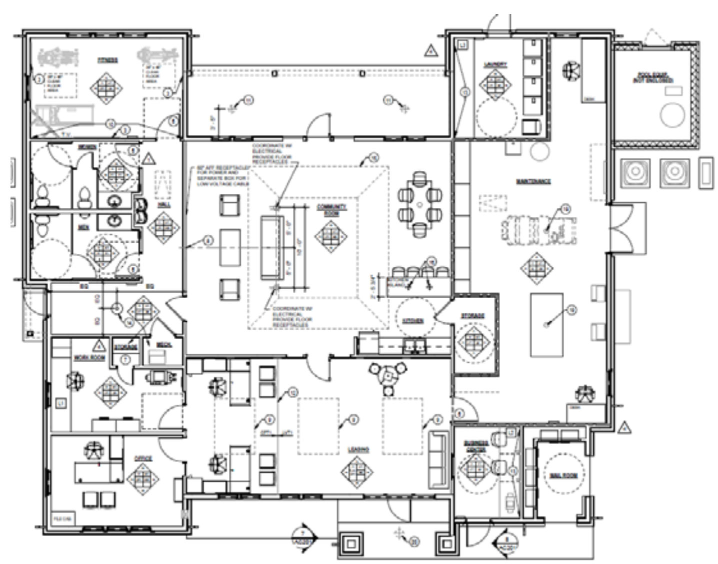
BACKGROUND

Residences of Long Branch received an award of 9% Housing Tax Credits in 2018 for the new construction of 76 multifamily units for the General population in Rowlett, Dallas County. Construction of the Development has been completed, and the cost certification documentation is currently under review by the Department. In a letter dated June 21, 2021, Kathleen Ramey, representative for the Owner, requested approval for a reduction in the Common Area from 4,363 to 3,622 square feet, representing a reduction of 741 square feet or 16.98% from the original design represented at Application.

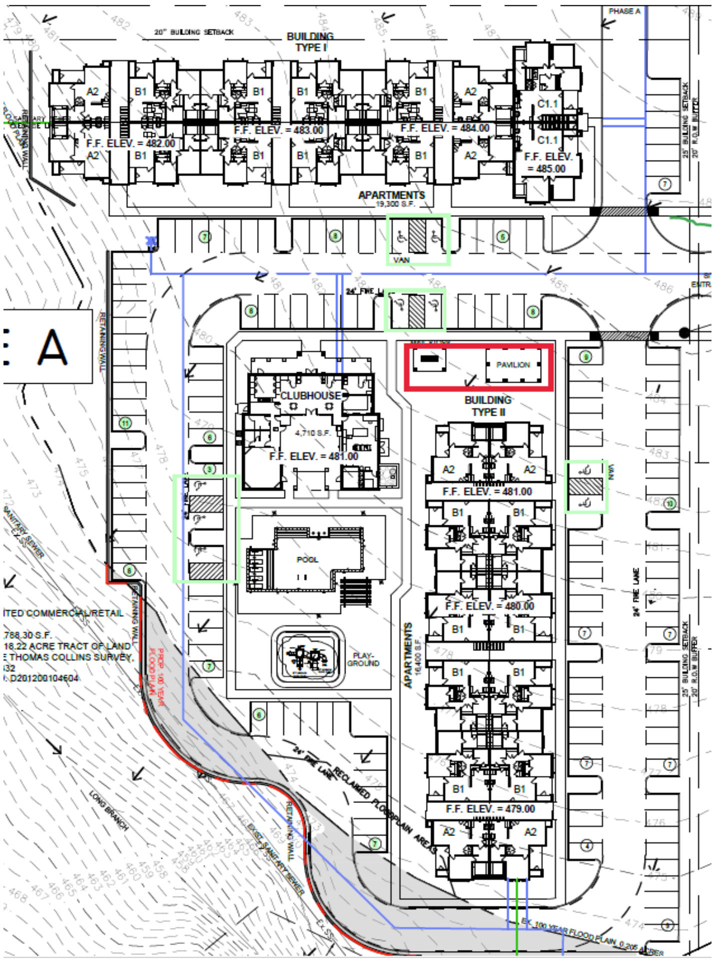
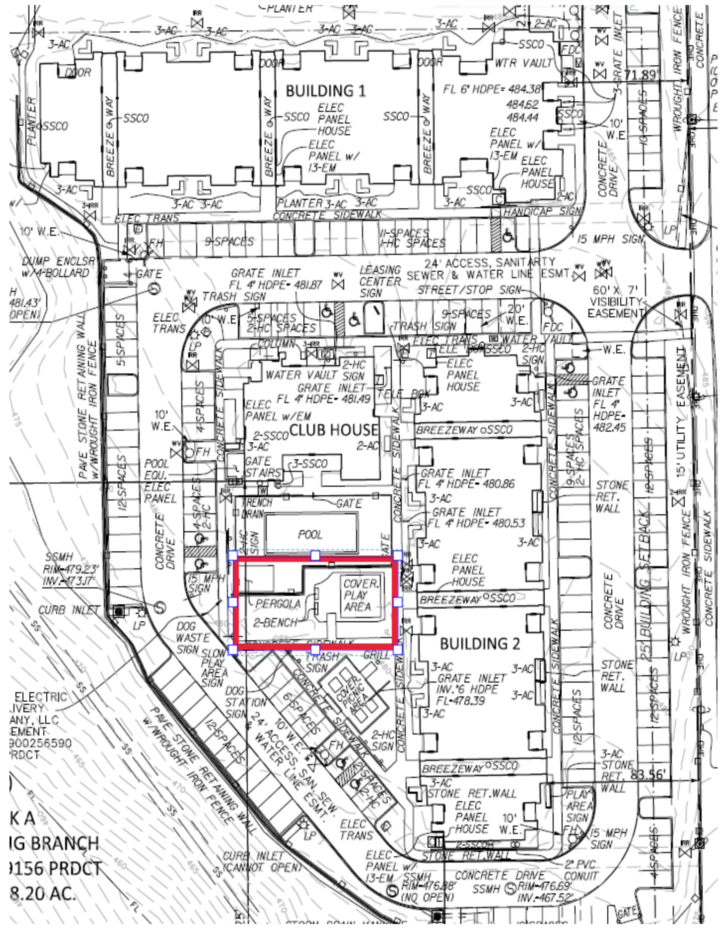
According to the Owner, the amendment is due to an adjacent flood plain forcing them to move a driveway and some parking, and requiring to shift a residential building slightly north. The building shift caused the Owner to move the mail kiosk to the clubhouse, and the pavilion was moved to a location south of the clubhouse, near the swimming pool. This resulted in a need for all those amenities (clubhouse, pool, pavilion, and playground) to fit into a smaller space. As a result, the community building size had to be reduced for proper site configuration. The Owner noted the community building still provides the same amenities as originally proposed, despite the reduced space. The Owner also noted that no structures are located in the flood plain, and the parking count was not reduced.

The 16.98% reduction to the Common Area is a material amendment under Tex. Gov't Code §2306.6712(d)(4) and 10 TAC §10.405(a)(4)(D), as Board approval is required for a reduction of 3% or more in the square footage of the common areas.

The illustration below shows a comparison between the original and revised Common Areas (Community Buildings).

Material Alterations as defined in Tex. Gov't Code §2306.6712(d)(4) and 10 TAC §10.405(a)(4)(D)	
Application	**Amendment**
<u>Common Area</u>: 4,363 square feet	<u>Common Area</u>: 3,622 square feet
	

The site plan changes, which do not impact the resident units or building sizes, are shown below. These changes are deemed Notification Items under 10 TAC §10.405(a)(2)(B), yet these changes are included as part of the amendment request.

<table>
<tr><th colspan="2">Site Plan Notification Change</th></tr>
<tr><th>Application</th><th>Amendment</th></tr>
<tr><td>Site Plan
</td><td>Site Plan
</td></tr>
</table>

These changes do not materially alter the Development in a negative manner, and were not reasonably foreseeable or preventable by the Development Owner at the time of Application. The Development Owner has complied with the amendment requirements under 10 TAC §10.405(a). The final recommended tax credit amount will be determined upon finalization of the cost certification review.

Staff recommends approval of the amendment request as presented herein.

PEDCOR
COMPANIES

June 21, 2021

Mark Fugina
Senior Asset Manager
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701-2410

Re: Request for Material Amendment for Residences of Long Branch (#18087)

Dear Mr. Fugina,

Pedcor investments-2017-CLXI, L.P., owner of Residences of Long Branch (#18087) located in Rowlett, Texas, respectfully requests a material amendment pursuant to 10 TAC §10.405 of the Post Award and Asset Management Rules, related to Amendments and Extensions. A check for $2,500 is enclosed.

The original housing tax credit application submitted to the Department in January 2018 indicated that there would be a total of 4,363 square feet in the clubhouse, which included 805 square feet of maintenance. The clubhouse that was constructed is 3,622 square feet, a 17% reduction. In the original site plan, the mail kiosk and pavilion were located just to the east of the leasing center/clubhouse. During the completion of the design process, site constraints (largely due to the adjacent floodplain) caused us to shift a driveway, some parking, and a residential building to the north. The residential building shifted to where the mail kiosk and pavilion were originally located. Therefore, the mail kiosk was incorporated into the clubhouse, and the pavilion was moved to the west of the residential building. This resulted in all those amenities (clubhouse, pool, pavilion, and playground) to fit into a smaller space. The new clubhouse design (see attached floor plan) still provides the same basic amenities for the residents, including the community room, fitness center, laundry room, and business center, even if there was a minor loss of square footage in some of the common space. In addition, the new site layout provided a more cohesive and central amenity area, moving the covered pavilion so that it is in site of the playground and pool area. We believe that this change actually enhanced the overall project design and did not materially alter the Development in a negative manner, nor would it have adversely affected the selection of the Application in the Application Round.

Please let me know if you have any questions or need any additional information.

Sincerely,

Kathleen Ramey

Kathleen Ramey
Senior Vice President - Finance

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

JULY 22, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for The Commons at St. Anthony's (HTC #20042)

RECOMMENDED ACTION

WHEREAS, The Commons at St. Anthony's (the Development) received a 9% Housing Tax Credit (HTC) award in 2020 for the adaptive re-use of a historic hospital into 124 multifamily units in Amarillo, Potter County;

WHEREAS, St. Anthony's Amarillo Housing 20, LP (the Development Owner or Owner) is requesting approval for a decrease of the residential density of 7.58% as a result of an increase in site acreage of 0.32 acre, going from 3.90 acres to 4.22 acres, to accommodate requirements from the National Park Service and the City of Amarillo;

WHEREAS, Board approval is required for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F), and the Owner has complied with the amendment requirements therein; and

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

NOW, therefore, it is hereby

RESOLVED, that the material amendment to the application for The Commons at St. Anthony's is approved as presented to this meeting, and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

The Commons at St. Anthony's received a 9% HTC award in 2020 for the adaptive re-use of a historic hospital into 124 multifamily units in Amarillo, Potter County. In a letter dated June 16, 2021, Kent R. Hance, Manager of the Managing Member of the General Partner of the Development Owner, requested approval for a change in the acreage and residential density noted in the original Application.

The Development Site area has increased form 3.90 acres at Application to 4.22 acres under the current amended purchase contract. The residential density at application was approximately 31.79 units per acre, and the residential density after the requested increase in acreage is 29.38 units per acre, representing a decrease in residential density of 7.58%. Board approval is required for a modification of the residential density of at least 5%, as directed in Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F).

The reasons the additional acreage added to the Development Site and the plat boundary line modified are two-fold. First, upon review of the proposed demolition scope of the Development by the National Park Service, it was determined that a portion of the 1960 building that was previously part of the demolition scope was a contributing structure for the historic status of the Development and needed to remain. The property line needed to shift to accommodate this change. Second, in meetings with the City of Amarillo building and fire officials, it was determined that additional space between the west wall and the property line was desired for fire separation distance.

The change was necessary in order to preserve the historic status of the Development, as well as to comply with the building separation distance recommended by the City of Amarillo building and fire officials. The requested change has a positive impact on the Development by allowing additional light to enter between buildings and create a more aesthetically pleasing green space between buildings. The Owner explained that, while it was always the desire of the team to create additional separation between the Development Site and the adjacent surgical center building, the team could not have foreseen that both the National Park Service and the City of Amarillo would require such changes and that they would need to be included as part of the Development Site. The additional square footage is being purchased for $24,615.37, which equates to the same price per square foot as in the original purchase contract. The added costs for acquisition and demo were absorbed into the development cost budget with funds being sought to help cover this cost, but if necessary, it will be funded with additional deferred developer fee. The final schedule of values is being solidified at this time.

The amendment request letter also indicates that both the net rentable square footage and common area square footages have increased since the time of Application. Net rentable area increased from 92,124 to 94,989 square feet (a 3.1% increase) due to revised on-the-ground measurements after the Application was submitted, while common areas increased by 2,166 square feet due to added walls. These changes are considered Notification Items under 10 TAC §10.405(a)(2)(C).

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

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

Commons at St. Anthony's (TDHCA #20042) – Amendment to Application

June 16, 2021

Mr. Rene Ruiz
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701-2410 DELIVERY BY EMAIL: rene.ruiz@tdhca.state.tx.us and asset.management@tdhca.state.tx.us

Re: Commons at St. Anthony's, TDHCA #20042
Amendments to Application

Dear Mr. Ruiz:

The Commons at St. Anthony's is a 124 senior apartment development located in Amarillo (Region 1 Urban) that received an award of 2020 9% HTCs as TDHCA #20042. Per the Post-Award Activity Manual updated April 2021, please accept this letter describing items that are potential amendments to the Application prior to the recording of a LURA. The items noted below include both Notification items as well as a Material Amendment. The details of each change are outlined below:

1) Modification of Residential Density of More than 5% - **MATERIAL AMENDMENT**

Change Requested: The Development Site area has increased from 3.90 acres at Application to 4.22 acres under the current amended purchase contract. The residential density at application was 31.79 units per acre and the residential density after the requested increase in acreage is 29.38 units per acre – a decrease in residential density of 7.5%.

Reason for Change is Necessary: The reason the additional square footage was added to the Development Site and the plat boundary line modified are two-fold. First, upon review of the proposed demolition scope of the Development by the National Park Service, it was determined that a portion of the 1960 building that was previously part of the demolition scope was a contributing structure for the historic status of the Development and needed to remain. The property line needed to shift to accommodate this change. Please see the green shaded area on Exhibit A for a visual of plat line shift. Second, in several meetings with the City of Amarillo building and fire officials, it was determined that additional space between the west wall and the property line was desired for fire separation distance. This required distance is also represented by the green shaded area in Exhibit A.

Good Cause for Change: The change was necessary in order to preserve the historic status of the Development, as well as, comply with the building separation distance recommended by the City of Amarillo building and fire officials. The requested change is a positive impact to the Development by allowing additional light to enter between buildings and create a more aesthetically pleasing green space between buildings.

Financial Impact: The additional square footage is being purchased for $24,615.37 which equates to the same price per square foot for the newly added square footage as in the original purchase contract. The added costs for acquisition and demo were absorbed into the development cost budget with funds being sought to help cover this cost with the last alternative being coverage by additional deferred developer fee. The final schedule of values is being solidified at this time. This change has no bearing on scoring or set-asides. The additional land was submitted as part of a revised plat, and therefore, there is not a timing delay associated with the additional square footage acquisition.

Change Reasonably Foreseeable: While it was always the desire of the team to create additional separation between the Development Site and the adjacent Surgical Center building, the team could not have foreseen that both the National Park Service and the City of Amarillo would require such changes and that they would need to be included as part of the Development Site.

2) Increase in net rentable square footage and common areas – **NOTIFICATION ITEM**

Change Requested: Both the net rentable square footage and common area square footages have increased since the time of Application.

Units:
At application (underwriting): 92,124 sf
Current: 94,989 sf
Change: 3.1% increase

Common Areas:
At application (underwriting): 3,019 sf
Current: 5,185 sf
Change: 71.75% increase

Reason for Change is Necessary: At the time of Application, measurements were being taken from a set of original, scanned architectural plans. After a tax credit award was secured, the design team went through the cost and time to take on-the-ground measurements which resulted in increases to the net rentable area. The common are spaces were added walls (not existing) and therefore these were modifications made during the course of further design.

Good Cause for Change: The changes were the result of more exacting measurements and a refined design. The increased unit and common areas are a benefit to the residents. The change in square footage did not impact scoring or set-asides in the Application. The Application did not receive any points for the construction cost per square foot scoring item.

Financial Impact: The increased square footage has been absorbed into the current development cost schedule with no adverse financial impact.

Change Reasonably Foreseeable: At the time of Application, the measurements were based on a scanned set of architectural plans. Once on-the-ground measurements were taken, the team realized the discrepancies with the old plans. This is a change that could not have been reasonably foreseen without the added cost of on-the-ground measurements.

3) Change in Development Contact Information – **NOTIFICATION ITEM**

Change Requested: Please remove Craig Alter as Development contact as he is no longer employed by The Commonwealth Companies – Co-Developer for the Development. Please replace Craig Alter with the following contact information:

Daniel Difrancesco
The Commonwealth Companies
7447 University Avenue, Suite 210
Middleton, WI 53562
(608) 216-4535
d.difrancesco@commonwealthco.net

Reason for Change is Necessary: N/A

Good Cause for Change: N/A

Financial Impact: N/A

Change Reasonably Foreseeable: N/A

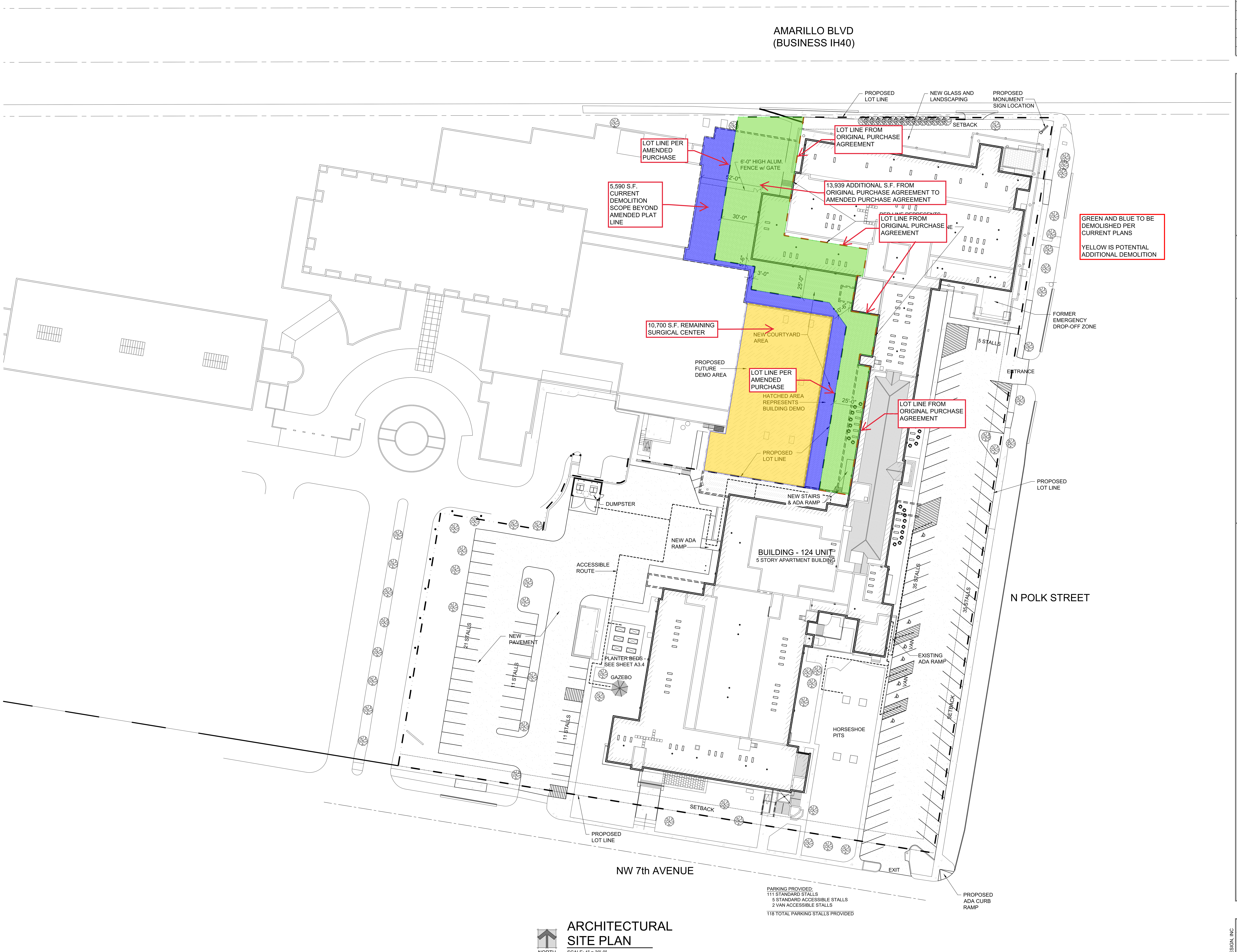
I appreciate your consideration in this matter and request that you contact me should you need additional information.

Sincerely,

Kent Hance

Kent R. Hance
Manager of Managing Member of General Partner of St. Anthony's Amarillo Housing 20, LP

Exhibit A



ARCHITECTURAL SITE PLAN

SCALE: 1" = 30'-0"

SHEET ISSUE:
APRIL 9, 2021
REVISIONS:

M+A DESIGN, INC.
24 SOUTH BROOKE STREET
FOND du LAC, WISCONSIN 54935
b.redig@madesigninc.net (920) 922-8170

COMMONWEALTH COMPANIES
P.O. BOX 1658
FOND du LAC, WISCONSIN 54936
(920) 922-8170 FAX: (920) 922-8171

ADAPTIVE RE-USE FOR:
COMMONS at ST. ANTHONY'S
200 NW 7TH AVENUE
AMARILLO, TX 79107

JOB NUMBER:
2019.03
SHEET
C1.0

1d

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

JULY 22, 2021

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning the resolution of a contract issue regarding Provision at West Bellfort (HTC #16258 / CMTS #5236)

RECOMMENDED ACTION

WHEREAS, Provision at West Bellfort, LP (Owner) received an award of 9% Housing Tax Credits (HTCs) in 2016 for the construction of 116 multifamily units in Sugar Land, Fort Bend County known as Provision at West Bellfort (Development);

WHEREAS, the Underwriting Report issued by the Department's Real Estate Analysis (REA) Division on June 27, 2016, and later amended on July 11, 2017, included several conditions regarding environmental issues identified in the Environment Site Assessment (ESA) report, including one condition due at Cost Certification that required an architect certification that asbestos survey recommendations were successfully implemented in the completion of the Development;

WHEREAS, now that construction of the Development is complete and the cost certification has been submitted to request issuance of IRS Forms 8609, Owner seeks to resolve a matter relating to the requirement in 10 TAC §10.402(j)(3)(E), which specifies that all conditions noted in the Department Underwriting Report and Commitment must be met before IRS Forms 8609 will be issued;

WHEREAS, the Carryover Agreement incorporates the conditions noted in the Department Underwriting Report and Commitment, and also states that failure to comply with the terms of any such conditions may result in cancellation of the tax credit allocation, along with other remedies;

WHEREAS, through documentation from the Texas Department of State Health Services submitted by a representative of the Owner, the Department confirmed that the previously existing buildings were demolished with no notice of demolition having been filed and asbestos mitigation not done;

WHEREAS, in August 2018, both GCI Development Texas, LLC, the Developer, and Cannon Construction Company, Inc., the construction contractor, signed Agreed Orders and paid administrative penalties of $1,000 each to the Texas Department of State Health Services;

WHEREAS, because the environmental conditions relating to asbestos can no longer be met, Owner has proposed a resolution of the matter requiring it to make a payment to the Department of $150 per unit for a total of $17,400, in lieu of other possible contract remedies the Department could pursue;

WHEREAS, on June 17, 2021, the Board approved the resolution of this matter regarding the Carryover Agreement by entering into an Agreed Final Order to be brought before the Board at a future meeting for adoption; and

WHEREAS, staff has based its recommendations for an Agreed Final Order on the Department's rules and an assessment of the facts and circumstances present in this matter.

NOW, therefore, it is hereby

RESOLVED, that an Agreed Final Order for a payment of $17,400, as resolution of a contract issue relating to a violation of the Carryover Agreement, substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Owner received an award of 9% Housing Tax Credits in 2016 for the construction of 116 multifamily units in Sugar Land, Fort Bend County.

At its meeting on July 27, 2017, the Department's Board approved a material Application amendment due to a reduction in equity and the Development being rendered as infeasible. The amendment reduced the total number of units, from 144 to 116, by eliminating 28 of the 50 original market rate units. The number of buildings and the net rentable area were also reduced, resulting in a significant modification to the site plan and to the residential density. Site amenities were also modified. In addition, the site acreage was reduced slightly from 11.2711 to 11.22 acres.

Due to construction delays caused by Hurricane Harvey, the Placed-in-Service deadline was extended multiple times from the original deadline of December 31, 2018, to ultimately December 31, 2019. Construction of the Development has been completed, and all the buildings were placed in service by November, 25, 2019.

The cost certification documentation for the Development has been submitted by the Owner and is currently under review by the Department. Before IRS Forms 8609 are issued, per 10 TAC §10.402(j)(3)(E), all conditions noted in the Department Underwriting Report and Commitment must be met. The Underwriting Report issued by the Department's Real Estate Analysis (REA) Division on June 27, 2016, and later amended on July 11, 2017, included several conditions regarding environmental issues identified in the Environment Site Assessment report, including one condition, due at Cost Certification, that required an architect certification that asbestos survey recommendations were successfully implemented in the completion of the Development.

At application, the site was leased to a salvage yard and livestock sales/grocery store/butcher shop which would be torn down before construction began. The ESA provider recommended conducting a thorough asbestos survey prior to disturbance of suspect Asbestos-Containing Materials (ACM) during planned renovations or building demolition. As part of the Cost Certification package, the Owner submitted a copy of a Pre-Demolition Asbestos-Containing Building Materials Inspection Report completed in January 2017. The report identified asbestos products in the operating room of the salvage yard and grocery center in fiber backing associated with brown ceramic tile and in gray sheet flooring and mastic associated with multiple layers of linoleum. According to information submitted by the Owner, the combined materials equaled 180 square feet with 100 additional square feet of black mastic.

However, the Owner could not locate any records regarding the asbestos remediation, and therefore, could not obtain an architect certification to clear the condition for the issuance of IRS Forms 8609. Through documentation from the Texas Department of State Health Services obtained through an open records request, the Owner confirmed that the previously existing buildings were demolished with no notice of demolition having been filed, and asbestos mitigation not done. In August 2018, both Gardner Capital, the Developer, and Cannon Construction Company, Inc., the construction contractor, agreed to Filing of Agreed Orders and paid administrative penalties of $1,000 each.

Provision at West Bellfort, LP initially submitted a request for a waiver, under 10 TAC §11.207, of the requirement in 10 TAC §10.402(j)(3)(E). Per 10 TAC §11.207, a waiver from the Board may be requested in writing, and may include any plans for mitigation or alternative solutions. The Owner stated that, by granting this waiver, the policies and purposes identified in Tex. Gov't Code §§2306.001, 2306.002, 2306.359, and 2306.6701 would be served because granting the request would better serve the policies and purposes of the Department by maximizing the number of suitable, affordable residential rental units added to the state's housing supply. However, TDHCA staff determined that a waiver is not appropriate because the underwriting condition was known and preventable by the Owner. Additionally, correction of this condition is impossible since demolition has already occurred.

Typically, violations that are not corrected during a Corrective Action Period are referred by a program division to the Enforcement Committee for a conference and consideration of administrative penalty or debarment. Department staff considered these options but do not believe either choice is available under the statutes and rules. Because demolition has already occurred and mitigation and alternative solutions are therefore unavailable, the Owner has instead offered to pay $17,400 ($150 per unit) to resolve the contract issue in lieu of cancellation of the tax credit allocation.

Consistent with the recommendation of the Department's Asset Management Division, an Agreed Final Order is recommended, where the Owner admits that it failed to meet a Material requirement of the Carryover Agreement, and makes a $17,400 payment to the Department. The Agreed Final Order will be considered by the Compliance Division during future Previous Participation Reviews in accordance with 10 TAC Chapter 1, Subchapter C. The Owner has agreed with this proposed resolution, and IRS Forms 8609s will not be issued until the Agreed Final Order has been finalized and its terms are met.

RESOLUTION OF CONTRACT ISSUE WITH	§	BEFORE THE
PROVISION AT WEST BELLFORT, LP	§ §	TEXAS DEPARTMENT OF
WITH RESPECT TO	§	HOUSING AND COMMUNITY
PROVISION AT WEST BELLFORT	§ §	AFFAIRS
(HTC FILE # 16258 / CMTS # 5236)	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this ____ day of July, 2021, the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or Department) considered the matter of a proposed resolution of a contract issue regarding the Carryover Agreement entered into by **PROVISION AT WEST BELLFORT, LP,** Texas limited partnership (Owner).

This Agreed Order is executed pursuant to the authority of the Texas Government Code Section 2306.267, which authorizes the Department to order a housing sponsor to perform or refrain from performing certain acts in order to, among other things, comply with terms of a contract or agreement to which the housing sponsor is a party. In a desire to conclude this matter without further delay and expense, the Board and Owner agree to resolve this matter by this Agreed Final Order.

Upon recommendation of the Asset Management Division, the Board makes the following findings of fact and conclusions of law and enters this Order:

FINDINGS OF FACT (FOF)

1. During 2016, Owner was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of $1,500,000 to build and operate Provision at West Bellfort (Property) (HTC file No. 16258 / CMTS No. 5236 / LDLD No. 972).

2. The Underwriting Report issued by the Department's Real Estate Analysis (REA) Division on June 27, 2016, and later amended on July 11, 2017, included conditions regarding environmental issues identified in the Environment Site Assessment (ESA) report, including one condition[1] due at Cost Certification that required an architect certification

[1] The report identified asbestos products in the operating room of the previously existing salvage yard and grocery center, in fiber backing associated with brown ceramic tile, and in gray sheet flooring and mastic associated with multiple layers of linoleum. According to information submitted by the Owner, the combined materials equaled 180 square feet with 100 additional square feet of black mastic.

that asbestos survey recommendations were successfully implemented in the completion of the Development.

3. Owner submitted as part of its application an additional ESA Certification signed on February 25, 2016, in which it agreed to comply with any and all recommendations made by the ESA provider.

4. Owner signed a Housing Tax Credit Program Commitment regarding the Property on September 22, 2016 (Commitment), incorporating conditions noted by the Department in the Underwriting Report.

5. Owner signed a Carryover Allocation Agreement regarding the Property on October 25, 2016 (Carryover Agreement). The Carryover Agreement incorporates the conditions noted in the Underwriting Report and Commitment, and states that failure to comply with the terms of any such conditions may result in cancellation of the tax credit allocation, along with other remedies.

6. Construction of the Development has been completed, and all buildings were placed in service by November 25, 2019.

7. Owner could not locate any records regarding required asbestos remediation, and therefore, could not obtain an architect certification at Cost Certification to clear this condition for the issuance of IRS Forms 8609.

8. Through documentation obtained from the Texas Department of State Health Services through an open records request, associates of Owner confirmed that the previously existing buildings were demolished with no notice of demolition having been filed, and asbestos mitigation not done. In August 2018, GCI Development Texas, LLC and Cannon Construction Company, signed Agreed Final Orders with the Texas Department of State Health Services, each paying an administrative penalty of $1,000.

9. Demolition has already occurred, therefore, no mitigation or alternative solutions are available to the Department.

10. In lieu of the Department withholding issuance of IRS Forms 8609, Owner has agreed to enter into an Agreed Final Order to pay $17,400 ($150/unit) to resolve the dispute relating to their failure to comply with environmental conditions.

11. On June 17, 2021, the Board authorized TDHCA staff to resolve this dispute regarding the Carryover Agreement by entering into this Agreed Final Order, to be brought to the Board for adoption at a future meeting.

12. A payment of $17,400 to the Department is an appropriate resolution of this contract issue.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §2306.267.

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

3. Pursuant to 10 TAC §10.402(j), 10 TAC 11 Subchapter D, and Section §42(m)(2)(C)(i)(III) of the Internal Revenue Code, the Department conducts a Cost Certification feasibility analysis upon completion of a development in order to make a final determination on the allocation of Low Income Housing Tax Credits.

4. Owner violated requirements of the Underwriting Report, Housing Tax Credit Program Commitment, Carryover Agreement, and 10 TAC §10.402(j)(3)(E) by demolishing buildings without implementing required asbestos survey recommendations.

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

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the circumstances present in this case, the Governing Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that **Owner** shall pay and is hereby directed to pay $17,400 by check payable to the "Texas Department of Housing and Community Affairs" within 30 days of approval of this Agreed Final Order by the Board, to the following address:

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

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

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on ____________________, 2021.

By: ______________________________________
Name: Leo Vasquez
Title: Chair of the Board of TDHCA

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

THE STATE OF TEXAS §
§
COUNTY OF ______________§

Before me, the undersigned notary public, on this ____ day of July, 2021, personally appeared Leo Vasquez, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

____
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this ____ day of July, 2021, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

____
Notary Public, State of Texas

STATE OF ______________________ §
§
COUNTY OF ____________________ §

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

1. "My name is Willie Tedoe, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I am an authorized representative of Owner and I am duly authorized to execute this document.
3. Owner knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Governing Board of the Texas Department of Housing and Community Affairs."

OWNER:

PROVISION AT WEST BELLFORT, LP, Texas limited partnership

By: PROVISION AT WEST BELLFORT GP, LLC, a Texas limited liability company, its general partner

By: PROVISION AT WEST BELLFORT MM, LLC, a Texas limited liability company, its managing member

By: ______________________________

Name: Willie Tedoe

Title: Authorized Representative

Given under my hand and seal of office this ______ day of ____________, 2021.

____
Signature of Notary Public

____
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF ____________

My Commission Expires:____________

1e

BOARD ACTION REQUEST

BOND FINANCE DIVISION

JULY 22, 2021

Presentation, discussion, and possible action on Inducement Resolution No. 21-035 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

RECOMMENDED ACTION

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

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

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

NOW, therefore, it is hereby

RESOLVED, that based on the foregoing, Inducement Resolution No. 21-035 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority under the Private Activity Bond Program for the pre-applications listed herein, is hereby approved in the form presented to this meeting.

BACKGROUND

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

During the 180-day process, the Department will review the complete application for compliance with the Department's Rules, including, but not limited to, site eligibility and threshold as well as previous participation as it relates to developments previously funded through the Department. During the review of the full application, staff will also underwrite the transaction and determine financial feasibility in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing, and the complete application, including a transcript from the hearing, will then be presented to the Board for a decision on the issuance of bonds as well as a determination on the amount of housing tax credits anticipated to be allocated to the development. This inducement resolution would reserve approximately $35M in private activity bond volume cap. Staff notes that the Department's set-aside for the 2021 program year is $169,558,383 and has all been reserved or otherwise used. The pre-applications listed below will be placed on the Department's waiting list to receive a Reservation, bringing the total of pre-applications on the waiting list to approximately $200M.

