



March Board Meeting

To be held via Webinar Located:

https://webinar.ringcentral.com/webinar/register/WN_VhtN_eOsRkCu4q6L-8C5Zg

Dial-in number: +1 (888) 391-5458

Webinar ID: 149 501 2125

Participant ID: Receive Upon Registration

Wednesday, March 10, 2021

10:30 a.m.

**TEXAS STATE AFFORDABLE HOUSING CORPORATION
BOARD MEETING
AGENDA**

The Governing Board of the Texas State Affordable Housing Corporation (TSAHC) will meet ONLINE:

**March 10, 2021
10:30 A.M.**

MEETING LOCATION:

Considering 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 TSAHC 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:

Location: https://webinar.ringcentral.com/webinar/register/WN_VhtN_eOsRkCu4q6L-8C5Zg

Dial-in number: +1(888) 391-5458, **Webinar ID:** 149 501 2125; **Participant ID:** Received upon registration. (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 teleconference under Tex. Gov't Code §551.125, as modified by waiver, and video will not be available.

CALL TO ORDER

ROLL CALL

Bill Dietz, 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 Board of Directors of Texas State Affordable Housing Corporation will meet to consider and possibly act on the following:

PUBLIC COMMENT

PRESIDENT'S REPORT

David Long

Tab A: Homeownership Finance Report

Tab B: Development Finance Report

Tab C: Monthly Financial Reports

ACTION ITEMS IN OPEN MEETING:

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on February 10, 2021.

Tab 2 Presentation, discussion and possible approval of a resolution approving a Texas Housing Impact Fund construction loan to Project Transitions, Inc. in an amount not to exceed \$1,500,000 for the Burnet Place Apartments.

- Tab 3 Presentation, Discussion and Possible Approval of a Resolution authorizing the issuance of Texas State Affordable Housing Corporation Multifamily Mortgage Housing Revenue Notes (Sandpiper Cove Apartments Project) Series 2021A-1 and 2021A-2, a Funding Loan Agreement, a Borrower Project Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the Notes; and other provisions in connection therewith.
- Tab 4 Presentation, Discussion and Possible Approval of the Texas Foundations Fund: Winter Storm Relief Funding Guidelines.
- Tab 5 87th Texas Legislative Session Update.

CLOSED MEETING:

Consultation with legal counsel on legal matters – Texas Government Code § 551.071

Deliberation regarding purchase, exchange, lease, or value of real property – Texas Government Code § 551.072

Deliberation regarding prospective gift or donation to the state or Texas State Affordable Housing Corporation – Texas Government Code § 551.073

Personnel Matters – Texas Government Code § 551.074

Implementation of security personnel or devices – Texas Government Code § 551.076

Other matters authorized under the Texas Government Code

ACTION ITEMS IN OPEN MEETING:

Action in Open Meeting on Items Discussed in Closed Executive Session

ANNOUNCEMENTS AND CLOSING COMMENTS

ADJOURN

A Board member of the Corporation may participate in a Board meeting by video conference pursuant to Section 551.127 of the Texas Government Code. A quorum of the Board will meet at the Texas State Affordable Housing Corporation's headquarters located at 6701 Shirley Avenue., Austin Texas, 78752.

Individuals who require auxiliary aids or services for this meeting should contact Rebecca DeLeon, ADA Responsible Employee, at 512-220-1174 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that the appropriate arrangements can be made.

Section 46.035 of the Texas Penal Code prohibits handgun licensees from carrying their handguns at government meetings such as this one. This prohibition applies to both concealed carry and open carry by handgun licensees. Handgun licensees are required by law to refrain from carrying their handguns at this meeting.

Texas State Affordable Housing Corporation reserves the right to recess this meeting (without adjourning) and convene at a later stated time, if and to the extent allowed by law. If Texas State Affordable Housing Corporation adjourns this meeting and reconvenes at a later time, the later meeting will be held in the same location as this meeting. Texas State Affordable Housing Corporation also reserves the right to proceed into a closed meeting during the meeting in accordance with the Open Meetings Act, Chapter 551 of the Texas Government Code. If permitted by the Open Meetings Act, Chapter 551 of the Texas Government Code, any item on this Agenda to be discussed in open meeting may also be discussed by the Board (and any other authorized persons) in closed meeting.

President's Report

Tab A

Homeownership Finance Report



Homeownership Programs with Down Payment Assistance January 1 to December 31, 2020

Month	Closed	# of Loans	% Total
January-20	\$ 129,378,246	683	4.2%
February-20	\$ 138,384,670	716	4.4%
March-20	\$ 189,705,945	967	6.1%
April-20	\$ 207,084,351	1060	6.6%
May-20	\$ 221,971,439	1130	7.1%
June-20	\$ 254,263,710	1295	8.2%
July-20	\$ 294,558,676	1494	9.4%
August-20	\$ 311,703,024	1561	10.0%
September-20	\$ 327,696,492	1642	10.5%
October-20	\$ 340,056,444	1679	10.9%
November-20	\$ 316,821,396	1561	10.2%
December-20	\$ 385,578,614	1885	12.4%
Totals	\$3,117,203,007	15673	100%
Lender	Closed	# of Loans	% Total
Fairway Independent Mortgage Corporation	\$210,598,850	1093	6.8%
Everett Financial, dba Supreme Lending	\$200,706,259	988	6.4%
Guild Mortgage Corporation	\$162,188,216	838	5.2%
Gateway Mortgage Group, a division of PrimeLending	\$127,183,447	659	4.1%
	\$124,035,579	637	4.0%
DHI Mortgage Company, Ltd.	\$123,227,048	534	4.0%
Academy Mortgage Corporation	\$118,503,284	632	3.8%
Movement Mortgage, LLC	\$101,818,416	525	3.3%
loanDepot.com LLC	\$100,092,851	507	3.2%
Ark-La-Tex Financial (Benchmark Mtg.)	\$83,066,383	393	2.7%
Stearns Lending, LLC	\$67,527,270	302	2.2%
CMG Mortgage, Inc. dba CMG Financial	\$65,264,922	305	2.1%
Cardinal Financial Company	\$58,685,401	294	1.9%
Cornerstone Home Lending, Inc.	\$52,633,890	250	1.7%
Amcap Mortgage, LTD	\$51,895,073	276	1.7%
Pulte Mortgage LLC	\$47,971,548	216	1.5%
Hometrust Mortgage Company	\$47,733,905	263	1.5%
Guaranteed Rate	\$45,630,787	233	1.5%
Thrive Mortgage, LLC	\$45,159,267	234	1.4%
Security National Mortgage Company	\$44,267,142	237	1.4%
Southwest Funding, LP	\$44,201,335	226	1.4%
SFMC, LP (Service First Mortgage)	\$41,807,390	200	1.3%
Wallick and Volk, Inc.	\$40,048,703	204	1.3%
Highlands Residential Mortgage	\$35,781,465	170	1.1%
Town Square Mortgage & Investments, Inc.	\$35,256,371	177	1.1%
Nations Reliable Lending, LLC	\$34,347,874	171	1.1%
NTFN, Inc.	\$32,979,875	162	1.1%
American Pacific Mortgage Corporation	\$32,494,094	168	1.0%
Caliber Home Loans, Inc.	\$31,164,383	158	1.0%
SWBC Mortgage Corporation	\$27,477,062	147	0.9%
First Continental Mortgage, Ltd.	\$26,977,369	101	0.9%
Gardner Financial Services, Ltd.	\$26,564,572	128	0.9%
Network Funding, LP	\$26,337,536	135	0.8%
Interlinc Mortgage Services, LLC	\$23,654,043	104	0.8%
Republic State Mortgage Co.	\$22,835,232	93	0.7%
Cherry Creek Mortgage Co., Inc.	\$20,621,196	97	0.7%
Mortgage Financial Services, LLC	\$20,462,396	119	0.7%
Inspire Home Loans, Inc.	\$19,873,394	96	0.6%
Independent Bank	\$19,338,083	89	0.6%
Lennar Mortgage, LLC	\$17,908,629	85	0.6%
Great Western Financial Services, Inc.	\$17,533,746	91	0.6%
Waterstone Mortgage Corporation	\$17,424,084	81	0.6%
Primary Residential Mortgage, Inc.	\$17,162,621	88	0.6%
Directions Equity, LLC	\$17,135,254	97	0.5%
City First Mortgage Services, LLC	\$17,017,234	90	0.5%
First Bank	\$16,757,050	76	0.5%
Synergy One Lending, Inc.	\$16,637,476	80	0.5%
First Community Mortgage	\$16,285,913	98	0.5%
CLM Mortgage, Inc.	\$14,370,795	61	0.5%
American Financial Network, Inc.	\$13,871,165	68	0.4%

At a Glance	
Average Annual Income	\$61,905
Average Purchase Price	\$202,990
Average Loan Amount	\$198,890
Average Household Size	2
Average Interest Rate	3.573%
Program	%
Home Sweet Texas	84.44%
Homes for Texas Heroes	15.56%
Active Military	0.56%
Allied Health Faculty	0.11%
Corrections Officer	0.80%
County Jailer	0.09%
EMS Personnel	0.42%
Fire Fighter	0.80%
Peace Officer	1.49%
Professional Nurse Faculty	0.68%
Public Security Officer	0.32%
School Counselor	0.17%
School Librarian	0.02%
School Nurse	0.06%
Teacher	8.37%
Teacher Aide	0.18%
Veteran	1.47%
New/Existing Home	
Existing	77.05%
New	22.95%
Type of Loan	
Conventional - Purchase	12.55%
FHA - Purchase	82.99%
USDA-RHS Purchase	1.37%
VA - Purchase	3.09%
Ethnicity	
American Indian/Alaskan Native	0.24%
Asian/Pacific Islander	1.34%
Black	13.57%
Hispanic	38.63%
Not Defined	7.34%
Other	2.60%
White	36.27%
Top 20 Originating Counties*	# Households
Harris	2508
Tarrant	1934
Dallas	1364
Bexar	1282
Denton	611
Williamson	492
Fort Bend	418
Collin	415
Montgomery	400
Travis	345
El Paso	333
Kaufman	324
Ellis	290
Bell	262
Lubbock	240
Hays	225
Brazoria	223
Johnson	200
Galveston	187
Cameron	186
*Top 20 of all counties statewide. All remaining counties served 3434 households.	



**Homeownership Programs with Down Payment Assistance
January 1 to December 31, 2020**

BancorpSouth Bank	\$13,851,773	68	0.4%
First United Bank & Trust	\$13,713,597	69	0.4%
LeaderOne Financial	\$13,361,765	73	0.4%
Crosscountry Mortgage, LLC	\$13,118,650	60	0.4%
Certainty Home Loans, LLC	\$12,937,864	72	0.4%
Willow Bend Mortgage Company, LLC	\$12,409,979	61	0.4%
Texas Bank Mortgage Company	\$11,825,761	62	0.4%
Gold Star Mortgage Financial Group	\$11,667,640	62	0.4%
DAS Acquisition Company, LLC	\$11,604,653	52	0.4%
Patriot Mortgage Company	\$11,458,917	73	0.4%
Michigan Mutual, Inc.	\$10,824,670	50	0.3%
America's Choice Home Loans, LP	\$10,745,852	55	0.3%
Hometown Lenders, Inc.	\$10,549,409	54	0.3%
HomeBridge Financial Services	\$10,536,584	55	0.3%
First National Bank Mortgage	\$10,380,103	62	0.3%
Trinity Oaks Mortgage	\$10,266,778	46	0.3%
Summit Funding, Inc.	\$9,697,789	45	0.3%
Nations Lending Corporation	\$9,632,037	51	0.3%
Texas Tech Federal Credit Union	\$9,478,316	60	0.3%
Loan Simple, Inc.	\$9,235,512	46	0.3%
Infinity Mortgage Holdings, LLC	\$9,024,673	48	0.3%
First Financial Bank, N.A.	\$8,740,953	59	0.3%
University Federal Credit Union	\$8,634,115	39	0.3%
Happy State Bank	\$7,940,697	52	0.3%
Bank of England	\$7,816,360	38	0.3%
Sente Mortgage Inc.	\$7,549,154	41	0.2%
Southwest Bank	\$7,500,553	45	0.2%
Panorama Mortgage Group, LLC	\$7,058,280	37	0.2%
Goldwater Bank, N.A.	\$7,023,804	39	0.2%
Home Financing Unlimited, Inc.(Mission)	\$6,923,649	25	0.2%
First Bank & Trust	\$6,854,470	38	0.2%
Pilgrim Mortgage, LLC	\$6,714,277	34	0.2%
Loan Leaders of America, Inc.	\$6,699,394	34	0.2%
Legacy Mortgage, LLC	\$6,564,011	43	0.2%
Origin Bank	\$6,226,798	32	0.2%
Mid America Mortgage, Inc.	\$6,158,912	31	0.2%
Mortgage Solutions of Colorado, LLC	\$5,890,445	26	0.2%
American Mortgage & Equity Consultants	\$5,882,873	33	0.2%
Prosperity Home Mortgage, LLC	\$5,470,572	26	0.2%
FBC Mortgage LLC	\$5,458,617	29	0.2%
Guaranteed Rate Affinity, LLC	\$5,374,189	27	0.2%
New American Funding (Broker Solutions)	\$5,146,023	28	0.2%
American Neighborhood Mortgage	\$5,092,436	25	0.2%
First Home Bank	\$5,087,171	28	0.2%
Churchill Mortgage Corporation	\$4,441,100	22	0.1%
LHM Financial Corp., dba CNN Mortgage	\$4,350,932	22	0.1%
Planet Home Lending, LLC	\$4,190,595	27	0.1%
Sun West Mortgage Company, Inc.	\$3,895,128	18	0.1%
Texana Bank, N.A.	\$3,759,172	17	0.1%
Paramount Residential Mortgage Group	\$3,716,156	20	0.1%
Associated Mortgage Corporation	\$3,573,487	24	0.1%
K Hovnanian American Mortgage, LLC	\$3,524,533	14	0.1%
Lend Smart Mortgage, LLC	\$3,355,556	14	0.1%
Cadence Lending Group, Inc.	\$3,159,013	21	0.1%
Amerifirst Financial, Inc.	\$3,105,764	15	0.1%
First State Bank	\$2,895,934	14	0.1%
Evolve Bank & Trust	\$2,810,997	17	0.1%
Geneva Financial, LLC	\$2,748,725	13	0.1%
M/I Financial, LLC	\$2,721,465	12	0.1%
Rocky Mountain Mortgage Company	\$2,587,220	16	0.1%
Affiliated Bank	\$2,583,760	14	0.1%
Hancock Mortgage Partners, LLC	\$2,368,943	12	0.1%
V.I.P. Independent Mortgage, Inc.	\$2,254,560	11	0.1%
Midwest Mortgage Associates Corp.	\$2,242,686	12	0.1%



**Homeownership Programs with Down Payment Assistance
January 1 to December 31, 2020**

Mason McDuffie Mortgage Corporation	\$2,177,637	9	0.1%
Wells Fargo Bank, N.A.	\$1,894,677	12	0.1%
1st Preference Mortgage Corporation	\$1,860,327	10	0.1%
First Centennial Mortgage Corporation	\$1,850,215	10	0.1%
University Lending Group, LLC	\$1,717,781	11	0.1%
NFM, INC.	\$1,657,346	8	0.1%
Open Mortgage LLC	\$1,628,854	8	0.1%
Commerce Home Mortgage, Inc.	\$1,613,522	10	0.1%
International Bank of Commerce	\$1,536,308	10	0.0%
Moria Development/Peoples Mortgage Co	\$1,533,826	9	0.0%
Envoy Mortgage	\$1,376,573	7	0.0%
Homevantage Mortgage	\$1,248,467	5	0.0%
Finance of America Mortgage, LLC	\$1,231,969	8	0.0%
First Choice Loan Services, Inc.	\$1,229,636	6	0.0%
First Horizon Bank	\$1,221,785	7	0.0%
Residential Bancorp, Inc.	\$1,216,978	7	0.0%
Residential Wholesale Mortgage, Inc.	\$1,152,325	5	0.0%
On Q Financial, Inc.	\$1,130,460	5	0.0%
Victorian Finance LLC	\$1,077,692	6	0.0%
Guardian Mortgage	\$1,069,243	6	0.0%
The Home Loan Expert, LLC	\$1,009,378	4	0.0%
Capstar Lending, LLC	\$1,008,883	4	0.0%
Colonial Savings, F.A.	\$987,158	5	0.0%
Hamilton Group Funding, Inc.	\$963,211	6	0.0%
Bay Equity LLC	\$955,167	5	0.0%
Finance Home America	\$951,347	4	0.0%
Jefferson Bank	\$893,275	6	0.0%
ClosingMark Home Loans, Inc.	\$792,280	3	0.0%
Union Home Mortgage	\$657,666	4	0.0%
BM REAL ESTATE SERVICES, INC.	\$584,711	3	0.0%
Amarillo National Bank	\$515,831	4	0.0%
Guaranty Bank & Trust, N.A.	\$348,388	2	0.0%
Central Bank	\$346,775	2	0.0%
NOVA Financial & Investment Corporation	\$273,620	2	0.0%
JNC Mortgage Company, Inc.	\$259,168	1	0.0%
LOANPEOPLE, LLC	\$254,625	1	0.0%
Truist Bank	\$211,105	1	0.0%
Vantage Bank	\$206,125	2	0.0%
The Federal Savings Bank	\$196,377	1	0.0%
American Bank, N.A.	\$191,468	1	0.0%
Citywide Home Loans, a Utah Corporation	\$176,739	1	0.0%
First Community Mortgage, Inc	\$171,731	1	0.0%
Northpointe Bank	\$168,884	1	0.0%
Cstone Mortgage, Inc.	\$160,047	1	0.0%
American Nationwide Mortgage Company	\$155,200	1	0.0%
Encompass Lending Group, LP	\$131,572	1	0.0%
Peoples Bank	\$122,686	1	0.0%
Texas Security Bank	\$97,000	1	0.0%
Aim Bank	\$55,290	1	0.0%
Grand Total	\$3,117,203,007	15673	100%



T E X A S
State Affordable Housing Corporation

Mortgage Credit Certificate Program
January 1 to December 31, 2020

Month	Closed	# of Loans	% Total
Jan	\$ 29,652,017	158	6%
Feb	\$ 34,642,638	175	7%
Mar	\$ 36,519,024	188	7%
Apr	\$ 37,306,736	189	7%
May	\$ 36,716,663	182	7%
Jun	\$ 44,064,976	221	8%
Jul	\$ 50,174,948	249	9%
Aug	\$ 50,372,243	246	10%
Sep	\$ 53,056,004	266	10%
Oct	\$ 53,652,682	261	10%
Nov	\$ 52,733,233	253	10%
Dec	\$ 50,945,189	247	10%
Totals	\$529,836,353	2635	100%
Lender	Closed	# of Loans	% Total
Everett Financial, dba Supreme Lending	\$44,144,174	223	8.5%
Fairway Independent Mortgage Corporation	\$35,741,674	180	6.8%
Guild Mortgage Corporation	\$25,974,790	135	5.1%
Gateway Mortgage Group, a division of PrimeLending	\$23,607,819	123	4.7%
Movement Mortgage, LLC	\$22,669,856	116	4.4%
DHI Mortgage Company, Ltd.	\$20,891,051	112	4.3%
loanDepot.com LLC	\$20,016,147	89	3.4%
Pulte Mortgage LLC	\$19,027,572	95	3.6%
Cardinal Financial Company	\$18,478,020	84	3.2%
First Continental Mortgage, Ltd.	\$17,030,597	84	3.2%
Stearns Lending, LLC	\$15,017,978	58	2.2%
Hometrust Mortgage Company	\$14,760,623	60	2.3%
CMG Mortgage, Inc. dba CMG Financial	\$11,956,627	68	2.6%
Academy Mortgage Corporation	\$10,478,801	49	1.9%
Thrive Mortgage, LLC	\$10,299,148	56	2.1%
Ark-La-Tex Financial (Benchmark Mtg.)	\$10,144,083	50	1.9%
Nations Reliable Lending, LLC	\$9,380,096	43	1.6%
Guaranteed Rate	\$9,256,218	48	1.8%
NTFN, Inc.	\$8,881,525	48	1.8%
SFMC, LP (Service First Mortgage)	\$8,644,990	46	1.7%
Amcap Mortgage, LTD	\$8,505,350	39	1.5%
Caliber Home Loans, Inc.	\$8,245,575	42	1.6%
Southwest Funding, LP	\$6,585,412	33	1.3%
Texas Bank Mortgage Company	\$6,386,509	30	1.1%
Security National Mortgage Company	\$6,042,628	33	1.3%
CLM Mortgage, Inc.	\$5,493,914	28	1.1%
BancorpSouth Bank	\$5,493,708	23	0.9%
Inspire Home Loans, Inc.	\$5,311,608	29	1.1%
Interlinc Mortgage Services, LLC	\$5,247,915	25	0.9%
Cornerstone Home Lending, Inc.	\$5,043,548	21	0.8%
American Financial Network, Inc.	\$4,560,261	23	0.9%
Town Square Mortgage & Investments, Inc.	\$4,417,306	22	0.8%
Bank of America, N.A.	\$4,132,036	23	0.9%
Highlands Residential Mortgage	\$4,093,964	20	0.8%
Independent Bank	\$3,891,054	20	0.8%
Crosscountry Mortgage, LLC	\$3,867,344	17	0.6%
University Federal Credit Union	\$3,864,366	18	0.7%
American Pacific Mortgage Corporation	\$3,529,120	16	0.6%
Wallick and Volk, Inc.	\$3,430,072	17	0.6%
Republic State Mortgage Co.	\$3,391,520	19	0.7%
Guaranteed Rate Affinity, LLC	\$3,290,081	13	0.5%
Synergy One Lending, Inc.	\$3,197,654	17	0.6%
Gardner Financial Services, Ltd.	\$2,920,439	15	0.6%
Trinity Oaks Mortgage	\$2,423,202	12	0.5%
Network Funding, LP	\$2,293,340	11	0.4%
American Mortgage & Equity Consultants	\$2,119,509	12	0.5%
City First Mortgage Services, LLC	\$2,088,853	13	0.5%
America's Choice Home Loans, LP	\$2,061,745	10	0.4%
Mid America Mortgage, Inc.	\$1,987,562	10	0.4%
	\$1,937,488	10	0.4%

At a Glance	
Total Amount Originated	\$529,836,353
Average Annual Income	\$57,843
Average Purchase Price	\$207,059
Average Loan Amount	\$201,076
Average Household Size	2
Average Interest Rate	3.538%
Program	%
Home Sweet Texas	81.02%
Homes for Texas Heroes	18.98%
Active Military	0.38%
Allied Health Faculty	0.08%
Corrections Officer	0.68%
County Jailer	0.04%
EMS Personnel	0.46%
Fire Fighter	0.83%
Peace Officer	1.48%
Professional Nurse Faculty	0.72%
Public Security Officer	0.46%
School Counselor	0.08%
School Librarian	0.08%
School Nurse	0.04%
Teacher	11.50%
Teacher Aide	0.46%
Veteran	1.71%
New/Existing Home	
Existing	72.03%
New	27.97%
Type of Loan	
Conventional - Purchase	24.48%
FHA - Purchase	67.97%
USDA-RHS Purchase	4.90%
VA - Purchase	2.66%
Ethnicity	
American Indian/Alaskan Native	0.13%
Asian/Pac Isle	4.25%
Black	15.12%
Hispanic	35.34%
Not Defined	8.74%
Other	2.56%
White	33.87%
Top 20 Originating Counties*	# of Loans
Harris	483
Tarrant	332
Bexar	256
Dallas	233
Williamson	190
Travis	161
Denton	98
Hays	82
Fort Bend	80
Collin	76
Montgomery	66
Kaufman	38
Bell	35
El Paso	32
Brazoria	31
Ellis	30
Bastrop	24
Galveston	24
McLennan	23
Guadalupe	22

*Top 20 of all counties statewide. All remaining counties served 319 households.



T E X A S
State Affordable Housing Corporation

**Mortgage Credit Certificate Program
January 1 to December 31, 2020**

Summit Funding, Inc.	\$1,902,348	9	0.3%
Bank of England	\$1,859,419	9	0.3%
1st Preference Mortgage Corporation	\$1,765,005	9	0.3%
First Bank	\$1,753,100	8	0.3%
Barton Creek Lending Group	\$1,668,974	7	0.3%
Willow Bend Mortgage Company, LLC	\$1,548,004	7	0.3%
SWBC Mortgage Corporation	\$1,510,469	8	0.3%
First National Bank Mortgage	\$1,455,185	8	0.3%
Amerifirst Financial, Inc.	\$1,380,252	6	0.2%
Sente Mortgage Inc.	\$1,377,163	7	0.3%
Geneva Financial, LLC	\$1,350,358	7	0.3%
Primary Residential Mortgage, Inc.	\$1,265,333	6	0.2%
Envoy Mortgage	\$1,187,208	6	0.2%
Waterstone Mortgage Corporation	\$1,085,882	5	0.2%
Infinity Mortgage Holdings, LLC	\$1,056,653	6	0.2%
Hancock Mortgage Partners, LLC	\$1,011,733	5	0.2%
LOANPEOPLE, LLC	\$1,007,255	4	0.2%
Certainty Home Loans, LLC	\$838,758	5	0.2%
FBC Mortgage LLC	\$829,198	4	0.2%
NFM, INC.	\$785,508	4	0.2%
Mortgage Financial Services, LLC	\$762,224	4	0.2%
K Hovnanian American Mortgage, LLC	\$740,484	3	0.1%
Associated Mortgage Corporation	\$732,099	6	0.2%
Panorama Mortgage Group, LLC	\$720,889	4	0.2%
Lennar Mortgage, LLC	\$662,089	3	0.1%
Jefferson Bank	\$608,895	4	0.2%
LHM Financial Corp., dba CNN Mortgage	\$588,094	3	0.1%
HomeBridge Financial Services	\$585,203	4	0.2%
Hometown Lenders, Inc.	\$584,580	4	0.2%
Nations Lending Corporation	\$576,416	3	0.1%
Paramount Residential Mortgage Group	\$563,111	3	0.1%
Evolve Bank & Trust	\$540,565	4	0.2%
Capstar Lending, LLC	\$520,890	2	0.1%
LeaderOne Financial	\$516,372	3	0.1%
Home Financing Unlimited, Inc.(Mission)	\$483,944	2	0.1%
Pilgrim Mortgage, LLC	\$413,659	2	0.1%
Prosperity Home Mortgage, LLC	\$407,482	2	0.1%
Directions Equity, LLC	\$406,402	2	0.1%
New American Funding (Broker Solutions)	\$399,238	2	0.1%
First Centennial Mortgage Corporation	\$392,754	2	0.1%
Gold Star Mortgage Financial Group	\$389,317	2	0.1%
Affiliated Bank	\$388,886	2	0.1%
Bay Equity LLC	\$371,953	2	0.1%
Victorian Finance LLC	\$371,153	2	0.1%
Guardian Mortgage	\$366,847	2	0.1%
Hamilton Group Funding, Inc.	\$358,492	2	0.1%
American Neighborhood Mortgage	\$358,388	2	0.1%
Texana Bank, N.A.	\$350,041	2	0.1%
Rocky Mountain Mortgage Company	\$349,074	2	0.1%
Goldwater Bank, N.A.	\$314,918	2	0.1%
First Bank & Trust	\$311,262	2	0.1%
First Choice Loan Services, Inc.	\$301,842	2	0.1%
University Lending Group, LLC	\$283,936	2	0.1%
ClosingMark Home Loans, Inc.	\$282,782	1	0.0%
NOVA Financial & Investment Corporation	\$273,620	2	0.1%
The Home Loan Expert, LLC	\$267,465	1	0.0%
Cherry Creek Mortgage Co., Inc.	\$260,200	1	0.0%
Sun West Mortgage Company, Inc.	\$242,918	1	0.0%
First Horizon Bank	\$239,590	1	0.0%
Lozano 813, LLC DBA FMC Services	\$229,696	1	0.0%
Roberson Mortgage Inc.	\$224,442	1	0.0%
BM REAL ESTATE SERVICES, INC.	\$216,997	1	0.0%
K&G Capital Mortgage, LLC	\$210,296	1	0.0%
First State Bank	\$194,000	1	0.0%
Residential Bancorp, Inc.	\$193,431	1	0.0%



T E X A S
State Affordable Housing Corporation

**Mortgage Credit Certificate Program
January 1 to December 31, 2020**

The Federal Savings Bank	\$184,103	1	0.0%
Minter Mortgage, Inc.	\$171,830	1	0.0%
Midwest Mortgage Associates Corp.	\$166,920	1	0.0%
Churchill Mortgage Corporation	\$165,447	1	0.0%
V.I.P. Independent Mortgage, Inc.	\$164,350	1	0.0%
Union Home Mortgage	\$162,993	1	0.0%
Elite Financing Group	\$161,029	1	0.0%
Planet Home Lending, LLC	\$158,831	1	0.0%
American Nationwide Mortgage Company	\$155,200	1	0.0%
Happy State Bank	\$144,400	1	0.0%
Colonial Savings, F.A.	\$143,355	1	0.0%
Finance Home America	\$137,365	1	0.0%
Homevantage Mortgage	\$136,482	1	0.0%
Legacy Mortgage, LLC	\$119,790	1	0.0%
Guaranty Bank & Trust, N.A.	\$117,645	1	0.0%
Texas Security Bank	\$97,000	1	0.0%
Total Committed	\$529,836,353	2635	100%

Tab B

Development Finance Report

Texas State Affordable Housing Corporation

Development Finance Programs Report March 2021

Affordable Communities of Texas Program (ACT)

In the past month staff completed three NSP home sales with local partners Affordable Homes of South Texas and Community Development Corporation of Brownsville.

Permits for 1418 N. Navidad in San Antonio were approved in February. The home will be a 3 bed/2bath home built to be affordable to households at 80% or below of area median income. This project, along with 1314 N. Center now under construction, is being funded through a program related investment from Texas Community Bank.

A \$300,000 City of Plano grant application was submitted in late February to assist with the Park on 14th's hard construction costs. Staff and its development partner, DMA Development Company, anticipates a Resolution of No Objection from the City, (necessary for 4% tax credit financing based on census tract,) by late March.

Here is a summary of these past months' portfolio activity:

Program	Portfolio as of February 1, 2021	Acquired	Sold	Portfolio as of March 1, 2021	Current Portfolio Value
ACT Land Bank	25		1	24	\$254,387.00
ACT Land Trust	1			1	\$650,000.00
Texas NSP	143		3	140	\$1,907,337.43
Totals	169		4	165	\$2,811,724.43

Our current pipeline report:

- 10 homes under contract with eligible buyers
- 17 homes listed for sale
- 2 homes under construction
- 1 property in predevelopment
- 130 NSP lots prepped for return to TDHCA

Texas Housing Impact Fund

In March, loan committee will review a \$375,000 10-year deferred forgivable AHP loan to Midpark Towers, LLC to assist with the rehabilitation of Midpark Towers in Dallas. The project is a 202-unit multifamily acquisition and rehabilitation project. It will provide five-units of housing for persons with disabilities under the AHP guidelines. Midpark Towers, LLC is a partnership between Elizabeth Property Group (Developer), BETCO Consulting, LLC (Co-Developer), and the Dallas Housing Finance Corporation (bond issuer).

This month, staff will bring to the TSAHC board a proposed loan to Project Transitions for the Burnet Place Apartments, located in Austin and serving persons with HIV/AIDS. The loan request for \$1,500,000 in construction financing is an agenda item at this month's board meeting. Additional materials and a resolution are included in the board book. Loan Committee reviewed this loan at its February meeting and approved with additional terms and conditions.

Texas State Affordable Housing Corporation

Development Finance Programs Report March 2021

Staff also anticipates a closing on Project Transitions' Roosevelt Garden construction loan in early March.

Multifamily Bond Program

In the month of February, the Multifamily Bond Program closed on the Fawn Ridge Apartments project in The Woodlands, preserving 192 units of affordable housing. Our pipeline of other projects continues to be active, with four transactions receiving reservations for bond allocation and finalization of bond documents for the Sandpiper Cove Apartments in Galveston.

The Sandpiper Cove Apartments will be presented to the Board for consideration of the final bond resolution. A full write-up and underwriting are included in this board book.

Here is a summary of our current pipeline of projects.

