



February 19, 2025

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

RE: Mesa Hills I–Request for Waiver of 35% of One (1) Bedroom Units.

To Whom it May Concern,

On behalf of EP South Mesa Hills, I, LP, the owner of the proposed Mesa Hills I Apartments development (“Mesa Hills I”), HOME is requesting a waiver of Section 11.101(b)(1)(A)(vii) of the 2025 QAP which limits New Construction developments for the General Population to be not more than 35.00% efficiency and/or one-Bedroom Units (the “Limitation”). The request for this waiver is necessitated by the lengthy and torturous history of the development of Mesa Hills I.

Mesa Hills I is a new construction affordable housing community proposed in the Sunland Park North neighborhood. Future residents of Mesa Hills I will greatly benefit from the site's excellent access and proximity to an array of commercial complexes and grocery stores that provide opportunities for employment and shopping. The site also has a wide range of nearby social services, parks, educational institutions, and access to the local transit network that will provide significant opportunities for future residents.

HOME is planning to resubmit an application for 4% Non-Competitive Low Income Housing Tax Credits (LIHTC) to the Texas Department of Housing and Community Affairs (TDHCA) for Mesa Hills I, which is to be located approximately along the west side of South Mesa Hills Drive, just south of its intersection with Bluff Trail Lane in El Paso. The development is a 64-unit (40 public housing units; and 24 Project Based Voucher units) residential community for families with 1,2, and 3-bedroom Units. There are twenty-four (24) single bedroom Units, which is 37.5% of the development, 2.5% more than permitted by the Limitation.

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Planning for Mesa Hills I commenced in 2019, when HOME entered into an agreement with the local school district and the Public Service Board (El Paso Water Utilities) , an instrumentality of the City of El Paso, to purchase a portion of land being sold by the school district. Part of the land was to be used for the construction of water system infrastructure, and part of the land was designated for affordable housing and was acquired by HOME for this purpose in 2019.

Design of the proposed development began in 2020 with the creation of a site plan and preliminary architectural drawings. In preparation for the development, HOME wrote to the commercial and residential neighbors requesting their agreement to remove a 1980s-era restrictive covenant that purported to prohibit low income housing owned or operated by a governmental entity. Failure to obtain consent to the termination caused HOME to file suit in Texas State court naming all of the commercial and multifamily owners in the subdivision as defendants, requesting them to register approval or disapproval of removing the restrictive covenant, basing this request on the violation of fair housing concepts. Homeowners in the neighborhood filed an intervention into the lawsuit , seeking to enforce the restrictive covenant prohibiting low income housing. Community meetings ensued with City of El Paso staff and nearby residents who opposed the development. Ultimately, the parties reached a consensus that would limit density of the site and provide more open space to alleviate residents' concerns. The court ordered the restrictive covenant removed in September 2024.

Concurrently with the litigation, the project design and unit mix were submitted to the City of El Paso in support of a request for re-zoning the Development Site to multifamily. Objections to multifamily development were raised by homeowners in the single-family neighborhood adjoining the Development Site. In order to alleviate the neighbors' concerns, Home provided information about the proposed project and undertook some redesign of the project, The rezoning was approved by the City of El Paso in September 2024.

HOME applied for 2023 Traditional Carryforward on December 20, 2023, and received a reservation for \$11,115,876.80 with a closing deadline of December 31, 2026. HOME now requests this waiver regarding the unit mix of Mesa Hills I in order to comply with representations made to the community regarding density in connection with the litigation and the request for re-zoning. To the extent that these representations were made before the Limitation was enacted, the need for a waiver is outside the control of the applicant.

Additionally, there is overwhelming need within the community for one-bedroom units, as identified by the 2024 Market Analysis. The analysis demonstrates, see pages 26 and 27, that after a 14-year declining population growth in the Primary Market Area (PMA), the PMA is expected to have a positive growth through 2029. Furthermore, this same market analysis shows that despite the projected population growth, the average household size is expected to decrease at a faster rate than both the greater Metropolitan Statistical Area (MSA) and the rest of the nation. In addition to the local market need, HOME has a growing waitlist for single-bedroom units for Project-Based Voucher (PBV) units. As of February 18, 2025, the waitlist for developments in the area close to Mesa Hills I (westside of El Paso) has a total of 9,475 people on the waiting list for PBV single-bedroom units, 3,416 people waiting for two-bedroom PBV units and 1,518 people waiting for three-bedroom PBV units. This means that the waitlist for one-bedroom units is nearly twice as large as the waiting lists for two-bedroom and three-bedroom units combined! Granting this waiver would help serve both the local population growth, as well as HOME's waitlist need for single-bedroomed units.

Pursuant to §11.207(2) of the 2025 QAP, this waiver request must establish how granting the waiver request better serves the policies and purposes articulated in Tex. Gov't Code, §§2306.001, 2306.002, 2306.359, and 2306.6701, than not granting the waiver. In this instance, granting the requested waiver to this rehabilitation project addresses the purposes and policies of TDHCA pursuant to the following highlighted portions of the governing statutes:

Sec. 2306.001 PURPOSES. The purposes of the department are to:

- (1) AA assist local governments in:
 - (A) AA providing essential public services for their residents; and
 - (B) overcoming financial, social, and environmental problems;
- (2) AA provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income;

Sec. 2306.002. POLICY. (a) The legislature finds that:

- (1) AA every resident of this state should have a decent, safe, and affordable living environment;
- (2) AA government at all levels should be involved in assisting individuals and families of low income in obtaining a decent, safe, and affordable living environment; and

Sec. 2306.6701. PURPOSE. The department shall administer the low income housing tax credit program to:

- (1) encourage the development and preservation of appropriate types of rental housing for households that have difficulty finding suitable, affordable rental housing in the private marketplace;


(2) AA maximize the number of suitable, affordable residential rental units added to the state 's housing supply;

(3) prevent losses for any reason to the state 's supply of suitable, affordable residential rental units by enabling the rehabilitation of rental housing or by providing other preventive financial support under this subchapter; and

(4) AA provide for the participation of for-profit organizations and provide for and encourage the participation of nonprofit organizations in the acquisition, development, and operation of affordable housing developments in urban and rural communities.

We thank you for your time and consideration. Please feel free to call me at (915) 849-3730 or email sbhaskar@ephome.org if you have any questions. Alternatively, Silvia Salcido at (915) 849-3783 (email ssalcido@ephome.org) is available to answer questions about the proposed development.

Sincerely,



Satish Bhaskar

Executive Vice President/CFO