21619 – Champions Crossing

The acquisition and rehabilitation of 156 units is proposed for this multifamily development located at 345 Champions Boulevard in San Marcos, Hays County. This transaction is proposed to be Priority 1A, and will continue to serve the general population. Applicant has disclosed Undesirable Site Features involving the site's proximity to active railroad tracks and the presence of overhead high voltage transmission lines. Applicant has also disclosed a Neighborhood Risk Factor related to the poverty rate associated with the census tract containing the development. The applicant has indicated they will perform sound mitigation in accordance with HUD standards in order to mitigate the proximity to the active railroad tracks. As it relates to the proximity to the high voltage transmission lines, the applicant submitted a predetermination and based on the information provided, staff considered the site feature mitigated. For the poverty rate, the applicant intends to submit a resolution at the time of full application from the appropriate governing body pursuant to the rule. Seventy-eight of the units will be rent and income restricted at 50% of Area Median Family Income (AMFI), and the remaining 78 units will be rent and income restricted at 60% of AMFI. The Department has received no letters of support or opposition for the proposed development.

Bond Inducement Amount: $20,000,000

21620 – Coral Hills

The acquisition and rehabilitation of 172 units is proposed for this multifamily development to be located at 6363 Beverly Hill Street in Houston, Harris County. This transaction is proposed to be Priority 3, and will continue to serve the general population. Applicant has disclosed a Neighborhood Risk Factor involving the poverty rate associated with the census tract containing the development. Applicant has indicated that they intend to submit a resolution at the time of full application from the appropriate governing body pursuant to the rule. All 172 units will be rent and income restricted at 60% of Area Median Family Income. The Department has received no letters of support or opposition for the proposed development.

Bond Inducement Amount: $15,000,000

RESOLUTION NO. 21-035

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 1.15. Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the

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

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

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

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

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

(c) the Owners are financially responsible;

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

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

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

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

ARTICLE 3

GENERAL PROVISIONS

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

Section 3.2. Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act regarding meetings of the Governing Board.

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

PASSED AND APPROVED this 22nd day of July, 2021.

EXHIBIT "A"

Descriptions of the Owners and the Developments

Project Name	Owner	Principals	Amount Not to Exceed
Champions Crossing	EC Champions Crossing, LLC, a Texas limited liability company	General Partner/Member: EC Champions Crossing MM, LLC, a Texas limited liability company	$20,000,000
Costs: Acquisition/rehabilitation of a 156-unit affordable, multifamily housing development known as Champions Crossing, located at 345 Champions Boulevard, San Marcos, Hays County, Texas 78666			

Project Name	Owner	Principals	Amount Not to Exceed
Coral Hills	EC Coral Hills, LLC, a Texas limited liability company	General Partner/Member: EC Coral Hills MM LLC, a Texas limited liability company	$15,000,000
Costs: Acquisition/rehabilitation of a 172-unit affordable, multifamily housing development known as Coral Hills, located at 6363 Beverly Hill Street, Houston, Harris County, Texas 77057			

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TDHCA Outreach and Media Analysis, May 2021

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

Total number of articles referencing TDHCA: 239
Breakdown by Medium:[1]

- Print: 13 (Editorials/Columnists = 0)
- Broadcast: 104
- Trade, Government or Internet-Based Publications: 122

Figure 1 News Tone

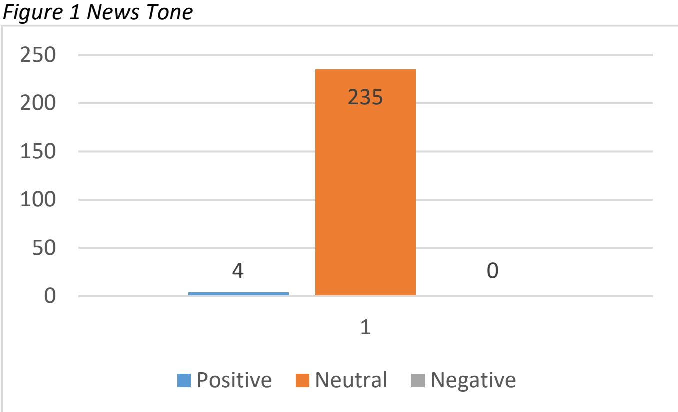
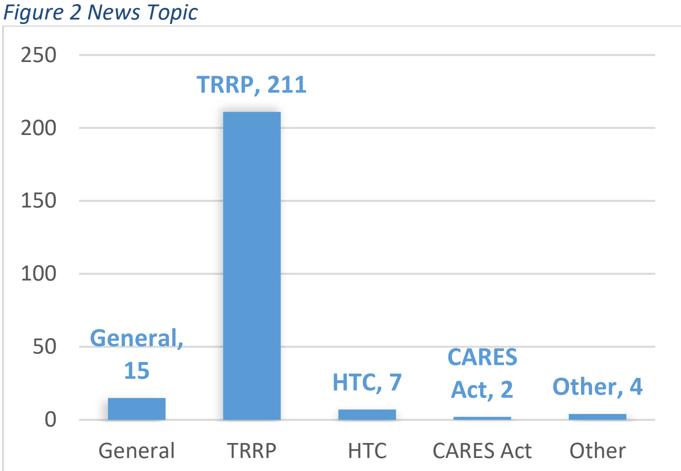
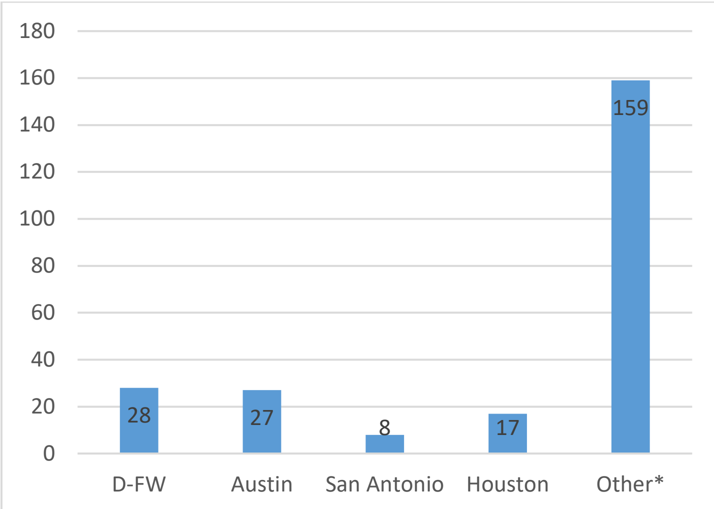


Figure 2 News Topic



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

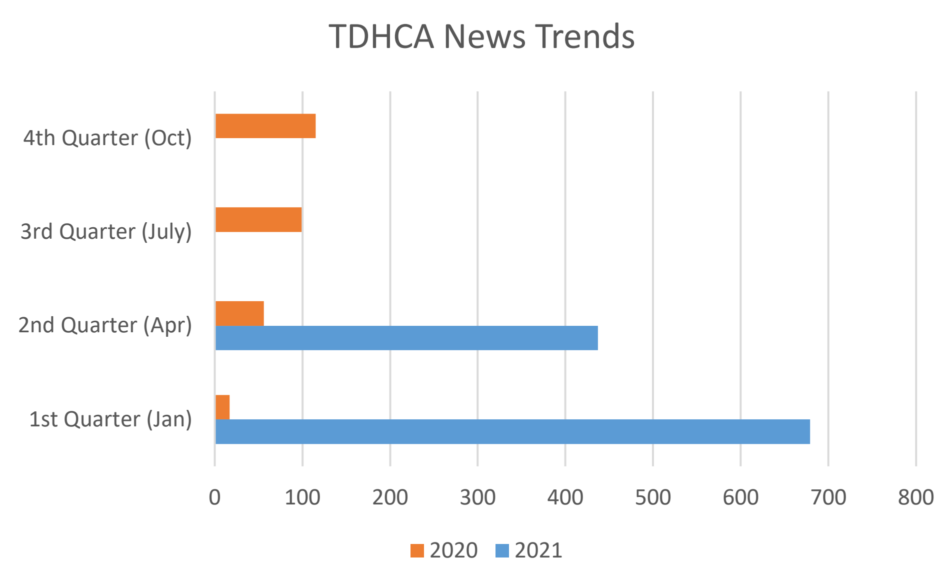
Figure 3 Media Market



Summary:

Reporting on Department activities by the news media totaled 239 references in May 2021. News mentions reflected TDHCA's Texas Rent Relief Program efforts, including increased disbursements, challenges with the online system, call center issues, as well as a legislative report.

There were no perceived negative articles related to TDHCA in May. The following table illustrates the number of news mentions during each quarter of 2021 compared to 2020. There were a total of 437 news articles mentioning TDHCA in the first two months of the second quarter of 2021.



Social media:

Currently, TDHCA's Twitter account has more than 2,700 followers and its Facebook account has more than 3,600 followers. TDHCA's YouTube views continue to grow with more than 160,000 views. The following is a summary analysis of TDHCA's efforts to engage stakeholders and the public on federal and state resources, initiatives and programs.

Month/Yr	Posts	Clicks	Engagements	Shared posts	Liked posts
January 2021	50	20	56	20	18
February 2021	52	193	2,609	1,163	18
March 2021	71	322	355	144	55
April 2021	57	70	4,155	1,152	30
May 2021	60	211	2,861	766	39

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

Month/Yr	Tweets	Clicks	Engagements	Retweets	Liked posts
January 2021	52	224	13	4	7
February 2021	61	186	92	38	39
March 2021	80	313	77	20	37
April 2021	95	144	418	159	218
May 2021	64	282	72	24	30

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

Month	Views	Watch time (hours)	Avg. view duration	Impressions	Impressions click-through rate
January 2021	684	105.8	9:16	7,760	2.2%
February 2021	11,479	1,174	6:08	91,326	1.8%
March 2021	34,663	990.5	1:42	53,853	5.6%
April 2021	29,652	623.6	1:15	41,923	6.3%
May 2021	25,522	617.7	2:14	44,358	6.1%

May 2021

Texas Rent Relief Program Completing Application Tutorial	14,033	55.0%	142.8	23.1%	98	38.9%	2,532	8.8%
Texas Rent Relief Program Registration Tutorial	5,131	20.1%	41.3	6.7%	63	25.0%	1,749	4.0%
Texas Rent Relief Program Landlord Tips	752	3.0%	17.7	2.9%	4	1.6%	2,192	7.7%
Texas Rent Relief Program Tenant Application Tutorial	265	1.0%	13.4	2.2%	5	2.0%	449	10.7%
Texas Emergency Mortgage Assistance Program TEMAP Webinar -...	138	0.5%	17.2	2.8%	2	0.8%	2,231	2.8%
TERAP Webinar on Monthly Reporting and Duplication of Benefits	134	0.5%	16.6	2.7%	0	0.0%	1,308	4.6%
Texas Rent Relief Program Landlord Application Tutorial	115	0.5%	3.9	0.6%	2	0.8%	481	8.7%
Virtual Roundtable - TDHCA's Enforcement Rule	94	0.4%	18.0	2.9%	0	0.0%	1,813	4.0%
Utility Allowance Training - May 5, 2021	79	0.3%	11.3	1.8%	1	0.4%	1,088	5.3%
20 IncomeDeterminationTraining	71	0.3%	16.0	2.6%	0	0.0%	1,487	2.6%
TERAP Application Workshop	63	0.3%	6.7	1.1%	0	0.0%	1,660	2.3%
Como Completar Su Aplicación para el Programa de Asistencia de ...	60	0.2%	0.8	0.1%	1	0.4%	326	2.2%
TERAP Implementation Workshop	58	0.2%	29.9	4.9%	0	0.0%	823	3.4%
Fair Housing 101: The Basics of Fair Housing in Texas	57	0.2%	14.8	2.4%	1	0.4%	2,254	1.2%
Overview of Updates to Compliance, Affirmative Marketing and Writ...	53	0.2%	11.9	1.9%	1	0.4%	1,087	1.5%
TDHCA Utility Allowance Roundtable - Oct. 13, 2020	48	0.2%	7.6	1.2%	0	0.0%	868	3.0%
Como Registrarse Para el Programa de Asistencia de Pago de Rent...	46	0.2%	0.8	0.1%	3	1.2%	382	2.9%
Average Income Webinar - Sept. 2, 2020	37	0.1%	14.9	2.4%	2	0.8%	978	1.4%
Fair Housing Special Topics: How to Create an Affirmative Marketin...	34	0.1%	7.1	1.2%	1	0.4%	941	2.3%
Section 811 PRA Updates for Referral Agents	32	0.1%	4.0	0.6%	0	0.0%	832	2.2%
TERAP Monthly Reporting Workshop - March 1, 2021	30	0.1%	2.3	0.4%	0	0.0%	666	2.3%
Fair Housing Special Topics: Assistance Animals, Service Animals, ...	28	0.1%	9.2	1.5%	1	0.4%	889	2.3%
Fair Housing Special Topics: The Violence Against Women Act in F...	25	0.1%	6.7	1.1%	0	0.0%	1,220	1.2%
Accessing Texas Department of Aging and Disability Services	18	0.1%	0.9	0.1%	1	0.4%	273	5.5%
Fair Housing Special Topics: Reasonable Accommodations, Modifi...	17	0.1%	6.3	1.0%	0	0.0%	602	2.0%
TDHCA's Multifamily Direct Loan Training - Sept. 24, 2020	15	0.1%	3.1	0.5%	1	0.4%	231	4.8%
Fair Housing Special Topics: Limited English Proficiency and Langu...	10	0.0%	1.8	0.3%	0	0.0%	650	1.2%
Digital Outreach Webinar	10	0.0%	1.5	0.2%	0	0.0%	160	1.9%
Compliance Round Table - April 21, 2021	9	0.0%	0.9	0.1%	0	0.0%	367	1.9%
For Sec. 811 Referral Agents - PRA Barrier Busting Funds	6	0.0%	0.9	0.1%	0	0.0%	70	2.9%
Texas Rent Relief Webinar Fridays - March 5, 2021	5	0.0%	1.3	0.2%	0	0.0%	1	0%
2020 04 14 10 00 Fair Housing Month 2020 Assistance Animals	4	0.0%	0.2	0.0%	0	0.0%	66	3.0%
Rental Assistance	4	0.0%	0.1	0.0%	0	0.0%	116	2.6%
Accessing Texas Department of State Health Services	3	0.0%	0.1	0.0%	0	0.0%	78	3.9%
Texas Rent Relief Program Webinar - Feb. 26, 2021	3	0.0%	0.4	0.1%	0	0.0%	11	0%
Previous Participation Review 2016	1	0.0%	0.6	0.1%	0	0.0%	26	3.9%

TDHCA Outreach May 2021

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

Last Name	**Meeting Date**	**Meeting Title**	**Meeting Type**	**Attendees (includes organizer)**
Single Family - Homeless	May 05, 2021	HOME for Homeless Meeting with CoCs	Scheduled Meeting	31
Compliance	May 05, 2021	Compliance UA training	Scheduled Meeting	144
Housing Resource Center	May 05, 2021	Public Hearing on 2021 One-Year Action Plan	Scheduled Meeting	9
Compliance	May 11, 2021	Multifamily Direct Loan Training sponsored by TAA	Scheduled Meeting	78
Texas Rent Relief	May 12, 2021	TRR for TAA	Scheduled Meeting	548
Compliance	May 19, 2021	Income Determination Training	Scheduled Meeting	212
Texas Rent Relief	May 25, 2021	TRR for People with Disabilities with Governor's Committee on People with Disabilities	Scheduled Meeting	300
Single Family - Homeless	May 25, 2021	TDHCA ESG/ESG CARES and CoCs	Recurring Meeting	18
Compliance	May 26, 2021	Housing Tax Credit Training	Scheduled Meeting	110

2b

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Update on TDHCA Programs Addressing COVID-19 Pandemic Response
Report for July 15, 2021

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

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Drawn (%)	Other Notes
EARLY REPROGRAMMING OF EXISTING TDHCA PROGRAM FUNDS								
HOME Program Tenant Based Rental Assistance (TBRA) for COVID-19 DR	NA: Reservation Agreements	3-6 months of rental assistance made available through existing or new HOME subrecipients. *Geography:* Available where subrecipients apply. 23 administrators covering 120 counties. *Income Eligibility:* Households at or below 80% AMFI based on current circumstances.	All necessary waivers for this activity were authorized by the OOG and HUD via HUD's mega-waiver of April 10, 2020. The HUD waivers were extended by HUD in December 2020 to expire September 30, 2021.	Amount obligated exceeds original program funding because other previously deob-ligated available HOME funds are being used to allow eligible households to access a full 6 months of assistance.	No added TDHCA staffing. No added admin funds.	2,537 Includes active, pending PCR, and closed activ-ities	Up to $11,290,076 $11,523,374* 102.06% $9,664,049 85.59%	All originally programmed funds are obligated. 2,746 (households) activities submitted, including total served. * Amount Reserved
Reprogram 2019 and 2020 CSBG Discretionary and Admin. Funds	• Board approval March 2020. • Recipients contracts effective: 3/26/20 • Expenditure Deadline: 8/31/20	Uses the existing network of Community Action Agencies to provide direct client assistance to low income households economically impacted by COVID-19. *Geography*: Available statewide (excluding CWCCP and CSI[1]) *Income Eligibility*: 200% poverty (normally is 125%)	None	**COMPLETED** 100% expended.	No added TDHCA staffing. No added admin funds.	9,468 persons	$1,434,352 1,434,352 100% $1,434,352 100%	38 CAA subs

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

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Recaptured 2018/2019 HHSP	• Board approval March 2020. • Spend by 8/31/20 for 2018 HHSP funds, and extensions on some 2019 HHSP funds through 12/31/20.	To allow subrecipients to perform HHSP eligible activities in addressing homelessness and those at risk of homelessness. *Geography*: Available 9 largest metro areas. *Income Eligibility*: Generally 30% AMFI if applicable	Approval from Comptroller granted.	**COMPLETED** 100% expended.	No added TDHCA staffing. No added admin funds.	462 persons	$191,939.53 $191,939.53 **100%** $191,939.53 **100%**	9 subs
CARES ACT FUNDS								
CSBG CARES	• Board approved April 2020. • On 9/3/20 Board programmed 7% in reserve for eviction diversion pilot. • Expend 90% by 8/31/22 • 45 day closeout	90% to CAAs using regular CSBG formula for households affected by COVID-19; 2% ($949,120) to Texas Homeless Network[2]; 7% for an eviction diversion pilot program; and 1% for state admin. *Geography*: Available statewide *Income Eligibility*: 200% of poverty (normally is 125%)	The flexibilities allowed by USHHS have been accepted.	All contracts executed. THN awarded $489,970 of their barrier funds to 11 entities covering all six regions of the Balance of State. Eviction Diversion program has been completed.	1 Art. IX FTE for CSBG reporting 1% admin ($474,560)	101,930 persons	$48,102,282 $48,102,282 **100%** $35,977,159 75%	40 CAA subs CSBG-CV Discretionary has various deadlines.
LIHEAP CARES	• Board approved April 2020 • By 4/30/21 need to decide on the 9% reserve • Expend by 8/30/21 • 45 day closeout	90% to CEAP subs using regular CEAP formula for households affected by COVID-19; 9% was held in reserve for future emergency use or for subs (subsequently allocated among subrecipients); and 1% for state admin. No weatherization. *Geography*: Available statewide *Income Eligibility*: 150% of poverty	The flexibilities allowed by USHHS have been accepted.	Funds not expended by the September 30, 2021 deadline will be lost to the state. While staff is attempting to move funds from subrecipients less likely to fully expend to subrecipients more likely to do so, there are very few who are in a position to receive funds; it is possible that some portion of funds will revert to HHS.	1 Art. IX FTE for CEAP TA/capacity (1 Filled) 1% admin ($892,670)	117,287 persons	$94,023,896 $93,483,658 99% $43,249,013 46%	37 subs with all contracts executed. No subs declined funds. Added program flexibilities to improve assistance to households impacted by Winter Storm Uri.

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

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CDBG CARES – Phases I, II and III	Board approved general use of the funds for CDBG Phase I in April 2020 and Plan Amendments in October 2020 and January 2021. A third amendment was approved by the Board at the July 8 Board meeting. 80% of funds must be expended by 11/3/23; remaining 20% by 11/3/26. 90-day closeout	Planned Usage: rental assistance in 41 cities/counties; mortgage payment assistance in 40 counties; possible broadband planning; legal services; assistance for providers of persons with disabilities; and possible HMIS data warehouse funds. Approximately $71 million was reprogrammed on July 8 for food expenses and community resiliency activities. *Geography:* Varies by activity type.	Plan Amendment reflecting use of these funds was approved by HUD on October 27, 2020. HUD agreement executed November 3, 2020. A second Plan Amendment was accepted by HUD on January 15, 2021. A third plan amendment will be submitted to HUD after public comment.	Rental assistance contracts with 41 of 41 cities/ counties now executed. Mortgage assistance contracts with 32 of 40 applicants now executed. Contracts for legal services and assistance for disability providers executed. Pending acceptance of third amendment by HUD.	CDBG Director position filled. 7 other positions filled. May still hire other positions. All FTES are Art. IX Up to 7% admin and TA budget ($9,929,238)	2,024 house-holds	1st allocation: $40,000,886 2nd Allocation: $63,546,200 3rd Allocation: $38,299,172 Total: $141,846,258 $63,297,620* 45% $7,955,203 5.61%	*Income Eligibility:* For households at or below 80% of AMI. * Figure represents 41 rental contracts, 32 mortgage contracts, 1 legal services contract, 1 relief for disability providers contract and staff administrative funds.
ESG CARES – Phase I	• Board approved programming plan on April 2020, and conditional awards on July 23, 2020. • Expend by 9/30/22 • 90 day closeout	Four streams: • Existing subs were offered 100% to 200% of current contract amount (~$12.5M) • ESG Coordinators decided via local process for their CoC, and awards made in three areas without ESG Coordinators by offering funds to CoC awardees (~$17.2M) • Legal/HMIS ($1.9M) *Geography*: Locations of all funded grantees *Income Eligibility*: 50% AMI for homeless prevention.	HUD mega-waivers accepted. One-Year Plan/ Con Plan amendment to HUD on May 8. HUD provided guidance that the CDC moratorium is no longer a blanket cause for ineligibility.	Signed grant agreement sent to HUD 5/15/20. Funds live in HUD system 5/22/20. 101 contracts executed. 3 legal service providers. Some unexpended funds reallocated to higher expended subrecipients, and may result in small fluctuations in the admin funds percentage.	4 Art. IX FTE (for all phases of ESG) 5 % admin ($1,682,448)	33,821 persons	$33,254,679 $31,074,075 98.5% 16,142,519 48.54%	This is the first $1B of national ESG. HMIS/Coordination funds totaling $417,949 was awarded to the 8 ESG Coordinators.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
ESG CARES – Phase II	• Board approved awards January 14, 2021. • Expend by 9/30/22 • 90 Day closeout	Two streams: • $61,031,041 for Homelessness Prevention and Rapid Rehousing. • $274,649 for ESG CARES and HMIS Coordination through each Continuum of Care. Amendment being processed allowing greater flexibility upon request on eligible uses.	ESG Guidance issued by HUD on 9/1/20. Plan Amendment submitted to HUD 10/21/20. HUD signed grant agreement on 10/27/2020.	All contracts are in effect.	FTEs noted under ESG CARES Phase I will be utilized for both phases. 5% admin ($3,232,247)	1,171 persons	$64,537,937 $64,537,937 100% $2,519,986 3.9%	This is the state's share of the second (final) allocation of $2.96 billion.
Housing Choice Voucher Program Admin	HUD has clarified that expenditure must occur by June 30, 2022 (awaiting in writing, is an update from previous noted deadline of 12/31/21). 1st Award: $117,268 2nd Award: $140,871 (8/10/2020)	• Software upgrades with Housing Pro to allow more efficient remote interface. • Landlord incentive payments. • Possible damage assistance, PPE expenses, tablets • October 2020 Board approved use of funds for retention payments to existing owners to ensure their ongoing participation in the program.	Received HUD interpretation that using funds for software upgrades are acceptable. $11,620 was paid for the system purchase.	Purchases of Housing Pro upgrades complete. Training underway. Materials for landlord incentives completed. $76,400 was offered to 154 households for landlord incentives. $27,352 offered to 68 households for landlord retention payments.	No added TDHCA staffing.	23 Land-lords; 12 new landlords added	$258,139 $50,216 19.4% $23,752 (Landlord Payment) 9.2%	$380M nationally
Housing Choice Voucher Program MVP	12 months of assistance, start date begins whenever we designate with HUD. Orig. Alloc: $105,034*	15 additional MVP vouchers consistent with our award of MVP, which for TDHCA is for Project Access households. * A supplemental allocation from HUD is provided each quarter to support the 15 vouchers (amounts vary by quarter).	None needed.	Received award from HUD. Issued the 15 vouchers on 5/22/20.	No added TDHCA staffing. No added admin funds.	5 families in current leases.	$110,302 $15,938 14.5% $15,938 14.5%	10 vouchers outstanding; all are searching for units.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CORONAVIRUS RELIEF BILL – PART OF THE CONSOLIDATED APPROPRIATIONS ACT OF 2021								
Emergency Rental Assistance 1.0 (Texas Rent Relief Program)	Signed by the President on December 27, 2020, the bill, tied to the appropriation bill, dedicated funds through Treasury specifically for rental assistance. Called ERA 1.0. Must obligate funds by 9/30/21 Expend funds by 9/30/22 (extended by American Rescue Bill)	Program provides up to 15 months of rental and utility assistance including arrears. Households must reapply every 3 months. Program run by the state directly with no subrecipients. 10% of funds may be used for Housing Stability services. 10% admin expenses allowed. A 10% set-aside of funds for eviction diversion has been established and they are processed first. *Geography:* Available statewide. *Income Eligibility:* For households at or below 80% AMI.	Treasury has provided periodic updated FAQs as informal guidance – most recently June 24, 2021. As they are released, TRR policies are adjusted.	QA/QC vendor has been contracted. Stabilization Services: Contract with Texas Access to Justice Foundation pending execution. NOFA authority on June Board agenda.	Positions filled include the Director and 7.5 positions filled. More positions posted. All FTES are Art. IX Up to 10% budget for admin ($130,811,062)	91,022*	$1,308,110,629 Expended* $572,783,717 43.8%	* Per Internal Report June 14, 2021. Numbers reflect all payments already made, plus payments in process (review and approval is complete, pending payment processing) and excluding administrative payments.
Low-Income Household Water Assistance Program (LIHWAP1)	Part of the appropriation bill; provides dedicated funds through HHS for the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program Must obligate funds by: 9/30/23 Must expend funds by: 9/30/23	Program provides funds to assist low-income households that pay a high proportion of household income for drinking water and wastewater services, by providing funds to owners/operators of public water and treatment systems to reduce arrearages charged. HHS has encouraged that grantees model the LIHEAP program and utilize their LIHEAP networks of subrecipients. *Geography:* Statewide *Income Eligibility:* TBD	The governor designated TDHCA as the recipient state agency on March 5, 2021. TDHCA submitted signed Terms & Conditions, 424 and required survey responses on April 22.	HHS has issued initial guidance. TDHCA will have access to initial admin funds, but HHS requires a state plan be put out for public input and be submitted to HHS before remainder of funds can be accessed. The final plan is due to HHS by August 9, 2021.	3 Art. IX FTEs Admin 15% Any FTES will be Art. IX	0	$51,801,876 $0 0% $0 0%	$638M Nationally

AMERICAN RESCUE PLAN (ARPA) – Public Law 117-2								
Program	**Timelines / Contract Periods**	**Planned Activities**	**Waivers and Initial Approvals Needed**	**Program Status**	**Staffing** **Admin Funds**	**Served to Date**	**Total Program Funding** **Obligated (%)** **Expended (%)**	**Other Notes**
Emergency Rental Assistance 2.0	Passed as Section 3201 of the American Rescue Plan, dedicates funds through Treasury specifically for rental assistance. While a separate federal allocation, Treasury has indicated it is considered the same program as ERA 1.0. As early as March 31, 2022 may reallocate funds to other grantees if not used. Must expend funds by 9/30/25	Program limits assistance up to 18 month (including any assistance under ERA 1.0) for rental and utility assistance including arrears. Will use the same system of delivery as ERA 1.0. Up to 10% may be used for Housing Stability services. *Geography:* Available statewide. *Income Eligibility:* For households at or below 80% of AMI.	No waivers needed.	To be determined.	The TRR Director will include these additional funds in her oversight. FTEs noted under ERA 1.0 will be utilized for both phases. Up to 15% budget for admin (TBD)	0	$1,079,786,857 $0 0% $0 0%	$21.5B nationally. Texas amount not yet available. Unlike ERA 1.0, 2.0 establishes High Need Grantees to receive a portion of funds. Provides the states an initial 40% of funds within the first 60 days.
Homeless Assistance and Supportive Services Program HUD program	Passed as Section 3205 of the American Rescue Plan, the program dedicates funds through HUD allowing flexible uses that can include typical HOME activities as well as homeless services and non-congregate shelter. Must expend funds by 9/30/30	Funds can be used for tenant based rental assistance, development of affordable housing, supportive services, non-congregate emergency shelter, permanent supportive housing, and operating costs for eligible nonprofit organizations. *Geography:* TBD *Households Eligibility:* For homeless, at risk of homelessness, those fleeing Domestic Violence, or others with housing instability.	HUD has released no guidance to date, but has verbally indicated that it will release guidance, and that grantees cannot submit the required Consolidated Plan amendment until that guidance is released. Therefore, until guidance is released, TDHCA is not able to take more proactive steps for moving this program forward.	Program design to be determined – will depend on HUD guidance.	Being administered through Single Family and Homelessness Division. Positions to be filled not yet determined. All FTES are Art. IX Up to 15% budget for admin and planning ($19,945,372)	0	$132,969,147 $0 0% $0 0%	$5B nationally.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Homeowner Assistance Fund (HAF)	Passed as section 3206 of the American Rescue Plan, dedicates funds through Treasury specifically for preventing mortgage delinquencies, defaults, foreclosures, loss of utilities and displacement. Must expend funds by 9/30/26	The initial HAF Plan to be submitted to Treasury is a Reinstatement Program that will provide funds to reinstate delinquent mortgage loans, including principal, interest, taxes, and insurance, as well as HOA fees or liens. 100% of the funds will be made available to households with incomes equal to or less than the greater of (i) 100% of AMI or (ii) 100% of national median income. Additional programs are being considered to submission to Treasury. *Geography:* Statewide *Income Eligibility:* Household income at or below greater of 100% AMI or 100% of national median income.	TDHCA submitted a grant agreement to Treasury by the April 23 deadline. An HFA Plan (see next column) is due by July 31 to Treasury. No Plan Template has been provided by Treasury to date. Treasury encourages prioritizing home-owners who have FHA, VA, or USDA loans, or homeowners who have mortgages made with the proceeds of mortgage revenue bonds or other mortgage programs that target low- and moderate-income borrowers.	To receive funds beyond the initial 10%, the state must submit the HAF Plan. Staff obtained public comment on a draft plan. The Plan includes needs assessment, evidence of public engagement, program design, method for targeting, goals, readiness, and a budget.	TBD relating to positions that will need to be filled. All FTES are Art. IX Up to 15% ($126,332,101) for admin, planning, community engagement and needs assessment	0	$842,214,006 $0 0% $0 0%	$9.9B nationally. Treasury encourages states to use initial disbursement of 10% of funds for creating or funding pilot programs to serve targeted populations, and focus on rapid assistance options such as mortgage reinstatement programs.
LIHEAP	Passed as Section 2911 of the American Rescue Plan, dedicates funds through HHS for home energy costs. Must expend funds by: 9/30/22	99% of funds were programmed in April 2021 to CEAP subs using a modified formula; 1% for state admin. *Geography*: Available statewide *Income Eligibility*: 150% of poverty	Not yet known.	Contracts have not yet been executed. Program flexibilities to improve assistance to households impacted by Winter Storm Uri will be included in these funds.	FTEs noted under CARES LIHEAP will be utilized for both allocations. 1% admin (TBD)	0	$134,407,308 $0 0% $0 0%	$4.5B nationally.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
LIHWAP2	Passed as Section 2912 of the American Rescue Plan, dedicates funds through HHS for home water costs. Must obligate funds by: 9/30/23 Must expend funds by: 9/30/23	See LIHWAP above. No guidance from HHS on the second allocation has been issued. *Geography:* Statewide *Income Eligibility:* TBD	The governor designated TDHCA as the recipient state agency for these funds on March 5, 2021.	The final plan for LIHWAP1 is due to HHS by August 9, 2021. It is not clear yet whether that plan will cover both allocations.	FTEs noted under Appropriation Act LIHWAP will be utilized for both allocations. Admin % not yet known	0	$40,597,082 $0 0% $0 0%	$500M Nationally
Emergency Housing Vouchers (EHV)	Passed as Section 3202 of the American Rescue Plan, dedicates vouchers through HUD for emergency rental assistance. HUD Authority to Recapture May Occur as Early As: 1 Year from Funding (if vouchers are unissued) Initial Funding Term Expires: Dec. 31, 2022 Can Reissue EHV until: Sept. 30, 2023 Renewal Funds Available for 'Occupied Units' through: Sept. 30, 2030	Originally TDHCA accepted 491 vouchers, but indicated willingness to accept more. On June 21, 2021, TDHCA was notified that it was receiving a total of 798 vouchers. The award includes funds for the vouchers ($7,614,360) plus funds to provide services ($3,112,200) and funds for admin ($763,788). Vouchers are for households who are: (1) homeless, (2) at risk of homelessness, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or (4) recently homeless. *Geography*: TENTATIVE/ SUBJECT TO CHANGE: 34 county PHA Jurisdiction plus all counties in the Balance of State Continuum of Care, excluding the areas covered by PHAs that accepted EHV for their jurisdiction. *Income Eligibility*: Not to exceed 50% of AMI	Significant waivers have been authorized by HUD. TDHCA will seek to maximize its use of these waivers, however the waivers are time-limited so TDHCA will be cautious not to authorize households based on waivers that, when expired, would make the household ineligible at renewal. TDHCA is required to update its PHA Admin Plan to reflect our plan for the service fee (see last column) and other program elements.	HUD requires that PHAs enter into MOUs with Homeless Continua of Cares to receive referrals for these vouchers. Because service funds are also being provided to these organizations, contracts may be executed. Awards of those contracts were approved at the July 8 Board meeting but there may still be changes. TDHCA estimates it will enter into 6 such MOUs. Collaboration with CoCs is underway.	Program is being administered jointly by the Section 8 and Section 811 areas due to the unique nature of the program. 2 Positions to be filled. To be paid for by EHV Admin and CSBG Admin. FTES are Art. IX Admin fee structure is complex, variable and tied to timing of household having found a unit, hence the use of CSBG Admin to support the positions.		$11,490,348 (includes service fees and admin) $0 0% $0 0%	$5 billion Nationally A service fee of $3,500 per unit is authorized separate from the rental assistance payment. The fee total is not tied to each voucher, but is a combined total of funds for services. Services may include: housing search assistance; deposits, holding fees, and application fees; owner-related uses; and other eligible uses.

