

# Texas Department of Housing and Community Affairs



**Wednesday, June 3, 2026**

**2:00 PM**

**Dewitt C. Greer State Highway Building  
Williamson Board Room  
125 E. 11th Street  
Austin, TX 78701**

## **Rules Committee**

*Kenny Marchant, Chair  
Holland Harper, Member  
Leo Vasquez III, Member*

**CALL TO ORDER****ROLL CALL****REPORT ITEM:**

1. Report on the Development of the 2027 Qualified Allocation Plan

Cody Campbell

**PUBLIC COMMENT****EXECUTIVE SESSION**

The Committee may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Tex. Gov't Code, Chapter 551. Pursuant to Tex. Gov't Code, §551.074 the Committee may go into Executive Session for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.

Pursuant to Tex. Gov't Code, §551.071(1) the Committee may go into executive session to seek the advice of its attorney about pending or contemplated litigation or a settlement offer.

Pursuant to Tex. Gov't Code, §551.071(2) the Committee may go into executive session for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't Code, Chapter 551.

Pursuant to Tex. Gov't Code, §2306.039(c) the Committee may go into executive session to receive reports from the Department's internal auditor, fraud prevention coordinator, or ethics advisor regarding issues related to fraud, waste, or abuse.

**OPEN SESSION**

If there is an Executive Session, the Committee will reconvene in Open Session and may take action on any items taken up in Executive Session. Except as specifically authorized by applicable law, the Committee may not take any actions in Executive Session.

**ADJOURN**

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

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Nancy Dennis, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least five days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Danielle Leath, 512-475-4606, at least five days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Danielle Leath, al siguiente número 512-475-4606 por lo menos cinco días antes de la junta para hacer los preparativos apropiados.



# Texas Department of Housing and Community Affairs

## Rules Committee

### Board Action Request

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**File #: 1488**

**Agenda Date: 6/3/2026**

**Agenda #: 1.**

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#### Report on the Development of the 2027 Qualified Allocation Plan

#### **BACKGROUND**

The Texas Qualified Allocation Plan (QAP) is a document developed by the Department that outlines the policies, procedures, and scoring criteria used to allocate federal Low-Income Housing Tax Credits (LIHTC) in Texas. These tax credits support the development and rehabilitation of affordable rental housing for low-income households.

The QAP establishes:

- Threshold eligibility requirements for Applicants and Developments
- Scoring criteria for Applications based on housing needs and priorities
- Underwriting requirements

The QAP must comply with both federal requirements under Section 42 of the Internal Revenue Code and state housing priorities established by the Texas Legislature and TDHCA's Governing Board.

Although state law permits a biennial update, TDHCA has traditionally revised the QAP annually. Each spring, the Department gathers input through roundtables, workgroups, and committee meetings. An informal draft is released in the summer, followed by a formal draft presented to the Board in September. After a public comment period, a final version is submitted to the Board in November and then sent to the Governor, who may approve, modify, or reject it. This annual cycle promotes transparency and responsiveness to Texas's housing needs.

The Department held a public roundtable discussion to discuss the 2027 QAP on May 20, 2026. Based on that discussion, staff believes that the following topics warrant specific discussion at this meeting of the Rules Committee. Other changes that were discussed at that meeting, including clerical changes or minor procedural revisions, are not included in this report, as staff does not believe that those changes necessitate further discussion.

#### **Undesirable Site Features**

The QAP includes a list of Undesirable Site Features that generally render a Development Site ineligible unless the Applicant provides satisfactory mitigation as determined by staff or the Board. These Undesirable Site Features include proximity to junkyards, landfills, heavy industry, petroleum refineries, and other items that would typically be considered undesirable. Most Undesirable Site Features are triggered based on specific proximities, such as 300 feet for a junkyard or 500 feet from heavy industry. This section of the QAP is necessary to prevent Department-funded housing from being poorly located; however, staff believes that this section could be improved. In practice, the absolute distances that are in the current rules do not take into consideration any specific local conditions that may lead a reasonable person to conclude that the Development Site is desirable despite the presence of the feature.

The U.S. Department of Housing and Urban Development (HUD) has adopted standards for siting of HUD-assisted projects. For example, 24 CFR Part 51 Subpart C addresses siting of HUD-assisted projects near hazardous operations

that handle explosive or flammable chemicals or fuels. These standards are more nuanced than those adopted by the Department and provide specific calculation methods to determine the acceptable separation distances of HUD-assisted housing from such locations.