Submitted Applications						
Project	Application date	Reservation Date	Max Bond Amount	Reserved	Status of App	Running Balance
St. Ann's	7/12/2019	Withdrawn	\$0.00	no	Withdrawn	\$127,779,192
Pine Terrace Apts	8/27/2019	2/12/2021	\$3,300,000	no	Reserved	\$124,479,192
Trinity Oaks Apts	8/27/2019	2/12/2021	\$2,200,000	no	Reserved	\$122,279,192
Plano - Park at 14th	5/1/2020	pending	\$7,000,000	no	Pending Reservation	\$115,279,192
Sandpiper Cove	5/5/2020	10/20/2020	\$37,500,000	yes	Reserved	\$77,779,192
Las Palmas Apts	6/16/2020	2/15/2021	\$9,000,000	no	Reserved	\$68,779,192
Gardens at Balch Springs	9/1/2020	Pending	\$27,000,000	no	Pending Reservation	\$41,779,192
Riverstation	9/8/2020	Pending	\$28,000,000	no	Pending Reservation	\$13,779,192
The Crest	9/9/2020	Pending	\$28,000,000	no	Submit to Collapse	\$(14,220,808)
W. Leo Daniels Towers	10/22/2020	Pending	\$15,000,000	no	Submit to Collapse	\$(29,220,808)
Total			\$157,000,000			

Tab C

Monthly Financial Reports

Texas State Affordable Housing Corporation

Statement of Net Position (unaudited)

As of January 31, 2021

Assets

Current assets:

Cash and cash equivalents	\$ 15,217,618
Restricted assets:	
Cash and cash equivalents	6,153,131
Accrued interest	76,400
Custodial cash and cash equivalents	191,489
Investments, at fair value	5,031,180
Accounts receivable and accrued revenue	59,124
Accrued interest receivable	74,243
Loans receivable, current portion	73,704
Notes receivable, current portion	1,481,106
Downpayment assistance, current portion	167,547
Prepaid expenses	143,939

Total current assets	<u>28,669,481</u>
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Noncurrent assets:

Loans receivable, net of uncollectible amounts of \$5,703	318,678
Notes receivable	65,562,132
Investments, at fair market value	14,757,601
Mortgage servicing rights, net of accumulated amortization of \$2,576,701	151,360
Capital assets, net of accumulated depreciation of \$518,708	6,061,193
Owned real estate, federal & other programs, net of amortization of \$1,414,087	10,585,148
Downpayment assistance	1,093,536
Restricted investments held by bond trustee, at fair market value	55,149,543

Total noncurrent assets	<u>153,679,191</u>
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Total assets	<u>\$ 182,348,672</u>
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(continued)

Texas State Affordable Housing Corporation

Statement of Net Position (unaudited)

As of January 31, 2021

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$ 323,465
Notes payable, current portion	58,415
Custodial reserve funds	191,489
Due to federal programs	1,481,888
Other current liabilities	2,094,294
Payable from restricted assets held by bond trustee:	
Revenue bonds payable, current portion	1,105,000
Accrued interest on revenue bonds	866,134

Total current liabilities	<u>6,120,685</u>
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Noncurrent liabilities:

Notes payable	2,701,100
Revenue bonds payable	51,265,996
Unearned revenue	2,974,514

Total noncurrent liabilities	<u>56,941,610</u>
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Total liabilities	<u>63,062,295</u>
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Deferred Inflows of Resources

Deferred revenue	<u>160,889</u>
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Total deferred inflows of resources	<u>160,889</u>
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Net Position

Invested in capital assets	6,061,193
Restricted for:	
Debt service	6,526,251
Other purposes	2,876,070
Unrestricted	<u>103,661,974</u>

Total net position	<u>119,125,488</u>
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Total liabilities and net position	<u><u>\$ 182,348,672</u></u>
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Texas State Affordable Housing Corporation

Statement of Revenues, Expenses and Changes in Net Position For the 5 Months Ending January 31, 2021

Operating Revenues:	
Interest and investment income	\$ 1,160,047
Net increase (decrease) in fair value of investments	(171,131)
Single family income	37,269,729
Asset oversight and compliance fees	133,006
Rental program income	249,375
Multifamily income	218,016
Land bank income	39,973
Public support:	
Federal & state grants	453,218
Contributions	123,357
Other operating revenue	<u>39,681</u>
Total operating revenues	\$ <u>39,515,271</u>
Operating Expenses:	
Interest expense on bonds and notes payable	\$ 756,403
Program and loan administration	45,174
Foundation Fund/Rebuild Texas Grants	385,500
Salaries, wages and payroll related costs	1,377,005
Professional fees and services	231,363
Depreciation and amortization	216,270
Office and equipment rental and maintenance	35,644
Travel and meals	2,773
Other operating expenses	<u>212,930</u>
Total operating expenses	<u>3,263,062</u>
Net income	36,252,209
Total net position, beginning	<u>82,873,279</u>
Total net position, ending	\$ <u><u>119,125,488</u></u>

Texas State Affordable Housing Corporation
Budget Report
January 31, 2021

	Annual Budget	Actual	Percent of Annual Budget	Reference
Revenue				
Servicing Revenue	116,000	40,545	35%	
Single Family Program Revenue	7,759,000	5,333,022	69%	①
Multifamily Program Revenue	695,000	152,149	22%	
Texas Housing Impact Fund	1,951,000	2,941,349	151%	②
Affordable Communities of Texas Program	185,000	70,073	38%	
Grants, Donations & Other Awards	550,000	123,358	22%	
Federal & State Grants	2,549,000	1,017,554	40%	
Tenant Rental Income	618,000	250,571	41%	
Investment Revenue	750,000	567,781	76%	③
Total Revenue	15,173,000	10,496,402	69%	
Expenditures				
Salaries & Payroll Related Expenditures	3,500,000	1,390,107	40%	
Program & Corporate Expenditures	10,085,000	4,375,250	43%	
Professional Services	530,000	231,363	44%	
Principal & Interest on Notes Payable	155,000	84,345	54%	
Marketing	149,000	38,585	26%	
Insurance	186,000	71,632	39%	
Travel & Meals	113,000	2,773	2%	④
Furniture, Equipment & Software	77,000	17,731	23%	
Building Maintenance	101,000	14,861	15%	
Professional Dues, Conferences & Training	46,000	9,732	21%	
Bank Fees & Charges	15,000	6,886	46%	
Sponsorships	20,000	3,100	16%	
Communication	22,000	11,959	54%	
Printing & Office Supplies	9,000	5,328	59%	
Publications, Subscriptions & Other	30,000	8,527	28%	
Freight, Delivery & Postage	12,000	3,944	33%	
Total Expenditures	15,050,000	6,276,123	42%	
Net Budgeted Income	123,000	4,220,279		

Average Expected Percent Received/Expended = 41.67%

Texas State Affordable Housing Corporation
Budget Report
January 31, 2021

Explanations

- ① Single Family Revenue exceeds budget estimates due to the unusually high volume of home loans closed under the Corporation's TBA Program.
- ② The Corporation has been successful in attaining several new funding sources for the Texas Housing Impact Fund which has resulted in a significant increase in income to the program.
- ③ Investment revenue is higher than expected due to an increase in principal received from the Corporation's mortgage backed securities resulting from refinanced homes.
- ④ "Travel & Meals" as well as "Professional Dues, Conferences & Trainings" are lower during the first five months of the fiscal year due to the timing of scheduled monitoring visits and conferences. We anticipate that these line items will be on target by year end.

Tab 1

Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on February 10, 2021.

**TEXAS STATE AFFORDABLE HOUSING CORPORATION
BOARD MEETING**

The Governing Board of the Texas State Affordable Housing Corporation (TSAHC) met ONLINE:

**February 10, 2021,
10:30 a.m.**

Summary of Minutes

Call to Order

Roll Call

Certification of Quorum

The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Bill Dietz, Chair, at 10:32 a.m., on February 10, 2021, at the offices of Texas State Affordable Housing Corporation, 6701 Shirley Avenue, Austin, TX 78752. Roll Call certified that a quorum was present.

Members Present remotely via teleconferencing

Bill Dietz, Chair

Valerie Cardenas, Vice Chair

Andy Williams, Member

Courtney Johnson Rose, Member

Lali Shipley, Member

Guests Present remotely via teleconferencing

Blake Roberts, PFM

Thomas Lastrapes, PFM

W. Routt Thornhill, Coats Rose

Public Comment

Public Comments were given, concerning Sandpiper Cove, by:

Ericka Bowman, Community Organizer, Texas Housing

Miranda Sprague, Senior Vice President of Real Estate Investment & Development, ITEX

Ray Richardson, Vice President, Jeshurun Development LLC

Elizabeth Roehm, Staff Attorney, Texas Housing

President’s Report

David Long

See page 16 in the official transcript.

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on December 16, 2020.

Ms. Cardenas made a motion to approve the minutes of the Board meeting held on December 16, 2020. Ms. Shipley seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was

taken, and the motion passed unanimously.

See page 25 in the official transcript.

Tab 2 Presentation, Discussion and Possible Approval of a Resolution Regarding the Application for and Conversion of Reservation for Allocation of Private Activity Bonds to Mortgage Credit Certificates and Containing Other Matters Incident and Related Thereto.

Presented by Joniel LeVecque, Director, Homeownership Programs

Ms. Rose made a motion to approve a Resolution Regarding the Application for and Conversion of Reservation for Allocation of Private Activity Bonds to Mortgage Credit Certificates and Containing Other Matters Incident and Related Thereto. Ms. Cardenas seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 26 in the official transcript.

Tab 3 Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board for the Las Palmas Villa Apartments.

Presented by David Danenfelzer, Senior Director, Development Finance

Ms. Rose made a motion to approve a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board for the Las Palmas Villa Apartments. Mr. Williams seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 28 in the official transcript.

Tab 4 Presentation, Discussion and Possible Approval of Amended Policies for the Texas Housing Impact Fund.

Presented by David Danenfelzer, Senior Director, Development Finance

Mr. Williams made a motion to approve an Amended Policies for the Texas Housing Impact Fund. Ms. Rose seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 32 in the official transcript.

Tab 5 Presentation, Discussion and Possible Approval of the Texas State Affordable Housing Corporation's 2021 Annual Action Plan.

Presented by Michael Wilt, Senior Manager, External Relations

Ms. Cardenas made a motion to Approve the Texas State Affordable Housing Corporation's 2021 Annual Action Plan. Ms. Rose seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 35 in the official transcript.

Tab 6 **87th Texas Legislative Session Update.**

Presented by Michael Wilt, Senior Manager, External Relations

No action taken.

See page 37 in the official transcript.

Announcements and Closing Comments

Mr. Long and Board Members tentatively scheduled the next Board Meeting for March 10th, 2021, at 10:30am.

Adjournment

Mr. Dietz adjourned the meeting at 11:28am.

Respectfully submitted by _____
Rebecca DeLeon, Corporate Secretary

Tab 2

Presentation, discussion and possible approval of a resolution approving a Texas Housing Impact Fund construction loan to Project Transitions, Inc. in an amount not to exceed \$1,500,000 for the Burnet Place Apartments.

CERTIFICATION

THE STATE OF TEXAS §
 §
TEXAS STATE AFFORDABLE §
HOUSING CORPORATION §

I, the undersigned officer of the Texas State Affordable Housing Corporation (the "Corporation"), do hereby certify as follows:

1. The Board of Directors of the Corporation (the "Board") convened on March 10, 2021 at the Corporation's offices in Austin, Texas, and the roll was called of the duly constituted members of said Board, who are as follows:

<u>Name</u>	<u>Office</u>
William H. Dietz	Chairperson
Valerie Vargas Cardenas	Vice Chairperson
Courtney Johnson-Rose	Director
Lali Shipley	Director
Andy Williams	Director

2. The officers of the Corporation (who are not Board members) are as follows:

<u>Name</u>	<u>Office</u>
David Long	President
Janie Taylor	Executive Vice President
Melinda Smith	Chief Financial Officer and Treasurer
Rebecca DeLeon	Secretary
Cynthia Gonzales	Assistant Secretary

All Board members were present except _____, thus constituting a quorum. All of the officers of the Corporation were present at the meeting.

3. Whereupon, among other business, the following written resolution (the "Resolution") bearing the following caption:

"RESOLUTION NO. 20-__

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION APPROVING A TEXAS HOUSING IMPACT FUND CONSTRUCTION
LOAN TO PROJECT TRANSITIONS IN AN AMOUNT NOT TO EXCEED \$1,500,000
FOR BURNET PLACE APARTMENTS

was duly introduced for the consideration of the Board and said caption was read in full. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion and request for comments, said motion prevailed and was carried by the following vote:

___ AYES

___ NOS

___ ABSTENTIONS

4. That a true, full and correct copy of the Resolution adopted at the meeting described in the above is attached to this certificate; that the adoption of the Resolution will be duly recorded in the Board's minutes of the meeting; that the persons named above are the duly chosen, qualified and acting members of the Board and the officers of the Corporation as indicated; that each member of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at said meeting.

SIGNED this ___ day of March, 2021.

Rebecca DeLeon, Secretary
Texas State Affordable Housing Corporation

RESOLUTION NO. 20-__

TEXAS STATE AFFORDABLE HOUSING CORPORATION

**RESOLUTION APPROVING A TEXAS HOUSING IMPACT FUND CONSTRUCTION
LOAN TO PROJECT TRANSITIONS IN AN AMOUNT NOT TO EXCEED \$1,500,000
FOR BURNET PLACE APARTMENTS**

WHEREAS, the Texas State Affordable Housing Corporation (the “Corporation”) has been duly created and organized pursuant to and in accordance with the provisions of Subchapter Y (Section 2306.551 et. seq.) of Chapter 2306, Texas Government Code, as amended, and other applicable provisions of Texas law (collectively, the “Act”); and

WHEREAS, under the Act, the Corporation is authorized to perform activities and services that the Corporation’s Board of Directors determines will promote the public health, safety, and welfare through the provision of adequate, safe, and sanitary housing primarily for individuals and families of low, very low, and extremely low income, and such activities and services shall include engaging in lending transactions; and

WHEREAS, said activities and services include those permitted to be funded by the Texas Housing Impact Fund (“THIF”), a fund established and maintained by the Corporation, which include the provision of construction loans for affordable multifamily rental housing satisfying the requirements of the Corporation’s THIF Policy and Guidelines; and

WHEREAS, the Board of Directors has reviewed and discussed a staff proposal (approved by the Loan Committee of the Corporation) to make THIF funds available as a construction loan to Project Transitions in the maximum principal amount of \$1,500,000 (the “Construction Loan”), with the loan proceeds to be used by Project Transitions, together with other available funds, to build 61 units of housing with 37 apartments targeted to households earning 50% of median income or less, 12 apartments targeted to households earning 40% of median income or less, and 12 apartments targeted to households earning 30% of median income or less; and

WHEREAS, after due discussion and consideration, the Board of Directors of the Corporation has determined to approve the Construction Loan for the purposes described above.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION AS FOLLOWS:

Section 1. Approval of Construction Loan and Related Matters. The Board of Directors approves the Construction Loan by the Corporation to Project Transitions in the maximum principal amount of \$1,500,000, the proceeds of which are to be used by Project Transitions, together with other available funds, to construct the 61-unit Burnet Place Apartments.

The Board has determined that a Construction Loan for affordable multifamily rental housing is a suitable purpose under the THIF Policy and Guidelines and such purpose is approved by the Board of Directors.

The Board authorizes the President and the Executive Vice President to approve, in consultation with counsel, the form and substance of all necessary documents relating to the Construction Loan, including but not limited to a promissory note, loan agreement, restrictive covenants, and related security documents (collectively, the "Transaction Documents").

Section 2. Execution and Delivery of Transaction Documents. The President and the Executive Vice President are each, in the name and on behalf of the Corporation, authorized to execute and deliver the Transaction Documents to which the Corporation is a party.

Section 3. Execution and Delivery of Ancillary Documents; Taking of Ancillary Actions. The President and the Executive Vice President are each, in the name and on behalf of the Corporation, authorized by the Board of Directors, at any time before or after the execution and delivery of the Transaction Documents, in consultation with counsel, to (i) execute, acknowledge and deliver any and all such orders, directions, certificates, agreements, documents, instruments, amendments and other papers or items (collectively, "Ancillary Documents"), and (ii) do or cause to be done any and all such acts and things (collectively, "Ancillary Actions"), which such officer deems necessary or desirable in connection to consummate the transactions contemplated by the Transaction Documents, or to otherwise fulfill the purposes of this resolution.

Section 4. Ratification of Prior Actions. All actions taken prior to the date of this Resolution by any officer of the Corporation in the name and on behalf of the Corporation, with respect to any of the matters and transactions described above, are ratified, confirmed and approved by the Board of Directors.

Section 5. Conflicting Prior Actions. Any order, resolution, approval or any action of the Board of Directors in conflict with this Resolution is hereby repealed to the extent of any such conflict.

Section 6. Severability. Any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Remainder of Page Intentionally Left Blank]

APPROVED AND EFFECTIVE this 10th day of March, 2021.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

William Dietz, Jr., Chairperson

ATTEST:

Rebecca DeLeon, Secretary
Texas State Affordable Housing Corporation

Texas State Affordable Housing Corporation

Texas Housing Impact Fund Loan Recommendation

Agenda:

Presentation, discussion and possible approval of a resolution approving a Texas Housing Impact Fund construction loan to Project Transitions, Inc. in an amount not to exceed \$1,500,000 for the Burnet Place Apartments.

Summary:

Staff was approached by Project Transitions (Borrower) in July of 2020 to discuss financing strategies to construct a new 61 efficiency-unit apartment complex, located in Austin, that serves persons living with HIV/AIDS. The loan request is for \$1,500,000, to be used as construction financing.



Public Benefit:

TSAHC's loan will be used to finance the construction of 61 new affordable apartment homes that include wrap-around supportive services provided by Project Transitions. Of the 61 units, 37 units will be set-aside for households earning 50% or less than the area median income (AMI), 12 units will be set-aside for households earning 40% or less than AMI and the final 12 units will be set-aside for households earning less than 30% AMI. Additionally, six units will be designed for persons with mobility impairments, and all units will be universally accessible.

Financial Summary:

The total projected development budget for Burnet Place Apartments is \$10,489,083, or approximately \$172,000, per unit. Project Transitions has secured \$6,000,000 in deferred forgivable financing from the City of Austin and a \$3,000,000 soft repayable financing from the Texas Department of Housing and Community Affairs. The remaining sources include \$234,000 in City of Austin fee waivers, a permanent commitment of \$502,048 from Project Transitions as owner's cash contribution, a pledge of proceeds from the sale of property owned by Project Transitions valued at \$604,800 and deferred developer fees in the amount of \$148,500. Project transitions is working to replace the owner's cash contribution and pledge assets through a capital fundraising campaign, including funding from the Federal Home Loan Bank, private foundations, and private individuals.

TSAHC's construction loan of \$1,500,000 will be secured through a first lien deed of trust, in parity with funds from the Texas Department of Housing and Community Affairs. Proceeds of the TSAHC loan will allow the project to begin construction quickly and provide more flexible capital than other government resources. Repayment will be completed through Project Transition's cash contributions and pledged proceeds. As a condition of closing on TSAHC's loan, staff is requesting evidence of commitments from the Federal Home Loan Bank or other sources so that no more than \$750,000 remains to be raised in the project's capital campaign.

All units at Burnet Place Apartments will receive Housing Opportunities for Persons with AIDS (HOPWA) operating assistance. The HOPWA funding is projected to be approximately \$132,000, with annual increases. Unlike project-based section 8 contracts, HOPWA funds support both rents and tenant services. Staff has included HOPWA income as a separate line item in the attached underwriting report. Project Transitions has received HOPWA funding for more than 20-years and has an excellent track record with capital fundraising campaigns for other facilities they operate.

Texas State Affordable Housing Corporation

Texas Housing Impact Fund Loan Recommendation

Market Conditions:

The 2020 median rental rates were \$937 for an efficiency in Austin. The highest rent amount proposed at Burnet Place Apartments is \$248. It is widely acknowledged that Austin is in an affordable housing crisis, with 55% of its households renting and 36% of renters being cost burdened. This is more so the case for persons with HIV/AIDS because stable housing is an essential part of managing a resident's general health and consistent access to medical care. People living with HIV/AIDS are at higher risk of losing their housing due to increased medical costs and often decreased ability to work.

Project Transitions is the largest provider of intensely supportive housing for persons living with HIV/AIDS in the Central Texas region. They currently own and operate 30 units of supportive housing and maintain a back-logged waitlist that includes over 50 individuals on the 1-bedroom waitlist alone and with an estimated wait time of at least 1.5 years for service.

A further motivation for Project Transitions to expand their housing footprint is to provide an impactful response to the "Getting To Zero Strategy" – a UNAIDS commitment to end the AIDS epidemic by achieving zero deaths, zero new infections, and zero discrimination stigma by 2030. The City of Austin's commitment to the strategy was formalized by the Mayor's and County Judge's signing of the Paris Declaration to join the "Fast-Track-Cities" initiative in June 2018.

Project Transitions has been operating in the Brentwood, Crestview and Highland Neighborhoods that encircle the site location for Burnet Place Apartments in the Wooten Neighborhood for the past 30 years and cherishes their existing relationship with neighbors, donors and volunteers that live in these neighborhoods. Project Transitions has approached the neighborhood and talked to key stakeholders about the project and target population. The development of Burnet Place Apartments is complimentary to the neighborhood plan's vision of enhancing affordable housing opportunities for persons with disabilities. The project is located within walking distance from multiple bus routes and less than a ½ mile from the high-frequency North Cross Station. Burnet Place Apartments is adjacent to one of the most transit-connected corridors in Austin – Burnet Road - as well as several neighborhood amenities.

Borrower Summary:

Since 1988, Project Transitions has been deeply committed to their mission of serving persons living with HIV/AIDS by providing supportive housing, recuperative care and hospice in a compassionate and caring environment. Project Transitions provides an extensive list of wrap-around services that includes needs assessment, connection to financial benefits and medical services, group activities, emotional support and counseling, to name a few. They are proud to state that no one is denied participation in any of their programs because of the inability to pay. Their initial program operating costs were largely supported by the proceeds from their thrift store, Top Drawer, which was opened in 1993 and remains fully operational today.

In November 2019, Project Transitions hired Cynthia Herrera as Executive Director. Prior to joining Project Transition, Ms. Herrera served as an attorney for the Texas Advocacy Project, advocating for survivors of domestic violence, stalking and sexual assault. Project Transitions is partnering with Foundation Communities as a co-developer and has hired Jennifer Hicks, of True Casa Consulting. Formed in 1990, Foundation Communities owns and operates 23 affordable housing communities in Austin and North Texas. Ms. Hicks has over 16 years of experience in affordable housing finance and development.

Texas State Affordable Housing Corporation

Texas Housing Impact Fund Loan Recommendation

Recommendation:

Staff recommends that the Board approve the resolution approving a Texas Housing Impact Fund construction loan to Project Transitions, Inc. in an amount not to exceed \$1,500,000 for the Burnet Place Apartments. Additional terms and conditions recommended by Loan Committee will be provided by staff during their verbal presentation.

PT Burnet Place - Underwriting - Project Summary

Project Summary

Applicant Project Transitions
 Project Name Burnet Place Apartments

Location

Address 8007 Burnet Road City Austin
 County: Travis State Texas 78757
 Census Tract: 48453001818

Bonds

Max. Par Amount: _____ Bond Type: _____
 Term of Bonds: _____ Allocation Year: _____

Perm Funding Sources

	Amount	% of Total
TSAHC - construction loan	\$ 1,500,000	14.30%
City of Austin - deferred forgivable	\$ 6,000,000	57.20%
TDHCA - deferred forgivable	\$ 3,000,000	28.60%
PT - Owner Equity	\$ 1,106,848	10.55%
Deferred Developer Fee	\$ 148,500	1.42%
City of Austin Fee Waivers	\$ 233,735	2.23%
0	\$ -	0.00%
0	\$ -	0.00%
Totals	\$ 10,489,083	114%

* not included in total

Market Summary

	City	County	State	Census Tract
Population:	933,755	1,203,166	27,885,195	6,453
Median Age:	34	34	34	31
Diversity Index:	-	63	-	52
% Hispanic:	38%	34%	39%	65%
% Persons with Disability:	9%	8%	12%	8%
% Households that Rent:	55%	48%	38%	58%
Median Rents:	937	951	790	971
% Renters Who are Cost Burdened:	46%	46%	44%	61%
Median Home Price:	\$ 423,000	\$ 411,412	\$ 161,700	\$ 492,078
Median Household Income:	\$ 67,462	\$ 71,767	\$ 59,570	\$ 55,429
Unemployment:	2.70%	2.60%	3.50%	0.00%
Persons w/o Insurance:	14%	14%	17%	25%
Medically Underserved Area:	-	-	-	NO
% Attending Public Schools:	90%	90%	93%	94%
Graduation Rate (Austin ISD)	72%			
CRA Eligible Census Tract:	0			
# of LI Projects and Units:	16	0		

PT Burnet Place - Underwriting - Summary Sources and Uses

Summary of Sources and Uses

Applicant	Project Transitions
Project Name	Burnet Place Apartments
Number of Units	61

Sources	Amount	Amount Per Unit	Percentage of Total
TSAHC - construction loan	\$ 1,500,000	\$ 24,590	14%
City of Austin - deferred forgivable	\$ 6,000,000	\$ 98,361	57%
TDHCA - deferred forgivable	\$ 3,000,000	\$ 49,180	29%
PT - Owner Equity	\$ 1,106,848	\$ 18,145	11%
Deferred Developer Fee	\$ 148,500	\$ 2,434	1%
City of Austin Fee Waivers	\$ 233,735	\$ 3,832	2%
0	\$ -	\$ -	0%
		\$ -	0%
Total Sources	\$ 10,489,083	\$ 171,952.18	100%

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 2,905,592	\$ 47,632.66	28%
Off-Site Construction	\$ -	\$ 219,584.84	0%
On-Site Work		\$ -	0%
Site Amenities	\$ -	\$ -	0%
Building Costs	\$ 5,899,983	\$ 96,721.03	56%
Other Const/Contingency		\$ -	0%
Soft Costs	\$ 1,164,839	\$ 19,095.72	11%
Financing Costs	\$ 83,558	\$ 1,369.80	1%
Developer Fees	\$ 387,525	\$ 6,352.87	4%
Reserve Accounts	\$ 47,587	\$ 780.11	0%
Total Uses	\$ 10,489,084	\$ 171,952.20	100%

(Gap) / Reserve	\$ (1)
Percent of Developer Fee Deferred	0.00%

PT Burnet Place - Underwriting - Operating Proforma

Operating Proforma

Applicant Project Transitions, Inc.

Project Name Burnet Place Apartments

Number of Units	61	Affordable Units	61	Min. Set Aside	25
Min. Set-Aside Requirement	24	Affordable %	100%	Accessible Unit Min.	6

Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter
Eff - 1	357	4,284	12	\$ 149	\$ 1,788	1.02	30%-HTF
Eff - 2	357	3,213	9	\$ 154	\$ 1,386	1.02	40%-HTF
Eff -3	357	1,071	3	\$ 199	\$ 597	1.02	40%-HTF
Eff- 4	357	13,209	37	\$ 248	\$ 9,176	1.02	50%-HTF
Subtotals:				21,777	61	\$ 12,947	

Other income:	\$ 12.92	\$ 788	1.02
Potential gross income			
Residential vacancy loss			5.00%
Other Income: HOPWA			
Effective Gross Residential Income			

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ 21,456	\$ 21,885	\$ 22,323	\$ 22,769	\$ 23,225	\$ 25,642	\$ 28,311
\$ 16,632	\$ 16,965	\$ 17,304	\$ 17,650	\$ 18,003	\$ 19,877	\$ 21,946
\$ 7,164	\$ 7,307	\$ 7,453	\$ 7,602	\$ 7,755	\$ 8,562	\$ 9,453
\$ 110,112	\$ 112,314	\$ 114,561	\$ 116,852	\$ 119,189	\$ 131,594	\$ 145,290
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 155,364	\$ 158,471	\$ 161,641	\$ 164,874	\$ 168,171	\$ 185,674	\$ 204,999
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,457.44	\$ 9,647	\$ 9,840	\$ 10,036	\$ 10,237	\$ 11,303	\$ 12,479
\$ 164,821	\$ 168,118	\$ 171,480	\$ 174,910	\$ 178,408	\$ 196,977	\$ 217,478
\$ (8,241)	\$ (8,406)	\$ (8,574)	\$ (8,745)	\$ (8,920)	\$ (9,849)	\$ (10,874)
\$ 131,686	\$ 137,202	\$ 142,915	\$ 132,168	\$ 137,794	\$ 169,096	\$ 206,357
\$ 288,266	\$ 296,914	\$ 305,821	\$ 298,332	\$ 307,282	\$ 356,224	\$ 412,961

Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator
General & Administrative	\$ 30,073	\$ 35,585	12.34	18%	\$ 583	1.03
Management Fee	\$ 30,012	\$ 15,355	5.33	-49%	\$ 252	1.03
Payroll and Related	\$ 72,651	\$ 85,112	29.53	17%	\$ 1,395	1.03
Maintenance & Repair	\$ 59,353	\$ 52,195	18.11	-12%	\$ 856	1.03
Utilities	\$ 60,451	\$ 58,450	20.28	-3%	\$ 958	1.03
Insurance	\$ 21,228	\$ 21,500	7.46	1%	\$ 352	1.03
Taxes	\$ 33,062	\$ -	0.00	-100%	\$ -	1.03
Operating Debt Service Reserves	\$ -	\$ -	0.00	#DIV/0!	\$ -	1.03
Replacement reserves	\$ 15,250	\$ 15,250	5.29	0%	\$ 250	1.03
HTC/HOME Compliance Fees	\$ 2,074	\$ 2,074	0.72	n/a	\$ 40	1.03
TSAHC Compliance Fees	\$ 2,745	\$ 2,745	0.95	0%	\$ 45	1.03
Other (specify):			0.00	#DIV/0!	\$ -	1.03
Total Operating Expenses	\$ 326,899	\$ 288,266		-12%	\$ 4,731.67	

state avg \$ 4,672.00 per unit
Operating Expenses as a percentage of Effective Gross Income

\$ 35,585	\$ 36,653	\$ 37,752	\$ 38,885	\$ 40,051	\$ 46,430	\$ 53,826
\$ 15,355	\$ 15,816	\$ 16,290	\$ 16,779	\$ 17,282	\$ 20,035	\$ 23,226
\$ 85,112	\$ 87,665	\$ 90,295	\$ 93,004	\$ 95,794	\$ 111,052	\$ 128,740
\$ 52,195	\$ 53,761	\$ 55,374	\$ 57,035	\$ 58,746	\$ 68,103	\$ 78,950
\$ 58,450	\$ 60,204	\$ 62,010	\$ 63,870	\$ 65,786	\$ 76,264	\$ 88,411
\$ 21,500	\$ 22,145	\$ 22,809	\$ 23,494	\$ 24,198	\$ 28,053	\$ 32,521
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 15,250	\$ 15,708	\$ 16,179		\$ -	\$ -	\$ -
\$ 2,074	\$ 2,136	\$ 2,200	\$ 2,266	\$ 2,334	\$ 2,706	\$ 3,137
\$ 2,745	\$ 2,827	\$ 2,912	\$ 3,000	\$ 3,090	\$ 3,582	\$ 4,152
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 288,266	\$ 296,914	\$ 305,821	\$ 298,332	\$ 307,282	\$ 356,224	\$ 412,961
\$ 4,726	\$ 4,867	\$ 5,013	\$ 4,891	\$ 5,037	\$ 5,840	\$ 6,770
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

NET OPERATING INCOME

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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PT Burnet Place - Underwriting - Operating Proforma

NET OPERATING INCOME

\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
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PRIMARY DEBT SERVICE

	Principal	Rate	Amort	Term

Total Primary Debt \$ -

Net Cashflow After Primary Debt

DSCR Primary Debt

SOFT SUBORDINATE DEBT & EQUITY

City of Austin - deferred forgivable	\$	6,000,000	0.00%		
TDHCA - deferred forgivable	\$	3,000,000	0.00%		
PT - Owner Equity	\$	1,106,848	0.00%		
Deferred Developer Fee	\$	148,500	0.00%		
City of Austin Fee Waivers	\$	233,735	0.00%		
Total Secondary Debt	\$	10,489,083			

No Long-Term Debt

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Net Cash Flow of Secondary Debts

Applicant Summary

Borrower: Project Transitions
 Project Name: Burnet Place Apartments
 Type of Loan: Construction Term

Rate Calculation

Secure Connect Rate:	<u>0.33%</u>		Date of Rate Calc:	<u>2/4/2021</u>
TSAHC Target Margin:	<u>2.50%</u>		Approval Date:	<u></u>
Rural Discount:	<u>0.00%</u>	<u>No</u>	Closing Date:	<u></u>
SH Discount:	<u>-0.25%</u>	<u>No</u>	Maturity Date:	<u></u>
Risk Factor:	<u>0.00%</u>			
Calculated Rate:	<u>2.58%</u>			
Recommended Rate:	<u>2.75%</u>			
Spread:	<u>2.42%</u>			

Rate should be rounded UP to nearest .25%

Loan Proposal:

Rate:	<u>2.75%</u>	Loan Amount:	<u>\$ 1,500,000</u>
Term (months):	<u>24</u>	Amort (months):	<u>24</u>

Fees and Income

Closing/Commitment Fee: \$ 15,000.00
 Origination/Recording Fee:
 Anticipated Int Income: \$ 82,500.00

Notes

Loan Amount: \$1.5M, 2 yr term, and 2.75% annual interest.
 Corporation will collect monthly payments of interest on the outstanding principal balance of the loan.
 Corporation will collect a \$15,000 commitment fee.
 Borrower will draw down 0% interest sources (AHFC and TDHCA) first. TSAHC will have parity with other First Lien holders.

Drop Downs

Yes/No Yes
 No

Base Rate: Secure Connect Rate:
 TSAHC Funds Rate:
 PRI Funds Rate:

Type of Loan: RLOC
Perm
Term

Anticipated Int Income Calculation for RLOCs

Term of Loan:	<u>24</u>
Interest Rate:	<u>2.75%</u>
Amount of Loan:	<u>\$ 1,500,000</u>
Anticipated Avg Drawn:	<u>50%</u>
Monthly Interest Est:	<u>\$ 1,718.75</u>
Total Int Accrual:	<u>41,250</u>

Anticipated Int Income Calculation for Perm/Term

Term of Loan:	<u>24</u>
Interest Rate:	<u>2.75%</u>
Amount of Loan:	<u>\$ 1,500,000</u>
Interest Income:	<u>\$82,500.00</u>

Tab 3

Presentation, Discussion and Possible Approval of a Resolution authorizing the issuance of Texas State Affordable Housing Corporation Multifamily Mortgage Housing Revenue Notes (Sandpiper Cove Apartments Project) Series 2021A-1 and 2021A-2, a Funding Loan Agreement, a Borrower Project Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the Notes; and other provisions in connection therewith.

RESOLUTION NO. 21-____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION authorizing the issuance of Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (Sandpiper Cove Apartments) Series 2021A-1 and 2021A-2, a Funding Loan Agreement, a Borrower Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the notes; and other provisions in connection therewith

WHEREAS, Texas State Affordable Housing Corporation (the “Governmental Lender”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq. Vernon’s Annotated Texas Civil Statutes, as amended and under the authority of Subchapter Y of Chapter 2306, Texas Government Code, as amended (the “Act”), for the public purpose, among other things, of promoting the public health, safety and welfare through the provision of adequate, safe and sanitary housing primarily for individuals and families of low, very low and extremely low income; and

WHEREAS, the Act authorizes the Governmental Lender to (a) make mortgage loans 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; (b) issue bonds or other obligations, including notes, to accomplish its public purpose, for the purpose, among others, of obtaining funds to make loans for multifamily developments if at least 40 percent of the units in a multifamily development are affordable to individuals and families with incomes at or below 60 percent of the median income, adjusted for family size, to establish any necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such obligations; (c) pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the payment of the principal or prepayment price of and interest on such obligations; and (d) make, enter into, and enforce contracts, agreements, leases, indentures, mortgages, deeds, deeds of trust, security agreements, pledge agreements, credit agreements and other instruments with any person on terms the Governmental Lender determines to be acceptable; and

WHEREAS, the Governmental Lender has determined to provide a loan to Galveston 3916 Winnie Street, LP, a Texas limited partnership (the “Borrower”), for the purpose of acquiring, improving, rehabilitating and equipping a multifamily residential rental housing project located in the City of Galveston, Texas and known as the Sandpiper Cove Apartments (the “Project”) to be rented to persons of low and moderate income and paying certain costs of issuance, as evidenced by that certain Borrower Loan Agreement (the “Borrower Loan Agreement”) by and between the Governmental Lender and the Borrower, and in connection therewith the Borrower has agreed to assume certain of the obligations set forth in the Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) by and among the Governmental Lender, Wilmington Trust, National Association (the “Fiscal Agent”); and

WHEREAS, the Governmental Lender now proposes to issue its notes styled “Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Note (Sandpiper Cove

Apartments) Series 2021A-1” and “Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Note (Sandpiper Cove Apartments) Series 2021A-2” (collectively, the “Notes”) pursuant to this Resolution and a Funding Loan Agreement (the “Funding Loan Agreement”) among the Governmental Lender, Citibank, N.A. (the “Funding Lender”) and the Fiscal Agent; and

WHEREAS, the Governmental Lender further proposes to sell the Notes, upon the issuance thereof, to the Funding Lender; and

WHEREAS, all capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the Funding Loan Agreement unless the context in which they appear requires otherwise; and

WHEREAS, there have been presented to the Governmental Lender proposed forms of each of the following:

1. the Funding Loan Agreement;
2. the Borrower Loan Agreement;
3. the Asset Oversight, Compliance and Security Agreement (the “Asset Oversight and Compliance Agreement”), by and between the Borrower and the Governmental Lender; and
4. the Regulatory Agreement.