2c

BOARD REPORT ITEM

FINANCIAL ADMINISTRATION DIVISION

JULY 22, 2021

Report on the Department's 3rd Quarter Investment Report in accordance with the Public Funds Investment Act

BACKGROUND

The Department's investment portfolio consists of two distinct parts. One part is related to bond funds under trust indentures that are not subject to the Public Funds Investment Act (PFIA), and the remaining portion is related to accounts excluded from the indentures but covered by the PFIA. The Department's total investment portfolio is $1,685,516,398 of which $1,641,723,868 is not subject to the PFIA. This report addresses the remaining $43,792,530 (see page 1 of the Internal Management Report) in investments covered by the PFIA. These investments are deposited in the General Fund, Housing Trust Fund, Compliance, and Housing Initiative accounts, which are all held at the Texas Treasury Safekeeping Trust Company (TTSTC), primarily in the form of overnight repurchase agreements. These investments are fully collateralized and secured by U.S. Government Securities. A repurchase agreement is the daily purchase of a security with an agreement to repurchase that security at a specific price and date, which in this case was June 1, 2021, with an effective interest rate of 0.005%. These investments safeguard principal while maintaining liquidity. The overnight repurchase agreements, subject to the PFIA, earned $610.28 in interest during the quarter.

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

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

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

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

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

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

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

During the 3rd Quarter, as it relates to the investments covered by the PFIA, the carrying value increased by $6,099,096 (see page 1) for an ending balance of $43,792,530. The change is described below by fund groups.

General Fund: The General Fund increased by $1,615,328. This consists primarily of $1,198,329 received in multifamily bond fees and $239,100 in MCC Fees.

The State Housing Trust Fund: The Housing Trust Fund increased by $574,367. This consists primarily of $1,710,002 received in loan repayments offset by disbursements including $1,056,366 for loans, grants, and escrow payments.

Compliance: Compliance funds increased by $1,566,292. This consists primarily of $1,608,380 received in compliance fees.

Housing Initiative: Housing Initiative funds increased by $2,242,930. This consists primarily of $2,231,391 received in fees related to tax credit activities.

Ending Homelessness Fund: Ending Homelessness funds increased by $100,179. This consists primarily of $107,588 in donations and interest earnings on current investment balances, offset by disbursements of $7,397 for grants.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING MAY 31, 2021

Texas Department of Housing and Community Affairs
Non-Indenture Related Investment Summary
For Period Ending May 31, 2021

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/21	Beginning Market Value 02/28/21	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/21	Ending Market Value 05/31/21	Change In Market Value	Recognized Gain
Repo Agmt	General Fund	0.01	04/30/21	05/03/21	748,220.22	748,220.22		(295,920.68)			452,299.54	452,299.54	-	0.00
Repo Agmt	General Fund	0.01	04/30/21	05/03/21	0.02	0.02					0.02	0.02	-	0.00
Repo Agmt	General Fund	0.01	04/30/21	05/03/21	7,253.06	7,253.06		(6,019.42)			1,233.64	1,233.64	-	0.00
Repo Agmt	General Fund	0.01	04/30/21	05/03/21	928,043.46	928,043.46	775,014.07				1,703,057.53	1,703,057.53	-	0.00
Repo Agmt	General Fund	0.01	04/30/21	05/03/21	1,441,019.07	1,441,019.07	1,203,177.40				2,644,196.47	2,644,196.47	-	0.00
Repo Agmt	General Fund	0.01	04/30/21	05/03/21	663,361.21	663,361.21		(8,764.31)			654,596.90	654,596.90	-	0.00
Repo Agmt	General Fund	0.01	04/30/21	05/03/21	239,754.66	239,754.66	3.24				239,757.90	239,757.90	-	0.00
Repo Agmt	General Fund	0.01	04/30/21	05/03/21	802,170.59	802,170.59		(52,162.12)			750,008.47	750,008.47	-	0.00
Repo Agmt	General Fund	0.01	04/30/21	05/03/21	1,700.16	1,700.16					1,700.16	1,700.16	-	0.00
	General Fund Total				4,831,522.45	4,831,522.45	1,978,194.71	(362,866.53)	0.00	0.00	6,446,850.63	6,446,850.63	0.00	0.00
Repo Agmt	Housing Trust Fund	0.01	04/30/21	05/03/21	90,062.42	90,062.42	54,026.31				144,088.73	144,088.73	-	0.00
Repo Agmt	Housing Trust Fund	0.01	04/30/21	05/03/21	3,745.17	3,745.17		(64.54)			3,680.63	3,680.63	-	0.00
Repo Agmt	Housing Trust Fund	0.01	04/30/21	05/03/21	414,119.39	414,119.39	45,476.12				459,595.51	459,595.51	-	0.00
Repo Agmt	General Revenue Appn	0.01	04/30/21	05/03/21	54,276.04	54,276.04		(562.51)			53,713.53	53,713.53	-	0.00
Repo Agmt	General Revenue Appn	0.01	04/30/21	05/03/21	1,132,134.57	1,132,134.57		(139,264.04)			992,870.53	992,870.53	-	0.00
Repo Agmt	General Revenue Appn	0.01	04/30/21	05/03/21	1,514,095.09	1,514,095.09	904,316.37				2,418,411.46	2,418,411.46	-	0.00
Repo Agmt	General Revenue Appn	0.01	04/30/21	05/03/21	231,597.79	231,597.79	58,323.99				289,921.78	289,921.78	-	0.00
Repo Agmt	General Revenue Appn	0.01	04/30/21	05/03/21	228,497.90	228,497.90					228,497.90	228,497.90	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	04/30/21	05/03/21	409,937.99	409,937.99		(144,545.47)			265,392.52	265,392.52	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	04/30/21	05/03/21	457,754.13	457,754.13		(96,501.21)			361,252.92	361,252.92	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	04/30/21	05/03/21	971,308.63	971,308.63	289,161.55				1,260,470.18	1,260,470.18	-	0.00
Repo Agmt	Boostrap -GR	0.01	04/30/21	05/03/21	181,906.42	181,906.42					181,906.42	181,906.42	-	0.00
Repo Agmt	Boostrap -GR	0.01	04/30/21	05/03/21	2,154,198.87	2,154,198.87		(396,000.00)			1,758,198.87	1,758,198.87	-	0.00
Repo Agmt	Boostrap -GR	0.01	04/30/21	05/03/21	1,200,000.00	1,200,000.00					1,200,000.00	1,200,000.00	-	0.00
	Housing Trust Fund Total				9,043,634.41	9,043,634.41	1,351,304.34	(776,937.77)	0.00	0.00	9,618,000.98	9,618,000.98	0.00	0.00
Repo Agmt	Multi Family	0.01	04/30/21	05/03/21	813,756.35	813,756.35	136,387.59				950,143.94	950,143.94	-	0.00
Repo Agmt	Multi Family	0.01	04/30/21	05/03/21	844,496.11	844,496.11	277,362.82				1,121,858.93	1,121,858.93	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.01	04/30/21	05/03/21	7,137,081.40	7,137,081.40	1,152,542.10				8,289,623.50	8,289,623.50	-	0.00
	Compliance Total				8,795,333.86	8,795,333.86	1,566,292.51	0.00	0.00	0.00	10,361,626.37	10,361,626.37	0.00	0.00
Repo Agmt	Asset Management	0.01	04/30/21	05/03/21	1,636,327.00	1,636,327.00	115,175.39				1,751,502.39	1,751,502.39	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.01	04/30/21	05/03/21	1,810,770.16	1,810,770.16	326,019.66				2,136,789.82	2,136,789.82	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.01	04/30/21	05/03/21	10,815,230.41	10,815,230.41	1,801,744.88				12,616,975.29	12,616,975.29	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.01	04/30/21	05/03/21	359,468.78	359,468.78		(10.71)			359,458.07	359,458.07	-	0.00
	Housing Inititatives Total				14,621,796.35	14,621,796.35	2,242,939.93	(10.71)	0.00	0.00	16,864,725.57	16,864,725.57	0.00	0.00
Repo Agmt	Homelessness - HB4102	0.04	08/31/20	09/01/20	401,147.25	401,147.25	100,179.16				501,326.41	501,326.41	-	0.00
	Homelessness - HB4102 Total				401,147.25	401,147.25	100,179.16	0.00	0.00	0.00	501,326.41	501,326.41	0.00	0.00
	Total Non-Indenture Related Investment Summary				37,693,434.32	37,693,434.32	7,238,910.65	(1,139,815.01)	0.00	0.00	43,792,529.96	43,792,529.96	0.00	0.00

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Quarter Ending May 31, 2021

	Investment Type	FAIR VALUE (MARKET) @ 02/28/21	CARRYING VALUE @ 02/28/21	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 05/31/21	FAIR VALUE (MARKET) @ 05/31/21	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 05/31/21	RECOGNIZED GAIN
NON-INDENTURE RELATED:												
General Fund	Repurchase Agreements	4,831,522.45	4,831,522.45	1,978,194.71	(362,866.53)			6,446,850.63	6,446,850.63	-	3.60	-
Housing Trust Fund	Repurchase Agreements	9,043,634.41	9,043,634.41	1,351,304.34	(776,937.77)			9,618,000.98	9,618,000.98	-	5.62	-
Compliance	Repurchase Agreements	8,795,333.86	8,795,333.86	1,566,292.51	-			10,361,626.37	10,361,626.37	-	5.76	-
Housing Initiatives	Repurchase Agreements	14,621,796.35	14,621,796.35	2,242,939.93	(10.71)			16,864,725.57	16,864,725.57	-	9.57	-
Ending Homelessness Trust Fund	Repurchase Agreements	401,147.25	401,147.25	100,179.16	-			501,326.41	501,326.41	-	2.23	-
NON-INDENTURE RELATED TOTAL		37,693,434.32	37,693,434.32	7,238,910.65	(1,139,815.01)	0.00	0.00	43,792,529.96	43,792,529.96	0.00	26.78	0.00

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

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on August 9, 2019
Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 5, 2021

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David Cervantes
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Date 7/12/2021
David Cervantes
Director of Administration

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Monica Galuski
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Date 7/12/2021
Monica Galuski
Director of Bond Finance/Chief Investment Officer

2d

BOARD REPORT ITEM

BOND FINANCE DIVISION

JULY 22, 2021

Report on the Department's 3rd Quarter Investment Report relating to funds held under Bond Trust Indentures

BACKGROUND

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

- Overall, the portfolio carrying value increased by approximately $213 million (see page 3), resulting in an end of quarter balance of $1,641,723,868.

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

	Beginning Quarter	Ending Quarter
Mortgage Backed Securities (MBS)	80%	76%
Guaranteed Investment Contracts/Investment Agreements	3%	2%
Repurchase Agreements (Cash Equivalents)	7%	10%
Account Control Agreements (Cash Equivalents)	1%	1%
Municipal Bonds	2%	4%
Treasury Backed Mutual Funds	6%	6%
Treasury Notes / Bonds / SLGs	1%	1%

The decrease in percentage of MBS is due to repayments on mortgage loans under the single family and RMRB bond indentures. The decrease in GICs/Investment Agreements is due to the origination of bond proceeds. The increase in Municipal Bonds is due to the issuance of multifamily bonds. The increase of Repurchase Agreements is due to the temporary investment of mortgage payments prior to the redemption of bonds.

Portfolio activity for the quarter:

- The MBS purchases this quarter were approximately $127 million, due to the issuance of single family and multifamily bonds and the investment of proceeds in MBS.
- The maturities in MBS were approximately $30 million, which represent loan repayments or payoffs.

  The table below shows the trend in MBS activity.

	3rd Qtr FY 20	4th Qtr FY 20	1st Qtr FY 21	2nd Qtr FY 21	3rd Qtr FY 21	Total
Purchases	$ 746,799	$ 76,319,543	$ 110,008,836	$ 38,099,830	$ 127,225,566	$ 352,400,574
Sales						$ -
Maturities	$ 16,039,041	$ 29,627,468	$ 27,743,500	$ 35,950,129	$ 30,205,496	$ 139,565,634
Transfers						$ -

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

- The fair market value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties) decreased $7.7 million (see pages 3 and 4), with fair market value being greater than the carrying value. The national average for a 30-year fixed rate mortgage, as reported by the Freddie Mac Primary Mortgage Market Survey as of May 31, 2021, was 2.95%, down from 2.97% at the end of February 2021. Various factors affect the fair market value of these investments, but there is a correlation between the prevailing mortgage interest rates and the change in market value.

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

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

- The more relevant measures of indenture parity are reported on page 5 in the Bond Trust Indenture Parity Comparison. This report shows parity (ratio of assets to liabilities) by indenture with assets greater than liabilities in a range from 105.20% to 120.91%, which would indicate the Department has sufficient assets to meet its obligations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOND FINANCE DIVISION
BOND TRUST INDENTURES
Supplemental Management Report
Quarter Ending May 31, 2021

	FAIR VALUE (MARKET) @ 02/28/21	CARRYING VALUE @ 02/28/21	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 05/31/21	FAIR VALUE (MARKET) @ 05/31/21	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 05/31/21	RECOGNIZED GAIN
INDENTURE RELATED:											
Single Family	822,553,722	765,205,540	35,299,576	(44,792,956)	(20,465,167)		735,246,992	788,697,605	(3,897,569)	2,824,996	-
RMRB	272,166,599	248,480,286	117,010,182	(4,321,376)	(8,819,444)		352,349,647	373,522,487	(2,513,475)	1,026,772	-
Taxable Mortgage Prog	2,688,359	2,688,359	1,136	(188,329)			2,501,166	2,501,166	-	887,246	-
Multi Family	434,864,468	412,302,581	167,590,844	(27,346,477)	(920,885)		551,626,063	572,851,773	(1,336,177)	834,009	-
	1,532,273,148	1,428,676,765	319,901,738	(76,649,138)	(30,205,496)	-	1,641,723,868	1,737,573,031	(7,747,220)	5,573,023	-

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

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David Cervantes
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Date: 7/13/2021
David Cervantes
Director of Administration

DocuSigned by:
Monica Galuski
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Date: 7/13/2021
Monica Galuski
Director of Bond Finance/Chief Investment Officer

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
BOND FINANCE DIVISION
BOND TRUST INDENTURES
Supplemental Management Report
Quarter Ending May 31, 2021

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 02/28/21	CARRYING VALUE @ 02/28/21	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 05/31/21	FAIR VALUE (MARKET) @ 05/31/21	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
INDENTURE RELATED:										
Mortgage-Backed Securities	1,244,506,899	1,141,070,561	127,225,566	-	(30,205,496)	-	1,238,090,631	1,333,734,915	(7,792,054)	-
Guaranteed Inv Contracts	34,676,468	34,676,468	1,527,347	(1,249,719)	-	-	34,954,095	34,954,095	-	-
Investment Agreements	1,769,213	1,769,213	-	(851,086)	-	-	918,127	918,127	-	-
Treasury-Backed Mutual Funds	97,180,360	97,180,360	22,388,245	(16,774,652)	-	-	102,793,952	102,793,952	-	-
Account Control Agreements	19,091,495	19,091,495	6	(4,513,191)	-	-	14,578,310	14,578,310	-	-
Municipal Bonds	34,233,250	34,073,206	40,205,654	(6,058,634)	-	-	68,220,226	68,425,104	44,834	-
Repurchase Agreements	95,694,531	95,694,531	114,509,137	(47,201,856)	-	-	163,001,813	163,001,813	-	-
SLG Securities	-	-	14,045,782	-	-	-	14,045,782	14,045,782	-	-
Treasury Notes / Bonds	5,120,932	5,120,932	-	-	-	-	5,120,932	5,120,932	-	-
	1,532,273,148	1,428,676,765	319,901,738	(76,649,138)	(30,205,496)	-	1,641,723,868	1,737,573,031	(7,747,220)	-

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

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on August 9, 2019
Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 5, 2021

DocuSigned by:
David Cervantes
2AC4F65095494A4... Date 7/13/2021
David Cervantes
Director of Administration

DocuSigned by:
Monica Galuski
289BE978EE1C4A7... Date 7/13/2021
Monica Galuski
Director of Bond Finance/Chief Investment Officer

Texas Department of Housing and Community Affairs
Bond Finance Division
Executive Summary
As of May 31, 2021

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
PARITY COMPARISON:				
PARITY ASSETS				
Cash	$ 175,918	$ 118,894	$ 53,574,124	$ 53,868,936
Investments[(1)]	$ 66,462,900	$ 128,655,625	$ 548,884,533	$ 744,003,058
Mortgage Backed Securities[(1)]	$ 668,253,936	$ 223,218,330		$ 891,472,266
Loans Receivable[(2)]	$ 18,265	$ -	$ 872,173,579	$ 872,191,844
Accrued Interest Receivable	$ 2,824,996	$ 1,026,772	$ 3,795,643	$ 7,647,411
TOTAL PARITY ASSETS	$ 737,736,015	$ 353,019,621	$ 1,478,427,879	$ 2,569,183,515
PARITY LIABILITIES				
Notes Payable	$ -	$ 10,000,000	$ 272,356,010	$ 282,356,010
Bonds Payable[(1)]	$ 696,009,765	$ 316,630,989	$ 946,532,050	$ 1,959,172,804
Accrued Interest Payable	$ 5,283,668	$ 3,437,501	$ 3,846,657	$ 12,567,826
Other Non-Current Liabilities[(3)]				$ -
TOTAL PARITY LIABILITIES	$ 701,293,433	$ 330,068,490	$ 1,222,734,717	$ 2,254,096,640
PARITY DIFFERENCE	$ 36,442,582	$ 22,951,131	$ 255,693,163	$ 315,086,876
PARITY	**105.20%**	**106.95%**	**120.91%**	**113.98%**

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

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

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

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

Action Items

3a

ORAL PRESENTATION

3b

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

4a

BOARD ACTION REQUEST

SINGLE FAMILY AND HOMELESS PROGRAMS DIVISION

JULY 22, 2021

Presentation, discussion, and possible action on 2021 Ending Homelessness Fund Awards

RECOMMENDED ACTION

WHEREAS, the Ending Homelessness Fund (EH Fund) was authorized through the 85th Texas Legislature to allow registrants of a motor vehicle in Texas to elect to contribute any amount of funds to be used to provide grants to counties and municipalities to combat homelessness;

WHEREAS, pursuant to Tex. Transp. Code §502.415(g), the Department shall adopt rules governing applications for grants from the EH Fund and the issuance of those grants;

WHEREAS, the Department has adopted rules at 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund, to make the EH Fund available to eligible Emergency Solutions Grants (ESG) Program and Homeless Housing and Services Program (HHSP) Subrecipients, provided the donations to the EH Fund did not exceed $500,000 per state fiscal year;

WHEREAS, the EH Fund was made available to cities and counties that were also ESG or HHSP Subrecipients, and nine municipalities applied for the available balance of the EH Fund which when allocated was $466,236; and

WHEREAS, the applicants have been reviewed for their Previous Participation in accordance with 10 TAC §1.302, and all proposed Subrecipients are recommended without condition;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate awards totaling $466,236 in the EH Fund recommended as detailed in Attachment A as recommended by EARAC.

BACKGROUND

The 85th Texas Legislature passed H.B. 4102, which was enacted to be effective on September 1, 2017. The act amended Subchapter H, Chapter 502, Transportation Code to add §502.415, Voluntary Contribution to the EH Fund. This section allows registrants of a motor vehicle in Texas to elect to contribute any amount of funds to the EH Fund. Funds are sent by the local county assessor-collector to the Comptroller, and held in trust to be administered by the Department as trustee. The funds must be utilized to provide grants to counties and municipalities to combat homelessness.

The Department adopted a rule governing the administration of the EH Fund which allows the fund to be administered by cities and counties with an existing award of ESG or HHSP so long as the balance of the funds does not exceed $500,000 at the end of the state fiscal year. The EH fund may be utilized for any eligible activity under ESG or HHSP.

This proposed allocation of EH Fund was made available through the selection process outlined in 10 TAC §7.63, relating to Availability of Funds. To be eligible for EH funds an entity had to be a city or county that had a current ESG or HHSP award with the Department. Eligible entities that chose to participate were required to submit a proposed budget, proposed performance statement, and activity descriptions. The funds were available utilizing an equal distribution among EH Fund eligible entities.

In April 2021, staff reached out to eligible ESG and HHSP applicants to assess interest in submitting an application for the EH Fund. Nine EH Fund eligible Applicants submitted an Application for an award of $51,804 each, and one entity, the City of Houston, declined to participate. The uncommitted amount of EH Funds was divided evenly among the applicants for $51,804 each for a total of $466,236. Once these awards are made, the balance of the fund will be reduced by the awarded amount; the fund will then begin to grow again, and funding will be made available in accordance with the provisions in rule governing EH fund distribution.

All Eligible EH Fund Applicants may use funds as outlined in 10 TAC Homeless Programs, Subchapter B, Homeless Housing and Services Programs, Section §7.27, Eligible Costs. Eligible EH Fund Applicants may use the funds for Homeless Assistance, Homeless Prevention, Emergency Shelter Operations, Essential Services, Case Management, and Administration, per 10 TAC Homeless Programs, Subchapter B, Homeless Housing and Services Programs, Section §7.27, Eligible Costs.

The Previous Participation Rule (10 TAC §1.302) includes a review of applicants prior to Board recommendation. This review was completed for all proposed Subrecipients and all awards are being recommended without condition.

The results of the EH Fund distribution, including funding recommendations, are included for approval as Attachment A.

Attachment A: Ending Homelessness Fund Award Recommendations

#	Eligible Entity	Other Homelessness Program Participation	Total EH Fund awarded
1	City of Amarillo	Emergency Solutions Grants Program	$51,804
2	City of Arlington	Homeless Housing and Services Program	$51,804
3	City of Austin	Homeless Housing and Services Program	$51,804
4	City of Corpus Christi	Homeless Housing and Services Program	$51,804
5	City of Dallas	Homeless Housing and Services Program	$51,804
6	City of El Paso	Homeless Housing and Services Program	$51,804
7	City of Fort Worth	Homeless Housing and Services Program	$51,804
8	City of Plano	Homeless Housing and Services Program	$51,804
9	City of San Antonio	Homeless Housing and Services Program	$51,804
		Total	$466,236

4b

BOARD ACTION REQUEST

SINGLE FAMILY AND HOMELESS PROGRAMS DIVISION

JULY 22, 2021

Presentation, discussion, and possible action on State Fiscal years 2020 and 2021 Homeless Housing and Services Program Reallocations and Extension Requests

RECOMMENDED ACTION

WHEREAS, the Homeless Housing and Services Program (HHSP) was created by the 81st Texas Legislature to be administered by the Texas Department of Housing and Community Affairs (the Department) to fund homelessness prevention and homeless services in Texas municipalities with populations over 285,500;

WHEREAS, the Texas Legislature has, through the enactment of House Bill (HB) 1 (86th Legislature), provided General Revenue funds of $4,949,504 each year of the biennium for HHSP general set-aside, which was reduced by $294,088 in state fiscal year 2021 due to the anticipated economic impact of COVID-19 and approximately $49,504 for Department administration;

WHEREAS, HB 1 included Rider 16, designating $1,500,000 of HHSP funds each year of the biennium to provide services to unaccompanied homeless youth and homeless young adults 24 years of age and younger to be distributed through a youth set-aside within HHSP;

WHEREAS, the Department has received permission from the Comptroller to use 2020 and 2021 HHSP funds until August 31, 2022, and August 31, 2023, respectively;

WHEREAS, the Department received a request for an extension for the City of Dallas' 2020 HHSP youth set-aside contract for 18 months and an extension request for the City of Dallas' 2021 HHSP youth set-aside contract for nine months, which require Board approval;

WHEREAS, the Department also has identified $32,655 in deobligated 2020 HHSP funds since April 2021 that are able to be reallocated;

WHEREAS, due to the expenditure deadlines for 2020 HHSP funds, staff proposes to reallocate the 2020 HHSP funds through an award that is no more 125% of the original 2021 HHSP contract awards to the HHSP Subrecipients with the highest expenditure rates; and

WHEREAS, based on their expenditure performance for their 2021 HHSP Contracts, staff is recommending that Haven for Hope be awarded $1,336 in HHSP general set-aside funds and that City of El Paso be awarded $31,319 in 2020 youth set-aside funds;

NOW, therefore, it is hereby

RESOLVED, that the Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate the awarding of not less than $32,655 in HHSP Contracts, in the amounts reflected herein; and

FURTHER RESOLVED, that the Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate the extensions of the City of Dallas' 2020 and 2021 HHSP contracts.

BACKGROUND

The Department administers HHSP in accordance with Tex. Gov't Code §2306.2585 and 10 TAC Chapters 1 and 2, and Chapter 7, Subchapters A and B. Allowable activities include case management for households experiencing or at-risk of homelessness; construction, conversion, or rehabilitation of structures targeted to serving Homeless persons or persons at-risk of homelessness; essential services for Homeless persons or persons at risk of homelessness; provision of direct services; operation of emergency shelters or administrative facilities; and other Homeless-related activity, as approved by the Department in writing.

In accordance with 10 TAC §7.21, Purpose and Use, HHSP provides funding to areas in municipalities with populations of 285,500 or greater, as determined by the most recent available One Year American Community Survey (ACS). HHSP is allocated to the geographic areas of Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Plano, and San Antonio.

HB 1 passed by the 86th Texas Legislature authorized state general revenue funding totaling $6,449,504 each year of the biennium for HHSP. Rider 16 requires that, of the total authorized funds, $1,500,000 is set-aside yearly for provision of HHSP homeless assistance to youth under the age of 24. The Department retained $49,504 yearly for its administration.

In 2019, the Board authorized awards of $4,900,000 in general set-aside contracts and $1,500,000 in youth set-aside 2020 HHSP Contracts. The awards were contracted, extensions were granted when requested, and a majority of the contracts are closed.

The City of Dallas was recently notified of the closure of the 2020 HHSP youth set-aside contract, which is approximately 21% expended at $54,057 out of $258,190. Citing a change in staff and systems, the City of Dallas appealed the deobligation of the remaining funds in the contract to Bobby Wilkinson, Executive Director of TDHCA, who granted the appeal per 10 TAC §1.7. The official extension request is in Attachment A. The City of Dallas also cited a change in staff and systems for the 2021 HHSP contract, which is set to expire on August 31, 2021. The 2021 HHSP youth set-aside contract is approximately 3% expended at $7,236 out of $270,554. The extension request for the 2021 HHSP contract is in Attachment B. Extension requests for six or fewer months can be granted internally; extension requests for more than six months require board approval. Staff recommends approval of the extensions for the City of Dallas 2020 HHSP youth set-aside contract to February 28, 2022, and the City of Dallas' 2021 HHSP youth set-aside contract to May 30, 2022.

For the closed 2020 HHSP contracts, staff has identified approximately $1,336 in general set-aside and $31,319 in youth set-aside funds that remain available and are able to be reprogrammed. These funds can be used until August 31, 2022, after which they will be returned to the Comptroller.

On July 23, 2020, the Board authorized awards of $4,605,912 in general and $1,500,000 in youth HHSP funds to entities in the nine largest cities. The contracts commenced on September 1, 2020, and will expire on August 31, 2021, unless extended. For the general set-aside contracts, Haven for Hope has the highest expenditure rate. For the youth set-aside contracts, the City of El Paso has the highest expenditure rates of youth set-aside funds. Thus, they are each recommended to receive the funds available for reallocation. Staff recommends an award to Haven for Hope of $1,336 in 2020 HHSP general set-aside funds and an award to the City of El Paso $31,319 in 2020 HHSP youth set-aside funds. These recommended award amounts do not cause the contracts to exceed 125% of the original 2021 award amounts. These contracts will operate under the Texas Administrative Code rules in effect on July 22, 2021. The funds will have an expenditure deadline of May 31, 2022.

Attachment A

City of Dallas

June 30, 2021

Naomi Cantu
Homeless Programs Manager
Division of Single Family and Homeless Programs Texas
Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

Re: Request for Amendment for 2020 HHSP Contract #18206000003

Dear Ms. Cantu,

As requested in your email me on June 29, 2021, this letter will serve as The City of Dallas Office of Homeless Solutions formal request for a contract amendment for expending certain 2020 Homeless Housing and Services Program funds. Specifically, we are requesting:

- To amend the HHSP Youth Set-Aside Contract #18206000003 by one year until February 28,2022.

We request this amendment because we had difficulty expending all of the program funds. The Office of Homeless Solutions has experienced significant transition in the past 6 months and that has led to changes in many of our systems as well as changes in staff responsibilities. These changes have temporarily extended the time needed to complete certain duties. We believe these changes will lead to better performance and more timely expenditure of funds in the future. We also believe the requested contract amendment will more than allow us the time we need to utilize the funds for their intended purpose and population.

Please contact me if you have any questions or concerns about this request.

Kind Regards,

Christine Crossley, Director
Office of Homeless Solutions

Attachment B

City of Dallas

May 6, 2021

Naomi Cantu
Homeless Programs Manager
Division of Single Family and Homeless Programs Texas
Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

Re: Request for Extension for 2021 HHSP Funds

Dear Ms.Cantu,

The City of Dallas Office of Homeless Solutions would like to formally request an extension for expending certain 2020 Homeless Housing and Services Program funds. Specifically, we are requesting:

- To extend the HHSP Youth Set-Aside Contract #18216000003 by 9 months until May 31, 2022.

We request this extension because we believe we will have difficulty expending all of the program funds by the August 31, 2021 deadline. The Office of Homeless Solutions has experienced significant transition in the past 6 months and that has led to changes in many of our systems as well as changes in staff responsibilities. These changes have temporarily extended the time needed to complete certain duties. We believe these changes will lead to better performance anda more timely expenditure of funds in the future. We also believe the requested extension will more than allow us the time we need to utilize the funds for their intended purpose and population.

Please contact me if you have any questions or concerns about this request.

Kind Regards,

Twana Banks

Twana Banks, Contracts & Internal Controls Manager
Office of Homeless Solutions

4c

BOARD ACTION REQUEST

SINGLE FAMILY AND HOMELESS PROGRAMS DIVISION

JULY 22, 2021

Presentation, discussion, and possible action on State Fiscal Year 2022 Homeless Housing and Services Program Awards

RECOMMENDED ACTION

WHEREAS, the Homeless Housing and Services Program (HHSP) was created by the 81st Texas Legislature to be administered by the Texas Department of Housing and Community Affairs (the Department) to fund homelessness prevention and homeless services in Texas municipalities with populations over 285,500;

WHEREAS, the Texas Legislature has, through the enactment of House Bill (HB) 1 (87th Legislature), provided General Revenue funds of $6,299,984 each year of the biennium for HHSP;

WHEREAS, HB 1 included Rider 16, designating $1,500,000 of HHSP funds each year of the biennium to provide services to unaccompanied homeless youth and homeless young adults 24 years of age and younger to be distributed through a youth set-aside within HHSP;

WHEREAS, after a reduction of $48,000 for annual Department administrative expenses, funds in the amount of $4,751,984 are available for award for the HHSP general set-aside;

WHEREAS, the allocation formula for HHSP is set forth in 10 TAC §7.23, Allocation of Funds and Formula;

WHEREAS, the cities in Texas with a population that meet the threshold criteria for HHSP are Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Plano and San Antonio;

WHEREAS, the City of San Antonio has designated a nonprofit organization to receive the HHSP general funds, but will administer the HHSP youth set-aside funds itself;

WHEREAS, the Executive Award Review Advisory Committee (EARAC) reviewed the awards and compliance history, and recommends without conditions the 2022 HHSP awards to Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Plano and San Antonio, conditioned on submission of a full application; and

WHEREAS, program staff is also recommending an award for the City of Houston and Haven for Hope, conditioned on submission of a full application and conditioned on a final recommendation, or recommendation with conditions, from the Executive Review and Advisory Committee;

NOW, therefore, it is hereby

RESOLVED, that the Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate the award of not less than $4,751,984 in SFY 2022 HHSP Contracts for general funds, and $1,500,000 in SFY 2022 HHSP youth set-aside funds in the amounts reflected in Attachment A, to the municipalities in Texas with a population of 285,500 or more (or their designee);

BACKGROUND

HHSP funding is allocated to municipalities with a population greater than 285,500 for the provision of homeless assistance and homeless prevention activities. HB 1 passed in Regular Session by the 87th Texas Legislature authorized state general revenue funding totaling $12,599,968 over the biennium for HHSP. Rider 16 requires that of the total authorized funds, $3,000,000 is set-aside for provision of HHSP homeless assistance to youth under the age of 24. The Department programmed $9,503,968 of the remaining funds to be awarded to HHSP eligible subrecipients, and retained the remaining $96,000 ($48,000 per year) for its administration.

The Department administers HHSP in accordance with Tex. Gov't Code §2306.2585 and 10 TAC Chapters 1 and 2, and Chapter 7, Subchapters A and B. Allowable activities include case management for households experiencing or at-risk of homelessness; construction, conversion, or rehabilitation of structures targeted to serving Homeless persons or persons at-risk of homelessness; essential services for Homeless persons or persons at risk of homelessness; provision of direct services; operation of emergency shelters or administrative facilities; and other Homeless-related activity, as approved by the Department in writing. For the HHSP youth set aside funds, Rider 16 specifically lists eligible services as case management, emergency shelter, street outreach, and transitional living.

In accordance with 10 TAC §7.21, Purpose and Use, HHSP provides funding to areas in municipalities with populations of 285,500 or greater, as determined by the most recent available One Year American Community Survey (ACS). HHSP is allocated to Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Plano, and San Antonio. The allocation formula, as outlined in 10 TAC §7.23, resulted in the allocations listed in Attachment A to each municipality.

The Previous Participation Rule at 10 TAC §1.302 includes a review of HHSP entities prior to Board recommendation. This review is pending for the City of Houston and Haven for Hope. All other Subrecipients completed the review, conditioned on submission of a complete application due in early

September. The effective Contract Term for both the HHSP general funds, and the HHSP youth set-aside funds will be September 1, 2021, through August 31, 2022, unless a different term is requested by the Subrecipient and agreed to by the Department, but in no case will the contract start later than December 31, 2021.

In accordance with 10 TAC §7.22, municipalities eligible for an award based their population may designate a nonprofit organization to administer the HHSP in their stead, and the City of San Antonio has designated Haven for Hope to administer their award of general set-aside funds; however, the city will self-administer the youth set-aside.

2022 Homeless Housing and Services Program Award Log

#	**HHSP Subrecipient**	Award for HHSP General Funds	Award for HHSP Youth Set-Aside Funds	Total 2022 HHSP Funds
1	City of Arlington	$181,474	$57,537	$239,011
2	City of Austin	$533,722	$162,880	$696,602
3	City of Corpus Christi	$195,606	$61,570	$257,176
4	City of Dallas	$818,966	$261,530	$1,080,496
5	City of El Paso	$331,064	$98,735	$429,799
6	City of Fort Worth	$453,572	$144,156	$597,728
7	City of Houston	$1,267,767	$398,738	$1,666,505
8	City of Plano	$138,444	$44,231	$182,675
9	City of San Antonio – administered by Haven for Hope of Bexar County	$831,369	n/a	$831,369
10	City of San Antonio	n/a	$270,623	$270,623
	Totals	$4,751,984.00	$1,500,000.00	$6,251,984

4d

BOARD ACTION REQUEST

SINGLE FAMILY AND HOMELESS PROGRAMS DIVISION

JULY 22, 2021

Presentation, discussion, and possible action on the 2022-2023 Texas Housing Trust Fund Biennial Plan.