Staff recommends that the list of Undesirable Site Features remain unchanged, but that this section of the QAP be modified to state that, for any Undesirable Site Feature for which HUD has adopted specific separation requirements, the Department will accept evidence of meeting that standard as acceptable mitigation. Any Undesirable Site Feature on which HUD is silent would not be affected by this change.

### Crime

The QAP establishes certain Neighborhood Risk Factors that generally render an Application ineligible unless sufficient mitigation is provided. One of these Risk Factors relates to New Construction Developments in census tracts for which the Part I violent crime rate exceeds 18 per 1,000 persons annually. The QAP does not prescribe specific mitigation for this Risk Factor, but the Board has had high expectations from Applications when hearing requests related to crime mitigation. Examples of crime mitigation strategies from recent years include extensive collaborative agreements with local law enforcement agencies, crime mitigation through strategic design of the Development, license plate readers, enhanced lighting, and on-site security.

Staff suggests that it may be appropriate to consider formalizing standards for crime mitigation in the rules. This change would be beneficial, as Applicants and the Board would have a more structured framework under which to evaluate Applications in census tracts with a crime level that exceeds 18 per 1,000. This change would not be without drawbacks, as it would create a clear path for Applications in higher-crime areas to move forward. Currently, many Applicants do not pursue these Development Sites, as there is no guarantee that the Board will approve the proposed mitigation.

### Tie Breaker Factors

The 9% Housing Tax Credit program is competitive in nature. Because of this, the Tie Breaker Factors described in the QAP have significant influence on the outcome of each competitive round. The current tie breaker structure is as follows:

- For Applications submitted within the USDA Set-Aside, priority is determined based on the initial year of construction of the property proposed to be rehabilitated, with older properties receiving preference. This tie-breaker applies only to a small number of Applications each year.
- For all other Applications, preference is determined based on the proximity to several local amenities:
  - Public school campuses
  - Public libraries
  - Public parks
  - Grocery stores
- If a tie cannot be broken based on amenity distance, preference is determined based on the Application that requests the lower amount of Housing Tax Credits per low-income unit at the project.
- If the tie still cannot be broken, then preference is given to whichever project is the greatest distance from an existing Housing Tax Credit development.

The amenity tie-breaker is the most consequential, and it results in many of the Department's most nuanced challenges

and disputes each year. In addition, there are benefits to modifying the tie-breaker every few years, as doing so opens up new real estate for consideration. Staff proposes that the following adjustments are worth further discussion and consideration:

- Simplifying the definition of “grocery store” to remove seafood as a required item. The definition also requires that the store be, “of sufficient size and volume to provide for the needs of the surrounding neighborhood including the proposed Development.” Because general statements like this are difficult to administer, staff recommends deleting this sentence and relying instead on the menu of required items to determine whether a store qualifies.
- Simplifying the definition of “park” to be land that is owned and operated by a city or county as a public park, evidenced by written confirmation from that city or county. This will limit the number of parks that qualify for the tie-breaker; however, staff believes that a clearer and more objective definition is necessary.
- Several stakeholders have requested that either additional amenities be added, or that some current amenities be replaced. Common suggestions for new amenities include public transportation, community colleges, pharmacies, and health care centers.
- One stakeholder has suggested that multiple schools should be allowed - as an example, a Development Site that is close to both an elementary school and a junior high should be allowed to use both. This suggestion received a lukewarm reception at the QAP roundtable discussion, but staff believes that it is a clever and simple way to refresh the tie-breaker.
- Finally, several stakeholders have suggested that Application should only be allowed to compete in the amenity tie-breaker if they are located in a census tract that is below a certain poverty threshold.

### **Historic Tax Credits**

Both federal and state statute require that the QAP include scoring that addresses Applications for historic projects. To meet this requirement, the QAP includes a “Historic Preservation” scoring item that awards two points to Applications that receive historic tax credits, so long as certain criteria are met. This scoring item was reduced from five to two points in the 2026 QAP. One stakeholder has suggested that the current point structure results in an excessive number of historic deals being awarded and has proposed that the Department should modify the scoring to bring these deals into parity with competitive non-historic deals. Staff is neutral on this, as there is not a strictly correct number of historic deals that the program should fund each year, but it is likely that this topic will be raised at the Rules Committee meeting.