WHEREAS, the Governmental Lender finds the form and substance of the above-listed documents (hereinafter, collectively the “Note Documents”) to be satisfactory and proper and finds the recitals with regard to the Governmental Lender contained therein to be true, correct and complete and hereby determines to proceed with the issuance and sale of the Notes, the execution of such documents and the taking of such other actions as may be necessary and appropriate in connection therewith; and now

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION THAT:

Section 1: Based solely upon the representations made to the Board of Directors (the “Board”) by the Borrower, it appears and the Board hereby finds that the issuance of the Notes and the making of the various contractual commitments, as provided herein, will provide a means of financing the Project within the State that accomplishes the public purpose of providing adequate, safe and sanitary housing primarily for individuals and families of low, very low and extremely low income.

Section 2: The issuance of the Notes in one or more series and in the aggregate maximum principal amount of not to exceed \$37,500,000, is hereby authorized and approved. The Notes shall mature, bear interest at the rate or rates and shall be subject to the redemption or prepayment features as specified in the Funding Loan Agreement. The Board hereby approves the Funding Loan Agreement in substantially the form and substance presented to the Board with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender (upon advice of bond counsel to the Governmental Lender), as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental

Lender is authorized and directed, for and on behalf of the Governmental Lender, to execute the Funding Loan Agreement and such officers are hereby authorized to deliver the Funding Loan Agreement. Upon execution by the parties thereto and delivery thereof, the Funding Loan Agreement shall be binding upon the Governmental Lender in accordance with the terms and provisions thereof.

Section 3: The Board hereby approves the Borrower Loan Agreement in substantially the form and substance presented to the Board with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender (upon advice of bond counsel to the Governmental Lender), as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender is hereby authorized and directed, for and on behalf of the Governmental Lender, to execute the Borrower Loan Agreement, and such officers are hereby authorized to deliver the Borrower Loan Agreement. Upon execution by the parties thereto and delivery thereof, the Borrower Loan Agreement shall be binding upon the Governmental Lender in accordance with the terms and provisions thereof.

Section 4: The Board hereby approves the Asset Oversight and Compliance Agreement in substantially the form and substance presented to the Board with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender (upon advice of bond counsel to the Governmental Lender), as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender are each hereby authorized and directed, for and on behalf of the Governmental Lender, to execute the Asset Oversight and Compliance Agreement, and such officers are hereby authorized to deliver the Asset Oversight and Compliance Agreement. Upon execution by the parties thereto and delivery thereof, the Asset Oversight and Compliance Agreement shall be binding upon the Governmental Lender in accordance with the terms and provisions thereof.

Section 5: The Board hereby approves the Regulatory Agreement in substantially the form and substance presented to the Board with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender (upon advice of bond counsel to the Governmental Lender), as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender are each hereby authorized and directed, for and on behalf of the Governmental Lender, to execute the Regulatory Agreement, and such officers are hereby authorized to deliver the Regulatory Agreement. Upon execution by the parties thereto and delivery thereof, the Regulatory Agreement shall be binding upon the Governmental Lender in accordance with the terms and provisions thereof.

Section 6: The Board hereby approves the Notes in substantially the forms and substance set forth in the Funding Loan Agreement as presented to the Board with such changes or additions as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender, as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender are hereby authorized and directed, for and on behalf of the Governmental Lender, to execute the Notes or have their facsimile signatures placed upon the Notes, and the Chief Financial Officer and Treasurer, Secretary or any Assistant Secretary, by manual or facsimile signature, are hereby authorized and directed to attest the signature of the Chairperson, Vice Chairperson, President or Executive Vice President, and any of such officers is hereby authorized and directed to deliver the Notes.

Section 7: The Board hereby approves the sale of the Notes to the Initial Purchaser in accordance with the terms and conditions specified in the Funding Loan Agreement approved herein.

Section 8: Wilmington Trust, National Association is hereby appointed as Fiscal Agent and paying agent under the terms of the Funding Loan Agreement for the Notes. If said bank shall be unable or unwilling to so serve, the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender is hereby authorized and directed to designate a commercial bank or other entity with trust powers acceptable to it to serve as Fiscal Agent and paying agent.

Section 9: The Chairperson, Vice Chairperson, President and Executive Vice President of the Governmental Lender, either individually or jointly, are hereby authorized to approve any different date, designation or title by which the Notes shall be known, the principal amount and maturity date of the Notes to be issued pursuant to this Resolution, to establish the interest rate or rates to be borne by the Notes, provided, however, that the interest rate or rates shall never exceed 15% per annum. The Chairperson, Vice Chairperson, President and Executive Vice President of the Governmental Lender, either individually or jointly, are further authorized to engage the services of consultants that may be needed, in the opinion of such officer, to fully complete the issuance and delivery of the Notes.

Section 10: The officers of the Governmental Lender are each hereby authorized to execute and deliver to the Fiscal Agent the written order of the Governmental Lender for the authentication and delivery of the Notes by the Fiscal Agent in accordance with the Funding Loan Agreement.

Section 11: All action (not inconsistent with provisions of this Resolution) heretofore taken by the Board and officers of the Governmental Lender directed toward the financing of the Project and the issuance of the Notes shall be and the same hereby is ratified, approved, and confirmed.

Section 12: The officers of the Governmental Lender shall take all action in conformity with the Act necessary or reasonably required to effectuate the issuance of the Notes and take all action necessary or desirable in conformity with the Act to finance the Project and for carrying out, giving effect to, and consummating the transactions described in the Notes, this Resolution, the Note Documents, and any other instruments authorized by this Resolution or required to effect the transactions contemplated hereby, including without limitation, the execution and delivery of any certificates, agreements or documents in addition to those specifically referenced herein which are associated with the issuance of the Notes.

Section 13: The President or the Executive Vice President of the Governmental Lender is authorized to approve such changes to the documents specifically referenced in this Resolution and to make any changes or enter into any supplements or amendments that may be required following the closing of the Notes for a period of up to one year, as well as the certificates, agreements and documents authorized in Section 12 hereof, as they deem necessary or appropriate. The execution and delivery of such documents by either of such officers shall constitute conclusive evidence of such approval.

Section 14: If any section, paragraph, clause, or provision of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution. In case any

obligation of the Governmental Lender authorized or established by this Resolution or the Notes is held to be in violation of law as applied to any person or in any circumstance, such obligation shall be deemed to be the obligation of the Governmental Lender to the fullest extent permitted by law.

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PASSED, APPROVED AND EFFECTIVE this March 10, 2021.

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

President

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

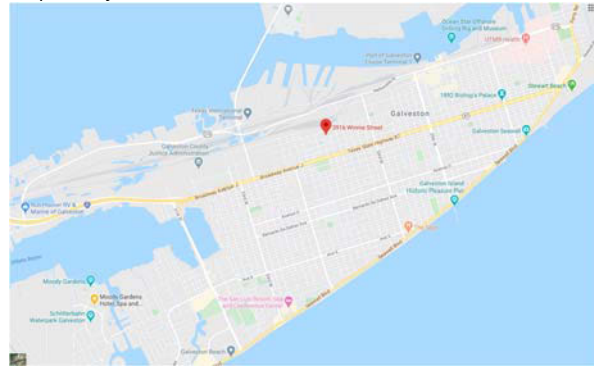
Agenda:

Presentation, Discussion and Possible Approval of a Resolution authorizing the issuance of Texas State Affordable Housing Corporation Multifamily Mortgage Housing Revenue Notes (Sandpiper Cove Apartments Project) Series 2021A-1 and 2021A-2, a Funding Loan Agreement, a Borrower Project Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the Notes; and other provisions in connection therewith.

Summary:

TSAHC received an application from ITEX Group and Jeshurun Development on May 8, 2020 proposing the acquisition and rehabilitation of an affordable housing community called Sandpiper Cove. The property, located in Galveston, has 192-units targeted to families.

Map of Project Area



Public Benefit:

Sandpiper Cove is an existing affordable apartment community serving low and very-low income families in the Galveston area. Built in 1969, the property consists of apartments from 1 to 5 bedrooms. The property qualifies under TSAHC's Targeted Housing Needs for At-Risk Preservation. The refinancing and rehabilitation will be coupled with an extended Section 8 Rental Assistance Contract.

Public Comment:

Public comments have been submitted through written letters and during the public hearing process. Letters of support for the project were received from the Mayor of Galveston, City Manager of Galveston, Galveston ISD Board President, State Representative Mayes Middleton, and the Moody Methodist Church. Verbal public comments were provided during the TEFRA hearing process with 11 of 14 speakers opposed to the transaction. Nine of the eleven speakers opposed to the transaction identified themselves as tenants of the property. Two speakers opposed to the transaction are employees of the Texas Low Income Information Service (TxLIHIS), a statewide advocacy group that is representing Sandpiper Cove tenants in a lawsuit against the U.S. Department of Housing and Urban Development (HUD). Three speakers were in favor of the transaction and are employees or members of the ownership entity.

The lawsuit mentioned above was filed in July 2020, by TxLIHIS on behalf of tenants of the property. The suit states that "the federal investment in and subsidies for the owners of the apartment, the unit, project, site, and neighborhood conditions at Sandpiper Cove Apartments are dangerous and unfit for family life

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

and the presence of children.” Filings in support of the tenant’s claims have been detailed in a letter provided to TSAHC by TxLIHS and presented to the board during our February meeting.

A letter in support for the transaction was drafted by tenant, John Mathews, requesting other tenants to sign on to the letter. Sixty persons signed on to the letter drafted by Mr. Mathews. The letter was forwarded by the Developer to TSAHC staff after the public hearing was held in December.

The property is also in-line to be nominated to the National Register of Historic Places. The Developer has already received initial approvals on their planned scope of work from the U.S. Department of the Interior, which oversees historic preservation of national register sites. TSAHC staff also confirmed with the Texas Historical Commission, which submits and approves the historic site nomination process, that the property is ready for approval, but can only be approved once the renovations are completed in accordance with the Secretary of the Interior’s standards. This process will provide for the estimated \$7.9 million in historic tax credits noted in the following section.

Financial Summary:

The proposed acquisition and rehabilitation of Sandpiper Cove has a total budget of approximately \$41.8 million. The financing includes long-term tax-exempt bonds, 4% housing tax credits, and state historic tax credits. Roughly \$16.3 million will be used for property acquisition costs, with a total rehabilitation of \$14.2 million, or \$74,000 per unit. Financing costs, soft costs, developer fees and reserves account for the remaining \$11.3 million.

The maximum par amount of the bonds is anticipated to total \$34.4 million. Long-term bond debt will total \$18.4 million, with tax credit equity fee paying down a significant portion of the initial bond amount. Housing tax credits will total \$11.6 million, with state and federal historic tax credits adding another \$7.9 million. Deferred developer fees totaling \$3.2 million and income during operations of \$780,000 will cover the remaining balance of permanent funding needs.

Feasibility of the project is made possible through the continuation of the project-based Section-8 contract already approved by HUD. The lawsuit by tenants may bring this commitment into question, if HUD loses the suit and is required by the courts to convert the project-based vouchers into tenant-based vouchers, allowing tenants to move from the property and take rental subsidies with them. Staff was unable to find much case law that would set a precedent for such an action by the courts, but should note that the loss of just 9% of voucher supported units would cause the project to fail TSAHC’s feasibility requirements of a minimum debt coverage ratio of 1.15%.

Market Conditions:

Sandpiper Cove is three blocks north of State Highway 87 in a predominantly residential neighborhood in Galveston. The neighborhood is bound by railyard and shipping docks on the northside of the island, with adequate green space buffering noise and contact to heavier industrial areas. The neighborhood includes several low-income housing developments and is located only 8 blocks from the City’s Housing Authority headquarters.

The City of Galveston has struggled to rebuild local housing stock and neighborhoods since Hurricane Ike made landfall in 2008. With additional damage caused by Hurricane Harvey in 2017, the island was dealt

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

another blow to its planned revitalization efforts. One primary indicator of this struggle is the City's median household incomes of \$44,902 compared to the state's median household income of \$59,570. With a local economy heavily dependent upon service industry jobs related to tourism and conventions this income disparity is understandable. The impacts of COVID-19 over the past year have added additional pressures to the City's economy, however figures from the Bureau of Labor Statistics for December 2020 showed the City's unemployment rate of 8.3% was only slightly behind the statewide unemployment rate of 7.1%.

Letters of opposition to the project from TxLIHIS included information about undesirable site characteristics, as defined by the Texas Department of Housing and Community Affairs Qualified Allocation Plan, the document that guides the issuance of housing tax credits. The letter pointed out concerns about high poverty rates within the census tract that the property is located, the existence of abandoned and vacant structures within 1000 feet of the property, high voltage transmission lines within 100 feet of the property line and potential environmental hazards within 2-miles of the property site. The Developer has responded to several issues related to environmental hazards, and provided TSAHC with both the Phase I and Phase II environmental site assessments. Clean up of contaminated soils, identified in the Phase II assessment, is planned as part of the construction and environmental remediation process.

Staff has reviewed these and other claims, and while the claims are not unfounded, none of these items specifically exclude the property from consideration under TSAHC's bond program or the 4% housing tax credit program.

Relocation and Tenant Resources:

The renovation of Sandpiper Cove will be significant. Interior renovations of the property will include removal of sheetrock and wall coverings in most ground floor units to treat for mold, prevent future moisture build up and reinsulate exterior walls. Interior work will also include the replacement of cabinets, flooring, countertops, tile, lighting fixtures, doors and hardware. Exterior renovations will include new roofing, pavement repairs and landscaping. The cost of renovations for the project average \$74,000 per unit, much higher than the required minimum rehab spending requirement of \$35,000 per unit for the housing tax credit program.

TSAHC staff believes that most current tenants will remain in the property during renovations through a process of cycling rehab through individual buildings and moving tenants into completed units before starting construction on other buildings. Though some tenants may be temporarily displaced, the Developer is required to assist with temporary moves and the cost of all relocation for tenants. All tenants, pursuant to federal and state law, will be protected from permanent relocation and the Developer's rehabilitation and relocation plan will be approved by the City of Galveston and TDHCA, prior to closing.

The City of Galveston also operates both Public Housing facilities and Tenant Based Housing Voucher programs through its Housing Authority. The Housing Authority replied to our inquiry that 849 families

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

are on its waiting list for Section 8 units and vouchers. The current property owner confirmed that there are 34 families on the property's waiting list.

Developer Summary:

The development is being completed through a partnership between ITEX Group and Jeshurun Development LLC., an affiliated company of J. Allen Management (JAMC). In an August 2020 presentation to the Board staff explained that ITEX Group would have a reduced role in ownership and development of this project. The reason was due to compliance issues raised by the Texas Department of Housing and Community Affairs (TDHCA) on three properties owned and operated by ITEX. However, these issues have been resolved and ITEX has resumed a primary role in ownership and development of this project. TDHCA removed restrictions on ITEX's participation in new development activity on October 8, 2020 through board action.

The ITEX Group, LLC (ITEX) is a Texas-based for-profit limited liability company with headquarters in Port Arthur and executive offices in Houston. ITEX and its affiliates employ more than 250 people throughout the United States. ITEX's primary business is in developing, constructing and managing multifamily housing. ITEX currently has a portfolio of 53 properties in Texas, Louisiana and Colorado that includes more than 6,900 units.

Formed in 1981, JAMC has grown into a multifaceted affordable housing provider and property manager. Based in Beaumont, JAMC has owned and operated more than 1,200 units of housing throughout South East Texas, primarily in the Houston and Beaumont metro areas. JAMC's property management company, J. Allen Management, reaches well beyond the region and currently operates more than 5,000 units of HUD and tax credit financed properties across the states of Texas, Louisiana and New Mexico.

Recommendation:

At this time, staff can confirm that the project meets all of TSAHC's threshold criteria. The concerns raised in public comments, the lawsuit filed on behalf of tenants and the risk that flooding pose to the project have given staff pause during our review process. While the concerns noted in the write-up are real and pose real risks to both the feasibility and resiliency of the project long-term, staff must rely on all of the information presented to us and to present all of the facts collected to the Board for your consideration.

There are three key concerns about the feasibility and resiliency of the project, which give us pause. The primary concern is the lawsuit filed by tenants requesting HUD convert the project based rental assistance contract to tenant-based vouchers. If tenants win the suit and are able to move away from the project using tenant-based vouchers, the property could lose significant income and possibly default on the financing. Staff has researched the likelihood of the tenants winning, received written letters from all parties and spoken to TxLIHIS, counsel for the Developer and HUD staff. We have not been presented with legal precedent that would suggest there is a significant risk of the project losing its project based rental assistance contract, however this does not mean that the risk is not real or possible.

The second concern for staff is flood risk. Nearly all of Galveston Island is below current flood elevations, as determined by the Federal Emergency Management Agency. Sandpiper Cove has seen the worst of previous storms including most recently Hurricane's Harvey and Ike. In both cases a combination of federal disaster relief and insurance proceeds were needed to repair flood damage. Despite millions of

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

dollars in repairs after both storms the property's condition has deteriorated under its current owner and it remains at high risk of flooding during future events.

While the Developer recently proposed constructing a wall around the perimeter of the property with flood gates and pumping systems to mitigate flood risk, staff does not have all of the details or third-party reports that would support the efficacy of such a solution, or been able to assess the impact this additional cost will have on the project. The proposed wall is expected to be 4 feet tall and, based on information from the National Hurricane Center, should protect the property against Category 1 and 2 storms in the future. Larger storms are predicted to create storm surges greater than 6 feet, potentially rendering the flood wall ineffective.

Finally, given the first two concerns, coupled with input from the public comment process, staff believes there's the possibility that the Texas Bond Review Board will have similar concerns. As with all projects approved by our Board and presented to the Texas Bond Review Board, we will work to answer all questions raised by both bodies, but feel that the risks noted above may not have simple answers or be easy to mitigate. Staff does stand by its process of review and consideration of all the facts presented to the Board.

Sandpiper Cove - Underwriting - Project Summary

Project Summary

Applicant ITEX Group and Jeshurun Development
 Project Name Sandpiper Cove

Location

Address 3916 Winnie Street City Galveston
 County: Galveston State Texas 77550
 Census Tract: 48167724600

Bonds

Max. Par Amount: \$ 37,500,000 Bond Type: PAB
 Term of Bonds: 3 yrs Allocation Year: 2020

Perm Funding Souces

	Amount	% of Total
Perm Commercial Loan	\$ 18,354,246	43.87%
	\$ -	0.00%
TBD - Equity Investor	\$ 11,587,610	27.70%
Historic Credits	\$ 3,375,451	8.07%
Historic State Credits	\$ 4,496,900	10.75%
Income During Construction	\$ 780,897	1.87%
Deferred Dev Fee	\$ 3,244,544	7.75%
Totals	\$ 41,839,648	100%

* not included in total

Market Summary

	City	County	State	Census Tract
Population:	50,039	327,089	27,885,195	1,791
Median Age:	39	38	34	33
Diversity Index:	-	59	-	57
% Hispanic:	30%	24%	39%	25%
% Persons with Disability:	18%	14%	12%	25%
% Households that Rent:	56%	34%	38%	76%
Median Rents:	803	844	863	325
% Renters Who are Cost Burdened:	47%	45%	44%	53%
Median Home Price:	\$ 122,900	\$ 97,750	\$ 161,700	NA
Median Household Income:	\$ 44,902	\$ 69,369	\$ 59,570	\$ 15,625
Unemployment:	0.00%	4.00%	3.50%	0.00%
Persons w/o Insurance:	20%	14%	17%	21%
Medically Underserved Area:	Yes	-	-	-
% Attending Public Schools:	91%	92%	93%	93%
Graduation Rate (Galveston ISD)	65%			
CRA Eligible Census Tract:	Yes - LI			
# of LI Projects and Units:	16	749		

Sandpiper Cove - Underwriting - Summary Sources and Uses

Summary of Sources and Uses

Applicant ITEX Group and Jeshurun Development

Project Name Sandpiper Cove

Number of Units 192

Sources	Amount	Amount Per Unit	Percentage of Total
Perm Commercial Loan	\$ 18,354,246	\$ 95,595	44%
	\$ -	\$ -	0%
TBD - Equity Investor	\$ 11,587,610	\$ 60,352	28%
Historic Credits	\$ 3,375,451	\$ 17,580	8%
Historic State Credits	\$ 4,496,900	\$ 23,421	11%
Income During Construction	\$ 780,897	\$ 4,067	2%
Deferred Dev Fee	\$ 3,244,544	\$ 16,899	8%
Total Sources	\$ 41,839,648	\$ 217,914.83	100%

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 16,350,000	\$ 85,156.25	39%
Off-Site Construction		\$ -	0%
On-Site Work	\$ 822,345	\$ 4,283.05	2%
Site Amenities	\$ 290,825	\$ 1,514.71	1%
Building Costs	\$ 10,234,991	\$ 53,307.24	24%
Other Const/Contingency	\$ 2,882,431	\$ 15,012.66	7%
Soft Costs	\$ 2,031,591	\$ 10,581.20	5%
Financing Costs	\$ 2,738,004	\$ 14,260.44	7%
Developer Fees	\$ 5,010,385	\$ 26,095.76	12%
Reserve Accounts	\$ 1,479,076	\$ 7,703.52	4%
Total Uses	\$ 41,839,648	\$ 217,914.83	100%

(Gap) / Reserve	\$ -
Percent of Developer Fee Deferred	64.76%

Note: This budget does not include the cost of a proposed \$1.3 million flood wall to be constructed around the perimeter of the property. Staff has not received an updated budget, but does believe the additional cost can be offset by additional deferred developer fees and tax credit equity.

Sandpiper Cove - Underwriting - Operating Proforma

Operating Proforma

Applicant ITEX Group and Jeshurun Development

Project Name Sandpiper Cove

Number of Units	192	Affordable Units	192	Min. Set Aside	77
Min. Set-Aside Requirement	77	Affordable %	100%	Accessible Unit Min.	10

Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter
1/1	573	5,730	10	\$ 895	\$ 8,950	1.02	60% AMI
2/1	684	62,928	92	\$ 1,115	\$ 102,580	1.02	60% AMI
3/1	858	54,912	64	\$ 1,440	\$ 92,160	1.02	60% AMI
4/2	999	23,976	24	\$ 1,615	\$ 38,760	1.02	60% AMI
5/2	1084	2,168	2	\$ 1,725	\$ 3,450	1.02	60% AMI

Subtotals:	149,714	192	\$ 245,900
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Other income:	\$ 20.00	\$ 3,840	1.02
Potential gross income			
Residential vacancy loss			7.50%
Effective Gross Residential Income			

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ 107,400	\$ 109,548	\$ 111,739	\$ 113,974	\$ 116,253	\$ 128,353	\$ 141,712
\$ 1,230,960	\$ 1,255,579	\$ 1,280,691	\$ 1,306,305	\$ 1,332,431	\$ 1,471,111	\$ 1,624,226
\$ 1,105,920	\$ 1,128,038	\$ 1,150,599	\$ 1,173,611	\$ 1,197,083	\$ 1,321,677	\$ 1,459,238
\$ 465,120	\$ 474,422	\$ 483,911	\$ 493,589	\$ 503,461	\$ 555,861	\$ 613,716
\$ 41,400	\$ 42,228	\$ 43,073	\$ 43,934	\$ 44,813	\$ 49,477	\$ 54,626
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 46,080.00	\$ 47,002	\$ 47,942	\$ 48,900	\$ 49,878	\$ 55,070	\$ 60,802
\$ 2,996,880	\$ 3,056,818	\$ 3,117,954	\$ 3,180,313	\$ 3,243,919	\$ 3,581,549	\$ 3,954,320
\$ (224,766)	\$ (229,261)	\$ (233,847)	\$ (238,523)	\$ (243,294)	\$ (268,616)	\$ (296,574)
\$ 2,772,114	\$ 2,827,556	\$ 2,884,107	\$ 2,941,790	\$ 3,000,625	\$ 3,312,933	\$ 3,657,746

Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator
General & Administrative	\$ 87,936	\$ 63,249	2.28	-28%	\$ 329	1.03
Management Fee	\$ 101,376	\$ 125,725	4.54	24%	\$ 655	1.03
Payroll and Related	\$ 250,560	\$ 175,760	6.34	-30%	\$ 915	1.03
Maintenance & Repair	\$ 144,576	\$ 141,718	5.11	-2%	\$ 738	1.03
Utilities	\$ 160,704	\$ 263,709	9.51	64%	\$ 1,373	1.03
Insurance	\$ 76,416	\$ 149,714	5.40	96%	\$ 780	1.03
Taxes	\$ 99,648	\$ 215,514	7.77	116%	\$ 1,122	1.03
Operating Debt Service Reserves			0.00	#DIV/0!	\$ -	1.03
Replacement reserves	\$ 57,408	\$ 57,600	2.08	0%	\$ 300	1.03
HTC/HOME Compliance Fees	\$ 7,680	\$ 7,680	0.28	n/a	\$ 40	1.03
Bond Compliance Fees	\$ 8,640	\$ 8,640	0.31	0%	\$ 45	1.03
Other (specify): SupServ/Security	\$ 71,911	\$ 71,911	2.59	0	\$ 375	1.03
Total Operating Expenses	\$ 1,066,855	\$ 1,281,220		20%	\$ 6,673.02	

state avg \$ 5,251.00 per unit
Operating Expenses as a percentage of Effective Gross Income

\$ 63,249	\$ 65,146	\$ 67,101	\$ 69,114	\$ 71,187	\$ 82,526	\$ 95,670
\$ 125,725	\$ 129,497	\$ 133,382	\$ 137,383	\$ 141,505	\$ 164,043	\$ 190,170
\$ 175,760	\$ 181,033	\$ 186,464	\$ 192,058	\$ 197,819	\$ 229,327	\$ 265,853
\$ 141,718	\$ 145,970	\$ 150,349	\$ 154,859	\$ 159,505	\$ 184,910	\$ 214,361
\$ 263,709	\$ 271,620	\$ 279,769	\$ 288,162	\$ 296,807	\$ 344,080	\$ 398,884
\$ 149,714	\$ 154,205	\$ 158,832	\$ 163,597	\$ 168,504	\$ 195,343	\$ 226,456
\$ 215,514	\$ 221,979	\$ 228,639	\$ 235,498	\$ 242,563	\$ 281,197	\$ 325,984
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 57,600	\$ 59,328	\$ 61,108		\$ -	\$ -	\$ -
\$ 7,680	\$ 7,910	\$ 8,148	\$ 8,392	\$ 8,644	\$ 10,021	\$ 11,617
\$ 8,640	\$ 8,899	\$ 9,166	\$ 9,441	\$ 9,724	\$ 11,273	\$ 13,069
\$ 71,911	\$ 74,068	\$ 76,290	\$ 78,579	\$ 80,936	\$ 93,828	\$ 108,772
\$ 1,281,220	\$ 1,319,657	\$ 1,359,246	\$ 1,337,083	\$ 1,377,195	\$ 1,596,547	\$ 1,850,835
\$ 6,673	\$ 6,873	\$ 7,079	\$ 6,964	\$ 7,173	\$ 8,315	\$ 9,640
46.2%	46.7%	47.1%	45.5%	45.9%	48.2%	50.6%

NET OPERATING INCOME

\$ 1,490,894	\$ 1,507,900	\$ 1,524,861	\$ 1,604,707	\$ 1,623,430	\$ 1,716,386	\$ 1,806,911
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Sandpiper Cove - Underwriting - Operating Proforma

NET OPERATING INCOME

\$	1,490,894	\$	1,507,900	\$	1,524,861	\$	1,604,707	\$	1,623,430	\$	1,716,386	\$	1,806,911
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PRIMARY DEBT SERVICE

	Principal	Rate	Amort	Term
Perm Commercial Loan	\$ 18,354,246	4.50%	35	15
Total Primary Debt	\$ 18,354,246			

TSAHC Issuer Fee	\$ 18,354		
Net Cashflow After Primary Debt			
DSCR Primary Debt			

SOFT SUBORDINATE DEBT & EQUITY

TBD - Equity Investor	\$ 11,587,610			
Historic Credits	\$ 3,375,451			
Historic State Credits	\$ 4,496,900			
Income During Construction	\$ 780,897			
Deferred Dev Fee	\$ 3,244,544			
Total Secondary Debt	\$ 8,522,341			

Net Cash Flow of Secondary Debts

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ 1,042,352	\$ 1,042,352	\$ 1,042,352	\$ 1,042,352	\$ 1,042,352	\$ 1,042,352	\$ 1,042,352
\$ 1,042,352	\$ 1,042,352	\$ 1,042,352	\$ 1,042,352	\$ 1,042,352	\$ 1,042,352	\$ 1,042,352

\$ 18,354	\$ 18,354	\$ 18,354	\$ 18,354	\$ 18,354	\$ 18,354	\$ 18,354
\$ 430,187	\$ 447,193	\$ 464,154	\$ 544,000	\$ 562,724	\$ 655,680	\$ 746,204
1.41	1.42	1.44	1.51	1.53	1.62	1.70

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 430,187	\$ 447,193	\$ 464,154	\$ 544,000	\$ 562,724	\$ 655,680	\$ 746,204

TEXAS STATE AFFORDABLE HOUSING CORPORATION

PUBLIC HEARING
REGARDING THE ISSUANCE OF BONDS
FOR
SANDPIPER COVE APARTMENTS

via RingCentral

Tuesday,
December 1, 2020
11:30 a.m.

BEFORE:

DAVID DANENFELZER, Hearing Officer

ON THE RECORD REPORTING
(512) 450-0342

I N D E X

<u>SPEAKER</u>	<u>PAGE</u>
Elizabeth Roehm	5
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Antoinette Gray	19
Bobken Simonians	23
Christopher Akbari	25
Raynold Richardson	26
Eric McCrea	28
Kenya Gordon	35
Betty Durgin	37

P R O C E E D I N G S

MR. DANENFELZER: Good day. My name is David Danenfelzer, and I am a Hearing Officer for the Texas State Affordable Housing Corporation.

I am here to conduct the public hearing on behalf of the Corporation with respect to an issuance of tax-exempt private activity bonds relating to the Sandpiper Cove Apartments transaction.

Let the record show that it is now 11:37 a.m. on December 1, 2020, and we are holding this public hearing in accordance with Revenue Procedure 2020-21, issued by the Internal Revenue Service, specifically in light of the coronavirus disease 2019 pandemic. This hearing is in regards to the issuance of bonds for the Sandpiper Cove Apartments.

This hearing is being held to collect public comment on the proposed transaction to fulfill the public hearing requirements of Internal Revenue Code. A transcript, or summary of this hearing, will be made available to the Corporation's board of directors and to the Texas Attorney General. This hearing does not constitute a Board meeting of the Corporation, and no decisions regarding the proposed financings will be made at this hearing.

Also, please be advised that this is not a

1 question and answer hearing. The Corporation expects to
2 issue tax-exempt private activity bonds to Galveston 3916
3 Winnie Street, LP, a Texas Limited Partnership. The bonds
4 will be issued in one or more series to provide financing
5 for the acquisition, and construction of a multifamily
6 rental property.

7 The maximum aggregate face amount of the Bonds
8 to be issued with respect to the Projects is
9 \$37,500,000. The Bonds shall not constitute or create an
10 indebtedness, general or specific, or a liability of the
11 State of Texas, or any political subdivision thereof. The
12 Bonds shall never constitute or create a charge against
13 the credit or taxing power of the State of Texas, or any
14 political subdivision thereof.

15 Neither the State of Texas, nor any political
16 subdivision thereof, shall in any manner be liable for the
17 payment of the principal or interest of the Bonds, or for
18 the performance of any agreement or pledges of any kind
19 which may be undertaken by the Issuer. And no breach by
20 the Issuer of any agreements will create an obligation
21 upon the State of Texas, or any political subdivision
22 thereof.

23 Only individuals who have -- choose to speak
24 today will be allowed to provide public comment, or asked
25 to provide public comment. I will now open the hearing up

1 for public comment.

2 I will call speakers based on the order that I
3 have previously mentioned, or as they request through the
4 chat function. I will also go through the order in which
5 they appear in the presentation screen by number, or
6 telephone number.

7 When you begin your testimony, please state for
8 the record your name and address, along with your intent
9 to testify in favor or opposition of the transaction.
10 Each person's testimony will be limited to approximately
11 three minutes. I will attempt to provide each speaker
12 with a notice 30 seconds prior to the end of their three-
13 minute period.

14 The first witness to provide public comment
15 will be Elizabeth Roehm. Elizabeth, I am going to unmute
16 you now.

17 And please state your name, your home address,
18 and intent to testify in favor or opposition of the
19 transaction. You don't have to have a specific address.
20 You just have to say the city and state in which you live
21 in.

22 MS. ROEHM: Okay. Thank you. My name is
23 Elizabeth Roehm. R-O-E-H-M. I'm a staff attorney at
24 Texas Housers. My home and work addresses are in Austin,
25 Texas. So, I work with Texas Housers, a non-profit group,

1 working with tenants.

2 Today, we have a few comments about this
3 application for bonds. Sandpiper Cove Apartments on
4 Winnie Street in Galveston has many problems that a
5 superficial rehab will not address.