RECOMMENDED ACTION

WHEREAS, the General Appropriations Act (GAA) enacted by the 87th Legislature appropriated the Texas Department of Housing and Community Affairs (the Department) $9,546,282 of State General Revenue for the Texas Housing Trust Fund (Texas HTF) 2022-2023 biennium;

WHEREAS, Rider 9(c) of the GAA requires the Department to provide a biennial report to the Legislative Budget Board, the House Appropriations committee, and the Senate Finance committee no later than October 1 detailing the Department's plan to expend funds from the Texas HTF;

WHEREAS, to promote transparency and the expeditious use of these funds, the Department publishes this biennial report detailing its plan for each year's expenditure of the Texas HTF biennial appropriation;

WHEREAS, the Texas Bootstrap Loan Program (Bootstrap Program) is a Texas HTF program for self-help housing construction in which very low-income households purchase or refinance real property on which to build new housing or repair existing homes by providing at least 65% of the necessary labor through an Administrator certified by the state to operate a Nonprofit Owner-Builder Housing Program;

WHEREAS, the Amy Young Barrier Removal Program (AYBR) is a Texas HTF Program for home modification grants that increase accessibility for homeowners, tenants, and members of their household who are Persons with Disabilities, in addition to correcting other hazardous and unsafe housing conditions, as approved by the Department;

WHEREAS, the Board previously authorized the Department to utilize no more than $250,000 per biennium of additional Texas HTF loan repayments to be able to address unforeseen obstacles that may arise on existing Department contracts, activities or assets during the course of Single Family program administration, and the Department seeks to retain this authority for the 2022-2023 biennium; and

WHEREAS, staff recommends that the activities noted above warrant continuation through the 2022-2023 Texas HTF Plan as reflected in the attached plan;

NOW, therefore, it is hereby

RESOLVED, that the proposed 2022-2023 Texas Housing Trust Fund Biennial Plan, as presented, is approved and staff is authorized and directed to submit the Texas HTF Plan to appropriate legislative offices and take any other necessary actions to effectuate the foregoing; and

FURTHER RESOLVED, that the Executive Director and his designees be authorized and directed, for and on behalf of the Department, to draft and release Notices of Funding Availability based on programming as outlined in the Texas HTF Plan and Texas HTF Rule.

BACKGROUND

The Texas Legislature established the Housing Trust Fund in 1993 to provide state general revenue for affordable housing activities. The program receives state appropriations, which include loan repayments from previous Texas HTF projects, to fund the Texas HTF. The Department awards funding in the form of grants and/or loans to nonprofits, units of local government, councils of government, local mental health authorities, other public agencies, and public housing agencies to serve low-income households. State statute does not direct the specific activities that are to be implemented but requires the publication of a plan that details how the Department will program and expend the funds. Over the years, the Department implemented a diversity of programs with Texas HTF resources to varying success. The Texas HTF has now evolved to focus on two successful primary programs: the statutorily required Bootstrap Program and the Amy Young Barrier Removal Program.

Background of Action Item: The GAA requires that the Department provide a biennial report to the Legislative Budget Board, the House Appropriations committee, and the Senate Finance committee no later than October 1 detailing the Department's plan to expend funds from the Texas Housing Trust Fund. The Texas HTF Biennial Plan is summarized below and the Plan is attached.

During the Regular Session of the 87th Legislature, the Texas HTF was appropriated $9,546,282 in General Revenue for the 2022-2023 biennium. The funding shall be utilized as follows:

Estimated 2022-2023 Biennial Funds for Texas Housing Trust Fund

Use of Funds	Amount
Total Biennial Appropriation	**$9,546,282**[1]
Less 10% Administration for TDHCA	($954,628)
Net Balance Available for TDHCA Programming	**$8,591,654**
Less $2,835,432/year for Texas Bootstrap Program	($5,670,864) [2]
Less $1,427,204 for 2022 and $1,493,586 for 2023 for Amy Young Barrier Removal Program	($2,920,790)
Total Remaining to be Programmed	**$0**

The Texas HTF plan identifies various requirements from riders in the GAA and in sections of Tex. Gov't Code Chapter 2306 that pertain to the administration of the Texas HTF. These are:

- Rider 8 which requires that $2.4 million in anticipated interest earnings and loan repayments received by the Department be included in the dollar amount appropriated each fiscal year under the Texas HTF;
- Rider 9(a) which requires that all fund deposits to the Texas HTF must be made to the Texas Treasury Safekeeping Trust Company during September of each fiscal year;
- Tex. Gov't Code §2306.111(d-1) which describes when the Regional Allocation Formula is applicable to the Texas HTF; and
- Tex. Gov't Code §2306.202 which specifies that the first $2.6 million of Texas HTF funds must be made available exclusively to units of local government, public housing authorities, and nonprofit organizations.

The Texas HTF plan includes program descriptions for the two Texas HTF-funded programs, program budgets, maximum assistance amounts, eligibility requirements, administrative funding, and applicability of regional allocation of funding.

The Texas HTF plan also describes administrative processes and funding considerations that facilitate Single Family operations over the course of the biennium. For example, the Texas HTF plan utilizes no more than $250,000 per biennium of the Texas HTF loan repayments that exceed the requirements under Rider 8 of the GAA for practical solutions and development workouts that that are not readily addressed with federal funds. The Texas HTF plan also establishes the use of late fees

[1] This amount includes an estimate of $2,400,000 per year in interest earnings and loan repayments. Up to $250,000 will also be reserved from interest earnings and repayments for Single Family workout activities as further described herein.
[2] Section 2306.7581 (a-1) of the Texas Government Code, at least $3,000,000 each state fiscal year is required to be utilized for this purpose and the difference will be supplemented with Bootstrap program repayments from previous Bootstrap loans.

collected from Texas HTF borrowers for conducting certain Single Family asset management transactions for which there are few other Department funds available. Such administrative elements of the Texas HTF Plan allow the Department to better manage risk and fulfill its mission.

The Texas HTF Plan authorizes staff to proceed with issuing Notices of Funding Availability (NOFA) to expedite utilization of funds, as long as those NOFAs are reflective of the Texas HTF Plan and Texas HTF Rules. Staff will commit and expend funds via contracts and reservation agreements and may amend NOFAs from time to time. Funds will be released consistent with the annual appropriations of $4,736,262 for FY 2022 and $4,810,020 for FY 2023 (less funds for state administrative expenses), with additional funding available from interest and earnings as described in the Texas HTF Plan.

Staff recommends that the board approve, or approve with amendments, the proposed 2022-2023 Texas HTF Biennial Plan for staff to submit to the Legislative Budget Board, the House Appropriations committee, and the Senate Finance committee, and authorize staff to draft and release NOFAs based on programming outlined in the Texas HTF Plan and Texas HTF Rule.

Texas Department of Housing and Community Affairs

2022-2023 Texas Housing Trust Fund Biennial Plan

Bobby Wilkinson, Executive Director
PO Box 13941
Austin, TX 78711-3941
Phone: (512) 475-3800
Fax: (512) 475-3746
www.tdhca.state.tx.us

Approved by the Board of
The Texas Department of Housing and Community Affairs
On July 22, 2021

Introduction and Purpose

During the Regular Session of the 87th Legislature, the Department was appropriated General Revenue for the Texas Housing Trust Fund (Texas HTF) in the amount of $9,546,282 for the 2022-2023 Biennium. Rider 9(c) of the General Appropriations Act (GAA) requires the Department to provide an annual report to the Legislative Budget Board, the House Appropriation Committee, and the Senate Finance Committee no later than October 1st detailing the Department's plan to expend funds from the Texas HTF. The Department generates this plan biennially to promote strategic long-term planning and the expeditious use of these funds.

The Texas HTF was established in 1991 by the 72nd Texas Legislature, Senate Bill 546, to provide loans, grants, or other comparable forms of assistance to income-eligible individuals and households to finance, acquire, rehabilitate and develop decent, safe and sanitary housing. Funding sources consist of appropriations or transfers made to the fund, unencumbered fund balances, and public or private gifts or grants.

Appropriation Details

The Department annually receives loan repayments and accrued interest that contribute to the Texas HTF. Rider 8 of the GAA strategy A.1.3 and A.1.4, clarifies that an estimated $2,400,000 per year in interest earnings and loan repayments are included in funds appropriated each year under the Texas HTF.

	FY2022	FY2023	Total Biennium
Total Annual General Revenue Appropriation	$4,736,262	$4,810,020	$9,546,282

Rider 9(a) of the GAA requires that:

> *"Out of funds appropriated above in Strategy A.1.3…and A.1.4,…all funds above those retained for administrative purposes in fiscal year 2022 and fiscal year 2023 shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, during September of each fiscal year."*

The Department shall withhold approximately $954,628 (10%) for the biennium for Department administrative costs.

The total estimated biennial funding and usage are outlined in the following chart.

Estimated 2022-2023 Biennial Funds for Texas Housing Trust Fund

Use of Funds	Amount
Total Biennial Appropriation	**$9,546,282**[1]
Less 10% Administration for TDHCA	($954,628)
Net Balance Available for TDHCA Programming	**$8,591,654**
Less $2,835,432/year for Texas Bootstrap Program	($5,670,864)[2]
Less $1,427,204 for 2022 and $1,493,586 for 2023 for Amy Young Barrier Removal Program	($2,920,790)
Total Remaining to be Programmed	**$0**

Biennial Funding and Allocation Considerations

Statutory requirements listed below direct how the funds may be programmed for use. Due to the demand for current Texas HTF activities, the proposed Texas HTF plan does not include any new activities.

Texas Bootstrap Loan Program

Tex. Gov't Code Section 2306.7581 establishes a transfer requirement for the Texas Bootstrap Loan Program, stating that the Department must dedicate at least $3 million to the program each fiscal year from HOME funds, Texas HTF monies, or from funds appropriated by the legislature. The Department has determined that HOME funds are not the best resource to accomplish the goals of the Texas Bootstrap Loan Program because of the demand by nonparticipating jurisdictions, additional federal limitations, and extensive HOME Program reporting requirements. The Texas HTF is the most practical appropriated source available for the Department to meet the Bootstrap Program's statutory transfer requirement.

Eligible Entities to Receive Funds

Pursuant to Tex. Gov't Code Section 2306.202, the Department must target funds for specific types of eligible entities. Section 2306.202(a) states:

> "In each biennium the first $2.6 million available through the HTF for loans, grants, or other comparable forms of assistance shall be set aside and made available exclusively for local units of government, public housing authorities, and nonprofit organizations. Any additional funds may also be made available to for-profit organizations so long as at least 45 percent of available funds in excess of the first $2.6 million shall be made available to nonprofit organizations for the purpose of acquiring, rehabilitating, and developing decent, safe, and sanitary housing. The remaining portion shall be distributed to nonprofit organizations, for-profit organizations, and other eligible entities."

[1] This amount includes an estimate of $2,400,000 per year in interest earnings and loan repayments. Up to $250,000 will also be reserved from interest earnings and repayments for Single Family workout activities as further described herein.

[2] Section 2306.7581 (a-1) of the Texas Government Code, at least $3,000,000 each state fiscal year is required to be utilized for this purpose and the difference will be supplemented with Bootstrap program repayments from previous Bootstrap loans.

Regional Allocation Formula (RAF) and Geographic Dispersion

As specified in Tex. Gov't Code Section 2306.111(d-1), funds are not required to be allocated according to the RAF if:

> "(2) the funds or credits are allocated by the department primarily to serve Persons with Disabilities."

The Amy Young Barrier Removal Program serves only Persons with Disabilities. However, as noted on page 6 of this plan, to promote geographic dispersion of the competitive Amy Young Barrier Removal Program funds, the funds will be released geographically in order to maximize opportunity for regions with historically low involvement to participate.

Texas HTF Plan Administration

In approving the Texas HTF plan, the Board authorizes staff to proceed with issuing Notices of Funding Availability (NOFA) and make any needed amendments to the NOFAs to expedite utilization of funds. Funds may be committed and expended via contracts and reservation agreements. Texas HTF programs may utilize various income determination methods noted in the general program descriptions in the Texas HTF plan or outlined in the Texas HTF Rule.

Using no more than $250,000 per biennium of the Texas HTF loan repayments and interest earnings *that exceed the requirements under Rider 8 of the GAA* (see Rider 8 of the GAA under "Appropriation Details" on page 2), the Texas HTF may be used to respond to unanticipated, unique challenges that may arise in the course of implementing approved Single Family program contracts, activities, or assets. For example, if a household has been displaced for the rehabilitation of their home, and the Department faces subsequent eligibility concerns with the contractor performing that rehabilitation, these funds could expedite the completion of the rehabilitation so that the household may return to a safe, completed home as soon as possible.

If a balance exists from the previous biennium, the Department shall transfer only the necessary amount to replenish this fund to a maximum balance of $250,000 at the start of the biennium. The Department anticipates that the need to use Texas HTF excess loan repayments and interest earnings for Single Family Program workouts will be infrequent and used as a last resort only, such as when it poses severe practical challenges, or it is impossible to use federal funds. These funds will be for internal disposition, and neither households nor program administrators will be able to apply for these funds.

In approving the Texas HTF plan, the Board authorizes the use of any funds from loan repayments, interest earnings, deobligations, and any other additional Texas HTF funds as allowed by statute in excess of those funds required under Rider 8, to be programmed into current Department activities or activities approved in the Texas HTF Plan. Prior to any programming, the Department shall withhold 10% of such funds for Department administrative costs.

Lastly, in approving the Texas HTF plan, the Board authorizes the use of late fees collected from Texas HTF borrowers for Single Family asset management activities. These funds will allow the Department to budget for the necessary transactions that arise in the course of Single Family asset management, such as paying off first lien holders on delinquent single family properties on which the Department is in second or lower lien position; paying off taxing authorities to avoid tax foreclosure; securing and preparing abandoned properties to return to the marketplace; related travel and administrative costs, etc. The Texas HTF will utilize these late fees for Single Family asset management activities only when the appropriate solution cannot reasonably be addressed with other funds.

Texas Bootstrap Loan Program: $5,670,864 from the 2022-2023 Appropriation

Program Description: The Texas Bootstrap Loan Program makes funds available to state-certified Administrators of Nonprofit Owner-Builder Housing Programs, which include eligible nonprofit organizations and Colonia Self-Help Centers, to purchase or refinance real property on which to build or improve residential housing through self-help construction with very low-income households (Owner-Builders). Tex. Gov't Code Section 2306.7581(a-1) requires the Department to make at least $3,000,000 available each fiscal year for mortgage loans to households with income not exceeding 60% of Area Median Family Income (AMFI) or the statewide income limits, whichever is greater. Funding is available until August 31, 2023, or until all funding has been reserved.

Maximum Loan Amount: Bootstrap loans shall not exceed $45,000 per household. Eligible entities must apply to access a reservation system that makes funds available on a first-come, first-served basis.

Eligibility Requirement: Owner-Builders must have a household income not exceeding 60% of the AMFI or the statewide income limits, whichever is greater; must have resided in Texas for the preceding six months; and must have successfully completed an owner-builder education class. Owner-Builders must agree to provide at least 65% of the labor necessary to build or rehabilitate the proposed housing by working through a state-certified Administrator. The Department will define household income limits in accordance with the U.S. Department of Housing and Urban Development HOME Investment Partnership Program Income Limits.

Administrative Fees: The Department will pay an administrative fee equal to 10% of the loan amount to Administrators upon project completion.

Geographic Dispersion: Two-thirds of the funds (approximately $4,000,000) will be set aside for Owner-Builders with property in census tracts with median incomes not exceeding 75% of the state median income per the most recent statistics available. The remaining one-third (approximately $2,000,000) will be released statewide. The RAF is not applicable to this funding due to the set-aside requirements of Tex. Gov't Code Section 2306.753(d). Furthermore, the remaining one-third of the fund balance does not exceed the $3,000,000 ceiling cited in Tex. Gov't Code Section 2306.111(d-1)(3).

Other Considerations: If balances exist from previous Bootstrap funding cycles, those funds will be made available to Bootstrap activities. Funds accumulated in the Owner-Builder Revolving Loan funds may also be made available in the Texas HTF plan. This use of funds achieves the statutory requirements for funding the Texas Bootstrap Loan Program and for targeting nonprofit organizations. This activity achieves significant leveraging of other public and private funding sources, promotes the Department's mission and provides for repayment to the Texas HTF.

Amy Young Barrier Removal Program: $2,920,790 from the 2022-2023 Appropriation

Program Description: This program provides one-time grants of up to $22,500 to Persons with Disabilities with household income not exceeding 80% of the AMFI or the statewide income limits, whichever is greater. This program funds home modifications that increase accessibility for homeowners, tenants, and members of their household who have a disability, in addition to correcting hazardous and unsafe housing conditions, as approved by the Department. Funding is available until August 31, 2023, or until all funding has been reserved.

Maximum Assistance Amount: One-time grants will not exceed $22,500 per household. Eligible entities must apply to access a reservation system that makes funds available on a first-come, first-served basis adjusted for the geographic dispersion process noted below. The maximum number of reservations per Administrator is further detailed in the Program NOFA.

Eligibility Requirements: Administrators may include Units of General Local Government, Councils of Governments, Nonprofit Organizations, Local Mental Health Authorities, and Public Housing Authorities. Administrators must demonstrate competence in accessibility standards and applicable building codes further detailed in the Texas HTF Rule. Program beneficiaries must have a household income not exceeding 80% of the AMFI or the statewide income limits, whichever is greater. The Department will define household income limits in accordance with the U.S. Department of Housing and Urban Development HOME Investment Partnership Program Income Limits.

Administrative Fees: The Department will pay an administrative fee equal to 10% of the hard and soft costs to Administrators upon project completion.

Geographic Dispersion: The RAF does not apply to funds primarily serving Persons with Disabilities. However, the Texas HTF Rule promotes geographic dispersion to ensure that all rural and urban subregions have an opportunity to access funds before they must compete on a first-come, first-served basis with the rest of the state.

Each year of the biennium, each state region will receive at least $100,000 (enough for four fully funded activities). The remaining funds shall be released geographically over time as prescribed by the Texas HTF Rule. Over the course of the biennium, any additional funds beyond the original program allocations that derive from Texas HTF loan repayments, interest earnings, deobligations, and other Texas HTF funds in excess of those funds required under Rider 8 (see page 4 of this plan) may be programmed to the current NOFA or made available statewide, and not geographically dispersed.

5

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

6a

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

JULY 22, 2021

Presentation, discussion and possible action regarding eligibility under 10 TAC §11.101(b)(1)(C) related to Ineligibility of Developments within Certain School Attendance Zones for Villas at Shriner's Point (#21612) in San Angelo

RECOMMENDED ACTION

WHEREAS, pursuant to 10 TAC §11.101(b)(1)(C) of the 2021 Qualified Allocation Plan (QAP) any development that falls within the attendance zone of a school that has a Texas Education Agency (TEA) Accountability Rating of F for the most recent year available prior to Application and an Improvement Required Rating for the most recent year preceding is ineligible with no opportunity for mitigation;

WHEREAS, a bond pre-application for Villas at Shriner's Point was submitted to the Department on January 7, 2021, at which time it was identified that the proposed site was ineligible based on the TEA Accountability Ratings of Goliad Elementary School and Lincoln Elementary School;

WHEREAS, an Inducement Resolution for Villas at Shriner's Point was approved by the Board at its meeting on February 11, 2021, to allow the application the ability to get on the Department's waiting list for Private Activity Bond volume cap;

WHEREAS, a waiver request relating to 10 TAC §11.101(b)(1)(C) was submitted to the Department on May 24, 2021;

WHEREAS, there is no provision under the rule by which staff has the discretion to review the information submitted as part of the waiver request in order to find the Villas at Shriner's Point eligible; and

WHEREAS, if the waiver was granted it would be specific to the facts and circumstances relating to this request and information provided by the applicant; should those change at the time the application is submitted or should the application be submitted in a subsequent program year, a re-evaluation of the request would be warranted;

NOW, therefore, it is hereby,

RESOLVED, that the proposed site of Villas at Shriner's Point is ineligible based on the aforementioned factors and information specific to Goliad Elementary and Lincoln Middle School, as noted herein.

BACKGROUND

Villas at Shriner's Point is a proposed general population development to be located at 1000 E 40th Street, in the northern part of San Angelo, in a census track with a 25.4% poverty rate. It proposes the new construction of 156 units, all of which will be rent- and income-restricted at 60% of Area Median Family Income (AMFI).

The proposed development is located within the San Angelo Independent School District, a district with an overall rating of B according to the 2019 TEA Accountability Ratings. Specifically, the development is in the attendance zone of Goliad Elementary School (Goliad) and Lincoln Middle School (Lincoln), both of which received a 2019 TEA Accountability Rating of F and a 2018 Improvement Required rating. In reviewing the TEA Accountability reports for 2015, 2016, and 2017, Goliad achieved a Met Standard rating for these years, while Lincoln received a Met Standard rating for 2015 and 2016, but an Improvement Required rating for 2017. Staff notes that the high school for the attendance zone, Lake View High School, received a 2019 TEA Accountability Rating of B and a 2018 Met Standard Rating.

10 TAC §11.101(b)(1)(C) reads as follows:

> *"(C) Ineligibility of Developments within Certain School Attendance Zones. Any Development that falls within the attendance zone of a school that has a TEA Accountability Rating of F for the most recent year available prior to Application and an Improvement Required Rating for the most recent available year preceding is ineligible with no opportunity for mitigation. Developments that are encumbered by a TDHCA LURA on the first day of the Application Acceptance Period or at the time of Pre-application (if applicable), an Elderly Development, or a Supportive Housing SRO Development or Supportive Housing Development where all Units are Efficiency Units are exempt."*

Villas at Shriner's Point would be newly constructed and is therefore not encumbered by a TDHCA LURA, nor does it meet any of the other criteria in the rule that would allow it to be considered eligible despite the school rating. Included in this Board item is information provided by the applicant relating to the lack of existing available affordable units in the City of San Angelo, as well as multiple articles discussing the effects of housing affordability, stability, and quality on the cognitive achievement and academic performance of low-income children.

The Applicant also pointed out that, due to the COVID-19 pandemic, TEA Accountability Ratings would be paused for the 2020-2021 school year. According to the request, the relatively recent implementation of the A-F accountability rating system combined with the academic disruptions caused by the pandemic, means that the available school performance data is insufficient and inadequate as a means of determining the eligibility of a site. Within the QAP there is no framework by which staff could review the information submitted and arrive at a recommendation other than a recommendation of ineligibility.

According to 10 TAC §11.207 of the QAP, the applicant must demonstrate how the need for the waiver is not within control of the applicant, and establish how, by granting the waiver, the Department would better serve its policies and purposes under Tex. Gov't Code §2306. Within the request, applicant notes that only 0.5% of the affordable units in San Angelo are currently available, indicating that the current supply of affordable housing in San Angelo is insufficient. According to the Department's property inventory, there are only seven affordable multifamily properties in San Angelo, with the earliest dating back to 2005 and the most recent development was in 2018 for 48 affordable units. Of the seven existing properties, three are elderly and four serve the general population. Moreover, all of these developments were funded through the Department's Competitive (9%) HTC program. The Private Activity Bond and Non-competitive (4%) HTC programs have been an under-utilized funding source for development in San Angelo. Staff believes that the Board could find that the construction of the proposed development would serve to not only maximize the number of affordable units added to the state's housing supply, but also better provide for the housing needs of low-income families within the community, as articulated in Tex. Gov't Code §§2306.002 and 2306.6701. Moreover, as previously mentioned, the pandemic has caused disruptions to the TEA accountability system that are not within the applicant's control. As a result, an accurate picture of school performance following the 2019 Rating of "F" could not be obtained. Where it has been determined that a multifamily development is the highest and best use of a site, and where it is zoned appropriately and has been preliminarily determined to be financially feasible, are factors that could further indicate better service to the Department's policies and purposes under provisions of Tex. Gov't Code.

Included herein is information provided by the applicant that would serve as the basis for the Board's review regarding eligibility (Exhibit A). A letter of support from Robert Salas, Director of Neighborhood and Family Services for the City of San Angelo, is also included herein (Exhibit B).

EXHIBIT A

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Affordable Lifestyles. Community Values.

May 24, 2021

Teresa Morales
Director of Multifamily Bonds
Texas Department of Housing & Community Affairs
221 E. 11th Street Austin, Texas 78701

Dear Mrs. Teresa Morales,

There are San Angelo families in need. Our family business was built on meeting that need and adding value to the communities we serve. There is an opportunity in San Angelo, and our team is ready to make a difference. We have built our reputation on high-quality housing for all, especially for those who need it most, and the Villas at Shriner's Point will be just that.

The Villas at Shriner's Point will be a 156 unit rent-restricted apartment community for families, located in the heart of North San Angelo. Thanks to The Neighborhood Revitalization Program implemented 10 years ago, North San Angelo is beginning to see vast improvements such as property value increases, new construction, and reduced crime rates in the area. One element that hasn't shown the necessary improvement in school performance and we believe this is largely due to the lack of quality affordable housing in the area.

There is currently less than .5% availability of San Angelo's income-restricted units. The impact of this transience is palpable since frequent family moves are highly associated with low-income families as well as poor school performance. Low-income and at-risk families have documented higher rates of mobility and these moves have significant negative effects on children's learning gains. This neighborhood's demographic data affirms this research as well. In the US, it is documented that 16% of the population moves at least once per year. In San Angelo, that number is even higher.

Stability in housing is one of the most conclusive factors in school performance. School quality is largely judged by student performance, which is affected by both in-school factors and inputs that cannot be controlled by the school district. We have the opportunity in this community to control one essential factor: housing stability.

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Residential housing stability and academic achievement have been well documented and are significantly correlated. Learning disruptions and a lack of consistent, longitudinal data inhibit educators from best serving highly-mobile students. Low-income students are at the greatest risk of falling through the cracks due to residential mobility issues.

Furthermore, there has been a complete pause in summative school ratings and across the accountability system the last two school years due to COVID-19. The little student performance data that is currently available is muddied by the effects of the pandemic and paints an incomplete picture.

"The issuance of A-F ratings for schools has proven to be a valuable tool to support continuous improvement for our students, allowing educators, parents and the general public to better identify and expand efforts that are working for kids. But the pandemic has disrupted school operations in fundamental ways that have often been outside the control of our school leaders, making it far more difficult to use these ratings as a tool to support student academic growth," TEA Commissioner Mike Morath said in a December 10, 2020 press release.

In addition to having major disruptions due to the pandemic, Texas schools underwent a major reconfiguration of its accountability system the two years prior to COVID-19 in response to the passing of House Bill 22 in the 85th Texas Legislative Session in 2017. The accountability system ("A-F") implemented between 2017 and 2019 is far more rigorous and identifies more domains of performance to highlight successes and failures. Any transition in the accountability system takes several years to be fully realized and understood, and the transition to this new A-F system adequately showed learning gaps in these neighborhood schools. Unfortunately, the intervention measures and strategic plans to rectify those shortcomings were interrupted by the pandemic.

Given the reality of the past four school years, it will take several more years to get the student achievement data needed to make a significant impact in school performance and implement an actionable improvement plans. It is our goal with Shriner's Point to provide the stability and foundation so badly needed in this community as the school turnaround begins and the recent learning gaps encountered from COVID-19 disruptions are reconciled.

The need for a tectonic shift is apparent in this community. However, the inclusion of school performance in the TDHCA approval process is problematic for the proposed development at this time. We believe that school performance is a critical element and should be a positive <u>outcome</u> from the increased availability of more high-quality affordable housing within the neighborhood. Moreover, we contend that there is insufficient and inadequate data available to make such a determination regarding school performance for this purpose.

References
[Google Drive for Shriner's Point]

Sincerely,

T. Justin MacDonald

WHATWORKS COLLABORATIVE

Housing as a Platform for Improving Education Outcomes among Low-Income Children

Mary Cunningham
Graham MacDonald

Urban Institute

May 2012

*The **What Works Collaborative** is a foundation-supported research partnership that conducts timely research and analysis to help inform the implementation of an evidence-based housing and urban policy agenda. The collaborative consists of researchers from the Brookings Institution's Metropolitan Policy Program, Harvard University's Joint Center for Housing Studies, New York University's Furman Center for Real Estate and Urban Policy, and the Urban Institute's Center for Metropolitan Housing and Communities, as well as other experts from practice, policy, and academia. Support for the collaborative comes from the Annie E. Casey Foundation, Ford Foundation, John D. and Catherine T. MacArthur Foundation, Kresge Foundation, Rockefeller Foundation, Surdna Foundation, and the Open Society Institute.*

The authors give special thanks to Ingrid Ellen and Vicki Been for providing insightful comments and valuable feedback; and to participants in our September 2011 roundtable including Nancy Andrews, Johanna Barrero, Carol Breslau, Jennifer Comey, Sheila Crowley, Francie Ferguson, Cindy Guy, Ianna Kachoris, Marge Martin, Debra McKoy, Ashlyn Nelson, Rolf Pendall, Maria Queen, Patrick Rubio-Goldsmith, Barbara Sard, Heather Schwartz, Todd Shenk, Andrew Spofford, Carol Star, Lexi Turner, Marge Turner, Beadsie Woo, and Claire Yerke for their many helpful suggestions and critiques.

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Contents

Introduction

Researchers and policymakers hypothesize that housing can be a platform for academic achievement among low-income students—that is, high-quality, affordable housing, located in safe neighborhoods can go *beyond* providing basic shelter and stability, and can help provide a stable environment where children access high-performing schools, learn, and succeed academically. Most of the empirical evidence to date, however, focuses on the *absence* of high-quality, affordable housing and its consequences for children. There is a dearth of research on how housing can be a *positive* pathway to achieving better school outcomes. Further, methodological limitations plague research on both the negative and positive effects of housing and school outcomes, making it difficult to draw conclusive findings.

To help inform policymakers and move policy forward, this paper discusses the current state of housing in the United States, provides a conceptual framework for housing as a platform to improve educational outcomes for children, reviews the existing evidence that supports conceptual models, and identifies the major gaps in research. Finally, it proposes a list of projects that make up a research agenda for understanding the issue and guiding investments in new research.

Meeting Basic Needs: The Current State of Housing in the United States

The federal government has focused on improving housing for U.S. households since the introduction of the Housing Act of 1937 and the subsequent 1949 Housing Act, which articulated the goal of "a decent home and suitable living environment for every American family" (P.L. 87-71, Sec.2, as cited in Newman 2008). While "a decent home and suitable living environment" is often thought of as one package, it is made up of many different dimensions—including housing stability, affordability, quality, and neighborhood location.[1] All these dimensions may matter in different ways for meeting children's basic needs and helping them achieve positive educational outcomes. Since Congress passed these pieces of legislation, housing policies and programs have led to vast improvements in some dimensions of housing, while other dimensions have fallen seriously behind.

Housing quality, though still a problem for some, has improved significantly since the 1940s, when lead paint, lack of plumbing, and shoddy and aging buildings were commonplace (Turner and Kingsley 2008). Slum removal, large investments in assisted housing, and strict enforcement of housing codes have improved housing quality overall. While these improvements have been significant, about 3.2 million households still live in severely or moderately inadequate housing (i.e., problems with plumbing, heating, electricity, maintenance, and overcrowding) in the private market (U.S. Department of Housing and Urban Development [HUD] 2005). And with no or limited funding for capital improvements, many households living in publicly assisted housing experience substandard housing quality (HUD 2011b).

More recently, affordability and the closely linked problem of residential stability have been the most significant housing challenges facing policymakers. The deep, long-lasting economic crisis and unprecedented problems with housing foreclosures have had major repercussions for the housing

[1] Newman (2008) refers to a housing package as a "housing bundle." Although we define a housing bundle differently than Newman, we use this label to describe the sum of different dimensions of housing.

situations of low-income families. Homelessness and doubling up is increasing among families with children.[2] The U.S. Department of Housing and Urban Development (HUD) reports that homelessness among people in families has increased 20 percent, from 473,541 in 2007 to 567,334 in 2010 (HUD 2011a). Today, among homeless students identified by schools, nearly two-thirds (65 percent) are doubled up; 21 percent are living in homeless shelters; 7 percent are living in hotels or motels; and 7 percent are unsheltered, sleeping in places not meant for human habitation (National Center for Homeless Education 2011). While reliable data on doubled-up households are hard to find, schools across the nation report that the number of students living in doubled up housing situations has grown from 502,082 in 2008 to 668,024 in 2010—a 32 percent increase (National Center for Homeless Education 2011).[3]

Nearly 2 million children are living in homes going through foreclosure as a result of subprime-related foreclosures alone (Lovell and Isaacs 2008). Generally, the effects of foreclosure on children are unknown. One concern, however, is that households going through foreclosure will experience residential instability that will negatively affect members of the household, particularly children, who may be uprooted from their neighborhood, friends, and schools. How do moves caused by foreclosure affect children? Evidence from New York City and Washington, D.C., finds that students affected by foreclosure change schools more often than they would have otherwise and that the schools they transfer to are of lower academic quality, as measured by test scores (Been et al. 2011; Comey and Grosz 2011).

Even before the economic and foreclosure crises, housing affordability has been a problem that policymakers have largely ignored. The rent burden among low-income households has become worse over time: the Joint Center for Housing Studies of Harvard University (2011) finds that the share of severely burdened renters, or those paying more than 50 percent of their income for housing, increased from 20.7 percent to 26.1 percent between 2001 and 2009. Today, the affordable housing shortage is estimated to be 6.4 million units. As Crowley (2003) notes, the availability of affordable housing for low-income households has shrunk significantly in the past two decades as a result of “gentrification, conversion, demolition, and abandonment.” As the availability of affordable housing on the private market has declined over time so has the availability of housing subsidies: only one in four households eligible for housing subsidies actually receives assistance (Turner and Kingsley 2008).

Affordability, in many ways, influences residential instability. Families that cannot afford their rent may miss payments and face eviction. In tight housing markets, where obtaining an affordable housing unit is fiercely competitive, low-income families often experience high rates of “churning” from one apartment to the next, as they search for more affordable units. Of course, households move for various reasons, and housing mobility can be positive (e.g., moving to a better housing unit or better neighborhood, or

[2] “Both HUD and ED take homelessness to mean children who ‘lack a fixed, regular, and adequate nighttime residence’ due to the lack of alternative accommodations; are living in emergency or transitional shelters; are abandoned in hospitals or awaiting foster care placement; or are living in cars, parks, public spaces, abandoned buildings, or other places not ordinarily used as a regular sleeping accommodation for human beings. But the ED definition differs from the HUD definition in that it includes children living in households that are temporarily doubled up due to hardship or loss of housing and migrant workers and their children who are living in the conditions described above. It also includes children who are temporarily living in motels” (Cunningham, Harwood, and Hall 2010).

