



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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June 20, 2024

Writer's direct dial: (512) 475-1676
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Enrique Flores, IV
Madhouse Development, Inc
3933 Steck Ave., Suite B120
Austin, Texas 78579

RE: NOTIFICATION REGARDING TIE-BREAKER STATUS
#24174 – VILLAS AT PRIMROSE (DEVELOPMENT)

Mr. Flores:

The Texas Department of Housing and Community Affairs (the Department) received the Application named above to compete in the 2024 9% Housing Tax Credit round. The Application was submitted to compete within the Urban 11 subregion, and requests \$2,000,000 in Housing Tax Credits for the New Construction of 113 affordable Units serving the elderly population in McAllen.

The 2024 Qualified Allocation Plan (QAP) includes a tie-breaker that determines priority based on cumulative proximity to a number of defined features, including grocery stores, public libraries, elementary schools, and recreational parkland. Grocery store is specifically defines in the rules as:

A full service grocery store of sufficient size and volume to provide for the needs of the surrounding neighborhood including the proposed Development; offering a wide variety of fresh, frozen, canned and prepared foods, including but not limited to a variety of fresh meats, poultry, and seafood; a wide selection of fresh produce including a selection of different fruits and vegetables; a selection of baked goods and a wide array of dairy products including cheeses, and a wide variety of household goods, paper goods and toiletry items. (emphasis added)

The subject Application was submitted using a Target location as the qualifying grocery store for tie-breaker purposes. A Request for Administrative Deficiency was submitted by a third party that suggested that the Target in question does not qualify under this rule, as fresh meats, poultry and seafood, and a wide variety of fresh produce are not offered. Staff issued an Administrative Deficiency in response to



this request, and a response was timely received. The response to the deficiency acknowledges that fresh meats, poultry, seafood, and produce are not available at the Target location submitted for the tie-breaker, and instead suggests that the availability of these items being delivered by Target meets the requirements. Staff disagrees that a delivery service meets the definition, as those items are not offered at the location itself. This matter was presented to the Department's Governing Board in a report item related to Requests for Administrative Deficiency on June 13, 2024, and the Board did not remand the matter back to staff for further consideration. Based on this, staff has excluded the Target location from tie-breaker consideration for this Application. In accordance with 10 TAC §11.7(2)(D), in the event that a feature is disqualified from consideration in the tie-breaker, the remaining three items – in this case, the park, library, and elementary school – will be used to determine tie-breaker preference.

An appeal process exists for the Housing Tax Credit Program. The restrictions and requirements related to the filing of an appeal can be found in 10 TAC §11.902 of the 2024 Qualified Allocation Plan. Should you choose to appeal this decision to the Executive Director, you must file your appeal, in writing, with the Department not later than seven calendar days after the date of this letter. If you are not satisfied with the decision of the Executive Director or if the Executive Director does not respond, you may file a further appeal with the Board of Directors of the Texas Department of Housing and Community Affairs. Please review §11.902 of the 2024 Qualified Allocation Plan for full instructions on the appeals process.

If you have any questions or concerns, please contact me at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

A handwritten signature in black ink, appearing to read 'CCM', is positioned above the printed name.

Cody Campbell

Director of Multifamily Programs