6 And a rehab would have to include significant
7 elevation and rehabs down to the studs to reach some of
8 these issues. And other problems with the location cannot
9 be addressed by rehab of the building.

10 So first, regarding the proposed rehab, in an
11 industrial area, in a flood plain, where buildings should
12 be elevated eleven feet, this is not a place to invest and
13 compel tenants to live. Anything not sufficiently
14 elevated is going to flood in the coming years,
15 reintroducing mold, and harming residents.

16 Major systems of the building may need an
17 overhaul that is not addressed by the proposed rehab.
18 Tenants have experienced sewage backups, multi-day power
19 outages, and persistent mold. Walls would need to be
20 gutted to solve mold, and the foundation may need to be
21 dug up to resolve sewer backups.

22 This is not a simple rehab, and application for
23 bonds and tax credits do not address all these issues.
24 Regarding the current management, J. Allen Management
25 shared leadership staff with the new buyer developers that

1 are planning for bonds for the rehab. J. Allen Management
2 took over on this site from the previous managers in April
3 2020, and they appear to be the intended ongoing
4 management company after purchase and rehab. Tenants
5 report a general lack of respect from management, and this
6 has been from previous managers through now, including the
7 time in which J. Allen Management Company has been in
8 charge.

9 We would also like to point out that an
10 environment of possible retaliation from management and
11 owners. Tenants may not want to speak out -- I'm sorry --
12 they may want to speak out, but not feel safe doing so.

13 Regarding the location of Sandpiper Cove on
14 Winnie Street, there is no rehab that can address the
15 problem with the current -- the problems with the current
16 Sandpiper site itself. A high voltage line runs along the
17 border of the property. Proximity to high voltage lines
18 have been shown to have severe negative health effects,
19 including female infertility, and elevated risk of
20 leukemia among children. The site is far from grocery
21 stores, and in a very high poverty area.

22 Sandpiper Cove is currently located on the edge
23 of a large industrial area that include the Port and is
24 zoned for heavy industry. This is not a healthy area for
25 people to live, with air pollutants, and other hazards so

1 close by.

2 We draw your attention to these issues, and
3 hope that the Board will seek out and hear the concerns of
4 tenants, both in today's TEFRA hearing and via future
5 outreach. Thank you so much for your time.

6 MR. DANENFELZER: Elizabeth, thank you. I am
7 going to go -- I know there was a request to have Erika go
8 next. I don't see her having joined.

9 Do you happen to have at least the last four
10 digits of her phone number? All right.

11 MS. ROEHM: At the end, it is the one ending in
12 7044.

13 MR. DANENFELZER: 7044. Okay.

14 MS. ROEHM: Thank you.

15 MR. DANENFELZER: Okay. I will go ahead and
16 unmute her now. Thank you.

17 Ericka, can you hear me?

18 MS. BOWMAN: Hi. My name is Ericka Bowman. I
19 am a -- I want to say, I want to say community
20 navigator. But I am a navigator -- a community navigator
21 for Texas Housers. I reside in Houston, Texas.

22 I am here to speak on not only -- I don't want
23 to repeat everything that Elizabeth has just said, which
24 is absolutely true for Sandpiper Cove. But I wanted to
25 give a quick comment on what I have also experienced by

1 visiting Sandpiper Cove and working with the tenants for
2 over a year now.

3 These conditions and speaking -- I know that
4 there is some tenants here that's going to be speaking
5 today and giving you more detail on the issues that they
6 have to face on a daily basis. But I also wanted to speak
7 on behalf of the tenants that aren't able to be on this
8 call today.

9 Throughout the process of working over at
10 Sandpiper Cove, the majority of the doors are the homes
11 that I have walked inside --

12 OPERATOR: This meeting is now being recorded.

13 MS. BOWMAN: -- have all been in very bad
14 living, very bad living standards. There is extreme
15 mold. There are holes in the walls. The stair casing and
16 stairwells are falling apart.

17 People are complaining of being sick,
18 constantly. There is lots of retaliation that takes place
19 on property when tenants decide to speak up against the
20 living conditions they are being forced to live in. There
21 are sewage issues that children are forced to walk and
22 play in, on the premises.

23 No one, no human being should have to be forced
24 to live in these conditions. And a lot of these tenants
25 have been here for five, ten, 20, 30 years, and have seen

1 no repairs, no remodeling, nothing done. But the housing
2 continuously falling apart and falling in on them as they
3 reside at Sandpiper Cove.

4 I wish, I wish I could paint a picture of the
5 conditions that these tenants are having to live in. But
6 I can only say that it's unsafe. It is hazardous, and
7 something needs to be done.

8 And the tenants have lost faith in HUD. They
9 have lost faith in any -- give me one second, please.
10 They have lost faith in anyone coming and helping them in
11 this, in the conditions that they are faced to live in
12 right now. So, I am not going to be long.

13 But I still just want to make a comment on what
14 I witnessed, and what I have seen. And I know that these
15 tenants are hoping and praying for an outcome that will
16 allow them to live in a home that is safe for them and
17 their families.

18 MR. DANENFELZER: Thank you. Thank you for
19 that testimony.

20 I am going to go ahead and go through the
21 telephone numbers now, one by one. I am going to first
22 unmute area code (409)457-****. You are now live. And if
23 you would, please, state -- first, would you like to
24 provide public comment on the record?

25 MS. HARRIS: Yes.

1 MR. DANENFELZER: Okay. Then, would you please
2 state your name, the city and state where you live, and
3 your intent to testify in favor or opposition of the
4 transaction.

5 MS. HARRIS: My name is Tina Harris. I live in
6 Galveston. I live in Sandpiper Cove.

7 (Pause.)

8 MR. DANENFELZER: And what else would you like
9 to provide for the public record?

10 MS. HARRIS: Oh, the comments about it -- well,
11 I am the one that my daughter has tested mold in her
12 system. My home has tested positive for mold inside my
13 home.

14 They came here about a month ago, and tried to
15 fix my porch, because my porch is literally falling. They
16 came up and put asphalt on my railing and said that was
17 all they could do with it.

18 MR. DANENFELZER: Okay.

19 MS. HARRIS: And my daughter is sick.

20 MR. DANENFELZER: Okay. Is there anything else
21 you would like to add to the record?

22 MS. HARRIS: Just that we need out of here. I
23 mean, that is our biggest concern. You know, I am trying
24 on my own, if that is what I have to do.

25 There is no way that I can do it. But to have

1 my daughter healthy again would be my option --

2 MR. DANENFELZER: Right. All right.

3 MS. HARRIS: -- because my daughter has been in
4 the ICU four times.

5 MR. DANENFELZER: Okay. Well. All right.

6 Thank you very much, Tina, and I appreciate your public
7 comment. I am going to go ahead and mute you. And I am
8 going to move to the next caller on the --

9 MS. HARRIS: Okay. No, I have --

10 MR. DANENFELZER: I'm sorry. Hold on one
11 moment.

12 MS. HARRIS: I had to call --

13 MR. DANENFELZER: Was there something else that
14 you wanted to add?

15 MR. BROOKS: Yes. My name is Larry Brooks. I
16 am also on this line, because I don't have a phone.

17 MR. DANENFELZER: Okay. And Larry, would you
18 state for the record your full name, and the city and
19 state where you live?

20 MR. BROOKS: Okay. My name is Larry Bernard
21 Brooks, Sr. My address is 3916 Winnie Street, Apartment
22 57, Galveston, Texas, 77550.

23 MR. DANENFELZER: Great. All right, and would
24 you like to testify in favor or opposition of the
25 transaction, Larry?

1 MR. BROOKS: Yes. I would.

2 MR. DANENFELZER: I need you to state whether
3 you are in favor or opposition. I'm sorry that wasn't
4 clear.

5 MR. BROOKS: So in favor of the opposition,
6 yes, I am. You said --

7 MR. DANENFELZER: Okay.

8 MR. BROOKS: Let me get it right. Okay. What
9 is going on. He was right here. Yes. Okay.

10 MR. DANENFELZER: Okay. Is there anything else
11 you would like to add, Larry, to the record?

12 MR. BROOKS: Yeah, I would like to add, you
13 know, we put work orders in here for them to fix things
14 and they never come through. They tell them they have got
15 a long list.

16 And I mean, I have been on a work order for a
17 lot of things. My closet, I had too many clothes hung on
18 it, and it just caved in. And they haven't fixed that
19 yet.

20 And I am just waiting to see what they are
21 going to do. Then, they claim they are going to
22 remodel. And I don't believe they are going to do that,
23 neither.

24 MR. DANENFELZER: Okay. All right. If that is
25 all, Larry, I am going to go ahead and put you on mute.

1 MR. BROOKS: Okay. That is fine.

2 MR. DANENFELZER: Thank you for your comments
3 today. I am going to move to the next dialer that I have
4 on my list, which is area code (409)502-****. You are
5 unmuted. Would you please state for the record your name,
6 the city and state where you live, and your intent to
7 testify in favor or in opposition of the transaction.

8 MS. JOHNSON: Hi, there. My name is Carlika
9 Johnson. I live in Sandpiper Cove. And I testify in
10 favor of the opposition.

11 MR. DANENFELZER: Okay. So, you do oppose the
12 transaction? Is that correct?

13 MS. JOHNSON: Yes.

14 MR. DANENFELZER: All right. Thank you. Is
15 there anything else you would like to add for the record?

16 MS. JOHNSON: I'm sorry?

17 MR. DANENFELZER: Is there anything else you
18 would like to say on the record?

19 MS. JOHNSON: Well, yes. The living conditions
20 out here are getting worse and worse every day. And some
21 people are still forced to pay rent, even though they are
22 living in the conditions that they are living in with
23 mildew, mold, leakage in their apartments, holes in their
24 apartment. Unsafe, unstable environments around here,
25 sir.

1 VOICE: [indiscernible].

2 MS. JOHNSON: I know, Mom. I am just also
3 speaking for everybody else, as well as myself.

4 MR. DANENFELZER: All right. Well, Carli --

5 MS. JOHNSON: Yes.

6 MR. DANENFELZER: Is there anything else you
7 would like to add at this time?

8 MS. JOHNSON: No. Not at this time. I just
9 hope that we can get out of here.

10 MR. DANENFELZER: Okay.

11 MS. JOHNSON: And I hope that this can go
12 through.

13 MR. DANENFELZER: Right. Well, thank you for
14 your public comment. I am going to mute you, and I am
15 going to move to the next number I have on the list.

16 The next number I have is area code (409)599-
17 ****. I have unmuted you. Would you like to provide
18 public comment?

19 MS. LITTLEJOHN: Yes, I would.

20 MR. DANENFELZER: And would you please state
21 for the record your name, the city and state where you
22 live, and your intent to testify either in favor or in
23 opposition of the transaction.

24 MS. LITTLEJOHN: I am in favor of opposition to
25 the transaction. Adrienne Littlejohn. I stay at

1 Sandpiper Cove now --

2 MR. DANENFELZER: Okay. And is there anything
3 else you would like to add for the record?

4 MS. LITTLEJOHN: Yes, I would. I would like to
5 state that I am speaking for the people here, let alone,
6 my family and myself.

7 I would like to state that the conditions at
8 Sandpiper Cove are horrible. I believe people deserve
9 better, and no human should be treated like this. There
10 is mold. There is -- this place is falling apart.

11 There is no respect from the management. There
12 is no respect for the people. I, myself, have tried to go
13 to several different organizations and people trying to
14 fight for people's rights here at Sandpiper Cove.

15 Against that, I have been made a target. I
16 have also been put upon by intimidation, defamation of
17 character. I have been given the runaround.

18 Like other people have said, there is mold.
19 This place is caving in. It is not good for anyone
20 here. I believe that a better situation should be
21 provided for kids to have a healthy environment to grow up
22 in, let alone their parents and anybody else behind them.

23 I have been met by, like I said, intimidation,
24 defamation of character, sexual harassment upon everything
25 else. Along to go with everything, this has affected me

1 and my family by me having to move my kids out of my
2 home. It is just horrible. It is really horrible here.

3 If I do not -- if I believe that people are not
4 able to receive a voucher or a different solution to get
5 out of here, it wouldn't be good for mental health, for
6 health alone. It is very toxic here, and I don't think
7 people deserve any of this, especially having to go to the
8 higher ups and asking for help and being sent back to the
9 people who are terrorizing them.

10 And just, we are trying to make a better
11 situation for everybody here.

12 MR. DANENFELZER: Okay. Thank you. Is
13 there -- your time is about to expire. Is there anything
14 else you would like to state for the record?

15 MS. LITTLEJOHN: No. That'll be all for my
16 part.

17 MR. DANENFELZER: All right. Thank you very
18 much.

19 The next caller I am going to unmute is
20 (409) 692-****. You are unmuted. Would you like to speak
21 on the record?

22 MS. MENDEZ: Yes.

23 MR. DANENFELZER: And would you please state
24 your name, the city and state where you live, and your
25 intent to testify in favor or opposition of the

1 transaction?

2 MS. MENDEZ: My name is Cynthia Mendez. I stay
3 at Sandpiper Cove, Apartment 59, in Galveston, Texas.

4 MR. DANENFELZER: All right. And do you have
5 other comments you would like to provide on the record?

6 MS. MENDEZ: Yes. I have a disabled husband
7 that stays with me. Mold's bad. Management -- the
8 manager and the assistant manager talk to you, nice and
9 crazy.

10 You know, I mean, it is just terrible. And we
11 don't have no rights to nothing. And it is really bad.
12 My light can fall, but these -- it is hard to talk to the
13 manager. If you talk to the manager, they will call the
14 police like we are harassing them. Like they are the
15 victim, and that ain't right.

16 We need better assistance out here. It is
17 really bad. The mold is really bad.

18 MR. DANENFELZER: All right. Is there anything
19 else you would like to add for the record?

20 MS. MENDEZ: We deserve better than this. No,
21 that is it. I know it is bad out here.

22 MR. DANENFELZER: Okay.

23 MS. MENDEZ: People are sick. They don't get
24 no help from them, or nothing. It is really bad. No
25 voucher. We just need a voucher to leave. People can't

1 afford to get out on their own. It is really bad out
2 here.

3 MR. DANENFELZER: Cynthia, I really appreciate
4 your comments. And, I am going to go ahead and mute you.

5 And then, I am going to move to the next
6 caller. The next caller is area code is (409)692-****.
7 And I have unmuted you.

8 Would you like to provide public comment on the
9 record?

10 MS. GRAY: Yes. I will.

11 MR. DANENFELZER: And would you please, for the
12 record, state your full name, the city and state where you
13 live, and your intent to testify in favor or opposition of
14 the transaction.

15 MS. GRAY: Hi. My name is Antoinette Gray. I
16 live in Sandpiper Cove, Unit 144. And I am in favor of
17 the transaction.

18 MR. DANENFELZER: Okay. And would you like to
19 provide any additional comments?

20 MS. GRAY: Yes, sir. Okay. First, I want to
21 start with the living conditions. Like everyone else
22 said, the mold is absolutely ridiculous. When I complain
23 about the mold, all they do is paint over it. Or you
24 know, they don't do any -- take any real action to get rid
25 of it.

1 And for about two months, my AC was broke, and
2 no one -- I called every day for the whole two months, and
3 no one came out to fix it. I have two toddlers. So, we
4 couldn't even stay in the apartment, because it was so
5 hot. And we were staying at my mom's house. But they
6 still forced me to pay rent and everything on time.

7 On top of that, I have been here for about two
8 years, almost three years. And since I have moved in,
9 three weeks within me moving in, I noticed that I had an
10 infestation of mice and rats. And I called and I called
11 about that and they weren't taking any action.

12 I had to go out and try to take care of it on
13 my own, which is really hard when you have toddlers,
14 because there is not much you can buy, you know. The kids
15 want to touch the sticky traps. They want to touch the
16 pellets.

17 It was really hard to get rid of them. And I
18 just recently got rid of them, probably a month ago, and I
19 have been here two years.

20 Also, the environment is just horrible. There
21 is always gun -- there is always people shooting around,
22 and you know, I can't take my kids to the park, because
23 they were just shooting at the park. And so, you know, we
24 are basically forced to either stay inside or we'll go to
25 my mom's house for a little while.

1 And we stay in an upstairs apartment. And the
2 railings, like Ms. Ericka stated, the railings are always
3 very loose. And my kids, they like to hang on them. And
4 I have to tell them to get off, because they are so loose.

5 And I would tell the -- when I asked the
6 apartment manager, could we move to a downstairs unit, so
7 it would be safer for my kids, she said, there is nothing
8 they can do, even though they had open units downstairs.
9 She said there is nothing she can do. She can't move
10 me. I basically have to stay in the apartment I am
11 already in.

12 Along with the main -- no matter how many times
13 you call the maintenance, they don't come out. I have
14 been calling for months about my lights, my kitchen. My
15 hot water has been out for about six months. And I have
16 been calling every day. No one has come out to fix my hot
17 water.

18 And my sink is stopped up. I have been calling
19 for two days, and no one still came out. The lady told me
20 there is no -- there is no maintenance people to come out
21 to fix anything.

22 MR. DANENFELZER: Okay. Thank you.
23 Antoinette, I appreciate that comment. Is there anything
24 else you would like to add on the record? I will note
25 that you've got less than 30 seconds.

1 MS. GRAY: Oh, I am not in favor of the
2 transaction. I'm sorry. And no, that is all I would like
3 to add.

4 MR. DANENFELZER: All right. Thank you very
5 much. Before I go to the next speaker, I am going to go
6 back to one speaker previously.

7 The court reporter has informed me that we
8 didn't quite hear the name for the caller in area code
9 (409)599-****. I am going to unmute you, and ask if you
10 could, for the record, state your name again, so the court
11 reporter has the correct name.

12 MS. LITTLEJOHN: My name is Adrienne
13 Littlejohn.

14 MR. DANENFELZER: Adrienne Littlejohn.

15 MS. LITTLEJOHN: Yes, sir.

16 MR. DANENFELZER: Yes. Thank you, Adrienne.
17 Okay.

18 I am going to go then -- I apologize. I am
19 trying to go through all of the speakers in order. And
20 the system tends to change the order after everyone
21 speaks.

22 So, I am trying to keep notes. The next person
23 I am going to unmute will be Adam Pirtle. Adam, do you
24 have any comments for the record?

25 MR. PIRTLE: No. I don't have any comments for

1 the record. Elizabeth and Ericka summed them up.

2 MR. DANENFELZER: Okay. Adam, thank you. I am
3 going to go ahead and put you back on mute. The next
4 person I will unmute is Karen Paup.

5 Karen, do you have any comments for the record?

6 MS. PAUP: No. I do not.

7 MR. DANENFELZER: Thank you, Karen. Next
8 person I will unmute will be Miranda Sprague.

9 Miranda, do you have any comments for the
10 record?

11 MS. SPRAGUE: No. I do not. Thank you.

12 MR. DANENFELZER: Okay. Thank you. The next
13 person I will unmute is Bobken Simonians.

14 Bobken, do you have any comments for the
15 record?

16 MR. SIMONIANS: Yes, I do.

17 MR. DANENFELZER: Okay. Your three
18 minutes -- would you please state your name for the
19 record, your full name, the city and state where you live,
20 and your intent to testify in favor or opposition of the
21 transaction.

22 MR. SIMONIANS: My name is Bobken Simonians.
23 I'm with ITEX. I live in Houston, Texas. And I would
24 like to speak on behalf of or for the transaction.

25 MR. DANENFELZER: Okay.

1 MR. SIMONIANS: As part of the development
2 entity, I would like to thank all the tenants and all of
3 those who spoke against the transaction, because arguments
4 that were made are the basis why this transaction should
5 take place.

6 We are planning to spend more than \$45 million
7 to remedy most of the concerns that were raised, to make
8 life better for everyone. We have over 7,000 units under
9 management with deals. And we manage our projects. And
10 we take pride in making sure that our tenants are well
11 taken care of, and they live in safe and sanitary places.

12 Would we do a new construction in that
13 location? Probably not, because of flooding issues in
14 Galveston. All of Galveston is subject to flooding. And
15 the problems that exist in the City of Galveston.

16 But this is an existing project. It provides a
17 very, very needed affordable housing to the community.
18 And our goal is, by spending over \$45 million, to make
19 life better, to make the place better for everybody.

20 And I again, thank you, everyone who spoke
21 about their concerns and the problems that the project
22 has, which is a very good reason why we should take care
23 of these problems. And we are proposing to do so, as soon
24 as the project is approved.

25 Thank you.

1 MR. DANENFELZER: Thank you, Bobken. I am
2 going to go ahead and mute you now. Going to go ahead and
3 unmute Chris Akbari next.

4 Chris, do you have any comments you would like
5 to provide for the record?

6 MR. AKBARI: I do.

7 MR. DANENFELZER: Please go ahead and state
8 your name, the city and state where you live, and your
9 intent to testify in favor or opposition of the
10 transaction.

11 MR. AKBARI: Okay. My name is Chris Akbari. I
12 am the CEO of ITEX, the proposed developer for this
13 project. I reside in Houston, Texas. I am in support of
14 approving this project.

15 I believe that our team has a track record of
16 preserving affordable housing, having worked on over 5,000
17 units of very similar housing throughout the state of
18 Texas. We have had a lot of success in taking properties
19 that have had damaged sidewalks, that have had no
20 sidewalks, that have had mold in the units, that have been
21 flooded, and have been able to take those units and
22 preserve them, just as I believe we'll be very capable of
23 doing with Sandpiper Cove.

24 Our budget is over 75,000 in rehabilitation per
25 unit. This will be to take the units all the way down to

1 the studs and build them back. And not only do that but
2 treat the studs and the existing materials with anything
3 necessary to kill the mold, or bacteria that may be
4 existing there.

5 We also have taken into consideration the
6 sewage issues, and a lot of the other complaints of the
7 tenants in developing our scope of work, and believe that
8 we will adequately address all of those issues in the
9 preservation of this property. Again, thank you for your
10 time, and I appreciate it.

11 (Pause.)

12 MR. RICHARDSON: Hello? I cannot hear you,
13 Dave.

14 MR. DANENFELZER: I'm sorry, user error
15 there. Raynold, I have unmuted you. Would you like to
16 provide comment on the public record?

17 MR. RICHARDSON: Yes.

18 MR. DANENFELZER: Would you please state for
19 your name your -- please state for the record your full
20 name, the city and state where you live, and your intent
21 to testify in favor or opposition of the transaction.

22 MR. RICHARDSON: My name is Raynold
23 Richardson. I live in Houston, Texas. I plan to testify
24 in favor of the transaction.

25 MR. DANENFELZER: Thank you. You can go

1 ahead. You have three minutes.

2 MR. RICHARDSON: Okay. I just wanted to state
3 for the record, I am the Vice President of J. Allen
4 Management Company. We currently manage the site on
5 behalf of the current ownership.

6 And from the inception of this -- I am part of
7 the development team also. And from the inception of
8 this, we did meet with the HUD office in Fort Worth, Chris
9 Akbari and myself. And we communicated to them our plans,
10 in order to address all of the issues at the site with
11 regard to the physical plan and the other type issues that
12 the residents have spoken to.

13 We have closed out all of the physical
14 deficiencies, you know, previously, in the past, to TDHCA
15 on the annual report for the owner, and the report as far
16 physical conditions are concerned. As the management
17 company, we are meeting with HUD biweekly on this asset to
18 provide them updates of the physical repairs that are
19 going on in the unit and exterior of the unit.

20 So, the issues are not just being overlooked.
21 We are trying to address those issues as funding is
22 available to address the specific need. The overall
23 physical rehabilitation is needed. We actually ask for
24 that.

25 But this is why we are applying for the tax

1 credits, in order to address all physical plan. I have
2 met with the residents personally myself, several months
3 ago. I met with Ericka.

4 I have tried to communicate with them every
5 step of the way what we are attempting to do at the
6 site. And we do have our actual residents calling us and
7 telling us that they are in favor of this transaction
8 happening also.

9 So, we are addressing those specific needs.
10 And everything that those residents have addressed on this
11 phone call, we will be pursuing that once the transaction
12 is approved.

13 The Department of Housing and Urban
14 Development, the local municipalities, the state rep,
15 everybody is on board to support this transaction, in
16 order to meet the needs of the residents, right there in
17 Galveston. Thank you.

18 MR. DANENFELZER: Thank you, Raynold.
19 Appreciate your comments. I am putting you back on mute.

20 I am going to go to the next speaker. And at
21 this point, is the last speaker I have on my list. Eric
22 McCrea.

23 Eric, would you like to provide comments on the
24 public record?

25 MR. McCREA: Yes, sir. I would.

1 MR. DANENFELZER: Will you please state then,
2 for the record, your full name, the city and state where
3 you live, and your intent to speak in favor or opposition
4 of the transaction.

5 MR. McCREA: Yes, sir. I oppose this because
6 for one, this area is very notorious for drugs, violence,
7 and it is really way out of hand, when they start shooting
8 at the park, at little children. And I mean, it is very,
9 very dangerous out here.

10 I am scared for my children to go out and
11 play. I mean, I am scared to be here myself. But I mean,
12 I can't afford, at the moment, to move anywhere else.

13 And as far as the people that were saying they
14 were in favor, to that, I have -- I have been here for six
15 years now. And we have been through quite a few different
16 management.

17 And each time this particular deal happens,
18 they get the money that they are saying that they are
19 going to use to fix up the place with, and it sounds real
20 nice, you know. And I mean, I am all for it, if that was
21 to be. But from what I have been seeing, it has been six
22 years, and I am still in the same condition.

23 My roof is caving in. I have two ADHD children
24 that have special needs. And I have -- my tub was backed
25 up for about what, two months. And when they finally came

1 after the two months to fix my tub, of me complaining
2 numerous times, and putting numerous work requests in,
3 they -- yeah.

4 And I pay rent. And I don't just pay rent, I
5 pay my rent a year in advance. And they told me, when the
6 new management came just now, that I couldn't do that.
7 That I would have to let that deplete before I could start
8 paying rent again.

9 And I am not understanding why would that be.
10 And I mean, if I am ahead of my rent, wouldn't that be a
11 great thing?

12 But at the same time, once they fixed my tub,
13 they busted holes in my wall, and the holes are still
14 there. All they did was put plastic tarp and taped it on
15 my wall. And I have big giant holes, bigger than both of
16 my feet put together.

17 And I have three young children in here, that,
18 you know, I am taking care of. And what if something was
19 to crawl out of one of those holes and bite one of my
20 kids, you know.

21 And it is crazy. So, then, I have a crack in
22 my ceiling. My roof is leaking. And my windows are --
23 they have been leaking since I very first moved in. And I
24 mean, my roof has been leaking since the storm. And that
25 has been a long time ago.

1 And I have been complaining on that. They
2 still never fixed that. My plugs in my house does not
3 work. None of my plugs in my kitchen work.

4 I mean, it is really out of hand. And from the
5 looks of things, if they would just not approve the
6 management getting the money, and approve us, instead of
7 getting vouchers to get us a better living environment, a
8 better living habitat. Then, I believe they could do the
9 repairs or whatever without anyone here.

10 That will be a better solution for everything.

11 MR. DANENFELZER: Thank you, Eric. I will
12 note, your time just expired. So, I appreciate those
13 comments, and we will put those on the record. I am going
14 to go ahead and mute you now.

15 For everyone on the call, I want to -- or in
16 the hearing, I want you to understand that there are two
17 names on the list, for those of you in the web meeting, J.
18 Taylor, and Michael Wilt. They are both employees of the
19 Texas State Affordable Housing Corporation and will not be
20 providing any comments today.

21 I am going to -- because I have received a
22 couple of notes in the chat, as well as through email from
23 some of the participants, I am going to go through a few
24 of the callers early who spoke, just to clarify their
25 position. I have written down the positions I understood

1 that they spoke on.

2 But it is my understanding that others in the
3 hearing have not quite understood whether they were in
4 favor or opposition. So, hopefully, everyone is still on
5 the phone. I am going to unmute Tina Harris. Tina?

6 MS. HARRIS: Yes.

7 MR. DANENFELZER: Tina, would you please
8 clarify? My understanding is that you are in -- you are
9 in opposition to the proposed transaction. Is that
10 correct?

11 MS. HARRIS: Well, I want a voucher. I don't
12 know exactly what that means. So, if you don't care,
13 explain that.

14 MR. DANENFELZER: Right. So, if you are in
15 favor of the transaction, that means that you would like
16 them to move forward with the financing and fix up the
17 apartments with the plan that they have. If you are in
18 opposition to the transaction, then you do not want them
19 to get the funds, and not fix up the property.

20 MS. HARRIS: Okay. I'm opposed, then.

21 MR. DANENFELZER: Okay. Thank you.

22 And Larry, you were also on the same line with
23 Tina. Would you also please provide me a clarification,
24 if you are in favor of the transaction, or are you opposed
25 to the transaction?

1 MR. BROOKS: I oppose.

2 MR. DANENFELZER: Thank you. I am going to
3 move to the next person. I believe this is Carli.

4 Carli, I understood that you were opposed to
5 the transaction. Could you please state for the record
6 again, though, whether you are opposed to the transaction
7 or are you in favor of the transaction?

8 MS. JOHNSON: Yes, sir. My answer was right
9 the first time. I am still opposed to it. I am not in
10 favor.

11 MR. DANENFELZER: All right. Thank you very
12 much for the clarification. I am going to mute you now.

13 MS. JOHNSON: Thank you.

14 MR. DANENFELZER: The next person I have, is, I
15 believe, Adrienne. Adrienne, would you state clearly, are
16 you in favor of the transaction, or are you opposed to the
17 transaction?

18 MS. JOHNSON: Okay. I've got it straight,
19 girl, I've got it straight. We oppose now. We vote now.
20 I've got it straight. So I did oppose to it.

21 MR. DANENFELZER: I'm sorry. Adrienne, there
22 was -- I had not muted the previous caller. I am going to
23 go ahead and ask that you -- here, let me -- yes.

24 Would you please restate, Adrienne? Are you
25 opposed or are you in favor of the transaction?

1 MS. LITTLEJOHN: I am completely opposed.

2 MR. DANENFELZER: Okay. Thank you very much.

3 Appreciate that. The next person I have was Cynthia.

4 Cynthia, would you please clarify. Are you
5 opposed to the transaction, or are you in favor of the
6 transaction?

7 (No response.)

8 MR. DANENFELZER: Cynthia, I believe you are
9 unmuted.

10 (No response.)

11 MR. DANENFELZER: I don't hear a response from
12 Cynthia.

13 MS. MENDEZ: Not. We're opposed.

14 MR. DANENFELZER: So you do oppose the
15 transaction?

16 MS. MENDEZ: Yes.

17 MR. DANENFELZER: Okay. Thank you. I am going
18 to go to the next speaker, and I think it is the last one
19 that there was some confusion on the answer. But just
20 trying to make sure I get the right person unmuted.

21 Antoinette, I believe you were the last person
22 that I had -- there was a question about. Would you
23 please state clearly for the record, again, whether or not
24 you are in favor of the transaction, or do you oppose the
25 transaction?

1 MS. GRAY: I 100 percent oppose the
2 transaction.

3 MR. DANENFELZER: Thank you very much. I
4 believe that is everyone on my list that provided public
5 comment. I don't know that there were other questions. I
6 will double check the chat right now, though, and also
7 other forms of information to make sure I get this
8 correct.

9 All right. It does look like I do have it
10 correct at this point. Hold on one second. Another
11 message.

12 (Pause.)

13 MR. DANENFELZER: My apologies, it appears that
14 there is another new caller on the line. And going to see
15 if I can identify the phone numbers here. I believe the
16 number that is new to the line is area code (409) 995-****.
17 I have unmuted your line.

18 Would you like to provide public comment for
19 the record?

20 MS. GORDON: Yes.

21 MR. DANENFELZER: Okay. Would you please state
22 your name and the city and state where you live, as well
23 as whether you are in favor of the transaction, or are you
24 opposed to the transaction.

25 MS. GORDON: Okay. Do you need first and last

1 name?

2 MR. DANENFELZER: Yes. Please.

3 MS. GORDON: Okay. My name is Kenya Gordon. I
4 live in Galveston, Texas. And you said, if I am opposed?

5 MR. DANENFELZER: Correct. Are you opposed, or
6 are you in favor of the transaction?

7 MS. GORDON: No. I am extremely opposed.

8 MR. DANENFELZER: Okay. Is there anything else
9 you would like to say on the public record?

10 MS. GORDON: Well, for one, you know, I have a
11 lot of issues going on, you know, with my apartment. And
12 you know, I am not getting any help like I have asked, you
13 know.

14 It is freezing outside. It is freezing in my
15 apartment, because I told them that my heater was broke,
16 over three or four months ago. And my heater still hasn't
17 been fixed. Like, I have so many issues in my apartment,
18 it is ridiculous.

19 Like, I am so ready to go, but I have nowhere
20 else to go. Like, this is my only option, so I have to
21 sit through these problems and just suck it up. Because
22 without them, I don't have anything else.

23 So, I mean, the conditions are horrible. They
24 don't care about anybody. It is awful, extremely awful.

25 MR. DANENFELZER: Okay. Kenya, thank you for

1 your comments today. I am going to go ahead and mute your
2 line.

3 And it does appear one more number which I have
4 not previously called has dialed in. I am going to go
5 ahead and unmute that line. It is area code (409)939-
6 ****.

7 Would you like to provide public comment on the
8 record?

9 MS. DURGIN: Hello?

10 MR. DANENFELZER: Hello, yes. Would you like
11 to provide public comment today?

12 MS. DURGIN: Yes.

13 MR. DANENFELZER: And for the record, could you
14 state your name, and the city and state where you live in?

15 MS. DURGIN: Yes. Betty Durgin. The city of
16 Galveston, Texas.

17 MR. DANENFELZER: Okay. And, Betty, are you in
18 favor of the transaction, or opposed to the transaction?

19 MS. DURGIN: I am very opposed to it, because
20 this apartment here is falling apart.

21 MR. DANENFELZER: Okay. Is there anything else
22 you would like to say in the public record?

23 MS. DURGIN: Yes. I just need to say that I
24 need to get out of here. I want to move out, because
25 there is nothing they are doing in here. I even broke my

1 ankle in this raggedy-ass place.

2 MR. DANENFELZER: Okay. Is that all that you
3 have for the public record today?

4 MS. DURGIN: All I need to say is that they
5 need to tear these apartments down, and they need to redo
6 them, or they need to move us out of here, get us
7 somewhere else to stay. Because this is ridiculous to
8 live like this.