[3] The reliability of these data varies significantly from school to school and it is unclear if these numbers are increasing due to real increases in doubled up students or better counting methods.

purchasing a home) or negative (e.g., moving because of eviction or problems making the rent). Low-income households experience high rates of housing mobility, often for negative reasons (Coulton, Theodos, and Turner 2009; Crowley 2003). For example, the Making Connections Initiative, a 10-city survey of low-income households, finds that 46 percent of those who moved during the study period were "churning movers," suggesting that their moves were "a response to financial stress or problems in their rental housing arrangements" (Coulton et al. 2009, 12). These frequent moves can lead to frequent school changes.

Where housing is located also matters for children since where households live is inextricably linked to where they attend school. Overcoming the history of residential segregation in the housing market and improving neighborhood outcomes for low-income households has been a major challenge for policymakers. Discrimination in the housing market persists today (Ross and Turner 2005). Minority households are more likely to live in high-poverty tracts with low-quality schools (Galvez 2010; Newman and Schnare 1997; Orfield and Lee 2005). Households that receive housing assistance or public housing are also highly concentrated in poor neighborhoods (Turner, Popkin, and Rawlings 2008). Drug and gang violence plague these neighborhoods, making safety a major concern. School quality is an issue. Most children living in high-poverty neighborhoods attend lower-quality schools than their middle-class counterparts (Orfield and Lee 2005).

While all children are assigned default public schools based on neighborhood location, many students have other schooling options. In 2007, half of students had parents who reported that public school choice was available to them, although only 27 percent of students were enrolled in a school other than their assigned public school. Though this percentage has grown from 24 percent in 1996, among low-income children it has remained constant at 22 percent over this period, despite recent charter school growth (Grady, Bielick, and Aud 2010).

The Current State of Education for Low-Income Children

Although test scores for all students have risen over the past decade, poor children still lag behind their wealthier classmates. Reading and math scores for 4th and 8th grade students qualifying for free lunch were 9 to 12 percent lower on average than students that did not qualify for any lunch subsidies, roughly equivalent to the gap observed in 2003 (National Center for Education Statistics 2011a, 2011b).10.8 million children (25 percent) age 5 to 17 lived in households with incomes below the federal poverty level (FPL) in 2010 (American Community Survey 2010). Using a slightly different measure of poverty, 43 percent of 4th graders and 39 percent of 8th graders qualified for free school lunch (meaning their family's income was below 130 percent of FPL) during the 2010–11 school year, and 5 percent of both groups qualified for reduced-price lunch (family income below 185 percent of FPL).

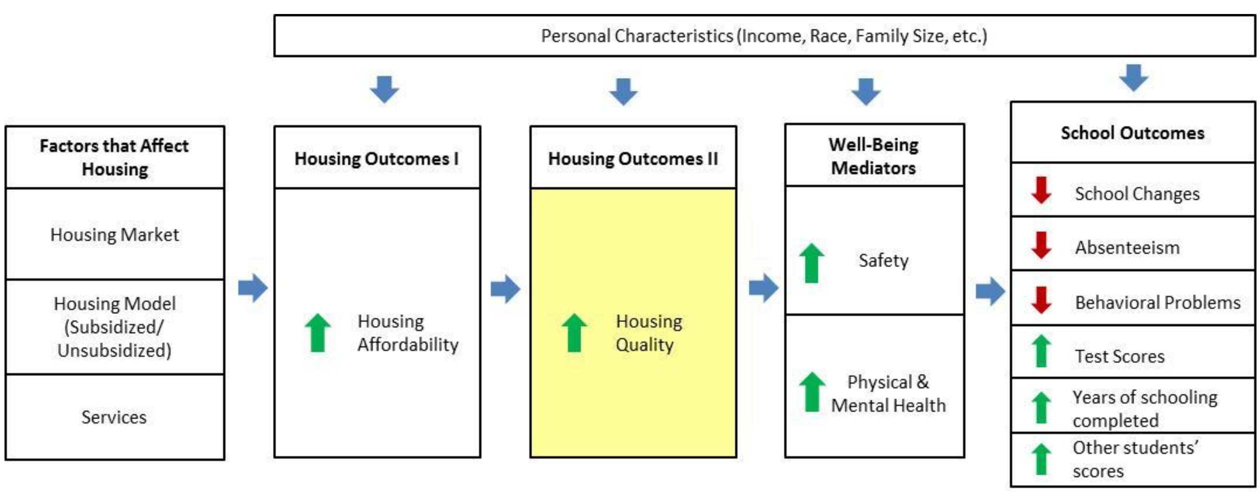
While the free lunch measure of poverty provides an average for all children in families earning below 130 percent of FPL, it masks significant variation in the low-income population. Children in families earning between 50 and 100 percent of FPL perform worse than children from near-poor households, and children in families earning below 50 percent of FPL typically score twice as far below children from near-poor households than those earning 50–100 percent of FPL (Lacour and Tissington 2011). Students in subsidized housing and homeless children perform similarly poorly. Fifty-four percent of homeless children score below grade level in math, and 75 percent score below grade level in reading. In addition, this particular population is four times more likely than other children to score at or below the 10th percentile in reading (Hart-Shegos 1999). In education literature, typical effect sizes measure approximately one-tenth of a standard deviation for improvements in teacher quality or cognitive ability (H. Schwartz 2009). Against this backdrop, students living in New York City public housing score on average 0.31 standard deviations below the citywide mean in math and 0.33 standard deviations below the citywide mean in reading (A. Schwartz et al. 2010).

Test scores from early childhood evaluations and high school dropout rates reveal a similar pattern of academic achievement for low-income students. Low-income kindergarten students score around the 30th percentile on the Early Childhood Longitudinal Study reading assessment, while upper-income students score in the 70th percentile (Lacour and Tissington 2011). And although the dropout rate for students from low-income families (8.7 percent) has fallen slightly over the past decade, it is still more than four times greater than the dropout rate for students from upper-income families (2.0 percent) (Chapman, Laird, and KewalRamani 2010).

Housing as a Platform to Improved Education Outcomes for Children

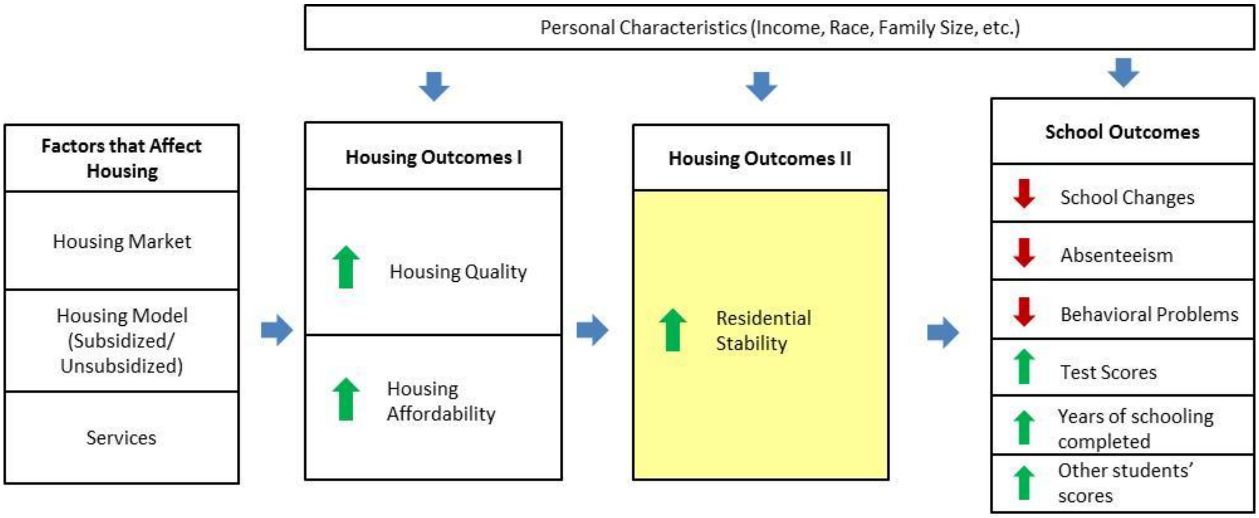
While many factors affect school outcomes among low-income children, including parental involvement and school quality, researchers hypothesize that meeting children's basic housing needs is a critical part of school readiness and academic success. As noted above, different dimensions make up a housing "bundle," and before understanding how housing affects school outcomes for children, researchers must "unbundle" these dimensions. Many researchers have hypothesized and measured how housing affects educational outcomes.[4] The following diagrams provide conceptual models and hypotheses for how housing can create positive pathways toward children's educational success. As the models note, we focus on four housing dimensions that may affect outcomes: housing quality, residential stability, housing affordability, and neighborhood location. These mechanisms affect school outcomes in different ways and, importantly, often interact with each other:

- *Housing quality (*often affected by housing affordability) can positively affect children's safety and health outcomes, leading to better school attendance rates and improved attentiveness in class. Living in a housing unit that comfortably accommodates all members of the household provides a stress-free environment in which children can accomplish homework assignments.

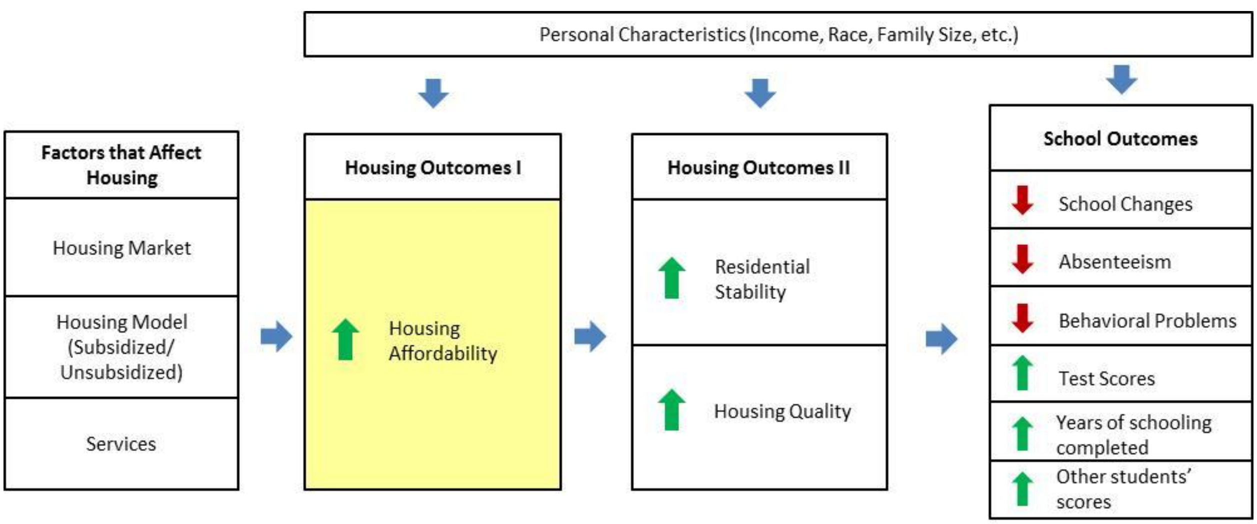


[4] For previous reviews see Brennan (2011) and Newman

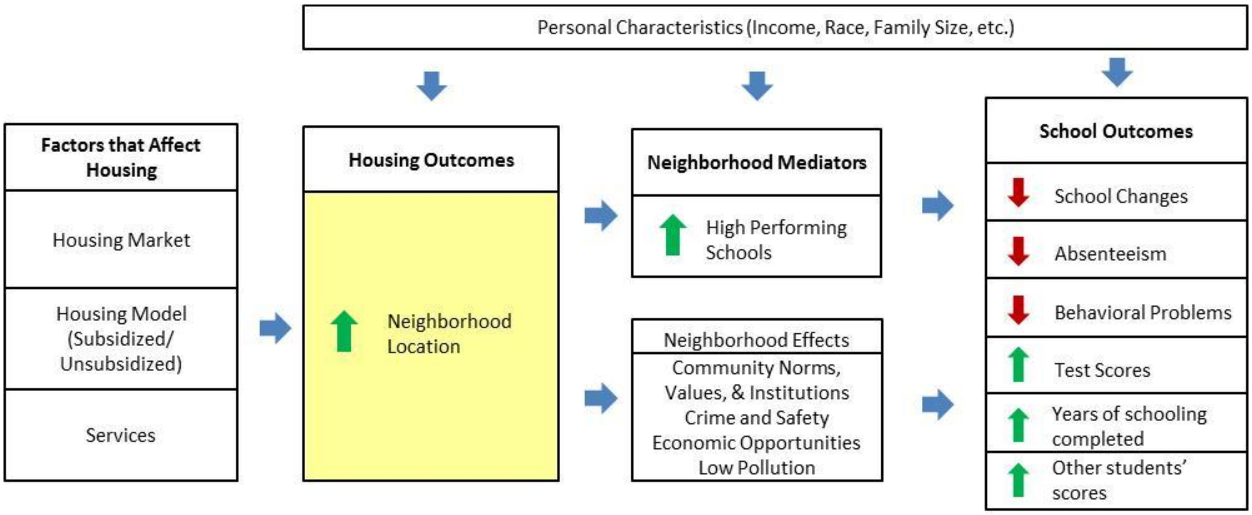
- *Residential stability* (often affected by housing quality and housing affordability) can lead to an uninterrupted school year, avoid disruptions at home caused by an unplanned move, and lead to fewer school changes that leave children behind academically.



- Since housing is the biggest expenditure in household budgets, *affordable housing* can provide families with financial security, leading to improvements in housing quality and residential stability; these improvements lead to better school outcomes, as noted above.



- Housing in a safe and healthy *neighborhood location* can improve household access to high-performing schools that lead to improved academic outcomes. Factors independent of school quality, such as community norms and values, day care availability, and safety may also lead to improved educational outcomes in a good neighborhood.



To gauge the impact of housing on children's educational outcomes, researchers must define not only housing quality, but also the dimensions of school quality, and measuring school outcomes is just as difficult. Typically, student test scores are used a measure of school quality, but researchers, parents, and government officials each have their own definitions for the components of a quality educational institution. Most define quality schools "as having higher teaching quality, greater educational resources, more rigorous course offerings, smaller class sizes, and a school climate that values learning and achievement and holds high expectations for students" (Darling-Hammond 1996 as quoted in Sanbonmatsu et al. 2011). Parents agree with certain aspects of this definition and are silent on others. In a series of nine focus groups, D.C. parents most often cited curriculum and programs, school safety, school resources, location, and teacher quality as the most important aspects of a good school. Only a few parents mentioned student body test scores as a major factor (Filardo et al. 2008). However, in a study of 20 states that publish school ratings and other measures, researchers found that, although schools reported on school inputs such as school resources, and a select few reported on school processes, school accountability measures were exclusively defined by test scores, dropout rates, or course-taking (H. Schwartz et al. 2011).

The Impact of Housing on School Outcomes: What the Research Says

What does the research say about these hypotheses? Most research focuses on the absence of housing and its negative consequences for children's school outcomes. There are a few ways that inadequate housing may affect school outcomes, as measured by accessibility to high-quality schools, attendance, and academic achievement (i.e., school test scores). First, researchers posit that children who experience homelessness or are living in overcrowded, doubled-up situations may lack the necessary tools to do well in school (Dworsky 2008). For example, overcrowded shelters may be noisy and chaotic, interfering with children's ability to complete homework assignments; children may have to share common space and have inadequate workspaces or access to school supplies. Further, parents experiencing homelessness or residential instability may not be able to prioritize helping children with their homework or be involved in school activities (Cunningham, Harwood, and Hall 2010). Conley (2001) analyzed the Panel Study of Income Dynamics and found that after controlling for family characteristics, children living in overcrowded conditions completed less schooling than their counterparts.

Health problems related to housing quality may affect school attendance, putting children behind in schoolwork and lowering academic achievement. The evidence shows that families living in low-quality housing, particularly children, may suffer severe health consequences. For example, low-income children living in deteriorated public housing, with infestations of cockroaches, mice, and mold, suffer from high rates of asthma (Howell, Harris, and Popkin 2005). Research shows that lead poisoning, an attribute of low-quality housing, is associated with developmental delays and poor educational outcomes (Moonie et al. 2008; Bellinger and Needleman 2003; Lanphear et al. 2000). These health problems can lead to high rates of absenteeism, which is linked to poor educational outcomes. As Kinney and colleagues note (2002), “asthma is one of the leading causes of absences from school.” Health problems may also lead to inattentiveness in the classroom, leading to poor grades and test scores. However, much of the literature that links housing, health, and poor educational outcomes only proves correlation, not causation, and suffers from selection issues. It is unclear if poor educational outcomes are *caused* by housing-related health problems or from other family characteristics (e.g., poverty, etc.), making it difficult to clearly establish causality. For example, a study that examined school outcomes for families living in public housing against those in privately owned assisted housing and those eligible for assisted housing but not receiving housing assistance found that after controlling for demographic and family background, the differences in outcomes between the groups disappear (Newman and Harkness 2000). The authors note that “educational outcomes are unaffected by whether a child ever lives in public housing, the duration of the residence, and the stage of childhood in which he or she lives there. These results show that it is the more disadvantaged family background of children who live in public housing, in particular lower levels of earnings, parental education, and economic self-sufficiency, which lead to worse educational outcomes, not public housing itself.”

Residential instability may also lead to absenteeism and school changes. The research on school attendance is mixed: some studies find that homeless children have higher rates of absenteeism than housed children, while other studies find no differences (Zima, Wells, and Freeman 1994; Rubin et al. 1996; Buckner, Bassuk, and Weinreb 2001). Residential instability, in many cases, clearly causes frequent school changes. In one study of Chicago elementary school students, only half remained enrolled in the same school over three years, and the majority of school moves were as a result of residential moves (Kerbow, Azcoitia, and Buell 2003). Students who changed schools frequently lag behind their non-mobile students by a year or more in reading and math, and half of this difference can be attributed to mobility (Garriss-Hardy and Vrooman 2005). Low-income families, generally, have high mobility rates (Coulton et al. 2009). Low-income students attending inner-city schools are more likely to change schools frequently: over 17 percent of all third graders have changed schools more than three times, and frequent movers are more likely to have repeated a grade or have low reading scores (GAO 1994; Garriss-Hardy and Vrooman 2005). As the data on children affected by foreclosure indicate, families affected by foreclosure move and change schools more frequently (Been et al. 2011; Comey and Grosz 2011). These school changes may demand the child adapt to a new curriculum and new teacher, and may often require the child to make up schoolwork covered earlier in the year. Further, as Obradovic and colleagues (2009) note, highly mobile students are at risk for “broken bonds” with teachers that may disadvantage those needing the most help in the classroom.

In fact, *all* students suffer in a school with a large population of highly mobile students. Research shows that review and catch-up work become the norm in high-mobility schools, and lessons often stall at elementary skill levels. Teacher morale may be poor as a result, leading to high teacher turnover and an influx of inexperienced teachers (Rhodes 2006). By fifth grade, the curricular pace at schools with highly mobile populations is so different from more stable schools that the math curriculum is typically one grade below grade level (Kerbow et al. 2003). As a result, students perform poorly on standardized tests (Kaase 2005).

One way to decrease residential mobility is through housing subsidies. Research from HUD's Welfare to Work Voucher experiment found that housing vouchers reduce residential mobility, but it is unclear if residential *stability* resulted in better school outcomes since the analysis did not examine outcomes beyond basic housing (Gubits, Khadduri, and Turnham 2009; Mills et al. 2006). More research is needed to understand if these voucher families have improvements in school outcomes as well.

Beyond the stability of the housing unit, the neighborhood location and proximity to high-quality schools may also matter. However, as evidence from the Moving to Opportunity Demonstration (MTO) shows, merely moving families to better neighborhoods may not translate into access to better schools. As Ferryman and colleagues (2008) note, many families who had a chance to switch school districts kept their children enrolled in the pre-move neighborhood schools. Qualitative data suggests that many MTO families were "information poor" and did not make school choices the way middle-class families often do. MTO families reported that neighborhood safety was the first priority when deciding where to live and that safety is the mark of a good school (Ferryman et al. 2008). Despite these challenges, research suggests that getting low-income children into high-performing schools could improve school outcomes. A recent study shows that low-income children who attend schools with middle- and upper-income children do better academically (H. Schwartz 2009).

Finally, housing affordability may lead to low-quality housing and residential instability. The lack of affordable housing can lead to difficult choices in household budgets—for example, choosing between paying the rent or paying for food and other necessities like adequate health care. Families with affordability issues may choose lower quality housing to make up for the gap in income. Financial trouble may also negatively affect children's academic performance and behavioral development (Pribesh and Downey 1999). However, there is some evidence that high-priced housing is not linked to negative long-term outcomes. An analysis of the Panel Study of Income Dynamics finds that "children growing up in higher-priced markets appear to fare no worse than those in lower-priced markets" (Harkness, Newman, and Holupka 2009, 123). These households may be "buying" into better neighborhoods and, thus, better schools. These types of decisions may create positive tradeoffs: by improving the neighborhood location dimension of housing (and therefore increasing the quality of the school attended) and decreasing the affordability dimension, children may experience positive outcomes.

Academically, some studies have found that homeless and highly mobile students score lower than stably housed children do on standardized tests in reading, spelling, and math (Obradovic et al. 2009; Rafferty, Shinn, and Weitzman 2004; Rubin et al. 1996). These differences remain even after controlling for poverty and other stressors. For example, Rubin and colleagues (1996) compared 102 homeless children with 178 housed children and found, controlling for differences in socioeconomic status and demographic characteristics, that homeless children scored lower on tests of reading, spelling, and math proficiency. While this study offers the best evidence of the independent effects of a lack of housing on children's academic success, there still may be unobserved differences between the level of disadvantage of families who end up homeless and those who do not; further, the study does not explain which dimension of housing is driving the improved outcomes. Is it the frequent moves, school changes, or disruptions in the home that cause these differences?

Common Methodological Challenges in the Research Base

Most studies that examine the impact of housing on children's education outcomes are plagued by methodological limitations. A few limitations stand out in the literature:

- **Studies do not adequately control for family characteristics and selection issues.** Selection bias can affect research on the impact of housing in two different ways. First, it may cause researchers to overlook differences in outcomes that may exist. For example, many studies show mixed results when it comes to understanding the independent effects of the absence of adequate housing (Buckner 2008; Newman 2008). This is because, as many researchers note, it is difficult to disentangle the effects of poverty from those of inadequate housing and homelessness. This same condition may cause researchers to erroneously attribute school outcomes to housing situations, when those outcomes are actually caused by family characteristics. Since most studies do not use experimental or longitudinal designs that would overcome selection issues and omitted variable bias, selection bias remains problematic.
- **Studies do not "unbundle" housing dimensions.** As noted earlier, a housing "bundle" is made up of several different dimensions, and these dimensions may affect school outcomes in different ways. To understand the impacts of housing and design responses to the problem, policymakers need more nuanced information on the "what" and the "how." What is causing the negative outcome? How is that factor causing it? Of course, housing policy should strive to ensure that all dimensions of housing need are met, but each is costly to attain, so knowing which dimensions will achieve the most benefit is critical. Are there dimensions of housing that are more important to achieve? What are the tradeoffs? Is residential stability more important than housing quality or affordability? Is it enough to provide neighborhood location (and therefore access to high-quality schools) but not maximize affordability?
- **Studies do not fully measure housing along those different dimensions.** Many studies examine housing as a dichotomous variable: children are either housed or homeless. However, homelessness is just one end of the inadequate housing spectrum—the worst possible outcome. Even if children do not become literally homeless, as noted above, many low-income families experience substandard housing, affordability problems, and residential instability—all of which may affect children's education outcomes. The duration of these conditions may also matter. As Rog and Buckner (2007) note, "homeless episodes are typically part of a long period of residential instability, marked by frequent moves, stays in one's own housing, and doubling up with friends and relatives." Families move in and out of these circumstances, and they may appear stable at one point in time but experience inadequate housing in others. They may, for example, live in low-quality housing or overcrowded units. Thus, many studies that compare homeless children to other low-income housed children may in fact be comparing homeless children to low-income, *inadequately* housed children.
- **Studies do not adequately describe housing models.** Another challenge with understanding the difference in outcomes among children who are adequately or inadequately housed is highlighting the differences among and within housing models. For example, some public housing may be

distressed, while other developments may offer healthy, safe neighborhoods with high-quality units. Similarly, some private-market housing may offer high-quality units in neighborhoods with high-performing schools, while others may be located in unsafe neighborhoods with substandard housing quality. Private-market housing may look similar or quite different from public housing. Put simply, not all assisted housing or private-market housing is the same, and capturing the condition of the housing along different dimensions is important for interpreting the results of the study.

- **Studies do not explore alternative dimensions of school quality.** The majority of studies attempting to link housing and educational outcomes invariably focus on test scores or graduation rates. However, researchers, parents, and educators may have alternative definitions for the components of a quality education that may include, but are not limited to, social and behavioral outcomes and college readiness (Filardo et al. 2008; H. Schwartz et al. 2011). Understanding how housing interacts with alternative measures of school quality would help researchers and policymakers understand the broader range of educational benefits and costs mediated by housing.

Plan for Future Research

The purpose of creating a research agenda is to inform government agencies, foundations, and other stakeholder organizations about research questions that will help move policy and practice forward. Prioritizing questions will help focus investments and stimulate the interest of researchers from academic and research organizations, ensuring that research undertaken is policy relevant. To optimize the value of research findings, research designs should include rigorous data collection strategies, including quasi-experimental and experimental designs where appropriate. Research should also include qualitative data collection strategies that help understand program design, implementation, and cost analyses that provide data to policymakers so they can weigh costs and benefits of different program and policy approaches. Drawing on the evidence outlined in this framing paper, three areas deserve attention:

- **Understanding the what and the how.** As is clear from our review of the evidence, understanding the impact of housing on school education outcomes is still incomplete. Specifically, researchers have not unbundled different dimensions of housing to understand the "what" and the "how." These questions are not merely academic. To prioritize where to invest "housing dollars," policymakers must know if one housing dimension is more important than another for school outcomes. More research is needed in this area.

- **Testing the efficacy of shallow housing subsidies.** Research shows that providing housing subsidies to families can protect them against homelessness and provide residential stability (Khadduri 2008; Wood, Turnham, and Mills 2008). Considering the current budget environment, it is unlikely that Congress will significantly increase funding for housing vouchers— though advocates should continue to push for this evidence-based program. Meanwhile, policymakers must learn how to do more with less. While it is still an open question, providing a shallow subsidy to families that require less assistance may help keep them stably housed and protect them against unforeseen circumstances, such as health issues or job loss. Researchers need to rigorously evaluate the impact of shallow subsidies and other subsidy structures to understand if they are effective.

- **Linking housing more closely to high-performing schools and helping families make positive choices when searching for housing.** Research shows that low-income children who attend schools with middle- and upper-income children do better academically (H. Schwartz 2009). The data indicate that without a purposeful intervention, low-income children will meet numerous barriers accessing high-performing middle- and upper-income schools. As MTO reveals, even helping families move to lower-poverty neighborhoods may not result in positive school changes for children (Ferryman et al. 2008). Despite powerful evidence that low-income children are constrained by their low-performing neighborhood schools, housing policy and school policy operate in silos. As Turner and Berube (2009, 1) note, “Public policies have helped shape today’s disparities in neighborhood affordability and school quality…programs focused on affordable housing rarely take public schools into account and school officials typically assume that they have no influence over housing patterns.” Policymakers must do more to integrate housing and school policy. First, they must identify neighborhoods where high-performing schools are located and map the share of affordable housing in these neighborhoods. Second, policymakers can implement some changes immediately, like prioritizing placement of subsidized housing in neighborhoods with high-performing schools; improving housing and attracting middle-income families to neighborhoods with lower performing schools, with the goal of improving schools over the long term; and providing incentives to housing agencies for helping families move to these neighborhoods (Turner and Berube 2009). In addition, policymakers can provide funding for provision of early childhood education programs on site. Lastly, program interventions could be tested and further studied to understand their full impact. One such example is launching a demonstration project that provides housing vouchers to families to help them move to neighborhoods with high-performing schools and requiring households to switch to the new schools.

To understand more about these gaps in research, we suggest a few research projects in Table 1. The table provides research questions, descriptions of the research projects that would answer the questions, and incubator projects that would serve as a seed to getting the larger research project off the ground.

Conclusion

Research suggests that housing is not only critical for meeting children’s basic needs; it can be a platform for improving education outcomes. Further, devoting more resources to housing now that improve educational outcomes could lead to improved employment outcomes, thereby saving money and boosting national productivity. Much more research is needed to understand the how and the why, but the literature clearly demonstrates that some aspects of housing—residential instability and neighborhood location—affect education outcomes. In addition to the how and the why, policymakers lack research on policy interventions that either mitigate the effects of these housing dimensions or solve them. This paper provides a priority list of research questions that, if answered, can help inform policymakers to design potential solutions and go a long way toward connecting the dots between housing and school outcomes for low-income children.

Table 1: Research Questions and Potential Research Projects

Research questions	Research project	Incubator project
Does providing vouchers plus school-focused housing search assistance help low-income families access high-quality schools and help improve their children's educational outcomes?	Launch an experimental demonstration, including cost analyses, that provides enhanced vouchers (vouchers plus school-focused housing search assistance) to low-income families.	Draft hypothesis, research design, and conduct a feasibility analysis.
For hyper-mobile families, what is the impact of shallow subsidies on residential instability and school outcomes? How does providing shallow subsidies to families in neighborhoods with high rates of mobility reduce churning and improve neighborhood outcomes?	Launch an experimental demonstration, including cost analyses, that provides a shallow subsidy to hyper-mobile families in neighborhoods with high mobility rates.	Review literature for research on the efficacy of shallow subsidies. Draft hypothesis, research design, and conduct feasibility analysis.
What are the key components of initiatives that link community development efforts and schools, including providing on-site childhood education programs?	Conduct a national scan of model programs, complete site visits and key informant interviews, and produce case studies.	Complete the scan and outline a typology for understanding core program dimensions.
What is the impact of housing on school outcomes? Which dimensions of the "housing bundle" are the most important when it comes to influencing school outcomes?	Analyze data from integrated databases to examine the impact of housing outcomes on school outcomes.	Draft a paper that investigates ways to use integrated databases to examine the impact of housing outcomes on education outcomes. The paper should specifically look at possibilities to unbundle housing dimensions and to use propensity score matching to create comparison groups.

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Texas Education Agency

Commissioner Mike Morath

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To the Administrator Addressed

DATE:	**December 10, 2020**
SUBJECT:	**A–F Accountability Pause; Addendum and Amendment Requests to the State's Every Student Succeeds Act State Plan**
CATEGORY:	**Notice**
NEXT STEPS:	**Share with appropriate administrators and staff**

The COVID-19 pandemic has highlighted the importance of balancing health and safety concerns with the impact on student learning and growth. Recognizing the unique challenges schools face this year, the Texas Education Agency (TEA) will not issue A–F accountability ratings for the 2020–2021 school year and will seek waivers of aspects of federal accountability requirements. However, because it remains critical that parents, educators, and policymakers understand the impact of the pandemic on student learning, state assessments will continue this school year through the administrations of the State of Texas Assessments of Academic Readiness (STAAR®), STAAR Alternate 2, the Texas English Language Assessment System (TELPAS), and TELPAS Alternate. TEA will process and report all available data from the 2020–2021 school year but will not calculate accountability scores or assign A–F ratings. The underlying student achievement data can then be used by legislative leadership, TEA, and school systems to inform changes moving forward and otherwise target resources to schools and students that need the greatest support. Parents and educators can use this important information to gain a deeper understanding of individual student strengths and needs.

Background on Federal Accountability

This letter serves as notice of TEA's intent to submit addendum and amendment requests to the U.S. Department of Education (USDE) to address aspects of the federal accountability system.

In March 2020, the USDE granted TEA a waiver from annual assessment and accountability requirements for school year 2019–2020 under the Elementary and Secondary Education Act (ESEA), as amended by the Every Student Succeeds Act (ESSA) due to the widespread impact of COVID-19. In October 2020, the USDE notified state education agencies of the opportunity to modify their federal accountability systems for the 2020–2021 school year to account for the lack of data due to this waiver.

Upon review of its federal accountability system, TEA determined that the lack of data from the 2019–2020 school year and the ongoing impact of COVID-19 on the 2020–2021 school year will have a significant impact on the ability to properly calculate the Closing the Gaps domain and issue identifications of schools for federal school improvement. TEA will process and report to the USDE all available 2020–2021 data but will not calculate accountability scores or assign A–F ratings. Therefore, TEA will submit addendum and amendment requests to the USDE to adjust the Closing the Gaps domain methodology used in the academic accountability system and the methodology used to identify schools for support and improvement.

Addendum Request

TEA is requesting the following one-year adjustments for 2021 accountability determinations:

- To delay the implementation of the accelerated testers requirement by one year.
- To report only reading and mathematics STAAR participation rates for districts and campuses.

- To process the Closing the Gaps domain without the Academic Growth component due to the lack of sufficient growth data.
- To delay the identification of the next cohort of comprehensive support and improvement (CSI), targeted support and improvement (TSI), and additional targeted support (ATS) campuses by one year. This request would also postpone the escalation of three-year ATS campuses to comprehensive status until August 2023.
- To retain existing CSI, TSI, and ATS labels for 2021–2022. In order to receive funding for 2021–2022, CSI campuses must opt-in for continued interventions. Campuses that opt-out of continued interventions would continue to be identified and would also be opting-out of funding. Current CSI campuses identified solely by the graduation rate criteria would have an opportunity to exit if the campus met the graduation rate exit criteria.
- To not calculate or assign scaled scores or A–F rating labels to the Closing the Gaps domain.

Amendment Request

TEA is asking to amend the following sections of the state plan:

- The language in the school interventions section to reflect current interventions.
- The language in the Title I, Part C: Education of Migratory Children to reflect current needs and procedures.
- The language in the accountability section to align with the addendum request. For example, the definition of "three consecutive years" of data for TSI identification will be updated to exclude data from the 2020–2021 school year due to the lack 2021 Academic Growth.

Comment Period

All comments on this proposed amendment are due by Monday, January 11, 2021, by electronic mail addressed to performance.reporting@tea.texas.gov.

Once TEA has reviewed any comments received and has made any appropriate modifications to the proposals, the comments will be submitted to the USDE as part of the state's request. When, and if, TEA receives USDE approval of these proposals, additional information will be provided to local education agencies.

For Further Information

If you have any questions regarding these proposals, please contact TEA's Performance Reporting Division at (512) 463-9704 or performance.reporting@tea.texas.gov. In addition, copies of the proposed requests can be found at https://tea.texas.gov/about-tea/laws-and-rules/essa/every-student-succeeds-act.

OPPORTUNITY STARTS AT HOME

EDUCATION ADVOCATES ARE HOUSING ADVOCATES

Teachers know that children learn better and are more likely to graduate when they live in a stable, affordable home.

Stable, affordable housing drives stronger student outcomes.