9 MR. DANENFELZER: All right. Okay. Well,
10 thank you, Betty, for that public comment. I am going to
11 go ahead and mute your line now.

12 I am going to make one more quick check. I
13 don't believe any other new callers have dialed in at this
14 time. Just give me one moment to double check, to make
15 sure that we give everyone a chance to speak.

16 Yes. I have gone ahead and reviewed all the
17 persons who are on the phone or on the web meeting. I
18 have called on all of the participants with the exception
19 of J. Taylor and Michael Wilt, who again, are employees of
20 the Texas State Affordable Housing Corporation.

21 With that, I am going to go ahead and just let
22 everyone know again that the record will show -- a
23 transcript and record of this call and public hearing will
24 be provided to the Corporation's Board, and to the Texas
25 Attorney General. This information will be used in a

1 determination of an award, or not, for the project, as it
2 moves forward through our process.

3 I do want to let the record show before I
4 close, though, that there are -- I apologize -- there are
5 21 participants on the call or in the meeting at this
6 time. Of the individuals who are in attendance, three are
7 individuals who are employees -- three of the individuals
8 in attendance are employees or representatives of the
9 Texas State Affordable Housing Corporation.

10 At this time, I will declare the hearing
11 closed, and thank everyone for coming today.

12 (Whereupon, at 12:28 p.m., the hearing was
13 concluded.)

C E R T I F I C A T E

IN RE: Sandpiper Cove Apartments

LOCATION: via RingCentral

DATE: December 1, 2020

I do hereby certify that the foregoing pages,
numbers 1 through 40, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Elizabeth Stoddard before
the Texas State Affordable Housing Corporation.

DATE: December 7, 2020

/s/ Carol Bourgeois
(Transcriber)

On the Record Reporting &
Transcription, Inc.
7703 N. Lamar Blvd., Ste 515
Austin, Texas 78752

Sandpiper Cove Tenant Council
3916 Winnie Street
Galveston, TX 77550

June 19, 2020

J.Allen Management Co., Inc. at Sandpiper Cove
3916 Winnie Street
Galveston, Texas 77550
Sent via email to: sandpiper.manager@jallenmgmt.com

Tammy Fotinos
Director of Contract Renewal and Rent Adjustments
Attention: Contracts Department, Re: Project Number TX24M000018 and Sandpiper Cove
Southwest Housing Compliance Corporation
1124 South IH 35, Austin, TX 78704
Sent via email to: tammyf@shccnet.org, contracts@shccnet.org

Christopher Akbari and Miranda Sprague
The ITEX Group LLC and Galveston 3916 Winnie Street, LP
9 Greenway Plaza, Suite 1250
Houston, TX 77046
Sent via email to: Chris.akbari@itexgrp.com, mirandasprague@itexgrp.com, apps@itexgrp.com

Edward Pringle
Field Office Director
Houston Field Office of the U.S. Department of Housing and Urban Development
1301 Fannin Street, Suite 2200
Houston, TX 77002
Sent via email to: Edward.L.Pringle@hud.gov

Mary Walsh
Mutlifamily Southwest Region Regional Director
Fort Worth Regional Office of the U.S. Department of Housing and Urban Development
801 Cherry Street, Unit #45, Suite 2500
Fort Worth, TX 76102
Sent via email to: Mary.V.Walsh@hud.gov

Frank T. Sinito, Lee J. Felgar, and Renee Weiss
The Millenia Companies
1300 Key Tower
127 Public Square
Cleveland, Ohio 44114-1310
Sent via email to: fsinito@mhm ltd.com, lfelgar@mhm ltd.com, rweiss@mhm ltd.com

Sent via email to:

CC: Kathy Barrilleaux, Senior VP, J. Allen Management Co., Inc. kathy@jallenmgmt.com
CC: Raynold Richardson, Senior VP, J. Allen Management Co., Inc., ray@jallenmgmt.com
CC: Michael Cummings, VP, Southwest Housing, michaelc@shccnet.org
CC: Ben Carson, HUD Secretary, ben.carson@hud.gov
CC: Patrick Banis, Acting Director/Enforcement Branch Chief, HUD Fair Housing and Equal Opportunity, Patrick.L.Banis@hud.gov
CC: Anna Maria Farías, Assistant Secretary, HUD Fair Housing and Equal Opportunity, Anna.Farias@hud.gov
CC: Christina Lewis, Director, HUD Houston Fair Housing and Equal Opportunity, christina.lewis@hud.gov
CC: Galveston Housing Authority, dhasst@ghatx.org

RE: Sandpiper Cove – Tenant Comments on Request for HUD Rent Increase (Mark Up To Market Contract Renewal)

Dear Sandpiper Cove Owners, Managers, and HUD:

We are residents representing the Tenant Council of Sandpiper Cove apartments, located at 3916 Winnie Street, Galveston, Texas. We have received notice that our homes are being sold to new owners this year and that the proposed new owner, ITEX, is asking HUD to pay more for rent at Sandpiper Cove. The May 22, 2020 “Notice to Residents of Intention to Submit a Request to HUD for Approval of an Increase in Maximum Permissible Rents” sets a 30-day period for the residents to comment on the proposed rent increases. Here we submit our comments.

We know that HUD requires the owner to certify that they complied with tenant comment procedures, including that the owner must evaluate all of our concerns listed in this letter. We expect for HUD and the owners and management to respond to our demands, questions, and concerns before any actions are taken. We as tenants need to be consulted, and our concerns need to be taken seriously, while any actions regarding Sandpiper Cove move forward.

IMMEDIATE DEMANDS

- 1. Guarantee healthy and safe conditions immediately. We do not consent to a waiver of any health and safety concerns.**

We ask that HUD first and foremost consider the lives of tenants currently residing in Sandpiper Cove in responding to ITEX’s request. As tenants at Sandpiper Cove, we have lived through years of serious problems, with continuation of issues such as open sewage leaks endangering our family members to this day. The most recent REAC inspection score that we know of at Sandpiper Cove was a 33 out of 100, which is unacceptable. J.Allen VP Raynold Richardson told us verbally that they did an internal inspection and thought the REAC score should really be an 18, showing even worse conditions exist than that last

inspection found. Scores like these require HUD to take immediate actions to protect our lives by providing vouchers and mobility assistance so we can move to a safe location *now*.

In ITEX's rent increase request documents, ITEX requests a waiver of exigent health & safety risks. Such a waiver seems to allow these deplorable conditions to endure for the remainder of 2020 and until the rehab occurs. Owners should not be able to waive a requirement to keep current residents healthy and safe just because many months in the future they plan to remove us and renovate. We are people living our lives and raising our children, day in and day out, in these conditions, and we do not consent to waiver of any health and safety concerns. A waiver would only be appropriate if no one were living at the property. A waiver should not be necessary because these concerns need to be addressed immediately, or people need to be moved off the premises.

2. Fully explain the proposed plan for what will and won't be repaired and deadlines for the repairs.

ITEX acknowledges the recent failing REAC inspection score and states, "we are purchasing the property to rehabilitate and *make it* safe and sanitary." This demonstrates knowledge of the unacceptable conditions that we residents are currently forced to live in. In the appraisal, on the other hand, ITEX's Ms. Sprague states to the appraiser that ITEX plans to "complete any and all immediate and necessary repairs," which seems inconsistent with the request for a waiver of health and safety concerns.

We need a full detailed listing of what specific repairs we can expect and the deadline for their completion. We need vouchers and mobility assistance immediately while these repairs take place.

3. Offer housing vouchers to all current Sandpiper residents, using enhanced Small Area Fair Market Rents, to allow the opportunity to leave Sandpiper with sufficient rent to remain in Galveston if we choose.

ITEX's request to raise rent amounts to HUD are based on their intention to relocate all tenants out of the complex to unknown locations, and then to rehab the buildings to market rate conditions. The deal appears to require that tenants leave the premises and live elsewhere for the time that the rehab takes place. After years of inadequate conditions we have suffered, and considering the lack of safe and decent conditions currently at Sandpiper, we demand that HUD provide either Housing Choice Vouchers or Tenant Protection Vouchers to all residents immediately. These vouchers must come with payment standards based on enhanced Small Area Fair Market Rents to give us a reasonable choice to find a new place to live, and we demand relocation assistance and mobility counseling to make this transition. The vouchers should provide the option to all tenants to permanently relocate elsewhere, or to choose to return to Sandpiper. Our children should not have their schooling interrupted; vouchers must be provided now before the school year starts.

Of course, in the meantime and for any tenants who do remain for any reason, HUD should refuse to waive exigent health and safety concerns, and instead require owners and management to ameliorate problems to the greatest extent possible immediately.

4. Test for lead, asbestos, and other toxins in water and surfaces at Sandpiper immediately.

Regarding water quality, the appraisal in ITEX's rent increase documents states, "All water supply will be checked to ensure no lead contamination and if necessary, water supply lines will be replaced." This is insufficient, and a full evaluation must be conducted for lead and other contaminants throughout the

property. Testing of water and surfaces must include lead, asbestos, and other contaminants. At least one child living at Sandpiper has tested for high levels of lead in their blood. The water in some units is brownish in the morning, and we have to let it run to see it become clear. We have experienced foul taste, discoloration, and other problems resulting from the water. Clean, safe water must be available at all times. All areas of the property must be confirmed safe from toxins in order for our children to play safely.

All testing, remediating or encapsulating, and inspection should be performed by people licensed in this type of work. Assure that there is adequate funding to cover treatment of any item with lead, asbestos, or other contaminants. Inspections should be performed by a licensed, independent third party inspector. Annual re-inspections and remediation of any encapsulated areas and a system of notifying residents of any findings should be agreed upon by the Tenant Council prior to proceeding with the work.

5. Ensure meetings for Tenant Council with responsible HUD officials with power to take action, including the Regional Director, Multifamily Director, and Fair Housing and Equity Office.

After we received ITEX's May 22 letter, we requested meetings with management and potential owners. We met on June 12, 2020 with Mr. Raynold Richardson, representing the buyer's group. He answered questions but was not able to commit to necessary repairs such as AC units, and he could not speak on behalf of HUD, which apparently is responsible for many of these matters of concern. As a part of our comments on ITEX's rent increase request to HUD, we reiterate our request to meet with HUD officials with power to take action, including the Regional Director, Multifamily Director, and Fair Housing and Equity Office, including having the opportunity to get answers in detail, to voice our concerns, and to establish a relationship moving forward. HUD officials have refused to meet with us as tenants to discuss our concerns and contemplate plans. This is unacceptable. HUD has clearly met with proposed buyers. HUD owes tenants the same consideration.

6. Answer our outstanding questions.

The rent increase documents from ITEX to HUD raised a number of related questions for us that we need to be answered:

- What is the detailed timeline of the proposed renovations? If HUD allows this requested rent increase, what are the full plans for tenants during the renovation?
- What will relocation assistance and counseling look like for tenants?
- How can we ensure that we have access to housing vouchers that allow us to move rather than endure the remainder of 2020 in bad conditions and the long-term relocation?
- What will be done to afford tenants relocation choice rather than being compelled to move wherever the new owner wants?
- How will tenants who wish to return after renovations be assured of the right to do so?
- How has HUD explored options to transfer Sandpiper Cove to another, better, safer location and allow tenants to move to a better location on Galveston Island?
- What are the chances of this planned renovation by ITEX happening if HUD does not approve the rent increase? Do tenants' rights change depending on whether HUD approves it?
- If the rent increase is approved but the property is not properly renovated or not renovated at all, what would be the impact on tenants? What would be the repercussions for ITEX?

FOR THE PERMANENT SOLUTION

7. Rebuild Sandpiper in a different location on Galveston Island, near amenities and away from industrial zones, pollution from the port, concentrated poverty, and repeated flooding.

Beyond the problems with the buildings themselves are life-threatening problems with the location of the property. We have been talking to Texas Housers, and they have written up a Fair Housing and site analysis that is attached as an addendum to this letter, with maps and information about some of these issues described below.

Flooding: The appraisal reports Sandpiper is in the high risk AE flood zone. Sandpiper has flooded repeatedly and will continue to do so. Many of us have experienced those floods and do not want to go through it again. The floodplain information in the appraisal says that “Any new construction or major redevelopment would have to have its ground floor lines above this known elevation. The digital map references 11’ while the older source displayed 11’ to 13” [sic] near Sandpiper’s location.” (We believe this is meant to say *11 feet to 13 feet*.) FEMA flood maps indicate that Sandpiper Cove is in Special Flood Hazard Areas classified as AE (12) and AE (13). This means that the area around Sandpiper has a 1% chance of flooding between 12 and 13 feet above the ground surface; any construction must be 12 and 13 feet off the ground where appropriate. Recent nearby development by HUD of public housing at Cedar Terrace site elevated those units 11 feet above ground. How will we be adequately protected by only elevating Sandpiper 11 inches?

Even elevating the buildings is not a solution for repeated flooding of the grounds of the property and the surrounding streets, which leave us, and our children who play outside, exposed to raw sewage from infrastructure overflows both on the property and from the surrounding areas (including potentially to toxins from the adjacent industrial sites). According to a study by Texas A&M University Planning Department, the Sandpiper site has an extremely high social vulnerability rating. Repeated street and ground flooding isolates us, because many of us do not have cars and need to be able to walk or bike to work, to the store, to school, and other places.

Industrial Area: Sandpiper Cove is currently located on the edge of a large industrial area that includes a port and is zoned for Heavy Industry. This is not a healthy area for people to live, with air pollutants and other hazards so close by. The industrial zone includes environmental hazards site within 1 mile of the property and several others just outside that 1 mile radius.

Railroad and High Voltage Lines: Sandpiper is within 1000 feet of a large network of active railroad lines serving in the nearby industrial area and Port of Galveston. A high voltage transmission line runs along the entire south side of the property. These nearby hazards are unacceptable risks to our health.

Racial Segregation: Sandpiper Cove is located in a census tract with a population that is 53% Black (compared to 18% of overall Galveson population is Black).

Poverty Rate: Sandpiper Cove is located in a census tract with a 58.2% poverty rate, and 71% of children under age 18 living in poverty (compared to 20.8% poverty rate and 30% for children in the city overall). HUD has classified this tract and an adjacent tract as “racially and ethnically concentrated areas of poverty.”

As residents of Sandpiper Cove where much of our resident population is Black, we see the exposure of Black people at Sandpiper to flooding, industrial risks, concentrated poverty, and racial segregation as an ongoing legacy of the racism that exists in Galveston. Sandpiper is on the north side of the island, north of Broadway, which is the area of historical Black settlement and concentrated poverty in Galveston, the area that has not been elevated or protected by the seawall in the wake of the hurricanes of the last century. White neighborhoods were protected by the seawall; the Black northside neighborhoods were not. It is unacceptable to continue to expose Black residents to these dangers through HUD-subsidized housing, in the long tradition of racist housing practices. We understand that HUD plans to build other replacement housing on the north side of the island, north of Broadway, in these racially segregated areas, rather than in safer, higher opportunity areas of the island. Under Civil Rights and Fair Housing laws, HUD is legally prohibited from ignoring this racism.

We are concerned that rebuilding Sandpiper in this same problematic location will cause a repeat of previous unsuccessful attempts to deal with issues here. After Hurricane Ike in 2008, the first floor of the property was rehabbed. Unfortunately, the fact that the property is located in a flood prone area with inadequate public infrastructure resulted in the property quickly returning to a substandard state following the rehabilitation after Hurricane Ike, including the quick reemergence of mold. The ITEX proposal does not even propose this previous failed degree of repairs in that the current proposal calls for existing sheetrock to be retained. We don't want to repeat that again; we are tired of these failed attempts to remedy the problems, and we think it can only be truly resolved by rebuilding in a different, less segregated, higher opportunity area of the island. Galveston is our home and we want to stay, but we cannot be subject to these conditions.

Given all of these problems that make Sandpiper an unacceptable place to live, HUD should require relocating Sandpiper to higher, safer ground, and giving residents input and choice to relocate to somewhere healthier, safer, and where we would have a better chance for success.

ITEX's proposed plan includes moving people twice, finding temporary housing somewhere, the possibility of people who call the island home being forced to move off the island, and paying for lead and asbestos inspections plus remediation. These expenses for ITEX and the hardships for tenants of moving twice could all be avoided if funds were devoted to developing a new property on higher ground near amenities with vouchers for housing choice. This would lead to a better result for the people involved, the very people who are supposed to benefit from this housing assistance.

8. Respond thoroughly to our detailed questions about the rent increase and proposed rehabilitation. If Sandpiper is to be rebuilt in its current location, the rehabilitation must be sufficient to address all of the systemic problems in the facilities, including HVAC, plumbing, mold, electrical, and flood mitigation.

While we demand a systemic solution involving housing vouchers and relocation of Sandpiper, we also want to state some of the many problems with the proposal used to justify the proposed rent increase. HUD must not consider any rent increase until each of these issues is addressed.

Previous insufficient efforts to refurbish Sandpiper convince us that this property can never sustainably house our residents in decent, safe, sanitary condition. At its core, the factor that has produced the disastrous living conditions here and that have produced this poorly conceived plan is one inescapable fact: We believe that the reason these conditions at Sandpiper Cove have been allowed by HUD, the property owners, and other parties is because a high proportion of the tenant population is Black. The

situation here represents ongoing racism and violation of the civil rights of tenants, as we are being pushed into racially segregated areas and substandard conditions. By virtue of our incomes and discrimination, we have no other options to live elsewhere, and we are trapped by this cycle of racism. We depend on HUD assistance to have a roof over our heads during this pandemic, but that should not remove from us the options for choice and respect for our civil and human rights. Just as racism in policing functions to take Black lives, the ongoing and unabated conditions in our HUD-assisted housing that we depend upon, and the inadequate proposed “solutions,” also constitute an attack on our Black lives.

If Sandpiper is to be rebuilt in its current location, the rehabilitation must be sufficient to address all of the systemic problems in the facilities, including HVAC, plumbing, mold, electrical, and flood mitigation. The May 22, 2020 notice from J. Allen Management to residents generally describes repairs they plan for Sandpiper Cove. We have a number of questions and concerns about the information provided.

STATEMENTS IN NOTICE FROM J. ALLEN ARE HIGHLIGHTED IN GREY:

The proposed increase is needed for the following reason(s):

1. To meet all operational costs.
2. To provide social services for residents.
3. To rehabilitate the development. Site Work-replace ADA Ramps, Sidewalks, Paving, Striping, provide erosion control, grading, landscaping; install new mailbox center, replace all gutters and roofs on all 24 buildings, exterior brick repair, replace siding, replace doors and broken windows, repair stairs, landings, and railings, perimeter fence, install additional lighting; Interiors-renovate existing community building, demo all units down to sheetrock and rehab, add ADA compliant units; HVAC, Electrical, Plumbing, Hazardous Removal-replace with energy star appliances, install new service panel boxes, replace hot water boiler, lead based paint & asbestos remediation (as needed), all interior plumbing.

“1. To meet all operational costs.”

Has J. Allen properly budgeted to meet the real costs of repairing and operating this property? For years, this property has operated in substandard, life-threatening condition. The description of the property in the appraisal does not begin to capture the reality of our living conditions. The appraisal says that after visiting a random sampling of 10% of the units, “All of the habitations were found to be rentable and in average condition. This includes any that were in make-ready and/or under rehab.” How could “under rehab” units be deemed rentable? The appraiser reports that management makes repairs as needed and “the facility appears to have received adequate upkeep since the current ownership acquired it during 2015.” We do not believe these statements reflect substandard conditions all over the Sandpiper property.

Nowhere does the appraisal describe how the sewers back up, how the electrical system has failed leaving the property without electric service for days in a row, how mold from plumbing leaks in the walls probably causes asthma and other respiratory ailments throughout the property. Photos of a bathroom in the appraisal show gleaming tile and floor as if the bathroom had been re-tiled for the camera. A trip inside Sandpiper we know would reveal the real bathrooms look nothing like these photos. Roach infestations abound throughout the property. Rats enter the apartment complex regularly, likely from the field to the north of the property by the industrial area. The area where community dumpsters are located

is too close to people's front doors, causing a strong odor and close proximity of pests to people's front doors. Stairs in several areas of Sandpiper shake and do not feel safe, with uneven step spacing, and some lack railings or have loose railings.

In HUD's most recent REAC inspection the property scored 33 out of 100 points. The appraiser does not assess or account for this fact, nor does he reconcile how a property in "average condition" can fail a REAC inspection and stand only four points away from HUD enforcement action. Members of the buyer's team told representatives of the Tenant Council, they would have given the property a REAC score of 18. We are concerned that not recognizing the extent of poor conditions here could cause important repairs to be omitted or the property to be purchased at too high a price, not leaving adequate funding for repairs.

"3. To rehabilitate the development. Site Work-replace ADA Ramps, Sidewalks, Paving, Striping, provide erosion control, grading, landscaping; install new mailbox center, replace all gutters and roofs on all 24 buildings, exterior brick repair, replace siding, replace doors and broken windows, repair stairs, landings, and railings, perimeter fence, install additional lighting; Interiors-renovate existing community building, demo all units down to sheetrock and rehab, add ADA compliant units; HVAC, Electrical, Plumbing, Hazardous Removal-replace with energy star appliances, install new service panel boxes, replace hot water boiler, lead based paint & asbestos remediation (as needed), all interior plumbing."

We have heard that this would be a down-to-the-studs rehab. But in the written material available to us, demolition is only down to the sheetrock. This is concerning because major issues like mold, flooding, and electrical systems would not necessarily be addressed. We want to understand that scope of work as it applies to the areas we are most concerned about.

We want more detail about what will be done to the property's major systems. Given that the electrical system has gone down for days in a row, we would like to see this problem acknowledged in the report to HUD and a commitment that panel boxes, rewiring and other repairs will be made to bring the electrical system to like new condition and to comply with current code.

HVAC is not included in the repairs listed above. At our June 12 meeting, where Mr. Richardson represented the buyer's team, a tenant brought up the issue of the AC not working in some apartments. He responded that management could not necessarily repair the broken ACs now and that that would have to wait. As we approach another summer at Sandpiper, the failure to include heating and AC in current and future work plans deeply concerns us.

Sewage and mold are major issues at Sandpiper Cove. Where are these in the appraisal and inspection? How will mold and sewage spills be addressed immediately and in the renovation? Mold throughout the property indicates roof leaks, plumbing leaks, or both. The appraisal simply states, "they were not having any problems with the roofs." Yet mold in the walls is an ongoing problem for residents, so a thorough roof inspection would be important to determine if roof problems are at fault for any of this. Sewer backups at multiple locations on the property indicate damaged sewer lines. Replacing the boiler will not address these problems. What is meant by "all interior plumbing" is not clear since the level of rehab only goes down to the sheetrock. Even if the rehab goes down the studs, that does not necessarily mean the hot, cold, and waste lines nor the outside sewer lines will be replaced. Again, we recommend that the remedy should be acknowledgement of the problem, replacement to like new condition, and compliance with current code.

9. Elevate Sandpiper Cove above the FEMA 12 to 13 foot flood zone if it remains in the current location.

As mentioned above, flooding has occurred in the past at Sandpiper and is a high risk for the future. FEMA flood maps show a chance of flooding between 12 and 13 feet above the ground surface and any construction must be 12 and 13 feet off the ground where appropriate. How will the renovation address this need, to ensure that flooding and mold are not problems here in the future? Would achieving the necessary height require a full demolition and rebuilding from the ground up, or is the height adjustment being addressed somewhere in the current plans? The plan to rehab Sandpiper to the sheetrock does not seem to address the stated need to raise the base height of living spaces. This must be addressed or future flooding is assured. A renovation that does not address this issue is completely unacceptable. Many of us have experienced past floods at Sandpiper and insist that this known risk be prevented.

10. Ensure that all current residents can return after the property is rebuilt, either in new or current location.

With vouchers available before and during any renovation, we want the opportunity to return to Sandpiper Cove if owners do improve conditions sufficiently that residents would like to move back. Our housing vouchers should be able to be used at Sandpiper Cove if desired.

11. Provide responsive management and tenant services, accountable to residents' needs and desires on an ongoing basis.

TEX's rent increase documents describe several attractive social services that would be provided by a nonprofit called Rainbow Housing Assistance Corporation. We note the proposal to regularly survey residents regarding needs and preferences for services to be provided. We would like more detail about the intended services, budget, and track record of Rainbow Housing. Would the services be provided directly by Rainbow and paid for by management, or would Rainbow/management invite others to directly provide the services? What is the budget for services and service coordinator? What is the service coordinator's job description, and what accountability will they have to residents? What control will residents have to request or choose a different provider if our needs are not met by those initially selected? Will there be a limited menu of services, or can we come up with other services that fit within the budget that best meet our needs, such as rides to the grocery store if needed?

For example, one proposed service is homework "power hour" for children. Would this be a space provided with tutoring staff to help children complete homework? What is the budget and what are qualifications or job description for staff of the power hour? What grades would be covered, K-12? This level of detail for each service would help us understand whether ITEX's proposal meets our needs.

Regarding Rainbow Housing Assistance Corporation, we'd like more information about their track record and success metrics, such as satisfaction of previous clients receiving their services. We'd like more information about how they will work with residents to ensure that their services in practice match our needs.

We believe that Mr. Raynold Richardson, a Senior VP of J.Allen Management and potentially new owner as part of Jeshurun Development, LLC, is involved in Rainbow. We'd like a full accounting of how that might affect services and whether a conflict of interest might exist, for example if we would like to see

changes in services or service provider. Depending on what services residents need, we might want to have input on choosing a service provider most aligned with what residents need.

If service provision is a part of ITEX's application and promise to HUD and other funders, then we want to ensure that these services actually help us achieve our goals and are responsive to our needs and desires in an ongoing, transparent manner.

12. Employ different on-site personnel as management staff.

Though a new management company, J.Allen, took charge of Sandpiper earlier this year, some of the on-site staff with a history of retaliation against tenants for pointing out health and safety concerns has remained without change. Due to the negative history with some on-site staff personnel, we need to see different people representing the new J.Allen management company for that change in management to be meaningful to us.

13. Provide resources and support to Tenant Council from property owners and managers.

An active and independent Tenant Council is necessary to organize tenants and ensure that conditions do not again devolve as they have in the past and present. Resources such as free meeting space and printing capability should be provided by property management to support such a group to do meaningful work and engage all residents. Owners and managers should enforce policies that prohibit retaliation against tenants for organizing, making requests, or filing complaints. Our Tenant Council allows us to speak as a group about what we need.

We demand a just and permanent solution to the tragedy at Sandpiper Cove that takes into account the interests of the tenants for a change. We demand for HUD and Sandpiper owners to provide safe, comfortable, decent housing.

Thank you in advance for addressing the concerns and questions above and for beginning a conversation about how we can, at long last, find an end to the ongoing cycle of racism that has plagued the Black residents of Sandpiper Cove for half a century. Also thank you in advance to HUD for reconsidering your earlier refusal to meet with us to hear our concerns and work together for a solution.

Please contact us with your response through our representative Ericka Bowman, Community Outreach Coordinator at Texas Housers, at ericka@texashousing.org or (713) 931-7044.

Sincerely,

Jessica Blank
Larry Brooks
Tina Harris
Cynthia Minix
Carr Lynn Smith

Members of Sandpiper Cove Tenant Council

Attachment: Sandpiper Cove Site Standards Analysis PDF

Sandpiper Cove:

Analysis of Neighborhood Risk Factors and Undesirable Site Features

I. Background

Before the Texas Department of Housing and Community Affairs (“TDHCA”) awards tax credits to developers to build or reconstruct affordable housing, they must submit a [Neighborhoods Risk Factors Report](#) in accordance with regulations in Title 10 of the Texas Administration Code. Rule §11.101 lays out neighborhood risk factors and undesirable site features that developers must submit in their applications. If TDHCA staff finds that these factors are present and unable to be mitigated, it should find the site ineligible for TDHCA assistance.

The following is an analysis of the neighborhood characteristics and undesirable site features in the area around Sandpiper Cove in Galveston, Texas. Any census data cited is from the American Community Survey 2018 5-Year Data unless otherwise noted.

II. Basic Information

Address: [3916 Winnie St, Galveston, TX 77550](#)

Census Tract (“CT”): [Census Tract 7246](#)

Poverty Rate of CT: 58.2% of persons are below the poverty line in this census tract
71% of all children (under 18) are below the poverty line

Poverty Rate of Galveston: 20.8% for all persons
30% of all children

Race/Ethnicity of CT: 53% Black, non-Hispanic
25% Hispanic
20% White, non-Hispanic

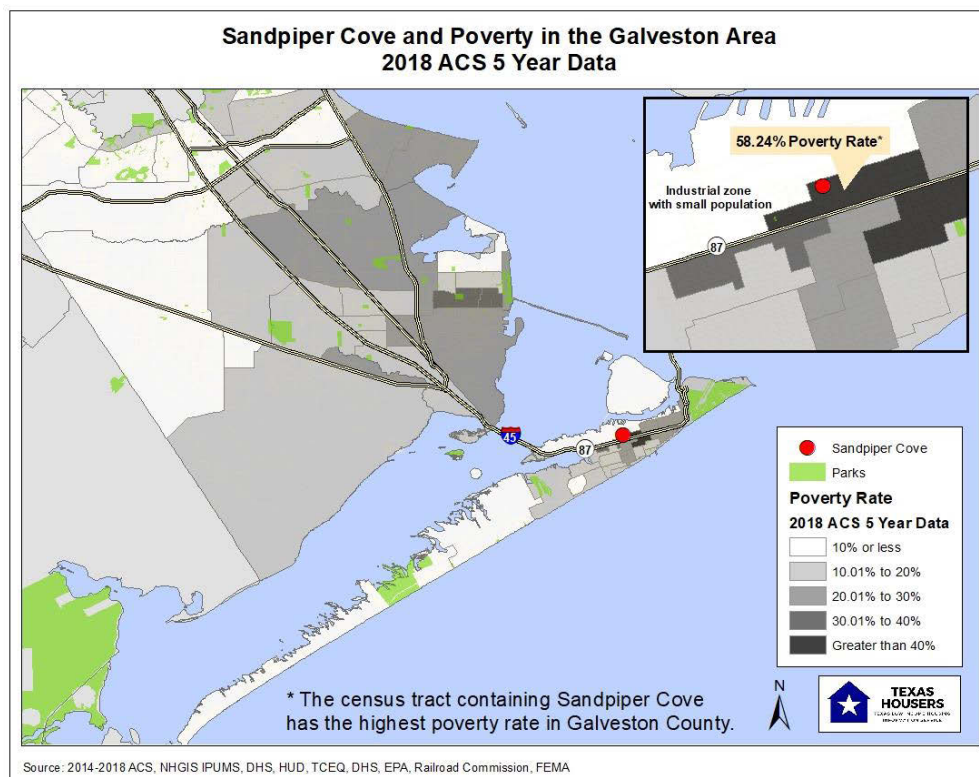
Race/Ethnicity of Galveston: 18% Black, non-Hispanic
30% Hispanic
46% White, non-Hispanic

III. Neighborhood Risk Factors: From [10 TAC §11.101\(a\)\(3\)](#)

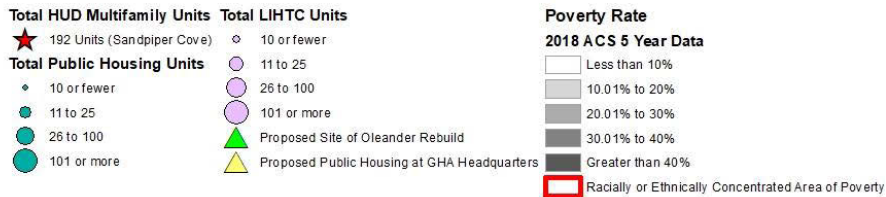
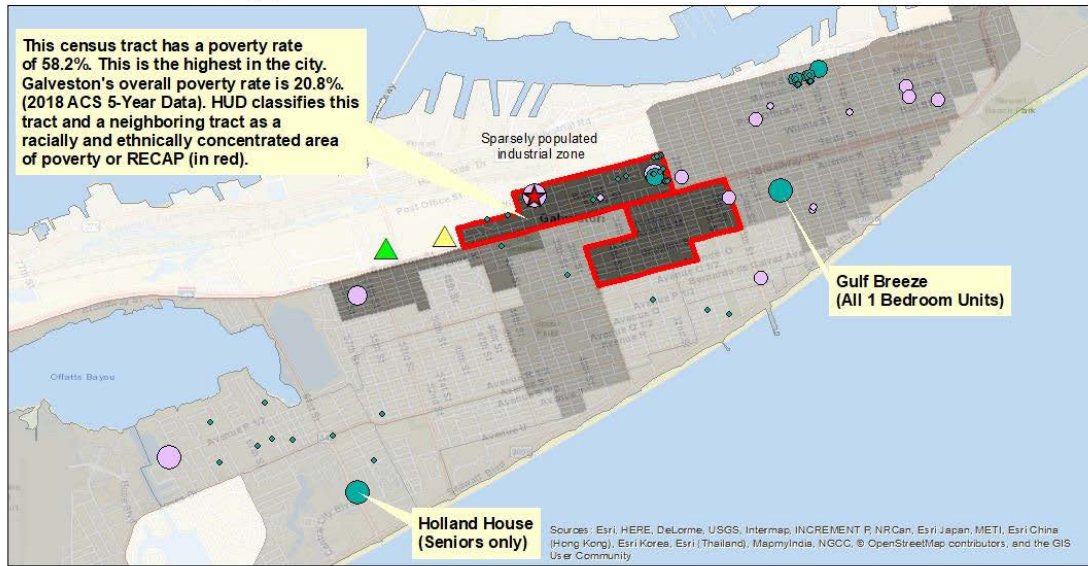
Summary: The following table provides a breakdown of the neighborhood risk factors required to be reported by 10 TAC §11.101(a)(3). Two of four neighborhood risk factors are present for the area surrounding Sandpiper: a poverty rate above 40% and blight. In Sandpiper Cove’s census tract, 58.2% of persons are below the poverty line. The area within 1000 feet of the property can also be considered blighted. It contains abandoned or poorly maintained buildings and is next to a large industrial zone and an active railroad yard serving the Port of Galveston, a major source of pollution.

Although Rule §11.101(a)(3) does not require an analysis of racial segregation, Sandpiper Cove is in a racially segregated census tract. The tract is 53% Black, 25% Hispanic, and 20% White while the city of Galveston is 18% Black, 30% Hispanic, and 47% White. HUD classifies the tract as a racially and ethnically concentrated area of poverty or “RECAP”, meaning that its nonwhite population is greater than 50% and the poverty level exceeds 40%.