- "Low-income children in affordable housing score better on cognitive development tests than those in unaffordable housing (Newman & Holupka, 2015). Researchers suggest that is partly because parents with affordable housing can invest more in activities and materials that support their children's development (Newman & Holupka, 2014). Parents also are able to save more money for their children's college tuition when they are not rent burdened and are more likely to attend a parent teacher conference (Public and Affordable Housing Research Corporation, 2016)." Quoted from NLIHC, *A Place to Call Home*
- "Low income children who switch schools frequently due to housing instability or homelessness tend to perform less well in school, have learning disabilities and behavioral problems, and are less likely to graduate from high school (Voight, Shinn, & Nation, 2012). When they grow up, they are also more likely to be employed in jobs with lower earnings and skill requirements (Fischer, 2015)." Quoted from NLIHC, *A Place to Call Home*
- "Students who attend schools with large populations of hypermobile children [due to unstable and unaffordable housing] also suffer academically since more time must be devoted to review and catching up on work (Cunningham & MacDonald, 2012)." Quoted from NLIHC, *A Place to Call Home*
- "Children who live in a crowded household at any time before age 19 are less likely to graduate from high school and tend to have lower educational attainment at age 25 (Lopoo & London, 2016)." Quoted from *How Housing Matters*
- "Living in poor-quality housing and disadvantaged neighborhoods is associated with lower kindergarten readiness scores (Coulton et. al., 2016)." Quoted from *How Housing Matters*

Schools should not "go it alone." Out-of-school factors greatly influence academic outcomes. After all, children spend more time in and around their home than they do in school.

- "The preponderance of evidence shows that achievement differences between students are overwhelmingly attributable to factors outside of schools and classrooms (Hanushek et al. 1998; Rockoff 2003; Goldhaber et al. 1999; Rowan et al. 2002; Nye et al. 2004)." Quoted from DiCarlo, The Shanker Institute
- Because school funding largely comes from local property taxes, housing plays a pivotal role in how much schools can spend on students' education. The highest poverty school districts receive roughly $1,000 less per pupil in state/local funding than the wealthiest districts (The Education Trust, 2018).

Near a high-scoring public school, housing costs

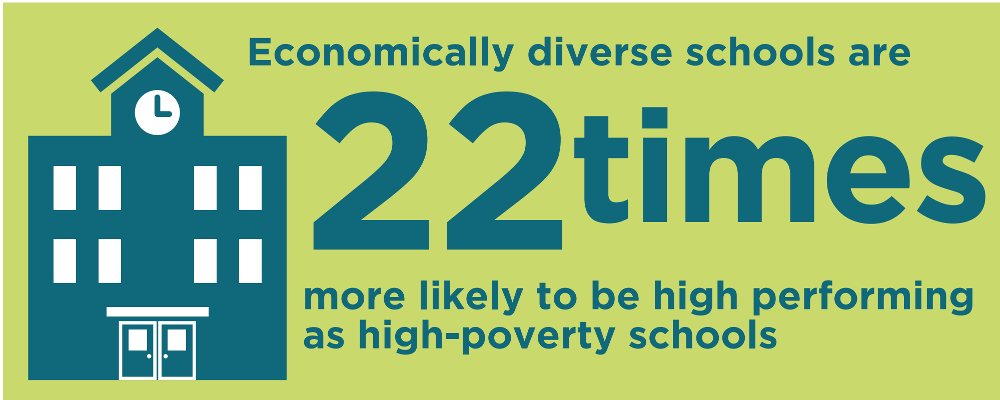
2.4 times as much

OR $11,000 more a year

as housing near a low-scoring public school (Rothwell, 2012).

From *How Housing Matters*

Affordable housing options located in high-opportunity areas can lead to economically diverse neighborhoods, which, in turn, can lead to economically diverse schools which consistently drive strong student outcomes for all children.



Harris, 2007

- "Students in integrated schools have higher average test scores. On the 2011 National Assessment of Educational Progress (NAEP) given to fourth graders in math, for example, low-income students attending more affluent schools scored roughly two years of learning ahead of low-income students in high-poverty schools. Controlling carefully for students' family background, another study found that students in mixed-income schools showed 30 percent more growth in test scores over their four years in high school than peers with similar socioeconomic backgrounds in schools with concentrated poverty." Quoted from The Century Foundation, Benefits of Integrated Schools
- In Montgomery County, Maryland, scattered-site public housing gave low-income children an opportunity to live in more affluent neighborhoods and thereby attend more affluent schools, which drove stronger achievement and significantly reduced gaps. This ground-breaking study showed that affordable housing, in and of itself, can help raise student achievement and can be more effective than some traditional education reforms (Schwartz, 2010).
- Attending a diverse school reduces prejudice and stereotypes, and prepares students for success in a diverse global economy (The Century Foundation, Benefits of Integrated Schools).
- When a low-income child is able to access affordable housing located in a better neighborhood, it improves the likelihood of college attendance (Chetty & Hendren, 2015).

"School reform cannot succeed without housing reform."
– Richard Rothstein, Economic Policy Institute

For more information, please visit www.opportunityhome.org

House Bill 22 2018 Accountability FAQs

How did House Bill (HB) 22 change the state academic accountability system?

From 2013 through 2017, the state academic accountability system framework used four indices, Student Achievement, Student Progress, Closing Performance Gaps, and Postsecondary Readiness, to assign either a *Met Standard* or *Improvement Required* rating to districts and campuses. House Bill 22, passed by the Texas Legislature in June 2017, establishes three domains of indicators to evaluate the academic performance of districts and campuses: Student Achievement, School Progress, and Closing the Gaps. It requires the commissioner to adopt rules to assign districts a rating of *A, B, C, D*, or *F* for overall performance, as well as for performance in each domain, beginning in August 2018. Campuses will receive *A–F* ratings beginning in August 2019.

Additionally, HB 22 establishes local accountability systems to allow districts and charter schools to develop plans to locally evaluate their campuses. Once a plan receives approval from the agency, districts and charter schools may use locally developed domains and indicators together with the three state-mandated domains to assign overall *A–F* ratings for each campus.

Finally, HB 22 requires the commissioner to report to the legislature by January 1, 2019, the overall and domain performance rating each campus would have received for the 2017–18 school year if the *A–F* ratings for campuses had been in place.

What is the purpose of the Student Achievement domain?

The Student Achievement domain evaluates district and campus performance based on student achievement in three areas: performance on STAAR assessments, College, Career, and Military Readiness (CCMR) indicators, and graduation rates.

What is the purpose of the School Progress domain?

The School Progress domain measures district and campus outcomes in two areas, Part A: Academic Growth and Part B: Relative Performance. Academic Growth evaluates the number of students that grew at least one year academically (or are on track) as measured by STAAR results, and Relative Performance evaluates the achievement of students relative to districts or campuses with similar economically disadvantaged percentages.

How does the state evaluate academic growth in School Progress, Part A?

School Progress, Part A: Academic Growth awards points to districts and campuses based on whether the student achieved *Expected* or *Accelerated* on the STAAR progress measure or maintained proficiency from the prior year to the current year. The following charts provide additional details.

STAAR

		Current-Year Performance on STAAR			
		Did Not Meet Grade Level	**Approaches Grade Level**	**Meets Grade Level**	**Masters Grade Level**
Prior-Year Performance on STAAR	**Did Not Meet Grade Level**	Met or Exceeded Growth Expectation=1 point, Else=0 points	Met or Exceeded Growth Expectation=1 point, Else=0.5 point	1 point	1 point
	Approaches Grade Level	Met or Exceeded Growth Expectation=1 point, Else=0 points	Met or Exceeded Growth Expectation=1 point, Else=0.5 point	1 point	1 point
	Meets Grade Level	0 points	0 points	Met or Exceeded Growth Expectation=1 point, Else=0.5 point	1 point
	Masters Grade Level	0 points	0 points	0 points	1 point

STAAR Alternate 2

		Current-Year Performance on STAAR Alternate 2		
		Level I: Developing	**Level II: Satisfactory**	**Level III: Accomplished**
Prior-Year Performance on STAAR Alternate 2	**Level I: Developing**	Met or Exceeded Growth Expectation=1 point, Else=0 points	1 point	1 point
	Level II: Satisfactory	0 points	Met or Exceeded Growth Expectation=1 point, Else=0.5 point	1 point
	Level III: Accomplished	0 points	0 points	1 point

What is the STAAR progress measure?

The STAAR progress measure quantifies a student's year-to-year improvement by comparing current and prior-year scores on STAAR. By comparing the change in his or her score to growth expectations, each student is assigned to one of three categories: *Limited*, *Expected*, or *Accelerated*. More information about the STAAR progress measure is available on the TEA website at http://tea.texas.gov/student.assessment/.

Why didn't a student get a progress measure?

There are several reasons why a student might not receive a STAAR progress measure. More information about the STAAR progress measure is available on the TEA website at https://tea.texas.gov/student.assessment/progressmeasure/.

How is School Progress, Part B: Relative Performance evaluated?

For elementary and middle schools, School Progress, Part B evaluates the overall student performance on the Student Achievement STAAR component compared to campuses with similar percentages of economically disadvantaged students, as reported in the TSDS PEIMS fall snapshot.

For high schools, K–12 campuses, and districts, School Progress, Part B evaluates the average of the Student Achievement STAAR and the College, Career, and Military Readiness (CCMR) components compared to districts or campuses with similar percentages of economically disadvantaged students, as reported in the TSDS PEIMS fall snapshot.

If CCMR outcomes are not available for a high school, K–12, or district, only the Student Achievement STAAR component is used.

What is the purpose of the Closing the Gaps domain?

The Closing the Gaps domain uses disaggregated data to demonstrate differentials among racial/ethnic groups, socioeconomic backgrounds, and other factors. The indicators in this domain, as well as the domain's construction, align the state accountability system with the Every Student Succeeds Act (ESSA).

How does the accountability system ensure that individual student groups are not ignored?

The Closing the Gaps domain is specifically designed to address this concern. Closing the Gaps is the critical domain in the overall district or campus evaluation that ensures their lowest-performing student groups receive focused interventions. The system evaluates the performance of fourteen student groups: all students, African American, Hispanic, white, American Indian, Asian, Pacific Islander, two or more races, economically disadvantaged, current special education, former special education, current and monitored English learners, continuously enrolled, and non-continuously enrolled.

Who helped TEA develop the state accountability rating system?

Two advisory committees, the Accountability Technical Advisory Committee (ATAC) and the Accountability Policy Advisory Committee (APAC), met with TEA staff numerous times to consider the complex technical issues related to accountability and make recommendations to the commissioner on the specific features of the system. The accountability development materials that were reviewed at each meeting by the advisory groups are available online at the 2018 Accountability Development Materials website.

Furthermore, TEA sought feedback from many sources, including 60+ regional forums with superintendents, 40+ focus group meetings, and countless emails and one-on-one conversations conducted by multiple agency staff with superintendents, school board members, principals, teachers, parents, students, business leaders, professional associations, and other advocacy groups. As is expected given the complexity of the topic and the size of Texas, stakeholders brought a range of perspectives. The feedback the agency solicited did not give us one consistent direction, and at times stakeholders proposed radically different or even directly conflicting directions for our A–F framework. To help us weigh competing recommendations, the Accountability Policy Advisory Committee (APAC), with technical support provided by the Accountability Technical Advisory Committee (ATAC), reviewed much of this feedback and engaged in rigorous discussions on these topics. These advisory groups then submitted synthesized recommendations from this feedback, which we found immensely helpful in reconciling competing points of view, but even their recommendations were not unanimous in all cases.

Despite these challenges, this feedback was immensely helpful and guided our revisions to the accountability system framework substantially. For additional details about feedback received by the agency, please see the “Notable Changes to House Bill 22 Framework Based on Feedback” document at https://tea.texas.gov/2018AccountabilityDevelopment/.

Why are districts rated *A–F* but campuses are rated *Met Standard* or *Improvement Required*?

House Bill 22 (85th Texas Legislature, 2017) requires that districts receive *A–F* ratings and campuses receive *Met Standard* or *Improvement Required* ratings for 2018. Both districts and campuses will receive *A–F* ratings in 2019.

Will the *Met Standard/Improvement Required* ratings that campuses receive in August 2018 be based on the four indices that have been in place since 2013?

No. Both districts and campuses will be evaluated on all three domains. Districts receive *A–F* ratings beginning in August 2018. In 2018, campuses will be evaluated on the three domains and receive a *Met Standard or Improvement Required* rating. Campuses will receive *A–F* ratings beginning in 2019.

What are the domain cut points for 2018?

Cut points vary for each domain and depend on the campus type (elementary, middle, high/K–12) and whether the campus is an alternative education campus. Chapter 5 of the *2018 Accountability Manual* will provide domain cut points. The manual will be available on the TEA website at http://tea.texas.gov/2018accountabilitymanual.aspx.

All the campuses in our district are rated *Met Standard,* but the district is rated an *F*. How is this possible?

It's not uncommon for a campus to have a higher rating than its district. This could be caused by any of several scenarios:

- One or more student groups are excluded from a campus's accountability rating because the groups do not meet minimum-size criteria. At the district level, however, these student groups meet minimum-size criteria and are included in the district's accountability rating.
- Students move between campuses in a district during the school year. The STAAR results of these students are not included in the accountability ratings of either campus. The results are, however, included in the district's accountability ratings.
- A district's high school has a low graduation rate. Because elementary and middle schools are not accountable for the graduation rate component, they would be unaffected, but the district's rating would reflect the low graduation rate.

How are multiple-year *Improvement Required* status for purposes of accountability interventions and sanctions be determined this year?

In determining consecutive years of *Improvement Required* ratings for purposes of accountability interventions and sanctions, considerations for multiple-year *Improvement Required* status will continue from the previous index system to the new three-domain system. Years that a district, charter school, or campus is assigned an accountability rating shown below will be considered.

- 2018: *A, B, C, D, F* for districts and *Met Standard, Met Alternative Standard, Improvement Required* for campuses
- 2013–2017: *Met Standard, Met Alternative Standard, Improvement Required*
- 2012: [No state accountability ratings issued]
- 2004–2011: *Exemplary, Recognized, Academically Acceptable, Academically Unacceptable, AEA: Academically Acceptable, AEA: Academically Unacceptable*

While no ratings were issued in 2012, an *Improvement Required* rating assigned in 2013 and *Academically Unacceptable/AEA: Academically Unacceptable* ratings assigned in 2011 are considered consecutive years. In addition, although the consecutive years of *F/Improvement Required* ratings may be separated by one or more years of temporary closure or *Not Rated* ratings, such separations, whether for single or multiple years, do not break the chain of consecutive years of unacceptable ratings for purposes of accountability interventions and sanctions. This policy applies to districts and charter schools as well as campuses when *Not Rated* and *Not Rated: Data Integrity Issues* labels are assigned.

Did the accountability subset rule change at all?

No. The agency will continue to hold districts and campuses accountable for students who were reported as enrolled on the previous TSDS PEIMS fall snapshot and testing date.

Did the accountability cycle change?

No. The accountability cycle remains the same: summer, fall, and spring. Accountability ratings released in August 2018 will be based on assessments administered in summer 2017, fall 2017, and spring 2018.

How are substitute assessments included in 2018 accountability?

Substitute assessments are included at the Meets Grade Level standard in Student Achievement, School Progress, Part B and Closing the Gaps. They are not included in School Progress, Part A because they don't have a STAAR progress measure. The agency will explore using the differentiated performance level descriptors to calculate academic growth for substitute assessments in the future. The goal is for this to be in place for the 2020 accountability ratings.

How does the agency determine whether a graduate was enrolled in a CTE coherent sequence and completed and earned credit for coursework aligned with the approved industry-based certification list for College, Career, and Military Readiness?

The CTE coherent sequence status comes from the summer 2017 submission of TSDS PEIMS Element ID E0031. Then the agency verifies the graduate completed one of the 85 aligned courses through the TSDS PEIMS course completion records. See the TSDS PEIMS Data Standards for more information.

How does the agency determine whether a graduate met the criteria for dual-credit course completion for College, Career, and Military Readiness?

The dual credit course completion data comes from two elements in TSDS PEIMS. Specifically, Element ID E1011 and Element ID E1081 are used to determine whether the graduate met the requirements. See the TSDS PEIMS Data Standards for more information.

Did the TSI criteria for the SAT change from last year?

The TSI criteria for SAT tests taken prior to 2016 did not change. The Texas Higher Education Coordinating Board adjusted the TSI exemption criteria for SAT tests taken in March 2016 or later. Subsequently, the TSI criteria used in accountability has also been adjusted. The following table shows the TSI criteria for each of the timeframes.

TSI Criteria	
SAT Taken Before March 2016	**SAT Taken in March 2016 or Later**
>= 500 on Critical Reading *and* >=1070 Total	>=480 on Evidenced-Based Reading
>= 500 on Mathematics *and* >=1070 Total	>=530 on Mathematics

Does the College, Career, and Military Readiness (CCMR) component use the most recent SAT/ACT score instead of the best score to determine CCMR status? If a graduate took the SAT once in their sophomore year, would that score be captured for accountability in 2018?

For SAT/ACT results, the agency is provided with the most recent examination and only one record is received per student. Therefore, the results used for accountability are based on the most recent SAT/ACT outcome, not the best. If a student took the SAT as a sophomore and did not test again, TEA would receive that result and use it for accountability calculations.

The agency is working with the College Board and ACT to obtain multiple years of results. When that data is available, the agency will have the ability to use the best SAT/ACT result for future accountability years.

How does TEA get the Texas Success Initiative assessment (TSIA) data?

The College Board provides the Texas Higher Education Coordinating Board (THECB) with TSIA results of graduating seniors. The THECB provides the results to the TEA.

How does TEA match the TSIA data to students?

TEA uses TSIA data through October 2017 to match to the 2016–17 annual graduates file from TSDS PEIMS. TSIA results received from the Texas Higher Education Coordinating Board are matched to students on our annual graduates list using an algorithm which includes TSDS Unique ID, SSN, and a combination of first name, last name, and DOB. Then the results are attributed to the districts and campuses at which the students are identified as annual graduates in TSDS PEIMS.

How and when will the new College, Career, and Military Readiness (CCMR) indicators be incorporated into accountability?

All CCMR indicators that are used in accountability lag by a year, meaning that, for 2017–18 accountability, the data for those indicators will be taken from the 2016–17 school year. This is not new; the accountability system has used lagging data for some time simply because the collection of that data comes too late in the year to be current in the accountability system. Because of this lag, and because some indicators take time to develop and for data collection to begin, there are three CCMR indicators that won't be used the first year of the *A–F* system:

- Successful completion of an OnRamps course (beginning in the 2018–19 school year)
- Admission to a postsecondary industry certification program (School year TBD)
- Meeting standards on a composite of indicators that indicate college preparation (School year TBD)

How do districts collect, report, and document that a student has enlisted or intended to enlist in the U.S. Armed Forces so the student can be counted in the new indicator for college, career, and military readiness?

Each district decides how to collect this data. This may be a senior survey, contact with a local recruiter, or any other method. Each district must maintain supporting documentation.
Each fall districts will report military enlistment for the graduating class from the previous year in the TSDS PEIMS submission. Districts use element E1589 to indicate whether students enlisted in or intended to enlist in the U.S. Armed Forces. These data were first collected in the fall 2017 TSDS PEIMS collection for 2017 graduates. The data may be updated any time until the January resubmission deadline.

How is the percentage of economically disadvantaged students calculated?

The district or campus overall percentage of economically disadvantaged students is calculated based on TSDS PEIMS Fall Snapshot data. The number of students in membership who are eligible for free or reduced-price lunch or other public assistance is divided by the total number of students in membership. This percentage is used in School Progress, Part B: Relative Performance.
Whether a student is considered economically disadvantaged is also reported on STAAR answer documents. This information, however, is not used to calculate the percentage of economically disadvantaged students for a district or campus. It is used only to identify which students are included in the economically disadvantaged student group where STAAR performance is reported.

How does district participation in the Texas Writing Pilot program impact accountability?

All STAAR writing assessment results (including STAAR Alternate 2) received for students in the accountability subset will be used for district and campus accountability calculations. Writing samples and portfolios from the pilot program will not be used in accountability calculations.

How are STAAR results for English learners (ELs) included in each of the domains?

ELs who are year one in U.S. schools are excluded from all accountability performance calculations. Due to changes to the Texas English Language Proficiency Assessment System (TELPAS), Texas requested a waiver from the U.S. Department of Education to exclude EL students who are year two in U.S. schools from 2018 performance calculations. If granted, ELs who are in their second year in U.S. schools will be included in accountability beginning in 2019.

STAAR Alternate 2 assessment results will be included regardless of an EL's years in U.S. schools.

The STAAR progress measure is used for ELs and non-ELs in the School Progress, Part A domain. Unschooled asylees, unschooled refugees, and students with interrupted formal education (SIFEs) are not included in state accountability until their sixth year of enrollment in U.S. schools.

Why is there no longer an EL progress measure?

Due to changes to the Texas English Language Proficiency Assessment System (TELPAS), an EL progress measure is not calculated for 2018.

How are students with No Authentic Academic Response (NAAR), medical exception, or medically exempt designations included in accountability?

STAAR Alternate 2 students with NAAR, medical exception, or STAAR medically exempt designations are not included in domain calculations. In the Closing the Gaps domain, STAAR Alternate 2 students with NAAR designation are included as participants. Students with the medical exception or medically exempt designation are excluded from the participation rate.

What about distinction designations? Will they be awarded in 2018?

Yes. Distinction designations are awarded to campuses for outstanding performance in relation to 40 other similar campuses of similar type, size, grade span, and student demographics. A campus that receives an accountability rating of *Met Standard* is eligible for the following distinction designations in 2018. Districts that earn a rating of *A, B, C, or D* are eligible for a distinction designation in postsecondary readiness.
For 2018, distinction designations are awarded in the following areas:

- Academic Achievement in English Language Arts/Reading (campus only)
- Academic Achievement in Mathematics (campus only)
- Academic Achievement in Science (campus only)
- Academic Achievement in Social Studies (campus only)
- Top 25 Percent: Comparative Academic Growth (campus only)
- Top 25 Percent: Comparative Closing the Gaps (campus only)
- Postsecondary Readiness (district and campus)

A campus earns a distinction designation if it is in the top quartile (Q1) of its comparison group for at least 33 percent (for high schools and K–12 campuses) or 50 percent (for elementary and middle schools) of the indicators used to award the distinction.

For an indicator to be used to evaluate campuses for a distinction designation, at least 20 campuses in the comparison group must have data for that indicator. If fewer than 20 campuses have data for an indicator, it cannot be used to evaluate campuses for the distinction. This often affects schools with non-traditional grade spans.

By Sandra Newman and C. Scott Holupka

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Housing Affordability And Children's Cognitive Achievement

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ABSTRACT Housing cost burden—the fraction of income spent on housing—is the most prevalent housing problem affecting the healthy development of millions of low- and moderate-income children. By affecting disposable income, a high burden affects parents' expenditures on both necessities for and enrichment of their children, as well as investments in their children. Reducing those expenditures and investments, in turn, can affect children's development, including their cognitive skills and physical, social, and emotional health. This article summarizes the first empirical evidence of the effects of housing affordability on children's cognitive achievement and on one factor that appears to contribute to these effects: the larger expenditures on child enrichment by families in affordable housing. We found that housing cost burden has the same relationship to both children's cognitive achievement and enrichment spending on children, exhibiting an inverted U shape in both cases. The maximum benefit occurs when housing cost burden is near 30 percent of income—the long-standing rule-of-thumb definition of affordable housing. The effect of the burden is stronger on children's math ability than on their reading comprehension and is more pronounced with burdens above the 30 percent standard. For enrichment spending, the curve is "shallower" (meaning the effect of optimal affordability is less pronounced) but still significant.

The most prevalent housing problem affecting the healthy development of millions of low- and moderate-income children is housing affordability—that is, the portion of a household's income spent on housing. Although poor physical housing conditions, including toxins such as lead, have undeniable deleterious health effects, physical housing conditions have improved dramatically over the past four decades, even in housing for poor children.[1] By contrast, housing affordability problems have followed the opposite trajectory and now affect roughly 70 percent of a group that includes not only children in households at or below the federal poverty level but also children in households with incomes up to 200 percent of the poverty level.[2] *Affordable housing* is most commonly defined as housing whose costs do not exceed 30 percent of household income.

This article presents the first empirical evidence of the effects of housing affordability on the cognitive achievement of children and on one mechanism that may contribute to this effect: the increasing amount that families in affordable housing can spend on child enrichment.[3,4] The issue is not trivial. Research has documented the relationship between parents' earnings, which contribute significantly to disposable income, on the one hand, and the development of cognitive skills in childhood (such as age-appropriate verbal and math abilities) and adult outcomes (including physical, social, and emotional health and earnings), on the other.[5,6]

Because housing affordability directly affects disposable income, parents in unaffordable housing have less to spend on their children, including spending on goods, services, and experiences that benefit child development. Empirical evidence also shows that child enrichment expenditures affect intellectual stimulation.[7] Intellectual stimulation, in turn, is associated with cognitive achievement.

At first glance, it might appear that providing low-income families with affordable housing would solve this problem.[8] But this would be true only if parents spent at least some portion of the greater disposable income that would be available if they lived in affordable housing on their children's needs and enrichment. In this article we examine whether, in fact, they would do so.

Hypotheses

The child development and economic literature suggests two ways in which responses to housing affordability could affect child outcomes. In the first hypothesis, having unaffordable housing forces the household to spend relatively more of its budget on housing. This can have several effects on children, such as leaving less discretionary income to use on purchases that are important for children's healthy development and creating economic stress—which can result in marital strain or disruption and the harsh disciplining of children.[9,10] The second hypothesis suggests the opposite: Family stress could rise because lower-income families decide to spend too little on housing, not too much.[11] The housing units of these families are likely to have physical inadequacies and be located in distressed neighborhoods. Despite the stark differences between these two hypotheses, they both predict that child well-being will be compromised.

The second hypothesis suggests a corollary—which we have used as a third hypothesis—based on public finance theory. According to this hypothesis, communities with less affordable housing are also likely to have higher-quality schools, lower crime rates, and other features that benefit children, because these community characteristics are capitalized into housing prices.[12] Family decisions about how much to spend on housing may reflect a desire to "purchase" (by paying more for housing) these community attributes that have beneficial effects on children. Thus, living in a community with beneficial attributes could be a mitigating factor in cases where low-income families spend relatively large shares of their income on housing.

Previous Research

No previous studies have systematically examined the effects of housing affordability on child outcomes. However, three studies have examined the related topic of the effects of housing prices on child outcomes, with mixed results.

The authors of the first study, an analysis of data from the National Longitudinal Survey of Youth, found small or negligible effects of housing prices on child and young adult outcomes.[13] This study was not restricted to low-income households. In the second study, a longitudinal analysis of the Panel Study of Income Dynamics, the authors found that low-income children growing up in higher-price housing markets fared no worse than those in lower-price markets in terms of cognitive achievement, behavior, or health outcomes.[14] However, an earlier study—which used data from the 1997 cross-section of the National Survey of America's Families and included children across the full income spectrum—showed that living in higher-price housing markets was associated with poorer health among children ages 6–11 and with poorer health and behavior among children ages 12–17, compared to children living in lower-price markets.[15]

These studies focused on prices in the housing market, not on the housing cost burden that families experienced. Although housing prices are correlated with housing affordability, the two are not equivalent. The results of these three studies therefore pertain primarily to outcomes in higher- versus lower-price markets, not to affordability per se.

Defining 'Housing Cost Burden'

We defined *housing cost burden* as the percentage of household income spent on housing costs. As explained above, the normative standard used by both the public and private sectors designates as "affordable" housing that costs no more than 30 percent of household income. Despite its strong external validity and simplicity, the measure of housing cost burden has several weaknesses as a determinant of family spending on child enrichment activities and children's healthy development.

Arguably, the most important weakness related to making causal inferences is that the same factors that influence parents' decisions about what fraction of family income to spend on housing might also affect both their children's healthy development and how much they spend on their children. In other words, there may be an underlying proclivity to simultaneously spend a particular share of income on housing, support children's healthy development, and make greater investments in children. This problem, known as selection bias, could undermine the analysis. We describe below how we addressed this problem.

Study Data And Methods

No single data source provides information on housing affordability, children's cognitive achievement, and parents' expenditures on children. Therefore, to study the effects of housing affordability on children's cognitive achievement, we used data from the Panel Study of Income Dynamics (described below), its Child Development Supplement, and several other sources (for example, sources of data on school quality and housing markets) for the period 1990–2002. We then used data for 2004–09 from the Consumer Expenditure Survey (described below) of the Bureau of Labor Statistics to study the relationship of housing affordability to spending on children. We examined these relationships using multivariate statistical analysis techniques that also addressed the possibilities of selection bias and non-normal distributions.

DATA AND SAMPLES To analyze the effects of housing affordability on children's cognitive achievement, we used several data sources to compile variables on children, their families, and various community features. First, for socioeconomic and demographic measures on parents and families, we used the national Panel Study of Income Dynamics for the period 1986–2001. We used the study's Child Development Supplements for 1997 and 2002 for measures of children's demographic characteristics and outcomes and of mothers' cognitive achievement.

The Panel Study of Income Dynamics is an ongoing nationally representative survey. It began in 1968 and was conducted annually through 1997 and biennially thereafter. The survey's Child Development Supplement began in 1997 among families participating in the survey who had at least one child age twelve or younger, and those families were surveyed again in 2002. Although these data pertain primarily to the 1990s, we expect that the relationship among these measures has not changed appreciably since then. The economic fluctuations of the volatile decade of the 2000s might have affected the level of these relationships, but not their basic pattern.

We enriched the information from the Child Development Supplement with data on housing markets from the Department of Housing and Urban Development;[16] school quality from the National Center for Education Statistics;[17] and community amenities such as crime and neighborhood quality from the Department of Agriculture,[18] National Oceanographic and Atmospheric Administration,[19] Department of Justice,[20] and Census Bureau.[21] These data were linked by geographic identifiers, including census tracts and Metropolitan Statistical Areas. The sample for this housing affordability analysis consisted of 688 children from birth to age seventeen for whom complete data on cognitive measures were available and whose family incomes were no more than 200 percent of poverty—a group of families in which excessive housing cost burdens are common.[22]

We then explored one plausible mechanism through which housing affordability conveys its effects: parents' spending on child enrichment. This second analysis used data for 2004–09 from the Consumer Expenditure Survey. During this period there were dramatic fluctuations in the economy, including both a boom and the Great Recession, which provided a strong test of the effects of housing affordability on enrichment expenditures.

The Consumer Expenditure Survey is a nationally representative sample of approximately 7,000 households over five consecutive quarter-years. Respondents provide information on household demographic characteristics and on spending on more than five hundred items.[23] We augmented the data from this survey with Metropolitan Statistical Area or county poverty rates and a housing market measure, the Department of Housing and Urban Development's Fair Market Rents.[24] The sample for this analysis consisted of 3,075 households with one or more children age twelve or younger—the age when enrichment expenditures should have their greatest effect on cognitive achievement. The sample was limited to households with at least three interviews during a twelve-month period between 2004 and 2009 and—as with the sample for the affordability analysis—with incomes of no more than 200 percent of poverty.

HOUSING AFFORDABILITY ANALYSIS Cognitive achievement, the dependent variable to be explained, was indicated by scores on tests of reading comprehension and math ability from the well-established Woodcock-Johnson revised tests of achievement.[25]

Covariates included child and household background (for example, the child's age, sex, and race, and whether he or she received welfare benefits; the mother's education and cognitive achievement; and the family structure) and the policy variable of interest, housing cost burden. We also included measures related to the child's school (for example, the percentage of children at the school who received subsidized meals), neighborhood (such as the census-tract poverty rate), and broader community (for example, amenities and crime in the Metropolitan Statistical Area).

CHILD EXPENDITURE ANALYSIS The Consumer Expenditure Survey data identify three main categories of child expenditures: spending on child necessities (such as food, clothing, medical care, and health insurance); spending on child enrichment (for example, child care, toys, and musical instruments); and total expenditures, which consist of spending on necessities and enrichment plus spending on furniture, sports, and recreation equipment.

We included a combination of current consumption (such as current medical spending) and future investment (such as health insurance) because both are relevant to a child's well-being. To estimate expenditures on the child's portion of food purchased for home use, health insurance, and medical expenditures, we used formulas from the Department of Agriculture based on the child's age.[26]

Following previous research on child expenditures, we controlled for mother's age, education, race and ethnicity, receipt of Supplemental Nutrition Assistance Program (SNAP) benefits, income, number of infants (ages 2 and younger), and number of older children (ages 3–17).[27,28] We accounted for geographic price differences for the two expenditures for which such indices exist: spending on food and health.

PROPENSITY AND INSTRUMENTAL VARIABLE APPROACHES To address the selection problem noted above, we used two different methods (propensity score matching and instrumental variables) to separate the effect of housing affordability on child cognitive achievement from other factors that jointly determined a family's housing cost burden, children's cognitive achievement, and child expenditures. With propensity score matching, we attempted to approximate an experimental design by grouping and analyzing cases with comparable individual, household, and locational characteristics but with varying levels of housing cost burden. With the instrumental variable approach, we accounted for observed and unobserved differences by using the variation in housing cost burden (the causal variable) that could be explained by a third variable (the instrument) that was uncorrelated with the outcomes. The variation in housing cost burden explained by the instrumental variable can be viewed as a natural experiment.[29]

We used the housing market measure of Fair Market Rent as the instrument in these models. Our rationale for choosing this instrument was that rents are correlated with housing affordability but should not have been correlated with children's cognitive achievement, once we removed the relationship between rents and locational features. This proved to be a strong instrument (results available on request).

We used the propensity-adjusted data set from the Child Development Supplement of the Panel Study of Income Dynamics and the instrumental variable approach in all analyses of the effects of housing affordability on children's cognitive achievement. We used the propensity-adjusted data set from the Consumer Expenditure Survey for our analysis of the effects of housing affordability on child expenditures.

NONLINEAR REGRESSIONS Because the first and second hypotheses described above together predict a nonlinear relationship between housing cost burden and children's cognitive achievement, with worse performance occurring with both low and high housing cost burdens, we tested both linear and nonlinear models. We used a statistical test (the likelihood ratio) to select the best-fitting model for each Woodcock-Johnson test.[25] Testing for nonlinearity with the instrumental variable approach required a two-stage model.[30] We tested the third hypothesis described above by controlling for multiple features of the family's location, including school quality, crime, and rent.

GENERALIZED LINEAR MODELS In our child expenditure analysis, average expenditures had large standard deviations because they were skewed by a few high expenditures and some expenditures of zero. Therefore, we used generalized linear models.

LIMITATIONS Our analysis had several limitations. One limitation was the difficulty of identifying causal effects through the use of observational data. Although we used statistical techniques to address potential biases, these had their own limitations. For example, instrumental variable models require finding a variable that, in the present case, is associated with housing affordability but not with child cognitive achievement. Therefore, we conducted sensitivity tests to gauge the robustness of our results—although these were not perfect, either.

A second limitation was that even if we found strong correlations between housing affordability and cognitive achievement, on the one hand, and enrichment expenditures and housing affordability, on the other hand, this would not establish a causal path between expenditures and cognitive achievement. But those correlations would suggest one plausible explanation worthy of further examination.