Risk Factor	Risk Factor Present? (Y/N)	Description
High Poverty: Development site is located in a census tract has poverty rate above 40% for individuals	Yes, risk factor present	58.2% of persons are below the poverty line in the tract; 71% of all children (under 18) are below the poverty line. This census tract has the highest level of poverty on the Island.
High Crime: Development site is in a census tract where violent crime is greater than 18 per 1,000 persons annually	No, but crime still high	In a Neighborhood Scout Report from October 2019, the neighborhood has a violent crime index of 13.39 per 1,000 residents. This rate is more than double Galveston's violent crime index of 5.11 per 1,000 persons.
Blight: Development site is located within 1,000 ft. (measured from nearest boundary of the Site to the nearest boundary of blighted structure) of multiple vacant structures that have fallen into such significant disrepair, overgrowth, and/or vandalism that they would commonly be regarded as blighted or abandoned.	Yes, blight conditions exist. Further analysis is needed.	There are abandoned and vacant structures within 1000 feet of complex. The complex is also nearby a large industrial zone and a railroad yard serving the Port of Galveston. The TDHCA must conduct further analysis of the surrounding area before making a ruling on this risk factor.
Poor School Quality: Development site is in the attendance zone of a poor performing school. TDHCA standards requiring reporting for schools that: 1) received a D in 2019 and an "Improvement Required Rating" in 2018; 2) receive an F in 2019; 3) received a F or D in 2019 and was not rated in 2018; or 4) were not rated in 2019 and received an "Improvement Required Rating" in 2018.	Unclear, Galveston ISD has no attendance zones	Galveston is a " district of choice " allowing students to register to attend any campus and transportation is provided free of charge. Collegiate Academy, a middle school in Galveston, failed standards set by TDHCA and received an F from the TEA in 2019. The middle school closest to Sandpiper, Central Middle, received a C. Most schools received high ratings. Link: 2019 Galveston ISD Campus Ratings Link: 2018 Galveston ISD Campus Ratings



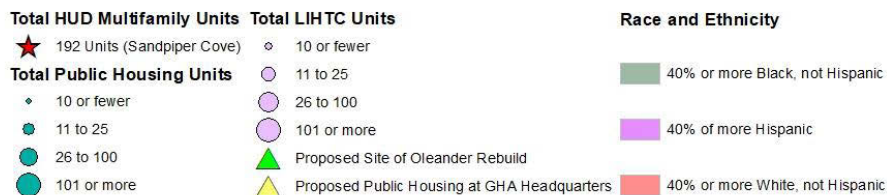
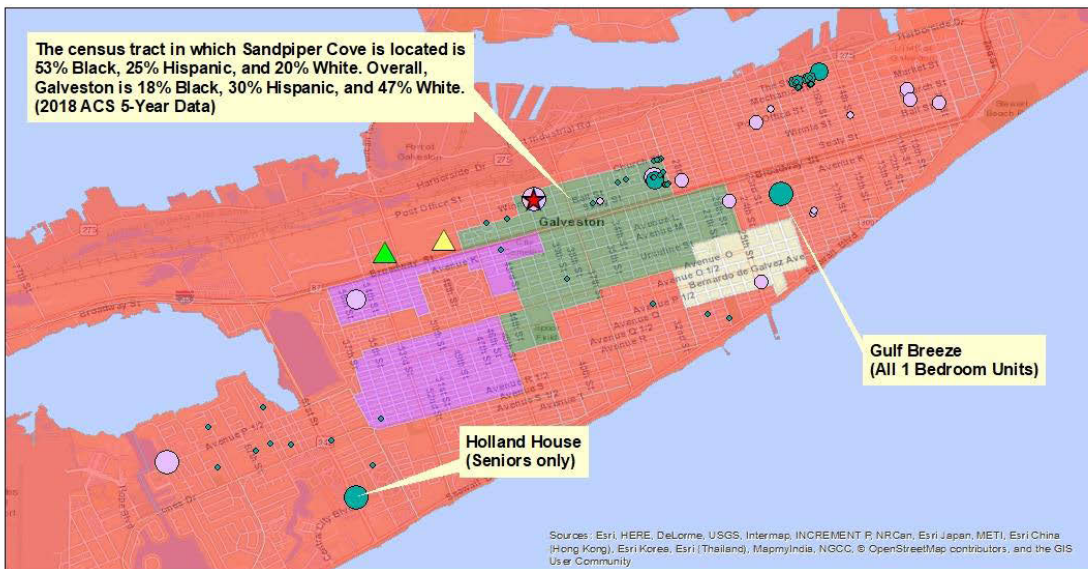
Sandpiper Cove, Poverty, RECAPS, and Subsidized Housing



Source: 2014-2018 ACS; HUD (LIHTC from 7/2019); (Multifamily from 3/2019); (Public Housing from 7/2019); RECAPs from HUD; NHGIS and IPUMS



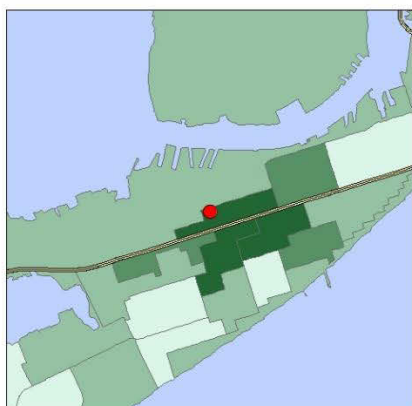
Sandpiper Cove, Race and Ethnicity, and Subsidized Housing



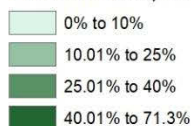
Source: 2014-2018 ACS; HUD (LIHTC from 7/2019); (Multifamily from 3/2019); (Public Housing from 7/2019); NHGIS and IPUMS



Sandpiper Cove: Race and Ethnicity by Census Tract



Percent Black, non Hispanic



Percent Hispanic



Percent White, not Hispanic



The census tract in which Sandpiper Cove is located is 53% Black, 25% Hispanic, and 20% White. Overall, Galveston is 18% Black, 30% Hispanic, and 47% White. (2018 ACS 5-Year Data)



Source: 2014-2018 ACS, NHGIS and IPUMS

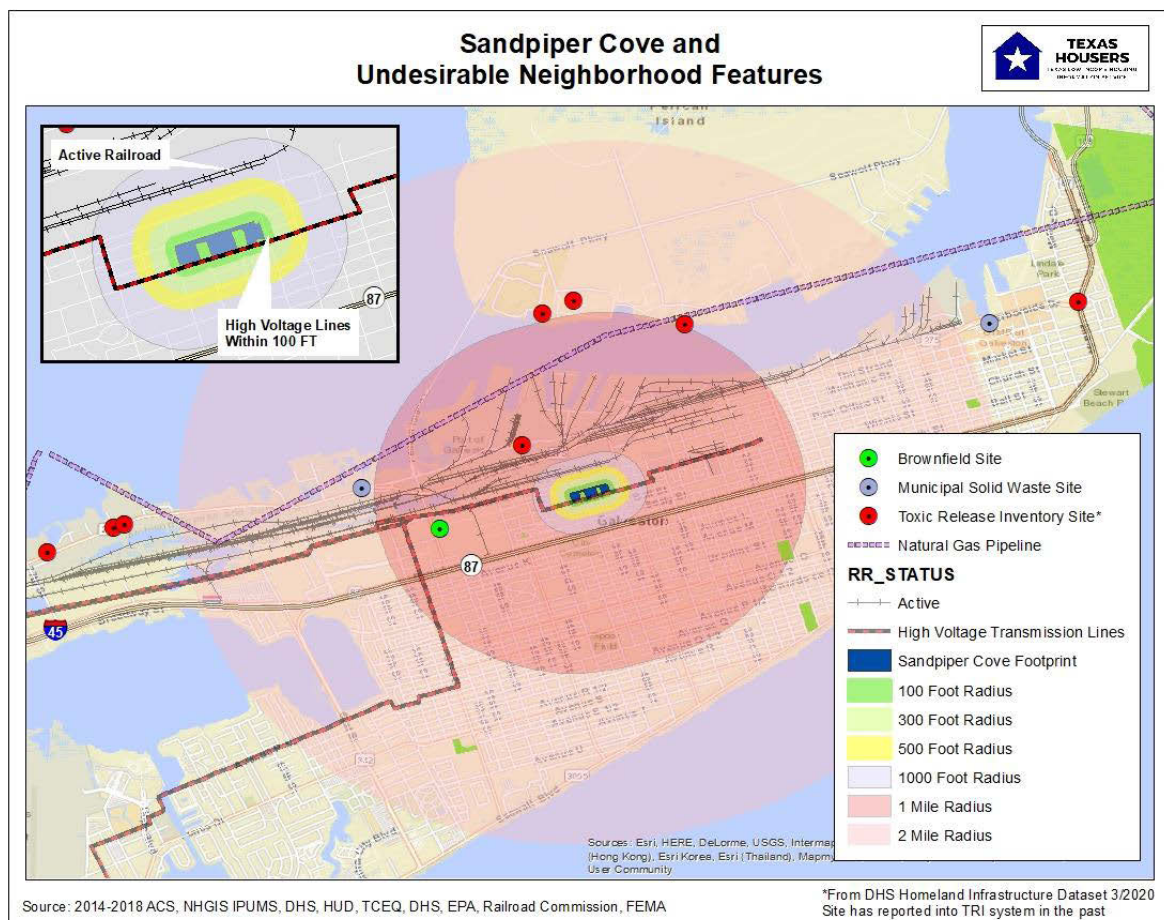
IV. **Undesirable Site Features:** From [10 TAC §11.101\(a\)\(2\)](#)

Summary: The table below shows the undesirable site features near Sandpiper Cove. The property is bordered by high voltage transmission lines (within 100 ft) and is within 1000 feet of a large railroad yard serving the Port of Galveston. The property borders a large industrial zone and the Port of Galveston. A map from “EJ Screen,” an environmental justice tool created by the EPA, indicates that Sandpiper Cove residents face increased exposure to particulate matter pollution caused by diesel combustion and exposure to cancer causing chemicals in the air, likely due to close proximity to industrial facilities. According to the EPA, port operations are a major source of air pollution. Mobile sources at ports release pollutants including particulate matter (PM), nitrogen oxides (NOx), sulfur oxides (SOx), volatile organic compounds (VOCs) and air toxics.”¹ Source of pollution include trucks, marine vessels, locomotives, and cargo handling equipment.

Undesirable Site Feature	Feature Present (Y/N)	Description
Within 300 ft of Junkyard	No	No junkyard is within 300 ft
Within 300 ft of Landfill: Development Sites located within 300 feet of a solid waste facility or sanitary landfill facility or illegal dumping sites	No	No landfill is within 300 ft
Within 300 ft of Sexually-Oriented Business	No	No sexually-oriented businesses within 300 ft

¹ Environmental Protect Agency, “Ports Primer: Environmental Impacts,” Updated March 23, 2020. Retrieved from: <https://www.epa.gov/community-port-collaboration/ports-primer-71-environmental-impacts#:~:text=Exposure%20to%20air%20pollution%20associated,children%2C%20the%20elderly%2C%20outdoor%20workers>

Within 100 ft of High Voltage Transmission Lines or Infrastructure	Yes	High voltage transmission lines run along Winnie Street to the south of the property
500 ft of active railroad tracks that are not light/commuter rail, mitigated in accordance with HUD standards, or part of Railroad Quiet Zone	No	Although there are no active tracks within 500 feet, a large railroad yard serving the port is within 1000 feet.
Within 500 feet of heavy industry (i.e. facilities that require extensive use of land and machinery, produce high levels of external noise such as manufacturing plants, or maintains fuel storage facilities)	No	No heavy industry is within 500 ft
Within 10 miles of nuclear plant	No	Closest nuclear power plant 95 miles away
Within accident potential zones or runway clearance zones of airport	No	Galveston Airport 4.5 miles away
Sites contains a pipeline containing highly volatile liquid above or underground	No	A natural gas pipeline is within 2 miles
Within 2 miles of refineries capable of refining more than 100,000 barrels of oil daily	No	No refineries are within 2 miles
Close to other hazardous risk factors that could adversely affect the health and safety of residents	Yes	The property is within two miles of toxic release inventory sites and other environmental hazards at the Port of Galveston. Residents face increased exposure to particulate matter pollution caused by diesel combustion. According to the EPA, the tract's "EJ Index" for Diesel PM in the air is 81%, meaning that levels are higher than 81% of all other areas. The EJ Index percentile of Air Toxics Cancer is 85%.



Sandpiper Cove: Land Use and Select Environmental Hazards in Galveston, Texas

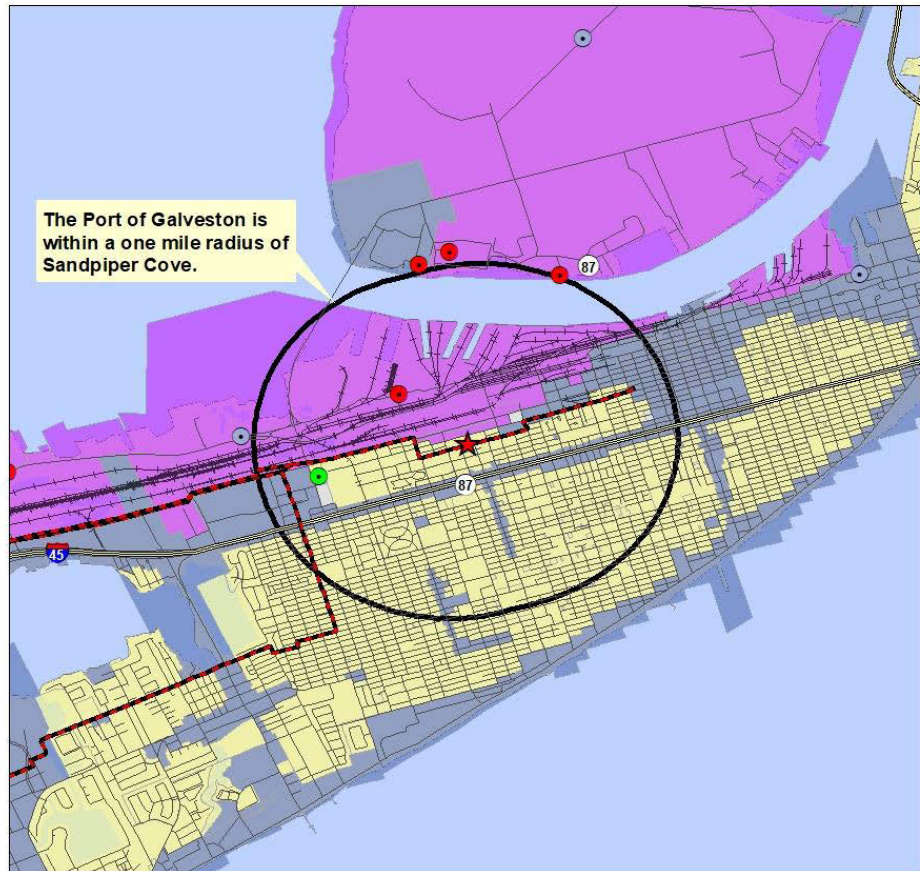
Source: 2018 ACS 5-Year Data, City of Galveston, NHGIS IPUMS, DHS, HUD, TCEQ, DHS, EPA, Railroad Commission, FEMA

- ★ Sandpiper Cove
- Brownfield Site
- Municipal Solid Waste Site
- Toxic Release Inventory Site*
- High Voltage Transmission Line
- Active Railroad

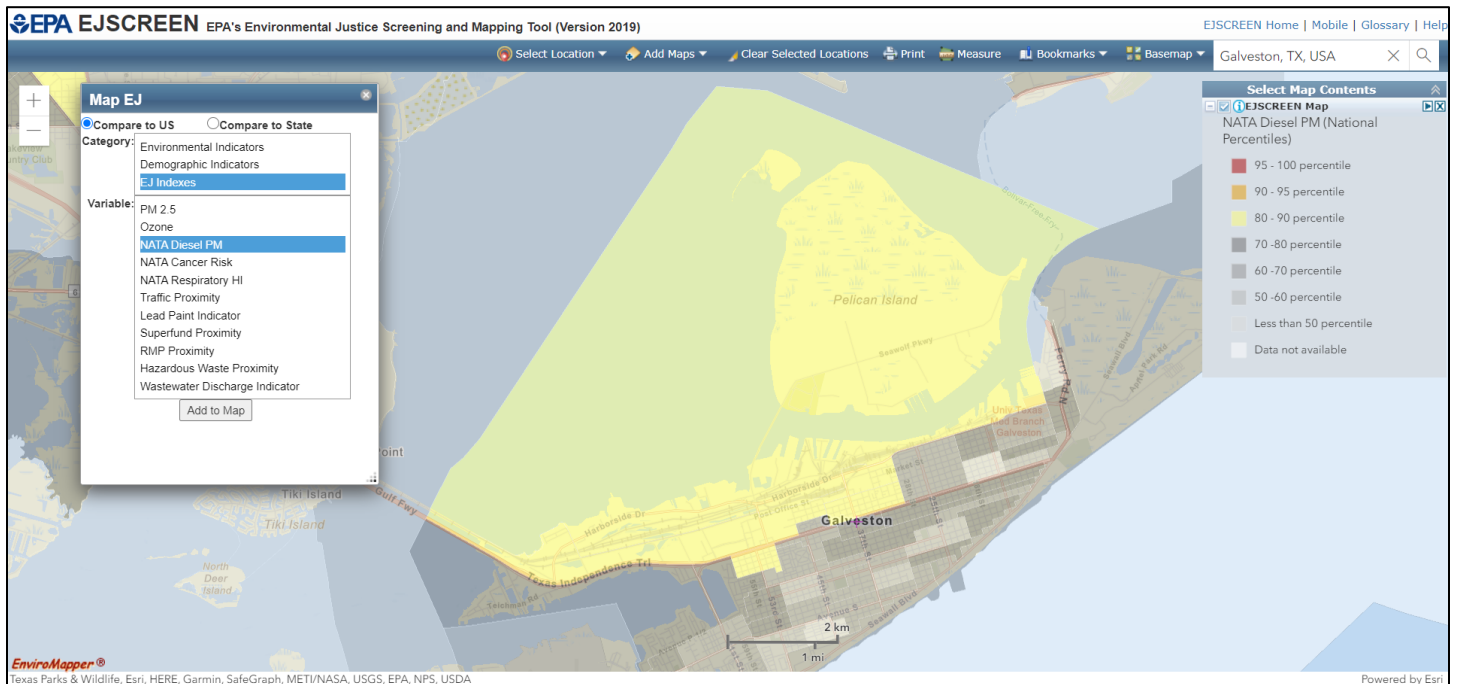
Land Uses

- Commercial
- Industrial
- Mixed Use
- Office
- Res/Rec
- Residential

*DHS Homeland Infrastructure Dataset 3/2020. Site has reported into TRI system in the past

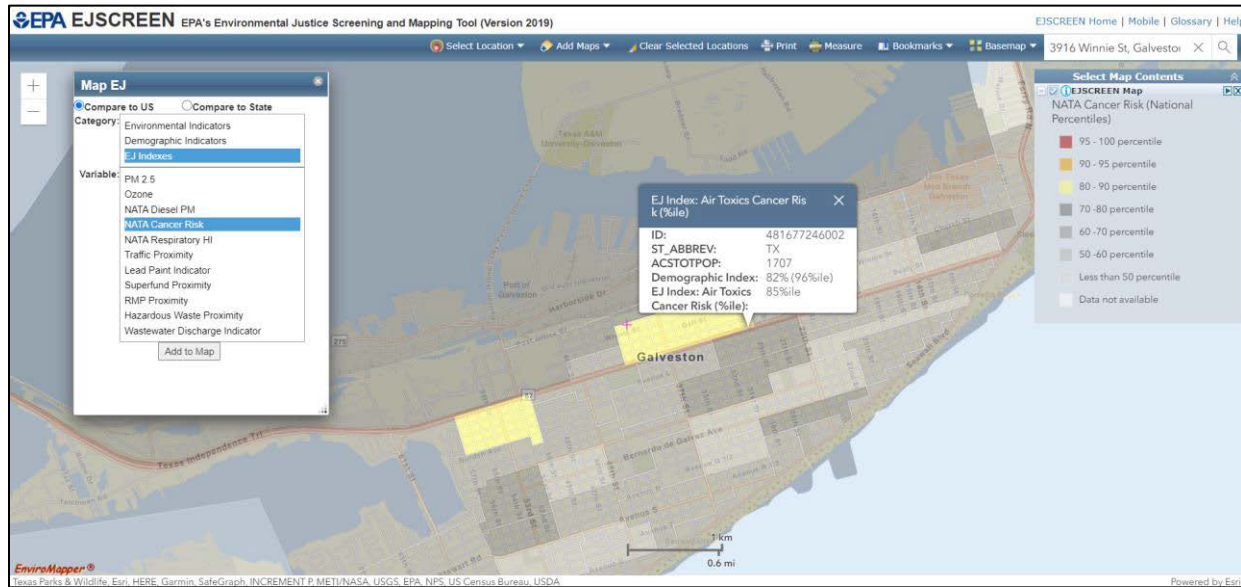


EJ Screen: EJ Index Diesel PM (National Percentiles)



See: Environmental Protection Agency, "EJ Screen," 2019. Retrieved from: <https://ejscreen.epa.gov/mapper/>

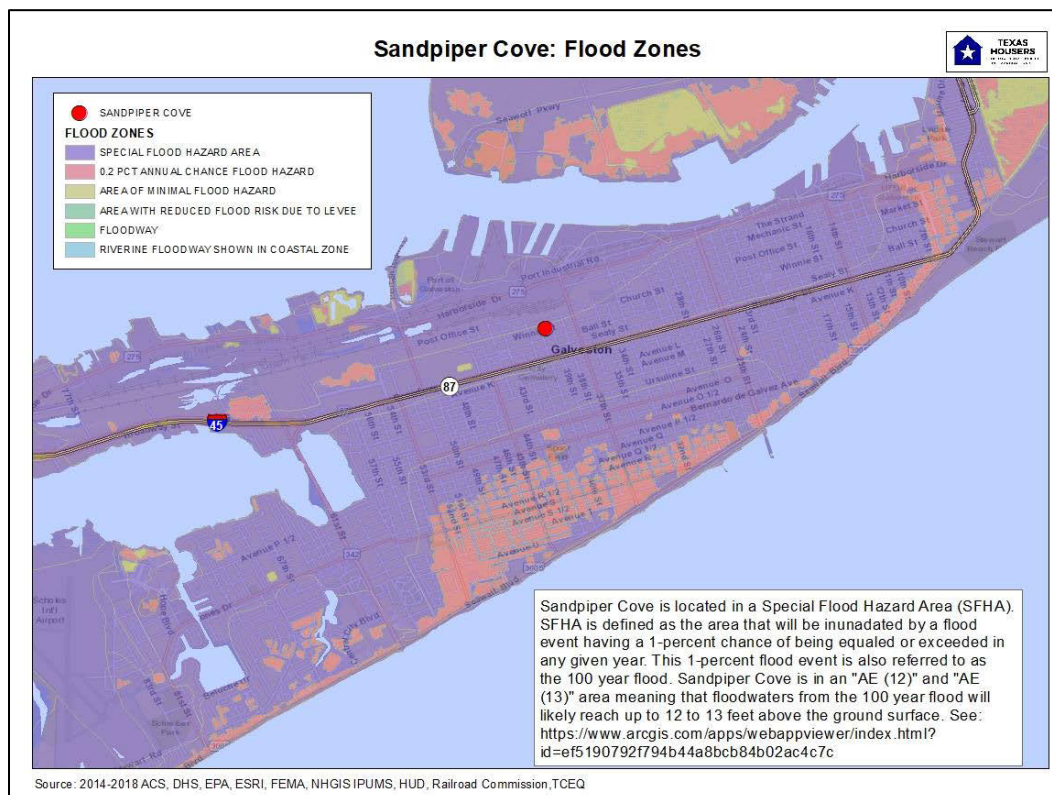
EJ Screen: EJ Index Cancer Risk (National Percentiles)

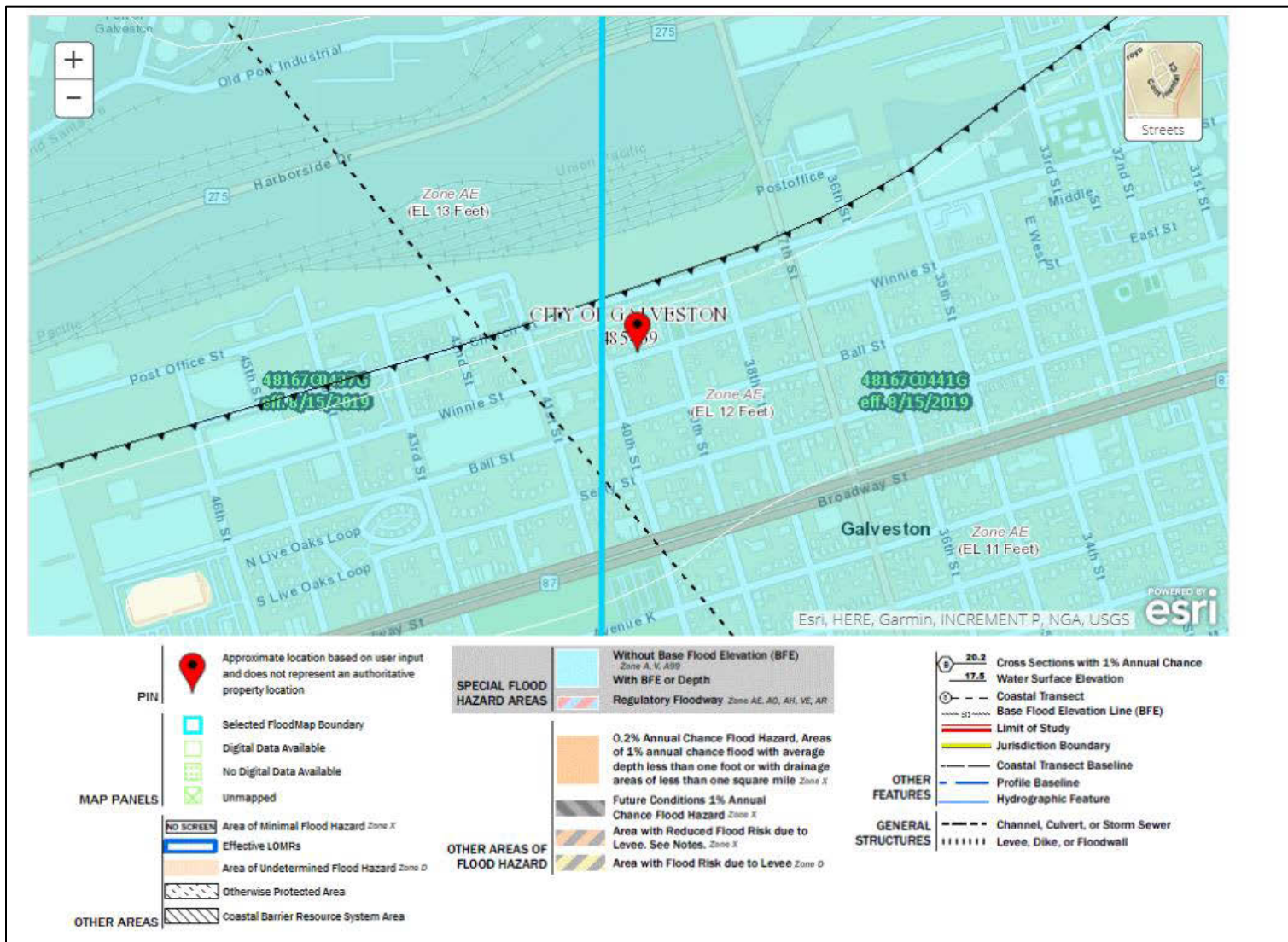


See: Environmental Protection Agency, "EJ Screen," 2019. Retrieved from: <https://ejscreen.epa.gov/mapper/>

V. Site in 100-year floodplain and "Special Flood Hazard Area": From 10 TAC §11.101(a)(1)

Because the site is in a floodplain, Rule §11.101(a)(1) states that "the Site must be developed so that all finished ground floor elevations are at least one foot above the floodplain and parking and drive areas are no lower than six inches below the floodplain." Sandpiper Cove is in a Special Flood Hazard Area (SFHA). A SFHA is the area has a 1% percent change of being inundated by a flood event in any given year. This area is also known as the 100-year floodplain. Homes located in the SCHA have a 26% chance of suffering flood damage during a standard 30-year mortgage. Sandpiper Cove is in an "AE (12)" and "AE (13)" area meaning that floodwaters from the 100-year flood will likely reach up to 12 to 13 feet above the ground surface.





See: <https://www.arcgis.com/apps/webappviewer/index.html?id=ef5190792f794b44a8bcb84b02ac4c7c>



3700 Buffalo Speedway, Suite 1010
Houston, TX 77098
P: 713.963.8660 F: 713.963.8164

March 4, 2021

Via Email: ddanenfelzer@tsahc.org

Texas State Affordable Housing Corporation
Attn: David Danenfelzer
6701 Shirley Avenue
Austin, Texas 78752

Re: Sandpiper Cove

Dear Mr. Danenfelzer,

Pursuant to our telephone conversation on February 25, 2021 we understand your three concerns for Sandpiper Cove (the "Development") are as follows: 1. The Lawsuit, with subsequent potential of the HAP cancellation; 2. Flood Mitigation Efforts; and 3. TEFRA Hearing Comments. We have taken your concerns seriously. Aside from several conference calls, we want to thoroughly address them for you in this letter.

The Lawsuit

We understand your biggest concern is the lawsuit between Sandpiper Residents Association, Larry Bernard Brooks, Sr. and Betty Ann Dergin against The United States Department of Housing and Urban Development, and in particular if the outcome could result in the termination of the Sandpiper Cove HAP Contract.

The conference call on March 3, 2021 that included yourself, the ITEX team, as well as Harry Kelly, Partner, and Monica Sussman, Senior Counsel, at Nixon Peabody provided great value in explaining that courts have recognized that HUD possesses discretion in enforcing any owners' obligation under the HAP Contract. In the case of Sandpiper Cove, HUD has exercised its discretion in favor of preserving Sandpiper Cove.

Subsequently, there was a second conference call on March 3, 2021 that included yourself; the ITEX team; Raynold Richardson; Harry Kelly, Partner, and Monica Sussman, Senior Counsel, at Nixon Peabody; Michael Gamez, Resolution Specialist Branch Chief with HUD; Christie Newhouse, Director Asset Management with HUD Fort Worth; Mary Walsh, Regional Director with HUD Fort Worth; Batina Wills-Washington, Assistant General Counsel with HUD Washington; and Steven Barker, Attorney for HUD Washington. Nixon Peabody and HUD staff spent time explaining the two examples that had been provided as court ordered mandates for HUD to remove the HAP contracts on two deals were in-fact not court mandated but rather done at

HUD's discretion. Barbour Gardens in Connecticut had their HAP Contract removed by HUD and HUD issued Housing Choice Vouchers (HCV), once the HCVs were issued, the residents then filed a lawsuit against HUD because they felt they needed more time to find suitable replacement housing with their HCV. Additionally, the HAP Contract at Ralston Towers in Georgia was not removed due to litigation and court mandate but again due to HUD discretion based on complaints from the City. Furthermore, during the call each HUD representative took time to speak in favor of the rehabilitation proposed for Sandpiper Cove in part due to the current management team being able to positively turn the property around since taking over in April 2020, the significant low housing stock on Galveston Island, and how the rehabilitation would not only provide decent, safe and sanitary housing, but feels it would provide stability to the residents and longevity to the development. Also Steven Barker, HUD Attorney Washington, communicated that there were two in cases in Houston, Arbor Court Apartments and Coppertree Village Apartments that had similar allegations alleged as Sandpiper Cove and in both cases the courts ruled in HUD's favor due to the Section 8 HAP Contract obligations, Federal Statutes and Regulations.

In addition to the conference calls, we ask that you please review the letter from Nixon Peabody attached as **Exhibit A** to this letter in regards to Section 8 Contract Regulations and Law, as well as default and termination rights. Exhibit A includes Mary Walsh at HUD's support letter of Sandpiper Cove's rehabilitation. According to the above we believe that your concerns regarding HUD vacating the HAP Contract and possible cancellation of the HAP Contract due to lawsuit by court order should not be of any concern.

Flood Mitigation

The proposed rehabilitation consists of over \$8 million of State and Federal Historic Tax Credits ("HTC") to make the deal financially feasible. With these funds comes added restrictions on what the rehabilitation can consist of due to the required approvals needed from the Texas Historic Commission ("THC") and National Park Service ("NPS"). Since we have extra parameters to abide by, we've taken a very close look at how to mitigate the flood issues at the Development. After extensive consultation and research with our Architect, Diamond Development Group, and their third party flood consultants, the City of Galveston, and our Historic Consultant, Heritage Consultant Group, we've come to the conclusion that the best plan to mitigate the Development is to construct a flood wall. This flood wall was described in detail by DDG on our March 1, 2021 conference call, and further detailed here.

Although this still needs to receive approval from THC and NPS, our proposal is to build a 2,700 linear foot wall around the perimeter of the Development. The flood wall will be approximately one foot underground, and approximately six feet above ground with approximately two feet of wrought iron fence to bring it to eight feet. Within the flood wall there will be approximately eight pedestrian gate openings and three vehicle gate openings, which would be closed off with flood gates ahead of a severe storm. Egress ladders will be installed to allow for evacuation out of the Development by the residents once the flood wall has been sealed shut. The location of the community building is at the boundary line of the Development's property, therefore the flood wall will terminate at each side of the community building and flood gates would be installed to

protect the building that is not within the flood wall. The examples of the flood gates we'll be using can be found in **Exhibit B** attached.

In addition to the perimeter flood wall and gates, there will be shut offs to the storm drains, manhole covers and drains on the Development ahead of the severe storms to ensure no back flow will occur. To ensure the property does not flood from excessive rain there will be approximately eight sump pumps with emergency generators to run them, allowing water to be relocated outside of the flood wall.

Furthermore, we will be creating an extensive and thorough Severe Storm Plan which will be provided to the residents and upon move-in of any new residents, and ahead of expected severe storms that will result in the enacting of the plan it will be communicated to the residents.

TEFRA Hearing Comments

At the December 1, 2020 TEFRA Hearing we heard from two staff members from Texas Housers and eight residents that all had stated they were opposed to the rehabilitation of the Development. We took the residents' comments very seriously, and made necessary notes to follow up with the manager on-site to confirm if any of the comments made had been put into active work orders and confirm if anything was still outstanding. J. Allen Management confirmed all work orders had been completed prior to the TEFRA hearing.

Although there were several mentions of mold, there were not nearly as many work orders for mold as there were comments. We felt that further investigation, aside from our mold report done by a third party provided needed to be completed. In early January 2021 we had staff go to the Development to walk every unit and provide details of any mold, moisture and/or water intrusion issues. Although the goal was to see all 192 units, they were only able to enter 176 units, due to no keys, residents denying entry, or COVID quarantines. Of the 176 units, there was visible mold to 39 units or 22% of the units viewed. In addition to these 39 units there were several units that were determined to have high moisture readings. This investigation allow us to have a better understanding, and better plan for the rehabilitation.

Furthermore, we understand that no resident came to the TEFRA hearing to speak in support of the rehabilitation, however, there are a large group of residents that do support the rehabilitation. Please see **Exhibit C**, which is a document from John Matthews, resident of unit 26, stating his support, and the signatures of 60 other residents that make up 54 units at the Development.

We have appreciated you providing us the time needed to have several conference calls to allow our architect, legal counsels, and HUD to provide you information you needed to be well-informed about Sandpiper Cove's rehabilitation. We believe that all the due diligence provided ahead of this past week, along with the conference calls, letters including support letters, and information in this letter support a recommendation by TSAHC staff for approval by your board.

If you should have any further questions, please reach me at chris.akbari@itexgrp.com or (409) 543-4465.

Sincerely,

DocuSigned by:

CA72646D23AF4DF...
Christopher A. Akbari
President/CEO

Attachment A



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@NIXONPEABODYLLP

Harry J. Kelly
Partner
T 202-585-8712
hkelly@nixonpeabody.com

799 9th Street NW
Suite 500
Washington, DC 20001-5327
202-585-8000

March 2, 2021

Via E-Mail

Board of Directors
Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, TX 78752

**RE: Sandpiper Cove Apartments, 3916 Winnie Street, Galveston, Texas 77705 --
Limitation on Courts' Ability To Override HUD Section 8 Management Decisions**

Dear Members of the Board of Directors:

This firm is counsel to Galveston 3916 Winnie Street, LP (the "Company") which proposes to purchase a 192-unit multifamily housing property known as Sandpiper Cove Apartments (the "Property"), located at 3916 Winnie Avenue in Galveston, Texas. The Property is a unique resource for lower-income families in Galveston, as it is the only project-based Section 8 assisted housing on the island. Without it, almost 200 families would have to find affordable housing in an area with limited affordable housing alternatives. The Company proposes to acquire the Property in part with bond financing provided by the Texas State Affordable Housing Corporation ("TSACH"), which will be used to rehabilitate the Property and restore it to applicable housing quality standards.

Last year, a lawsuit was filed by a group of residents of the Property, challenging HUD's oversight of the Property pursuant to its participation in the Section 8 program under the Administrative Procedures Act, 5 U.S.C. §§ 551 et seq. ("APA"). *Sandpiper Residents Ass'n v. U.S. Dept. of Housing and Urban Development*, No. 1:20-cv-01783 –RDM (D.D.C. 2020) (the "Litigation").¹ We understand that TSACH is concerned that a court may enter an order transferring the current Section 8 Housing Assistance Payments Contract ("HAP Contract") to another property, or converting assistance to vouchers that current residents can use at other properties. For the following reasons, we do not believe a Federal court has the power under the APA to enter such an order.

¹ The Litigation is subject to a pending motion to transfer the case from its current venue in the District of Columbia to the Southern District of Texas. Docket No. 13. No responsive pleading has been filed by the defendant.

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A. The HAP Contract and HUD Implementing Regulations Confer Broad Discretion on HUD to Respond to Property Management Defaults and Noncompliance.

The current HAP Contract (**Attachment A** hereto), subject to several renewals, establishes the rights and responsibilities of the owner of the Property and the U.S. Department of Housing and Urban Development, which oversees the implementation and operation of the Section 8 rental assistance program. Among other things, the HAP Contract commits HUD to make monthly rental assistance payments. HAP Contract, §7(a) (“For each contract unit occupied by an eligible family in accordance with this Contract, HUD will pay the Owner the difference between the HUD approved gross rent and the Gross Family Contribution required by HUD regulations and administrative procedures.”). In exchange for these benefits, the Owner is subject to a number of express duties, including the obligation to “maintain and operate the contract units and related facilities so as to provide decent, safe and sanitary housing as defined by HUD,” among other tasks. *Id.*, §14(a).

To ensure the Owner’s obligations, the HAP Contract confers extensive oversight and enforcement powers to HUD. Section 26 (entitled “Owner Default Under Contract”) identifies a broad array of tools available to HUD if the Owner does not comply with its obligations under the HAP Contract. After determining that a default has occurred, HUD is authorized to send a notice to the Owner of the default and the steps to be taken within a set time to cure the default. If the cure is not completed in a timely manner to HUD’s satisfaction, “HUD may terminate [the] Contract in whole or in part or may initiate any of the following actions.” §26(b). The specified actions include a variety of measures by Court order, such as to “[t]ake possession of the project . . . [.]” “[c]ollect all rents and other receipts of the project and use the receipts to pay the Owner’s obligations . . . [.] [a]pply to any court, State or Federal, for specific performance of this Contract, for an injunction against any violation of this Contract, for the appointment of a receiver . . . or for such other relief as may be appropriate . . . [and] [i]nitiate action to recover overpayments.” *Id.*, §26(1)(a)-(d).

In addition to seeking judicial enforcement, the HAP Contract authorizes HUD to undertake a variety of administrative enforcement measures, including to “[p]ay housing assistance payments directly to the mortgagee . . . [.] [r]educe or suspend housing assistance payments until the default under this Contract has been cured . . . [.] [w]ithhold housing assistance payments until the default under this Contract has been cured . . . [.] reduce the number of contract units . . . [.] [s]uspend, debar or otherwise restrict participation in any HUD program . . . [.] or [i]nitiate action to recover any overpayments.” *Id.*, §26(b)(2)(a)-(f).

In addition to all of these specified oversight and enforcement tools, the HAP Contract contains a final broad reservation of other remedies to HUD:

Remedies Not Exclusive and Non-Waiver of Remedies. The availability of any remedy under this Contract shall not preclude the exercise of any other remedy under this Contract or under any provisions of Law, nor shall any action taken in the exercise of any remedy be considered a waiver of any other rights or

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remedies. Failure to exercise any right or remedy shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

Id., §26(c).

The oversight and enforcement powers contained in the Contract derive from and are codified in HUD's Section 8 regulations. See generally 24 CFR Part 886. For example, HUD's regulations make clear that it will take appropriate steps generally to oversee the Owner's compliance with the HAP Contract:

HUD will review project operation at such intervals as it deems necessary to ensure that the Owner is in full compliance with the terms and conditions of the Contract.

24 CFR §886.130. The regulations impose a broad series of obligations on the Owner, including "[p]erformance of all ordinary and extraordinary maintenance." Id., §886.119(a)(2). As in the HAP Contract, the regulations expressly authorize HUD to pay Section 8 payments to the mortgagee in the event of a financial default:

In the event of a financial default under the project mortgage, HUD shall have the right to make subsequent Housing Assistance Payments to the mortgagee until such time as the default is cured, or, at the option of the mortgagee and subject to HUD approval, until some other agreed-upon time.

Id., §886.119(b). The HUD regulations provide additional rules concerning maintenance of the property:

Maintenance and operation. The Owner shall maintain and operate the project so as to provide Decent, Safe, and Sanitary housing and he shall provide all the services, maintenance and utilities which he agrees to provide under the Contract, subject to abatement of housing assistance payments or other applicable remedies if he fails to meet these obligations.

Id., §886.123(a). If those obligations are not met, the regulations direct HUD to take action as outlined in the HAP Contract:

Units not Decent, Safe, and Sanitary. If HUD notifies the Owner that he has failed to maintain a dwelling unit in Decent, Safe, and Sanitary condition and the Owner fails to take corrective action within the time prescribed in the notice, HUD may exercise any of its rights or remedies under the Contract, including abatement of housing assistance payments, even if the Family continues to occupy the unit.

Id., §886.123(d).

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Taken together, the oversight and enforcement provisions of the HAP Contract establish a broad and flexible grant of authority to HUD to oversee the operations of a property that receives Section 8 rental assistance and to take a variety of measures to respond if it determines that the Owner is not meeting its contractual obligations. Neither the Contract nor the Regulations, however, specify a single response to a specific default or management failure. Rather, they commit to HUD the decision about what sort of response to make to specific defects in property management and operations. In other words, both the Contract and HUD's regulations recognize that one size does not fit all, that any number of issues may arise in the operation of a property, and that HUD needs the discretion to decide what sort of response to make to rectify any deficiencies it identifies. Clearly, the HAP Contract and HUD's regulations commit to HUD alone the power to decide what response is appropriate.

B. Courts Have Recognized That HUD Possesses Discretion in Enforcing Owners' Obligations Under the HAP Contract.

The Complaint is long and makes many allegations concerning oversight of the Property and its operation by HUD, contending that HUD's conduct violated its duties and seeking relief under the APA. It is outside the scope of this letter to respond individually to the claims asserted in the Complaint and, as noted above, the Government itself has not yet filed a responsive pleading, so we are not aware of what the Government's position is on the matters contained in the Complaint. Nevertheless, to the extent that the plaintiffs in the Litigation invoke the APA to force HUD or the Court to take specific enforcement action, their claims appear to misunderstand the reach of the APA and fundamental distinctions it makes between the powers of HUD and a reviewing court here, including the powers of an agency to decide what actions to take to enforce legal obligations by regulated parties.

The basis asserted by the Plaintiffs for judicial review here is §702 of the APA, which states in part that "[a] person suffering legal wrong because of agency action, or adversely affected or aggrieved by agency action within the meaning of a relevant statute, is entitled to judicial review thereof." 5 U.S.C. §702. Under the APA, a court may, among other things, "(1) compel agency action unlawfully withheld or unreasonably delayed; [and] (2) hold unlawful and set aside agency action, findings, and conclusions found to be . . . arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law" Id., §706(1) and (2)(a). However, that power is not unfettered. According to §701, courts do not have power to overturn an action properly committed to the discretion of the overseeing agency:

This chapter applies, according to the provisions thereof, except to the extent that . . . agency action is committed to agency discretion by law. . . .

Id., §701(a)(2).

Courts have repeatedly made clear that decisions with respect to enforcement matters are properly committed to the HUD's discretion and not subject to judicial review, relying on the standard set by the U.S. Supreme Court in *Heckler v. Chaney*, 470 U.S. 821 (1985). For

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example, according to the court in *Hawkins v. U.S. Dep't. of Hous. & Urban Dev.*, the Heckler court explained that the limitations imposed by §701(a) reflect “an agency’s need to balance a number of factors which were peculiarly within the agency’s expertise, including whether agency resources were best spent on the alleged violation, whether the agency was likely to succeed if it acted and whether the enforcement action best reflected the agency’s overall policies.” *Hawkins*, No. CV H-18-3052, 2020 WL 1480012, at *6 (S.D. Tex. Feb. 21, 2020), *report and recommendation adopted sub. nom. Hawkins v. U.S. Dep't. of Hous. & Urban Dev.*, No. CV H-18-3052, 2020 WL 1469793 (S.D. Tex. Mar. 26, 2020).

Hawkins involved claims similar to those asserted in the litigation, in which the plaintiffs alleged weak oversight by HUD over maintenance activities by an owner and sought to compel HUD to issue portable vouchers that would allow the residents to leave the subject property. In analyzing HUD’s discretion to select enforcement tools, the court explained the history of past efforts to subject HUD’s regulatory and enforcement powers to judicial review under the APA:

Courts have determined that many of HUD's final agency decisions are committed to agency discretion by law. *See Westchester v. U.S. Dep't of Hous. & Urban Dev.*, 778 F.3d 412 (2nd Cir. 2015)(finding that the rejection of a grant application was not reviewable); *Inclusive Cmty's. Project, Inc. v. U.S. Dep't of Hous. & Urban Dev.*; No. 3:07cv945, 2009 WL 3122610, at *7 (N.D. Tex. Sept. 29, 2009)(unpublished)(finding that the setting of market rent for Section 8 housing was not reviewable); *Am. Disabled for Attendant Programs Today (“ADAPT”) v. U.S. Dep't of Hous. & Urban Dev.*, 170 F.3d 381, 387 (3rd Cir. 1999)(finding that the failure to carry out enforcement duties under FHA was not reviewable); *Hill v. Group Three Hous. Dev. Corp.*, 799 F.2d 385, 396 (8th Cir. 1986)(holding that HUD's failure to take enforcement action against a Section 8 landlord was not reviewable under Sec. 701(a)(2) of the APA).

Id. at *6. The *Hawkins* court rejected plaintiffs’ claims, concluding that “the decision to pursue compliance with the regulations with the existing management was committed to HUD’s discretion and is not reviewable under Section 701(a)(2).” *Id.* at *7. ²

Significantly, the party that submitted comments to TSACH opposing the issuance of bonds here, Texas Low Income Housing Information Service (a/k/a “Texas Housers”), unsuccessfully sued HUD recently, asserting similar claims with respect to HUD’s alleged failure to enforce federal civil rights laws against the City of Houston. *Tex. Low Income Hous. Information Serv. v. Carson*, 427 F. Supp. 3d 43 (D.D.C. 2019). Although the court in that case held that Texas

² The *Hawkins* court also rejected the plaintiffs’ claims that HUD’s withholding of portable vouchers was racially discriminatory in violation of the Fair Housing Act, 42 U.S.C. §3601 et seq., on the grounds, among others, that examining those claims “would require the court to review a discrete decision not to take enforcement action against the [subject property], a decision committed to agency discretion by law.” *Id.* at *10.

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Housers did not have standing to pursue its claims, the court also pointed out that judicial review of agency enforcement actions is generally precluded by the APA:

Indeed, it is not even clear what Texas Housers would like the Court to do other than to order HUD to more effectively enforce certain laws against Houston. See generally Compl., Prayer for Relief at 36; Opp'n at 35 (asking the Court “to order HUD to end its policy of overlooking Houston's proven failures and to do something in accordance with the agency's own findings”). *And as Defendants correctly point out, the Supreme Court's decision in Heckler v. Chaney generally precludes judicial review of an agency's discrete enforcement decisions.* *Heckler v. Chaney*, 470 U.S. 821, 831, 105 S.Ct. 1649, 84 L.Ed.2d 714 (1985) (“[A]n agency's decision not to prosecute or enforce, whether through civil or criminal process, is a decision generally committed to an agency's absolute discretion.”)(internal citations omitted; emphasis added).

427 F. Supp. 3d at 59, fn. 6 (emphasis added).

In this case, it is clear that HUD has exercised its discretion in favor of preserving the Property as a source of affordable housing in Galveston, TX. In a letter to Bobby Wilkinson, Executive Director of the Texas Dept. of Housing and Community Affairs dated February 25, 2021 (“Walsh Letter,” **Attachment B** hereto), Mary Walsh, HUD’s Director for Multifamily Housing Southwest Region, confirmed HUD’s “support for rehabilitation” of the Property, noting that “the market for affordable housing is very limited on Galveston Island and that [the Property] is the only Project Based Section 8 housing on the Island.” Walsh Letter at 1. Therefore, she concluded, “HUD is committed to, retaining and preserving this affordable housing on Galveston Island.” *Id.* Fully aware of the history of this property, its present condition, and the steps needed to rehabilitate it, HUD has properly exercised its discretion to pursue preservation and rehabilitation of the Property and a court should not second-guess that decision.

Conclusion

As noted above, the Complaint is long and make a number of allegations that are outside the scope of this letter. But it is premised on the idea that that a court has the power to second-guess HUD’s enforcement decisions with respect to the Property. The HAP Contract and HUD’s Section 8 regulations establish a comprehensive regime to enforce an owner’s obligations under the HAP Contract. When called upon to do so, courts have consistently held

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that such enforcement decisions are properly committed to HUD's enforcement powers under §701(a)(2) of the APA and are not reviewable by the courts, including with respect to issuing portable vouchers as a remedy for an alleged failure to maintain a property pursuant to a HAP Contract or for alleged violations of the Fair Housing Act.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Harry J. Kelly", with a stylized flourish at the end.

Harry J. Kelly
Partner

HJK
Attachment



U.S. Department of Housing and Urban Development
Houston Multifamily Service Office, Region VI
Two Greenway Plaza East, Suite 200
Houston, Texas 77046

APR 19 1984

Mr. Harris L. Kempner
Parkland Apartments of Galveston
PO Box 119
Galveston, TX 77553

Dear Mr. Kempner:

SUBJECT: FHA Project No. 114-35033-NP (TX24-M000-018)
Parkland Apartments
Galveston, Texas

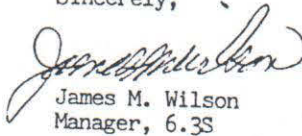
Enclosed is an executed copy of the Housing Assistance Payments (HAP) Contract for the subject project. This contract is effective May 1, 1984, and is for 192 units.

The HAP Contract and your Regulatory Agreement outline your responsibilities in regard to this project. Detailed guidance on how to administer this subsidy contract is provided in HUD Handbook 4350.3 and Philip Abrams' memorandum dated April 21, 1983, which is a guide to subsidy administration in multifamily subsidized projects.

Also, enclosed is a copy of the executed Amendatory Contract to the Rent Supplement Contract which is effective June 1, 1984.

If you have any questions, please call Paula Pollard at (713) 954-6869.

Sincerely,


James M. Wilson
Manager, 6.3S

Enclosures

cc:
Aubry Pruitt
I. L. Sanchez-Davis
Robert M. Ratcliffe, Jr.
Franklin D. Smeltzer
Ralph Iozzo
Conrad Egan
E. R. Thompson

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AMENDATORY CONTRACT

Project Number 114-35033-NPProject Name Parkland Apartments

WHEREAS, pursuant to Section 215 of the National Housing Act ("ACT"), a certain Rent Supplement Contract ("Contract") was entered into on the day of April 25, 19 69, by and between the Secretary of Housing and Urban Development ("Government") and Parkland Apartments of Galveston. ("Owner").

WHEREAS, in order to assure the accomplishment of the purposes of the Act, it is the desire of all parties to cancel and nullify all aspects of said Contract.

NOW, THEREFORE, in consideration of the promises of the mutual covenants in said Contract and this Amendatory Contract, all parties do hereby agree that the Contract shall be and the same hereby is CANCELLED, NULLIFIED AND VOID.

No further rental assistance payments shall be made under said Contract after 1 day of June, 19 84.

This Amendatory Contract shall not be deemed to affect any proceedings taken or any act or thing done by the Owner pursuant to the Contract prior to the effective date of this Amendatory Contract, and all such proceedings properly taken, and all such acts or things properly done pursuant to and in compliance with the provisions of said Contract shall be deemed to have been properly taken, done and performed under the Contract.

IN WITNESS WHEREOF, all parties have caused this Amendatory Contract to be executed in their respective names.

PARKLAND APARTMENTS OF GALVESTON SECRETARY OF HOUSING AND URBAN DEVELOPMENT
(Housing Owner)

By: Theresa K. Thompson By: Rogelio R. Santos

Date: 4/03/84 Date: 4-19-84

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM
ADDITIONAL ASSISTANCE PROGRAM FOR PROJECTS WITH HUD-INSURED
AND HUD-HELD MORTGAGES,
24 C.F.R. PART 806, SUBPART A

HOUSING ASSISTANCE PAYMENTS (HAP) CONTRACT

Term No. 1

This Contract is between the United States of America, acting through the Department of Housing and Urban Development (called "HUD"), and Parkland Apartments of Galveston (called "Owner"). This Contract is executed pursuant to the United States Housing Act of 1937 (called the "Act"), 42 U.S.C. 1437, et seq., and the Department of Housing and Urban Development Act, 42 U.S.C. 3531, et seq. The housing project covered by this Contract is identified as follows:

Project Name: Parkland Apartments City: Galveston
Street Address: 3916 Winnia
Section 8 No.: TX24-M000-018 County: Galveston
FHA Project No.: 114-35033-NP State: TX

Section 1. Definitions

- a. Family -- one or more persons eligible for and receiving Section 8 housing assistance payments in accordance with HUD regulations and administrative procedures.
- b. Contract Rent -- the rent HUD authorizes the Owner to collect for the contract unit.
- c. Utility Allowance -- an amount determined or approved by HUD as an allowance for the cost of utilities (except telephone).
- d. Gross Rent -- the sum of the contract rent and any utility allowance. If there is no utility allowance, gross rent equals contract rent.
- e. Gross Family Contribution -- the amount HUD regulations require the family to pay monthly towards the gross rent.
- f. Net Family Contribution -- the Gross Family Contribution less any utility allowance. If this amount is positive, it represents the amount HUD regulations require the family to pay monthly to the Owner. If this amount is negative, the family makes no payment to the Owner. Instead, the Owner pays this amount monthly to the family.

Section 2. Content of Contract. This Contract includes the exhibits listed below and the Affirmative Fair Housing Marketing Plan approved by HUD on _____ which is incorporated by reference.

- o Exhibit A: Equal Opportunity Requirements
- o Exhibit B: Schedule of Units, Rents, Equipment, Utilities and Services
- o Additional Exhibits:

Section 3. Scope of Contract. This Contract and its exhibits comprise the entire agreement between the parties to this Contract with respect to the matters contained in it. Neither party is bound by any representations or agreements of any kind except as contained in this Contract, in any applicable regulations, in HUD's administrative procedures, or in agreements entered into in writing (e.g., the project Regulatory Agreement).

Section 4. Housing Owner's Certification of Authority. The Owner certifies that the Owner has the legal authority to enter into this Contract and to lease the dwelling units covered by this Contract.

Section 5. Term of Contract. This Contract shall run for a period of five years, beginning May 1, 19 84, and continuing through April 30, 19 89. This Contract may be renewed for two additional five-year periods at the option of the Owner and HUD.

Section 6. Maximum Amount of Housing Assistance Payments.

- a. Maximum Annual Contract Commitment. Notwithstanding any other provision of this Contract (other than paragraph b) or any other contract between HUD and the Owner, HUD shall not be obligated to make assistance payments and pay PHA fees, if any, in excess of \$ 829,080 under this Contract during any contract year. In addition, HUD shall not be obligated to pay assistance for more than the total number of contract units shown in Exhibit B.
- b. HAP Reserve (Formerly Project Account). In order to ensure that housing assistance payments will be increased on a timely basis to cover increases in contract rents or decreases in family incomes, HUD shall establish and maintain a HAP Reserve out of amounts by which the maximum annual contract commitment exceeds amounts paid under the Contract for any contract year. This Reserve shall be maintained in the name of the project. The amount of housing assistance paid for any contract year may exceed the maximum annual contract commitment specified in paragraph 6a to the extent unused contract authority is available in the HAP Reserve.

- (1) The HAP Reserve may be used only for payment of housing assistance payments or other costs specifically authorized by HUD.
- (2) If HUD at any time determines that the HAP Reserve has accumulated unused contract authority in excess of the amount the project will need through the current contract year, HUD may reduce the HAP Reserve by the amount that HUD determines to be excessive.
- (3) Any amount remaining in the HAP Reserve at the end of the term of this Contract shall be applied as directed by HUD in accordance with applicable law.

Section 7. Housing Assistance Payments and PHA Fees. HUD shall make payments for the purposes identified in this section. Eligibility for, and the amount of, any housing assistance payments will be determined in accordance with HUD's regulations and administrative procedures.

a. **Monthly Rental Assistance.** For each contract unit occupied by an eligible family in accordance with this Contract, HUD will pay the Owner the difference between the HUD approved gross rent and the Gross Family Contribution required by HUD regulations and administrative procedures. From this amount, the Owner will pay families any amounts due them pursuant to HUD regulations and administrative procedures and Section 15c of this Contract.

b. **Compensation for Vacancy Loss.** If an occupied contract unit becomes vacant, HUD will pay the Owner 80 percent of the contract rent for up to the lesser of 60 calendar days following the date the unit became vacant or the actual number of days the unit remained vacant. Such payments will be made only in accordance with the following conditions and limitations.

- (1) The Owner shall be entitled to vacancy payments under this paragraph b only if the Owner:
 - (a) immediately upon learning of the vacancy or prospective vacancy: (1) notified HUD of the vacancy and the reasons for the vacancy; and (2) took and continued to take all feasible actions to fill the vacancy including, but not limited to, contacting applicants on the waiting list and advising them of the availability of the unit;
 - (b) has not rejected any eligible applicant except for good cause acceptable to HUD;
 - (c) when the vacancy was created by the Owner's action, administered the termination of tenancy, eviction and all related notices in accordance with State and local law, the lease and HUD regulations and administrative procedures.
- (2) HUD will pay vacancy payments only for those days on which the unit was in decent, safe and sanitary condition and available for occupancy.
- (3) If the Owner collects other payments toward the rent due for the period HUD pays vacancy payments, the Owner shall pay to HUD, or pay as HUD directs, any amount by which the sum of the HUD vacancy payments and these other payments exceeds the contract rent. "Other payments" will include rent collected from or on behalf of the former tenant, security deposits applied toward the rent, and payments from any other source.

c. **Compensation for Damages, Unpaid Rent and Other Amounts Due Under the Lease.** If a family vacates a contract unit and owes rent, other amounts due under the lease, or has left damages in excess of normal wear and tear, the Owner may request reimbursement from HUD for such items so long as the Owner: (1) has collected a security deposit in an amount permitted by HUD, and (2) has completed the move-in and move-out unit inspections required by HUD. The amount of the reimbursement will be calculated in accordance with HUD regulations and administrative procedures.

d. **PHA Fee.** Where appropriate, HUD will make payments to the Owner to be used solely to compensate PHAs for services provided in accordance with Exhibit C. The PHA fee, if any, will be the amount specified in Exhibit C.

Section 8. HUD Not Obligated for Family's Rent. HUD does not assume any obligation for the amount of rent payable by any family or for the satisfaction of any claim by the Owner against any family other than in accordance with Section 7.

Section 9. Owner's Request for Housing Assistance Payments. The Owner must prepare and submit requests for housing assistance payments in accordance with the administrative procedures established by HUD. All requests for assistance payments must be submitted on the forms prescribed by HUD and be properly executed by the Owner or the Owner's authorized agent. The Owner agrees not to request assistance payments under this Contract for families who are assisted under the Section 8 Existing Housing Program ("Finders Keepers," 24 CFR 882, Subparts A and B), the Rent Supplement Program, the Rental Assistance Program or any other similar program. The Owner understands that submission of such duplicate bills is a default under the Contract and HUD may pursue any remedies available including those outlined in Section 26 of this Contract.

Section 10. Adjustment for Incorrect Payments. If HUD at any time determines that the Owner has received improper or excessive housing assistance payments, HUD shall have the right to deduct the amount of such overpayments from any payments otherwise due the Owner under this Contract. The Owner agrees to promptly correct monthly requisitions for assistance payments and to promptly submit revised requisitions as directed by HUD. If HUD determines that the Owner has not received the full amount of assistance to which the project is entitled, HUD shall promptly make a corresponding adjustment in the amount of housing assistance payments.

Section 11. Marketing of Contract Units. In conducting marketing activities, the Owner shall comply with the project's Affirmative Fair Housing Marketing Plan and the regulations relating to fair housing advertising. The Owner shall make a good faith effort to ensure that all contract units are promptly leased to eligible lower income families to be used only as private dwellings and as the family's sole place of residence.

Section 12. Determining Applicants' Eligibility for Assistance. The Owner agrees to promptly carry out the following actions in accordance with HUD regulations and administrative procedures:

- a. require each applicant to complete an application in a form developed by the Owner and containing the information needed to effectively screen applicants and to carry out HUD's requirements;
- b. verify all information on which the determination of the applicant's eligibility, gross family contribution, and housing assistance payment will be based;
- c. determine eligibility for assistance;
- d. notify applicants of decisions taken on their applications;
- e. execute a certification of tenant eligibility before billing HUD for assistance payments on behalf of the family; and
- f. process complaints received from applicants at any stage of the application procedure.

Section 13. Selection and Admission of Applicants. The Owner agrees to:

- a. establish only preferences and priorities approved by HUD;
- b. select families so that the Owner achieves the economic mix required by HUD's regulations and administrative procedures;
- c. offer any available contract units to eligible applicants who meet the Owner's tenant selection standards provided that sufficient contract authority is available pursuant to Section 6a of this Contract;
- d. offer any available contract unit to over-income applicants only when no eligible and otherwise qualified applicant is on the project's waiting list and only after complying with HUD's administrative procedures related to admission of over-income applicants;
- e. execute leases in the form prescribed or approved by HUD and do so before billing HUD for assistance payments;
- f. assign bedroom size in accordance with HUD's administrative requirements;
- g. inspect the unit with the family before the family moves in, document the condition of the unit on a written inspection report signed by both the Owner and the family, and certify that the unit is decent, safe and sanitary;
- h. collect and maintain security deposits only in accordance with HUD regulations and administrative procedures; and
- i. not collect any other amounts as a condition for admission to the project, unless HUD gives the Owner specific written authorization to do so.

Section 14. Maintenance. The Owner agrees to:

- a. maintain and operate the contract units and related facilities so as to provide decent, safe and sanitary housing as defined by HUD;
- b. regularly clean and maintain all common areas, equipment and grounds, and make repairs with reasonable promptness; and
- c. respond promptly to HUD's Physical Inspection Reports and to implement corrective actions within a reasonable time.

Section 15. General Management. The Owner agrees to:

- a. provide the utilities, services, and equipment specified in Exhibit B;
- b. not charge any family an amount in excess of the Net Family Contribution unless HUD gives the Owner specific written authorization to do so;
- c. pay monthly to the family the amount of the Net Family Contribution when the Net Family Contribution is negative;
- d. evaluate the accuracy of any utility allowance at least annually and submit to HUD documentation of the analysis and, if needed, recommendation for changes in the amount of any utility allowance;
- e. complete recertifications of each family's income and allowances in accordance with HUD regulations and administrative procedures;
- f. promptly follow-up with any family which does not provide the required recertification data within the established time schedules and initiate HUD-prescribed enforcement actions;
- g. adjust families' gross contributions in accordance with HUD regulations and administrative procedures;
- h. request a family to move to an appropriately-sized unit when the size or composition of the family has changed and HUD procedures require the Owner to request such unit transfers;
- i. change, suspend or terminate a family's housing assistance payments only in accordance with HUD regulations and administrative procedures. The Owner agrees that suspension or termination of a family's housing assistance payments shall not affect the family's rights otherwise available under the lease, including the right to remain in the contract unit;

- j. terminate tenancies of families in accordance with applicable State and Federal law, the lease and HUD regulations and administrative procedures; and
- k. inspect a unit with the family when the family moves out and document the condition of the unit on a written inspection report signed by both the Owner and the family.

Section 16. Discriminatory Practices Prohibited. The Owner agrees not to discriminate based upon race, color, creed, religion, sex, age, national origin or handicap. The Owner also agrees not to discriminate against families with children unless the project is specifically designed for elderly families. The Owner agrees to comply with the Equal Opportunity Requirements attached as Exhibit A to this Contract.

Section 17. Reduction in Number of Contract Units.

- a. If the Owner fails, for a continuous period of six months, to have at least 80 percent of the contract units leased or available for leasing to income-eligible families, HUD may, on 30 days notice to the Owner, reduce the number of contract units to not less than the number of units under lease or available for leasing by eligible families, plus 10 percent of such number.
- b. At the end of the term of this Contract, HUD may, upon notice to the Owner, reduce the number of contract units to the greater of: (1) the number of units under lease or available for leasing by eligible families at that time; or (2) the average number of units so leased or available for leasing during the prior 12 month period, plus 10 percent of such number.
- c. HUD will agree to an amendment of the Contract to provide for subsequent restoration of any reduction made pursuant to paragraph a or b if contract and budget authority and units are available and HUD determines that the restoration is justified as a result of changes in demand and in light of the Owner's record of compliance with his/her obligations under the Contract.

Section 18. Rent Adjustments. Contract rents and utility allowances shall be adjusted by HUD in accordance with HUD regulations and administrative procedures. The new contract rents, utility allowances and gross rents will be incorporated into this Contract as a revision to Exhibit B. HUD will make housing assistance payments commensurately with the HUD-approved changes in rents and utility allowances, up to the maximum amount of assistance authorized by Section 6 of this Contract. The Owner agrees that rents charged for other comparable units in the project will not be less than the contract rents, except when authorized in writing by HUD.

Section 19. Changes in Contract Amount.

- a. HUD will increase the maximum annual contract commitment as necessary to provide assistance payments for: (1) any additional contract units authorized by HUD; (2) HUD-approved rent increases; (3) decreases in family contribution for units currently authorized to receive assistance under this Contract; and (4) PHA fees.
- b. HUD may reduce the maximum annual contract commitment commensurately with any reduction in the number of contract units made pursuant to this Contract.

Section 20. Recordkeeping Requirements. The Owner agrees to retain, for at least three years, all correspondence, materials, and documentation related to processing of: applications for admissions and notices of decisions made on those applications; certifications and recertifications of tenant eligibility; HUD-required move-in and move-out unit inspections; special claims and regular monthly vouchers; evictions; suspension and termination of assistance; and other actions which the Owner is required to perform in carrying out this Contract. The Owner shall maintain as confidential all information which, if disclosed, would constitute an unwarranted invasion of a family's privacy.

Section 21. Reports and Access to Premises and Records. The Owner shall supply HUD with any information and reports pertinent to the Contract as reasonably may be required from time to time by HUD. The Owner shall permit HUD or any of its duly authorized representatives to have access to the premises and, for the purpose of audit and examination, to have access to any books, documents, papers and records of the Owner and his/her Management Agent that are pertinent to compliance with this Contract, including the verification of information pertinent to the housing assistance payments.

Section 22. Flood Insurance. If the project is in a special flood hazard area, the Owner agrees that the project will be covered, during its anticipated economic or useful life, by flood insurance in an amount at least equal to its development or project cost (less estimated land cost) or to the maximum limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, whichever is less.