Study Results

SAMPLE CHARACTERISTICS The average child in the analysis sample drawn from the Child Development Supplement of the Panel Study of Income Dynamics was ten years old (data not shown). Nearly 70 percent of the mothers in the sample were high school graduates, although only about 6 percent were college graduates. The average annual family income was less than $24,000, more than 60 percent of the families were nonwhite, and on average the children spent nearly half of their childhood on welfare and less than half of their childhood in a two-parent family. Children also experienced considerable residential instability during childhood, averaging more than two moves. However, 93 percent of the children had the same primary caregiver—typically their mother—during their childhood years.

Compared to all children of the same age in the 2002 Child Development Supplement of the Panel Study of Income Dynamics, the low-income children in the analysis sample had reading scores on the Woodcock-Johnson test[25] that were five points lower and math ability scores that were six points lower. Similarly, the cognitive scores of mothers in the analysis sample were nearly one-third lower than the scores of mothers in the full 2002 sample.

Roughly half of the children in the analysis sample experienced severe housing cost burdens (51 percent or more of household income) at some point during childhood. On average, the children lived in neighborhoods where roughly 23 percent of the households had incomes below poverty—a percentage nearly three-fourths of a standard deviation higher than children in the full 2002 sample.

In the Consumer Expenditure Survey analysis sample, most spending on children—which averaged roughly $3,000 per year in 2009 dollars—was for child necessities. Only one-quarter of the spending was for child enrichment. Combining spending on both of these categories, spending on children averaged about $4,000 per household between 2004 and 2009. Child care spending averaged roughly $200 per year.

On average, mothers in the Consumer Expenditure Survey analysis sample were approximately thirty-three years old, and households contained four people. About one-third of the households received SNAP benefits.

Like the sample from the Child Development Supplement of the Panel Study of Income Dynamics in the affordability analysis, the Consumer Expenditure Survey sample was disadvantaged, but somewhat less so. This is probably because having a low income—generally defined as an income at or below the poverty level—is temporary for many households.[31,32] The temporary status of being poor should provide a conservative test of the effects of housing affordability on child expenditures, because households in the Consumer Expenditure Survey that were experiencing only a temporary decline in income might not cut back substantially on spending for their children. And if they did, the expenditures of households in the Consumer Expenditure Survey sample might not fall as low as those of households with persistently low incomes, which were more prevalent in the sample from the Child Development Supplement of the Panel Study of Income Dynamics.

AFFORDABILITY ANALYSIS MODELS The family's housing cost burden, our measure of housing affordability, had a significant effect, as measured by a Wald test to assess the significance of the full set of affordability measures (that is, linear, squared, and cubed measures in the nonlinear models) on the two cognitive achievement measures in both the propensity-adjusted and instrumental variable models. But it is the shape of the relationship that is most noteworthy.

Scores on both Woodcock-Johnson achievement tests[25] had an inverted U shape across the housing-cost-burden distribution (Exhibits 1 and 2). This is consistent with the hypotheses that there would be worse outcomes with both the highest and lowest burdens. Thus, children's cognitive achievement improved as housing cost burden increased to 30–35 percent, consistent with the second hypothesis. Beyond that range, achievement declined with increasing cost burden, consistent with the first hypothesis. The lowest scores occurred when the burden exceeded 60 percent. Of particular policy salience is the fact that the predicted maximum value occurred at a housing cost burden of roughly 30 percent, the long-standing rule-of-thumb indication of housing affordability. (Full regression results are shown in online Appendix Table A1.)[33]

To assess the size of these effects relative to other covariates, we followed the work of Carolyn Hill and coauthors[34] by comparing the affordability coefficients to the two strongest predictors of cognitive outcomes in this analysis: the mother's score on the Woodcock-Johnson passage comprehension test[25] and whether the child was breast-fed as an infant. We also compared the effects of moving from a high cost burden (60 percent) to the 30 percent affordability standard and of moving from a low cost burden (10 percent) to the 30 percent standard.

The effects of housing affordability on child cognitive outcomes were roughly half to two-thirds as large as the effects of the two strongest predictors (data not shown). The effects of housing affordability were greater on math than on reading scores, and greater in cases with high cost burdens than in those with low burdens, compared to the 30 percent standard. Stress tests, which were designed to estimate the sensitivity of the results to including an unmeasured factor that was, for example, strongly correlated with both the outcome and housing cost burden, indicated that the findings were robust across a range of likely bias adjustments (results available on request).

The third hypothesis was that amenities more likely to be located in high-price housing markets than in low-price markets could mitigate the effects of high or low housing cost burdens on children's cognitive achievement. We found no support for this hypothesis. The addition of locational controls to the prediction of cognitive achievement did not change the size or significance of affordability effects.

Expenditures on child enrichment increased until housing cost burden reached 30–35 percent, after which spending initially declined and then flattened (Exhibit 3). Thus, this curve also approximated an inverted U shape—similar to, but shallower than, the curves in Exhibits 1 and 2.

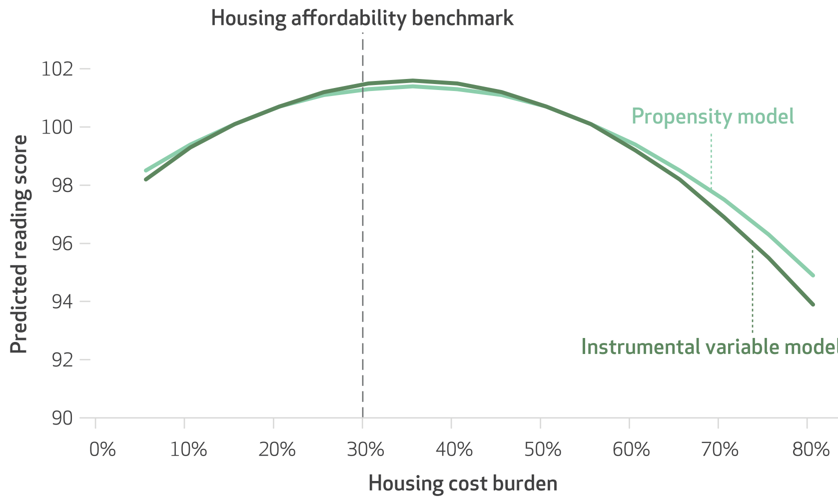
As in the affordability analysis, in the expenditure analysis we compared the size of the effects of affordability to that of the effects of the strongest predictors—in this case, mother's education, race, and receipt of SNAP benefits. The effect of moving from a low cost burden (10 percent) to the 30 percent affordability standard was roughly 11 percent of the effect of the increased spending of college-educated mothers, compared to mothers with no more than a high school diploma; nearly half the effect of the increased spending associated with being white; and essentially equal to the decreased spending associated with receiving SNAP benefits (data not shown). The comparable effect of moving from a high cost burden (60 percent) to the 30 percent standard was about 7 percent of the effect of a change in mother's education, one-quarter of the effect of being white, and 55 percent of the decreased spending associated with receiving SNAP benefits. Sensitivity tests confirmed the association of housing affordability with enrichment spending (results available on request).

Discussion

Despite widespread agreement that housing cost burden is the main housing problem facing modest-income families and, therefore, an important target for policy, empirical evidence about the effects of affordable housing on residents is lacking. This article has summarized research that addresses this gap with a focus on children's cognitive achievement—a component of healthy

EXHIBIT 1

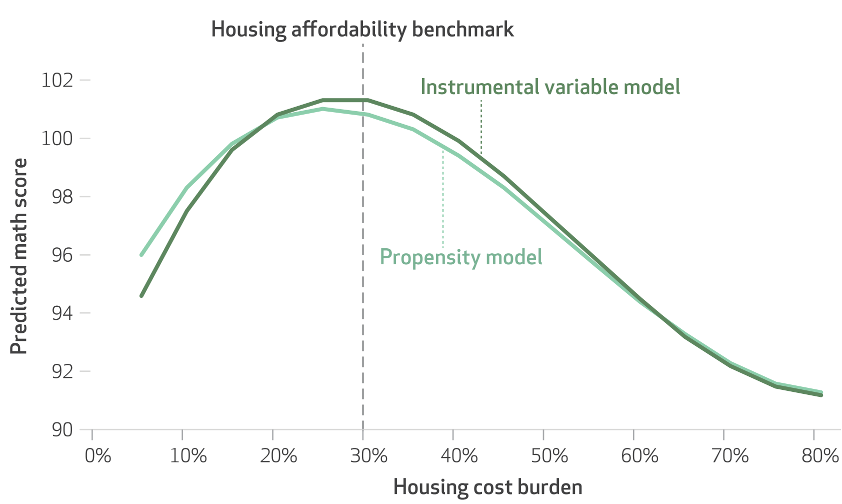
Effect of housing cost burden on US children's reading scores



SOURCE Authors' analysis of data from the Panel Study of Income Dynamics, 1997 and 2002 Child Development Supplements. **NOTES** The sample was limited to the 688 children ages 0–12 in 1997 for whom complete data on cognitive measures were available and whose family incomes were no more than 200 percent of the federal poverty level for at least 50 percent of the child's life. The results show the predicted scores (range: 1–200) on the Woodcock-Johnson reading test (see Note 25 in text) by housing cost burden based on propensity score matching ($p = 0.027$) and instrumental variable ($p = 0.006$) regression models (explained in the text). Housing cost burden is the percentage of household income spent on housing costs.

EXHIBIT 2

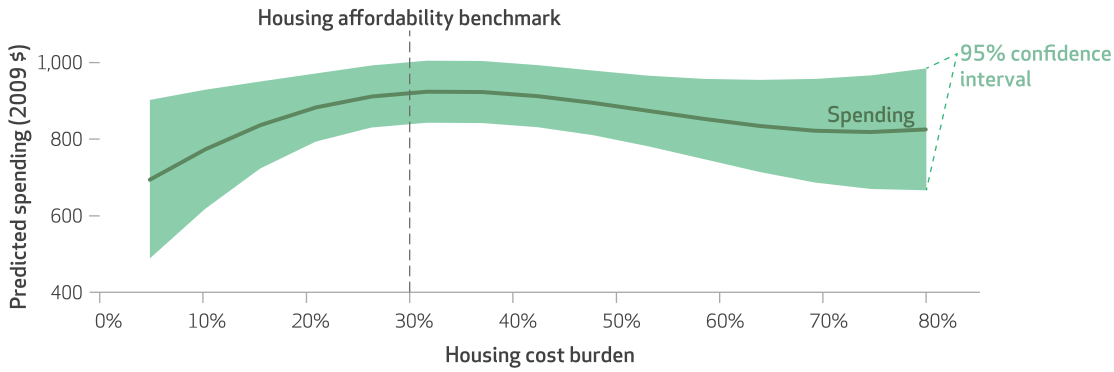
Effect of housing cost burden on US children's math scores



SOURCE Authors' analysis of data from the Panel Study of Income Dynamics, 1997 and 2002 Child Development Supplements. **NOTES** The sample and the housing cost burden are explained in Notes to Exhibit 1. The results show the predicted scores (range: 1–200) on the Woodcock-Johnson math test (see Note 25 in text) by housing cost burden based on propensity score matching ($p = 0.037$) and instrumental variable ($p = 0.007$) regression models (explained in the text). Housing cost burden is explained in the Notes to Exhibit 1.

EXHIBIT 3

Effect of housing cost burden on US parents' spending on children's enrichment



SOURCE Authors' analysis of data for 2004–09 from the Consumer Expenditure Surveys. **NOTES** The sample was limited to the 3,075 households with children age twelve or younger whose family incomes were no more than 200 percent of poverty. The results show the predicted household spending on child enrichment, including child care, by housing cost burden based on generalized linear model regression ($p = 0.062$). Housing cost burden is explained in the Notes to Exhibit 1.

development that is closely associated with life chances and adult well-being.

We first examined whether housing affordability affected children's cognitive performance, and then we explored expenditures on children as one possible mechanism contributing to these effects. Based on tests of three hypotheses drawn primarily from child development and economics, and using methodological approaches to address selection, we found an inverted-U-shape relationship between housing affordability and children's cognitive achievement. Achievement suffers in families with very high housing cost burdens, consistent with the conventional wisdom. But it also suffers in families with very low housing cost burdens, demonstrating that low burdens are not always better. A rarely acknowledged fact is that for low-income families, a low housing cost burden warrants concern because of its likely association with living in a poor-quality housing unit and neighborhood.[11,35]

Our child expenditure analysis offered one plausible explanation for the affordability effect on children's cognitive achievement. This analysis also produced a concave pattern, which indicated that enrichment expenditures were lowest when the fraction of income spent on housing was either very high or very low. Thus, one possible explanation for the better cognitive outcomes of low-income children in the middle of the housing-cost-burden distribution and for the worse outcomes for children at either end of the distribution is that parents with moderate cost burdens spend more on enrichment than do those with high or low cost burdens. Consistent with the objective of enrichment spending, these expenditures appear to contribute to the child's cognitive performance as measured by scores on the Woodcock-Johnson tests.[25]

This analysis provides systematic empirical evidence that supports the 30 percent rule-of-thumb definition of housing affordability in both government and private-sector housing policies. Our affordability and child expenditure analyses indicated that both children's cognitive achievement and child enrichment expenditures were maximized when the housing cost burden was roughly 30 percent of household income. In addition, the sizes of the effects produced in these analyses were large enough to be relevant to policy makers.

This study also suggests that housing cost burden is not simply a reflection of income. If it were, we should see a monotonic decline in cognitive achievement and enrichment expenditures with increases in housing cost burdens, because of the linear relationship between income and cost burden. Instead, the relationship between housing cost burden and both cognitive outcomes and child enrichment expenditures was nonlinear. This raises the significant policy question of whether cash assistance or in-kind assistance (such as housing) is better for maximizing children's cognitive achievement. ■

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POLICY RESEARCH BRIEF

Poor Quality Housing Is Tied to Children's Emotional and Behavioral Problems

Parents' stress from living in poor quality and unstable homes takes a toll on children's well-being

by REBEKAH LEVINE COLEY, TAMA LEVENTHAL, ALICIA DOYLE LYNCH, AND MELISSA KULL

SEPTEMBER 2013

A family's home is their haven, but for families living with leaking roofs and roaches, for those who have to choose between paying for rent or for food, or for families who repeatedly move in search of higher quality or more affordable housing, one's place of refuge may not be very homey.

This brief examines how housing characteristics matter to children and families' well-being.[1] Among the various possibilities tested, poor housing quality was the most consistent and strongest predictor of emotional and behavioral problems in low-income children and youth. It also had a sizable association with school performance among older youth. Housing affected children because the stress of living in unhealthy and unsafe conditions affected parenting.

KEY FINDINGS

- Poor housing quality is the most consistent and strongest predictor of emotional and behavioral problems in low-income children and youth among the five housing characteristics studied (quality, stability, affordability, ownership, and receiving a housing subsidy).
- Residential instability also is important for children's well-being.
- Even though much of the sample struggled with housing costs, unaffordability has little discernible link to children's well-being.
- Much of the association between poor quality and unstable housing and children's well-being operates through parental stress and parenting behaviors.

Advantages of the Current Study

Past research has identified several aspects of housing that are thought to be associated with children's development.[2] Researchers, for example, have found that substandard housing—exposed wiring, peeling lead paint, rodent infestation, and the like—may contribute to physiological stress in children, inhibiting their emotional stability and learning. Similarly, residential instability may interrupt peer and school networks, impeding academic and behavioral success. If housing costs are unaffordable, families may be forced to limit other valuable investments, such as extracurricular activities, and even other basic necessities such as food and medical care, all of which are important to healthy development. On the other hand, owning one's home or receiving government subsidies may increase family stability and social connections, helping to improve children's school success.

Although past research has identified many associations between housing and children's well-being, studies have tended to assess only a single dimension of housing at a time even though housing characteristics do not occur in isolation. In addition, the very characteristics that allow a parent to afford higher quality and more stable housing—a good job, steady income, family stability, perseverance, and organization—might be the same characteristics that influence children's outcomes.

The current study untangled many of these issues. The analysis takes a comprehensive view of housing, assessing quality, stability, affordability, ownership, and subsidy receipt status. It carefully adjusts for characteristics of parents and families that are likely associated with housing contexts. It addresses multiple aspects of children's well-being, including their cognitive, emotional, and behavioral functioning. Finally, the analysis includes young children, school-age children, and adolescents.

The analysis relied on a randomly drawn, representative sample of 2,400 low-income children, teens, and young adults aged 2-21 living in neighborhoods of concentrated poverty in Boston, Chicago, and San Antonio. It followed children and families for six years, and focused on three core areas of children's development:

- Central academic skills in reading and math;
- Emotional problems, such as symptoms associated with depression and anxiety;
- Behavioral problems, such as stealing, lying, and being aggressive.

Housing Quality Is Important for Children's Outcomes

Poor housing quality was the most consistent and strongest predictor of emotional and behavioral problems in low-income children and youth among the five housing characteristics studied (quality, stability, affordability, ownership, and receiving a housing subsidy). Children exposed to homes with leaking roofs, broken windows, rodents, nonfunctioning heaters or stoves, peeling paint, exposed wiring, or unsafe or unclean environments experienced greater emotional and behavioral problems. Housing quality also was related to school performance for older children, with adolescents in poorer quality homes showing lower reading and math skills in standardized achievement tests.

Residential instability also was important for children's well-being. Although low-income children showed some short-term improvements in functioning after a move, over time, cumulative residential instability was linked with children's and youth's lower emotional and behavioral functioning.

Even though much of the sample struggled with housing costs, with most families paying more than 30 percent of their household's income, unaffordability had little discernible link to children's well-being. The authors hypothesized that higher housing costs may provide competing forces on families, imposing financial stress but also allowing families to access higher quality homes and more stable neighborhoods with better schools and community resources. Similarly, living in owned homes or government-assisted housing rather than privately rented housing was not associated with children's functioning once accounting for factors such as housing stability and quality.

Much of the association between poor quality and unstable housing and children's well-being operated through parents. The stress and strain of living in poor quality homes or having to move multiple times in a few short years took its toll, leading to symptoms of depression and anxiety, and to less stable family routines. This in turn helped to explain children's diminished functioning. Thus, rather than being a source of stability and security, a home lacking some of the most basic elements of comfort may exacerbate other pressures that poor parents face.

Policy Implications

Creating and sustaining healthy homes for children and families is a key public health issue. Roughly 2 million poor children lived in physically inadequate dwellings in 2005,[3] and the recent housing crisis and economic recession has likely exacerbated such conditions as home-owners, landlords, and renters experienced economic setbacks. Residential instability has increased as well. Indeed, a recent report found that by 2011, more than 8 million children had experienced or were on the verge of experiencing loss of their families' homes through foreclosure, including families in both owner-occupied homes and rental units.[4] Policies and programs need to do more to help economically vulnerable families live in safer and higher quality homes and to sustain their housing through economic setbacks and downturns.

This research emphasizes the importance of current programs that provide housing assistance for families and leads to further suggestions for how policy makers could help to support the housing quality and stability of low-income families as mechanisms to promote healthy and successful child and youth development.

CURRENT POLICIES

Government subsidies and short-term financial assistance are two options that are currently available. Subsidies for heating or electricity among low-income householders may help ensure that these services are not cut off for lack of payment. Such housing-related subsidies, as well as those for food (Supplemental Nutrition Assistance Program) and medical care (Medicaid and State Children's Health Insurance Program) also allow families with limited economic resources to allocate their budgets to fulfill other needs and sustain higher quality home environments. Other programs, such as emergency funds to stave off eviction, can help stabilize families' housing, allowing them to remain in their homes during crises, thus reducing residential moves and improving children's well-being. Similarly, continuation and expansion of programs that protect tenants during landlord foreclosure proceedings or that allow underwater borrowers to refinance are important in helping families avoid foreclosures and loss of rental homes. With greater residential and financial stability, owners and renters can also keep up on maintenance, and thus the quality of their residences.

FUTURE POLICY DIRECTIONS

New innovations provide additional models for supporting low-income families' safe and stable housing. Given that local government is the source of many housing policies via housing codes and local ordinances, findings from this research emphasize the importance of working with local public health departments as well as state and federal agencies to strengthen and enforce housing codes and implement programs to improve indoor environmental quality and other housing conditions.[5] Local government could also centralize the inspection and enforcement of housing codes and other safety measures, which are typically handled by multiple agencies. Home inspections could be conducted in conjunction with other home visits by city personnel such as fire fighters, meter readers, and others.

Some organizations and cities have begun to identify promising solutions to these shortcomings through the use of "big data"—the analysis of reams of data that cities regularly collect for different purposes—on housing issues. One novel approach is HousingCheckup, a proposed program in Chicago to aggregate data from public agencies on code violations, past health and safety inspections, and other problems into an easy-to-use tracker.[6] The tool would allow tenants and others to access the "health history" of their home to determine if they are being exposed to significant health hazards. ■

Endnotes

1 The brief is based on a recent study, Rebekah Levine Coley et al., "Relations Between Housing Characteristics and the Well-Being of Low-Income Children and Adolescents". Coley, R. L., Leventhal, T., Lynch, A. D., & Kull, M. (2013). Relations Between Housing Characteristics and the Well-Being of Low-Income Children and Adolescents. Developmental Psychology. Vol 49(9). Pages 1775-1789. doi: 10.1037/a0031033

2 For a review of this research, see T. Leventhal and S. Newman, "Housing and Child Development," *Children and Youth Service Review, 32* (9) (2010): 1165-1174.

3 C. S. Holupka and S.J. Newman, "The Housing and Neighborhood Conditions of America's Children: Patterns and Trends over Four Decades," *Housing Policy Debate*, 21 (2011): 215–245.

4 Julie Isaacs, "The Ongoing Impact of Foreclosures on Children." (Washington, DC: Brookings Institution, March 2012), available at www.brookings.edu/research/papers/2012/04/18-foreclosures-children-isaacs

5 Vicki Been and Ingrid Gould Ellen, "Challenges Facing Housing Markets in the Next Decade" (Washington, DC: What Works Collaborative, 2013). http://www.urban.org/UploadedPDF/412556-Challenges-Facing-Housing-Markets-in-the-Next-Decade-Developing-a-Policy-Relevant-Research-Agenda.pdf

6 http://opengov.newschallenge.org/open/open-government/submission/housingcheckup-access-your-home-2019-s-full-health-and-safety-history/

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ABOUT THE HOW HOUSING MATTERS TO FAMILIES AND COMMUNITIES RESEARCH INITIATIVE

This brief summarizes research funded by the John D. and Catherine T. MacArthur Foundation as part of its How Housing Matters to Families and Communities Research Initiative. The initiative seeks to explore whether, and if so how, having a decent, stable, affordable home leads to strong families and vibrant communities. By illuminating the ways in which housing matters and highlighting innovative practices in the field, the Foundation hopes to encourage collaboration among leaders and policymakers in housing, education, health, and economic development to help families lead healthy, successful lives. The views expressed herein are not necessarily those of the MacArthur Foundation.

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Texas Education Agency Pauses A-F Ratings For 2020-21 School Year

Date: Thu, 12/10/2020 - 13:30

STAAR testing will proceed so parents and educators continue to understand what students have learned this year, and to gauge the impact of the pandemic on education

AUSTIN, Texas – December 10, 2020 – The Texas Education Agency announced today that A-F ratings would be paused for 2020-21 school year due to the ongoing disruptions associated with COVID-19. The STAAR test will proceed for the 2020-21 school year in order to provide critically important information about individual student learning that teachers and parents can use to help students grow. For those schools that incorporate STAAR results into teacher evaluations, TEA is providing flexibility to allow them to remove that component this school year.

Ensuring that STAAR is made available has been recognized as vital by education leaders around the state. STAAR results will allow schools, teachers, and parents to see how individual students are performing while also giving education leaders and policymakers across Texas a comprehensive picture of what are likely to be sweeping impacts of the pandemic on student learning, helping policymakers craft solutions for the years ahead. However, the STAAR will not be used for accountability purposes this school year.

“The last nine months have been some of the most disruptive of our lives. The challenges have been especially pronounced for our parents, teachers, and students. We continue to prioritize the health and safety of students, teachers, and staff in our schools this year, while working to ensure students grow academically,” said Texas Education Commissioner Mike Morath.

“The issuance of A-F ratings for schools has proven to be a valuable tool to support continuous improvement for our students, allowing educators, parents, and the general public to better identify and expand efforts that are working for kids. But the pandemic has disrupted school operations in fundamental ways that have often been outside the control of our school leaders, making it far more difficult to use these ratings as a tool to support student academic growth. As a result, we will not issue A-F ratings this school year," added Morath.

School systems are required to make STAAR available to every eligible student. The test will be administered on school campuses across the state or at other secure alternative testing sites. The test is an assessment of the grade level expectations of Texas students, with questions designed by subject matter experts and committees of Texas teachers to measure how well students have mastered knowledge and skills in various grades and subjects. STAAR will continue to be administered only in secure environments to ensure the results remain valid and reliable.

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The Affordable Housing Crisis: Residential Mobility of Poor Families and School Mobility of Poor Children

Sheila Crowley

Residential mobility that results in changing schools has serious implications for a student's academic success. The lack of housing that the lowest income households can afford contributes to housing instability resulting in frequent moves and, for some families, periods of homelessness. Federal housing policy does not provide resources needed to address the shortage of affordable housing and in some cases directly destabilizes housing for low-income families. While school-based strategies can intervene in reducing school changes for some students, housing-based strategies including major new federal investment in low-income rental housing assistance and rental housing production are required.

The relationship between residential mobility and school performance has been identified as a source of concern for educators, policymakers, and parents (Fowler-Finn, 2001; Holloway, 2000; Rothstein, 2000). Children who move from one domicile to another may also move from one school to another. No matter when this takes place or why, some degree of learning disruption is likely to occur. Children of low-income families are at particular risk of school performance problems related to residential mobility. Low-income families have higher rates of residential mobility than do middle- and upper-income families, and moves by low-income families are less likely to be for positive reasons than are moves by more prosperous families (Scanlon & Devine, 2001; Schachter, 2001a, 2001b).

Americans are a mobile lot, with around 16% of the population changing residences at least once a year (Schachter, 2001b). There are many positive reasons why families move: a parent has a better job opportunity, the family builds or buys a better house, extended families want to live closer to one another, and a new neighborhood is served by a better school. There are also many reasons that are traumatic: divorce, death, domestic violence, eviction (Hartman & Robinson, in press) or foreclosure, forced relocation, or diminished financial resources from loss of employment or public benefits. The role of housing problems and housing policy in frequent family moves that are associated with low-income children's poor school performance is the subject of this article.

The Role of Housing in Child and Family Well-Being

Although tacitly understood by all, most people in the United States take for granted the centrality of good housing to their overall well-being. This is because most Americans are well-housed, meaning they have stable, safe, and decent housing that they can afford and which is located in good neighborhoods of their choosing. If they do move from one home to another, it is by choice.

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The absence of good housing makes it possible to understand its importance to the success of other facets of life, such as employment, schooling, childrearing, nutrition, and health. Housing that is overcrowded, in poor repair, or presents health hazards puts enormous stress on the residents. Housing that costs more than the household can afford threatens stability, exposing the household to the possibility of foreclosure or eviction in the worst case and inability to pay for other necessities in the best case.

The importance of safe, decent, and affordable housing to good health is increasingly prominent in public health policy and research (Anderson, Shinn, & St. Charles, 2002). Children in families waiting for housing assistance are exposed to much higher levels of housing-related health hazards than are children whose families are receiving housing assistance (Sharfstein, Sandel, Kahn, & Bauchner, 2001). Stable, affordable housing was found to be the most important factor in explaining differences in rates of infant mortality among children born to extremely poor mothers (Culhane & Elo, 2001).

Housing has important implications for child development. The nature and quality of parenting is influenced by the housing in which the family resides. Housing that provides parents with a sense of control, choice, and well-being supports good parenting. Parents whose housing limits their sense of choice and control are more susceptible to relying on reactive and punitive parenting (Bartlett, 1997a). Bartlett (1998, p. 420) further posits that "children who live in housing that is inadequate for their needs may have a distinct handicap in the struggle to escape from social disadvantage and the cycle of poverty."

The most severe form of housing deprivation, homelessness, has long been linked with a host of problems for children. Homeless children are at much greater risk of illness, injury, malnourishment, abuse, neglect, violence, separation from family, delays in cognitive and language development, and impaired academic functioning than housed children (Molnar, Rath, & Klein, 1990; National Coalition for Homeless, 2001; Rubin et al., 1996; Whitman, Accardo, Boyert, & Kendagor, 1990).

Residential Mobility and School Performance

Given the importance of housing to child and family well-being, families who can improve their housing circumstances by moving may be better off in other spheres of family and community life. However, frequent moves, moves determined by external forces rather than parental choice, and moves that do not result in significant housing improvements will be detrimental to children. The negative effects of residential mobility are most burdensome for children who are poor and who are members of racial minorities. Given these consequences, "residential mobility may be an overlooked factor in the replication of inequality in the United States" (Scanlon & Devine, 2001, p. 129).

Although people in the United States as a whole are quite mobile, race and income differentiate movers from non-movers. Members of racial minorities change residences more than White people do, and the lower a household's income, the more likely it is to move (Schachter, 2001a). This may be explained because racial minorities, especially Black and Hispanic people, and low-income people are more often renters than homeowners (Dolbeare, 2001). Renters are three times more likely than homeowners to move, with 32.5% of renters and 9.1% of homeowners moving in 1999 (Schachter, 2001a).

Although all residential changes are difficult in some fashion for children, most children and families have the resiliency to manage change without ill effects. It is the qualities and dimensions of residential mobility that determine how children will be affected. Moves that result in multiple life changes, including neighborhood and school, and that sever ties to social networks are harder for children to withstand than are simpler changes.

Frequent moves or "hypermobility," defined as six or more moves during childhood (Tucker, Marx, & Long, 1998), are far more damaging than one or two well-spaced moves. Moves that are sudden or unplanned and that are the result of family disruption, such as divorce, death, or eviction, carry the most serious risk of emotional or psychological harm. Moves that the parent(s) or caregiver(s) experience as troubling, and then convey that anxiety to their children, will be more traumatic for children (Humke & Schaefer, 1995; Scanlon & Devine, 2001; Swanson & Schneider, 1999; Tucker et al., 1998).

However, residential mobility is not entirely negative for poor families. Being unable to move from dangerous or inadequate housing or neighborhoods may have serious physical and psychological consequences for all family members (Scanlon & Devine, 2001). For families with high levels of stress associated with their housing, relocation may actually bring relief, albeit temporary. In case studies of highly mobile poor families, Bartlett (1997b) found that despite all evidence to the contrary, the mothers held out hope that the next place would be the right place. When their current living situations became untenable, leaving was preferable to staying.

The adverse effect frequent residential moves that also result in changing schools has on a child's academic achievement generates considerable agreement among educators and other professionals who study child well-being (Scanlon & Devine, 2001). Controlling for other factors, movers do less well in school than nonmovers, unless the move results in a dramatic improvement in a child's access to educational resources (Pribesh & Downey, 1999). In other words, if a child is able to move to a more affluent school district or to a more well-endowed school than the school he or she is leaving, the benefits will outweigh the drawbacks. But this is an uncommon occurrence for low-income and minority students.

Poor children are more likely to "churn" (Holloway, 2000, p. A29) from one under-resourced school to another. In some poor schools, the mobility rate can be as high as 70%, meaning only 30% of the students enrolled began and ended the school year at the same school (Fowler-Finn, 2001). Mobile children must change teachers, curricula, and schoolmates. They are often behind in academic progress. Mobile students may receive poor assessments and placements, and are likely to have incomplete school records (Fisher, Matthew, Stafford, Nakagawa, & Durante, 2002). Teachers are less likely to commit themselves to students they perceive are just passing through (Astone & McLanahan, 1994), and are less likely to regard transient students as competent (Mantzicopoulos & Knutson, 2000). Transient children are more likely to have to repeat grades, to not receive needed special education, and to do less well on standardized tests than are stable students. Indeed, it is the advent of standardized tests that has heightened awareness of the consequences of high rates of school and residential mobility, as educators grapple with the impact each child's performance has on the overall rating of teachers and schools (Holloway, 2000; Rothstein, 2000).

The words of a homeless mother with an 8-year-old daughter who had attended 6 schools in 10 months illustrate the intersection between school performance and residential stability. As cited in Molnar, Rath, and Klein (1990, p. 117), the mother reacts to an assessment that her daughter is learning-disabled: "I think what she really needs is to stop going to a different school every month. She didn't have this 'learning disability' before we lost our home. What she really needs is a permanent home and extra help with her reading and math."

Kerbow (1996) affirms that the most serious educational problems are experienced by the children who change schools several times. Although the effects of a single move on school performance may be not be immediately apparent, the cumulative effect of many moves and of missing lessons that teach core concepts upon which future lessons are built is devastating. Prerequisite learning does not take place, causing the student to fall further and further behind.

It is not just the students who move who are caught up in the churning. The stable classmates of mobile students also are penalized. Teachers who have to constantly double back to integrate new students into the classroom lose precious time on lessons for the whole class and have less time for all students individually (Fowler-Finn, 2001). A highly mobile student body also is frustrating for teachers and leads to teacher burnout and resignation, creating even more turbulence in poor schools (Cohen, 1994b; Holloway, 2000).

Residential Mobility and Housing Problems

Residential mobility is by definition a housing issue, but to what extent is residential mobility driven by housing factors? The U.S. Census Bureau added a question about "reason for moving" to the Current Population Survey in 1998. In the 2000 assessment, housing-related reasons account for over half (51.6%) of the reasons why 41.6 million people in the United States moved in 1999. Family-related reasons, including change in marital status, make up slightly over a quarter (26.3%), and employment-related reasons, such as new job or retirement, account for another 16.2%. Other reasons, including college attendance and health concerns, are cited for 6% of the moves (Schachter, 2001b).

Housing-related factors are further analyzed in the Census report. Of the 41.6 million movers in 1999, 30% moved for apparently positive housing reasons, including changing from renter to homeowner status (11.5%) or moving to a new or better home (18.5%). Nearly 10% moved for apparently negative housing reasons, such as searching for a better, safer neighborhood (4.4%), or cheaper housing (5.5%). Other housing reasons accounted for 11.7% of moves (Schachter, 2001b). Thus, one can surmise that housing affordability problems accounted for changes in residence for at least 2.3 million people in the United States in 1999.

Most of the moves to find cheaper housing are made within the same jurisdiction. The lowest income people are much less likely to move because they are changing from renter to homeowner status than are higher income people, and are more likely to move in order to find cheaper housing than are higher income people. However, the desire for better housing or better neighborhoods is a motive for all income groups. Further, differences between the poor and nonpoor in reasons for moving are more distinct on dimensions that are not housing related. Family-related reasons are more likely to drive residential mobility by poor people; middle-class people more often for work-related reasons (Schachter, 2001b).