Section 23. Clean Air Act and Federal Water Pollution Control Act. This Section does not apply if five times the dollar amount in Section 6a of this Contract, as of the first day of this term, is \$100,000 or less. In compliance with regulations issued by the Environmental Protection Agency ("EPA"), 40 C.F.R. Part 15, pursuant to the Clean Air Act, as amended ("Air Act"), 42 U.S.C. 7401, et seq., the Federal Water Pollution Control Act, as amended ("Water Act"), 33 U.S.C. 1251, et seq., and Executive Order 11738, the Owner agrees to:

- a. not utilize any facility in the performance of this Contract or any nonexempt subcontract which is listed on the EPA List of Violating Facilities pursuant to section 15.20 of the regulations;
- b. promptly notify HUD of the receipt of any communication from the EPA indicating that a facility to be utilized for the Contract is under consideration to be listed on the EPA List of Violating Facilities;
- c. comply with all the requirements of section 114 of the Air Act and section 308 of the Water Act relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in section 114 of the Air Act and section 308 of the Water Act, and all regulations and guidelines issued thereunder; and

- d. include or cause to be included the provisions of this Section in every nonexempt contract and take such action as HUD may direct as a means of enforcing such provisions.

Section 24. Interest of Members, Officers, or Employees of PHA, Members of Local Governing Body or Other Public Officials. No member, officer, or employee of the PHA, if any, which is a party to the Contract, no member of the governing body of the locality (city and county) in which the project is situated, no member of the governing body of the locality in which the PHA was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the project, during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in this Contract or in any proceeds or benefits arising from it. However, a member or officer of the PHA may be a tenant in the project.

Section 25. Interest of Member of or Delegate to Congress. No member of or delegate to the Congress of the United States of America or resident commissioner shall be admitted to any share or part of this Contract or to any benefits which may arise from it.

Section 26. Owner Default Under Contract.

- a. Events of Default. HUD may consider the Owner to be in default under this Contract when the Owner has:
- (1) violated or failed to comply with any provision or obligation of this Contract, including correction of any deficiency identified by HUD in its reviews of the Owner's administration of this Contract;
 - (2) asserted or demonstrated an intention not to perform some or all of his/her obligations under this Contract or any lease;
 - (3) violated or failed to comply with any applicable HUD regulation or with any term of the HUD-held or insured mortgage or regulatory agreement or any lease; or
 - (4) furnished any false statements or misrepresentations to HUD in connection with HUD mortgage insurance, loan processing, or administration of this Contract.
- b. Corrective Actions. Upon determining that a default has occurred, HUD will notify the Owner, by certified mail, of the nature of the default, the actions the Owner must take to cure the default, and the time within which the Owner must complete the corrective actions. If the Owner does not implement the requested actions, or other corrective action acceptable to HUD, within the prescribed time or does not do so to the satisfaction of HUD, HUD may terminate this Contract in whole or in part or may initiate any of the following actions.
- (1) Actions by Court Order.
 - (a) Take possession of the project, bring any action necessary to enforce any rights of the Owner related to operation of the project, and operate the project in accordance with the terms of this Contract until such time as HUD determines that the Owner is again in a position to operate the project in accordance with the terms of this Contract and in compliance with the requirements of any note, mortgage, or regulatory agreement.
 - (b) Collect all rents and other receipts of the project and use such receipts to pay the Owner's obligations under this Contract and under the note and mortgage and the necessary expenses of maintaining and operating the project.
 - (c) Apply to any court, State or Federal, for specific performance of this Contract, for an injunction against any violations of this Contract, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Contract, or for such other relief as may be appropriate. These remedies are appropriate since the injury to HUD arising from a default under any of the terms of this Contract could be irreparable and the amount of damage would be difficult to ascertain.
 - (d) Initiate action to recover any overpayments.
 - (2) HUD Administrative Actions.
 - (a) Pay housing assistance payments directly to the mortgagee in the event of default under the mortgage.
 - (b) Reduce or suspend housing assistance payments until the default under this Contract has been cured to the satisfaction of HUD.
 - (c) Withhold housing assistance payments until the default under this Contract has been cured to the satisfaction of HUD.
 - (d) Reduce the number of contract units when the Owner has failed to make a good faith effort to lease all contract units to eligible families.
 - (e) Suspend, debar or otherwise restrict participation in any HUD program.
 - (f) Initiate action to recover any overpayments.
- c. Remedies Not Exclusive and Non-Waiver of Remedies. The availability of any remedy under this Contract shall not preclude the exercise of any other remedy under this Contract or under any provisions of law, nor shall any action taken in the exercise of any remedy be considered a waiver of any other rights or remedies. Failure to exercise any right or remedy shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

Section 27. Impact of Other Servicing Agreements on this Contract.

- Assignment of Contract or Change of Ownership. HUD will approve a change of ownership during the term of this Contract only if the purchaser demonstrates, to HUD's satisfaction, an ability to administer this Contract and agree to carry out all terms of this Contract.
- Assignment of Mortgage. In the event the mortgage is assigned to HUD, HUD may terminate this Contract, temporarily reduce or suspend payment of amounts due under this Contract, or take any other action available under Section 26 of this Contract.
- Prepayment of Mortgage. Prepayment of the mortgage shall not, by itself, affect any rights of the Owner or HUD under this Contract.

Section 28. Effect on Other Agreements. To the extent that this Contract conflicts with any agreement(s) between the Owner and HUD, the provisions of this Contract shall be controlling. The provision(s) of the other agreement(s) shall be considered to be amended by the terms of this Contract. Such amendments shall be valid as if such amendment had been made directly to such agreement(s). These amendments shall be effective only during the term of this Contract.

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

Section 29. Signatures.

Owner PARKLAND APARTMENTS OF GAI VESTON

By Harris L. Kempner

HARRIS L. KEMPNER

(Name)

TRUSTEE

(Official Title)

Date 7/23/84, 1984

HUD Samuel R. Pierce, Jr.

By James M. Wilson

JAMES M. WILSON

(Name)

Manager

(Official Title)

Date 7/23/84, 1984

EXHIBIT B

SCHEDULE OF UNITS, RENTS, EQUIPMENT, UTILITIES AND SERVICES

Project Name: Parkland ApartmentsNo. of Units: 192HAP Contract 4-30Section 8 No. TX24-M000-018Section 8: 192Year Ends 4-30Total 192

Unit Size (1)	No. of Section 8 Contract Units (2)	Contract Rent (\$) (3)	Utility Allowance (PBE) \$ (4)	Gross Rent (3 + 4)
<u>1</u> Bdm	<u>10</u>	\$ <u>261</u>	\$ <u>--</u>	\$ <u>261</u>
<u>2</u> Bdm	<u>92</u>	\$ <u>291</u>	\$ <u>--</u>	\$ <u>291</u>
<u>3</u> Bdm	<u>64</u>	\$ <u>337</u>	\$ <u>--</u>	\$ <u>337</u>
<u>4</u> Bdm	<u>24</u>	\$ <u>372</u>	\$ <u>--</u>	\$ <u>372</u>
<u>5</u> Bdm	<u>2</u>	\$ <u>387</u>	\$ <u>--</u>	\$ <u>387</u>
<u> </u> Bdm	<u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
<u> </u> Bdm	<u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
<u> </u> Bdm	<u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

EQUIPMENT, UTILITIES AND SERVICES INCLUDED IN RENT:

EQUIPMENT	UTILITIES	SERVICES
<input checked="" type="checkbox"/> Range <input checked="" type="checkbox"/> Refrigerator <input type="checkbox"/> Air Conditioner <input checked="" type="checkbox"/> Kitchen Exhaust Fan <input type="checkbox"/> Disposal <input type="checkbox"/> Dishwasher <input type="checkbox"/> Carpet <input type="checkbox"/> Drapes <input checked="" type="checkbox"/> Other (Specify) <u>venetian blinds</u>	<input checked="" type="checkbox"/> Heat <input checked="" type="checkbox"/> Cooking <input checked="" type="checkbox"/> Hot Water <input checked="" type="checkbox"/> Air Conditioning <input checked="" type="checkbox"/> Lights, etc. <input type="checkbox"/> Other (Specify) <u> </u> <u> </u>	<input type="checkbox"/> Parking <input checked="" type="checkbox"/> Laundry Facilities <input checked="" type="checkbox"/> Other (Specify) <u>Grounds maintenance</u> <u>Garbage pick-up</u>

The Owner hereby acknowledges receipt of this Exhibit B and agrees that the above rents will supersede all previous Exhibits B and become effective on May 1, 1984.

[Signature]
(Owner's Signature)

TRUSTEE
(Title)

APRIL 11, 1984
(Date)

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Southwest Multifamily Region

*Serving Arkansas, Iowa, Kansas, Louisiana, Missouri, Nebraska,
New Mexico, Oklahoma, and Texas*

Multifamily Customer Service Telephone Line 1-800-568-2893

www.hud.gov

February 25, 2021

Texas Department of Housing & Community Affairs

Attn: Bobby Wilkinson, Executive Director

Via email: Bobby.Wilkinson@tdhca.state.tx.us221 E. 11th Street

Austin, Texas 78701

Re: Compass Pointe Apartments aka Sandpiper Cove / TX24M000018
3916 Winnie Street, Galveston, Texas 77550
Letter of Support for LIHTC Funding

Dear Mr. Wilkinson,

This letter is to confirm the U.S. Department of Housing and Urban Development's (HUD) support for rehabilitation of Compass Pointe Apartments (the "Development"). HUD was informed of the proposed sale of the Development and transfer of the Housing Assistance Payments (HAP) Contract to Galveston 3916 Winnie Street, LP (the "Proposed Owner") and has been working closely with all participants to ensure an efficient and positive transition for the property and residents.

The Development was built in 1969 and is located at 3916 Winnie Street, Galveston, Texas. There are 192 units within 24 residential buildings and a community building. The market for affordable housing is very limited on Galveston Island, and this Development is the only Project Based Section 8 housing on the Island. Therefore, it is vital and HUD is committed to, retaining and preserving this affordable housing on Galveston Island. HUD has no intention of terminating the affordable housing assistance to this Development, given the confidence HUD has in the Proposed Owner, who has a proven track record of successfully obtaining and turning around other similarly distressed and troubled affordable properties. This further warrants our support of rehabilitating the Development to provide decent, safe, and sanitary housing for the residents.

HUD has had serious concerns with the physical issues at the Development. Due to the multiple violations at the Development, HUD required the current owner, Compass Pointe Apartments Texas, LLC, to contract with a third-party property management company. This management company, J. Allen Management (the "Property Manager"), began in April 2020 and has worked tirelessly to properly address resident concerns and HUD's requirements. This Property Manager will continue as manager upon the Proposed Owner's purchase of the Development.

HUD is aware of the concerns related to the potential of flooding at the Development. The Proposed Owner has indicated specific measures will be put in place to mitigate this concern. Such measures include adding a 2,700 linear ft flood wall around the perimeter of the Development, with water pumps that will remove the water from the interior of the wall so that within the walls it does not flood.

*Fort Worth Regional Office
307 W. 7th St. Suite 1000
Fort Worth, Texas 76102*

*Kansas City Satellite Office
400 State Avenue, Suite 300
Kansas City, Kansas 66101*

This plan is contingent upon historical approval with SHPO and NPS. Additionally, the pedestrian and vehicle entrances/exits will have flood gates put in place when major events are expected to occur. There will also be covers for the drainage grates throughout the property so that the backflow does not occur.

As referenced herein, HUD is committed to preserving the affordable housing in this area. In addition to HUD's support, the Proposed Owner has also secured community support from the City of Galveston's Mayor and City Manager, the Galveston Independent School District's School Board President, the City of Galveston's Chamber of Commerce, State Representative Mayes Middleton, and Moody Church.

However, the approval from the Texas Department of Housing and Community Affairs (TDHCA) for funding of Low Income Housing Tax Credits (LIHTC) is necessary to complete the preservation of the Development to ensure better living conditions for the residents.

Thank you for your consideration of the submitted proposal. Should you have any questions or would like to discuss HUD's support further, please feel free to reach to me or Christie Newhouse, Division Director of Asset Management at Christie.M.Newhouse@hud.gov or 817-978-5972.

Sincerely,

MARY WALSH

Mary V. Walsh

Director

Multifamily Housing Southwest Region

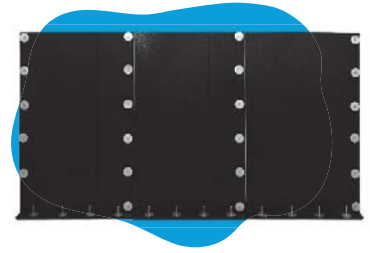
Digitally signed by: MARY WALSH
DN: CN = MARY WALSH C = US O = U.S.
Government OU = Department of Housing and
Urban Development, Office of Administration
Date: 2021.02.24 17:50:21 -06'00'

Attachment B



Custom Door + Window Flood Barrier

FRA FLOOD PANEL



A custom-engineered barrier that protects any sized opening against intrusion + flood water damage.

The Flood Risk America (FRA) Flood Panel uses sustainable flood-seal technology to protect any opening against flood water + is highly resistant to heavy impact forces. Each panel is custom-engineered to meet individual installation requirements + job-specific demands. It is easy to install, deploy, + remove.



Storefront Protection Door + Window Barrier

Applications

Storefronts | Windows/Doors | Vehicle Access Points | Drain Covers

FEATURES



Spline Connection For Interlocking Sections



Storefront Flood Protection



Durable

Strong Composite Materials



Custom Sizes

Dimensions to Fit Your Needs



Lightweight

Less Than 5 Pounds Per Ft²



Quick Deployment

Panels Are Easy To Transport + Install



Versatile

Gasket Conforms To Uneven Surfaces

Technical Specifications

MATERIAL	High Density Foam Core, Fiberglass Skin, Structural Coating
SEAL	Gasket Compression
HARDWARE	Stainless Steel Anchors
WEIGHT	< 5 lbs PSF
DESIGN	Meets FEMA + ASCE Requirements
WARRANTY	Lifetime (Panel Only)



Door Barrier



Window Barrier



Interior Wall Barrier With Corner

HAND TIGHTENING TOOLLESS DEPLOYMENT



Example of what will be used for the pedestrian gates.



MULTIPLE OPTIONS



A customizable, stackable aluminum flood barrier that is a time-tested solution for flood or hurricane prone locations

The Flood Log system is designed to be resistant to impact forces + withstand high-velocity water loads. Ideal for uses where higher protection is needed. Meets ASCE + FEMA requirements.



Front Entrance Barrier

Applications

Storefronts | Select Windows | Doors | Vehicle Access Points

MOUNTING OPTIONS JAM | OFFSET | FLUSH



Corner Bend



Extended Flush-Mounted Run



Offset Bracket Gives Wall Clearance

FEATURES



User Friendly

Color Coded For Guided Assembly



Durable

Interlocking Planks that fill with water to increase strength

STACKABLE "C" POSTS

Flood Logs are strengthened by stackable "C" shaped posts + hollow aluminum beams fitted with watertight rubber seals, ensuring maximum stability + flood protection. Each support post can easily be removed, minimizing aesthetic impact to any building.



Versatile

Engineered to Accommodate Slopes of 20°



Storefront Window Barrier



Commercial Window Barrier

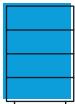


Custom Sizes

Dimensions to Fit Your Needs



Stages of Set Up for Flood Logs. Color Coded For Easy Assembly



Storage Solutions

Custom Rack Configurations Available

DIMENSIONS

Customizable

MATERIAL

Aluminum Log Panels, Compression Gaskets

IMPACT RESISTANT

Yes

Example of what will be used for
the vehicle entrances and exits.



Standard Perimeter Flood Barrier

MUSCLE WALL®



A rapidly-deployed, portable flood barrier engineered to withstand rushing or standing water.



Muscle Wall can replace thousands of sandbags all while being quick, easy, reusable, reliable, + customizable. It is engineered to withstand the immense force of rushing or standing water due to its patented toe design.



Extended Run of Muscle Wall

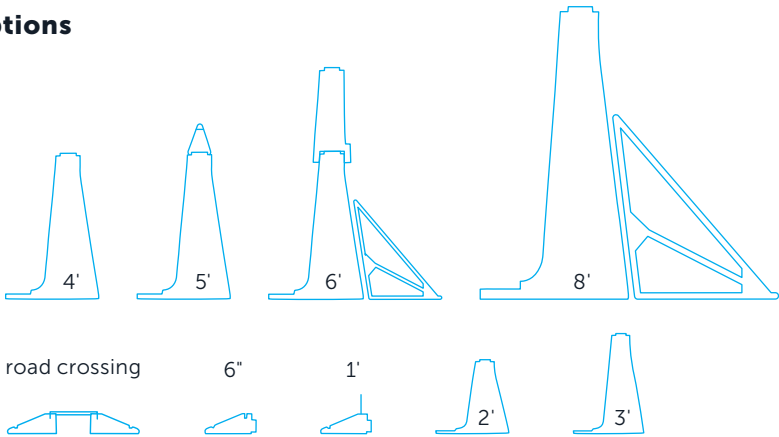


Muscle Wall Protecting Battery Park in New York City

STRONGER THAN STRONG

Water pressure forces the toe downward anchoring the wall to the ground while containing + diverting water. Unlike sandbags, it is rapidly deployed, portable, + easily disassembled. Once sections + liner are in place, fill with water.

Sizing Options



Muscle Wall Protecting Battery Park in New York City (Using Wrap Liner Option)

Applications

Flood Control | Containment | Stormwater Management | Road Crossings

FEATURES



Standard Sizes

Ready to Ship +
Deploys With Ease



Interlocking

Tongue + Groove
Allows 15° Max Bend



Flexibility

Corner Provides
90° Turns



Stackable

Easily Stacked
for Storage



Liner Options

Versatile Wraps For
Multiple Surfaces

Attachment C

Poll for Rehab or Remolded Sandpiper Cove Apartments

**What do you think about the rehabilitation of Sandpiper Cove /
Compass pointe Apartments? This is what I think:**

"I am also a resident living in #25 and I am all for rehabbing Sandpiper Cove apartments for the safety of our children, seniors, and families. I have been living here through three different names of this property, so that tells you that I have been here for at least 25 years. It matters to me that we have a decent place to live. Companies like restaurants who deliver and even some family members is scared to come here because of our past way of living and the way it has been here. I believe that the new management company should have the opportunity to change this apartment complex for the better. I know that I am not the only one who see new lights put on the buildings so that we could see at night. I have also noticed that there are companies like the a/c company, the electric company, and plumbing company here all of the time steadily working on stuff.

Please read this...if we all corporate together, we could get this community back together and feel safe. Please sign this if you agree with me. I have signed first just to let you know that I am serious."

Thanks,

John Matthews

Poll for Rehab or Remolded Sandpiper Cove Apartments

Name	<u>Charlotte R. Tillis</u>	Apt. #	<u>23</u>
Name	<u>Dominique Johnson</u>	Apt. #	<u>46</u>
Name	<u>Jasna R. Brown</u>	Apt. #	<u>44</u>
Name	<u>Mariana Dominguez</u>	Apt. #	<u>42</u>
Name	<u>Esmeralda Dominguez</u>	Apt. #	<u>51</u>
Name	<u>Jenni Fontana</u>	Apt. #	<u>45</u>
Name	<u>Barnie McGaskey</u>	Apt. #	<u> </u>
Name	<u>LIEA TURNER</u>	Apt. #	<u>40</u>
Name	<u>Hattie Whitley</u>	Apt. #	<u>49</u>
Name	<u>Joni Hiley</u>	Apt. #	<u>161</u>
Name	<u>Baven Hughes</u>	Apt. #	<u>39</u>
Name	<u>Jester Earls</u>	Apt. #	<u>39</u>
Name	<u>Rhea Regan</u>	Apt. #	<u>51</u>
Name	<u>Roy</u>	Apt. #	<u>31</u>
Name	<u>Mr. Men</u>	Apt. #	<u>1</u>
Name	<u>Phyllis P. Panno</u>	Apt. #	<u>3</u>
Name	<u>Janet Walker</u>	Apt. #	<u>8</u>
Name	<u>Floyd Moore</u>	Apt. #	<u>10</u>

Poll for Rehab or Remolded Sandpiper Cove Apartments

Name	3000 Cammer Han	Apt. #	9
Name	Tralisha Haywood	Apt. #	41
Name	Jacqueline Scurry	Apt. #	56
Name	By B. J. J.	Apt. #	60
Name	Tonya Williams	Apt. #	50
Name	Christina Barrientos	Apt. #	142
Name	Tonya Lerner	Apt. #	148
Name	Jaceli Fieds	Apt. #	98
Name	Antiquan Wiley	Apt. #	95
Name	Paul Chapman	Apt. #	33
Name	Paul Chapman	Apt. #	54
Name	Ki Kamutan	Apt. #	26
Name	Ally L	Apt. #	24
Name	Rogell Alex	Apt. #	99
Name	LaBattin	Apt. #	1
Name	Mangumier	Apt. #	29
Name	Adria-Lynn Lavine	Apt. #	28
Name	Allyz ay	Apt. #	32

Poll for Rehab or Remolded Sandpiper Cove Apartments

Name	<u>Carolyn</u>	Apt. #	<u>61</u>
Name	<u>Shirley Dean</u>	Apt. #	<u>59</u>
Name	<u>Addie Henderson</u>	Apt. #	<u>82</u>
Name	<u>Janet</u>	Apt. #	<u>88</u>
Name	<u>Wilfred Lewis</u>	Apt. #	<u>71</u>
Name	<u>Nakia Battiste</u>	Apt. #	<u>119</u>
Name	<u>Monica Vahle</u>	Apt. #	<u>117</u>
Name	<u>Joan</u>	Apt. #	<u>157</u>
Name	<u>W. G. D.</u>	Apt. #	<u>187</u>
Name	<u>W. H.</u>	Apt. #	<u>93</u>
Name	<u>Harold Sellers</u>	Apt. #	<u>13</u>
Name	<u>Larry Brooks</u>	Apt. #	<u>26</u>
Name	<u>Jimmy Sadler</u>	Apt. #	<u>21</u>
Name	<u>Margaret O'Neal</u>	Apt. #	<u>16</u>
Name	<u>Lyndean Saylor</u>	Apt. #	<u>18</u>
Name	<u>Chas McCar</u>	Apt. #	<u>22</u>
Name	<u>John Mathews</u>	Apt. #	<u>25</u>
Name	<u>Blacky Richardson</u>	Apt. #	<u>84</u>

Poll for Rehab or Remolded Sandpiper Cove Apartments

Name	<u>Khalon Home & Shaon Home</u>	Apt. #	<u>62[#]</u>
Name	<u>Robinson, Chekeva</u>	Apt. #	<u>78</u>
Name	<u>Daron Bolden</u>	Apt. #	<u>101</u>
Name	<u>Jonnyell Annin</u>	Apt. #	<u>99</u>
Name	<u>Patricia Phil Lips</u>	Apt. #	<u>102</u>
Name	<u>Angela</u>	Apt. #	<u>106</u>
Name	_____	Apt. #	_____
Name	_____	Apt. #	_____
Name	_____	Apt. #	_____
Name	_____	Apt. #	_____
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Name	_____	Apt. #	_____
Name	_____	Apt. #	_____

Poll for Rehab or Remolded Sandpiper Cove Apartments

Name _____	Apt. # _____
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Name _____	Apt. # _____
Name _____	Apt. # _____



Miranda Sprague <miranda.sprague@itexgrp.com>

EARAC RESULTS_RE: Previous Participation Review of HTC Application 20705

1 message

Jo En Taylor <joen.taylor@tdhca.state.tx.us>

Tue, Mar 2, 2021 at 8:58 AM

To: "miranda.sprague@itexgrp.com" <miranda.sprague@itexgrp.com>, "audrey@purplemartinre.com" <audrey@purplemartinre.com>, Michelle Harder <apps@itexgrp.com>, Chris Akbari <chris.akbari@itexgrp.com>
Cc: Shannon Roth <shannon.roth@tdhca.state.tx.us>, Liz Cline <liz.cline@tdhca.state.tx.us>, Wendy Quackenbush <wendy.quackenbush@tdhca.state.tx.us>, Bobken Simonians <bobken.simonians@itexgrp.com>, Paula Watts <paula.watts@itexgrp.com>, Brooke Boston <brooke.boston@tdhca.state.tx.us>

The Executive Award Review Advisory Committee (EARAC) met on March 1, 2021 and the compliance history associated with application 20705 (Sandpiper Cove) was reviewed. The previous participation review (PPR) identified the application as a Category 3 and you were given an opportunity to provide additional information and propose terms and conditions for EARAC's consideration.

EARAC has approved the compliance history with the following agreed upon conditions:

1. *ITEX agrees to replace the existing management company, consultant, or management personnel with another of its choosing, for any of their properties identified with new Events of Noncompliance on any Audits notified from **March 1, 2021** through **December 31, 2022**.*
2. *ITEX will hire a third party compliance auditor to review their existing portfolio on a quarterly basis and have them provide reports and guidance to ITEX and independent reports to TDHCA upon request, through **December 31, 2022**.*
3. *ITEX will hire a Director of Compliance and Asset Management at the corporate and development level by **July 1, 2021** to oversee the existing Affordable Housing Compliance Department to ensure they continue to move forward on resolving compliance issues.*
4. *ITEX will actively engage with TDHCA compliance staff to use better processes and best practices to reduce compliance issues through **December 31, 2022**.*
5. *Owner has designated the Senior Vice President of Property Management (until a new Director of Compliance and Asset Management is hired) to receive Compliance correspondence and provide timely responses to the Department on behalf of the proposed Development and all other Developments subject to a TDHCA LURAs over which the Owner has the power to exercise Control.*
6. *ITEX will require that at least on the of the following employees: VP of Operations, Compliance Director, Compliance Auditor(s), Regional Manager(s), or Site Staff annually attend the trainings listed and provide certifications to TDHCA upon request through **December 31, 2022**.*
 - a. *Housing Tax Credit Trainings sponsored by the Texas Apartment Association;*
 - b. *1st Thursday Income Eligibility Training conducted by TDHCA;*
 - c. *Review one or more of the TDHCA Compliance Training Webinars:*
 - i. *2012 Income and Rent Limits Webinar Video;*
 - ii. *2012 Supportive Services Webinar Video;*
 - iii. *Income Eligibility Presentation Video;*

- iv. *2013 Annual Owner's Compliance Report (AOCR) Webinar*
- Video;
- v. *Most current Tenant Selection Criteria Presentation;*
- vi. *Most current Affirmative Marketing Requirements Presentation;*
- vii. *Fair Housing Webinars (including but not limited to the 2017 FH Webinars)*

This is not a final approval of award. Any award may also be subject to conditions recommended by the program area, underwriting, or other conditions subsequently approved by the Board. Please feel free to contact me directly, or Wendy Quackenbush at wendy.quackenbush@tdhca.state.tx.us, if you have any questions regarding this matter.

Thank you,

Jo En Taylor

Senior Compliance Administrator, Compliance

Texas Department of Housing and Community Affairs

[221 E. 11th Street | Austin, TX 78701](#)

Office: [512.475.0250](tel:512.475.0250)

Fax: [512.475.3359](tel:512.475.3359)

From: Jo En Taylor

Sent: Monday, January 4, 2021 4:15 PM

To: 'miranda.sprague@itexgrp.com' <miranda.sprague@itexgrp.com>; 'audrey@purplemartinre.com' <audrey@purplemartinre.com>; 'Michelle Harder' <apps@itexgrp.com>

Cc: Shannon Roth <shannon.roth@tdhca.state.tx.us>; Liz Cline <liz.cline@tdhca.state.tx.us>; Wendy Quackenbush <wendy.quackenbush@tdhca.state.tx.us>

Subject: Previous Participation Review of HTC Application 20705

A previous participation review (PPR) is being conducted in connection with a request for approval for HTC application **20705 (Sandpiper Cove)**. Under the Department's previous participation rule the PPR is considered a **Category 3**, following is a link to the rule: [Texas Administrative Code §1.301](#). Any written comment for consideration prior to the Compliance Division making its recommendation to the Executive Award Review Advisory Committee ("EARAC") is due no later than **January 11, 2021**.

The application is comprised of ITEX Partners (The ITEX Group/Christopher A. Akbari) + Jeshurun Development (Raynold Richardson). The portfolio is comprised of thirty-three (33) actively monitored developments with a total of thirteen (13) Events of Noncompliance (6 of which had no response submitted to the Department during the designated corrective action period). It was also noted, that EARAC conditions were placed on previous awards to address the compliance history and the portfolio had six (6) new Events of Noncompliance identified since that were not resolved during the corrective action period. The PPR is considered a Category 3 in accordance with §1.301(e)(3)(J):

(3) Category 3. An Application will be considered a Category 3 if any one or more of the following criteria are met:

(J) Despite past condition(s) agreed upon by any Person subject to previous participation review to improve their compliance operations, three or more new Events of Noncompliance have since been identified by the Department, and have not been resolved during the corrective action period;

A copy of the summary is attached for your reference. All monitoring/inspection reports, follow-up letters, and associated closeout letters have previously been provided at the time of the action and through prior previous participation reviews. However, if you would like those reports sent another time, please let me know.

Do not hesitate to contact me directly if you have any questions during this process.

Jo En Taylor

Senior Compliance Administrator

Texas Department of Housing and Community Affairs

[221 E. 11th Street | Austin, TX 78701](#)

Office: [512.475.0250](tel:512.475.0250)

Fax: [512.475.3359](tel:512.475.3359)

About TDHCA

The Texas Department of Housing and Community Affairs is committed to expanding fair housing choice and opportunities for Texans through the administration and funding of affordable housing and homeownership opportunities, weatherization, and community-based services with the help of for-profits, nonprofits, and local governments. For more information about fair housing, funding opportunities, or services in your area, please visit www.tdhca.state.tx.us or the [Learn about Fair Housing in Texas](#) page.

Tab 4

Presentation, Discussion and Possible Approval of the Texas Foundations Fund: Winter Storm Relief Funding Guidelines.



Texas Foundations Fund: Winter Storm Relief Funding Guidelines

Funding Overview

Through its Texas Foundations Fund program, the Texas State Affordable Housing Corporation (TSAHC) is offering funding to organizations providing relief in response to Winter Storm Uri. The total available funding is \$300,000, capped at \$30,000 per organization. Specifically, grant awards will be made for the purpose of Rehabilitation and/or Critical Repair of single family homes located in any one or more counties affected by Winter Storm Uri, as identified in Federal Emergency Management Agencies disaster declaration FEMA-4586-DR, Texas Disaster Declaration (<https://www.fema.gov/disaster/4586>), which are occupied by individuals or families at 80 percent or below of the area median family income.

Eligibility Requirements

To qualify for critical repair grant funding, applicants must meet the following requirements:

1. **Organization Type:** Applicant must be a current (2020-2021) Texas Foundations Fund nonprofit partner or have received funding through the Housing and Economic Assistance to Rebuild Texas (HEART) Program. Applicants must be current on all reporting requirements for existing grants to be eligible for this funding opportunity.
2. **Household Requirements:** To ensure the funding reaches those who are most in need, each organization must use critical repair funds only for critical home repairs¹ of single family homes² to households at or below 80% of the area median family income³.
3. **Program Requirements:** Homes receiving repairs must be owner-occupied or single family rental homes owned and operated by the applicant. All repairs funded by the grant must be provided free of charge.
4. **Geographic Requirements:** Applicant must provide critical repairs to winter storm-damaged homes located in counties eligible for individual assistance as part of the Federal Emergency Management Agency's federal disaster declaration. To best meet the needs of underserved areas, priority will be given to applicants repairing homes in rural areas⁴.

¹ TSAHC defines critical repairs as repairs to a failed system, including electrical, roofing repairs/replacements, structural damage, plumbing, mechanical systems, and heating and air conditioning. Critical repairs must be vital to the health and safety of the occupants and meet state and local building codes.

² TSAHC defines "single family home" as a residential property with an attached or detached dwelling that consists of (i) a single unit on an individual lot, or (ii) a single unit in a condo project, Planned Unit Development, or duplex, triplex or fourplex, or (iii) not more than four connected units, with each unit intended as housing for one family. Dwellings that are not titled as real estate, such as RVs and houseboats, are not eligible.

³ TSAHC uses the U.S. Department of Housing and Urban Development's Section 8 income limits to determine income eligibility. To review the current income limits, visit: www.huduser.org/portal/datasets/il.html

⁴ TSAHC defines "rural" as a county that is outside a metropolitan statistical area (MSA), or a city or community that is: 1) outside the boundaries of an MSA; or 2) within the boundaries of an MSA, if it has a

Administration

1. TSAHC will invite eligible HEART and Texas Foundations Fund organizations to apply upon adoption of these guidelines by TSAHC's Board of Directors. Eligible organizations must complete the online application by **Friday, March 26, 2021** to be considered for funding.
2. Applications will be scored based on criteria that will be available on TSAHC's web site (www.tsahc.org).
3. The maximum grant per organization is \$30,000, and the maximum amount that can be used to assist an individual household is \$5,000.
4. Grantees will receive funding as a lump sum award.
5. Grantees must spend 100% of their award and complete all activities proposed in their application within six months of signing their grant agreement.
6. Grant terms will begin on the date of the federal emergency declaration (February 19, 2021).
7. Grantees will be required to provide income certifications for all households assisted with critical repairs.
8. Grantees will be required to provide evidence that the house receiving critical repairs was damaged by Winter Storm Uri. Evidence may include proof of application to the Federal Emergency Management Agency, Insurance Claim Statements, or property assessment form completed by another entity. Grantees must also provide documentation demonstrating that the repairs were not funded through federal funds, an insurance claim, or another funding source.

Grant Agreement

Grantees will be required to execute a grant agreement that outlines:

- a description of how the grant will be used,
- eligible expenditures⁵,
- reporting requirements, and
- TSAHC's right to inspect properties or service records and to review financial documents.

Failure to adhere to the terms of the grant agreement may result in the delay or cancelation of grants, termination of the agreement, or request for repayment of all or part of the grants disbursed.

Questions

Questions regarding these guidelines, funding eligibility or grant administration should be submitted in writing to Michael Wilt by email at mwilt@tsahc.org.

population of 25,000 or less and does not share a boundary with an urban area (population larger than 25,000 within an MSA).

⁵ Grantees may use up to 10% of their award for administrative expenses. The remaining funds must be used for direct costs for critical home repairs. These costs may include, but are not limited to, contractor fees, materials, salaries for staff performing critical repair work, and building permits and inspection fees for homes to be repaired.

Tab 5

87th Texas Legislative Session Update.