Some literature on residential mobility, child well-being, and school achievement cites housing problems as the reason poor children are so transient (Barlett, 1997b; Cohen, 1994a, 1994b). Parents interviewed by the Kids Mobility Project (1998) in Minnesota blame their perpetual quest to find affordable, safe housing for their children's frequent school changes. Teachers and administrators in a New York City school with high student turnover identify poverty-induced residential mobility—evictions, stays in shelters, doubling-up—as the cause of student transience (Hollaway, 2000). Fifty-eight percent of the sixth graders in Chicago public schools who changed schools did so for housing-related reasons; school-related reasons, such as problems at the old school or opportunities at the new school, were cited along with housing-related reasons by 18% of the students (Kerbow, 1996). Public policy intervention to address the housing affordability problems of the poor in order to reduce their residential mobility is also called for so that problematic school turnover can in turn be reduced (Rothstein, 2000; Scanlon & Devine, 2001).

Intervention in housing problems by schools or as school-related strategies also indicates a perceived relationship between housing problems and residential mobility. In Houston, school officials negotiated with landlords to use one-year leases that end on June 30 in order to curtail moves during the school year (Fowler-Finn, 2001). New York City mandated shelter stays for up to one year in order to help families reduce residential mobility (Holloway, 2000). In Rochester, New York, an association of landlords teamed up with local school and welfare department officials and a local foundation to develop a range of housing and community-based strategies to reduce school transience, with impressive results (Cohen, 1994a).

Having established that residential mobility of poor children can impair their school performance, and that the residential mobility of poor children is often associated with housing problems, the discussion now turns to the state of affordable housing in the United States and the role of federal housing policy in the affordable housing crisis.

Housing Affordability

The United States is experiencing a housing affordability crisis that is felt most acutely by the lowest income households (Dolbeare, 2001; Joint Center for Housing Studies, 2002; Millennial Housing Commission, 2002; Nelson, 2001). Fifteen percent (14.9 million) of households in the United States are considered extremely low income, with median household income of $7,000 a year. They spent on average 54% of their income for their housing, far higher than the generally accepted standard of 30%. They are both renters (8.5 million) and homeowners (6.4 million). On a national basis, a full-time worker must earn at least $14.66 an hour, $9.51 more than the federal minimum wage, to afford the rent for a modest two-bedroom home (Pitcoff, Schaffer, Dolbeare, & Crowley, 2002).

There are simply too few housing units available at prices low-wage earners and people on fixed incomes can afford (Joint Center on Housing Studies, 2002; Millennial Housing Commission, 2002). The supply of affordable housing for extremely low-income households has shrunk considerably in the last two decades, due to gentrification, conversion, demolition, and abandonment. New housing is priced beyond their reach. The lowest income households are forced to compete with one another for increasingly scarce housing they can afford (Dolbeare, 2001; Nelson, 2001). The supply problem of affordable rental housing is like a game of musical chairs in which players scramble for too few seats and someone is always left out.

What are the implications of such a shortage of affordable housing? Most extremely low-income families must spend considerably more than 30% of their income for housing. For families with too little income already, high housing cost burdens mean that insufficient funds remain for other necessities, such as food, utilities, medical care, or childcare. One way to manage is for the adults in the family to work multiple jobs, leaving little time for parenting duties and attention to children's academic needs. In a tight rental market with few affordable vacancies, the lowest income households fall prey to unscrupulous landlords who can rent substandard property containing health and safety risks. Some families are forced to move in with friends or family members, resulting in overcrowding and the accompanying stress. The ultimate consequence of the affordable housing shortage is the inability to pay the rent or mortgage, leading to eviction or foreclosure, damaged credit, forced relocation, and perhaps homelessness.

Once a poor family loses its home, its ability to regain stable housing is severely compromised. The poorest households are consigned to a nomadic existence, with intermittent stays in shelters, doubling-up with family or friends, and short-term rentals. This is the worst form of residential mobility, with the most damaging consequences for children's well-being and educational achievement.

Federal Housing Policy

Although the American housing sector is largely driven by market forces, the role of the federal government in shaping, directing, and controlling the housing sector is substantial. Ownership of a single-family home is the idealized form of housing for most Americans, and federal policy has been and continues to be centered on bolstering homeownership. In the 1990s, policy and practice drove rates of homeownership to record levels by making it increasingly more accessible to low-income and minority buyers. Today, homeownership is seen as the primary way a low-income family can accumulate assets and move into the middle class (Retsinas & Belsky, 2002). Federal subsidies for homeowners in the form of tax expenditures exceeded $120 billion in 2002 (Dolbeare & Crowley, 2002).

At the same time, the supply of rental housing for extremely low-income households is diminishing. Between 1991 and 1999, the number of rental units affordable to this income group fell by 14% (Nelson, 2001). Further, the federal investment in direct housing assistance for low-income people, primarily through the rental housing market, has fallen from a high of $80 billion in 1978 to $27.5 billion in 2002 (Dolbeare & Crowley, 2002).

The primary way the federal government supports low-income rental housing today is with subsidies to public housing authorities and private owners to pay the difference between 30% of a household's income and the federally allowed rent for the unit. Some subsidies to private owners support housing developments originally built or renovated with capital funds from the federal programs. Other subsidies are in the form of vouchers that allow voucher holders to rent from willing landlords. Additional federal programs build and subsidize housing specifically for people who are elderly or disabled (National Low Income Housing Coalition [NLIHC], 2002a). There are roughly five million federally subsidized housing units of one form or another, where 11 million people reside, with average household of income of $9,500 a year (U.S. Department of Housing and Urban Development [HUD], 1999).

This highly bifurcated approach to housing policy—a universal entitlement subsidy through the tax structure for homeowners and means-tested, nonentitlement subsidy dependent on annual appropriations for low-income renters—favors well-off homeowners and disfavors low-income renters. Moreover, the disinvestment in federal low-income housing programs in the last 25 years contributed directly to the current affordable housing shortage and the growth of homelessness in the 1980s and 1990s.

The other fundamental federal role in housing policy is fair housing. The federal fair housing laws passed in 1968 and amended in 1988 prohibit discrimination in the housing sector based on race and other protected classes. The Departments of Housing and Urban Development and Justice are responsible for enforcement of the housing provisions of federal civil rights laws with statutory and political limitations on how successful they can be.

It is through its housing priorities, programs, and practices that the federal government directly affects residential mobility of low-income families, sometimes positively, but most often adversely. Current policy with regard to homeownership, rental housing assistance, rental housing production, and residential mobility as a fair housing issue are explored in more detail below.

Homeownership

The expansion of homeownership among low-income people and members of racial minorities in recent years will reduce residential mobility for those families able to participate in the myriad of programs and initiatives intended to facilitate their transition from renter to homeowner. Included are down payment assistance, low-rate mortgages, more flexible borrowing standards, grant-subsidized construction, and even application of rental housing vouchers to mortgage payments. While these programs are of significant value, they tend to be beyond the reach of the poorest families with the highest risk of residential mobility (Belsky & Duda, 2002).

The importance of homeownership to residential stability and asset accumulation notwithstanding, housing research is beginning to note the downside of the homeownership boom for low-income households. Paradoxically, one of the identified problems is reduced residential mobility. Homeownership may hinder low-income families from taking advantage of job or educational opportunities in other communities (Hornburg, 2002).

Another major concern about expansion of homeownership for low-income families is that some of them may now be at higher financial risk. Part of the increase in homeownership by low-income people and members of racial minorities is driven by expansion of the "subprime" lending industry—lenders who make loans at interest rates higher than that charged by conventional lenders to borrowers who do not qualify for conventional mortgages for reasons related to credit history or insufficient income. There is ample evidence that minority and low-income households are purposely targeted by subprime lenders. Black and Hispanic people are overrepresented in the subprime market. Although subprime lending is legal business practice, predatory lending is not. Unscrupulous lenders who make high profits by lending to families who are paying too much for their loans, with all manner of hidden charges, or taking out loans they cannot afford, are creating a class of homeowners with heightened risk of foreclosure (Bradford, 2002; National Association of Local Housing Finance Agencies, 2002).

Under any circumstances, homeownership does not mean freedom from high housing cost burdens, and the lowest income homeowners spend dangerously high percentages of their income on housing. Homeownership also brings unanticipated costs for home repair that people with no financial cushion can ill afford. Low-income people also have less predictable income and are more subject to loss of income due to illness or periods of economic downturn. Recent increases in rates of mortgage foreclosure in the wake of the recession of 2001 and 2002 indicate the precariousness of the financial well-being of low-income mortgagors (Fleishman, 2002). The consequences of defaulting on a mortgage are very damaging to one's financial and emotional health, and more serious than having a poor record as a renter, which is serious enough (Hornburg, 2002).

A particularly insidious by-product of the growing hegemony of homeownership in the United States is a corresponding devaluing of rental housing, contributing to loss of rental housing units, a lack of resources to build new rental housing, and resistance to the siting of rental housing, especially that which is classified as affordable, by neighborhoods and local elected officials. Thus, the shortage of affordable rental housing must be analyzed in the context of preference for homeownership. Even as greater residential stability is cited as an argument in favor of homeownership, the degree to which the expansion and favoring of homeownership contributes to the dwindling supply of affordable rental housing further exacerbates the residential mobility problems of renters.

Affordable Rental Housing

The single most important contribution the federal government makes to reducing residential mobility of poor families is through rental housing assistance. Rental housing assistance, tied to the tenant or the housing unit, bridges the gap between the cost of housing and what the family can afford. In a study of formerly homeless families five years after leaving a shelter, Shinn and her colleagues (1998) concluded that the only factor that could account for some families' ability to maintain stable housing for the five-year period was receipt of rental housing assistance.

Indeed, the average length of tenancy for households receiving federal housing assistance is six years (HUD, 1999). In New York City, with one of the country's most expensive housing markets and where 12% of all public housing units in the country are located, the median length of public housing tenancy is 16 years for young tenants, 23 years for middle-aged tenants, and 15 years for elderly residents (Bahchevia & Hosier, 2001). These data indicate a relatively high degree of residential stability among recipients of rental housing assistance.

In one of Bartlett's (1997b) case studies of highly mobile poor families, the only period of housing stability for the family was the two years they participated in a federally funded transitional housing program. After years of short-term rentals, doubling-up, stints in shelters, and even one month in a tent in the woods, mother, father, and two daughters moved into a nice apartment with a rental subsidy. The father worked steadily, the mother worked part-time and earned her high school diploma. The older child attended the same school for two years and did very well. When the transitional assistance ended and there was not enough money to maintain the home, the family fell apart again and moved so often that the same child attended three schools the next year. Bartlett concludes that the "one factor that has had the power to break their cycle of mobility has been the subsidized provision of decent and affordable housing" (p. 124).

Fewer than a third of the over 13 million lowest income households who are eligible for rental housing assistance actually receive it, due to insufficient federal funding levels (Millennial Housing Commission, 2002). Given the importance of rental housing subsidies to the housing stability of poor families, expansion of rental housing subsidies is a top priority for low-income housing advocates (NLIHC, 2002a) and is a recommended intervention in reducing school mobility (Rothstein, 2000).

However, new investment in rental housing assistance is extremely sparse. The primary way rental housing assistance has been expanded in recent years is by addition of new Housing Choice Vouchers as part of the federal budget. After years of no new vouchers, Congress gradually added some vouchers each year in the late 1990s, reaching a peak of 80,000 new vouchers for fiscal year 2001, only to reduce funding levels to 26,000 new vouchers for fiscal year 2002, with further reductions expected for fiscal year 2003 (NLIHC, 2002b). Further, the ability of people who are awarded housing vouchers to actually find housing they can rent has grown increasingly problematic in many housing markets where the supply of private market units available to rent with vouchers has dwindled. The lack of commitment to the long-term viability of the Housing Choice Voucher program by the current HUD administration is evidenced by the proposal in the FY04 HUD budget proposal to block grant the program to states without protections for current residents (HUD, 2003).

Other changes in federal housing policy in recent years have also reduced the potential for rental housing assistance to strengthen housing stability for the poorest families. Congress passed the Quality Housing and Work Responsibility Act (QHWRA) in 1998, which altered eligibility for rental housing assistance. In order to reduce the concentration of poor people in public housing developments, public housing agencies are now able to set admission criteria that favor the higher-income strata of the eligible population and thereby reduce access to the lowest income families (NLIHC, 2002a).

In order to reduce crime and drug activity in public and assisted housing, QHWRA also permits public housing agencies and private owners of federally subsidized developments to exclude from occupancy anyone involved in drug-related or violent activity.

Further, families currently receiving assistance can be evicted and have their assistance revoked if any member of the family, even minors, or any guest, is involved (even without their knowledge) in drug-related or violent activity on or off the premises. The U.S. Supreme Court recently upheld this so-called "one-strike" provision (National Housing Law Project, 2002). Zero tolerance policies on drug use among residents of public and assisted housing bar some of the poorest families from receiving housing assistance, denying them access to one of the few forms of social assistance that can actually promote housing stability.

Besides scant funding for new housing vouchers and reduced access to all rental housing assistance from public housing, vouchers, and privately-owned subsidized housing developments, federal housing policy is directly contributing to the shrinking stock of affordable rental housing in two major ways. More ominously, in addition to reducing the supply of housing, both policies displace existing residents, directly destabilizing housing for some of the country's lowest income households.

HOPE VI is the name of the public housing redevelopment program enacted in 1993 in response to a report that 86,000 (6%) of the nation's public housing units were "severely distressed" and should be demolished (National Commission on Severely Distressed Public Housing, 1992). The sites were to be redeveloped in a manner that reduced density and deconcentrated poverty. Congress has also repealed the provision that required one-for-one replacement of all demolished public housing units. Consequently, HOPE VI is resulting in a substantial net loss of public housing units at a time when the nation is experiencing an acute shortage of affordable rental housing (National Housing Law Project et al., 2002). Since 1993, as a result of HOPE VI, public housing agencies have demolished 51,000 public housing units, and HUD has approved another 21,000 for demolition. Through HOPE VI, public housing agencies have built only about 14,000 public housing units, along with about 4,500 nonpublic housing units (HUD, 2002). Further, repeal of one-for-one replacement and additional demolition provisions in QHWRA have allowed public agencies to expand demolition beyond HOPE VI. As of June 2002, HUD had approved demolition of 140,000 units of public housing, only half of which are in HOPE VI sites (HUD, 2002). Given that there are no other available funds to rebuild public housing, there are no replacement plans for these lost units. Further, HUD is proposing to end HOPE VI and cut HOPE VI funds from the federal housing budget (HUD, 2003). Under this proposal, there will be no new funds to replace demolished public housing.

The other major source of loss of federally-assisted housing is decisions by owners of privately-subsidized housing to opt out of their contracts. These are contracts with HUD to provide rental housing for low-income households in exchange for low-interest mortgages and rental subsidy payments. Originally 20-year contracts, HUD has been renewing them on a year-to-year basis. In some cases, the amount of HUD subsidy required to pay the mortgage has exceeded the rents the property could command on the open market, because the property or the neighborhood in which it is located has deteriorated. HUD is now restructuring these mortgages to bring the rents more in line with the market. In other cases, the contract rents are much lower than what the surrounding market generates. Such properties are likely to leave the program unless HUD renegotiates rents that are more profitable for the owners. Owners of over 150,000 previously HUD-assisted or -insured apartments have opted out of their contracts and converted the property to market-rate housing, removing these units from the assisted housing stock. Another 640,000 units are at risk of similar conversion (Bodaken, 2002).

The consequences are serious for residents of such developments. They are entitled to housing vouchers and to use them to remain in their units. If the new rent is more than the standard voucher will support, the resident is entitled to an "enhanced "voucher that will cover the new rent. However, if the resident moves, the value of the voucher is reduced, limiting its usefulness in a new housing search (NLIHC, 2002a). Moreover, the vacated unit is lost to the assisted housing stock forever.

The consequences for residents of public housing that is being demolished are more dire. Although they too are guaranteed continued housing assistance, they are still at high risk of housing instability. The first systematic assessment of what has happened to public housing residents in HOPE VI sites reveals that the whereabouts and outcomes for many residents are simply unknown. Of those whose circumstances are known, very few (19%) have returned to new housing redeveloped through HOPE VI, more (29%) have relocated to other public housing, 33% have taken housing vouchers to search for housing in the market, and 18% are no longer receiving housing assistance. Most households (83%) remain very poor and report some degree of material hardship. Half of the households displaced by HOPE VI have moved two or more times, and 8% have moved four or more times (Buron, Popkin, Levy, Harris, & Khadduri, 2002).

Federal spending to build new affordable rental housing is quite limited when compared to former expenditure levels, and wholly inadequate when compared to the need. To close the gap in needed rental housing units for extremely low-income households would require construction of five million units over the next 20 years (Millennial Housing Commission, 2002).

Federal subsidies today that support production of new affordable rental housing and preservation of existing affordable rental housing take two forms. HOME is a formula-based block grant to states and localities to build or rehabilitate affordable housing. Forty-four percent of HOME funds are used for homeownership activities, and the percentage going to homeownership is increasing. Since its inception in 1990, HOME has funded the production and rehabilitation of 400,000 housing units. The HOME appropriation for fiscal year 2002 is $1.8 billion (NLIHC, 2002a) and is the only housing program for which HUD is seeking a notable (5%) increase in its FY04 budget (HUD, 2003).

The second program is the Low Income Housing Tax Credit, which provides tax breaks to investors who furnish equity for rental housing production. The Low Income Housing Tax Credit program was recently increased and generates about $4 billion a year in equity investments. One million rental housing units have been produced through this program since it was enacted in 1986 (NLIHC, 2002a).

A frequent criticism of both programs is that they are not targeted deeply enough to serve the lowest income families with the most serious housing needs. The number of proposals for both HOME funds and Low Income Housing Tax Credits substantially exceeds the resources available, an indication of the pent-up demand for affordable rental housing production and the need for increased federal investment. There is widespread agreement about the need for new rental housing production that is targeted to the lowest income households, and a recognition that a new federal capital grant program is what is required (Burt, Aron, Lee, & Valente, 2001; Millennial Housing Commission, 2002; NLIHC, 2002a).

Besides lack of funding to build new affordable rental housing, the other major barrier to production of new housing for the lowest income households is NIMBYism, the acronym for "not in my back yard." NIMBYism is a contemporary form of housing discrimination, in which residents of particular neighborhoods object to the siting of affordable housing in or near their neighborhoods, and local officials collude by denying permits or other required actions to the affordable housing developer. NIMBYism is usually couched in terms that are not illegally discriminatory, such as objections based on the low-income status of the future residents, but is often a proxy for racial or other illegal forms of discrimination. Although these land use and related decisions are the purview of local officials, they are often subject to federal fair housing laws. However, the effective use of fair housing laws to combat NIMBYism depends on well-funded advocates and federal officials willing to challenge local decisions, both of which are in short supply (NLIHC, 2002c).

Residential Mobility as Racial Integration Strategy

Persistent residential segregation by race remains one of the defining qualities of American communities, despite the passage of three decades since discrimination on the basis of race in all segments of the housing sector was outlawed. While considerable progress has been made and members of racial minorities who have the resources to shop for housing in the neighborhoods of their choice fare much better than they did 30 or more years ago, deepening economic inequality consigns low-income members of racial minority groups to hypersegregated housing and neighborhoods (Massey & Denton, 1993).

Between the 1930s and the 1970s, when public housing construction began and ended, the siting and admission policies of public housing in many communities had the effect of creating high concentrations of Black families living in racially segregated housing. In 1966, Dorothy Gautreaux, a Black resident of Chicago public housing, joined with other residents in a class action suit against the Chicago Housing Authority and HUD for engaging in intentional segregation, in violation of the U.S. Constitution. In what is now considered to be a landmark civil rights decision, the Supreme Court required HUD to overcome the effects of its racially segregating practices and create a program that would help Black Chicago public housing residents to move to predominantly White suburbs. The program became known as the Gautreaux Assisted Housing Program. Building on the Gautreaux model, the federal government created a similar program, Moving to Opportunity, to promote greater economic integration. The results of the out-migration of poor Black families from the inner city to middle-class White suburbs, made possible with the provision of rental housing vouchers, have been the subject of important, though inconclusive, research (Rubinowitz & Rosenbaum, 2000; Scanlon & Devine, 2001).

On a range of indicators including school performance, improved economic well-being, and a greater sense of personal safety, the Gautreaux families who moved to the suburbs have fared better than their counterparts who stayed in the city. These findings fueled considerable interest in mobility strategies as the key to solving urban poverty. However, the findings must be understood in the context of their limitations. First, lease-up rates, that is the number of families who successfully find new housing compared to the number of families who receive vouchers, for mobility programs are notoriously low. The majority of families who receive vouchers are unable to find housing to which they can afford to move and thus remain in their old neighborhoods (Goetz, 2002). Further, when follow-up assessments of the Gautreaux families who were able to relocate were made in the late 1980s, a majority of the research participants could not be located, indicating they experienced additional mobility beyond the first move to the suburbs (Rubinowitz & Rosenbaum, 2000). The outcomes for these families are unknown. Given that residential mobility of a single move to an enriched educational environment is the one scenario in which benefits for students outweigh risks (Pribesh & Downey, 1999), it is difficult to conclude that the children in the unstudied families experienced educational benefits similar to their less mobile counterparts.

The Gautreaux and related experiences heighten the complexity of the interplay between residential mobility and school performance of children from low-income families. However, they do not support extensive reliance on residential mobility strategies to improve the educational opportunities of poor children.

Residential Mobility and School Vouchers

The intersection of housing voucher and school voucher policy is underexplored in both the housing and the education research literature, and is beyond the scope of this article. However, as a closing observation, it should be noted that the theories supporting these strategies are remarkably similar. Housing vouchers offer low-income, inner-city families the choice and the means to move to neighborhoods where presumably they will find greater economic and educational opportunities, including access to better schools. The benefits of both residential and school mobility are seen as outweighing the risks.

School vouchers offer low-income, inner-city families greater choice in schools and the means to send their children to better schools without having to move. One commentator who supports school vouchers because schools that are forced to compete for students will improve their performance also suggests that school vouchers are beneficial for poor neighborhoods and will reduce housing costs for some low-income families (Rauch, 2002). With school vouchers, families do not have to move to higher-cost neighborhoods in order to send their children to good schools. They can stay in lower-cost neighborhoods with more affordable housing, economically beneficial to themselves and socially beneficial to inner-city neighborhoods that will be able to hold on to aspiring, upwardly mobile families and prevent further economic segregation.

Recommendations

Most people would agree that the nation as a whole benefits if the academic achievements of all children, regardless of race and income, are maximized. Therefore, it is in our collective best interest to intervene in order to reduce residential mobility of poor families and thereby school mobility of poor children. These interventions can be school-based or housing-based, and are required at the community level and at the federal policy level.

School-Based Strategies

Principals, teachers, and parents at individual schools that have high rates of student mobility can take a range of measures to prevent student churning. First, schools should be proactive in helping students construct a sense of stability, to see school as a unique and special place for them (Mantzicopoulos & Knutson, 2000). Equally important is outreach to parents in order to actively engage them in the life of the school. This may be particularly challenging with poor parents who are already juggling multiple demands, but just as each child should be welcomed, so should each parent. A parent who feels that he or she is an important part of the teaching team will be more likely to hold on to ties with the school when other parts of his or her life begin to unravel. Parents need to know how much schools are counting on them, and that they, as well as their children, will be missed if the family moves.

Schools with high numbers of poor children can provide direct aid: before- and after-school care, winter coats, on-site health clinics, holiday gifts, even cash assistance to pay bills. Besides being of material assistance, such interventions helps parents see the school as the center of community life and a resource for managing their limited and tenuous income. In addition to material aid, schools can offer or refer parents for counseling, training and education, and support groups (Fisher et al., 2002). Parents who feel a bond with the school in their own right will include the value of their children's education at the school as part of the equation when making the cost-benefit analysis about the next move (Crowley, 1998).

Expanding on the role of the school as the nexus of the community, schools can work proactively to improve the housing market in which students' families live. Such actions include preventing evictions and mediating disputes with landlords, helping families who must move find housing in the same school catchment area, and educating landlords about the value of school stability and the role they play. School officials should also join with local housing advocates to call attention to the need for more affordable housing in their communities and educate elected officials and other community leaders about the relationship between affordable housing and school achievement.

It is instinctive for educators to want to ameliorate the consequences of student mobility by altering curricula or teaching methods to accommodate students moving in and out. These strategies should be approached with caution, as today's accommodations become tomorrow's traditions. Schools should avoid colluding in the transience of their students by making it easier, and instead put their time and energy into keeping families in their homes.

There is a role for the federal Department of Education as well. First, schools with attractive, state-of-the-art equipment and teaching supplies and smaller teacher-to-student ratios will engage more parents in what is going on at the school. More resources are needed. Second, the Department can develop and distribute training materials to school districts, in order to educate school personnel about the importance of school stability for school performance, the relationship between residential stability and school stability, and ways in which school boards and school staff can become local housing advocates.

Housing-Based Strategies

Mobility that interferes with children's academic performance is at its core a housing problem. To that end, housing policy is education policy. Education is largely a public institution in the United States, while housing is predominantly the domain of the private sector, albeit substantially shaped by public policy. The market's failure to meet the housing needs of the lowest income households makes the public role crucial in low-income housing policy.

At a conceptual level, HUD should lead the public discourse to alter the perception of homeownership and rental housing as two dichotomous states (e.g., Hartman, 2002). Housing should be understood as a continuum, with success at renting a potential springboard for homeownership. Under this construction, rental housing would hold equal priority with homeownership and thus receive at least equal consideration in federal housing policy.

Further, HUD should undertake a thorough assessment of the manner in which its policy and practice contribute to residential instability of low-income families with children. In particular, actions that have the effect of reducing the assisted housing stock need to be evaluated for their impact on children's school stability. For example, local housing authorities applying for HOPE VI grants should be required to show how they insure continuity of school attendance for children who will be displaced from their housing. At the very least, no demolitions should be approved that require relocation of families with school-age children during the school year. Likewise, opt-outs of assisted housing contracts that will destabilize school attendance should be prohibited.

Federal housing policy currently requires states, localities, and public housing agencies, as a condition of receipt of federal funds, to assess a range of housing and community needs in their jurisdictions; to consult with community partners; and to develop plans to solve identified housing problems. HUD should include assessment of residential mobility and school performance of children from low-income families as an element to be discussed and addressed in these plans. HUD should further scrutinize state and local plans to assure that the rental housing needs of the lowest income families are properly prioritized. HUD also should maximize its authority to combat NIMBYism and facilitate new affordable rental housing production with use of its fair housing enforcement responsibilities.

While there are a number of actions that HUD can and should take, the real impediment to helping poor families achieve housing stability is the lack of resources. Congress needs to act immediately to increase funding to preserve and rehabilitate public and assisted housing, to expand the housing voucher program, and to build new rental housing affordable for the lowest income households.

Conclusion

Schools are one of the most important influences in children's lives. School is important for a child's intellectual development and where important relationships are established. Schools that are safe, well-run, and welcoming are places where most children can thrive. But for any school to do its job, children must take root there for a while at least, and move on only when it is time. Children who are not allowed to root and who are buffeted from school to school cannot bond with educators or schoolmates. Their emotional resources are used up just managing change, leaving them depleted of ability to absorb and integrate new learning. School stability—that is, minimal transience of students, especially during the school year—should be a goal of education policy.

The factors that contribute to student mobility and resulting educational underachievement are multiple and complex. However, it is clear that high levels of residential mobility among very poor people are a significant explanation for why so many students from poor families move from school to school. While school-based strategies designed to encourage student longevity are valuable and have positive benefits beyond decreased student mobility, school systems cannot and should not be relied on as the primary force to reduce student mobility.

Helping poor families, in particular those with school-age children, increase their residential stability will have direct bearing on their school stability and potentially on their school performance. Since the New Deal, the federal government has intervened in the housing market to create more affordable opportunities for low-income people, but in the last two decades has disinvested in its housing programs. Not only has there been a reduction in the supply of unsubsidized housing affordable for the lowest income families, even existing federally subsidized units are disappearing as well. In the meantime, the housing problems of the poor, in particular affordability problems, have mounted, resulting in homelessness, near homelessness, and frequent relocation of poor families. The most effective strategy for improving school performance of low-income children may well be to increase public spending on rental housing assistance and construction of new affordable housing.

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AUTHOR

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EXHIBIT B

The City Of
San Angelo, Texas
72 West College Avenue, San Angelo, Texas 76903

February 1, 2021

Texas Department of Housing & Community Affairs
P.O. BOX 13941
Austin, TX 78711-3941

Dear TDHCA Staff,

The City of San Angelo optimistically supports the development of the proposed Villas at Shriner's Point through the Low Income Housing Tax Credit program which will empathetically boost the revitalization of the neighborhood where the project is to be located.

Fifteen years ago, the City of San Angelo undertook an effort to develop a strategy and plan to revitalize North San Angelo. For many years, this part of San Angelo was neglected and began to deteriorate while other parts of San Angelo quickly grew. The Neighborhood Revitalization Program was implemented with the goal to bring North San Angelo up to speed with the surrounding areas. Today, we are starting to see vast improvements such as increased property value, new construction and reduced crime rates in the area. One element that hasn't shown the necessary improvement is school performance. I believe that this is largely due to the lack of quality affordable housing in the area.

Without a stable living situation, it is hard to expect any child to have consistent attendance and performance at school. High-quality affordable housing can go beyond just a place to live for many students and can be a positive pathway to achieving better school outcomes. Developments such as the Villas at Shriner's Point can help provide a stable environment where students will have access to a place where they can study, learn and succeed academically. Meeting children's basic housing needs is a critical part of the success of the schools in this underserved area and I believe this Development will go a long way in not only improving school performance in the area but also the academic performance of the students living in these apartments.

For questions or additional information, contact the undersigned at robert.salas@cosatx.us or 325-655-0824.

Regards,

Robert Salas, Director
Neighborhood & Family Services Department

6b

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

6c

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

6d

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

6e

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

JULY 22, 2021

Presentation, discussion, and possible action confirming obligations for those properties recommended for an award of competitive low income housing tax credits that sought and were awarded one point for committing at least an additional 2% of the total Units to Persons referred from the Continuum of Care or local homeless service providers to be made available for those experiencing homelessness under 10 TAC §11.9(c)(6) related to Residents with Special Housing Needs

21003	Tomball Senior Village	Tomball
21004	Skyline at Cedar Crest	Dallas
21006	Westheimer Garden Villas	Houston
21007	Retta Street Lofts	Fort Worth
21015	Embree Eastside	Garland
21020	Huntington at Bay Area	Houston
21024	Freedom's Path at Waco	Waco
21026	Vista at Park Place	Houston
21030	Abilene Pioneer Crossing	Abilene
21032	Royal Gardens Lufkin	Lufkin
21033	Beaumont Pioneer Crossing	Beaumont
21035	Manson Place	Houston
21048	Price Lofts	Brownsville
21051	Canyon Lofts	Canyon
21052	Del Rio Lofts	Del Rio
21053	Reserve at Shiloh	Garland
21054	Reserve at Palestine	Palestine
21061	Magnolia Lofts	Fort Worth
21063	Parker Apartments	Austin
21064	Fiesta Trails	San Antonio
21070	Saison North	Austin
21075	June West	Austin
21081	Kiva East	Dallas
21087	The Versia	Irving
21092	Scenic Park Apartments	Tyler
21093	Parkside on Carrier	Grand Prairie
21100	Hawthorn Terrace	Houston
21101	Longview Crossing	Longview
21113	San Angelo Crossing	San Angelo
21114	The Reserves at Holdsworth	Kerrville

21121	Paige Estates	Waco
21130	Sun Pointe	El Paso
21131	Boulevard 61	Houston
21132	OST Lofts	Houston
21139	Cypress Creek Apartment Homes at Forest Lane	Dallas
21145	Mariposa Apartment Homes at Communications Parkway	Plano
21158	Juniper Pointe Apartments	Kaufman
21177	Carver Ridge Apartments	Hutto
21186	Palms at Blucher Park	Corpus Christi
21187	Village at Perrin Beitel	San Antonio
21208	Parmore Jupiter Road	Plano
21235	Inn Town Lofts	Lubbock
21245	The Rushmore	Houston
21261	The Ponderosa	Alice
21264	Acadia Terrace	Houston
21274	Avanti Legacy Violet Parc	McAllen
21276	Avanti Legacy Springfield	Laredo
21289	Snowden Apartments	San Antonio
21292	Campanile on Minimax	Houston
21305	Jackson Road Apartments	McAllen
21317	San Angelo Terrace	San Angelo

RECOMMENDED ACTION

WHEREAS, pursuant to Internal Revenue Code §42(m)(1)(C)(v) related to application selection criteria, the selection criteria set forth in a qualified allocation plan must include tenant populations with special housing needs;

WHEREAS, the Qualified Allocation Plan provides the opportunity for applications to score points for serving residents with special housing needs under 10 TAC §11.9(c)(6)(A) and (B); and

WHEREAS, in order to score one point under 10 TAC §11.9(c)(6)(B), a Development must commit at least an additional 2% of the total Units to Persons referred from the Continuum of Care or local homeless service providers to be made available for those experiencing homelessness;

NOW, therefore, it is hereby

RESOLVED, that each of the applications listed above has sought and been awarded one point under 10 TAC §11.9(c)(6)(B) for committing to provide at least an additional 2% of the total Units to Persons referred from the Continuum of Care or local homeless service providers to be made available for those experiencing homelessness;

FURTHER RESOLVED, that it is a condition of an award of competitive low income housing tax credits for these applications and any application subsequently awarded from the Board approved waiting list for which this scoring item applies that such commitment will be included in a land use restriction agreement with the Department; and

FURTHER RESOLVED, that nothing herein obligates a property to uphold such commitment if it sought and was awarded one point for such commitment but does not receive a competitive low income housing tax credit award in the current application round, including an award by way of the Board approved waiting list.

BACKGROUND

Pursuant to 10 TAC §11.9(c)(6)(B), in order to score an additional point:

> If the Development has committed units under 10 TAC 11.9(c)(6)(A), the Development must commit at least an additional 2% of the total Units to Persons referred from the Continuum of Care or local homeless service providers to be made available for those experiencing homelessness. Rejection of an applicant's tenancy for those referred may not be for reasons of credit history or prior rental payment history. Throughout the Compliance Period, unless otherwise permitted by the Department, the Development Owner agrees to specifically market the 2% of Units through the Continuum of Care and other homelessness providers local to the Development Site. In addition, the Department will require an initial minimum twelve-month period in Urban subregions, and an initial six-month period in Rural subregions, during which Units must either be occupied by Persons referred from the Continuum of Care or local homeless service providers, or held vacant, unless the Units receive HOME funds from any source. After the initial twelve-month or six-month period, the Development Owner will no longer be required to hold Units vacant but will be required to continue to provide quarterly notifications to the Continuum of Care and other homeless service providers local to the Development Site on the availability of Units at the Development Site. Applications in the At-risk or USDA set-asides are not eligible for this scoring item. Developments are not eligible under this paragraph unless points have also been selected under 10 TAC 11.9(c)(6)(A). (1 point)

The applications that elected this scoring item and that are recommended for an award of competitive housing tax credits are listed above. Any of these applications, and any application subsequently awarded from the waiting list for which this scoring item applies, will have as a condition of award an inclusion of these requirements in a land use restriction agreement with the Department.

6f

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